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ballot box

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In recent weeks and months, democracy has become the buzzword of international politics and with good reason. So-called Rose, Orange, and Tulip Revolutions have swept Eastern Europe and Central Asia, just as unprecedented elections have eroded the status quo in Afghanistan, Saudi Arabia, and Iraq. But elections alone do not a democracy make. Democracy is a complex, controversial subject that deserves a more robust examination than much of the recent rhetoric has offered. To this end, our Forum explores beyond the ballot box to paint a fuller picture of the opportunities, challenges, and threats that confront contemporary democracy.

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At a time when many herald democracy's arrival in Ukraine, Iraq, Palestine, and elsewhere, the *Georgetown Journal of International Affairs* takes a step beyond the elections. Once the ballots have been counted and the governments formed, new democracies as well as old face the challenge of fostering democratic institutions. True success will be measured only when elections will be held another day, a next generation of democratic leaders elected, and the process perpetuated. For, in our enthusiasm for Georgia and Afghanistan, we may forget that democracy is a process, not an event.

The Forum in this issue delves into the systemic complexities that can interrupt the democratic course. Joseph Siegle asks what happens to the democratic process when countries transitioning to democracy confront economic problems. George C. Thomas argues that India's multi-ethnic society has found a unique formula for making democracy work. Considering such difficulties, Kim Campbell and Sean C. Carroll make the case for supporting leaders and citizens through the transition and consolidation of democracy. In these and the other Forum articles, the authors offer compelling recommendations for how the international community can empower populations to sustain democracy long after the election limelight has faded.

Other articles in this issue also convey the theme of citizen empowerment. Muslim women in Nigeria developed new conflict resolution techniques that helped bring their country back from the brink of collapse, as Gwendolyn Mikell describes. While Dan Steinbock evokes a not-too-distant future when new mobile technologies will create instant, global networks of citizens able to influence political agendas.

In the tradition of the *Journal*, this issue goes beyond the momentary headline of an event to offer our readers a look at the debates that follow in the days after. We take pride in providing you ideas that will continue to prove their relevance long after you have read these pages.

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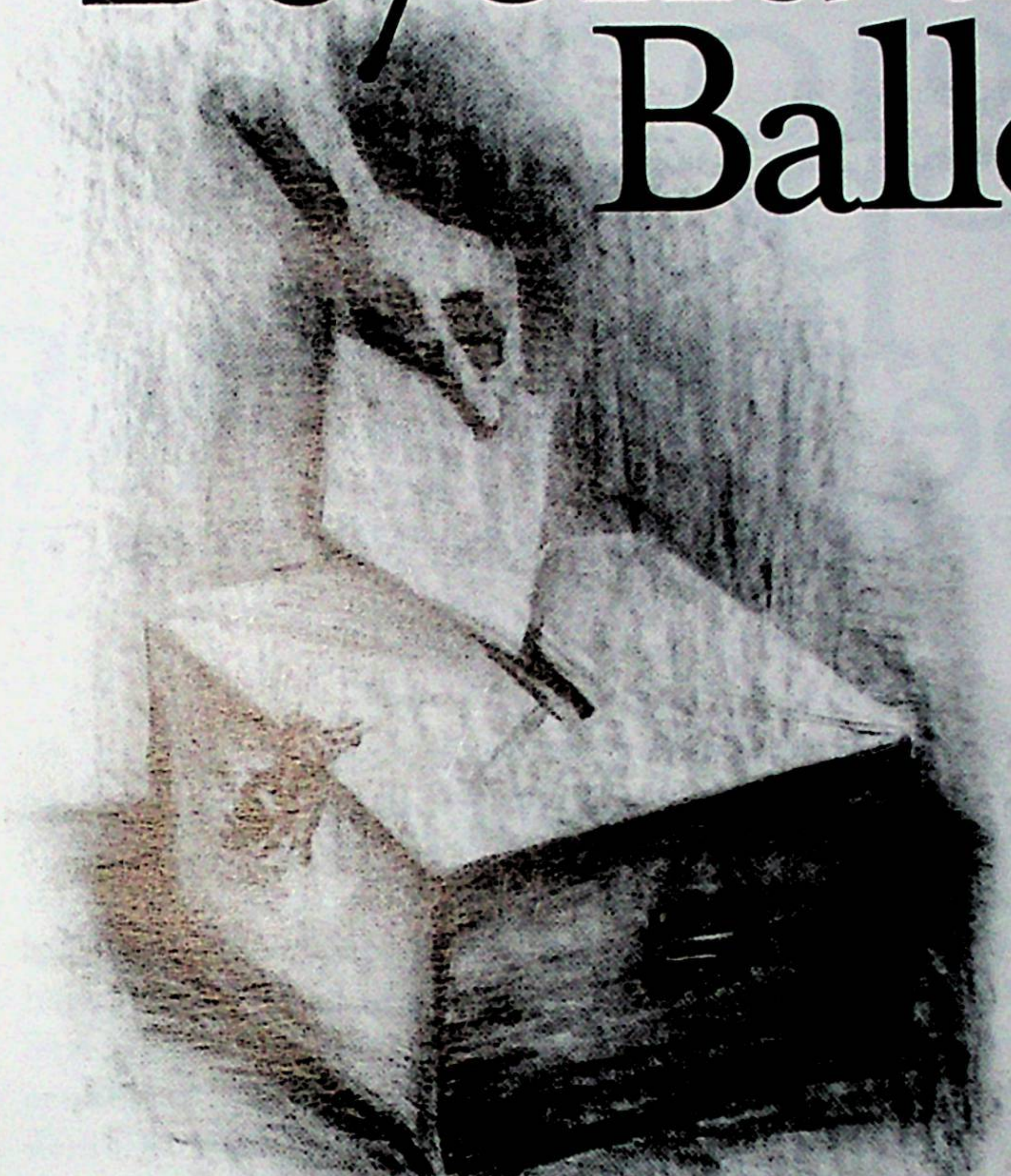


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In recent weeks and months, democracy has become the buzzword of international politics and with good reason. So-called Rose, Orange, and Tulip Revolutions have swept Eastern Europe and Central Asia, just as unprecedented elections have eroded the status quo in Afghanistan, Saudi Arabia, and Iraq. But elections alone do not a democracy make. Democracy is a complex, controversial subject that deserves a more robust examination than much of the recent rhetoric has offered. To this end, our Forum explores beyond the ballot box to paint a fuller picture of the opportunities, challenges, and threats that confront contemporary democracy.

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The Economic Obstacles to Democratization

Joseph Siegle

We live in a historic era of democratic expansion. More than half of the states that were authoritarian twenty-five years ago have since moved toward democracy. Yet, the democratic road is often bumpy. Of the roughly 100 countries that have started down this path since the mid-1970s, nearly half have experienced at least one episode of backsliding. Seventy percent of these cases occurred during a period of economic stagnation.¹ This pattern has fueled concerns that democratization in poor countries may be incompatible with economic development. For many, Latin America epitomizes the apparent tradeoff. The well-worn lament is that, although all of Latin America, save Cuba, has moved toward democracy and pursued free-market reforms, living conditions in the region are worse today than they were fifteen years ago.

The stakes for understanding the economic challenges facing democratic transitions are high. If transitioning states cannot sustain economic development or the strains of economic reform prove so great that the democratic process collapses, then the historic democratic gains we have observed are illusory. Such a conclusion has far-reaching implications for how vigorously industrialized democracies should support democratization around the world.

Joseph Siegle is Associate Director of the Center for Institutional Reform and the Informal Sector at the University of Maryland. He is co-author of *The Democracy Advantage: How Democracies Promote Prosperity and Peace* (2004).

Democracy and the Economy. To begin, let's put this phenomenon in context. Despite the disruptions involved in reshaping the institutions of political power, democratization is not inherently associated with poorer social and economic conditions. Since 1977 newly transitioned states have averaged per capita growth rates that are 20 percent higher than their autocratic counterparts at comparable income levels.² Even stronger divergences are observed in indicators of social progress. Since the end of the Cold War, democratizers have, on average, posted infant mortality rates that are 20 percent lower, life expectancies that are nine years longer, and access to safe drinking water and primary school completion that are 15 percent greater than countries that have not attempted to reform politically.³

One might assume that democratizers' superior development performance may be attributed to populist policies they feel compelled to pursue, which lead to ever more dire macroeconomic

While often bumpy, the process of democratization is also surprisingly resilient. Of the transitioning states that backslide, 60 percent revert to a democratic course within three years. In 95 percent of instances where democratizers have faced stagnant growth, democratic institutions have not deteriorated. In fact, the resiliency of democratizing states has tended to grow stronger over time.⁴ While it is important to recognize that democratic transitions are regularly typified by fits and starts, the trend is most often upward.

This pattern holds true for Latin America. Contrary to popular perceptions, all but three of the region's nineteen countries have expanded their economies since 1990.⁵ On average, this growth reflects a 25 percent increase in per capita incomes. These countries have achieved such growth despite the fiscal and debt crisis of 2001-2002, which, though centered in Argentina, caused overall regional growth from 1998-2003 to be flat.⁶ Despite these challenges, the

Developing countries on the democratic path avoid financial crises, humanitarian calamities, and civil conflicts more effectively than low-income autocratic states.

straits down the line. This is not the case. Democratizing states have achieved their positive developmental record without spending proportionally more on their health and education sectors than autocracies. Nor do they incur higher fiscal deficits or debt loads. As such, the economic challenges that threaten democratizers cannot, by and large, be attributed to the excesses of overly generous social programs.

region has made demonstrable progress in living conditions. Region-wide infant mortality rates have declined by 15 percent, access to safe water in rural areas has increased from 61 to 77 percent, and secondary school enrollment has expanded by 20 percent, to 65 percent, since 1990.

One underappreciated explanation for democracies' solid development performance is their capacity to avoid catastrophe. This capacity is attributed to the

moderating effects of multiple poles of power in democratic systems as well as democracy's intrinsic self-correcting abilities. When things are going poorly in a democracy, there is an established mechanism to change the leadership or, by exposing the shortcomings of a government's policies, to force midcourse corrections. Similar patterns hold for democratizers. Thus, developing countries on the democratic path avoid financial crises, humanitarian calamities, and civil conflicts much more effectively than low-income autocratic states.

This capacity has been evident during the challenging democratization experience of post-Cold War Latin America. As an example, the average annual rate of inflation in the region has declined from 12.2 percent in the 1980s to 7 percent since 1990.⁷ Instances of hyperinflation that have caused millions of households to lose a lifetime of savings virtually overnight have also diminished. The region suffered through thirty-six episodes of annual inflation surpassing 100 percent in the 1980s. But since 1992, there have only been five such years, all in Suriname and Brazil.⁸ The ability to manage inflation rates more effectively in Latin America has been one of the unheralded successes of the region's leaders and their partners in the international financial institutions (IFIs). Likewise, the post-Cold War era has witnessed decreased rates of severe economic contraction. Incidences of acute recession resulting in a 10 percent decline in per capita income from year-to-year dropped from fifteen in the 1980s to two since 1990.⁹ By avoiding the crises and volatility so characteristic of authoritarian systems, democratizers are better able to build on the development gains they have realized. As with com-

pounding interest in a savings account, these incremental advances translate into meaningful improvements in the quality of life over a few years.

Trouble Spots for Democratizers.

While global democratic gains of the past several decades have been substantive, and prospects for sustaining them are good, economic challenges to democratization remain a serious concern. History suggests that democratic backsliding is far more common during periods of economic duress. Paraguay, Ecuador, Venezuela, Bolivia, Argentina, Indonesia, and the Philippines are among the countries that have faced riots in response to economic strains in recent years. In addition to the direct aggravating effects on poverty, economic stagnation provides opportunities for authoritarian elements in a society to foment a sense of crisis, creating a popular perception that draconian measures are necessary to stabilize the situation. Such an atmosphere increases the risk of extra-constitutional attempts to remove or marginalize popularly elected leaders. The paralysis that ensues undercuts the mandate of a democratic government to pursue reforms. Alternatively, economic stagnation may allow an existing regime to use the crisis as a pretext for extending its hold on power, circumventing the authority of other branches of government and curtailing civil society. The incentives for moderation built into democratic institutions are lost. Arguably, this is the perilous trajectory that Venezuela and Zimbabwe—under Hugo Chavez and Robert Mugabe, respectively—have followed.

Notably, new democratizers often inherit calamitous economic circumstances from their authoritarian prede-

cessors. Autocratic governments are far more likely to depart when the economic ship is sinking, not humming. Moreover, they are apt to leave behind a daunting legacy of cronyism. Norms of corruption and impunity built up over decades, in turn, will handicap emerging democratic systems for years to come. Recognizing the rickety starting blocks from which democratic reform often begins provides insight into some of the most common economic challenges democratizers face. Several lessons from the past few decades deserve to be highlighted.

First, the propensity for democratic backsliding significantly declines the longer a country remains on a democratic path. Half of all backsliding that occurs under economic duress takes place within the first five years of the democratization effort. Backsliding during economic hard times is far less com-

Second, instances of democratic backsliding under economic duress have been geographically concentrated. Since 1990 the Andean region of South America (Ecuador, Paraguay, Peru, and Venezuela), West Africa (Congo, Gambia, Guinea-Bissau, Niger, and Sierra Leone), and the Russian-Caucasus region (Armenia, Azerbaijan, Belarus, and Russia) have comprised 70 percent of these cases. This clustering points to the pivotal influence regional factors can have on democratic sustainability. Economic or political shocks affecting one country can spill over to others. Conflict in one country typically undercuts economic growth by half of a percentage point of GDP in each of its neighbors." Likewise, global economic policies that impact an entire region—such as the 50 percent devaluation of the French CFA franc, the currency in twelve

Autocratic governments are far more likely to depart when the economic ship is sinking, not humming, and they are prone to leave behind a daunting legacy of cronyism.

mon after ten years on the democratic road—accounting for only 15 percent of the cases.¹⁰ As societies and political elites learn the democratic rules of the game, the standards for legitimacy become more rigorous, making attempts at extra-constitutional succession more untenable. Furthermore, the longer a country has employed genuine democratic processes, the greater the likelihood that it has achieved positive economic and social dividends. Avoiding economic downturns, in turn, greatly reduces the likelihood of democratic backtracking.

former French colonies in West Africa, or the subsidies that industrialized countries provide their cotton sectors—can have negative effects on democratization.

Regional norms are another important influence on these geographic patterns. Democratic reforms undertaken in one country affect the minimum standards of what is acceptable elsewhere. The fact that former Balkan strongman Slobodan Milosevic was forced to accept election results in Yugoslavia had a direct bearing on democratic reform efforts in Georgia and in the Ukraine. Conversely,

signals that regional and international actors are willing to accept soft authoritarianism in one country reinforces this standard elsewhere in the region. This is exactly what Russian President Vladimir Putin had in mind last October when he made his high-profile effort to sway Ukraine's electoral outcome in favor of former Prime Minister Viktor Yanukovich. The actions of West African leaders to raise the standards of legitimacy in their region by recognizing only a constitutionally based succession in Togo are similarly significant beyond the borders of this one small nation.

Third, democratizers that control inflation have been less likely to backslide during periods of economic hardship. On average, countries that backtracked in economic hard times had inflation rates that were double the norm for democratizers in their region. Sharp rises in food prices were particularly problematic. This fact reaffirms inflation's long recognized place as one of the most destabilizing economic phenomena—dashing a lifetime of savings virtually overnight and wreaking havoc on the plans of private firms, government ministries, and households. Runaway inflation, moreover, has a disproportionately debilitating effect on the lower and middle classes, the wealthy being better positioned to safeguard their assets abroad. The squeezing of the middle class, in turn, may undercut the popular support on which democracy rests.

Fourth, democratizers that maintain high levels of corruption do not share the generally positive development track record of countries reforming their political systems. Not surprisingly, some of the Latin American countries that are struggling the most economically—including Ecuador, Paraguay, Venezuela,

and Bolivia—are among those with the highest levels of corruption globally (often among the bottom 15 percentile globally) according to Transparency International's annual surveys.¹² They are also among the countries with the weakest democratic institutions in the region. In some ways, by perpetuating notions of special privilege and injustice, unconstrained corruption in democratizing states breeds more cynicism than that observed under authoritarianism. Overcoming this cynicism and rebuilding public interest in government institutions can take years.

Part of the political maturation that occurs within democratizing societies involves recognizing that democracy does not guarantee prosperity or even clean governance. It does, however, guarantee the right for citizens to take action or change course when things are going wrong. The increased exposure and attention given to corruption in democratizing states may be more a reflection of this greater transparency, access to information, and aggressiveness of watchdog groups than an actual increase in corruption. Were such transparent conditions to prevail in autocratic societies, allegations of corruption would surely be more vociferous and widespread.

Fifth, democratizers that backtrack tend to face debt service levels a full percentage point of GDP higher, on average, than other democratizers in their regions.¹³ Higher debt service restricts the resources new democratizers have available to address pressing social challenges. This handicap instills an image of the new government as no more attuned to societal priorities than the previous autocratic rulers, fostering democratic disillusionment. The often overlooked irony is that much of this debt may have been

Part of the political maturation that occurs within democratizing societies involves recognizing that democracy does not guarantee prosperity or clean governance.

accumulated by an unelected leadership and used for purposes other than improving social welfare. The burden to repay this debt, however, is an ongoing legacy the leaders of such regimes bequeath to their compatriots.

Democratizers that have backtracked during recessions also tend to have a more constrained private sector than other democratizers in their regions at comparable income levels. Credit to the private sector is typically 20 percent more limited in these countries than in other transitioning states.¹⁴ This reflects less opportunity for new, potentially more dynamic, firms. Unemployment, productivity, and incentives for investment are all affected. More generally, restrictive private sector access to credit is indicative of weaker financial and legal institutions facilitative of investment. It also signifies relatively greater state involvement in the economy, a favorite method for government leaders to monopolize both political and economic levers of power.

Finally, democratizers with more fractionalized political parties are more likely to bend under the strain of economic hardship than democratizers with fewer political parties. The task of coalition building—a requirement of all democratic systems—is generally more difficult under fragmented systems. Smaller political parties tend to represent more narrow interests, be they economic, ideological, or geographic.¹⁵ As such, they

have stronger incentives to take positions benefiting marginal rather than majority segments of the population. Encompassing strategies are not rewarded. By building a broad-based coalition involving labor and business interests, President Luiz Lula da Silva's Workers Party in Brazil has had the flexibility to chart a balanced set of macroeconomic policies. In comparison, the highly fragmented political system in Ecuador—where recently ousted President Lucio Gutierrez' Patriotic Society party commands only 5 percent of the seats in Congress—makes finding an encompassing solution there highly problematic.

Strategies to Mitigate Democratic Backsliding. Despite the many challenges facing democratic transitions, the frequency of democratic backsliding is on the decline. To build on this momentum, the following policy themes deserve particular attention:

Strengthen Regional Democratic Norms. Experience has shown that regional and international norms of political legitimacy have a profound influence on the actions of political elites in transitioning societies. The pull of the European Union vis-à-vis Central Europe is one well-known example. Parallel influences are observable elsewhere.¹⁶ Accordingly, international actors can make perhaps their most meaningful contribution to democracy by reinforcing emerging

democratic norms with consistently clear signals that only constitutionally grounded accessions to power will be recognized. Such consistency will strengthen incentives for competing political camps in transitioning societies to play by the rules. In the process, the built-in self-correcting mechanisms of democratic governance will have time to play out, facilitating more moderate and encompassing economic policies.

International efforts to reinforce democratic norms should also entail adopting standards of full-disclosure for all foreign assistance and natural resource royalties. This would greatly assist civil society groups and local communities track the flow of resources once they are in country and in holding their political leaders accountable. Strong domestic and international backing of independent media will invaluablely enhance the effectiveness of these tracking efforts while maintaining higher standards of transparency in both the public and private sectors. A free press is strongly associated with good economic performance among democratizing states for many reasons; controlling corruption is at the top of the list.

Sustain International Engagement with Democracies in Transition. Experience has shown that the longer a country is on a democratic path, the less likely it will backslide, even in periods of economic duress. Relatively few instances of backtracking occur after more than ten years of democratization. Yet, the tendency among donors has been to curtail financial assistance after the first democratic election.¹⁷ This approach discounts the numerous bumps on the road young democratizers often face after clearing that first threshold. Donors that are committed to pro-

moting democracy, therefore, should adjust the trajectory of their engagement. A more meaningful target would be to maintain a strong level of financial, technical, and political support for at least fifteen years after a transition has begun. While the pressures on assistance budgets are always tight, it is only logical to see these transitions through to a stable and successful conclusion rather than undergoing multiple start-ups that will ultimately be more costly.

Maintain Inflationary Discipline. One of the great achievements in international economics over the past decade has been controlling runaway inflation in developing countries. Inflationary discipline has benefited millions of households and contributed greatly to the accumulation of assets in these societies. Recognition goes to the greater discipline demonstrated by developing country governments and the technical and policy assistance provided by IFIs.

An effective follow-on strategy requires more than reinforcing monetary discipline, however. Greater efforts to strengthen financial, legal, and regulatory institutions are necessary to increase transparency and boost investor confidence. Moreover, since many new democratizers inherit suffocating debt service payments from their autocratic predecessors, simply calling for fiscal and monetary belt-tightening does not recognize the countervailing tension to demonstrate public responsiveness facing these new leaders. Under such circumstances, international donors should move quickly to suspend, then eliminate or dramatically reduce the debt these democratizers bear. This sequence will allow a newly elected government considerably more flexibility to respond to top societal concerns as well

as to build a broad-based coalition. In the process, the momentum for political and economic reform is easier to sustain. Clearly, policies encouraging fiscal and monetary discipline should be maintained. However, this should be benchmarked against new lending to the democratizing government rather than shuttering up rare windows of reform due to the actions taken by a previous, unaccountable regime.

Democratizers in the developing world face many challenges. Success—whether defined by sustained economic development or consolidated democracy—is not assured. Nevertheless, the movement toward democratic govern-

ment has led to the most empowered global governance environment in history. While poverty and inequality remain far too prevalent, citizens increasingly do have a voice in the priorities their governments pursue. This development has helped to shift incentive structures within developing countries toward more transparent and inclusive policies. By recognizing the power of this shift and remaining mindful of the unique economic obstacles facing democratizing countries, international actors can better ensure their efforts reinforce these emerging standards and, in the process, more effectively advance both democratic reforms and sustained development.

NOTES

1 Morton Halperin, Joseph Siegle, and Michael Weinstein, *The Democracy Advantage: How Democracies Promote Prosperity and Peace* (New York: Routledge, 2004).

2 As derived from the World Bank's World Development Indicators dataset. Since most contemporary democratizers are developing countries, the data in this essay refer to countries with per capita incomes below \$2,000. (Wider divergences are evident when more prosperous income categories are considered). Democratizers are states that have initiated and maintained at least a one-point advance in the annualized Polity IV democracy scores. Polity bases its democracy score on strength of institutionalized measures of political competition, opportunity for popular participation in the political process, and checks on the chief executive.

3 See: Halperin, Siegle, and Weinstein, 2004.

4 See: Adam Przeworski, Michael Alvarez, Jose Antonia Cheibub, and Fernando Limongi, *Democracy and Development: Political Institutions and Well-Being in the World* (Cambridge: Cambridge University Press, 2000).

5 Ecuador, Paraguay, and Venezuela have experienced real contractions in their per capita incomes during this time.

6 International Monetary Fund, "Stabilization and Reform in Latin America: A Macroeconomic Perspective on the Experience Since the Early 1990s," Occasional Paper 238 (2005).

7 As derived from the World Development Indicators and Policy datasets.

8 Ibid.

9 Ibid. While not an annual 10 percent contraction, Argentina's default on government bonds and

the sharp decline in GDP from 2001-2002 certainly qualifies as a crisis. Yet, the policy and political adjustments taken in response are reflective of the mitigating capacity of democratic systems, precipitating Argentina's relatively swift rebound in 2003-2004.

10 Halperin, Siegle, and Weinstein, 2004.

11 Paul Collier, Lani Elliot, Havard Hegre, Anke Hoeffler, Marta Reynal-Querol, and Nicholas Sambanis, *Breaking the Conflict Trap: Civil War and Development Policy* (Washington, DC: The World Bank and Oxford University Press, 2003).

12 The annual Transparency International Corruption Perceptions Index is available online at www.transparency.org/surveys/.

13 As derived from World Development Indicators and Polity datasets.

14 Halperin, Siegle, and Weinstein, 2004.

15 Importantly, this observation should not be generalized to ethnically fractionalized societies. Whereas autocracies with ethnically diversified populations experience a drop in economic growth of three percent of GDP, no adverse effects are seen in democracies. Paul Collier, "Ethnic Diversity: An Economic Analysis," *Economic Policy* 16, no. 32 (2001): 127-166.

16 Robert Herrman and Theodore Piccone, eds., *Defending Democracy: A Global Survey of Foreign Policy Trends, 1992-2002* (Washington, DC: Democracy Coalition Project, 2002).

17 See: Minxin Pei, "Bullish on New Democracies: Research Notes on Multinationals and the Third Wave," *The National Interest*, no. 70 (Winter 2002/2003): 79-87.

Africa's Democratic Deficit

Chris Fomunyoh

After decades of autocratic, personal, and military rule, the fall of the Berlin Wall in 1989 and the emergence of the third wave of democracy provided new opportunities for the long-suppressed democratic aspirations of Africans to rise to the surface.¹ Since then, there have, indeed, been genuine transformations, including the end of apartheid in South Africa and the quelling of violent civil strife in Mozambique, Angola and even Sierra Leone. But overall, democracy's record in contemporary Africa is a mixed bag of accomplishments, challenges, and largely unmet aspirations. Ultimately, the causes of the democratic deficit in Africa are multiple. This paper will explore several, including the role of the predatory state, the extreme personalization of politics, and the overwhelming poverty factor, and suggest further steps that must be taken to foster democracy in the heart of Africa.

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Yearning in Unison in the Early 1990s. Without a doubt, the third wave of democracy found fertile soil on the African continent in the early 1990s. A confluence of factors seemed complicit in propelling democracy to the fore. First, the end of the Cold War and the collapse of the Soviet empire produced what some African capitals fondly referred to as "the wind from the East." The ripple effects reached far across the continent. A range of left-leaning African governments, satel-

lites of the Soviet bloc, eventually collapsed under the weight of state dysfunctionality. Countries that had embraced Marxist-Leninist principles—including Congo (Brazzaville), Madagascar, and Benin—and where the morning bells once rang with nationalistic salutes of "revolution or death," began rewriting their constitutions and renegotiating the social contracts so as to redefine the relationship between the citizenry and political elites.

That was the era of national conferences and citizen activism, similar to the sort now sweeping through parts of the former Soviet Union. Pro-western African governments in countries such as apartheid South Africa, Kenya, Cote d'Ivoire, and then Zaire awoke to the new era in which political pluralism and democratic governance were exalted within the realm of international relations.² New political parties formed, vibrant civil society organizations emerged and a freer media began to blossom across the continent. Nelson Mandela, the world's longest serving political prisoner, walked out of prison in 1990 and four years later became president of a free and democratic South Africa. Between 1990 and 1994, approximately a dozen African autocrats and / or military rulers lost power either through credible competitive elections or as a result of mass movements.³ Africans of all political leanings celebrated the end of military and single party rule. In short, the continent's future looked promising.

Surprisingly, even former military leaders who initially came to power through coups abandoned the uniform and side pistol in favor of suits and the rhetoric of democracy, civil rights and citizen participation. Individual countries began to fine-tune existing institutions to meet the demands of more competitive politics, and by the end of the 1990s, the

continent-wide Organization of African Unity transformed itself into the African Union (AU), which placed a premium on political and economic reform, respect for human rights, and the rule of law. The cause of democracy became the rallying cry of Africa's leaders, just as previous generations of rulers had professed their common destiny with Africa's then nascent independence movements.

The preamble of the AU's constitutive act highlights the common vision of an Africa that caters to all segments of society including women, youth, and civil society, and one that is "determined to promote and protect human and peoples' rights and consolidate democracy."⁴ By 2000, the flurry of nascent initiatives such as the Peer Review mechanism, a cornerstone of the New Partnership for African Development (NEPAD), raised additional hopes that African political leadership would lead the march toward democracy. Even regional organizations such as the Southern African Development Community (SADC) and ECOWAS renewed their eagerness to champion the adoption of new democratic standards, including free and fair elections and more open and representative governments.

Despite these advances and the flourish of pro-democracy rhetoric emanating from throughout the continent, not all states were moving forward on this path. Burundi experienced a coup and renewed inter-ethnic conflict in October 1993, reversing democratic gains after the country held its first ever free and fair election in June of the same year. Civil war also broke out in the Democratic Republic of Congo in 1996, where the 1992 national conference of representatives of political parties and civil society organizations had made great strides toward defusing the highly centralized

rule of dictator and military ruler Mobutu Seseseko. Civil war dashed hopes for a peaceful and orderly transition from one party rule to a state of democratic governance. That conflict has today claimed the lives of 3.5 million people. Even in Somalia, the fall of long time dic-

Gnassingbe Eyadema. A staff sergeant in the French army prior to the country's independence in 1960, Eyadema was the brains behind the assassination of the country's first president during a 1963 coup—the first coup in African history. He later came to power in 1967, and

One of the primary challenges to democracy in Africa is the overwhelming scope of the predatory state.

tator Siad Barre in 1991 led some analysts to speculate that a democratic opening would emerge only to see the country sink into total state collapse and inter-clan conflict from which it still reels.

Long on Rhetoric, Short on Practice? The actions of leaders in countries such as Zimbabwe, Togo, Guinea Conakry and the Central African Republic began to cast doubt upon the African political elite's commitment to democracy. The ambivalence with which democratically elected African leaders reacted to Zimbabwean President Robert Mugabe's ranting against opposition leaders and human rights activists, coup-makers in Togo and the Central African Republic who remain unpunished, or to poorly conducted elections in Guinea Conakry and Cameroon have left many observers wondering whether standards for democratic governance are being whittled down to suit incumbent rulers at the expense of the vast majority of African citizens.

The plight of Togo epitomizes this tendency. A country of six million inhabitants, Togo was always a bastion of autocratic rule under the late President

ruled Togo with an iron-fist for nearly four decades. At the time of his death on 5 February 2005, Eyadema was the second longest serving world leader, behind only Cuba's Fidel Castro. Two hours after the death announcement, Togo's military, constituted disproportionately by Togolese from Eyadema's ethnic Kabye, stepped in.⁵ The armed forces banned the Speaker of the National Assembly, who was next in constitutional line of succession, from returning to the country, anointed Eyadema's son president, and pushed the National Assembly to amend the constitution to legitimize their deed. This gross violation of the country's constitution generated a huge outcry in Togo and across the continent. It also engendered condemnation by ECOWAS and the AU.⁶ Regardless, the military's actions remain intact, and its leaders have continued to go unpunished. Moreover, ECOWAS' performance in overseeing the conduct of credible democratic elections in Togo in April 2005, came under severe criticism by Togolese opposition leaders and their supporters as well as independent media and civil society organization in Togo and across West Africa.

The predominance of these and similar

setbacks have caused negative democratic developments to become the focus of international attention. Credible elections in countries such as Mozambique, Ghana and Senegal have lost the limelight to contested electoral outcomes in Zimbabwe, and Mauritania. Likewise, the constitutional court in Togo that recently validated the coup overshadows the coura-

not unique to the continent. Other countries such as Chad, Gabon, Congo, Equatorial Guinea, and Guinea Conakry continue to model their constitutions after the presidential system with excessive executive branch powers as embodied in the French constitution of 1958, from which most francophone African countries found inspiration. Little wonder that

Africa suffers from a gap between the growing demand for democracy and good governance and the shrinking supply of it.

geous judiciary in autocratic Zimbabwe, Africa's authoritarian face has increasingly become the only side of the continent that outside observers recognize.

Challenges Loom Large. One of the primary challenges to democracy in Africa is the overwhelming scope of the predatory state. Despite a few cosmetic changes, the overly centralized state is not a phenomenon of the past; it is alive and, in some cases growing at a frightening pace in contemporary Africa. Political power in numerous countries remains in the hands of an exceedingly powerful individual and his cronies. These leaders rule the country with few, if any, checks and balances. In Cameroon, for example, all office holders within the executive branch—from the prime minister and cabinet ministers down to the lowest official—require a presidential appointment. The president also names all members of the judiciary, from the Supreme Court judges to the bailiff at the county level. Worse still, the constitution authorizes the president to appoint 30 percent of the country's senators, thereby diluting an already weak and powerless legislative branch. But Cameroon is

concepts of democratic governance, such as judicial independence or diffusion of power, remain abstract and distant notions in several African countries, just as abuse of power and executive impunity run rampant.

Their democratic rhetoric notwithstanding, Africa's autocrats use all means possible to retain power and thereby diminish popular confidence in the meaning and merits of democratic governance. For example, purged voter rolls, especially in opposition strongholds, are notorious for marring the continent's elections. Such electoral malfeasance creates thousands of disenchanting would-be voters who feel alienated from the state. In the same vein, political patronage infiltrates all sectors in countries where democratic transitions have stalled. In many cases, allegiance to the ruling party determines one's economic survival or well-being. Thus, contrary to expectations that the state would safeguard and help nurture Africa's nascent democracy, the ruling elites take advantage of the state apparatus to stifle democratic debate and discourse.

Africa's shrinking political space is exacerbated by a lack of political will on

the part of the ruling elite and an extreme personalization of politics. It is a sad commentary that in several countries, political discourse and even competition for elected office revolve solely around personalities and not matters of national interest. The absence of political party platforms, development plans, and alternative policy stands transform most elections into popularity contests based on the personality of individual party leaders or charismatic figures. All too often personal grievances and rivalries among political elites have sparked inter-ethnic tensions and politically motivated conflicts. The case of contemporary Cote d'Ivoire, where the government fomented nationalist sentiment through the idea of "ivoirité," exemplifies the trend. Many Ivorians believe the nativist philosophy a simple ploy to restrict access to political leadership.

What is more, the exploitation of poverty as a tool for political manipulation casts a long shadow over prospects for the emergence of a democratic culture in contemporary Africa. The paradox for many observers is that Africa is not a poor continent given its natural resources and mineral wealth. Rather, it is the poor management of resources that undermines the continent's ability to attain both economic and political development. Pervasive poverty—as measured by sizeable percentages of citizens surviving on a dollar or less a day—underscores the vulnerability of the poor majority to the caprices of political elites, including those whose commitment to democracy is shaky at best.

Corruption, vote buying, and other actions that focus on short-term material gratification in the quest for public office also inhibit the emergence of a democratic political culture. The net effect of the short-term approach to poverty allevia-

tion by both political elites and citizens is that rather than focusing on policy initiatives that could have long-term, positive implications for the country as a whole, politicians harness available resources by all means necessary once elected, only to distribute them during the next election cycle. Though contested, the recent reelection of Robert Mugabe in Zimbabwe epitomizes this unfortunate trend. Excessive social demands in the African cultural context and the lack of a proper framework to regulate fundraising and expenditures around elections create a vicious circle that gradually chips away at the notion of people power and the centrality of human development as one of the accepted objectives of democratic governance.

Additionally, continent-wide pandemics, including HIV/AIDS, malaria, tuberculosis, and other diseases, have drained the continent of much human capital and exacerbated the toll of extreme poverty in the last decade. Even in countries where the political will for reform and democratization exists, material resources that would otherwise strengthen and render more effective democratic institutions, such as parliaments, courts, and the media, are required in the social and health sectors. Ultimately, as life expectancy rates drop and societal support networks collapse under the weight of high death rates, optimism about the future declines, and the struggles for daily survival supercede debate about democratic governance.⁷

Where are the Pacesetters and Bright Spots? In looking for hopeful signs in Africa, pro-democracy advocates point to interesting statistics from independent institutions such as Freedom House that monitor democratic trends

worldwide. Statistics show that while Freedom House designated only two African countries as "free" in 1972, by 2004, eleven countries including Benin, Botswana, Cape Verde, Ghana, Mali, Mauritius, Senegal and South Africa, had achieved "free" status, while nineteen had received the "partly free" designation.⁸ These are hopeful signs, yet much more remains to be done to safeguard and further consolidate these nascent democracies lest they fall prey to the fragility of their newly formed internal institutions such as parliaments, courts, media, and civil society groups learning to operate in a democratic setting, or to the instability generated by cross over negative effects of autocratic rule in neighboring states.

It is also encouraging that Africans on the demand side of the democracy equation—including democracy promotion groups and other civil society NGOs—have increased their efforts in the past decades. The accomplishments of African civil society organizations such as the Transition Monitoring Group in Nigeria, the Campaign for Democracy and Development (CDD) in Ghana and Nigeria, the Campaign for Good Governance in Sierra Leone, the continent-wide network of Women Jurists, various country chapters of Human Rights Leagues, and of Transparency International, are enormous. In some cases, these organizations have taken on tasks that governments have failed to perform, such as conducting civic education and raising citizen awareness as to their basic rights and responsibilities in a democratic society.

Africa, however, still suffers a gap between the growing demand for democracy and good governance and the shrinking supply of it. It will be impor-

tant for NGOs and other civil society groups to sustain the growing demand so citizens can continue to hold their leaders accountable. At the same time, it is also imperative to increase the quantity and scope of democracy support programs targeted at political elites, so as to decongest the bottlenecks that autocratic forces have established to impede the emergence of genuine democracy in Africa. The international community must impress upon Africa's predatory states that it is necessary to reverse course and create an enabling environment for democracy promotion, without which citizen efforts alone will wither and eventually shrink or die from exhaustion.

The Future Promise of African Democracy.

In order to spread democracy in Africa and secure its gains, it is high time for leaders in Africa and the West to pierce the veil of diplomatic niceties in dealing with African leaders who forfeit their right to international recognition and respect because of the manner in which they treat their own citizens. The world's community of democracies, which now includes eleven African states according to the Freedom House ratings, must express in no uncertain terms the need for political reform in Africa's most autocratic states. Some have argued that tough diplomatic talk would jeopardize valuable bilateral relationships with key regional states. In truth, though, these alleged interests are so lopsided in nature that it is difficult to quantify significant losses to a developed country for taking a stance in favor of democracy. What is more, this argument creates the false impression that the national interests of developed countries, which all happen to be established democracies, are incompatible with well functioning democracies

on the African continent. Granted, in the scramble for access to Africa's natural resources, namely oil, western countries are in direct competition with states that have little respect for democracy and human rights, including China and Malaysia. On the other hand, the world's consolidated democracies would inflict irreparable damage to their own reputations and endanger Africa's fledgling popular democratic movements by maintaining a complicit silence.

Institutionalizing individual responsibility and personal accountability at the international level for gross violations of democratic principles, including human rights abuses, can help break the backbone of the autocratic state in Africa. Because autocrats currently reign under the cloak of impunity in their respective countries, effectively curbing their excesses would require international action and multilateral cooperation in some cases. As part of the debate about reforming the United Nations as the ultimate body of multilateral decision-making, there is reason to recommend that the community of democratic nations envisage an appendix

to the Universal Declaration of Human Rights or an amendment to Article I of the United Nations charter. This addition should introduce an enforcement provision, especially given that most, if not all, African countries list their adherence to the declaration in the preambles of their respective constitutions.

While at first glance an assessment of democracy in today's Africa points to a rather negative set of facts, looking a little deeper brings to the fore some success stories and a lot of potential that can be harnessed to provide for a more hopeful future. Although some experts express anguish in stating that "the hardest place in the world to be an optimist is Africa," democracy's plight on the continent is the story of the uncut, unpolished diamond. True, African democrats and the international community have yet to find the continent-wide pearl, and the upcoming path will be long-winded and rough.⁹ Regardless, African democrats and their allies worldwide have a responsibility to continue their efforts to ensure that the democratic light will shine from the tops of Mounts Kilimanjaro and Cameroon.¹⁰

NOTES

1 Samuel Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).

2 Today's Democratic Republic of Congo is often referred to as the DRC.

3 Between 1991 and 1994, there was an unprecedented turnover of political power in the following countries: Benin, Burundi, Central Africa Republic, Cote d'Ivoire, Congo Brazzaville, Ethiopia, Madagascar, Malawi, Mali, Niger, and Zambia.

4 Article 3 (g) of the African Union (AU) constituent act of 11 July 2000 stipulates that one of the main objectives of the AU is to "promote democratic principles and institutions, popular participation and good governance."

5 Approximately 75 percent of military officers and soldiers are from Eyadema's Kabye ethnic group in northern Togo. See: U.S. Department of State, *Country Reports on Human Rights Practices 2004*.

6 Both AU Chairperson Alpha Oumar Konare and

current Chairman Nigerian President Olusegun Obasango condemned the coup, and in a strongly worded communiqué (PSC/PR Communication XXIV of 7 February 2005), the AU threatened sanctions against the Togolese regime and called on the United Nations, the European Union, bilateral partners and the international community as a whole to strongly support the AU position on Togo.

7 "Briefing Paper Number 9," Afrobarometer, April 2004. It argues that "democratic commitments are not fixed. They tend to decline with the passage of time...but can be refreshed by an electoral alternation of power."

8 Aili Piano and Arch Puddington, eds., *Freedom in the World*, published by Freedom House International (Lanham, Maryland: Rowman and Littlefield, 2004), 720-721.

9 Nicholas D. Kristof, "Looking Away from Mugabe's Tyranny," *The New York Times*, 4 April 2005.

10 Mounts Kilimanjaro and Cameroon are the two tallest mountains in Africa.



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Solving India's Diversity Dilemma

Culture, Constitution, & Nehru

George C. Thomas

Democracy and multi-ethnic societies do not enjoy a simple relationship. Democracy has the ability to empower minorities and promote equality, but it can just as easily exacerbate divisions. When voting tends to take place along ethnic lines, majority rule can result in the subjugation of the minority voice. Not only does this foster an unequal society, it also has the potential to destabilize the entire state. The cohesion of an ethnic majority may cause other ethnic groups to forge a union—an act of temporary convenience that rarely lasts. In another unfavorable outcome, the losing ethnic group might refuse to accept the entire democratic process, throwing out the baby with the bath-water. These potential “democratic” outcomes would only intensify inter-ethnic conflicts and provoke minority demands for self-determination and territorial secession. History has shown that this initial path often ends with the collapse of the state.

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That democracy works in India is, therefore, somewhat of an enigma. Political cleavages crosscut by language, religion, and caste make India a highly complex and multi-ethnic society. India is a state divided by eighteen official languages, some 180 minor languages, virtually all the major religions of the world, five castes, over 3,000 sub-castes, and several tribal populations.¹ Nevertheless, democracy and diversity continue to coex-

ist in India despite the odds. As a testament to its resilience, India's democracy has survived even though countries with far fewer ethnic divisions have had far more checkered histories.

India owes its democratic government to the principles of acceptance espoused by its political forefathers and embodied in the Indian constitution. This spirit of tolerance has endured in Indian politics and given rise to societal checks and balances and democratic institutions beyond elections. India provides an example of the power of democratic norms and the resilience of the democratic process.

The fate of Pakistan illustrates the perils of multi-ethnic democracy that India has successfully avoided. Following the partition of British India in 1947, Pakistan emerged as two non-contiguous Muslim majority regions: East Pakistan and West Pakistan. Under this configuration, the population of East Pakistan consisted of Bengalis, and they outnumbered the population of West Pakistan at that time, which was comprised of Punjabis, Sindhis, Balochis, Pashtuns, and Mohajirs (Muslim immigrants from India). Such a division made a democratic constitution difficult to devise.² Unwilling to cede power to the more populous East, Pakistani military dictators ruled the state from the West. When democratic elections took place in Pakistan in 1971 after more than a decade of West Pakistani military dictatorships, the voting occurred exclusively along linguistic and geographical lines; the West voted for West Pakistani candidates and the East for Eastern candidates. In the end, Bengali East Pakistan outvoted predominantly Punjabi West Pakistan and obtained the majority of seats in parliament. The West Pakistani military dictatorship was supposed to give way to the

"democratic" East Pakistani rule over the entire state. When West Pakistan rejected the result, however, East Pakistan declared independence. A civil war ensued and the result was the disintegration of the state. Today, East Pakistan is now the independent state of Bangladesh, and democracy has continued to evade both Pakistan and Bangladesh to differing degrees.

Although India has experienced periodic Hindu-Muslim conflict, including sporadic violence in Muslim Kashmir, Sikh Punjab, Hindu Assam, and in the northeastern Christian tribal states, the significant fact is that as of 2004, thirteen general elections have taken place in post-independence India, all within the five years or less as mandated by the constitution. Ultimately, the movement from democracy to self-determination to disintegration can be short and quick in a multi-ethnic society, as was the case with West and East Pakistan. Yet, despite its linguistic, religious, and caste diversities, India's democracy has flourished. Though the explanations for India's success are many and varied, this paper will attempt to outline several of the most prominent.

The Nehru Legacy and Dynasty.

First, India's democratic success is due in part to the stabilizing effect of Nehru, his liberal political legacy, and the political dynasty that followed him. Jawaharlal Nehru, the leader of the Indian National Congress, was the seminal figure during India's struggle for independence. Following the British withdrawal, Nehru remained on the political scene as prime minister from 1947 until his death in 1964. The cult of Nehru's personality and the mystique of the Nehru-Gandhi family name have been profound. (Note that Indira Gandhi's Zoroastrian husband was unrelated to Mahatma Gandhi). Unlike

Mohammed Ali Jinnah, Pakistan's first governor-general who died within a year of the partition, Nehru lived for seventeen years after India's independence. Nehru's charismatic personality, the public admiration he attracted, and the dominant rule of the Congress Party under his leadership, preserved India's political sta-

The Nehru-Gandhi dynasty appeared to end in 1989 when a coalition of opposition parties emerged victorious, but Rajiv's Italian-born Catholic wife, Sonia Gandhi, successfully led the Congress Party's efforts to unseat Prime Minister Atal Behari Vajpayee's Hindu nationalist Bharatiya Janata Party (BJP) in 2004.

Ultimately, the movement from democracy to self-determination to disintegration can be short and quick in a multi-ethnic society.

bility throughout his lifetime.³ What is more, the Congress Party, a "catch-all" political party, was able to accommodate both far left and far right ideologies, Indian secularists and closet Hindu nationalists, and all types of linguistic and religious minorities.⁴ Nehru's enlightened policies also cemented India's stability, as he gave the weaker opposition parties disproportionate attention and incorporated their views and grievances in Congress Party policy.

With only brief tenures of two prime ministers in between, Nehru's death was followed by the long rule of his daughter, Indira Gandhi, from 1966 to 1977. Though Indira's Congress Party faced electoral defeat after she declared the National Emergency in 1975 that suspended India's democracy and the fundamental rights of its citizen for twenty-two months, elections in 1980 brought the Congress party back to power. Indira's Sikh bodyguards later assassinated her in 1984, but her son, Rajiv Gandhi, led the Congress Party to huge victories in national elections held that same year.

Although Sonia declined the position of prime minister, the Nehru-Gandhi mystique continued the dynastic tradition. If needed, Rahul Gandhi, son of Rajiv and Sonia, may be available to lead the Congress Party to another national electoral victory in the future. Despite its shortcomings, the Nehru-Gandhi dynasty has proved itself dedicated to the democratic process of open and fair elections.

India's Constitutional Framework. Second, India's successful democratic experience also results from its constitutional framework. The founders of modern India developed the constitution during the three years following independence in 1947. The framers adapted the constitution from the British Government of India Act of 1935 to cater to the needs of the new Indian state. India's current constitution is essentially a Western one. The parliamentary system is a legacy of Britain; the federal system is derived from the Canadian constitution; the financial relationship between the central and state governments comes from Aus-

tralia; the preamble's social policy objectives and directives are from Ireland; and the chapter on Fundamental Rights was modeled after the U.S. Bill of Rights. While the structure is Western, the style and process are essentially Indian.

One of the keys to the resilience of India's constitutional system is the fact that the constitution itself has mechanisms built-in to allow for flexibility during unstable times. India's democra-

Muslim citizens out of fear that they would resort to sabotage, though all were immediately released on the cessation of hostilities. The DIR remained in force until 1968, six years after the 1962 Sino-Indian war and three years after the 1965 Indo-Pakistani war had ended.⁵ During the 1971 Indo-Pakistani crisis, the Maintenance of Internal Security Act (MISA) sought to provide the authorities with far-reaching powers, including the

India's democratic constitution allows parliament to exert formidable control when the system faces a daunting challenge.

tic constitution places the well-being of society and the security of the state above the fundamental rights of the individual, according to the interpretation of the Indian Supreme Court since 1976. Fundamental rights are not guaranteed if they conflict with the interests of society and the well-being of the state. It is permissible under the constitution to suspend such rights in the event of an external war or internal conflict. The constitution authorizes the parliament to enact such drastic measures, which essentially enables a dominant party with a two-thirds majority to assume authoritarian powers through constitutional means during times of crisis.

Parliament has authorized such a suspension on a few occasions ostensibly to protect the security and stability of the state. During the 1962 Sino-Indian war, for example, the passage of the Defense of India Rules (DIR) authorized the detention of Indian communists without cause. The 1965 Indo-Pakistani war, moreover, resulted in the imprisonment of many

ability to detain citizens thought to be a threat to the state. Authorities employed the provisions in this act to justify the detention of opposition leaders in order to curb the violence in ethnic conflict areas, especially in the border regions.⁶

Furthermore, by declaring a National Emergency and spiriting the 42nd Amendment through parliament, Prime Minister Indira Gandhi suspended the constitution's fundamental rights and expanded the practice of preventive detention. With these steps, India temporarily disavowed many of its democratic vestiges and temporarily became something of an authoritarian state.⁷ When Prime Minister Gandhi's actions were challenged, the Supreme Court of India reversed its earlier judgments that fundamental rights were inherent and inviolable to favor the legislative powers of the state, provided proper procedures were followed, over the rights of the individual. It argued that because the state originally granted fundamental rights to its citizens, it enjoyed the

authority to revoke them in the interests of national security.

Following Indira's 1977 electoral loss to the Janata Party, the latter abrogated the 42nd Amendment by passing the 44th Amendment the following year. With this new amendment, the requirements for declaring an emergency became much more stringent, and parliament placed greater restrictions on the suspension of democratic rights.⁸ During the violent Sikh separatist movement in the 1980s, however, parliament passed new legislation to curb disruptive forces, including the 1980 National Security Act (NSA) and the 1987 Terrorist and Disruptive Activities Act (TADA). Successive governments have employed this legislation to deal with secessionist movements and terrorism in Kashmir, Assam, and the tribal northeast of India. In the aftermath of 9/11 and the terrorist attack on India's central parliament on 13 December 2001, parliament finally approved a long-debated legislative proposal called the Prevention of Terrorist Ordinance (POTO). The legislation resembles the Patriot Act that the U.S. Congress passed later that same year.

In addition to these recourses, Indian prime ministers from Jawaharlal Nehru to P. V. Narasimha Rao have also resorted to the Article 356 of the constitution, known as "Emergency in the States." State governments have frequently resorted to this article when the once-majority party can no longer muster the required parliamentary majority in the local legislature. In such instances, the central government takes control of the state government until new elections reconfigure the makeup of the state's parliament. More controversial, however, has been the tendency to resort to Article 356 in Indian states that suffer from insurgent movements or

terrorism, such as Nagaland, Punjab, and Kashmir. Similarly, widespread religious, linguistic, or ethnic rioting in a state has also led to the suspension of the state government, as has occurred in Assam. That said, the suspension of the democratic process under the guise of security has been ad hoc, regional, and temporary. With the cessation of the crisis in question, the central government has always restored the democratic process.

In sum, India's democratic constitution allows parliament to exert formidable control when the system faces a daunting challenge. While India's founding fathers assumed that the suspension of constitutional rights would only be temporary, there is no guarantee that a prime minister who resorts to such drastic means will restore democracy. India's liberal constitutional provisions are a would-be tyrant's dream. Indira Gandhi came close to doing so between 1975 and 1977, but so far no prime minister has grossly misused these constitutional recourses. In the end, even she restored democracy after twenty-two months of emergency rule in the interests of national security, and prime ministers have since followed her path to protect India's democratic system.

The Culture of Secularism and Tolerance. Third, the success of India's democracy is also a function of the country's secularism and the secular nature of Hinduism.⁹ While the original constitution did not specifically espouse secularism, it did not advocate a religious state nor identify with one particular religion. Within the current constitution's delineated Fundamental Rights, there is a clause ensuring the "freedom of conscience and free profession, practice and propagation of religion." Following inde-

pendence, moreover, Nehru's Indian National Congress, a vehemently secular party, dominated India's Constituent Assembly. Perhaps more than anyone, Nehru was determined that, unlike Pakistan, India would espouse forward-looking scientific rationalism, not religious traditionalism.

It was not until the passage of the far-reaching 42nd Amendment under Prime Minister Indira Gandhi that India officially became a secular state. Among the several sweeping changes to the constitution that this amendment entailed was a rewording of the Preamble under Section 2 of the Amendment. The new preamble read: "In the Preamble to the Constitution, (a) for the words 'sovereign democratic republic' the words 'sovereign socialist secular democratic republic' shall be substituted; and (b) for the words 'unity of the Nation,' the words 'unity and integrity of the Nation' shall be substituted."¹⁰

Following Indira Gandhi's electoral defeat in the 1977 elections, the Janata Party government passed the 44th Amendment in 1978 to nullify the 42nd Amendment almost entirely. While the 44th Amendment, among other changes, reinstated the fundamental rights of the citizen, it did not reverse the previous amendment's language of secularism. It reinforced such an identity. The 44th Amendment states:

It is, therefore, proposed to provide that certain changes in the Constitution which would have the effect of impairing *its secular or democratic character*, abridging or taking away fundamental rights prejudicing or impeding free and fair elections on the basis of adult suffrage and compromising the independence of

judiciary, can be made only if they are approved by the people of India by a majority of votes at a referendum in which at least fifty-one per cent of the electorate participate."

With the rise of Hindu nationalism, the Indian parliament has recently faced increasing pressure to declare India a Hindu state called "Hindutva." This demand for Hindutva would undermine India's democracy in two ways. First, a state identified by the dominant religion would necessarily imply the rejection of equality for the citizens of other religions. The emotional attachment and political commitment of religious minorities would be seriously undermined, just as India is searching for ways to integrate its large Muslim population. Second, an officially Hindu India would multiply the government's power of coercion. If religious-minded leaders were able to arouse the passions of India's citizens on the basis of religion, the ability of Indians to make choices freely becomes complicated. Rejection of religion-infused directives may generate fear of retribution in the next life. Secularism would appear essential for the exercise of free choice in a democracy even if all citizens share the same religion.

Can Developing Multi-ethnic Countries Afford Democracy?

Democracy has experienced numerous failures and setbacks in much of post-colonial Asia, Africa, and Latin America. The rare exception has been India, a country of vast social diversity and widespread poverty and illiteracy at the time of independence. The argument has long been that developing countries cannot afford the luxury of a democracy. Democracy, its critics argue, is premature

where there is widespread poverty and illiteracy, and the authoritarian hand is necessary to manage inter-ethnic conflict, maintain law and order, and provide rapid economic development. The past half-century, however, has shown that where authoritarian regimes prevailed in the developing world, the results often have been neither democracy nor rapid economic development.

In India, poverty and illiteracy did not pose obstacles that proved too daunting for a successful democracy. India's democratic institutions, most notably its free press and freedom of speech, enabled the country's most marginalized citizens to keep track of the promises of both local and national politicians. If conditions did not improve, these groups enjoyed the capacity to vote their representatives out of office, an electoral fate that spurred India's parliamentary members to work hard to avoid.

India's paradox is that its extreme

diversity has proved to be the strength of its democracy, not its downfall. Although 82 percent of India is Hindu, Hindus are not a monolithic group. When divided by religion, language, region, caste and economic class, all groups constitute a minority of one sort or another. India is, therefore, a land of a thousand minorities. What is more, majority rule requires interlocking alliances and considerable give-and-take by all sides, which has occurred in India. In the ongoing competition between Hindu nationalists and secularists, for example, neither side has gained the upper-hand due to India's vibrant civil society, which has engendered interests groups, a free press, and the societal checks-and-balances necessary to ward-off the dictatorial majority rule that has plagued other countries. India's democracy does not threaten any societal group. Much to the contrary, it has largely empowered India's weakest.

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People on the Move: The Nature and Scope of a Global Phenomenon

*Nikolas A. Stavrou, Julius A. Ndumbe, and
Raymond C. Ewing, special issue editors*

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Dominant Parties and Democratic Defects

Matthijs Bogaards

The democratic tide of the past decades spread great hope in democracy's potential to provide an empowering, yet stable, system of government across the globe. In many countries, democracy's gains remain strong. More often than not, however, newly transitioned states have encountered serious—sometimes fatal—obstacles on the road to liberal government. One such barrier that has hamstrung numerous countries is the emergence of a dominant party. Until recently, there has been little consensus on the exact definition of a dominant party, but broadly, it is a political party that maintains an entrenched hold on a state's governmental system. The classic example is Mexico's Institutional Revolutionary Party (PRI) that ruled unchallenged for seven decades until 2000.

Around the world, there is a growing concern that dominant parties have the potential to threaten both states that are democratic and countries that are ripe for political liberalization. In newly transitioned states such as Namibia and South Africa, the fear is that dominant parties will undermine the new democratic dispensation through their monopoly of power. In authoritarian regimes like Malaysia and Singapore, the long-entrenched dominant party stands in the way of democratization. This article surveys our knowledge of one-

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party democracy and proposes a new research agenda by drawing on the distinction between democratic and authoritarian dominant parties and recent scholarship on so-called "defective democracies."

Defining Dominance. Political scientists have long struggled over the definition of a dominant party, but there are four criteria that most conceptualizations take into account: 1) the threshold for dominance; 2) the inclusion or exclusion of opposition elements; 3) the presence or absence of divided government in presidential systems of government; 4) the time-span under consideration. Specific definitions of dominant parties differ in how they incorporate these criteria.¹ According to some political scientists, the threshold for dominance, that is, the percentage of seats a party must capture in a parliamentary system to gain the status of "dominant," ranges from a mere plurality to a supermajority of 70 percent of the legislature. Some definitions specify that the opposition should be dispersed, divided, or have an inferior bargaining position, whereas others ignore the state of the opposition.

What is more, the number of elections a party must win in order to establish dominance varies widely in the existing literature. According to the Italian political scientist Giovanni Sartori, for example, a party becomes dominant in a parliamentary system after three consecutive electoral victories.² For the purposes of this article, a dominant party system will be one in which a single party has won a parliamentary majority in three consecutive multi-party elections. Similarly in a presidential system of government, the dominant party must capture the executive office for three con-

secutive terms. A dominant party, therefore, combines electoral, parliamentary, and executive dominance over a specified period of time.³

Similar Ends, Different Means.

Of special importance to an analysis of dominant parties and democracy is the distinction between democratic and authoritarian dominant parties.⁴ While *democratic* dominant parties earn their electoral victories by observing the "rules of the game," *authoritarian* dominant parties maintain their hold through extra-democratic means. These latter parties do not allow for competition on an equal basis and the alternation of power is only a theoretical possibility in such systems. Regimes with authoritarian dominant party systems are "pseudo-democracies." In other words, they have "multiple parties and many other constitutional features of electoral democracy but...lack at least one key requirement: an arena of contestation sufficiently fair that the ruling party can be turned out of power."⁵

Real World Dominance.

Democratic and authoritarian dominant parties are commonplace both historically and in the contemporary world. Democratic dominant parties for decades ruled India (Congress Party), Sweden (Socialist Party), Canada (Liberal Party), and Japan (Liberal Democratic Party). In fact, in all four countries, the dominant party is currently in power again. Small island-states in the Caribbean and South Pacific, moreover, tend to have either no parties at all or dominant parties.⁶ In federal states, dominant party systems are quite common at the regional level. Examples include the Republican Party's "solid South" in the United States, the conservative Christian Social Union in

Bavaria, as well as many sub-national dominant party systems in Australia and Canada, including the Conservatives in oil-rich Alberta.⁷

Examples of democratic dominant party systems that have arisen from the so-called "Third Wave" of democracy currently include Namibia and South Africa.⁸ Authoritarian dominant parties, meanwhile, ruled El Salvador and Nicaragua, Mexico, Senegal, and Taiwan for decades in some cases.⁹ Communist Poland had a hegemonic party system in which five small parties flanked the Polish United Workers Party but did nothing to

does not emerge victorious from the first post-transition, multi-party elections. Such a classification, for example, would have deemed post-war Japan as authoritarian due to the Liberal Democratic Party's (LDP) four decades in power, only to reclassify Japan as democratic following the LDP's losses in the 1990s.

Several other measures of democracy consider a country undemocratic when the winning party's margin of victory is deemed too large to be credible. For the political scientist Tatu Vanhanen, for example, a country is not democratic when the leading party wins more than

A prominent classification holds that even seemingly democratic countries are in truth authoritarian when the ruling party or coalition wins at least three consecutive terms.

detract from the leading role of the Communist Party.¹⁰ But such parties are not a relic of the past; authoritarian dominant parties currently hold power in countries as diverse as Cameroon, Malaysia, Singapore, Tunisia, and Zimbabwe.

Not Democratic. According to one widely used measure of democracy, dominant party systems, regardless of whether the particular party is of the democratic or authoritarian variety, are always undemocratic. A prominent classification holds that even seemingly democratic countries are in truth authoritarian when the ruling party or coalition wins at least three consecutive terms.¹¹ Likewise, political scientists have classified regimes as authoritarian when the opposition party

wins 70 percent of the vote.¹² Although it is rare for dominant parties to win with such oversized majorities, it does happen. The African National Congress (ANC), for instance, won the 2004 parliamentary elections in South Africa with 70 percent of the vote. As such, Vanhanen would now regard South Africa as undemocratic.

Vanhanen's theory aside, there is no basis for believing that a party with 66 percent of the vote, as the ANC in the 2000 elections, is democratic, whereas the same party with 70 percent is not. Such landslide victories may trigger a closer look at the electoral process but, by themselves, do not constitute proof of foul play. A better criterion is the question that Freedom House includes in its annual survey of political rights around

the world: "Is there a significant opposition vote, de facto opposition power, and a realistic possibility for the opposition to increase its support or gain power through elections?"¹³ An affirmative response indicates a strong democratic presence, whereas the absence of any of these elements does not bode well for democracy.

Bad for Democracy. History has shown three political paths that a dominant party can take. In the first, and most favorable for the country in question, a dominant party liberalizes the political system and allows for full competition. In this scenario, the ruling party usually fails to perpetuate its dominance by democratic means and loses the first truly free and fair elections.¹⁴ In Taiwan and Mexico, for example, the long-ruling authoritarian dominant parties met this fate.¹⁵ The second pat-

party systems also leave countries more prone to the backtracking that Samuel Huntington identified as the greatest threat to the consolidation of third wave democracies.¹⁶ Many political scientists fear that formerly democratic dominant parties have the potential to degenerate into authoritarian parties over time.¹⁷ The title of a recent comparative volume, *The Awkward Embrace: One-Party Domination and Democracy*, reflects the growing uneasiness about dominant parties.¹⁸

Defective Democracies. What the contemporary scholarship on dominant parties lacks is a framework that specifies how dominant parties undermine democracy. It is here that recent work by a team of German scholars may be of help.¹⁹ Their publications on "defective democracies" examine political configurations between full democracy and autocracy and develop a typology of

Landslide victories may trigger a closer look at the electoral process, but, by themselves, do not constitute proof of foul play.

tern bodes less well for democracy. Here, an authoritarian dominant party clings to power, maintaining the country in a state between full authoritarianism and democracy. Malaysia is a case in point. The third pattern is of a dominant party that suffers from democratic erosion. Under such circumstances, an authoritarian dominant party is likely to emerge. Despite the first path's positive prognosis for democracy, the contemporary world is much more familiar with the latter two possibilities.

Experience suggests that dominant

democratic defects. According to these political scientists, a defective democracy is a regime that has a largely functioning democratic electoral system but that has lost "the complementary buttresses which in a functioning democracy are indispensable for securing freedom, equality and control."²⁰

They distinguish four types of defective democracies: exclusive democracy, illiberal democracy, delegative democracy, and democracy with reserved domains. These types correspond to defects in particular democratic compo-

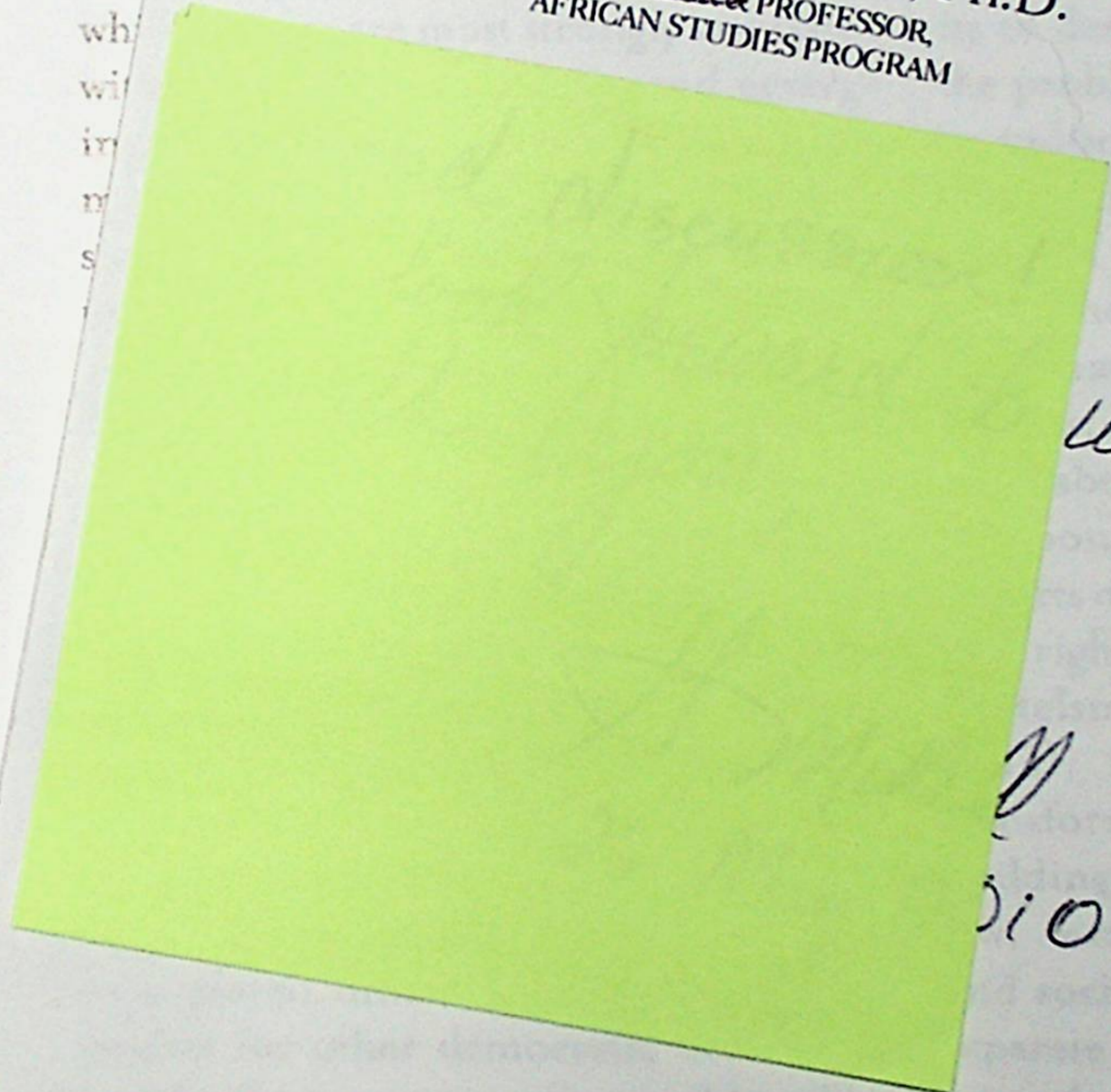
nents: elections and political participation rights (exclusive democracy); civil rights (illiberal democracy); horizontal accountability (delegative democracy); and effective government (democracy with reserved domains). Of course, these are pure types, and the real world will exhibit mixed forms. Notwithstanding, this typology incorporates and systematizes some of the most frequently used subtypes of democracy, including delegative and illiberal democracy, which are hereby provided for analytical typology.

primarily entails gross violations of individual civil liberties and unequal access to and treatment by the courts—a byproduct of dominant party rule, except where the dominant party represents a particular ethnic group and systematically favors that constituency over others. In sum, the dimensions of democracy most vulnerable to one-party dominance are the electoral process, political rights, and the separation of powers.

Prevalence and Trends.

From the Desk of-

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...tic analyses of the consequences of one-party dominance. Neither has the attention to political parties, excepting one-party dominance. Likewise, cross-democracy are monitor possible dominant party rule. The House has a record of democratic performance organization. The general state of political liberties. The new Democracy Index analyzes political performance on five criteria: state participation, rule of law, stability, and political freedom. It then presents data for each, though the data are for a subset of countries, 1998-2003.²³ These scores are read together with reports that undergird the gains in discriminatory rule in Southern Africa, for example, the positive prospects for the continuation of free-market democracy in Botswana, Namibia, and

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social, ... demonstrated the capacity for a de facto check on a dominant party. This is neither illiberal democracy—the most common type of defective democracy that

the continuation of free-market democracy in Botswana, Namibia, and

South Africa. In Mozambique, on the other hand, it suggests that the political and economic transformation process suffers serious deficiencies. All four of these countries have dominant parties, but despite the general picture that the BTI scores paint, more data are necessary to determine exactly how the party systems have affected these democratic consolidations. As such, further research in this area is one of the most important and potentially rewarding tasks facing political scientists today.²⁴

Conclusion. As political parties are core institutions of liberal government, the rule of dominant parties has wide-ranging implications for the well-being of democracy. There is widespread concern about the pernicious long-term consequences of one-party dominance, but little research exists to address this issue directly. In light of the frequency of authoritarian dominant parties in Asia, Africa, and the Middle East, and of dominant parties in the new democracies of Africa in particular, it is pertinent to investigate more closely and systematically the relationship between dominant parties and democracy. Such studies have the potential to provide advocates of democracy promotion with more precise information on the nature and source of democratic defects, enabling more carefully targeted interventions.

The events of the past decades have suggested that dominant parties will not fade without a fight, but the international and local NGO communities can take on an enhanced role in combating their hold on power. These groups must perform watchdog functions and sound

the alarm at the first sight of manipulated elections, curtailed press freedoms, and impunity in the face of obvious political manipulation. While many international organizations have substantial resources, local groups are often more effective at carrying out these tasks. History has shown that they are more perceptive to the telltale warning signs discussed above.²⁵

Ultimately, the best manner to ensure that dominant parties continue to play by the rules of the democratic game is to uphold and reinforce these norms, especially in the electoral process. The democratization literature has traditionally criticized undue preoccupation with elections (the so-called "electoral fallacy") and, instead, stressed other crucial democratic criteria.²⁶ With regard to dominant parties, however, democracy advocates should not forget that elections are at the heart of representative democracy and that the best check against dominant parties remains free and fair elections. It is in ensuring that elections live up to international standards that local and international observers can play a tremendous role.

Additionally, the broader community of nations must use carrots and sticks, namely aid, trade, and political cooperation, as an incentive for holding adequate elections. Those regimes guilty of ignoring international standards would surely reconsider their electoral malfeasance if they felt that manipulation might cost them such incentives. In this sense, dominant parties will partially facilitate their own demise, as the best check against dominant parties is ultimately the verdict of the voters when the electoral field is fair and level.

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Jordan's Abdullah: Include Israel in the Region

King Abdullah II of Jordan offers some startling advice to other Arab leaders in the current *Middle East Quarterly*, "Israel wants to be part of this region. ... That's the price Arabs should be willing to pay." In a far-reaching interview, the king voices concerns about Iran and Iraq and outlines ways to counter radical Islam.

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Pocketbook Politics

Corruption in the West

Diana Rodriguez

In the United Kingdom, members of parliament earn up to 95 percent of their income from second, third, and fourth jobs and outside interests. In France, the head of state initiated parliamentary proceedings to reaffirm his immunity against prosecution for crimes committed during and prior to his term of office. In Germany, politicians and lobbyists colluded to earn millions of dollars for themselves and their parties in kickbacks by building a garbage incinerator that was massively oversized for the city it was to serve.¹ In the United States, the president's father received sizeable fees from a company earning millions of dollars in defense contracts as his son took the country to war.

These countries are not the poor or non-democratic nations that languish at the bottom of surveys on corruption. They are all ranked among the top twenty "cleanest countries" in the Corruption Perceptions Index that Transparency International (TI) conducts annually.² Nor do they hold a monopoly on corrupt practices in Western, established democracies; similar examples exist in most, if not all, of the countries that consistently rank among the world's least corrupt nations. As Robert Klitgaard's typology of low corruption countries implies, these are countries where structures of government are robust and accountable.³ Corruption in such

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states is, therefore, a high-risk, low-return activity; "whistle-blowing" is commonplace and offenders typically face harsh punishments.

Any political system must mediate between private wealth and public power, and given the power, resources, status, and authority that governments wield, it is difficult to imagine a system designed so perfectly that incentives and opportunities for corruption did not exist. A

increasingly concerned about corruption in recent years.⁴ TI's 2004 Global Corruption Barometer, which interviewed 50,000 people in sixty countries, found that citizens considered political parties the most corrupt institution in all but two of the Western European and North American countries polled.⁵

Corruption in the political sphere contributes to a loss of faith in politics and a lack of trust in politicians and par-

Corruption in the political sphere contributes to a loss of faith in politics and a lack of trust in politicians and parties.

close look at any country will reveal incidences of corruption on some scale. As such, it is important to distinguish between those incidents that are inconsequential and those that have real significance for economic and social well-being and for the health of democracy.

This essay looks at the political weaknesses that afflict countries everywhere but focuses on such deficiencies in the context of Western and highly consolidated democracies. It addresses the potential for corruption in the financing of political parties and election campaigns; conflicts of interest that might allow the private sector to purchase influence and thereby distort the public interest; and how legislators can misuse legal systems to shelter corrupt political leaders from justice. Even the world's most advanced democracies suffer from some of the most egregious examples of political corruption.

Corruption's Toll in the West. Citizens of Western democracies have become

ties, often manifesting as a decline in voter apathy. There are many reasons for low voter turnout—from the loosening of partisan bonds to the simple fact that election day falls on a workday.⁶ There is, nevertheless, plenty of evidence to suggest that political mistrust is a central factor.⁷ In recent elections, only half of eligible voters have turned out at the polls in the United States. In the countries of the European Union, voter turnout has declined since 1988, averaging 78 percent, according to a study by International IDEA.⁸ Most striking is the decrease in Portugal, where turnout has fallen by 3 percent in each election since 1975, and in France, which has experienced a continual decline since 1978, reaching a low of 60 percent in the parliamentary elections of 2002.

Many activities fall under TI's broad definition of corruption: "the abuse of entrusted power for private or political gain." Most developed and developing countries have outlawed the egregious forms of corruption, including bribery,

fraud, and embezzlement. But there are other activities that are much less absolute, such as conflicts of interest or undue influence by the private sector over the political process. These activities fall in a grey area that is difficult to judge. Several such activities are addressed below.

Campaign Finance: Donations or Investments?

From Watergate onward, many of the most alarming corruption scandals have involved the financing of political parties and electoral campaigns. A few examples:

In Canada millions of dollars in public funds were misused to pay for an advertising campaign intended to create a positive perception of the federal government in Quebec, after a sovereignty referendum in 1995 was only narrowly defeated. The ensuing scandal wrecked the Liberal Party's chances of a fourth straight majority government, reducing it to an unstable minority government.

In the United States, the Senate Governmental Affairs Committee found "strong circumstantial evidence" that China funneled money to the 1996 Democratic campaign in contravention of a ban on foreign funding. The committee did not recommend anyone for prosecution.⁹

In the United Kingdom, Prime Minister Tony Blair, who owes his own 1997 electoral victory partly to a reaction to Tory "sleaze," was forced to give back a £1 million donation from racing car impresario Bernie Ecclestone after the public interpreted it as payback for Blair's decision to exempt Formula One racing from a ban on tobacco advertising at sporting events.

In Germany, the Christian Democratic Union (CDU) admitted that it accepted millions of dollars in secret

donations at the national and state level, but former Chancellor Helmut Kohl still refuses to divulge the source of the funds. Those donations include the sale of a chemical plant in Eastern Germany to Elf Aquitaine, which netted the CDU 80 million DM in kickbacks; the sale of thirty-six Thyssen tanks to Saudi Arabia in 1990; and the sale of housing owned by the German rail monopoly to a consortium that included one person who contributed to the CDU.

In Japan, the daughter of a provincial governor and former speaker of the upper house of parliament was sentenced in 2004 to eighteen months imprisonment (later commuted to a four-year suspended sentence) for false reporting of her father's campaign funds. The allegations forced her father out of office.

Successive waves of reforms—dating back several decades in North America and recent years in many European countries—have aimed to curb corruption in political finance. Most reforms provide public funding, spending caps, shortened campaigns to reduce the need for huge campaign chests, and the prohibition of donations from certain sources. Many also require the disclosure of sums and names of donors in order to reduce the likelihood that donors will contribute seeking political payback.

Despite these efforts, the vigilant press and concerned elements of civil society continue to uncover scandals. The causes of corruption are many, but one of the greatest impediments to the reform efforts is the increasing cost of political campaigns. The rising cost of a typical campaign has far outpaced reforms aimed at quelling the "arms race" for campaign funds. The increased use of mass media and more cost-intensive campaigning techniques, as well as the

internal professionalization of parties, has led to an overall increase in party resources over twenty years. At the same time, citizens have grown increasingly disengaged from conventional politics, contributing to the decline of party membership, volunteerism, and membership fees.

The United States has grappled with campaign finance for decades. The post-Watergate reforms aimed to reduce the ability of "fat cats" to purchase influence by reducing the money available for dirty tricks. The reforms that came in the wake of Nixon's resignation included limits on individual contributions and total donations. Additionally, Congress enacted public funding for candidates with widespread support and enforced strict disclosure requirements.

But problems persisted. Opinion polls continue to indicate that a substantial majority thinks the U.S. campaign finance system affords excessive influence to big contributors. Indeed, contributors have found ways to circumvent ceilings and bans by giving "soft money" contributions, or unlimited contributions channeled through parties for voter encouragement and party-building activities, rather than registered "hard money" donations to campaign committees. The Center for Responsive Politics, a Washington-based non-governmental organization (NGO), reported that much of President George W. Bush's 2000 campaign money came in the form of "bundled" and "soft money" that corporations used to skirt the law.

In response, the Bipartisan Campaign Reforms Act (BCRA) of November 2002 aimed to remedy some of these problems. The legislation, for example, banned soft money in federal campaigns and increased individual contribution limits

to account for inflation. Furthermore, parties must now finance "electioneering communication" within sixty days of a general election and thirty days of a primary with hard money. Moreover, the new "millionaire opponent provision" removes limits on party spending for those legislative candidates facing opponents with vast personal funds.

It is too early to judge the impact of the law, but the existing research shows a mixed record. The World Economic Forum's Executive Opinion Survey released the year after the BCRA came into force found that business leaders in the United States perceive irregular payments in government policymaking and illegal donations to parties to be less common in their own country than in the majority of the 102 countries surveyed.¹⁰ Nevertheless, the survey determined that these leaders perceive that legal donations in the United States have a greater impact on policy outcomes than average.

Conflicts of Interest and the Lobbying Business. Opportunities for purchasing influence in government are not confined to the electoral process. Lobbyists who stand between the public and private sectors are in an ideal position to broker corrupt transactions. While federal agencies regulate lobbying activities in most countries of North America and Western Europe, even in Canada where the recently reformed lobbying law is often cited as model legislation, regulations remain weak. Lobbyists have to register if they are paid specifically for the purpose of lobbying. In practice, paid corporate employees gather the information needed to lobby but are not required to register as lobbyists, while corporate directors and retired executives, who are not necessarily paid and

may not need to register either, do the actual lobbying."

There are many clear-cut cases of corruption in which lobbyists have breached criminal laws and lobbying codes. A French court, for example, sentenced the German lobbyist Dieter Holzer in November 2003 to fifteen months in prison for accepting bribes. The court also ordered Holzer to repay \$28 million in "consultant fees" for arranging the sale in 1992 of the Leuna oil refinery to French oil company Elf Aquitaine.

Other instances are less clear. It is legitimate to lobby whether the lobbyist is an NGO, a private citizen, or a corporation. Concerns about corruption arise when the lobbyist obtains access as well as influence over public representatives. According to the Center for Public Integrity, corporations employ 25,000 federal lobbyists in the United States, including dozens of spouses, children, or in-laws of congressional representatives. At the state level, 42,000 lobbyists spent more than \$715 million in 2002 in attempts to influence lawmakers in the

requirements on their elected officials, such regulations are not always as robust as they should be. Germany, for example, prohibits public scrutiny of the financial records of its members of parliament. Even with disclosure laws, conflicts of interest remain. Such issues are prominent in Italy where Prime Minister Silvio Berlusconi controls the majority of private television stations as well as the public television network. Berlusconi promised to resolve the conflict between his political role and media interests within the first one hundred days of his administration, but he failed to do so.

In the United Kingdom, there are no restrictions on members of parliament taking second and third jobs. As such, former opposition leader William Hague declared another fifty-four jobs on top of his parliamentary duties; former Culture Secretary Chris Smith is on the payroll of seventeen companies; and over seventy parliamentarians receive salaries from corporations. However, because an MP is on the payroll of a company does not mean that he or she will favor that compa-

Concerns about corruption arise when it is not a lobbyist but a politician who straddles the public and private spheres.

thirty-nine states with lobbying disclosure laws. It is not unreasonable to wonder how such a large investment is sustainable unless policy decisions are swinging in favor of the lobbyists' clients.

Concerns about corruption also arise when it is not a lobbyist but a politician who straddles the public and private spheres. Although most established democracies impose financial disclosure

ny's position in policy debates. To the contrary, MPs are forbidden to act as paid advocates "in any proceeding of the house," and the United Kingdom's Nolan Committee on Standards in Public Life found no direct link between outside employment and conflicts of interest.

Observers remain skeptical as to how members of parliament are able to draw the line between their personal and pub-

lic interests. In the United Kingdom, as well as Germany and Ireland, legislators are required to disclose the existence of a potential conflict of interest, but they are still allowed to vote on the matter. Although little evidence demonstrating undue influence in voting behavior exists, at the very least some MPs seem to struggle with competing demands. Research by Labour Party member Peter Bradley reveals that MPs with outside interests participate on average in 65 percent of the parliamentary votes, while MPs with no other paid employment attend 91 percent.

Different Laws for the Powerful.

When cases of clear political corruption do emerge, they often prove difficult to prosecute. This difficulty contributes to the sense that there is one set of laws for the politically powerful and another for the rest of the population. In both Europe and the United States, politicians have reacted to increasingly active judiciaries by changing the law, strengthening immunity, and further insulating themselves from prosecution. In 2001, the French Court of Cassation held that the French president could not be tried or even questioned in court proceedings for any offense short of high treason for the duration of his term. The French legislature in 2003 confirmed that heads of state are immune from prosecution during their terms in office, even when the alleged crimes occurred prior to the head of state's election. Likewise, Italy's legislature expanded immunity rights for five senior political figures, including Berlusconi, who were facing trial for corruption at the time, while the U.S. Congress has taken steps recently to protect its most prominent Republican Congressman, Tom Delay of Texas.

The Elf case in France provides another example of politicians barricading themselves against judicial action for crimes of corruption. Trials uncovered payments to politicians in Africa, Central Asia, China, France, Germany, Russia, Spain, Taiwan, the United States, and Venezuela in exchange for contracts that generated exorbitant profits. Prosecuting magistrate Eva Joly was uncompromising in her quest to uncover a deeply corrupt system that had been in place since the 1960s. But her courage did not shepherd in a new era of openness and accountability. Instead, the legislature approved new laws to curb the investigating magistrates' powers. Allegations have swirled around senior French politicians, but they have so far escaped legal punishment. President Jaques Chirac, who was named in the trial, retains his presidential immunity.

In the United States, meanwhile, former President Bill Clinton pardoned 140 people in his last hours in office, including several convicted for political corruption, in a move that was entirely legal. Among those he pardoned was international fugitive Marc Rich, who at the time faced up to 300 years in prison for evading more than \$48 million in taxes. Rich's ex-wife had donated about \$1 million to the Democratic Party, half a million to Clinton's presidential library, and \$120,000 to the Senate campaign of her good friend, Hillary Rodham Clinton.

Conclusion. Corruption exists in every corner of the globe, including in the established democracies of the West, but where the difference lies is in the scope of corruption. The institutions of government and society that serve to counter corruption—what TI calls the “pillars of integrity”—are more robust in the

world's wealthy and well-rooted democracies than they are in other countries. But there are weaknesses that the West needs to tackle, particularly in the area of political corruption. In this realm, well-publicized scandals have eroded trust in politicians, political parties, and potentially the democratic system itself.

In particular, three vulnerable areas for corruption are campaign finance, conflicts of interest in the executive and legislature, and the misuse of legal safeguards. A problem inherent in all three is that the politicians responsible for drafting the respective regulations are the very same who stand to be judged by them.

In the first two cases, increased transparency would counter the perception that private interests hold sway over political decision-making. However, the disclosure of a corporate donation or a conflict of interest does not necessarily eliminate its corruptive potential. Clear

lobbying rules, post-employment restrictions to close the "revolving door" between government and industry, and conflict of interest regulations for legislators, such as laws of recusal, are also necessary. The third issue, recent misuses of legal protections by the politically powerful, is especially worrisome. When politicians shelter themselves behind specious interpretations of immunity principles or hand out executive pardons to their corrupt friends, they emit the message that corruption is acceptable. Empirical evidence, including declining voter turnout and growing political dissatisfaction, suggests that this message has eroded democracy in the West. More troubling, however, is the effect that this message will have on transitioning states and new democracies. The fear is that soon these countries will have very few democratic models worthy of emulation.

NOTES

1 For details of the Cologne incinerator project, see: Transparency International, *Global Corruption Report 2005* (London: Pluto Press, 2005).

2 Transparency International, "Corruption Perceptions Index," Internet, www.transparency.org/surveys/index.html#cpi (date accessed: 1 April 2005).

3 See: Robert Klitgaard, *Controlling Corruption* (Berkeley: University of California Press, 1988).

4 Paul Heywood, ed., *Political Corruption* (Oxford: Blackwell, 1997).

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6 See, for example: Richard Rose in *Voter Turnout in Western Europe Since 1945*, IDEA 2004, Internet, www.idea.int (date accessed: 1 April 2005). He lists as factors the convergence of political parties, the size of the constituency, whether polling day falls on a weekend and whether proportional representation is used rather than a first-past-the-post system.

7 See: Thomas E. Patterson, *The Vanishing Voter* (New York: Knopf Publishers, 2002).

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9 For details of this and other recent corruption-related developments and scandals in the United States, see: The Center for Public Integrity, "USA: Corruption Timeline," published in the *Global Integrity Report*, Internet, www.publicintegrity.org/ga/country.aspx?cc=us&act=timeline (date accessed: 1 April 2005).

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14 The Center for Public Integrity, *Global Integrity Report 2004*, Internet, <http://www.publicintegrity.org/ga/>, (date accessed: 1 April 2005).



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Sustaining Democracy's Last Wave

Kim Campbell and Sean C. Carroll

"Are we next?" Syrian President Bashar Assad asked in February of this year. "The first step was Iraq and soon it will be Iran and Syria." He charges Israel and the White House with being behind the series of "objectives." His comments came more as a result of the response to the assassination of Rafik Hariri, the former Lebanese prime minister, and the ensuing revolt in Lebanon than the events in Iraq. What he has now realized is that the people in the region, rather than the machinations of the Mossad and the White House, are the ones taking their nations toward democracy. The Lebanese are demanding to be citizens of an independent Lebanon, rather than merely inhabitants of an occupied state. A month later Assad answered his own question, promising multi-candidate elections and alternating power.² Exactly when and how remains to be seen, but Assad's words were deemed unthinkable by many a few months ago. It is not as astonishing or sudden as it would seem.

The gathering wave of democracy in the Arab world is real. So is the continuing wave in the former Soviet Union, which has recently watered the buds of democratic renewal in Georgia, Ukraine and Kyrgyzstan, bringing colorful Rose, Orange, and Tulip Revolutions. Could this be the swelling of what will become democracy's last wave, breaking over the remaining bastions of autocracy? It might be, but the interna-

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tional community has a weighty obligation to ensure that this wave is not fleeting, as it was a decade ago in Africa and, prior to that, in the Middle East. The question is how democracy promoters can best support leaders and citizens of new democracies to successfully ride the wave through transition and consolidation. Democracy, to be sure, is a powerful force in itself, but international support can go a long way to secure its presence and durability.

Promoting, Not Imposing, Democracy. Ronald Reagan asked Mikhail Gorbachev to "tear down that wall," but it was the people of Berlin who actually demolished it. Either external or internal pressures can open the door to democracy, but only local actors can eventually fling it open wide and walk through it, as occurred in the Philippines and Poland, in Chile and South Africa. It is now taking place in Lebanon, Kyrgyzstan, and Egypt, and will soon in Syria, Saudi Arabia, and Iran. Like previous transitions, the changes in the Arab

One important role for international democracy supporters is to provide capacity building for new political leaders, including those in opposition to non-democratic regimes and those newly elected. Democratization is a complex, open-ended, and uncertain process in which participants learn and define what is (and is not) democratic practice over time.³ The transitional period is critical, as democracy either takes root or flounders in the early days and weeks of change. In fluid environments, strong, principled leadership is key to establishing and sustaining democratic governance as new institutions and politicians emerge. Studies of the relationship between democracy and long-term economic development cite the leadership factor as critical for producing sustainable results.⁴

Nevertheless, donors and democracy promoters are often reluctant to support newly elected democratizing presidents or prime ministers because they are political figures. Instead, democracy promoters typically prefer to aid ministries, legisla-

The international community must support democrats at every step of the way by walking behind or beside them, but not in front of them.

world will come from within by some combination of reform-driven leaders and citizens. The international community must support these democrats at every step of the way by walking behind or beside them—not in front of them.

Leadership is crucial to successful democratic transition and consolidation.

tures, or civil society. As such, these groups are often slow to support transition leaders in the early stages when they most need help. New leaders—democratically elected and with a mandate for change—assume their posts amid high esteem and with little time, making rapid involvement difficult. Still, they need support despite the

difficult circumstances.

Democracy assistance should support new leaders in a timely, targeted manner that builds on the strengths that brought him or her to power, while also recognizing that an acclaimed transition figure may need significant help tackling the job of democratic governance. The Club of Madrid formed recently in part to address this need. This new organization recognizes the importance of leadership for successful democratic transition and aims to assist new and emerging leaders and democracies around the globe by calling on the experience of its members—fifty-seven former presidents and prime ministers—to provide timely strategic leadership advice and assistance.

In approaching transitional democracies, the skill and capacity levels of citizens and emerging leaders is unknown. One cannot assume a sufficient base of knowledge and capacity borne simply out of the desire for democracy. Democracy support groups can help to develop necessary citizenship skills through education, civil society, and representative bodies such as local councils and national legislatures.

Pricing Democracy Assistance.

Though its benefits are far-reaching, democracy assistance remains relatively inexpensive. Sweden, one of a handful of countries spending significant amounts on democracy support, reaped well-deserved credit for aiding the African National Congress in the fight against apartheid and for helping to bring Eastern Europe into the democratic fold. Yet in the fifteen years leading up to and including transitions in Eastern Europe and South Africa, Sweden's entire spending on government and civil society was only \$1.2 billion for all countries—

more than half of it (60 percent) from 1989-1990.⁵ This sum would pay for only one week of the U.S. military presence in Iraq or less than one day of the U.S. FY2005 defense budget.⁶

Examples of democracy promotion's cost-effectiveness abound. The international observation mission that exposed the electoral fraud of former Philippine President Ferdinand Marcos cost less than \$250,000.⁷ The push for democratic change in Kyrgyzstan came about in part due to a \$70,000 grant for an opposition paper that ran photos of a palatial house the now-ousted president was building with presumably misappropriated funds and borrowed time.⁸ Many countries, though, still lack a full appreciation for democracy promotion's bargain price.

The United States: Leading and Learning?

Twenty-five years ago few states spent much money on democracy assistance. According to the Organization for Economic Cooperation and Development (OECD), the United States and the Netherlands alone funded 55 percent of worldwide democracy assistance in 1980. Their spending on "government and civil society" programs was \$20 million and \$14 million respectively. Europe and the United States each spent roughly a third of the \$62 million official development assistance for democracy, just one-fifth of 1 percent of all development aid in the world.⁹

In the mid-1980s, the United States quickly increased spending on democracy. By 1985, U.S. funds rose fourteen-fold, to \$278 million, representing 40 percent of the total OECD funding for democratic assistance. Canada, the World Bank, and the Inter-American Development Bank also entered the picture, helping fuel an overall eleven-fold

increase in worldwide democracy funding. Europe, however, continued to spend at the same level—\$20 million—as five years earlier, which constituted only 3 percent of global totals.

At the start of his second term, President Bush offered democracy promotion as a rallying point for new international cooperation, particularly between the United States and Europe. While Washington historically has taken a lead on democracy assistance, its invasion of Iraq has hurt its credibility. Many in the region perceive the U.S.-led war as, at best, democracy promotion at gunpoint. Others think the invasion had lit-

tions and change in Palestine, Egypt, Lebanon and other countries in the region oversimplify what has transpired in the Middle East.

Europe: Catching Up. For its part, Europe is ten years behind the United States in devoting significant resources and specialized programs—both governmental and non-governmental—to democracy promotion. Except for the long-standing German party foundations, involved in the Iberian transitions thirty years ago, Europe focused little on democracy promotion until after the fall of the Berlin Wall. Even then it took

There is a growing recognition that democratic desires cannot be denied and must be met by support for the democrats and pressure on the non-democrats.

tle or nothing to do with democracy in the first place. In any case, while democrats welcome outside support in their struggle against tyranny, they usually do not want invading armies, no matter whose side the soldiers are on.

The Bush administration may be realizing that war and unilateral decision-making come with a high price. The message may be welcome, the messenger even accepted, but if the delivery is wrong, then both eventually suffer. War was not the only way to implement (so far only semi-) free elections. It was the most costly way and too costly for Washington to repeat elsewhere. Further, those who claim that the January 30 Iraqi elections have guaranteed democracy in Iraq or are the primary reason for democratic elec-

Europe another few years to establish new programs. One of the oldest, the Westminster Foundation for Democracy, began in 1992. International IDEA, based in Stockholm primarily funded by Europeans, will soon celebrate its ten-year anniversary. The Netherlands Institute for Multiparty Democracy is even younger, dating from 2000, while the European Commission did not begin dedicating significant amounts to democracy assistance until the late 1990s. By contrast the U.S.-based National Endowment for Democracy (NED) and its constituent organizations are all at least twenty years old. The U.S. Agency for International Development has been a strong provider of democracy assistance since 1989.

Skeptics in Europe and the rest of the

world are learning that external factors can play a positive role in developing democracy. Europeans now realize that the recent elections in Iraq and U.S.-led pressure for democracy in the region and elsewhere are effecting change. Pictures, whether on CNN or al-Jazeera, of democracy's progress in countries whose inhabitants were so long denied the right to march, to speak freely, or to choose leaders and policies, have a great impact in Iraq, the region, and beyond. There is a growing recognition in Europe and elsewhere that democratic desires cannot be denied and must be met by support for the democrats and pressure on the non-democrats.

Europe surpassed the United States in democracy assistance funding at the start of the decade. In 2000, European OECD countries spent \$1 billion more than they had five years prior, while U.S. funding for government and civil society programs actually fell by nearly \$400 million. In addition to the funds provided by individual European countries, the European Commission (EC) began providing more significant support for democracy. By 2003, democracy assistance from Europe, including the EC, totaled more than \$3.5 billion, or nearly half of global democracy funds and slightly more than double U.S. spending.¹⁰

Still, days before his mandate as EC External Affairs Commissioner ended in November 2004, Chris Patten told officials from the Club of Madrid: "Europeans want to play an active role internationally; they just don't want to pay for it." The truth is that Europe has been focused more on European integration than on exporting democratic development. Much of the European Union's democratic reform assistance has gone to membership candidate countries.

Democracy promotion is, thus, more a mutually reinforcing part of European integration than an end in itself.

Although Brussels currently spends more on democracy promotion than does Washington, Europeans are not always comfortable with the concept of democracy promotion. Consequently, Europe often hesitates to support democrats fighting against autocracy or, on the other hand, to condemn autocrats for fear of upsetting the status quo. In some cases, Europe formulates its policies in reaction to U.S. plans and actions. Policy differences with the United States should not be about whether or not to promote democracy actively. Particular governments, regardless of their own political leanings, should be committed to supporting democrats on the left and right. Too often the left supports only leftist movements against right-wing dictatorships, and the right lopsidedly throws its energies into assisting opposition to leftist autocrats. Democracy promotion must be an equal opportunity activity. Europeans should do more to share their rich and stirring experiences of transition and development with aspiring democrats and democracies, who welcome a menu of democratic policies and practices. Spaniards, for example, though proud of their recent history of democratic consolidation and economic transformation, are not fully aware of what an inspiring story like theirs can do to help those striving for change and better livelihoods elsewhere.

Last generation's European transition countries—Greece, Portugal and Spain—and the new democracies of Eastern and Central Europe should spend considerably more on democracy assistance in the coming years. The United States too could spend more. Bush has asked

Congress to double NED's budget. But even with a two-fold increase, NED's current annual budget would be less than what the Pentagon spends daily in Iraq."

Opportunities for Effective Collaboration. The United States, Europe, and the broader international community now have a great opportunity to work together to promote democracy where it is weak or non-existent. Numerous organizations supporting the cause can strengthen democracy promotion efforts. Ken Wollack, president of the National Democratic Institute, often points out that much of democracy promotion is actually the encouragement of pluralism. Having only one organization or program working on democracy in any one place simply does not make sense.

In the Middle East, there are political reasons for the United States and Europe to work together. For its part, the United States' traditionally pro-Israel foreign policy has hampered its efforts in the region. In addition, Washington clumsily launched its Greater Middle East Initiative with almost no consultation with Middle Eastern governments and citizens. Europe, seen as a counterweight on the Israel-Palestine question, has its Barcelona Process for peace and development in the Mediterranean. The ten-year old program, though, is poorly researched and largely ineffective. Given the records of the United States and Europe in the region, there is now room for improved, consultative programs in support of peace, development, and democracy. Spain's proposal to the UN General Assembly for an Alliance of Civilizations might be one such route, but the United Nations must first adopt and further map out the idea.

Democracy in the Palestinian territo-

ries would have a more tangible effect on the region than even the rosier conditions in Iraq. The democratic election of Palestinian Prime Minister Mahmoud Abbas and, even more importantly, the local elections in which Hamas is participating are positive signs. Democratic development in Palestine will be particularly powerful if coupled with a lasting peace agreement. A sustained ceasefire would deprive Middle Eastern autocrats, as was the case with the late Yasir Arafat, of their most prominent pretext for stalling on democracy: the constraints of Israeli occupation and ongoing conflict. Additionally, a stable, independent Palestine would force Palestinians themselves and their neighbors to focus on problems of corruption and on fostering representative government.

While governmental support is an important ingredient in democracy promotion, governments should not run the actual programs. Democracy assistance too easily falls by the wayside if other national interests intercede. Stability, oil, open markets, extradition cases, or friendly relations with less-than-democratic governments are among a host of possible conflicts. These conflicts hamper U.S. credibility with regard to promoting democracy in Saudi Arabia or Pakistan, make for French foreign policies that are often detrimental to democracy in francophone Africa, and likely explain why Spain's new government just reassured Equatorial Guinea's dictatorship that it would not interfere with the status quo. But if non-governmental actors take the lead in democracy assistance, even with government funding, then the work will continue despite other, potentially conflicting, national interests. This is one reason that Tom Carothers has rightly encouraged the

United States to privatize its Middle East Partnership Initiative.¹²

The Isolated Hard Cases. It is not easy to provide external help when there is little or no political space in the country in question. In places like Belarus, Burma, Cuba, North Korea and Zimbabwe—to name a few of the toughest nuts to crack—the ruling regime has so repressed its people with a combination of fear and misshapen nationalism that dissent is nearly impossible. The regime does whatever it can politically, legally, or extra-legally to cut off viable points of contact. What little opposition exists is difficult to reach and, therefore, largely invisible. Yet, the outside world cannot ignore the democrats—the Payas in Cuba and the Aung Sang Suu Kyis in Burma—their parties and movements and those whose names are not yet well-known. The international community should strive to provide them with political oxygen, should they request it.

Here, governments can and must play a role. They must push tyrannies to open up and use all tools in the policy toolbox to encourage them, including funding democracy promoters when other aid is cut off. Democrats and democratic organizations in-country must also receive support so that they can point out injustices and cry foul when their repressive governments claim that cultural differences or security considerations mean democracy must wait.

Nor must democracy promotion efforts forget places where the democratic wave passed but where one or several undertows of weak institutions, battered parties, corruption, lack of economic progress, violence, and terrorism now threaten democracy's survival. In a recent meeting with the Club of Madrid on the

state of democracy in Latin America, a United Nations Development Programme official recounted how he responded when asked the population of a city in which he had served: "There are six million inhabitants and 200,000 citizens." In order for democracy to be genuine, its fruits must be available to all segments of the population, and its citizens must feel they belong to and have responsibilities in a democratic society.

The Future of Democracy Promotion.

The appeal for the world's democracies to work together on behalf of the two billion people still living without democracy began before and goes beyond President Bush's call for more democracy. Half of the European Union's member countries experienced a transition to democracy in the past thirty years. The European Union's new Central and Eastern European members will have a profound impact on EU engagement with democracy promotion. The Czech Republic of Vaclav Havel will continue to push for freedom and democracy everywhere, and he personally has taken up Cuba as a case of particular interest. The Baltic States will continue to petition for and help guide greater assistance to the other former Soviet Republics. Slovenia will do the same for its fellow former Yugoslav states. They all will demand that those fighting for human rights and democracy get the support they deserve. Changes in the Middle East, too, have roots before 9/11 and the invasion of Iraq.

The five-year old Community of Democracies (CD) is becoming a proactive forum for democracy promotion. In addition to convening its third ministerial meeting since its inception in Chile this April, bringing together govern-

ment ministers from more than 100 member countries, the grouping has recently sent democracy assistance delegations to East Timor and Georgia. Chile led the East Timor mission, which included representatives from such diverse democracies as Australia, Cape Verde, Israel, Italy, New Zealand, Portugal, South Korea, and the United States. Likewise, Romania led a mission early this year to Georgia that included representatives from sixteen countries. Many smaller nations such as Estonia, Panama, and Mongolia, with fewer resources than the big democracy promoters, used their own funds to support the participation of their experts. Member countries also are calling for a Democracy Caucus within the United Nations and, along with the NGO-led World Movement for Democracy, are advocating for mechanisms to promote and sustain democracy in areas where these measures do not yet exist. The Club of Madrid is also actively supporting both forums for democratic action.

Successive waves of democracy will eventually make every country in the world an electoral democracy. Yet even an established democracy's work is never finished; witness the need for the United States to confront terrorism and redress the problems of Abu Ghraib and Guantanamo Bay. Democracies in transition or those that face the specter of backsliding face even tougher challenges. Democracy promoters will not be out of work any time soon. To the contrary, democracy assistance will be vital until every country's inhabitants gain the rights and responsibilities to choose their leaders freely and subsequently demand accountability and transparency. As more inhabitants of the world's non-democracies insist on their right to democratic citizenship, the regimes in Burma, China, and Saudi Arabia, and the Castros, Mugabes, and Assads will see their ability to hold on to illegitimate power erode. Only when every last inhabitant is truly a citizen of democracy, will democracy's last wave have passed.

NOTES

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Business & Finance

Offshoring in Perspective

Diana Farrell

The heated debate over offshoring might suggest that jobs in the world's major economies are moving en masse to China and India, but the reality is quite different. In fact, only about 4 percent of all jobs lost in the United States over the last few years can be attributed to offshoring and free trade.¹

Rather than destroying jobs, offshoring is unlocking tremendous long-term economic value around the world. Outsourcing jobs abroad can help keep companies profitable, thereby preserving jobs. It can also generate substantial cost savings, which in turn can be used to lower prices and offer consumers new and better services. By raising productivity, offshoring enables companies to invest more in the next-generation technologies and business ideas that create new jobs.

But not every country is reaping the benefits of offshoring. New research has shown that for every dollar of cost outsourced to India, the United States receives as much as \$1.14 in economic gain. In Germany, however, offshoring leads to just €0.80 in value for every euro in cost moved abroad to places like India and Eastern Europe. In short, as their companies globalize operations, Europe's leading economies are leaving significant value on the table due to lack of flexibility in their labor and product markets.

Globalization today is creating greater job turnover in the developed world than ever before, and there are clearly winners and losers. But protectionism is not the answer. Instead,

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policymakers should create programs for wage insurance, transferable health benefits, and job retraining to reduce the adjustment costs to those who lose their jobs. In Europe, policymakers will need to adopt wholesale reform of labor and product market regulations that are currently stifling economic growth.

Rich Countries Can Benefit. In 2003, the McKinsey Global Institute (MGI) analyzed the economic benefits of offshoring back-office service and IT functions from the United States to India.² Results showed that, rather than losing out, the United States gained as much as \$1.14 in new wealth for every dollar of spending that U.S. companies transfer to India. This value comes from cost savings to businesses, increased exports to India, repatriated earnings from offshore providers in which U.S. companies have invested, and the additional economic output created when U.S. workers are reemployed in other jobs. India, in contrast, receives just 33 cents of new wealth, through wages paid to local workers, profits earned by Indian outsourcing providers and their suppliers, and additional taxes collected by the government.

However, not all rich countries reap as substantial rewards from the practice as the United States. A similar analysis for Germany, Europe's largest economy and one of the leaders in offshoring, shows that the country benefits much less from offshoring than the United States does. In fact, German businesses lose €0.20 for every euro of spending on service functions moved offshore.³ To understand why, consider how offshoring creates wealth for an economy.

Rich countries benefit most from the cost savings to businesses. In the United

States, companies save \$0.58 for every dollar of spending on back-office service functions and IT jobs they move to India. In Germany, however, companies save only €0.48 for every euro of corporate spending on jobs that they offshore. This occurs largely because differences in language and culture make it more expensive to coordinate projects. In addition, German companies send much of their offshore work to Eastern Europe, where wages and infrastructure costs are higher than in India.⁴

Offshoring can also boost exports from rich countries to poor countries because outsourcing providers—whether they do business in India or in Poland—buy many goods and services abroad. A call center in Bangalore, for instance, might purchase Dell computers, HP printers, Microsoft software, and Siemens telephones. MGI estimates that for every dollar of U.S. corporate spending that moves to India, U.S. exports increase by \$0.05. For Europe, the boost in high-tech exports is somewhat smaller (Germany gains just €0.03 in new exports) mainly because U.S. companies dominate the sector.

The United States also benefits from the repatriated earnings of outsourcing providers, since many are wholly or partly owned by U.S. companies. This amounts to an additional profit of \$0.04 for every dollar spent on offshoring services to India. German companies miss out on this revenue since few hold ownership stakes in foreign outsourcing operations; however, as outsourcing gains in popularity, this may change.

Offshoring does help European companies more than their U.S. counterparts in one respect: the added flexibility that offshore workers provide. In Germany, as elsewhere in Europe, strict laws about lay-

ing off workers and creating new job categories make it more difficult for companies to adjust their use of labor than U.S. firms do. As a result, German and other European companies use labor less effi-

can be invested in new business opportunities, and this investment boosts productivity and creates new jobs. Experience suggests that jobs created from redistributed labor will, on average,

Globalization today is creating greater job turnover in the developed world than ever before, and there are clearly winners and losers. But protectionism is not the answer.

ciently and struggle to cope with fluctuations in demand. Foreign operations can be used to cushion changes, but the magnitude of this benefit is difficult to quantify, and it is excluded from this analysis. Interviews with German and other European CEOs, however, suggest that it can be substantial for many companies.

Redeploying Workers Pays Dividends. The crucial difference between the economic impacts of offshoring in the two countries lies in their ability to reemploy workers who lose their jobs. In the United States, many people whose work is outsourced move on to other, higher value-added activities. From 1979 to 1999, 69 percent of U.S. workers who lost their jobs as a result of trade in industries other than manufacturing found new work within half a year.⁵ Roughly half of these people took pay cuts, while the remainder found higher paid work, but on average they received similar wages in their new jobs.

The result is that for every dollar of corporate spending on jobs offshored, as much as \$0.47 in indirect value is created in the U.S. economy as workers find new jobs.⁶ Corporate spending on wages

create more value, as happened when auto assemblers replaced carriage makers and factory workers replaced farmers.

As jobs in call centers, back-office operations, and some IT functions move offshore, other jobs will appear. The Bureau of Labor Statistics has estimated that 22 million new U.S. jobs—mostly in business services, health care, social services, transportation, and communications—will be created between 2000 and 2010. Opportunities will emerge to generate higher value-added jobs by redeploying labor and investing capital in new ways, although we cannot predict exactly where these opportunities will arise. Twenty years ago, for example, no one could have foreseen the giant cell-phone industry that exists today, yet it now employs almost 200,000 workers in the United States alone.

In Europe, workers who lose their jobs to offshoring may have a harder time finding new ones because of structural rigidities in the economy. In Germany, over 5 million people are unemployed, the highest unemployment level since the depression year of 1932, when the Weimar Republic came to an end.⁷ Data on reemployment rates for workers

whose jobs move offshore are scarce, but for IT and service workers, the rate could be as low as 40 percent. In contrast, the United States has the highest rate of reemployment of any developed country by a factor of almost two.⁸

If Germany could increase its reemployment rate to match that of the United States, it would see €1.05 for every euro offshored. Rather than being a drain to the economy, offshoring would actually pay dividends for Germany.⁹

The Role of Emerging Markets.

The current debate on offshoring and trade focuses on jobs in developed countries and often overlooks the impact that offshoring and other cross-border activities have on emerging economies. Consider India's IT and business-process outsourcing sector, which earns more than \$10 billion annually and employs a half million workers. Suppliers to those companies employ an equal number of people. On average, wages in the sector are 50 to 100 percent higher than those for other white-collar jobs in the economy.¹⁰ This employment is creating a new middle class of educated workers. Foreign direct investment (FDI) made by multinational companies has played a key role in this sector's development. The fast-growing Indian vendors that now dominate the sector got a start only after multinational companies pioneered the approach and trained a critical mass of local employees. Also, foreign companies continue to provide healthy competition that forces Indian companies to continuously improve operations.

The Indian outsourcing sector is just one example of how cross-border activities can benefit emerging markets. In 2003, MGI conducted a study of the

impact of FDI on local service and manufacturing industries in India, China, Brazil, and Mexico, and found that it had an unambiguously positive impact in thirteen of the fourteen industries studied and a neutral impact in one.¹¹ FDI boosted productivity and output in the sectors involved, thus raising national income while lowering prices and improving quality and selection for consumers. Foreign players improve the local industry's efficiency and productivity by bringing in new capital, technology, and management skills. Equally important, they increase competition, driving improvements across the sector and forcing less efficient domestic companies to improve their operations or go out of business.

Too many emerging markets today remain skeptical of the benefits of an open economy and close off many sectors to protect local industries. In doing so, they are missing out on a tremendous growth opportunity that benefits the local economy as well as the broader global economy. In return for asking developed countries to continue allowing free trade in services, developing countries would do well to continue to liberalize and open the full range of their own domestic markets.

Are Jobs Really on the Line? The offshoring trend is spreading quickly around the world. Last year, Europe exceeded the United States in offshoring activity, capturing nearly half of the world's offshoring contracts.¹² A recent survey showed that 40 percent of Western Europe's 500 largest companies have already begun moving their service operations abroad.¹³ In the United States, Forrester Research predicted that 3.3 million U.S. jobs in business processing

would move offshore by 2015.¹⁴

Even so, it is important to keep in mind that these figures represent only a small part of the overall employment landscape. The United States alone has more than 150 million employed workers, and roughly 2 million people in the country change jobs *every month*. Of those who change jobs involuntarily, many are forced to leave because of technological change, automation, slowdowns in the economy, shifts in consumer demand, and a host of other factors in a fast-changing economy. In 1999 alone, at the peak of the economic boom in the United States, 1.2 million workers lost their jobs through mass layoffs when companies restructured operations.¹⁵

Although critics have blamed the "jobless recovery" of recent years on offshoring, almost all of the positions lost in the United States since 2000 were in manufacturing, not services. The decline in manufacturing employment has much more to do with weak domestic demand and a dollar-driven decline in exports than with trade and offshoring.¹⁶ Moreover, U.S. employment in information technology—reputed to be one of the service industries hardest hit by offshoring—expanded from 1999 to 2003 by 200,000 jobs.¹⁷

The truth is that many jobs previously held in developed countries are now viable only in a low-wage environment like India. That 500,000 people are now employed in India's outsourcing industry does not mean that there could be 500,000 more jobs in Europe or the United States. Instead, without offshoring, companies might scale back or withdraw services such as round-the-clock customer help. Moreover, technology is putting many jobs at risk even without offshoring. Automated voice-

response units are replacing call center workers, online hotel and airline booking systems are replacing live operators and travel agents, and imaging software is replacing data-entry workers.

Europe, for its part, faces a workforce that is shrinking because of an aging population—a trend that will hit Germany particularly hard. MGI research on demographic trends around the world indicates that, over the next fifteen years, Germany's workforce will decline by 2 million, while the elderly population that the remaining employed workers must support will grow by 5 million. To prepare for this demographic shift, the country will have no choice but to dramatically raise the productivity of its small workforce, and outsourcing business processes to workers abroad can help.

Easing the Transition. The long-term resilience of economies does not single-handedly improve the lives of people who lose their jobs as a result of trade. Although free trade creates wealth and improves a nation's standard of living, not all groups benefit, particularly in the short-term. A sizable portion of the workers who lose their jobs to offshoring may not find new ones easily or may accept jobs with lower wages.

From 1979 to 1999, roughly 30 percent of American workers unemployed as a result of cheap imports in sectors other than manufacturing had not found jobs a year later.¹⁸ For those who did find employment, average wages were about the same as before. Within that average, however, wages varied considerably. About a quarter of people were better paid, while 55 percent took lower paying jobs and as many as 25 percent of this group received pay cuts of 30 percent or more.

Public policy can help displaced work-

ers in the United States and elsewhere make the transition. For a small percentage of the savings they enjoy from offshoring, U.S. companies could purchase insurance against wage losses for their displaced workers. It is estimated that, for as little as 4 or 5 percent of the savings realized from offshoring, U.S. companies could insure all full-time workers who lose jobs due to free trade.¹⁹ The program would compensate those workers for 70 percent of the difference between their old and new wages and offer health care subsidies for up to two years.

Retraining programs and continuing-education grants can also provide workers with new skills as the economy evolves. Additionally, generous severance packages can help, as can tax credits for companies that hire workers who lost their last job because of free trade. In countries like the United States, transferable health benefits and pension plans are essential.

To realize the full value of offshoring in Europe and ease the transition for workers, policymakers must reform the regulations that hinder job growth. Hiring and firing employees remains difficult in Germany, for example, because of the need for approval from worker representatives. Moreover, companies must often wait six months or longer to hire new workers and must file extensive paperwork to use temporary employees. For one multinational German company, a recent round of layoffs took two weeks to accomplish in the United States, four weeks in the United Kingdom, and three months in Germany.²⁰ Faced with these difficulties, German businesses are understandably cautious about adding new workers.

In addition, high minimum wages have contributed to lackluster growth in

European jobs. Although Germany does not have a minimum wage, the combined impact of wage floors set through collective bargaining and social benefits for the long-term jobless create an effective minimum employment cost.²¹ This reduces total employment by making many lower paid jobs economically unfeasible. U.S. retailing, for instance, employs roughly 30 percent more people per capita than German retailing does, and retailing employees in the United States work more hours on average. The creation of "minijobs" in Germany that pay €400 to €800 a month for part-time work was meant to fill this gap, but they have mainly supplanted full-time jobs rather than created new ones.²²

Equally important, European policymakers will need to untangle the product market regulations that stifle competition and innovation. In Germany, a variety of market restrictions—price regulations, zoning laws, and subsidies, for example—distort and dampen competition and innovation. For instance, limitations on store operating hours prevent retailers from offering greater convenience and employing more workers. In the automotive, retail, road freight, and utilities industries, regulatory barriers directly or indirectly limit market access, thereby weakening competition and innovation. In retail banking, small state-owned and cooperative banks with subscale operations and little shareholder pressure prevent consolidation and competition.

Without pressure from competitors, companies have few incentives to innovate and boost productivity. Although some people might think that higher productivity means fewer jobs, the empirical evidence shows that it actually generates economic growth in mature, advanced economies like Germany and

the United States.²³ Higher productivity allows companies to offer consumers lower prices and better value, which in turn stimulates demand and spurs more productive competitors to take market share from less productive companies.

Europe's labor laws and product market regulations were designed to achieve important social objectives like protecting workers' incomes and employment. However, over the past two decades, one lesson has become clear: mixing social and economic policy reduces employment and slows growth. By separating these policies, Europe could boost economic growth, employ more people, and also better finance its social agenda.

The current debate in developed countries over offshoring jobs is focused on the wrong answers to the wrong questions. Short-term job losses must be weighed against offshoring's much broader benefit to consumers and businesses. If companies cannot move work abroad, they will become less competitive, weaken the economy, and endanger still more jobs. In the process, they will miss the chance to raise their productivity and concentrate resources on the creation of higher value jobs. Rather than debating whether offshoring is good or bad, businesses and policymakers should be thinking about how to help those who may not stand to gain.

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Driving China

The New Automotive Frontier

Interview with Troy E. Clarke and Mei Wei Cheng

For years, American companies have salivated over the prospect of entering Chinese markets. The automotive industry has proven no exception. Over the past fifteen years, American and European automotive companies have rushed headlong into the Chinese automobile market in search of new profits. Though most major automotive companies now operate in the country, this fervor has not abated. General Motors (GM), the second largest automaker in China, continues to invest heavily in the Chinese market. Ford Motor Company, despite operating on a smaller scale, has also made considerable investments in the country. With the initial courtship now over and the Chinese auto market beginning to slowly mature, the *Journal* consulted Troy Clarke, GM Group Vice President and President of GM Asia/Pacific, and Mei-Wei Cheng, Vice President of Ford Motor Company, and CEO and Chairman of Ford Motor (China), as to the future of the automotive industry in China, and the potential worldwide impact of increasing Chinese participation in the auto industry.

Troy E. Clarke is GM Group Vice President and President of GM Asia/Pacific. He is also a member of General Motor's Automotive Strategy Board.

Mei Wei Cheng is Vice President of Ford Motor Company, and CEO and Chairman of Ford Motor (China).

GJIA: GM and Ford have committed billions of dollars to expanding production in China over the next few years, despite a marked slowdown in vehicle sales over the past year and cutbacks in investment from other automakers such as

Volkswagen. Some critics have claimed that the auto market could remain flat until 2007. What justifies this faith in your continued expansion?

CHENG: The dramatic growth of China's auto market in 2002 and 2003 reflected several important factors, including increasing per capita income (particularly in the eastern cities and provinces), greater availability of up-to-date products, and the evolution of consumer buying patterns to include automobiles. The growth rate in 2004 slowed to more normal and sustainable levels, and industry volume increased by 15 percent from 2003. The outlook for continued economic growth in China in the range of 7-8 percent a year likely will result in continuing expansion of the auto industry by 8 to 10 percent annually. Considering the absolute size of the industry (5.2 million units in 2004) and this level of ongoing growth, it is easy to see why just about every automaker in the world is looking to participate in this growth.

According to a recent report by the China Economic Information Center, the annual growth rate of China's auto market is expected to remain at 10-15 percent until the year 2010. China is now easily the third largest auto market in the world, with sales of 5.2 million vehicles in 2004. Even with the amazing growth we've seen, less than 5 percent of the Chinese population has a motor vehicle, so there is still a lot of potential in the Chinese market. The country is expected to become the top auto market in the world in the next fifteen to twenty years.

Ford Motor Company is committed to a long-term development strategy in China. We have a firm belief in the country's sustained economic growth, driven in part by the strength of the growth and

development of the automotive industry. We are running a marathon here, not a sprint. We have been rolling out our business development plan in a step-by-step approach, aiming to become a key auto player in China and to stay consistent with our global ranking as a leading auto company.

CLARKE: Let me begin by saying a few words about our new investments. In June 2004, GM announced a series of new investments in China that, pending Chinese government approval, will likely exceed \$3 billion over three years. Among the investments are the introduction of twenty completely new or upgraded products, the expansion of GM's manufacturing joint ventures, the growth of GM's Pan Asia Technical Automotive Center (PATAC) automotive engineering and design center, and last year's launch of GM's new automotive financing joint venture (GMAC-SAIC Automotive Finance Co.).

China's vehicle market is anything but flat. Last year's moderate increase in vehicle sales in China followed two years of record growth (sales grew a record 40 percent in 2002 and about 35 percent in 2003). This year, GM is projecting more modest sales growth of between 10 and 15 percent.

Over the next few years, GM anticipates the market entering a period of steady, sustained growth of around 10 percent annually. While this is lower than the unusually high growth of the past few years, it is still very high by global standards. Considering that China has an estimated eight personal vehicles per 1,000 individuals (compared to about 940 in the United States), it is easy to see the tremendous potential for growth.

This explains why GM and most other

major global automakers have made success in China a corporate priority. It also explains why GM has taken the lead in expanding the full scope of our operations in China at this time.

GJIA: Many auto analysts have likened the present Chinese situation to Brazil in the early 1990s, where overcapacity drastically slowed the market. How do Ford and GM plan to avoid the effects of such a potential slowdown?

CHENG: First, we need to understand that Brazil's economy was highly volatile during the 1980s and 1990s, which caused manufacturers in all industries to invest heavily when times were good, only to have serious cash flow problems and excess capacity when the economy receded. Government policies were inconsistent and frequently drove business sector investment decisions that

"big bang" investments that potentially could result in excess capacity or unfavorable cash flow conditions if the economy were to soften abruptly or if our products were not well accepted in the marketplace.

It is good to see that both the Chinese government and the industry itself are fully aware of these potential dangers and are creating a "rational development model" to avoid repeating the mistake made by Brazil. China's auto industry is in a better position by taking into consideration of all these factors, especially in the case of a sustained national economic development as well as a firm control by the central government.

As for how Ford will avoid the effects of potential over capacity, it is crucial for us to carefully study the Chinese market, comprehensively understand the government policy, closely work

We are running a marathon here, not a sprint. We have been rolling out our business development plan in a step-by-step approach, aiming to become a key auto player in China.

were prudent under one set of economic policies but unsuitable under other economic regimes. We see the economic policies in China being much more stable and consistent over time, leading to well-planned investment decisions by the business sector.

From Ford's perspective, we have maintained a pragmatic outlook, growing as the market demands, meeting our sales targets and then investing in the next phase. We have avoided the

with our local partners, phase our investments in line with market demand for our products, and select and design the right products to cater to Chinese consumers' needs.

CLARKE: I do not think this comparison is valid for two reasons: first, the fundamental economic situation in China today is different from Brazil in the 1990s and second, because Brazil's auto market is driven by export while China's

is driven by domestic demand.

However, on the issue of overcapacity, there are a large number of automakers and indeed overcapacity in China. China today has around 120 automakers, which is about the same number that the United

The growing appetite of China's middle class for personal transportation has become the driving force behind the growth of China's vehicle market. GDP growth, which is expected to hover between 7 and 10 percent for the foresee-

Last year China became GM's second-largest market, trailing only the United States.

States had in the 1920s, when its automotive industry was just taking off. However, the majority of manufacturers in China are producing anywhere from a few hundred to a few thousand units. Overcapacity is not a new phenomenon in China, but we need to be cautious in reading the capacity reports as not all the planned and announced capacity will be built at the same time.

While the total production volume of China's automotive industry has been increasing, the demand of China's emerging vehicle market remains strong in certain segments such as the small car segment. That is why GM continues to expand its manufacturing capacity and its lineup of brands and domestically built products in high-growth, high-volume segments.

One thing that separates China from Brazil is the sheer size of China's domestic market. According to one estimate, there are already about 150 million people in China who can be classified as "middle class." These are individuals with annual incomes of at least \$3,000. China's middle class is larger than the populations of Europe's second and third-largest countries, Germany and France, combined. It also is just 30 million short of Brazil's entire population.

able future, will support the continued expansion of China's middle class and hence its vehicle market.

GJIA: China's government has been very careful to restrict the means of vehicle financing. As General Motors Acceptance Corp. (GMAC) and Ford Motor Credit Company expand into the country, what role will the Chinese government play in dictating the companies' activities? How do these affect dealer operations?

CLARKE: Government macro-control measures—including the tightening of controls over bank loans—have impacted consumer financing as well as dealer access to financing and fleet sales. This was one of the factors in the slowdown of the growth in vehicle sales in China last year. At the present, we estimate that only about five percent of all vehicles purchased in China are purchased with auto financing. This is quite astounding compared to the 85 percent of vehicles purchased with auto financing in the United States, 60 percent in Japan, and 75 to 85 percent in Australia, Germany and the UK.

While this has had an impact on the sales of most automakers, we believe the

decision was made in the interest in slowing unchecked growth and ensuring a soft landing for China's economy. Despite the controls over automotive financing, GM still enjoyed a record sales year in China of just over 492,000 units and 27.2 percent growth. In fact, last year China became GM's second-largest market, trailing only the United States.

Going forward, we are optimistic that in line with the continued maturation of its economy, the Chinese government will gradually loosen its controls on credit. This will enable a greater number of consumers to finance the purchase of their vehicles and help stimulate demand.

CHENG: There is substantial opportunity for auto financing companies, consumers, and auto makers by opening the market to commercial and consumer loans for vehicles. This financial service is still in the developmental phase in China, and there are many infrastructure changes and improvements that arise as the sector develops, including increased availability of funding through non-bank sources; credit reporting bureaus, with appropriate risk analysis data and tools; asset protection via liens and repossession mechanisms; and market driven interest rates for both borrowing and lending. The Chinese government is trying to avoid potential disruptive impacts on the general financial services environment and to assure that consumers and companies gain understanding and experience through step-by-step growth.

Through operating successfully in many countries around the world, Ford Motor Credit Company has been able to develop a strong plan for growth, profitability, and risk management in China, while recognizing that China has its own uniqueness and complexity. It takes time

and patience to understand the local market, to craft clear and workable policies with the central bank of China and local commercial banks, and to develop a solid working relationship with joint-venture partners and dealers. It is true that there are restrictions on auto financing services, however, Ford Motor Credit Company, just like the Ford Motor Company as a whole, is pursuing a long-term business development in China, and we believe the business environment will be constantly improved.

GJIA: GM and Ford have chosen to use subsidiaries/affiliates outside of China for product development. Do you foresee this shifting as you invest more heavily in China operations and the market becomes more mature? If not, what circumstances do you believe need to be in place for an investment shift to occur?

CLARKE: That is not true. GM has healthy product development taking place in China and has had this for several years. In fact, our Pan Asia Technical Automotive Center's (PATAC) latest concept vehicle was unveiled in April at the Shanghai Motor Show.

In 1998, GM launched PATAC with our partner SAIC as a first-of-its-kind joint venture in China. PATAC offers a broad range of engineering, design, development, testing, and validation services. Perhaps the greatest value of this organization has been its work reengineering and redesigning global products from throughout the GM family for the China market. What we have found from firsthand experience is that a "cookie cutter" approach to building cars no longer works in China. Chinese consumers have their own unique tastes, and

China itself has unique driving and fuel conditions and regulations. Hence, they don't necessarily want a product straight from the United States or Europe, particularly in lower-end segments.

Just like in many other industries, those companies in the automotive industry that react fastest to the changing market are those that tend to grow the fastest. Thanks to PATAC, GM has taken the lead in introducing new and upgraded products with local modifications to meet the changing demands of the market and, most important, to do so in a timely manner. For example, the Buick Regal and the Buick Excelle have been reengineered by PATAC in China, for China, and are now best-sellers in the country. The fact that GM's sales and market share have grown from about 6,000 units and 0.5 percent in 1998 to about 492,000 units and 9.3 percent last year primarily through the popularity of our locally reengineered product lineup speaks volumes for this outstanding resource.

PATAC has been integrated into the rest of GM's global design organization. PATAC's design director is a member of our global design team. This successful integration enables PATAC to apply best practices from around the world and carry out work for the rest of our global operations on a limited basis. However, because of the expanding needs of our operations in China and our growing product lineup in that country, PATAC is doing the vast majority of its work for our domestic operations in China, and that will not change anytime so.

CHENG: In the long run, as business expands in the country, Ford must set up its own R&D organizations in China. A China-based product devel-

opment center will soon become a key competitive edge and will help foreign carmakers like Ford design car models that cater specifically to Chinese consumer needs and shorten time to market. The shifting is actually under way, and product development subsidiaries and affiliates will soon be seen in China. Ford is also working on a similar plan that will be realized in the next few years. Having known that a real product development center needs a certain level of production scale and talent pool as back-up, we'll take a phase by phase approach to get this product development function established in China.

GJIA: General Motors recently filed suit against Chery Automotive, a Chinese company, for patent infringement regarding Chevrolet and Daewoo models sold in China. Volkswagen and parts suppliers have also recently done so as well. How will the decision of the Chinese Patent Review Board affect your strategy for product development?

CLARKE: GM Daewoo Auto & Technology Co. (GM Daewoo), GM's affiliate in Korea, filed a lawsuit against Chery with the Shanghai Number Two Intermediate Court for unfair trade practices. Simultaneously, GM Daewoo filed a petition to invalidate certain design patents held by Chery. Because this matter is before a court, I think it is inappropriate to comment further on the specifics of the lawsuit other than reiterating that we have faith in the Chinese legal system.

This individual case is a pure commercial matter between GM and one Chinese company. We do not expect this dispute to affect GM's strategy for product devel-

opment in China. We share a commitment with our Chinese partner, SAIC, to protect the intellectual property rights of our products and technology developed and sold in China.

CHENG: We are keeping a close eye on the latest developments of these lawsuits and working on plans to protect our patents from being infringed upon in China. We are encouraged to see that the Chinese government has begun to address the issue through stronger legislation and enforcement, and we hope that this area will continue to receive support from the government. We believe local companies also will begin to seek protection and remedies for themselves as they begin developing competitive advantages through their own intellectual property.

GJIA: Automotive supplier Metaldyne also recently filed charges against a former employee for selling trade secrets to a Chinese manufacturer. Do you worry about industrial espionage or intellectual property rights with regards to China?

CHENG: Industrial espionage and infringement upon intellectual property rights can be found anywhere in this world and are not limited to China. Ford has set up a sound system of intellectual property rights protection worldwide to try to minimize the possibility of industrial espionage and intellectual property rights infringement. Of course, we also trust the professionalism and integrity of our staff and believe that our staff and our partners understand the importance of technology and intellectual property to the success of our business.

CLARKE: Certainly one must always be vig-

ilant against industrial espionage, whether one is operating in China or any other country. The same goes for the protection of intellectual property rights. GM has a global policy of using domestic legal systems to prosecute violators of its intellectual property rights to the fullest extent of the law wherever they may occur. We demonstrated that last year in China. We continue to work with the Chinese and U.S. governments and other global companies to promote the protection of intellectual property rights of companies doing business in China and around the world.

GJIA: China recently introduced environmental regulations aimed at curbing emissions. How does this affect your expansion strategy and your product development for other Asian markets?

CLARKE: We support steps being taken by the Chinese government to help reduce the impact of motor vehicles on the environment, including its new fuel economy standards, which are aimed at achieving a good balance between continued automotive industry growth and protecting the country's energy and environmental needs.

We have already begun to tailor our global products to meet the specific needs of the China market and its vehicle users. One of the most important steps that we have taken is to configure the power trains in all of our products to meet China's unique road conditions, driving habits, fuel quality, and energy restrictions. Many of our products are among the best in their respective classes in terms of fuel economy.

Despite having the largest product portfolio of any global automaker in China, all GM products sold in China today meet Phase I of the government's

fuel economy standards. In addition, we are taking into consideration the Phase II requirements as we continue to develop our future product portfolio for China. We see no major complications in meeting the requirements and fully expect that all of our products will be in compliance with the Phase II standards when they take effect in 2008.

CHENG: In October 2004, the Chinese government issued "Limits of Fuel Consumption for Passenger Cars," which is the nation's first standards that cap fuel consumption for passenger cars. We fully understand and respect the new standards, which are part of the effort taken by the central government to economize on the country's rapidly increasing energy consumption. So far, all the imported Ford passenger cars, as well as those locally produced in our joint ventures, meet the standards. We'll keep on adhering to the standards in the future.

Ford Motor Company is committed to the environment and to improving the fuel economy of our vehicles. We support programs that foster the development of advanced technologies of fuel economy such as hybrid electric vehicles, fuel cells, and alternative-fuel vehicles. We are planning to introduce these new fuel-efficient technologies in China in the future.

GJIA: Much has been made of the fact that China graduates 700,000 engineers a year in contrast to 70,000 in the United States. GM and Ford presently import models to China from other countries in addition to the models produced by plants operating within the country. Do you see this situation being reversed in the near future, with China becoming a global auto manufacturing and research center? Do you see China

becoming an export platform for vehicles and parts? If not yet, what conditions would have to be in place for consideration of this to occur?

CHENG: China is a market of huge car buying potential, but it is not a mature one yet. Most Chinese consumers are a long way from truly understanding and enjoying the "automobile culture" as more than just buying and driving vehicles. It also takes time and effort to train those young graduates to be professionals for research, development, manufacturing, sales, and marketing. There is still much room left for local auto makers and their suppliers to strengthen their R&D capabilities and improve their manufacturing quality. The normal and practical approach for Ford and many other overseas automakers is to "test the water" by importing vehicles as the first step. The next step is locally manufacturing these vehicles—which are modified or refreshed to cater to local consumers' wants and needs—in order to gradually increase the percentage of local contents of these vehicles.

We believe that it is only a matter of time until China becomes a global auto manufacturing and research center. It is also predictable that China will be an export platform for vehicles and parts. Our confidence lies in that China has almost all the resources needed for export—huge market potential, sustained economic development, abundant pool of talent, and intensive manufacturing facilities, just to name a few.

CLARKE: It is true that China has a huge engineering talent pool, but the Chinese engineers lack experience in vehicle development, as the country is still a very young vehicle market compared to the

100-year history of the U.S. industry. Additionally, at GM, vehicle development is a global process leveraging differ-

not a major vehicle exporter and still a relatively small exporter of parts and components, devaluation, if it occurs,

Individuals and families are replacing institutions as the largest group of buyers.

ent expertise we have on different continents. Here in China, we are aggressively developing PATAC as part of GM's global vehicle engineering and design network. It takes time to accumulate experience, and we do not see China becoming a major export center for vehicles in the near future.

GM does not have a plan to make China our export center in the near future. On the other hand, China is in the nascent stage of becoming a global supplier of parts and components. Leading the way are joint ventures and wholly owned subsidiaries of global suppliers such as Delphi and Visteon.

GJIA: How would a revaluation of the yuan affect China's role as an export platform? How would it impact Ford and GM operations in China overall?

CLARKE: From our discussions, the Chinese government has indicated that its long-term goal is to introduce more flexibility into its exchange rate system. The government continues to study this complicated process for reforming its currency system in a way that will promote sustainable economic development and allow the country to continue to play a positive role in the global economy. Therefore, we anticipate neither a radical restructuring of China's currency nor a major impact of the currency change on our operations in China. Since China is

would also likely have a limited impact on the country's automotive industry.

CHENG: The valuation of any currency is a very complex equation that reflects the impact of many forces, both political and economic. China's fundamental economic factors that affect the currency valuation remain quite positive, including foreign trade balance, foreign reserve levels, foreign direct investment levels, GDP growth rate, interest rate, inflation rate, etc. If a change were to occur in the value of the RMB (yuan), some of these factors likely would re-adjust (e.g., productivity gains may accelerate), and there may be minimal impact on our business, which has imports, exports, and domestic aspects to it.

GJIA: The Chinese government generally directs investment by geographic area. Do you believe that this level of micro-regulation will change in the near future to a more open environment—especially if investment includes updated technology?

CHENG: To narrow the gap of economic development between the inner land regions and coastal areas is one of the key tasks for the Chinese government, so it is understandable that the central government is encouraging more foreign investment in the underdeveloped western regions. Ford does not mind invest-

ing in these underdeveloped areas to show our long-term commitment to China and our strong sense of social responsibility. We see returns through cheaper labor and preferential policies given by local governments there. We anticipate this level of micro-regulation to gradually create a more open environment and to narrow the gap of economic development between different geographic areas.

At the same time, we never ignore the developed coastal areas where we have made considerable investment in developing dealership, supply chain, and manufacturing facilities. The recent construction of new manufacturing facilities in China's eastern city of Nanjing is a good compliment to our existing joint venture in the southwestern city of Chongqing.

CLARKE: While the government still has input into where automakers can invest and with whom, it has eased up, as you call it, its "micro-regulation" of the industry.

Automakers today have the authority to decide which products and brands to bring and segments to enter in China. This has had a major impact on the growth of GM operations in China. For example, we identified a growing demand at the upper end of the Chinese vehicle market and responded by introducing and selling the Cadillac brand in China last year. We are now in the process of launching the imported Cadillac SRX and the domestically assembled CTS from our Shanghai GM joint venture.

On the other end of the product spectrum, GM is rolling out a new lineup of domestically built Chevrolet products in China to cater to the strong demand for small- to mid-sized vehicles. This type of car accounts for about 70 percent of passenger car sales, as individuals and families are replacing institutions as the largest group of buyers. Of course, all of these decisions were made by GM and our joint venture partners based on the demands of the marketplace, not on the insistence of the government.

Conflict & Security

Reality Check

The Danger of Small Arms Proliferation

Rachel Stohl

While the world focuses on hypothetical consequences from the use of nuclear, chemical, or biological weapons, another class of weapons is actually killing hundreds of thousands and devastating entire societies every year. These weapons, known as small arms and light weapons (hereafter small arms) are truly weapons of mass destruction. The need to address small arms proliferation and misuse is just as urgent and critical as their nuclear counterparts.

Small arms impact all dimensions of conflicts and their resolutions. Small arms are responsible for the majority of today's conflict deaths and thousands more injuries each year. Moreover, the spread and misuse of small arms cause, prolong, and exacerbate humanitarian crises and violent conflicts around the world and are the weapons of choice of terrorists.

In post-conflict societies, small arms may remain easily accessible and bring about the resumption of conflict. Small arms can also be used as tools of violence to disrupt the delivery of humanitarian assistance and obstruct development. The threat of small arms can prevent refugees from returning home and impede efforts to rebuild societies. Countries and regions neighboring conflict areas can also be affected by uncontrolled small arms proliferation, as these weapons can easily cross borders, igniting conflicts and enabling the com-

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mission of violent crimes. For countries at peace, small arms are responsible for murders and suicides, and are the weapon choice of criminals—causing over 200,000 deaths a year and countless more injuries.¹

From El Salvador to Sierra Leone and from Albania to the Philippines, small arms proliferation and misuse have taken their toll on millions of civilians and their societies. In Iraq and Afghanistan, the dangers posed by small arms proliferation and misuse are evident by continued casualties and the slow pace of reconstruction. In these two countries in particular, the widespread availability of small arms has put the establishment of security in peril, has greatly diluted the rule of law, and has been a significant impediment to peace. Around the world, small arms proliferation has contributed to the outbreak of conflicts, jeopardized the safety and security of peacekeepers and civilians, and obstructed conflict resolution. Small arms are a threat that cannot be ignored in efforts to promote international security.

Goals of Small Arms Control.

Small arms control does not lend itself to a "one size fits all" approach, because the weapons impact so many aspects of society—from furthering human rights abuses to stifling development. In general, states have two overarching goals for small arms control: stemming the proliferation and ending the misuse of the weapons. Unlike other weapons systems, there is no international treaty banning small arms (or certain types of small arms), nor are there consistent international standards concerning small arms transfer or use. Therefore, small arms control initiatives have taken a piecemeal approach, with states picking and choos-

ing initiatives at the international, regional, or national level.² Some state efforts are long-term in nature, such as developing international treaties to address the issue, but others are more short-term, such as enhancing cooperation and information sharing.

For the most part, global small arms control efforts (those undertaken in the UN setting) have the goal of curtailing the *illicit* trade in small arms.³ While the lines between legal and illicit transfers easily blur, as do initiatives to control them, states are hesitant to address both types of trade. For example, the United Nations Programme of Action (PoA), a politically binding document resulting from the 2001 UN Conference on the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, includes measures to reduce small arms proliferation, such as effective weapons collection and destruction programs, development of demobilization and reintegration processes, and cooperative law enforcement strategies, but does not adequately regulate the legal trade in small arms.

On the regional level, efforts to control small arms have been more inclusive and consequential. Some regional efforts have the goal of reigning in the illicit trade in small arms, such as the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Explosives, Ammunition, and Other Related Materials, known as the OAS Convention. This agreement attempts to increase controls over, traceability of, and international cooperation concerning small arms as they move throughout the Western hemisphere. Other regional initiatives have more extensive goals and have looked at controlling aspects of the legal trade as well. For example, the Economic Community

of West African States' Moratorium on the Importation, Exportation, and Manufacture of Small Arms covers all transfers of small arms. The Organization for Security and Cooperation in Europe's Document on Small Arms and Light Weapons contains export criteria, and the Wassenaar Arrangement has developed best practices guidelines for exports of small arms and light weapons and Man Portable Air Defense Systems (MANPADS) in order to prevent exports that could undermine international peace and security.

On the national level, individual states have disparate laws with regards to small arms. Therefore, some states have goals aimed at developing basic national small arms laws, and other states have focused on more specific goals, such as removing surplus or obsolete weapons from circulation in order to prevent their recycled use by combatants from conflict to conflict. States have undertaken national initiatives to strengthen export controls, enhance stockpile security, improve law enforcement capabilities, increase transparency, and

or disabled over 10,000 MANPADS in order to prevent small arms from destabilizing a country or region.⁴

Criticisms of Small Arms Control.

Small arms are used so widely because they are low in cost, readily available, extremely lethal, simple to use, durable, easily portable, able to be concealed, and they have legitimate military, police, and civilian uses.⁵ Their very nature makes strategies to control them difficult. Unlike landmines or weapons of mass destruction, small arms cannot be banned outright, and therefore solutions can only try to limit the negative consequences caused by their proliferation and misuse. These complexities provide ammunition for critics of current small arms control initiatives.

Some strategies for small arms control are seen as quixotic, because small arms cannot be controlled like other weapons. One of the most common criticisms of small arms control efforts is a lack of political will. Small arms control has to compete for attention with other weapons issues—nuclear,

Small arms are used so widely because they are low in cost, readily available, extremely lethal, simple to use, durable, easily portable, and easily concealed.

foster parliamentary oversight. The U.S. State Department, for example, maintains a Small Arms/Light Weapons Program, which has helped at least 13 countries destroy over 800,000 small arms and light weapons, 70 million rounds of ammunition, and destroyed

chemical, and biological—as well as threats such as terrorism that are currently dominating the policy agenda. Even though small arms are the weapons killing soldiers in Iraq and civilians in Sudan, concerted global actions to deal with these weapons are

slow in materializing. Some governments have complained that this issue is too hard and too multi-dimensional or that they have too many domestic pressures to adequately address the proliferation of small arms.

Furthermore, in many instances when governments have chosen to act, they refuse to address the links between legal and illicit transfers. A major reason for this is that small arms make money for countries based on their legal exports. States do not want any steps taken that might cut into their market opportunities or their ability to use weapons sales as a tool of foreign policy.

The United Nations, where thus far the majority of international small arms work has occurred, has been criticized as well. The diplomats working on small arms issues generally come from an arms control background and see the small arms issue through one, rather than several, lenses. Small arms touch every aspect of society and involve many different government agencies, but the limited arms control focus has caused small arms initiatives to be disproportionately weighted towards supply-side measures, without also looking at the reasons for the demand for these weapons.

Policy Recommendations. Because the small arms issue is so varied, several approaches to controlling proliferation and misuse need to be undertaken concurrently. National, regional, and global actions must be developed and implemented simultaneously, utilizing both top-down and bottom-up approaches. In conflict and post-conflict contexts, policies must be developed that control supply, take excessive and destabilizing accumulations of weapons out of circulation, and address demand.⁶

Controlling Supply. Controlling the supply of small arms entails creating and implementing firm international controls, including regulations and standards for arms exports. Three treaties have been proposed by governments and non-governmental organizations (NGOs): (1) a convention on international arms transfers that sets out normative export criteria based on states' current obligations under an international law known as the Arms Trade Treaty; (2) an international agreement on brokering that creates international laws and procedures that discipline the activities of arms brokers and strengthen national laws to prosecute traffickers who violate these norms; and (3) an international agreement on marking and tracing that develops systems for adequate and reliable marking of arms at the time of manufacture and/or importation, and enhanced record-keeping on arms production, possession, and transfer.

Both the marking and tracing and brokering conventions are being considered within the UN system. However, the processes have faced impediments by countries unwilling to support either legally binding treaties on these issues or by countries who object to the proposed content of the treaties. Both treaties are desperately needed. The lack of a single, standardized marking system makes it difficult to uncover where weapons originate and to put a tourniquet on seeping supplies. A lack of consistent international standards on arms brokering has allowed arms brokers to act with impunity, exploit differences in national laws (when they exist), and take advantage of governments that have been unwilling to arrest known brokers operating in their territories.

The Arms Trade Treaty is not yet under formal negotiation. The treaty, which was known in an earlier form as the Nobel

Laureates International Code of Conduct, is currently being pursued outside the UN system with the support of NGOs and some governments. Under the current international system, countries can ship small arms to countries regardless of their human rights records, history of serving as a transshipment point for illegal actors, complicity in working with terrorists, or interest in using the weapons for illegal activities. Even though

And, in some instances, government officials accept bribes in exchange for export licenses for ineligible parties.⁸

Second, shortcomings in domestic small arms policy and practices fuel illicit transfers. States must strengthen their efforts to oversee existing national laws and weapons stockpiles. In many countries there is a dearth of oversight for weapons issued to individuals—be they official military or police forces or pri-

States have no idea what weapons other countries are legally selling, and are not able to ascertain if a country is importing more than needed for legitimate self-defense.

existing transparency mechanisms for heavy conventional weapons are flawed, small arms are not currently part of these systems. States have no idea what weapons other countries are legally selling, and are not able to ascertain if a country is importing more than needed for legitimate self-defense.⁷ Therefore, any treaty to control the supply of small arms must include a transparency mechanism to track the export of these deadly weapons.

In addition to international treaties, states must undertake other global measures to control the proliferation of arms. First, arms embargoes must be applied and adhered to in a more rigorous manner by thoroughly investigating possible embargo violations, naming violators, and invoking punitive measures. Existing regional and international arms embargoes are not adequately adhered to, monitored, or enforced; legally-produced weapons are often shipped directly to and through debarred countries.

vate citizens. In some countries, domestic purchasing laws can facilitate the entrance of small arms into the illicit market, as individuals can buy several weapons at once and sell them to ineligible or illegal users. In many countries, governments do not conduct regular accountings of military stocks and holdings of small arms, allowing weapons to easily fall through the cracks. Legal owners of small arms often do not report stolen or lost weapons to the proper authorities, leaving a trail of weapons in the hands of unintended recipients.

Third, small arms transfers often do not end up where they are supposed to, due to poor end-use monitoring (EUM). EUM encompasses all laws, procedures, regulations, and processes for determining that weapons are controlled and used properly by the party authorized to receive them. In the United States, for example, both the State Department and Defense Department

have EUM programs (Blue Lantern and Golden Sentry respectively) that oversee U.S. commercial and governmental arms sales. However, the U.S. program is unique to U.S. laws and procedures. To date, there is no international EUM system. Therefore, a common international end-use certificate must be developed and effective EUM must be undertaken on a systematic basis. Even in countries that have national EUM programs, they are often done on an ad-hoc basis and misses many cases of arms diverted to the black market. Small arms are often not seized at points of entry and during transshipment because they are not being regularly checked. Moreover, there are no standardized end-use certificates, bills of lading, and other required shipping documents, allowing illegal transfers to appear as legal sales.

Lastly, national, regional, and multi-lateral institutions and governments do not adequately cooperate and exchange relevant information on small arms. States, both internally and externally, must collaborate more efficiently to stem the proliferation of small arms. Governments, law enforcement, border security, and customs officials do not work together to identify and eliminate trafficking routes and apprehend illicit arms brokers. Often agencies within the same governments compete for and do not share intelligence on arms trafficking routes and brokers.

Taking Weapons Out of Circulation. Even if new supplies of small arms were prevented from entering the global market, millions of small arms are already in circulation and need to be addressed. Regular destruction of weapons must be undertaken and existing stockpiles must be more securely stored. Global small arms

stockpiles are not adequately secured and managed and some countries do not destroy surplus and obsolete weapons after conflicts have ended.

Any efforts to control small arms must include disarmament, demobilization, and reintegration (DDR) programs. Experience has shown that there is not a one-size-fits-all approach with regards to such programs, but the countless programs that have been undertaken have resulted in the development of best practices. For example, voluntary disarmament processes have been found to be more effective in post-conflict settings, as many ex-combatants are hesitant to turn in weapons and give up their source of protection, power, or both in mandatory programs. In addition, the provision of incentives, such as cash, goods, services, or even skills training have been effective in influencing ex-combatants to surrender their weapons. Once weapons are collected, either through voluntary or mandatory collection programs, these weapons must be destroyed or securely stored.

Addressing Demand. Understanding the reasons individuals and groups acquire weapons will provide strategies for reducing the costs of small arms proliferation. As with other aspects of the small arms issue, there is not an exclusive approach to addressing demand. Each conflict situation may contain several rationales for demanding weapons—from personal security or a demonstration of power to providing the means to acquire needed goods. Policymakers must delve into the complexities of conflict situations and involve local communities and NGOs in probing solutions and understanding needs. DDR programs are instrumental in reducing demand, as ex-combatants

with little access to education or economic activities can contribute to continued instability. Policies for reducing demand include investigating alternatives means to maintaining security and power and for ensuring that the economic livelihoods of citizens are not hindered. Such strategies may include institution building, enhancing economic development and social welfare, and security-sector and judicial reform.⁹

Conclusion. The small arms issue is a difficult one to tackle and one that will not be adequately addressed in the short term. As such, states must take advantage of opportunities to push small arms from a multi-disciplinary, multi-level approach

on the policy agenda. For example, in July 2005, states will come together for the second Biennial Meeting of States to report on the implementation of the UN Programme of Action. And in the summer of 2006, the UN will meet to assess the progress made on small arms since the 2001 UN Conference. These international efforts should not mark the end of global small arms action, nor should they allow the continuation of the status quo for national or regional action. States must work together to develop sound policies and systems to avoid continued destruction and devastation. Only concerted long-term efforts at all levels, impacting all facets of the small arms issue, will allow meaningful progress.

NOTES

1 Small Arms Survey, *Small Arms Survey 2004: Rights at Risk* (Oxford: Oxford University Press, 2004), 174-175.

2 NGOs do not necessarily organize in this way, and pursue many different strategies at once. States and NGOs also work together in pursuit of common objectives. For more on NGO initiatives see www.iansa.org.

3 A legal small arms transfer "conforms to international law and the national laws of both the exporting and importing states." A transfer is illicit if it "breaks either international or national laws." See Small Arms Survey, *Small Arms Survey 2002: Counting the Human Cost* (Oxford: Oxford University Press, 2002), III, box 3.1.

4 Author interview with State Department official, 28 January 2005.

5 Jeffery Boutwell and Michael Klare, "Special Report: A Scourge of Small Arms," *Scientific American* (June 2000): 30-5.

6 For more information see Michael Klare and Rachel Stohl, *Small Arms and Light Weapons: The Crisis in International Security*, paper prepared for Issues Before the UN's High Level Panel: The Scourge of Small Arms and Light Weapons, The Stanley Foundation and the United Nations Foundation, 29-30 March 2004.

7 Some countries do have some degree of transparency for small arms transfers. The United States, for example produces the annual "655 Report," which lists potential small arms sales.

8 For more information on potential policy initiatives see Rachel Stohl, "The Tangled Web of Illicit Arms Trafficking," in *Terror in the Shadows: Trafficking in Money, Weapons, and People*, eds. Gayle Smith and Peter Ogden (Washington, DC: Center for American Progress, 2004).

9 For more information on curbing demand, see in particular the work of the Quaker United Nations Office, www.quno.org.

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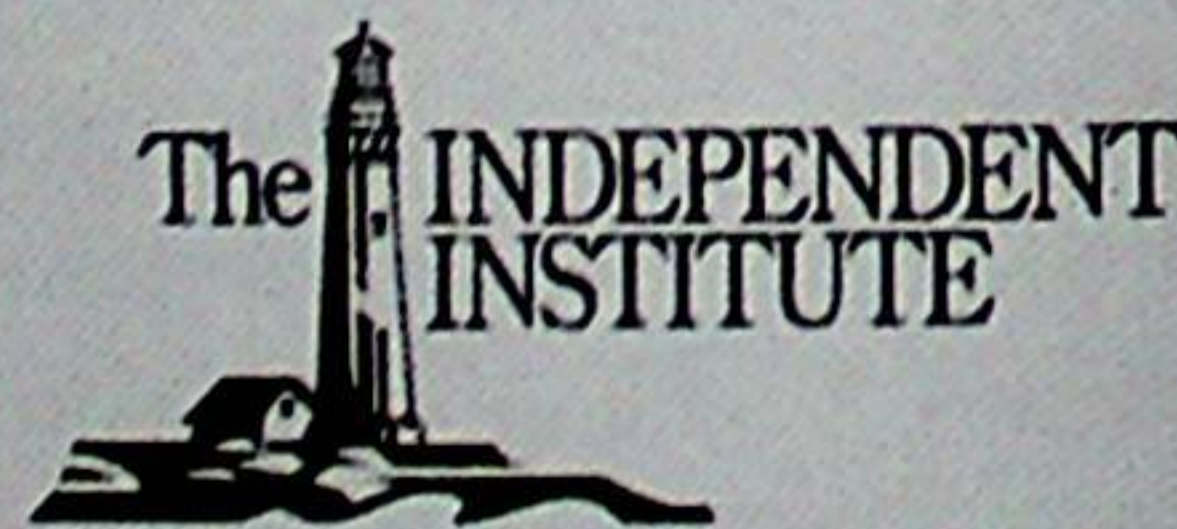
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Blind Spot

The United States and Post-Conflict Intervention

Robert M. Perito

Iraq was not the first time the United States was unprepared for post-intervention violence. Similar outbreaks of civilian violence occurred during the initial stage of U.S. interventions in Panama, Haiti, Bosnia, and Kosovo. Given the importance of properly managing post-conflict interventions, it is critical that the United States find a solution to this problem. As one U.S. Army colonel put it, "The U.S. cannot be unprepared for missions it does not want, as if the lack of preparedness might prevent our going. We cannot be like children that refuse to get dressed for school." Why does the United States have a "blind spot" that results in failure to plan for the lawlessness that follows military intervention? First, there is a misunderstanding of the nature of failed states. Second, the U.S. military is not trained to deal with banditry and lawlessness and do not have special police capabilities dedicated to establishing law and order. Third, the U.S. government's civilian agencies are not prepared to execute their missions as part of stability operations, and it seems unlikely that a proper reorganization will come about in the near future. If we are to undertake more stability operations in the future, as seems likely, we need to modernize our foreign policy architecture and security forces, which remain essentially unchanged since the Cold War, and create a civilian Stability Force to undertake civilian missions alongside

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military forces in stability operations.

Criminal Regimes in Failed States.

The United States has neglected to acknowledge the significant role of criminal regimes in weak and failing states. Somalia—the first state in which the United States engaged in post-Cold War UN peacekeeping—was an anomaly because at the beginning of Operation Restore Hope in December 1992, Somalia was without a central government and in a state of civil war. This was not true for the other failed states where the United States has intervened militarily: Panama, Haiti (twice), Bosnia, Kosovo, Afghanistan, Liberia, and Iraq. While these countries may have had characteristics of weak and failing states, their ruling regimes actually were “kleptocracies” in which the leaders used corrupt intelligence and security services to engage in narcotics trafficking, money laundering, racketeering, and other organized criminal enterprises. Proceeds from illicit activities were used to finance the ruling elites’ lavish lifestyles and to purchase the loyalty of the military and police forces. For example, ex-Yugoslavian president Slobodan Milosevic, his family, and political supporters profited handsomely from kickbacks on exports of agriculture products and raw materials.

Given that criminalized regimes were in control of the countries where the United States intervened militarily, it is not surprising that looting, lawlessness, widespread violence, and organized crime have posed the principal challenges in these stability operations. According to Lord Paddy Ashdown, the senior international official in Bosnia:

We thought democracy was the highest priority in Bosnia, and we mea-

sured it by the number of elections we could organize. In hindsight, we should have put establishing the rule of law first, for everything else depends upon it: a functioning economy, a free and fair political system, the development of civil society, and public confidence in police and courts. We should do well to reflect on this as we formulate our plans for Afghanistan and Iraq.²

Having misunderstood the fundamental problem confronting the states where the United States has intervened, namely the persistence of criminal organizations, the United States and the international community have offered the wrong solutions. Early elections and economic assistance have legitimized and financed criminal elements. Failures to rapidly establish effective police, courts, and prisons and to institute the rule of law have prolonged the stay of U.S. intervention forces and stifled democracy and economic prosperity.

The Forces We Deploy. Military force has been the U.S. instrument of choice for post-conflict interventions because military forces are maintained in a state of readiness for foreign deployment. They can be transported rapidly over great distances, are self-sufficient upon arrival, and provide their own force protection. The U.S. military can provide protection against regular armies and paramilitary forces, but it is not organized, trained, and equipped to deal with civil disturbances and engage in law enforcement. In the words of the former Supreme Allied Commander in Europe, General Wesley Clark, “Experience in peace operations has proven that good soldiers, no matter how well equipped, trained, and led, cannot perform police

duties among civilian populations."³ In interventions from Panama to Iraq, U.S. forces were unprepared to control civilian mobs that looted and destroyed critical

increased over time, U.S. troops were more likely to use deadly force. Although the United States did not keep an official count, media and nongovernmental

Unfortunately, constabulary forces are not part of the U.S. military's inventory. Their availability should not be presumed in future operations.

infrastructure and dealt a crippling blow to public perceptions of the intervention force and any related peace process. The U.S. military is simply not trained to conduct such post-conflict activities.

During the looting of Baghdad, U.S. military forces were not equipped with the type of non-lethal weapons (batons, shields, tear gas, and pepper spray) used by civilian security forces to control mob violence. As a result, U.S. commanders were faced with the option of either shooting offenders or standing aside. In explaining the decision not to interfere, one American general said, "We are not going to stand between a crowd and a bunch of mattresses."⁴ In another case, a U.S. Army sergeant lamented that it was futile for him to pursue stolen cars through Baghdad's crowded streets and narrow allies in his lumbering Bradley Fighting Vehicle.⁵ Tragically, two U.S. Army Blackhawk helicopters were lost in a midair collision as one was tracking a robbery suspect in the manner of small police helicopters in the United States. American soldiers complained to media reporters that they had not been trained to fight crime and should not be asked to perform police functions such as vehicle searches.⁶ As attacks by insurgents

organizations reported that the U.S. military killed a number of Iraqi civilians at checkpoints and during demonstrations.⁷

If international civilian constabulary and police forces had been available to accompany and assist U.S. troops, there might have been a more positive response from Iraqis and fewer casualties. Civilian law enforcement officers are trained and experienced in searching homes and vehicles and interacting with civilians in stressful situations. Appropriately trained and equipped constabulary and police forces could have provided the civil disorder management and law enforcement capabilities that were required. Unfortunately, constabulary forces are not part of the U.S. military's inventory. In Iraq, U.S. attempts to recruit sufficient constabulary and police units from allies were unsuccessful, and their availability should not be presumed in future operations. Efforts by the U.S. State Department to recruit contract American police advisors to train Iraqi police were delayed by bureaucratic wrangling and budget limitations until spring 2004. U.S. police advisors were armed for self-defense but were not authorized to engage in law enforcement. They were assigned to provide train-the-trainer programs in

secure locations, as it was too dangerous to mentor Iraqi police in the field. By the time of the transition to Iraqi sovereignty in June 2004, only 283 U.S. police advisors had been deployed.⁸

U.S. Government Disorganization.

In its study entitled *America's Role in Nation Building: From Germany to Iraq*, the RAND Corporation noted that since the end of the Cold War the U.S. military has invested billions of dollars and countless hours in improving the combat effectiveness of its forces.⁹ The return on this investment has been an American military that is without peer. The study noted, however, that there was no comparable effort on the part of civilian agencies in the U.S. government. Instead, the State Department and other civilian agencies behaved as if each peace and stability operation was both the first and last to be encountered and as if there was no need to capture lessons identified and incorporate them in the preparations for

War.¹⁰ The Center's report urged the creation of a government unit staffed by experts in diplomacy, rule of law, governance, security, and economic reform that would be able to deploy personnel to post-conflict areas on short notice. This kind of rapid-response corps was envisioned in the Stabilization and Reconstruction Civilian Management Act of 2004 (S.2127, 108th Congress) introduced by the Senate Foreign Relations Committee Chairman Richard Lugar and the committee's ranking Democrat, Senator Joseph Biden. The fact that the Lugar-Biden Bill was developed by a seventeen-member Policy Advisory Group composed of Washington peacekeeping experts and administration officials demonstrated that the U.S. foreign policy community understood the requirements for successfully managing post-conflict interventions. The bill was voted out of committee unanimously, but failed to reach the Senate floor or receive administration support. Failure to

Civilian agencies behaved as if each peace and stability operation was both the first and last to be encountered.

future operations. That civilian agencies behaved in this manner is remarkable because (as the RAND study points out) Iraq was the sixth stability operation conducted by the United States in the last twelve years and the fifth operation in a predominately Muslim country.

According to a report by the Center for Global Development, this institutional failure results from the fact that the United States tries to cope with current international challenges by using foreign policy architecture created for the Cold

restructure the U.S. government to effectively manage post-conflict interventions was not the result of a lack of experience or expertise but of political will.

In July 2004, the State Department established the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) to take the lead in organizing U.S. efforts to "prevent or prepare for post-conflict situations and to help stabilize and reconstruct societies in transition from conflict or civil strife." The coordinator, Ambassador Carlos Pascual,

reports directly to the secretary of state. Currently the Office has a staff of thirty-seven people drawn mostly from other agencies, including the U.S. military. S/CRS has a broad mandate that covers the entire spectrum of post-conflict civilian missions from identifying and preventing state collapse to leading civilian response teams and coordinating U.S. participation in multinational stability operations. The office has been explicitly excluded, however, from involvement with Iraq and Afghanistan. A request for \$17 million for S/CRS in the FY 2005 emergency supplemental appropriations bill was cut to \$3 million by the House and \$7 million in the Senate. The president's FY 2006 Budget Request included a proposal for a \$100 million Conflict Response Fund that could be utilized by S/CRS. In addition, the Lugar-Biden Bill was included in the Senate Foreign Affairs Authorization Act for FY 2006-07, but passage of both the budget item and the Senate bill is considered problematic. It remains to be seen whether the office will receive the required long-term support from the administration and Congress.

Although a step forward, the establishment of the S/CRS was plagued by bureaucratic obstacles and battles over funding. This process highlighted the continuing reluctance of the Congress and the Administration to undertake responsibility for post-conflict interventions. In the fall of 2003, the National Security Council (NSC) Staff used the U.S. Institute of Peace (USIP) study entitled *Building Civilian Capacity for U.S. Stability Operations: The Rule of Law Component* to develop a proposal for a State Department office to coordinate U.S. civilian agencies in stability operations. USIP's survey of federal and state law enforcement, judicial, and penal agencies determined that

the United States could create the civilian security forces required for stability operations.¹² To this base, the NSC added the capacity to field political advisors and economic reconstruction specialists. The proposal was vetted at successively higher levels of the administration's interagency policy process. At every level, the only opposition came from the State Department. In a climactic White House meeting of the Principals Committee in April 2004, the State Department argued successfully that the NSC proposal constituted an "unfunded mandate" since the proposal did not include new funding. Acceptance of the proposal would require State to cannibalize the budgets of existing programs. Instead, State offered to establish a post-conflict coordinating office with a ten-person staff that would be a first step toward the kind of effort envisioned by the NSC. State Department officials noted that while the Lugar-Biden bill provided moral support, it had no chance of adoption by the Senate, and there was evident disinterest and no companion bill in the House of Representatives.

The Principals Committee's acceptance of the State Department's approach also meant the United States would continue to utilize contract police, judicial, and corrections personnel in stability operations. American police contingents in UN police forces in Haiti, Bosnia, Croatia, Kosovo, East Timor, and Iraq were provided through a State Department contract with DynCorp, a Texas-based government services firm. The United States is the only country to use commercial contractors even though these American police wear U.S. government uniforms and carry weapons and, in Kosovo and East Timor, have authority to make arrests and use deadly force. All

other countries provide police that are currently serving in their national law enforcement agencies; as the United States has no national police, this is not possible. Most U.S. police contractors, therefore, are either on extended leave or are retirees. They come from state and local law enforcement agencies, which vary in size from rural sheriff's offices to urban police departments. Some American contract personnel have been unprepared for the physical and professional challenges of international police missions, and there have been incidents of serious misconduct. Since U.S. police are not government employees, the State Department's ability to supervise their performance is limited. In addition, the Justice Department has ruled that U.S. contract police in international missions are beyond the reach of U.S. law, so punishment for cases of gross misconduct has been limited to repatriation.¹³

What is the Solution? If U.S. reluctance to prepare for post-conflict interventions results from problems with history, doctrine, force mix, and government organization, the solution lies in the lessons identified in previous peace and stability operations. In his pre-departure press conference, Bernard Kouchner, the first head of the UN mission in Kosovo, said, "The lesson of Kosovo was that peacekeeping missions need to arrive with a law and order kit of trained police, judges, and prosecutors and a set of security laws. This is the only way to stop criminal behavior from flourishing in the postwar vacuum of authority."¹⁴ Unless this security gap in law and order is quickly closed, looters, criminals, terrorists, and insurgents will exploit it. Military combat units, which are neither trained nor equipped to per-

form police functions, cannot defeat general civil disorder. A U.S. operational capacity for rule of law missions is required to provide an effective civilian security partner to assist the military in restoring law and order in the immediate post-intervention period. The route to stability and eventual disengagement of the military lies in providing the civilian support necessary to defeat the sources of disorder and then to develop indigenous institutions that are capable of sustaining the rule of law. Even with the newly created S/CRS office, the United States does not have this capability today.

The answer to the problem of creating sustainable security in post-conflict environments is straightforward: in addition to robust military forces, the United States must create effective, readily deployable civilian Stability Forces composed of constabulary units and police forces, plus legal teams composed of judges, lawyers, and corrections officers. Civilian units establish police and judicial authority from the outset, thereby freeing up the military to concentrate on their essential duties. As demonstrated in Kosovo, East Timor, Liberia, and Haiti, civilian constabulary units effectively bridge the security gap between military forces and lightly-armed civilian police. These units deploy with their own weapons, armored vehicles, communications, chain of command, and logistics support. They can respond to large-scale disturbances, undertake high-risk arrests, provide close protection services, and guard sensitive facilities from airports to prisons. These units have the authority to engage in law enforcement, but the patient work of community policing, criminal investigations, traffic control, and countering organized crime is the purview of civilian police. The

presence of professional international civilian police is also essential for providing appropriate training and mentoring for local police personnel.

Constabulary and police forces are essential, but they cannot function effectively without the other two parts of the justice triad: courts and prisons. Judicial teams of judges, lawyers, and court

new legislation, and additional funding. Personnel could be employed on federal Civil Service "Term" appointments. Law enforcement officers could be sworn in as Deputy U.S. Marshals, which would give them broad authority. There are various models that could be used. The simplest approach would involve the State Department and S/CRS office cre-

Military combat units cannot defeat general civil disorder.

administrators provide the intervention force with the ability to conduct detention hearings and handle civilian prisoners. Over time, these justice officials can help reestablish the local judicial system and lay the groundwork for the legal mechanism required to try former officials, organized crime figures, and violent extremists that are beyond the capacity of the local justice system. Finally, corrections experts provide the capacity to deal with the compelling security requirement that exists in all stability operations to remove large numbers of violent offenders from the streets and to detain them in humane conditions. Corrections officers are critical to the rapid reestablishment and rehabilitation of jails and prison facilities and the training and supervision of local penal staff. Taken together, these elements of a civilian Stability Force are essential to the creation of democratic governments that can sustain public order through the rule of law. They are also vital to ensuring the security and stability that will enable the political, economic, and social reconstruction to move forward in an environment conducive to achieving success.

Creating a U.S. Stability Force will require overcoming bureaucratic inertia,

ating ready rosters of pre-trained volunteers that could deploy on short notice. This model would work best for judges, court staff, attorneys, and corrections experts. The State Department could also negotiate agreements with state and local jurisdictions to provide personnel. The U.S. Agency for International Development's Office of Foreign Disaster Assistance has agreements with local disaster assistance teams to provide emergency response in natural disasters worldwide. This approach would be appropriate for recruiting police personnel. Alternatively, the State Department could create a federal fund- ed reserve. The federal government could pay salaries of personnel serving in state and local agencies. These personnel would work and train together and deploy as units. This approach would work best for constabulary forces. The latter two approaches would assist local communities and ensure the availability of qualified personnel. They would also ensure that personnel could return to their communities and jobs at the completion of their assignments.

Creating a civilian Stability Force would be a difficult challenge, but it

would have a number of important advantages. Creation of such a force would: (1) join together all of the elements required to effectively achieve sustainable security under a single, unified authority; (2) close the security gap that has plagued previous peace operations by providing for a smooth transition from war fighting to institution building; (3) establish police and judicial authority from the outset, thus freeing the military to perform its functions and speeding the withdrawal of military forces; (4) establish the rule of law as a platform from which the other aspects of political, economic and social reconstruction could go forward in an environment conducive to achieving success; (5) provide the United States with a force that could partner with similar forces organized by the European Union, the Organization for Security and Cooperation in Europe (OSCE), and, possibly, other regional organizations;

and, (6) support the UN by enabling the United States to contribute forces that could assist the UN in meeting its responsibilities.

After 9/11, the United States became serious about fighting terrorism. It now needs to become equally serious about dealing with post-conflict environments. We cannot afford policies based on optimism, nor can we expect to delegate responsibility to other countries. Failure to win the peace in Afghanistan and Iraq has demonstrated the cost in lives and tax dollars of continued refusal to muster the necessary capacity and political will. Creation of a U.S. civilian Stability Force will require imagination, effort and resources, but its contribution to creating sustainable security in current and future stability operations would repay the cost.

Author's Note: The views expressed herein are those of the author and do not reflect the views of U.S. Institute of Peace, which does not advocate specific policies.

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Culture & Society

Working from Within

Nigerian Women and Conflict Resolution

Gwendolyn Mikell

Most national conflicts have to do with competition for political space and resources. Recent conflict resolution and political activism by Nigeria's Muslim women's groups are worthy of deeper consideration because of the political and policy relevance for the international community in peace building and societal reconstruction. While women's groups throughout Africa are making progress in peace and reconstruction efforts in places such as Liberia and Sierra Leone, initiatives in Nigeria are particularly noteworthy. There, Muslim women's groups mediate the cultural and ideological dynamics of national conflicts to legitimately reconstruct society. Female activism has helped bring Nigeria back from the brink of collapse by building local grass roots movements for democracy, human rights, and conflict resolution despite a precarious political environment.¹

Nigeria provides a significant example because of the leading role it plays in peacekeeping and conflict resolution in West Africa, and due to its large Muslim and Christian populations. Furthermore, Nigeria faces considerable domestic turmoil given its interpretation of Shari'a law and its history of militant violence, compounded by tensions over oil ownership. In Nigeria, Muslim women's groups bridge the Islamic and non-Islamic discourses on democratic rights and women's

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rights and achieve compromises that advance national reconciliation in ways that parliamentarians and politicians, both foreign and domestic, cannot. One of the most pertinent examples of this was the peaceful resolutions of the Amina Lawal and Safiya Husseini cases, in which two Muslim women were sentenced to death under Shari'a law.

The international community can learn important lessons from states, such as Nigeria, that are multi-ethnic, multi-religious states, have avoided collapse, yet still face tensions that threaten state stability. To learn from these women's groups, four assumptions must be challenged. First, we must confront considerable Western ignorance about Islamic cultures and reject anti-democratic, anti-female stereotypes. Second, we must abandon the Huntingtonian assumption that "terrorism" will emanate from all Muslim areas where anti-Western rhetoric develops.² Third, we need to interrogate the nature of global-local linkages, since, contrary to Western expectations, global influences may intensify the conflicts that these women seek to resolve, and can elevate the level of anti-Western and anti-Christian speech in these areas. Lastly, we need to contextualize the Nigerian conflict; women's peace movements are sustained by an intricate dialogue between cultures and within a culture, and cannot be fully understood without discussion of the circumstances.³

This article is premised upon a challenge to these four assumptions. It examines Nigerian Muslim women's conflict resolution initiatives by exploring the roots and nature of their activism, their unique perspectives on terror and local violence, their experiences with global-local exchanges, and the intra-Islamic

dialogues to which their initiatives respond.

Roots of Activism. In Nigeria, the base of activism tests the first assumption, rejecting the stereotype that Islamic society is undemocratic and anti-female. Peace and democratic activism was in fact an outgrowth of a women's movement that matured as civil-military clashes occurred during the military regime of General Sani Abacha (1993-1998). In 1993, the military government annulled the presidential elections and arrested the alleged winner, Mashood Abiola. During this time, the national conversation was tense, especially with regard to militarism, oil politics, the meaning of democracy, regional autonomy, and women's rights. Women's organizations were split on how to improve this situation. Women in the National Council of Women's Societies (NCWS) tended to work more closely with the government and were less critical of military rule. Conversely, civil society organizations like Women in Nigeria (WIN) and the pro-democracy movement NADECO demanded an end to militarism and promoted stronger constitutional guarantees that would protect human rights.⁴

However, the majority of women's groups and democratic grassroots efforts resisted Nigerian militancy. These groups conducted education campaigns, staged popular strikes, criticized the government in the media, and, in some cases, refused cooperation with the state. It did not escape the notice of the Nigerian women's peace movement that at the core of most of the conflicts of the 1990s were ethnic mobilizations over control of resources.⁵ Senior military officers were the mobilizers, and oil was the resource. From the military govern-

ment's side, the conversation was pursued mainly through violence, police action, media suppression, and the violent assassinations of the environmental activist Ken Saro-Wiwa and pro-democracy leader Alhaja Kudirat Abiola.⁶ Female activists learned to engage women across the county in a dialogue by stressing national identity over religious, ethnic, and class differences. By doing so, they were able to work collaboratively with the pro-democracy groups in the Christian South and to fight for women's rights in the northern Islamic communities during this tense period.

The cooperation between women's groups in both the North and South in the early 1990s facilitated a dialogue, in which they were able to see how the overlap of three legal systems—traditional, Islamic, and Constitutional—affected women's rights, especially to work, have

members of these organizations vary in status, education, and income. As we have seen, these groups are so successful because their leaders adjust their approaches to the cultural and ideological realities of their surroundings. By doing so, they are better able to educate others about the conflicts, lobby, and mobilize community members, and build a grassroots movement for national unity and equitable participation in political life.⁹

Terrorism and Violence. Contrary to the second assumption that anti-Western rhetoric leads to terrorism, northern Nigerians tend to view the issue of Islamic terrorism as a Western construct projected onto states with Muslim populations. After 9/11, many reiterated their contempt for the terrorists who bombed the World Trade Center in New

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children, and own land. In so doing, women were laying a basis for understanding that all law, including Islamic law, needed to be examined critically, to understand its origins and goals, and in order to see how it affected women, and whether it contributed to national conflicts.⁷ This cooperation resulted in the current infrastructure of Nigeria's women's groups, most of which are affiliates of larger national and international networks.⁸ The majority of the leaders are educated women who have earned local and national respect, while the

York and stated their rejection of the views of Osama bin Laden. While Muslim women's groups have their own perspective on what constitutes terrorism, both on the local and global level, they have been more concerned with violence at home. To stem violence, these groups work together within the confines of their culture.

In 1996, the Abacha military regime employed violence against whole communities to force them to support their candidates. Women's groups waged local campaigns to convince other women to

exercise influence in the home to contribute to peace and to run for political office against the "ethnic entrepreneurs" who manipulated religious identity in order to gain wealth and power.¹⁰ Women in the Muslim Sisters Organization (MSO) were outraged that some politicians used teenage boys to beat up dissenters. So they organized classes to educate women about electoral strategies and how to choose candidates who stood for peace and who did not use violence against the opposition. Since the state of Kano had a very traditional political culture, MSO's approach to peace education was both traditional and subtly modern. In the Islamic schools, MSO provided domestic education, as well as secular education for women in order to prepare them for local and regional government positions that would allow them to influence national developments. Women were careful to claim that their organizations did not publicly discuss politics because: "Men will say: ah-ha, this is not a religious organization, because the women are going into politics. So we go slowly, but we are political."

Central to most of the local violence was the perception of historical inequities between Christians and Muslims. The level of confrontation between Christians and Muslims had risen as Christian southerners migrated to the predominantly Muslim north.¹¹ For example, in the 1990s, many of the *talakawa* (urban poor) were critical of the oil millionaires in government and of mainstream Muslim clerics who collaborated. Consequently, the *talakawa* were often fomenters of riots and demonstrations. Also, traditionalists and Christians were increasingly demanding the right to an autonomous area so that they could choose their own political representa-

tives. Clashes often ensued between the religious groups, although their main grievances were related to political and economic inequities.¹²

Accordingly, women in the MSO began to think strategically, collaborating with other groups to sponsor workshops on peace. Both Muslim and Christian women in Kaduna state, which is multi-religious, and Kano state, which is predominantly Muslim, voiced their desire to contribute more to conflict resolution, although it took them time to move beyond mutual distrust to build a common agenda. Perhaps understandably, it was the escalation of violence between their communities that thrust MSO and other northern women's groups into the full collaborative mode. Several elite women's organizations helped to set up conflict resolution programs to address local community clashes. They were proud of their success in bringing ideologically dissimilar groups together to discuss their common concerns. Muslim women's groups joined together to become members of the West African Network for Peacebuilding (WANEP), working through a larger peace building network to address the Shari'a conflicts in Kaduna state and Jos state in 2002-2003 and the Niger Delta oil conflicts in 2002.¹³

Interrogating Global-Local Exchange. Contrary to the Western assumption that global influence is positive and yields constructive outcomes, Muslim women are aware that the global-local exchange is much more complicated. They are anxious to defuse local assumptions that they are tools of Western political, social, and religious agendas because they are heavily funded from abroad. The women have witnessed the positive impact that Western funding

had in strengthening pro-democracy and human rights organizations opposed to the military regime of Sani Abacha. But in the current explosive environment, an intimate connection to American and Western funding agencies often becomes a double-edged sword. They know that they must be primarily identified with local culture if they are to be effective conflict-resolution specialists and human rights activists. Therefore, in some cases, overt criticism of Western feminist initiatives serves to demonstrate the identity of Muslim women as indigenous activist, instead of being "daughters of imperialism."¹⁴

In the aftermath of 9/11, Western funding for Christian groups in Nigeria increased sharply, giving these organizations greater political clout and making them more aggressive. When the United States and the Kano Emirate sponsored a "Dialogue on Islam" in 2003 in order to demonstrate balance, the Christians threatened violence in order to disrupt the dialogues in Kaduna. Muslim women had to work diligently with the networks of women's groups and peace groups to prevent the anger from breaking into open conflict. They were adamant that supporters of democracy and women's participation in Nigeria act cautiously, lest their support for one identity group lead to increased conflict that could derail their efforts to achieve regional and national unity.

Contextualizing Conflict. The legal battles that occurred after the institution of Shari'a law in 1999 demonstrate the third assumption that only those who could contextualize the domestic conflict could contribute to conflict resolution. It is important for outside observers to be aware of an intra-

Islamic set of dialogues, in which Muslim women are participating as they mobilize to resolve conflicts. For example, over the last three years much of northern Nigerian women's activism has been focused on addressing the "violence toward women" in the culture, which many have argued is sometimes reinforced under Shari'a law. Nigerian women had been working systematically at such issues through their organizations to inform women of their rights, to coordinate with organizations investigating rape and sexual abuse, and to critique gender-biased and misogynous understandings of the Qur'an.¹⁵ This means that they were well positioned to take up the cases after the passage of the Shari'a criminal codes into law in twelve states.

Many moderate Muslims across northern Nigeria were distressed by this development, which they called religious autocracy, or "shariacracy."¹⁶ President Obasanjo did not intervene in Shari'a proceedings, saying that he could not impose a constitutional judgment upon a religious court.¹⁷ Conflicts between Christians and Muslims emerged over legal precedence: whether Christians in the north would be held to Shari'a standards. The most contentious debates within Nigerian civil society centered on the disparity between males and females under Shari'a and over the extremist punishments reserved for women for sexual "crimes." Interpretations of the penal codes allow for wife-beating, treat rape "as a form of *zina*—illicit sexual intercourse," and hold women liable in situations of rape.¹⁸

Nigerian women's understanding of local culture contributed to the removal of injustices stemming from the implementation of Shari'a law. The cases of Safiya Husseini and Amina Lawal are

examples of women's groups' contextualizing the situation to achieve a positive outcome. These two women were sentenced under northern Shari'a law to death by stoning or flogging for pregnancy outside marriage; their male partners were not charged. This drew the attention of Nigerian and international groups.

Global outrage had both positive and negative results. International attention complicated the task of conflict resolution, thereby raising the question of when global advocacy becomes intrusive and counter-productive. For example, in the Lawal case the Appeals Court agreed to stay the execution for two years until her child had been weaned. During the interim, international petitions and letters of protest poured in from all over the world, but they were often based on inaccurate statements of fact. Activists pointed out that in right-wing states like Zamfara, the governor and Shari'a officials boasted that these "letters from infidels" would do no good. Advocates for the women warned letter-writers that the Court might carry out the sentences just to defy the international community.¹⁹ They also noted that this external pressure conveyed the belief that Nigerian women could not achieve the desired legal results on their own.

The lifting of the Lawal sentence came after persistent and strategic interventions by her lawyer, Hawa Ibrahim, and various women's organizations. In her later descriptions of the process of mediation, Ibrahim talked about the important role that culture and networking within the Nigerian women's community played in reaching the people who could best influence the opinion of the *ulama* of the Shari'a Court.²⁰ Her strategy was to have informal discussions with the women associated with the *ulama*, but this

proved exceedingly difficult to do. When a message arrived one day, saying that the family of one *ulama* would be celebrating the birth of a new child in the household, Ibrahim traveled hours to reach the family compound. She joined the groups of women singing, chanting, praying, and cooking. Finally, having demonstrated her solidarity with the women of the household, they took her to meet the *ulama*. She sat and talked with him about justice and injustice under Shari'a, the importance of the accused having a proper defense, and the lasting impact of demonstrating justice for Muslim women. When the judgment was overturned on 25 September 2003, women's organizations all over the country celebrated.²¹ They also understood that a momentous change had occurred in the way the Shari'a Court would think about the punishment of women.

The lesson of this case is that Nigerian women understood the religious discourse, and as a result were better able to respond to it. They knew that dialogue within the Muslim community would be more effective in resolving difficulties and conflicts. These discourses are locally owned, and they utilize the values contained therein, while deconstructing and reshaping the ideologies prevalent within the community of Islam. These dialogues allow various parties to bring their ideas and actions into harmony with each other, so that a consensus emerges in which all parties feel themselves to be stakeholders. There are many indications that northern Nigerians, including women, are trying to reach a new consensus about the dynamics of Islam, civil society, and the state.

Margot Badran pointed out that the movement toward greater women's rights is part of an ongoing set of strains within

Islam.²² Muslim women scholars are making the argument that it is the obligation of good Muslims to think and interpret the Qur'an in ways appropriate to their society and time.

The Governor of Bauchi state raised questions, during that same conference, about how Nigerians could implement Shari'a so that non-Muslims could be accommodated, and how to do so without losing their identity as Muslims. His commentary demonstrated that both northern regional leaders and Muslim clerics are now beginning to acknowledge that the debate has entered a new stage. Through activism and resistance, Shari'a is being reshaped in a way that is consonant with how contemporary Muslims see the world. From the perspective of the larger society, the issue is no longer how to roll back Shari'a, because doing so is impossible in a democratic state. Rather, the issue is how to bring discussions of

successful in their endeavors, which focus primarily on national unity.²³ The international community would do well to challenge assumptions about Islamic culture and society in order to learn from these women. Until we overcome the assumptions that Islam is anti-female, anti-democratic, and anti-Western, we will deny the women the political space they need to work within the third assumption that recognizes the importance of contextualizing the conflict. Once it recognizes that women are effective political actors, rather than simply victims, the international community can better aid in conflict resolution, peace building, and societal reconstruction processes

This is not a simple fallback on the slogan "African solutions for African problems," because international support to enable conflict resolution and peace initiatives will make a difference.

International attention complicated the task of conflict resolution, thereby raising the question of when global advocacy becomes intrusive and counter-productive.

religious law, constitutional law, and traditional law into the public square. Nigerian women's organizations have been at the forefront of this task, insisting upon doing it in a way that accords respect to the views of all citizens—Muslims, Christians, and Traditionalists, as well as northerners and southerners.

Giving Women Space to Make a Difference. Nigeria's Muslim women and their organizations are extremely

Western policymakers have been expending considerable resources to enable women's organizations to do more of the conflict resolution work that is needed. Their agendas can be supported from abroad, not imposed from abroad. The insights that Nigeria's women's groups bring to national debates can be important not only for its conflict-torn neighbors, but also for the African Union as it continues to elaborate its conflict resolution mechanisms.

However, we are now discovering that we do not yet know enough about the organizational dynamics of such women's conflict resolution and peace movements. The question of how people resolve cultural and ideological differences that have loomed large in the past is insufficiently addressed. I have focused here only on the issues and the outcomes of this activism, but there is a need for

further study to understand the language of gendered conflict resolution and reconciliation: specifically, the discourses and dynamics of peace and unity. Although there is an overlap of women's discourse within religious and secular contexts as they seek to build unity, we need to gain greater understanding of the dynamic in order to apply these models of conflict resolution elsewhere.

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Turkey's Minority Report

Hugh Pope

In Turkey, almost nothing in the lexicon of international politics provokes a more prickly reaction than the simple word "minority." The idea of ethnic and religious community divisions conjures up two threatening images for the majority of Turks: one of Christian powers plotting to divide, rule, and carve up the country, as happened after the fall of the Ottoman Empire, the other of non-Muslim fifth columnists conspiring to stab the Turkish majority in the back. However, as Turkey stabilizes after the domestic upheaval and economic stagnation of the 1990s, treatment of both ethnic and religious minorities is emerging as a main touchstone of the country's future progress.

How far Turkey manages to go is of critical interest, since it boasts the largest economy between Europe and India and is considered the most democratic and secular state in the Muslim world. With its eyes on European Union membership, Turkey is increasingly unable and unwilling to use force or unjust laws to impose its will on religious and ethnic dissenters. Turkey is slowly opening, but suspicion of cultural diversity has deep roots and setbacks do occur. In order to maintain the positive trajectory of recent years, the persistent, intelligent engagement of foreign governments and multilateral organizations is required. This article first shall track the progress Turkey has already made and both the historical and current obstacles that slow change, before examining what multilateral organizations

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and foreign governments can do to sustain efforts to better the lives of all of Turkey's "minorities."

Two Steps Forward. Turkey has made unusually rapid legal advances toward tolerance of diversity over the past five years. Largely due to pressure from the EU, more rights have been granted to both non-Muslim congregations and Muslim communities. Since the EU opened the door to membership negotiations in 1999, the legal and bureaucratic freedoms the Turkish government has passed are commendable. Under first a nationalist and then a pro-Islamic government, Turkey enacted two constitutional and eight legislative reform packages, ended three decades of two- and three-digit inflation, and took serious action against corruption. Turkey also improved the workings of the judicial system, a chief cause of European criticism in the 1990s. Reforms ranged from legal changes that improved defendants' access to lawyers to raising educational entry requirements for police recruits. Furthermore, Turkey acceded to new international agreements, including the UN Convention on the Elimination of All Forms of Racial Discrimination, and widened its acceptance of the supremacy of previously signed international laws.

Minorities saw real improvements. Work started on rewriting schoolbooks whose myopic and nationalist view of history has ingrained prejudices in generations of Turks. In 2004, Turkey released for retrial four ethnic Kurdish nationalist former parliamentarians after ten years in jail on charges of collaborating with violent Kurdish rebels. Fewer cases are reported of Kurds being prevented from registering babies with Kurdish names. Three communities whose native

language is not Turkish were allowed to air short electronic broadcasts. Converts from Islam reported faster processing of their requests for changes of religion on identity documents. A December 2003 Interior Ministry circular ordered governors to facilitate free worship.¹ In 2004, a new law of associations allowed several groups of Christians to register their communities and win a collective legal identity. The registration of property owned by non-Muslim foundations has been significantly normalized. This progress was recognized by the EU on 17 December 2004, when its leaders agreed to open negotiations with Turkey on full membership of the European Union.

The key to Turkey's progress is a quiet gradualism. For instance, the major nationalist Turkish newspaper *Hürriyet* ran a series of articles in March and April 2005 explicitly legitimizing arguments that many Armenians were unjustly killed in the early twentieth century during deportations.² This was a small step, but signaled greater open-mindedness on a very sensitive subject. Also, as Turkey's neighbors have taken steps to improve relations, Turkey has reciprocated. Once-aggressive Greece is exemplary as it defused much of the bilateral friction with Turkey by supporting Turkey's EU bid in 1999. This was followed by the Turkish decision in 2003 to allow Cypriots, Turkish or Greek, to freely cross the front lines dividing the island, which signaled a new era in Cyprus settlement negotiations.

The Weight of History. Despite the advancements in its minority record in recent years, Turkey finds itself struggling to reconcile the theory of democratic liberalism with the practice of integrating the diverse religious and ethnic groups

that are at odds with Turkey's nation-state ideology. The current ruling orthodoxy is a somewhat contradictory and inconsistent, but nevertheless well-understood mix, including a moderate, state-directed Sunni Islam, a centralized secular government, and a Turkish nationalist identity. The majority of the population has little argument with this construct.³ And since the creation of the Turkish state, the government has worked

percent of respondents, and "mostly bad" by 23.5 percent.⁴ During the 2003-04 school year, even after the recent improvements, Turkish children were still learning from their schoolbooks that minorities are untrustworthy, traitorous, and harmful to the state.⁵

Historical memories often forgotten by outsiders, namely the European use of Christian minorities in attacks on the Ottoman Empire, have deepened this

With its eyes on European Union membership, Turkey is increasingly unable and unwilling to use force or unjust laws to impose its will on religious and ethnic dissenters.

to indoctrinate the majority into its rigid way of thinking. In the first decades after the foundation of the republic in 1923, Turkey looked inward as it struggled to rebuild a new country on the ruins of the Ottoman Empire.

Accordingly, history weighs heavily on the slow process of opening Turkish society. Religious minorities, for instance, were by turns privileged and discriminated against in the Ottoman Empire, and the principal stigma attached to "minorities" today derives from the fact that the term is still perceived to refer to "non-Muslims." Even though Christians now do military service and are theoretically full citizens, a rare impartial survey of Turkish youth by Germany's Konrad Adenauer Foundation discovered that young Turks considered "non-believers," or non-Muslims, to be the third least liked group after freemasons and homosexuals. "Non-believers" were considered "invariably no good" by 50.7

prejudice. Russia, Britain, and France support was extended to Christians in the Balkans and Lebanon, who used this leverage to win self-rule or independence. Britain and France seized the Middle East from the Ottomans in the First World War, and the Allies backed Greece in its ill-fated invasion of Asia Minor in 1919. A deep scar was then cut in the Turkish national psyche by the never ratified, but nonetheless influential, 1922 Treaty of Sèvres, which aimed to carve present-day Turkey into a jigsaw puzzle of Armenian, Kurdish, and Greek protectorates of Europe. The Turks were to be left with a rocky corner of the northern coast.

However, Turkish victory in the 1919-22 war of national liberation against Greece and its Western Allies meant the end of the Treaty of Sèvres and doomed the last major surviving non-Muslim minority, the Greeks. One million Greeks living in Anatolia were deported

in a population exchange with five hundred thousand Turks who were living in Greece. However, this does not compare to the uprooting of Asia Minor's ancient Armenian population between 1890 and 1923, which Armenians describe as a genocide with 1.5 million victims. Official Turkish historians agree that there were deportations and as many as three hundred thousand Armenians died, but they counter that just as many Turks may have died in the struggle between nationalist partisans and

here, Turkey only recognizes the country's sixty thousand Armenian Orthodox Christians, twenty thousand Jews, and three thousand Greek Orthodox Christians as full minorities, a tiny portion of Turkey's 2005 population of 71 million.⁷ Turkey has long violated the letter and the spirit of the treaty in regard to other groups such as the Kurds or Alevis, which are not mentioned by name in the document. Article 38 of the treaty stipulates that all inhabitants of Turkey should have the right to free and public obser-

Although Turkey has taken major strides in improving conditions for minorities, **for every two steps forward, it takes one step back.**

Armenian militias. Wherever the truth lies, neither side has opened its archives fully, and recent attempts to revive scholarly debates have stumbled.⁶

The impasse is partly because nationalists on both sides would lose from a change in the status quo. Armenians know their claim of genocide is generally accepted in the West, and that their cause would be weakened by any dilution of that consensus. Turkey's rejection of all guilt allows it to continue to pretend that it has nothing to answer for—and avoid possible Armenian claims for territory and reparations. A similar fear of concessions lies behind the Turks' sanctification of what it presents as the limited scope of the 1923 Treaty of Lausanne, the document in which the Republic of Turkey won international recognition as an independent state. The Treaty still determines how Turkey defines its minorities.

The Treaty guarantees legal and communal rights for non-Muslims. But even

vance of their religion. Article 39 states, "no restrictions shall be imposed on the free use by any Turkish national of any language in private intercourse, in commerce, religion, in the press, or in publications of any kind or at public meetings."

Turkey is under pressure to include these groups, which count 8 million members each, in their interpretation of the Treaty.⁸ Both the United States and the EU now classify Muslim subgroups as "communities" and even "minorities," a distinction that is blurred by the fact that Kurds speak dialects of Kurdish, an Indo-European language different from Turkish, yet share Sunni Islam with the majority of the Turkish-speaking population.⁹ Most Alevis, on the other hand, are ethnic Turks, but they practice a heterodox faith that shares elements of Shia Islam. Strengthened by new external support and domestic media openness, both groups have become more assertive of their identities.

Turkey is especially sensitive about the rise of the Kurds since the first Gulf War in 1991. And since the 2003 occupation of Iraq, it worries that Washington views Iraqi Kurds with special favor. Turkish Kurds, a majority in a large part of the southeast, are indeed influenced by the progress of Iraqi Kurds toward federal autonomy. Turkey's Kurdistan Workers' Party, or PKK, began the latest of a long history of Kurdish rebellions in 1984 and turned unsettled northern Iraq into a major base after 1991. To Turks, it seemed like a replay of the threat they perceived from Russians and Armenians in the First World War: at the height of the Kurdish insurgency in 1997, Turkish Interior Minister Meral Akşener referred to Kurdish rebel leader Abdullah Öcalan in a speech as "spawn of an Armenian."¹⁰ The revolt only abated after Turkey captured the PKK leader Öcalan with American help in 1999. The PKK, now renamed Kurdistan People's Congress, or Kongra Gel, suspended its 1999 ceasefire in June 2004. Some five thousand rebel fighters are still camped in remote mountains of Northern Iraq, untouched by U.S. forces. Because of this long history of conflict, Turkish republicans see the transformation of Kurds into a "minority" group as a new version of nineteenth century European subversion of the Ottomans through Christian minorities.

One Step Back. Contradictions in Turkey's initiatives towards the minorities are often rooted in domestic differences between the secular republican establishment and populist or pro-Islamic politicians. Senior officials privately admit that their reluctance to grant religious freedoms for Christian minorities has a lot to do with their desire to

keep control of the Muslim majority. They fear radical Islamic groups will demand the same rights of organization that are granted to Christians. At the same time, the pro-Islamic conservative politicians in office since 2002 admit that their fervor for EU liberalization stems partly from a desire to win more freedoms for their supporters—and to win legitimacy and international support against any attempt by the military-secularist establishment to unseat them.

Although Turkey has taken major strides in improving conditions for minorities, for every two steps forward, it takes one step back. For example, Turkey did not sign Europe's Framework Convention for the Protection of National Minorities. A slew of new state human rights groups, such as a directorate for human rights at the prime minister's office, have had only a "very limited impact."¹¹ Indeed, when a separate Human Rights Consultative Board to the prime minister called a news conference in November to publish a report critical of Turkey's attitude to minorities, a dissenting member ripped it up in front of the television cameras. The government distanced itself from the report's findings and later forced fourteen members of the board out of their posts.¹²

A formerly secret state body for controlling minorities was reconstituted as a public organization for helping minorities, but officials say it is now staffed by diplomats with little influence on events on the ground. Despite the 2003 Interior Ministry circular mentioned above, Christians in the tourist resort of Bodrum last August suddenly found themselves barred from their place of worship. Shrugging off strong U.S. and European pressure, Turkish authorities refused to allow a Greek Orthodox seminary to

reopen. Furthermore, opaque state confiscations and sales of properties owned by non-Muslim foundations continue—albeit less frequently than in the past.

Official harassment of formally recognized minorities such as Armenians, Greeks, and Jews has been intense at times. Although these groups have long been able to run their own schools, worship freely, and own property through charitable foundations, these minorities still face myriad difficulties. For instance, repainting a religious building requires hard-to-get permissions. The problems can be political, as when small mobs of youths affiliated with a far-right party burned an effigy of the Greek Orthodox Patriarch in front of his patriarchate last year. They can also be external, as in terrorist attacks on synagogues, most recently by twin Turkish Islamist suicide bombers in 2003.

The pettiness of some official proceedings can astound outsiders. The world recognizes the Patriarch of the Greek Orthodox as the ecumenical leader of the 250 million adherents of the Eastern Orthodox rite—mostly Russians—but Turkey denies him this status, preferring foreign criticism of its narrow-minded-

Turkish media claims that Sabiha Gökçen, one of Mustafa Kemal Atatürk's adopted daughters and Turkey's first female pilot, was of Armenian origin.¹³ In response, the Turkish Armed Forces General Staff stated that such a claim "abuses national values and feelings" toward Atatürk—revealing the negative perceptions of Armenian ethnicity.¹⁴

Life is even harder for unofficial religious minorities. The government denies the status of minority, and thus the right to establish schools, to the ancient Syriac Orthodox Christian church. Jehova's Witnesses, Bahais, and other marginal sects find it even harder to worship in peace. Growing new Protestant communities, which can usually worship freely, are monitored by police and face obstacles when trying to organize official congregations or buy churches.

Revealing the limited nature of its approach, two years ago, the government encouraged beach hoteliers on the Turkey's southern coast to build a small mosque, church, and synagogue in a cozy group in a stand of pines. These became some of the first new non-Muslim places of worship built outside diplomatic premises since the founding of the

Turkish interest in the West is largely based on opportunism, not the belief that European cultural norms in matters like minorities are inherently superior.

ness to granting any advantage to Greeks at home. In 2004, new Kurdish language schools were denied licenses for having doorframes two inches too narrow. More ominous were racial undertones in

republic. The buildings are picture-perfect, but lie far from any natural population center and are little used. The church is only used every other Saturday, attracting a few dozen tourists and

European retirees who are increasingly settling on Turkey's south coast.

If this appears to be in direct contradiction to Turkey's declared goal of integration with Europe, it is because Turkey is indeed ambivalent about its European vocation. After all, Turkish interest in the West is largely based on opportunism, not the belief that European cultural norms in matters like minorities are inherently superior. Some Turks want to adopt more advanced European systems to better compete with Europe. They think that if these reforms produce a more prosperous society by 2015, Turkey would then make its real choice about whether or not to join the EU. "The journey is important, not the destination," said Mustafa Koç, head of Turkey's biggest conglomerate, Koç Group.¹⁵

Multilateral Engagement is Key.

These are fluid processes, and for now the momentum is positive. Many of the prejudices that block Turkey's reform process are based on fear and a lack of common ground. There are many areas where a new joint understanding can be and has been achieved. As a sovereign state, the main burden of responsibility for ensuring that this continues remains Turkish. The older generation of Turkish leadership must accept that, to be credible to outsiders, they will have to abandon any remaining threadbare dissimulation. Similarly, closer engagement with Turkey over the past decade has disabused most EU governments and elites of their once-romantic notions about the PKK, after having learned of its Stalinist structure, drug-running links, and coercive methods in the Kurdish diaspora of Europe.

However, to sustain permanent, real victories for minorities, both the United

States and the EU must show serious commitment to engaging Turkey. This means that outsiders should talk to representatives from each of Turkish society's many factions, especially opponents of change. They should avoid preaching, and they must have a clear understanding of the Turkish interpretation of history and the current situation. When Turkey does make major positive moves it is important that Western partners reciprocate quickly and publicly; Europe's failure to do so after Turkey moved behind the UN peace plan for Cyprus in 2004 undermined popular support for the government's reform agenda. Still, as Turkey's fears of internal instability and external threats recede, the overall climate has become far more auspicious than in the strife-torn 1990s. Likewise, whether or not they are a minority, Turkish Kurds are strongly in favor of sharing in Turkey's integration into the EU as a guarantee of their own rights and access to economic advancement.

The United States could defuse much of the current trend of anti-Americanism in Turkey by delivering a successful counterblow to Turkey's fear that there is a U.S.-Kurdish plot to split up the country.¹⁵ This could be done, for instance, by a determined U.S. attempt to dislodge Kurdish rebels from northern Iraq. By visiting Ankara on her first European tour as Secretary of State, Condoleezza Rice showed a smart willingness to re-engage Turkey, whose protests can be as much an appeal for attention as anything else. Turkey's relationship with the West will never be easy, and the coming decade of negotiations will not solve all the outstanding issues for minorities. Indeed, the process sometimes looks less like a journey than a never-ending

wrestling match; both sides are determined to get a better hold to influence the other. However, neither side can afford to abandon the field in a contest that has already lasted a half-century.

As time passes the EU liberalization processes are changing attitudes in Turkey. When I gave a lecture at Istanbul

University in January 2005, I was surprised to find how far students had moved from a decade ago. Back then, questions typically included: "Why does the West not understand Turkey's positions on the Kurds, Armenians and Greeks?" Now they ask: "What should we do to improve our record?"

NOTES

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Reconsidering Battlefield Contractors

Doug Brooks and Jim Shevlin

Private firms play an indispensable role in supporting peace and stability operations from Congo to Iraq, but sensationalization and misinformation of "battlespace contractors" has unfortunately skewed public perceptions and is having an adverse impact on policy formulation. Despite frequent claims that private firms are unprecedented, unregulated, inherently unethical and even a threat to American democracy, the private sector actually has a long history supporting U.S. military operations, is regulated by numerous domestic and international laws and statutes, plays a central role in operations critical to speedy state recovery, infrastructure reconstruction and humanitarian security, and is critical to implementing policies of democratic governments and the international community.¹ The private sector provides policymakers, as well as those tasked to carry out the policies, with remarkably cost-effective and flexible tools, and criticisms of the industry too often have more to do with the politics behind the policies than with the performance of the companies engaged in their implementation.

Private contractors have been serving in war zones alongside U.S. forces since the American Revolution, and their role has constantly evolved.² Today, contractors are accepting new tasks, such as landmine eradication, and new clients, such as the UN. A more inclusive term for this expanding industry is the "peace

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and stability industry," which covers firms providing "military" services ranging from demining to heavy air logistics and from military and peacekeeper training to actual armed security. There has been a debate of sorts among policymakers and pundits about the scope, role, transparency and accountability of these companies—especially armed private security companies. The essential and increasing value the private sector provides to peace and stability operations is such that the role of these companies deserves an honest and nuanced discussion. This article will provide a typology for the firms involved, describe current regulations, highlight problems with current laws, and provide recommendations for the best way forward.

The Peace and Stability Industry.

Within the peace and stability industry there are hundreds of companies providing critical services to military operations. Personnel utilized by these companies generally come from the ranks of former soldiers who learn an array of useful skills during their military careers and can serve in the civilian workforce for years after their military retirement. Many of these personnel have served for decades but are young enough to have second careers offering their skills through the private sector.

While there have been claims that the peace and stability services market is worth more than \$100 billion worldwide, that figure is hugely inflated and takes into account services that most analysts would not normally include, such as cleaning the Pentagon.³ The largest contract for services in Iraq, KBR's LOGCAP, is valued at about \$14 billion since 2003. The largest security contract in Iraq is with Aegis Defence Services Ltd.,

which has more to do with intelligence and coordination of other contractors, is worth \$293 million over three years. Limited to service companies operating in conflict/post-conflict (CPC) environments, a more accurate number would be closer to \$20 billion per year, over half of this amount is from the recent conflicts in Iraq and Afghanistan.

To better understand how the pie is divided, it helps to break the industry down into three generally recognized categories: the support companies, or Nonlethal Service Providers (NSPs), make up well over 90 percent of the market in terms of contract value and personnel numbers, and the two more controversial categories of Private Military Companies (PMCs) and Private Security Companies (PSCs).⁴

Nonlethal Service Providers. NSPs provide logistics services, air transport, construction of military bases and refugee camps, and other specialized services such as water purification, unexploded ordnance disposal, and mobile hospitals. While NSPs face many of the same legal issues as the PSCs and PMCs when they operate in CPC regions, most concerns about NSPs focus on appropriate procurement policies, whether their services should be labeled "inherently" governmental, or whether the U.S. military is too reliant on them. NSPs provide an amazing range of services that do much to support U.S. military operations: at one point in the 1960s there were more than 80,000 contractors supporting the U.S. military in Vietnam.⁵ Today, KBR, formerly Brown & Root, alone employs more than 50,000 people in Iraq, Kuwait and Afghanistan, most often seen driving trucks and operating cafeterias for the U.S. military.

Private Security Companies. PSCs are gaining the most attention in Iraq. They provide armed protection for "nouns": people, places, and things. These include politicians, military leaders, buildings, organizations, convoys, etc. Most often PSCs work as subcontractors for other

Private Military Companies. PMCs are firms used to alter the strategic shape of a conflict. PMCs generally work for states, international and regional organizations and provide military and police training, security sector reform, assistance in defense ministry design, and even advice

Private contractors have been serving in war zones alongside U.S. forces since the American Revolution, and their role has constantly evolved.

companies rather than governments, but in Iraq several are directly contracted with the U.S. Department of Defense (DoD) and Department of State (DoS). While conceptually there is little difference between security guards in Iraq and in the United States, where private security outnumbers regular police three to one, PSCs in Iraq tend to have military backgrounds, be better armed, and offer a higher level of armed security capable of defending their "nouns" against attacks by heavily armed insurgents and bandits.⁶ Most PSCs in Iraq have a core of Western employees, but the bulk of personnel are Iraqis and international employees, which are sometimes called Third Country Nationals. PSCs have seen the greatest growth as a result of the Iraq war, although many analysts claim that this is a "Baghdad Bubble" and PSCs will eventually shrink to their prewar size. Although numbers fluctuate based on contractual needs, best estimates indicate PSCs have between three and six thousand armed non-Iraqi security personnel in country and employ an additional 20,000 Iraqis.⁷

on proper civil-military relations in a democracy. PMC employees are generally unarmed, though in Iraq some carry sidearms for self-defense. The effectiveness of PMCs can be remarkable. For example, Military Professional Resources, Inc. (MPRI) was pivotal in ending the war in the Balkans.⁸ United States policy under the Clinton administration employed the company to create the Bosnian military out of the three warring factions that had helped tear Yugoslavia apart and also licensed MPRI to modernize the Croatian military in order to balance Serbian military power. Although the European Union and many political analysts denounced the policy, the current peace in the Balkans owes much to MPRI's training. While issues were raised regarding the appropriateness of utilizing a civilian company to do military training on such a scale, if President Clinton had been limited to using high-profile military forces, Congress probably would have balked at the policy. Today, MPRI has ongoing training operations in both Iraq and Afghanistan.

Why Contractors? What accounts for this boom in the peace and stability industry? The five most important reasons are the industry's surge capacity and speed, force multiplication, specialized skills, ease of use, and cost efficiency.

Surge capacity and speed refers to the ability of the military to increase its capabilities and specialties quickly. The process of recruiting, or even conscription, takes months and years, which due to the necessity of speed is not a useful solution. Many of the military specialties in greatest demand require years of training, and even once the force has been increased, each new soldier represents an enormous long-term investment in the form of training, salaries, and extended benefits. By contrast, private firms can quickly recruit personnel with the needed expertise from the global pool of former military and fill short-term contracts with finite costs. Deployment times for private sector personnel are generally days or weeks, whereas government or UN deployment times are measured in months.

The next advantage is specialized skills. The modern military has come to rely upon very sophisticated technology. Often it is impractical to train a soldier to maintain this technology, as it is unknown for how long that soldier will remain in the force. By contracting with the manufacturer to provide technical support, the military saves the cost of having to train a new set of technicians every four years, which is the standard military enlistment period. On the other end of the spectrum, many former members of the military possess more "hands-on" skills. From training indigenous forces to acting as bodyguards, contractors can provide a level of experience that is in short supply in the

active duty force. These former servicemen thus enhance the force by shouldering some of the burden for such tasks as security and training.

Ease of use refers to the capacity of clients to hire, fire and control the behavior of the companies they contract. While governments have greater direct control over regular military forces, political realities can make deployment and use problematic. Companies are for-profit entities and ultimately can be controlled financially: stop paying them and they go away. However, there are numerous, more nuanced ways to influence private firm behavior. Contract law is quite developed and contractual specifications can be utilized to manipulate company procedures, from requiring contractors to bring specified language skills to ensuring proper human rights conduct to requiring independent oversight. Legally companies can be forced to follow their obligations or be penalized for failing to do so, and while international operations in CPC environments necessarily adds complications to legal procedures, it also adds additional legal venues and opportunities for addressing client concerns. Even the exercise of procurement and competition can enable a client government or organization to control the nature of the services they are purchasing. In many cases, government clients have found that private sector services are preferable to "in-house" policy tools simply because they are largely free of the political baggage inherent in government or military operations. While inherent politics can often distort the intended goal, private entities avoid this pitfall, easily dismissed with little long-term political blowback.

Finally, contractors are cost effective. Due to experienced personnel and a

small size compared to DoD, they are usually able to move faster and adapt more quickly than the regular military. Lower overhead means lower costs, and most companies rely on short-term contract employees, well paid but requiring no long term benefit costs. Private firms

U.S. Regulation and Law. There are important differences between the military and the contractors who support them, especially in terms of legal accountability and control. U.S. military personnel, by and large, sign only one contract: their enlistment contract,

Private firms can quickly recruit personnel with the needed expertise from the global pool of former military and fill short-term contracts with finite costs.

have the flexibility to use local and regional subcontractors and more leeway in designing solutions. An example of this is Blackwater USA's contract for management and security of a small U.S. military base in Asia, which replaced 166 military personnel with only 25 specialized civilian employees.⁹ Western field managers running such operations are better paid than their military counterparts, but small numbers of managers can operate huge projects using cheaper local and international personnel. By using subcontractors from inside a theatre or geographic region, transportation issues and timelines are minimized, while enthusiastic employees—who are paid less than Americans but are earning several times their home country wages—are readily available. The private sector is comprised of thousands of companies competing for work, which further reduces costs.¹⁰ While some analysts claim instances where private sector contracts have proven expensive, overwhelmingly the private sector provides substantially better, faster and cheaper services, especially given substantive competition and proper oversight.¹¹

after which there is no further negotiation. In terms of criminal liability, all military personnel fall under the Uniform Code of Military Justice (UCMJ) and are subject to courts martial for serious offenses. Private firms, on the other hand, are subject to numerous, sometimes contradictory laws and regulations. Notable among these are the Military Extraterritorial Jurisdiction Act (MEJA), the International Traffic in Arms Regulations (ITAR), the Foreign Acquisition Regulations (FAR), Defense Foreign Acquisition Regulations (DFAR), and the Defense Base Act (DBA).¹² At the same time, there are competing oversights, which come from DoD and DoS contracting officers and auditors, various congressional committee investigations and the Government Accountability Office (GAO), which has several investigations underway into the role of private firms working in Iraq. And finally, contractors are often covered under Status of Forces Agreements (SOFAs), which are bilateral agreements governing legal issues related to military forces based in foreign countries.

Nevertheless, unless Congress declares war, all legal issues related to contractors come under civilian, not military, law.

MEJA is the criminal law for contractors supporting the U.S. military abroad. This statute governs all the actions of DoD contractors overseas and is the source of authority for the arrest and prosecution of contractors suspected of criminal acts. MEJA provides for jurisdiction in U.S. Federal Court to prosecute acts that would be felonies if they had occurred in the United States. Originally, MEJA only covered DoD contractors, but it was expanded to cover any government contractor supporting a DoD mission overseas. The industry would like to see it expanded even further, to include non-DoD government contracts.

ITAR is a regulation that was originally designed to control transfers of U.S. military equipment and technology to other countries. However, a section of ITAR known as Direct Commercial Sales is targeted at private industry. In addition, ITAR requires that, in addition to military goods, services must be approved by the DoS for any user even if the user is also the U.S. Government. Penalties for violations can be up to \$1 million in fines and 10 years in prison.¹³ The FAR and DFAR regulate the acquisition of goods and services by federal agencies and include numerous requirements and regulations that further ensure proper behavior. Finally, the DBA is required of all prime contractors and all of their subcontractors. The act provides workers' compensation benefits in the form of disability, medical, and death benefits. These benefits are substantially more comprehensive than insurance provided to military personnel.

International Regulation and Law.

With regard to the Geneva Conventions, the combatant/civilian status of contractors is not clear-cut. However, it is generally accepted that they must be considered civilians.¹⁴ According to the Conventions, if an individual is "being commanded by a person responsible for his subordinates," has "a fixed distinctive sign recognizable at a distance" such as a uniform, carries "arms openly," and conducts "operations in accordance with the laws and customs of war," then that person must be considered a combatant. Some contractors do not fall under the category of combatant because they fail to meet the condition of being commanded by a person responsible for his subordinates. This condition must be met by a code such as the Uniform Code of Military Justice that would allow the prosecution of a superior for the acts of a subordinate. This condition does not apply to contractors.

As regards POW status, the United States and most other nations who use contractors issue them identity cards intended to ensure their treatment as prisoners of war if captured.¹⁵ In an insurgency, legal status is usually a moot point: enough civilians have been put to death that it is clear the Geneva Conventions are largely ignored by Iraqi insurgents. In addition, because of the provisions of MEJA, contractors may be tried for offenses committed abroad. Therefore they must adhere to, among other international regulations, the International Human Rights Provisions and the Geneva Convention Protocols.

Finally, it should be remembered that Iraq was only an international conflict up until June 2004 when power was transferred to the interim Iraqi

government. Currently it is considered an internal armed conflict, meaning that many of the international laws related to international armed conflict no longer apply.

Legal Analysis of Peace and Stability Industry in Iraq.

In Iraq, contractors must adhere to specific rules and regulations promulgated by the DoD and the Coalition Provisional Authority (CPA). Contractors operate under rules of engagement originally provided by the CPA and now supported by the new Iraqi government.¹⁶ They must obtain country and theatre clearances and weapon carrying registrations. These rules and regulations place limits on weaponry and require PSC operations to be strictly protective meaning that they cannot engage in offensive assignments. Before dissolving, the CPA created CPA Memorandum No. 17 and CPA Order 17, which gives the new Iraqi government significant authority over PSCs and their personnel.

MEJA is capable of addressing the criminal law aspects of PMC regulation. It provides both the military commanders and contracting officers with powers of arrest, prosecution and repatriation over civilian contractors, as well as the option to turn them over to host country law enforcement. However, MEJA, a new statute signed into law in 2000, has not been exercised extensively and is dependent on the cooperation of the Departments of State, Justice, and Defense. Thus far the Department of Justice has been slow to prosecute cases, although several are reportedly in the works, which has made DoD wary of exercising arrest powers. This has caused frustration among the public, the media, and the peace and stability

industry. With the U.S. government by far the largest client, most firms want demonstrable accountability in order to make the government comfortable with their use.

The complement to criminal regulation is contracting regulation. Current regulation of contracts for military supplies and services are carried out by both DoS and DoD. As described above, the pursuant regulations may be found in the DBA and ITAR. Unfortunately, these regulations sometimes suffer from contradictions and cause licensing delays, inevitably creating waste and mismanagement. In many cases, firms found bureaucratic delays in obtaining licenses and equipment that left personnel in the field unsupplied, or in the case of PSCs, inadequately armed and armored to carry out contracts from their governments. After a contract has been agreed upon and signed, the contracted firm remains responsible for any violations of ITAR, even if those violations come about due to the government's own incompatible contractual requirements.

Department of Defense doctrine does not involve field commanders in the contracting process, which creates a disconnect between contractors and the forces they support. The contractors are accountable for job performance only to the contracting officers and auditors, who are often civilians lacking essential background on military procedures or not in the area of operations due to the danger. This is detrimental to all parties. Troops have no guarantee that the goods and services contracted for will be delivered, and contractors are less coordinated with military units because they operate independently of the force structure. At the same time, the need for contract

flexibility in CPC situations is undermined, since task order modifications require communication and negotiation with U.S.-based authorities.

The Way Forward. Populist simplifications undermine dispassionate policy analysis and formulation, and it is extremely unfortunate that lawmakers anxious to highlight their opposition to current administration policies have used the industry as something of a political ping-pong ball.¹⁷ Critics are probably accurate when they point out that using large numbers of civilians instead of military to support government policies reduces the political cost of controversial military actions, but that must be divorced when analyzing the effectiveness of the contractors. The value that the private sector adds to military operations is not a new phenomenon by any means, nor does it matter which party controls the presidency or Congress. A largely ignored reality is that the U.S. military recognizes and relies on the enormous value of the private sector for supply, construction, personal security details, convoy security, and logistics. At a time of operational overstretching, outsourcing services does much to reduce the enormous burden and stress placed on regular soldiers.¹⁸

At the same time, numerous court decisions have established that civilians retain civilian status even in CPC environments.¹⁹ Proposals that all individuals working in support of peace or stability operations should be militarized generally come from academics and others who have not served in the military themselves. Most former military personnel working in the industry are proud to have served their years in the military and are

delighted to be able to support military and peacekeeping missions as civilians, but they are not particularly keen to reenlist after they have already made their decision to become civilians. Worse, much of the flexibility that makes the private sector so much of a bargain for taxpayers would be lost in such schemes. Analysts should keep in mind that while good laws and regulations are necessary, every additional requirement reduces the flexibility of the private sector and has very real costs in both blood and treasure. The private sector is a huge asset for enabling the DoD to execute fast, effective, and efficient military operations, but to be so valuable does require that the United States preserve the very attributes that make the private sector so useful in the first place.

The private sector has always supported U.S. military operations and it is simply impossible for U.S. military operations to do without private sector support.²⁰ The United States should be asking how to improve the way military contractors are used and how it can improve oversight and accountability. The most important task in this regard is to standardize regulation among government agencies, and then among countries. The DoD and Department of Justice must be obligated to monitor and prosecute contractors accompanying forces deployed overseas. ITAR regulations should be reworked to speed and coordinate the delivery of services and allow contractors to perform their contracted obligations legally and without fear of prosecution. Military commanders and contract officers, who are normally civilian government employees, should be brought closer together in the force structure. In light of their frequent interaction, all higher-level officers

should have an essential understanding of contract law and the legal constraints that contractors face. Junior officers should receive introductory training in the roles and limitations of battlespace contractors, with emphasis on the primacy of military command. It should be recognized that, especially in the context

pledge to uphold standards such as the Universal Declaration of Human Rights and cooperate with NGO's and local civil organizations. Where contractors are armed for self-defense or security missions, IPOA members pledge to follow strict rules of engagement. While IPOA's Code of Conduct is voluntary, it

At a time of operational overstretching, outsourcing services does much to reduce the burden and stress placed on regular soldiers.

of an insurgency where international laws of war are often ignored by irregular forces, contractors supporting U.S. policy are often seen as combatants and should therefore be given access to training, weapons, and military support when necessary. From the beginning of a military operation, companies providing support should be included in aspects of planning wherever possible, tactical and operational coordination should be established, and information sharing should be clarified ahead of time and become part of doctrine. Contractors should also have rules of engagement, codes of conduct and share the responsibilities that forces of the U.S. government have entrusted to them in a combat zone.

One improvement would be to mandate that all contractors adhere to a code of conduct such as that of the International Peace Operation Association (IPOA). IPOA represents some of the most prominent of the companies currently employed in the field of peace and stability operations, including Blackwater USA, MPRI, PAE and Triple Canopy, and its members

has already been accepted by some of the industry's leading firms, and it is reasonable to suggest that clients should demand it be made mandatory industry-wide without unduly limiting the ability of the firms to carry out their contracts. Once the code had been promulgated throughout the contracting structure, it could be enforced by a combination of litigation for business issues, and the MEJA statute for criminal offenses. With this standardization of rights and responsibilities, the public has every reason to expect a good return on its investment.

Iraq has highlighted some of the more important concerns as well as the impressive capabilities that the private sector can bring to peace and stability operations, but while United States can learn much from this conflict, it needs to look beyond Iraq when designing reforms. The United States will continue to see growing use of private sector services to improve international peace operations, and it should take care that whatever legal measures are implemented, they do not impact the ability to make these missions successful.

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13 22 U.S.C. 2778, 2778(c), 2779a and 2780.

14 Geneva Convention relative to the Treatment of Prisoners of War, Article 4, Part A, Number 1.

15 Ibid.

16 PSC ROE essentially boil down to three allowable use of lethal force, self defense, to protect the 'noun' in the contract, and to protect Iraqi civilians under imminent mortal threat.

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Politics & Diplomacy

Streamlining U.S. Democracy Assistance

Don Pressley and Lawrence Groo

President George W. Bush started his second administration with a strong pledge to support freedom around the world, alongside a renewed push for U.S. public diplomacy in the Middle East and elsewhere. His administration has backed this commitment with a proposed \$1.5 billion in U.S. democracy assistance for developing countries for 2006. Democracy assistance programs include rule of law promotion, legislative strengthening, electoral assistance, and public administration reform. While this level of assistance reflects the U.S. government's clear commitment to fostering freedom and democracy, there is an emerging consensus that U.S. democracy assistance should more effectively address the common governance and public management challenges found in fragile and transitioning states.

As the recent elections in Iraq, Ukraine, and Afghanistan demonstrate, U.S. assistance can have a real impact on the process of democratization in developing countries. However, free elections are only the beginning; lasting democratic governance advances require significant long-term institutional changes and behavioral adaptation. Committing to longer-term governance reform can benefit both domestic and international policy interests: there is growing recognition that investing aggressively in good governance in fragile states can reduce the chances of conflict or civil unrest, a finding recent-

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ly highlighted by a high-level report commissioned by British Prime Minister Tony Blair.¹

The growing strategic importance of U.S. programs to both U.S. national security interests and the development of democracy around the globe has given rise to discussion about the nature and efficacy of the aid dispersed. In order to justify the large sums of support provided by the U.S. government, whether through the U.S. Agency for International Development (USAID) and affiliated entities, or via U.S.-supported multilateral organizations like the World Bank and regional development banks, such assistance needs to become more tangibly effective.

More broadly, there is an active debate in U.S. and international policy circles about the relationship between democracy promotion and economic growth, and, similarly, whether improved state institutions or economic policies are more immediately supportive of sustainable development and political stability. Additionally, some question whether democracy assistance programs should focus on promoting more effective institutions as an objective end, or as a means to a further end whether, for example, to concentrate on achieving accountable government or the rule of law.²

Though these policy debates are longstanding and unlikely to be settled quickly, one way to better inform the policy formulation process is to examine more closely the implementation of U.S. democracy assistance and to gauge more clearly the actual capacity of such assistance to achieve specific results.

The object of this article is to define better the practical limits of U.S. democracy assistance from an implementation standpoint, emphasizing democracy as a

form of governance and distinguishing between programs improving governance systems and those targeting behavior underlying governance systems. Noting that improvements in governance systems are relatively more easily documented and measured than behavioral changes, we recommend that U.S. policymakers initially emphasize institutional systems-oriented assistance, while further researching and supporting various approaches to longer-term behavioral-oriented change.

The Limits of Democracy Assistance.

In the 2006 fiscal year the Bush administration proposed well over a billion dollars worth of democracy-related assistance around the world. As the below table indicates, much of this assistance goes to Eastern Europe and the former Soviet Union, although key states such as Afghanistan and Indonesia are also allocated large funding blocks. If the democracy-focused portions of proposed total 2006 U.S. assistance to the Millennium Challenge Corporation (2006 proposed funding: \$3 billion), key strategic foreign allies like Egypt and Jordan (\$3.03 billion), multilateral development banks (\$1.34 billion), and the United Nations and related organizations (\$282 million) are also included, the total level of projected democracy assistance easily exceeds \$2 billion.³ Overall, annual U.S. democracy assistance program funding is approximately as large as the governance assistance programs funded by the World Bank and all of the other multilateral and bilateral donor organizations combined.

Given this significant financial and political investment and the pressing need for reform in many countries, it is critical to seek ways to strengthen the link

between U.S. democracy assistance and better documented and measurable results in support of the president's call for greater freedom in developing countries. Making this connection more directly will enable Congress, the State Department, and the National Security Council to see the clear impact and benefits associated with such assistance.

Successful democracy assistance programs, in addition to fostering peace and stability, can play a significant role supporting broader U.S. public diplomacy efforts. For example, U.S. embassies in Eastern Europe are beginning to take a more active role, where political sensitivities permit, publicizing U.S.-supported programs promoting democratic governance. As the U.S. Advisory Commission on Public Diplomacy noted in its 2004 report, U.S.-supported democracy programs "reap public diplomacy benefits when projects are publicized to host-country audiences."⁴ In this respect, U.S. democracy programs not only serve the immediate interests of U.S. national security in the sense of improving political stability and enhancing freedom, but they also support the long-term communication goals of the U.S. president and the secretary of state with distant audiences in the Middle East, Africa, and elsewhere.

These considerations lead to a fundamental question: how can U.S. democracy assistance best advance the president's interest in spreading freedom and

democracy in developing and transitioning states?

One way to begin answering this question is by clearly charting the parameters of what democracy assistance can and cannot do. At a basic impact level, any democratic governance promotion pro-

U.S. Program*	Funding	Countries
Discretionary USAID Funding on Democracy & Governance	\$191,000,000	Global
Independent States of the Former Soviet Union	\$482,000,000**	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Ukraine.
Eastern European Democracy Support	\$382,000,000	Bosnia, Bulgaria, Croatia, Estonia, Kosovo, Latvia, Lithuania, Macedonia, Romania, and Serbia.
Stabilization of Fragile States	\$325,000,000**	Afghanistan, Ethiopia, Haiti, Sudan, and others.
National Endowment for Democracy	\$80,000,000	Global
Human Rights & Democracy Fund	\$27,000,000	Global
Total	\$1,467,000,000	

Source: United States Office of Management and Budget.
 *This list does not include democracy-related programs supported by the MCC, the World Bank, regional development banks, or discrete development funds such as the Inter-American Foundation or the African Development Fund.
 **Democracy and governance programs represent a portion of this total amount.

gram can either improve the systems, or institutional processes, that support more effective democratic government, or the behavior of the government officials and citizens who maintain or interact with that system. Governance systems are the laws, regulations, and administrative procedures that direct the workflow of government entities and administer government services to individual citizens. They include the legislative directives, codes, and functional work-patterns that constitute the internal architecture of democratic institutions. Behavior, on the other hand, is the manner in which both government officials and citizens interpret, conduct, and orient themselves to the institutional systems and processes around them.

From an implementation standpoint, there are two important characteristics of these two variables. First, they are interdependent. Systems can influence behav-

ior, for example, after Namibian political parties adopted a formal code of conduct sponsored by the national Electoral Commission in 1994, political tensions and voter intimidation were reportedly reduced in subsequent national and local elections. Behavior also influences systems. For example, more active local governance customs in Uganda and South Africa have led to constitutions in both countries that provide for greater government decentralization relative to other countries in the region.⁵

Second, it is more difficult to change behavior than it is to modify a government system or process. Targeted foreign assistance can fairly easily identify, for instance, which subsection of Indonesia's financial regulations should be amended to more aggressively counter graft or what method of voter polling in rural Guatemalan districts facilitates greater public participation. Conversely, ensuring that judges from Indonesia's Commercial Courts more regularly reject proffered bribes from local businesses or Guatemalan municipal officials apply electoral codes more rigorously is much more challenging.

Partly because of this difference in relative achievability and partly because behavioral changes often take years to become manifest, it is usually easier to measure changes in governance systems than it is to measure changes in behavior within a given governance context. In Serbia, for example, a USAID-funded program is implementing a large-scale project reforming the administrative capacity of the country's entire commercial court system. Over a period of time, project interventions and results can be measured in areas such as the number of trials, reversals, the costs per case and the various supporting workflows and

processes. But quantifying behavioral changes, such as how Serbian judges actually conduct and uphold these new systems, is much more difficult and uncertain (although no less important).

Both from a policymaking and an implementation standpoint, this is a crucial distinction that is frequently overlooked within the foreign assistance community. Crucial because, on the one hand, U.S. policymakers can only make informed and empirically backed decisions for allocating strategic U.S. assistance if they can appreciate the tangible results of previous programs; on the other hand, implementing organizations can only achieve the practicable—they are bound to fail (or be perceived to have failed) if the programs they implement are unrealistic in design and unquantifiable in their impact.

Lessons from the Past. In 1993 the U.S. General Accounting Office (GAO) found that U.S. judicial reform technical assistance programs in Latin America suffered from a series of drawbacks, including: (1) weak political support from the host-country; (2) unsystematic or otherwise insufficient program evaluations; (3) inconsistent or insufficient support from the U.S. embassy leadership; and (4) a lack of qualified staff with appropriate professional expertise. Generally, "most judicial reform efforts in Latin America experienced serious problems, resulting in a portfolio of marginally successful projects."⁶

Another GAO report eight years later documented the impact of U.S.-supported rule of law reforms in the former Soviet Union. According to the GAO, "countries have not clearly adopted on a wide scale the new concepts and practices that the U.S. has advocated...In fact, the

rule of law appears to have actually deteriorated in recent years in several of these countries." Echoing the GAO's report almost a decade earlier, the investigators also commented that the agencies implementing the assistance programs "rarely used" measures for impact and sustainability.⁷

A subsequent GAO report in 2003 documented similar limitations and implementation weaknesses in U.S. democracy programs in six Latin American countries, expressing concern that organizations implementing assistance efforts had not regularly evaluated program results.⁸ Yet another GAO report in 2004 noted that U.S. anti-corruption programs in Sub-Saharan Africa "showed limited and unclear results," and, in many cases, had not been effectively evaluated.⁹ These results are largely mirrored by findings of internal program reviews conducted by the World Bank and the Inter-American Development Bank.¹⁰

The issues and problems documented in these reviews largely overlap: the perils of implementing programs that have low domestic political support and potentially unrealistic expectations; programs that are not well supported by qualified staff; inconsistent or insufficient performance evaluations; and a high risk that whatever short-term or specific technical gains are achieved will not be sustained. These findings are further supported by USAID's new Anticorruption Strategy, which documents similar findings from U.S. experience in various countries.¹¹

Smarter Implementation. If the lessons of past implementation experience are so clear, why do similar problems persist year after year, in program after program? Part of the answer lies in

the fact that democracy assistance inevitability confronts similar problems in different contexts, whether insufficient political will or weak governing coalitions. At least as important, however, is that the relative paucity of effectively indexed and measured democracy assistance programs ensures that programming shortcomings will be repeated again and again. Further, because of the decentralized structure of much U.S. technical assistance, with individual country operations funded independently of similarly oriented programs in other countries, program sponsors have little incentive to support separate evaluations of their democracy assistance initiatives.

These constraints help to explain a lack of effectively measured democracy assistance programs, but equally significant is a confusion of systems-oriented assistance with behavior-oriented assistance. As indicated above, the ability to successfully apply and measure these two types of programming varies widely, although both are ultimately necessary to address the deeply rooted governance challenges found in most developing countries.

A close-up view of an illustrative U.S. democracy assistance program helps to demonstrate this point. In early 2005 the U.S. government initiated a rule of law reform technical assistance program in Morocco that named the following expected results: Improved public policies and practices, laws, and regulations that facilitate the conduct of business, investment, finance, and trade; Improved consistency, speed, and transparency in making commercial law judgments; and rapid and effective enforcement of laws and judicial decisions.

To achieve these results, which are broadly representative of outcomes

expected in other U.S.-supported rule of law related projects, the contractor leading the technical assistance effort was given a \$15 million budget and a five year performance period.

Given these resources, it is reasonable to assume a well-organized project team could at least partly improve the public policies supporting business conduct and the underlying systems supporting more effective court management, decisions, and judicial enforcement. However, fully achieving the second and third objectives depends entirely on transforming the behavior of the court staff—that is, the manner in which the new systems and procedures are applied throughout the state's governing structures.

This example reflects the basic truth that achieving a fundamental shift in institutional performance, whether in court performance or electoral transparency, involves addressing basic behavioral patterns as much as it concerns designing or amending a specific system or institutional capacity. In the Moroccan case, training of police, judges, bailiffs, and court clerks can partially address the behavior issue. But even allowing for a training regimen that could fairly train all relevant personnel in the country's nine commercial courts, the local registries of commerce, the Association of Business Owners, and other groups, inculcating new attitudes ensuring better judicial enforcement is a long-term process that will likely take a generation or more.

U.S. policymakers are thus presented with an apparent conundrum: democracy assistance is most readily measured in terms of new or improved systems or processes, yet to effect real and lasting improvements in democratic governance, difficult-to-measure behavioral

changes are necessary. Noting the ambitious call by President Bush to support freedom overseas, how should U.S. policymakers respond to this challenge?

We conclude that, in the absence of readily measurable behavioral improvements in governance, U.S. policymakers and democracy assistance program managers should emphasize systems-oriented assistance, adjusting program objectives and expectations accordingly. Focusing assistance in this manner will likely provide more tangible, if still limited, results that are more readily measured and quantitatively and qualitatively evaluated.

There would be several policy benefits from adopting this approach. If U.S. assistance can more consistently and rigorously measure the impact of specific institutional reform and governance initiatives in a given country, then additional resources can be more readily directed to priority areas; foreign assistance organizations can be held to more transparent performance standards; congressional overseers can be better informed of the efficacy of the administration's foreign aid requests; and implementers can more readily identify and apply best practice techniques in different countries based on the demonstrable results of other cases.

Additionally, enhancing measurable democracy assistance will enable U.S. public diplomacy efforts supported by the Department of State to communicate more effectively with foreign populations, sharing examples of concrete improvements in the delivery of basic public services that U.S. supported initiatives have made possible.

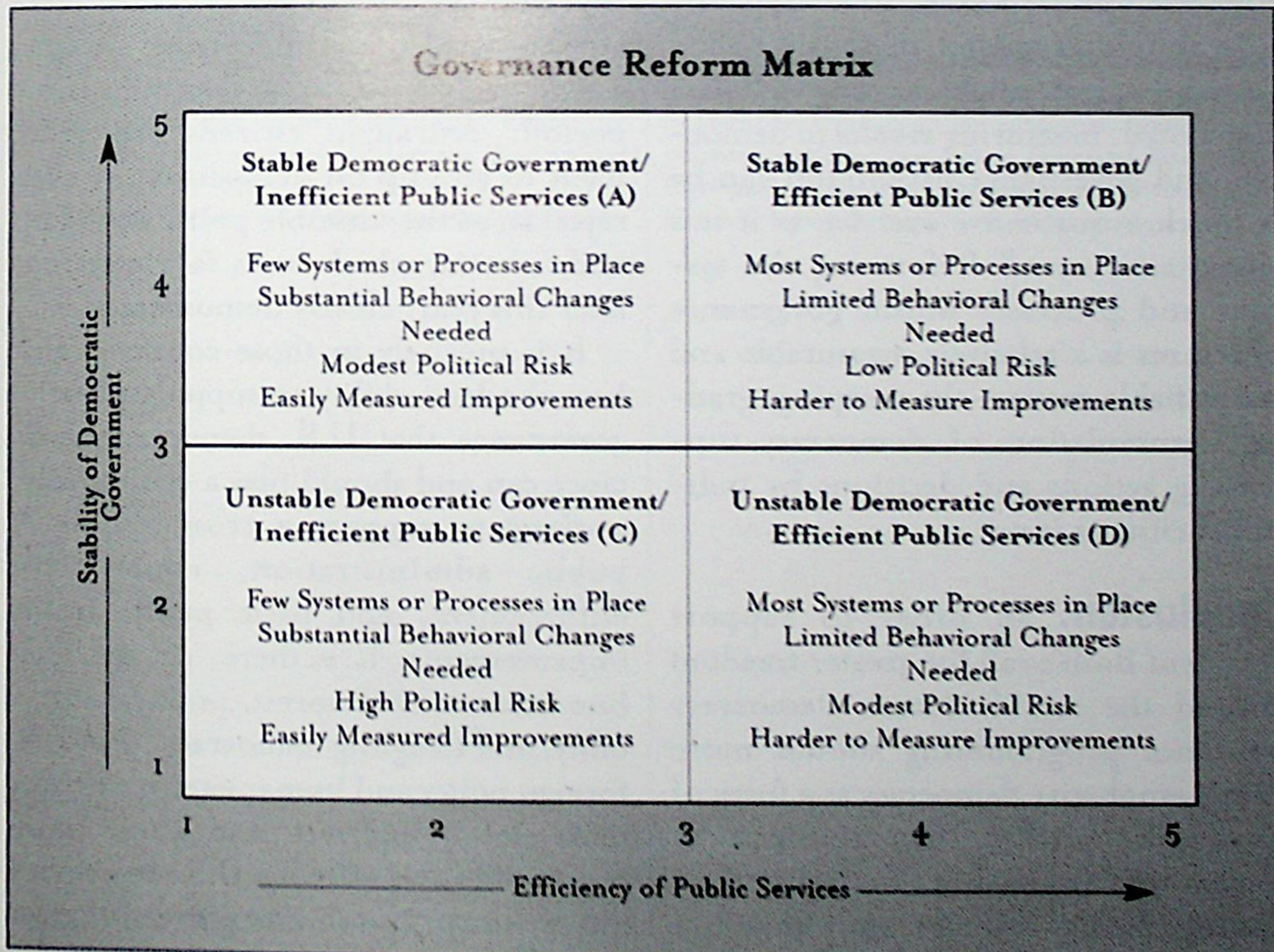
Emphasizing systems-based governance assistance is one step; applying this approach in different developing

country contexts is another. The chart below provides a framework for understanding the relationship between stable democratic governance and the efficiency of public administration and services supporting good governance. Weak states, such as Iraq, Haiti, and Afghanistan (block C), feature unstable democratic institutions and highly inefficient public services. In certain cases, states may improve their administrative performance even as democracy in the country continues to struggle (block D), as in the case of, arguably, Russia or Ecuador. Alternatively, states may advance politically, but still lag in the delivery of public services, as in the case of Romania and other eastern European states (block A). The most stable and developed countries, which include the United States and Western European countries, have strong democratic governments and effective public

services (block B).

The most clearly measurable benefits of U.S. democracy assistance tend to occur in those countries (block C) that have both unstable governments and highly inefficient public services (i.e., where governance systems can be redesigned or created most readily in response to the needs of the country's citizenry). However, in certain more politically stable states (block A), the presence of more supportive political environments and behavior may translate into even more impact for a given systems-oriented program. In other words, with respect to ensuring effective implementation of systems-oriented assistance, there is less risk in supporting governance programs in states with a greater degree of political stability, but there is greater urgency to help states facing political turmoil.

This is not to entirely spurn U.S.-



supported programs aiming primarily at longer-term behavioral change. There may be strategic reasons in countries such as Iraq, Afghanistan, and other states to invest significant U.S. funds in less immediately quantifiable governance areas such as large-scale training and education programs. Additionally, to foster more measurable behavior-oriented governance assistance, the U.S. foreign assistance community should support innovative pilot programs employing intensive modeling and case studies to allow for revised program benchmarking tracking behavioral changes across a period of years. If one or more of these pilot programs were to demonstrate real promise, larger-scale U.S. support should follow.

All U.S. technical assistance programs should strive to adopt more aggressive and quantitative performance measurement regimes wherever feasible. However, policymakers and taxpayers alike should recognize that, as Thomas Carothers and other leading scholars have noted, measuring results in democracy and governance promotion can be as much a qualitative exercise as it is a quantitative one.¹² Reforming the systems and processes within governance structures is a relatively measurable and quantifiable matter—the creeping, gradual accumulation of democracy-supporting actions and decisions by individual citizens is not.

Conclusion. In order to support President Bush's call for greater freedom around the world, future democracy assistance programming should more clearly emphasize democracy as a form of governance, rather than continue to convey the impression, exacerbated by fleeting media coverage in places like

Ukraine, Indonesia, and Iraq, that democracy is mainly about electing governing officials. Governance, in contrast, is the actual practice of administering the services and obligations of state institutions, and the real measure of a sustainable democracy in the long-term is the extent to which citizens can tangibly appreciate the efficiency and benefits of those institutions by contrast to institutions and services administered under non-democratic rule.

USAID's new Fragile States Strategy reflects the growing consensus within the U.S. government that support for transitional states should be more responsive to the underlying sources of risk and political instability.¹³ In failed or recovering states in particular, political stability is directly linked to how quickly and effectively state institutions can deliver the basic public services associated with health, education, security, and the rule of law.¹⁴ Unless these services, and their underlying systems, are provided within a relatively short period, distraught citizens are more likely to give up on democracy, or even reject it, as the unstable politics of Haiti and Liberia, which both face elections later this year, clearly demonstrate.

It is precisely in those countries that have the least ability to support effective governance that U.S. democracy assistance can and should play a critical role, working to support a cross-section of public administration, courts, law enforcement, and basic public utility improvements. It is there, on the fault line between civil unrest, political instability, and fledgling democracy, that U.S. foreign policy and humanitarian interests most closely intersect, and where more measurable and effective U.S. democracy assistance can and should play a vital role.

NOTES

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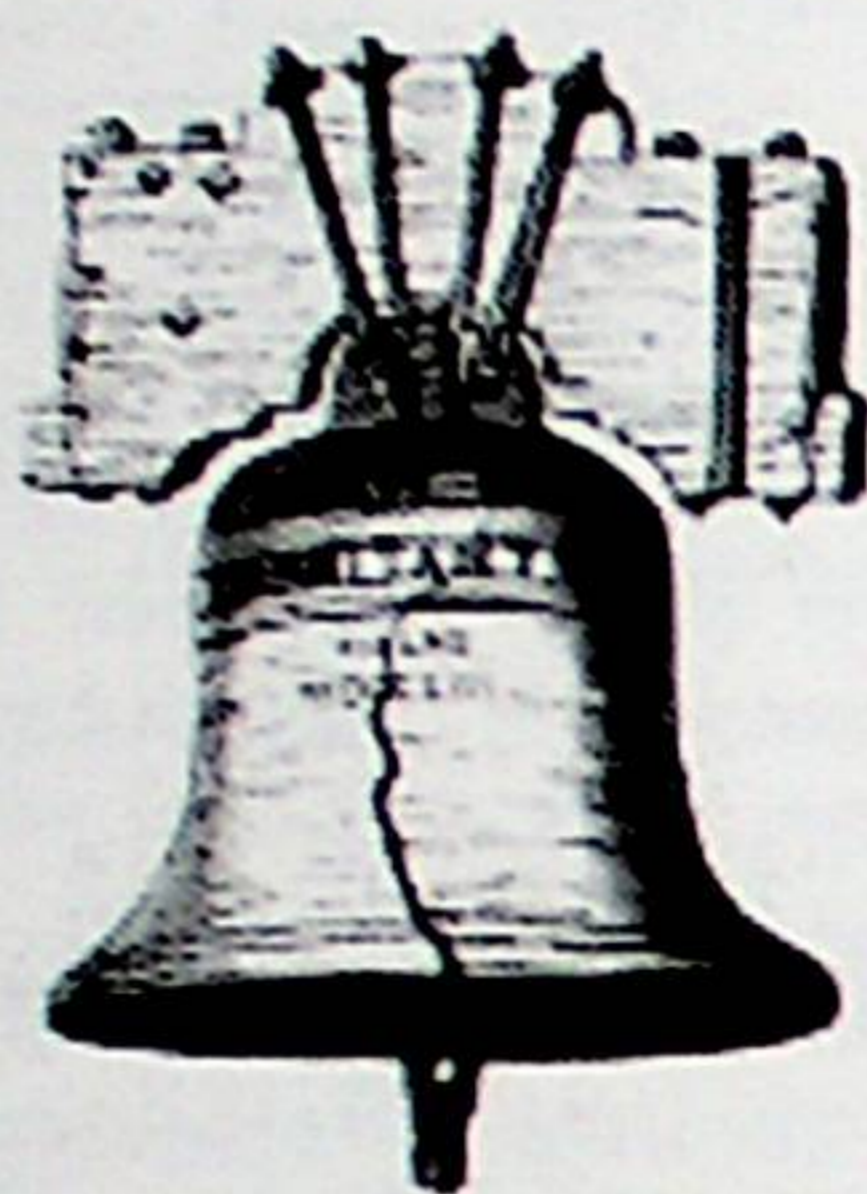
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KEDO Adrift

Yoshinori Takeda

When the U.S. government confronted North Korea on its uranium enrichment program in October 2002, a new phase in the North Korean nuclear crisis developed, and the role of the Korean Peninsula Energy Development Organization (KEDO) was diminished. In November 2002, the Executive Board of KEDO—composed of the European Union, Japan, South Korea, and the United States—condemned North Korea for its pursuit of nuclear weapons and announced the suspension of heavy fuel oil (HFO) deliveries, starting in December 2002. Although multilateral negotiations on Pyongyang's nuclear program began in August 2003, the six states involved in this process—China, Japan, North Korea, Russia, South Korea, and the United States—did not find a comprehensive solution. In response to the deadlocked situation, KEDO decided to suspend the Light-Water Reactor (LWR) Project in North Korea for a period of one year, beginning on 1 December 2003. KEDO renewed the suspension in November 2004.

Given that KEDO is not, at present, fulfilling two of its basic missions—the delivery of HFO and the LWR project—its critics have good reason for concluding that KEDO's mandated role is coming to an end.¹ It is too early, however, to give up on this unique multilateral organization, which has played such an important role in North Korea's nuclear drama unfolding since the mid 1990s.

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The Foundation of KEDO. In October 1994 the United States and North Korea signed the Agreed Framework, the core of which was North Korea's agreement to freeze and dismantle its nuclear program. In return, the United States would provide two LWRs with a total generating capacity of approximately 2,000 MW (e) by a target date of 2003. The U.S. government also agreed to organize and lead an international consortium to finance and supply the LWR project and to provide alternative energy in the form of HFO for heating at a rate of 500,000 tons annually by completion of the first LWR unit.²

KEDO was founded to implement the terms of the Agreed Framework by supplying HFO and constructing the LWR plants to be located in Kumho, South Hamgyong Province, on the east coast of North Korea. Founding members Japan, South Korea, and the United States signed the Agreement on the Establishment of KEDO in March 1995. KEDO then opened its doors to other states and international organizations that accepted the principles of the KEDO charter and offered assistance: New Zealand, Australia, and Canada (1995); Indonesia, Chile, and Argentina (1996); the EU and Poland (1997); Czech Republic (1999); and Uzbekistan (2000). KEDO receives additional material and financial support from nineteen non-member contributing states. Although the participation of these countries in KEDO reflects their deep interest in the resolution of the North Korean nuclear issue, member states, except for the four Executive Board members, are rarely involved in the decision-making process.

KEDO's uniqueness as an organization lies in its focus on practical matters requiring diplomatic communication.

First, the cooperation envisioned by the Agreed Framework and KEDO focuses on technical issues, analogous to an EU predecessor, the European Coal and Steel Community, which has had a crucial impact on major economic and political developments in Europe.³ KEDO's goal has been to utilize the procurement and distribution of non-nuclear forms of energy assistance to North Korea as a means to find a diplomatic solution to the nuclear crisis.⁴ Second, the implementation of the Agreed Framework and the establishment of KEDO began without diplomatic relations among KEDO's three founding members and North Korea. Technically, the Korean War has never ended; North Korea is still at war with South Korea and the United States. Predictably, the harsh history of northeast Asia has haunted KEDO-North Korean relations considerably.

KEDO's Contribution to Peace and Stability.

Since KEDO's establishment, there has been a lively debate over its likely effectiveness and its implications for peace on the Korean Peninsula. Proponents hoped KEDO would reduce North Korean threats and improve inter-Korean relations. Cooperation through KEDO would then extend from the urgent focus on nuclear diplomacy to other areas such as energy, the environment, trade, and, ultimately, peaceful reunification. On the other hand, critics had low expectations regarding the likely success of KEDO's missions.⁵ They criticized KEDO, saying it was impossible to negotiate with a North Korea that was ideologically hostile to the outside world, armed with ballistic missiles (perhaps loaded with chemical or biological agents), and capable of building nuclear weapons.⁶ Others—including

some officials and experts in Washington, Seoul, and Tokyo—even contended that a possible collapse of the North Korean regime might spare KEDO its responsibility to complete the reactors.

The suspension of KEDO's two basic projects—the supply of HFO and the construction of the LWR plants—confirmed the critics' predictions of KEDO's future. This failure, however, does not diminish KEDO's contributions to peace on the Korean Peninsula during the last decade. Although KEDO is not a comprehensive multilateral security organization and its

other services. These results serve as “soft infrastructure” in advancing projects with Pyongyang.

Second, KEDO has functioned as a mechanism for engagement with North Korea. Since 1995, KEDO has been the primary venue for direct routine contact between North Korean officials and their South Korean, American, and Japanese counterparts. Contrary to earlier skepticism, day-to-day negotiations between KEDO and North Korea proceeded in a businesslike and friendly atmosphere.⁸ One observer noted that

KEDO's goal has been to utilize the procurement of energy assistance to North Korea as a means of finding a diplomatic solution to the nuclear crisis.

role in the stability of the region has been neither direct nor prominent, the constructive effects of KEDO should not be underestimated.

First, it is important to note that by the beginning of the second North Korean nuclear crisis in 2002, KEDO was the only multilateral organization dealing with North Korea's developmental problems. Frequent negotiations between KEDO and Pyongyang resulted in a solid working relationship and culminated in the 1995 Supply Agreement, eight subsequent protocols, and memoranda of understanding.⁷ These legal documents address a wide range of practical issues such as privileges, immunities, and consular protection for KEDO personnel; juridical status of the construction site; transportation; telecommunications; provision of labor; and

the groundwork laid by KEDO facilitated the June 2000 Inter-Korean summit.⁹ At a minimum, KEDO provided a convenient channel of contact and dialogue between North Korean and South Korean officials.

The Impact of the Second North Korean Nuclear Crisis.

According to James A. Kelly, former U.S. Assistant Secretary of State for East Asian and Pacific Affairs, North Korea acknowledged in October 2002 that it was pursuing a program to produce highly enriched uranium for nuclear weapons.¹⁰ If Pyongyang really did attempt production of highly enriched uranium—the North Korean government has consistently claimed that this allegation was fabricated by the U.S. government—this would have been a serious

violation of its obligations not only under the Agreed Framework, but also under the Nonproliferation Treaty (NPT), its IAEA Safeguards Agreement, and the 1992 Joint South-North Declaration on the Denuclearization of the Korean Peninsula.

In response, the U.S.-led Executive Board of KEDO suspended HFO deliveries in December 2002. However, KEDO did not freeze the LWR project immediately, and it decided on suspension only in November 2003. Construction work at Kumho lasted for almost a year after the beginning of the crisis for two reasons. First, any suspension gave North Korea an excuse for pursuing its dangerous nuclear weapons

heat in their apartments. The suffering of its people, however, hardly affects the North Korean leadership, which has survived for more than a decade despite the suffering of the population from cold and malnutrition.

The suspension of two of KEDO's activities did not increase Japan's, South Korea's, and the United States' leverage with Pyongyang, as was intended. Rather, the decisions taken by KEDO—more precisely, by the Japanese, South Korean and U.S. governments—to discontinue agreements on energy assistance provided the grounds for North Korea to resort to nuclear brinkmanship. These nations faced severe internal pressure to cut their aid to North Korea in light of its suspect-

Washington's failure to engage North Korea produced further friction with Tokyo and Seoul.

program. Had KEDO ceased its two functions at once, it might have strongly provoked North Korea. Second, KEDO could have continued operating at the construction site because the nuclear reactors, which could have been misused, had not been installed by the end of 2002.

In the short term, the HFO and LWR suspensions were of little consequence to the North Korean energy industry.¹¹ The LWR project was far from complete and HFO only a tiny fraction (2 percent in 2000) of North Korea's total primary energy supply, which is based mainly on coal (two thirds) and biomass (about one third).¹² HFO reportedly does make a marked difference in North Korea's hydrocarbon fuel supply in winter. Without it, some citizens lack adequate

ed nuclear program. Still, KEDO was slow to halt all projects because the United States and its allies had no contingency plan to address the already tense situation on the Korean Peninsula.

In the long run, the moratorium on KEDO's projects, especially the LWR, will have a considerable impact on North Korea. Although the LWR project was only 34.5 percent complete on 30 November 2003, just before its suspension, the project was substantially underway by the second nuclear crisis.¹³ That the LWR project would not be finished by the 2003 target date specified in the 1994 Agreed Framework was predicted not only by the main suppliers, but also by North Korea. While the U.S. government assented to write the target date in the Agreed Framework, the North

Koreans were told very clearly that since no one had any experience in building LWRs in North Korea, it was very difficult to say when the project would be completed.¹⁴ Additionally, the construction was much more than a hole in the ground at the site, and offsite manufacture of important components was proceeding. From the standpoint of the North Koreans, this progress was tangible evidence that they would be getting nuclear reactors. Therefore, Pyongyang often criticizes the United States for non-fulfillment of the agreement and, consequently, takes it for granted that North Korea has a right to receive alternative energy resources equivalent to the electricity the LWR would have provided.

The suspension of the LWR project caused another concern for Japan and South Korea, which share, respectively, 22 and 70 percent of the expenses, totaling \$4.6 billion. By the end of 2003 they had already provided approximately \$380 million and \$1.1 billion for this project, respectively.¹⁵ While the U.S. government sees no future for the LWR project, the Japanese and South Korean governments seek the possibility of resuming construction or utilizing the completed infrastructure in Kumho for building non-nuclear energy plants.¹⁶ If the LWR project were abandoned, the Japanese and South Korean governments would face severe criticism for having wasted an enormous amount of money.

Why Was the KEDO Experiment Unsustainable?

A review of the costs and benefits of the Agreed Framework and KEDO suggests that bargaining with Pyongyang was a step in the right direction. If both KEDO and North Korea had remained faithful to their prearranged obligations,

Pyongyang would soon be in possession of two light water reactors, and Japan, South Korea, and the United States would be enjoying a more stable regional security situation.

There are four explanations for the failure of KEDO's projects and the nuclear crisis on the Korean peninsula. First, the deep-rooted mistrust that exists among KEDO's three main members and North Korea has traditionally made it extremely difficult to implement projects on schedule. Because of the lack of diplomatic relations among them, unexplained actions taken by Pyongyang have often led KEDO's member states to suspend their activities. After the submarine incident in September 1996, for example, South Korea curtailed its financial contributions and led successful efforts to temporarily suspend the supply of HFO.¹⁷ Seoul at last agreed to resume its work in KEDO at the end of December 1996, after the North Korean government officially apologized for the submarine episode. In August 1998, when the North test-fired a ballistic missile, Taepodong I, over the Sea of Japan, the Japanese government immediately withdrew its financial support of KEDO. The underground site at Kumchang-ni in North Korea, whose construction was uncovered in 1998, was suspected of being a nuclear facility. This issue further impeded the smooth implementation of KEDO's projects. As a result of the inspection by a U.S. delegation in May 1999, however, the U.S. government concluded that this site did not violate the 1994 Agreed Framework. Although this incident did not develop into a crisis, the United States has always suspected that North Korea has a secret nuclear program, and Pyongyang's hostile actions only reinforced this suspicion.

Second, many of the problems facing KEDO are due not only to differences among KEDO's members and North Korea, but also to differences among the three Executive Board governments. Policy negotiations among Japan, South Korea, and the United States regarding North Korea have never reflected solidarity. Although Japan and South Korea welcomed the establishment of KEDO, which they hoped would help bring peace and stability to northeast Asia, they shouldered the greatest part of the cost of the LWR project. Both governments had difficulties persuading their parliaments to finance KEDO's projects because opponents were upset that the negotiation process of the Agreed Framework had excluded Japan and South Korea. Tokyo's and Seoul's discontent increased all the more when the U.S. Congress imposed conditions on

of KEDO nor under the Sunshine policy of South Korea's President Kim Dae-Jung. Washington's failure to engage North Korea produced further friction with Tokyo and Seoul, which supported a soft-line engagement policy toward Pyongyang at the beginning of the second North Korean nuclear crisis. Pyongyang's suspected nuclear weapons program accelerated the U.S. government's estrangement from KEDO. The U.S. Congress reinforced its restrictions on the KEDO-related budget, and the United States did not even provide administrative expenses to KEDO in 2004.¹⁹ Even though KEDO is a multilateral organization and the U.S. government alone cannot decide its future, the loss of U.S. leadership and differences between founding members could easily lead KEDO to a total breakdown.

The problems facing KEDO are ingrained political issues among northeast Asian countries rather than KEDO's shortcomings.

U.S. financing of the HFO project in the late 1990s. In October 1998, Congress passed an Omnibus Appropriation bill that obliged the president to certify whether North Korea had met the defined requirements.¹⁸

The U.S. government's leadership role in implementing KEDO's projects was an important element of the Agreed Framework, but that role was abandoned when President Bush took office in January 2001. The new administration did not pursue an engagement policy toward North Korea, neither in the form

A third reason for the failure of KEDO's projects involves unresolved issues related to non-nuclear threats emanating from North Korea: its ballistic missile program, its chemical and biological weapons, and its conventional forces. While Washington has focused primarily on weapons of mass destruction, especially nuclear weapons proliferation, Japan and South Korea are also concerned by the threat posed by Pyongyang's conventional military.²⁰ Undoubtedly, these deeply rooted perceived threats have slowed the pace of

cooperation between KEDO's member states and North Korea. Functional cooperation on technical initiatives like KEDO cannot alone reconcile opposing security interests. Rather, such a cooperative organization should be included in a broad strategic program or managed by a security institution. No effective and comprehensive strategy exists to end the abrasive confrontation between North and South Korea, which puts KEDO in a difficult position.

Fourth, energy assistance programs by China and Russia—who have considerable influence on North Korea's leadership—would have been better coordinated by KEDO.²¹ However, not including China and Russia as member-states of KEDO was not a mistake of the policymakers who resolved the first North Korean nuclear crisis by the Agreed Framework and an international energy consortium. During the 1990s, China viewed multilateral security cooperation with suspicion, especially when led by the United States.²² Accordingly, the Chinese government took the position that it could be of greater help by remaining outside, KEDO. Russia's efforts to participate in KEDO were unsuccessful in part because KEDO was unwilling to buy Russian reactors, and in part because of Russia's inability to help fund KEDO's projects.²³

Recently, China has taken an unprecedented step in northeast Asia by coming forward to play a leadership role in settling the second North Korean nuclear crisis. Russia would also benefit from a peaceful settlement of the nuclear crisis through multilateral negotiations. Large-scale projects—linking the Trans-Siberian Railroad to the Inter-Korean Railroad and the construction of a gas pipeline from east Siberia to the Korean

Peninsula—from which Russia will profit only after the nuclear issue has been resolved. At the third round of the Six-Party Talks in June 2004, China and Russia proposed providing energy assistance to the North on the condition that Pyongyang commits itself to freezing its nuclear programs as a first step toward their eventual dismantling. Although the proposals on the table at the moment involve bilateral energy aid to Pyongyang, energy assistance would be more effectively delivered and monitored through KEDO. KEDO's "soft infrastructure"—its solid experience of negotiations with the North Koreans and its legal documents—could be very valuable in implementing energy assistance and in facilitating the resumption of energy projects without delay. If China and Russia agreed to make financial and material contributions, KEDO would be an organization with the participation of all the regional states in northeast Asia, thus enjoying much greater legitimacy.

Conclusion. The four main problems that set KEDO adrift—deep-rooted distrust in the region, differences among the Executive Board governments, differences in the perceived threat posed by North Korea, and the lack of a broad Korea strategy—are still unsolved. Although efforts to resolve the second North Korean nuclear crisis through the Six-Party Talks have been ongoing since August 2003, this multilateral forum has not yet reached a consensus on the fundamental issue of whether North Korea should be totally nuclear-free or whether it should be permitted peaceful use of nuclear energy. Until the Six-Party Talks reach a settlement acceptable to all parties, KEDO will be obliged to continue the suspension of all its activities.

The problems facing KEDO are ingrained political issues among northeast Asian countries rather than KEDO's shortcomings. One of the lessons from the KEDO experience is that bold, functional cooperation requires consistent, high-level political support and a strong will to achieve broader security and foreign policy objectives. The last ten years have seen the exact opposite. Hostile actions by Pyongyang and overreactions by the United States and its allies have gradually undermined the Agreed Framework and KEDO as policy tools. This analysis of KEDO's achievements leads us to hope that there will be room for this multilateral

organization to contribute to the energy future of the Korean Peninsula and the development of regional security. In order to realize this aspiration, however, Japan, South Korea, and the United States must not abandon KEDO. Instead, they should find an appropriate way to utilize KEDO as a key player in the Korean peace-making process.

Author's Note: The author thanks Robert Carlin, assistant director of KEDO, for his comments on an earlier draft. This paper represents the author's personal views and should not be construed as reflecting the position of the government of Japan.

NOTES

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Science & Technology

Mobile Service Revolution

CNN Effect Goes Mobile

Dan Steinbock

During the past two decades, global television, enabled by an astonishing array of technological devices, has collectively reset the terms of debate in the foreign affairs arena. Initially, the perceived impact was called the "CNN Effect," but with the launch of a number of alternative outlets in multiple geographies, it has been recently called the "CNN Effect Plus." This phenomenon is due to new outlets that facilitate television news reports and information media from distant or inaccessible locations.¹

The dramatic transformation has only begun. The discourse on international affairs is facing still another upheaval, due to the advent of global real-time television, which is about to be driven by new mobile services (including advanced mobile voice, Internet, messaging and content services). "We're moving from a business of ears to the business of eyes," said Anssi Vanjoki, Nokia's senior VP and multimedia chief, in the late 1990s.² Over time these mobile services will be available to a wider range of consumers in different income levels and in diverse countries around the world.

Improved access to news and information, combined with faster and easier methods of communication, has already changed the international political climate and the way in which governments and officials respond to natural disasters,

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security emergencies, foreign policy changes, and social developments. With the arrival of increasingly advanced mobile services, changes in the relationship between politics, technology, and the international media will be even more pronounced. The era of "command and control" is effectively over; the era of "sense and respond" has arrived.

From the CNN Effect to Global Real-Time Television.

The advent of CNN in the 1980s forced a more complex and challenging information environment upon American foreign policy officials. Suddenly policymakers found themselves operating in a potentially global media landscape extending far beyond the three national news networks and a handful of wire services and elite newspapers.³ What began as a business revolution had a wide array of policy implications. As CNN began to globalize and regionalize its services, indigenous local clones and services followed in its path, and foreign policy officials in other nations had to cope with comparable policy challenges.⁴

For years, media observers in the United States and abroad have argued that policies can no longer be presented to the public in the abstract, and that they are constantly measured against images on television—images that are instantly available, around the clock and around the globe.⁵ The conceptual substance of the argument was true as early as the mid-1990s, but the empirical reality was not. At that time, CNN's coverage of international events was still limited to a handful of world cities with periodic attention to regions in crisis and major catastrophes in less developed parts of the globe. Furthermore, the potential of worldwide transparency has not been matched by

actual facts, not least because of the exigencies of market-driven competition. For years, critics have argued that the struggle for higher ratings nullifies the impact of technology advances. "We live and die by the size of our audience; we dumb down the news to pump up the ratings," writes Tom Fenton, the CBS News Senior European correspondent.⁶

Today, CNN and its regional partners and competitors worldwide are able to reach beyond the typical handful of metropolitan areas and report news live from distant and previously inaccessible locations. Some of this is the consequence of advances in news technology, and some is due to an increase in the number of news outlets, such as al Jazeera in the Middle East.⁷

However, despite the hype to the contrary, global real-time television has yet to come into being. The enabling technology is there, but not the consumers. Until recently, viewers have been chained to specific locations by relatively immobile media devices, such as news on TV sets or Internet-enabled PCs and notebooks. Now, the collaborative efforts of a slate of global industry groups are bringing about a mobile service revolution. It is these advanced services that will mobilize international affairs by empowering people—anytime and anywhere.

A Mobile History. In 1895, Guglielmo Marconi—the father of wireless communications—transmitted wireless signals across a distance of more than a mile, an event that many consider the birth of radio. Through successive waves of mobile innovation, the functions and capabilities of mobile devices have been upgraded substantially.⁸ Through this evolution, wireless technologies have empowered several new kinds of media.

Indeed, one of Marconi's own subsidiaries was American Marconi, the precursor of the Radio Corporation of America (RCA) and the National Broadcasting Company (NBC).

In the early 1920s, U.S. police departments pioneered the use of wireless devices in the struggle against the mob. During World War Two, wireless technologies played a crucial role in securing U.S. victories against Nazi

Nordic countries. The second generation (2G) networks relied on digital GSM transmission, which meant smaller and lighter handsets with greater security and longer battery life. Now the target was the mass-market consumer. By 2000, Western Europe dominated almost two-fifths of the worldwide market. Today, the third generation (3G) services, based on multimedia transmission, are gradually—after years of political intrigues, costly

Advanced services will mobilize international affairs by empowering people—anytime and anywhere.

Germany and Japan. In the post-war era, the Federal Communications Commission began to explore a variety of civilian uses, and private mobile radio (PMR) was embraced by cabs, police patrols, fire departments, and other dispatch industries.⁹ Meanwhile, the electronics revolution began in America, where, from the very beginning, the founders of Silicon Valley were closely aware of the intimate relationship between computing and mobility.¹⁰

Until the 1960s and 1970s, mobile communications was something for national governments, defense forces, emergency and safety organizations, and dispatch industries. The broad use of mobile communications began to diffuse only with the commercialization of the cellular concept.

Launched in the early 1980s, the first generation (1G) networks relied on analog transmission for voice communication; its typical user was a traveling sales professional. A decade later, wireless innovation migrated from the United States to Western Europe, particularly the

spectrum auctions, and technological stagnation—becoming a reality, first in Japan and Korea, now in Western Europe and the United States as well.

During the past decade or two, the use of mobile technology has diffused from government offices, the army, police and fire departments, and cabs to homes, offices, retail chains, and playgrounds. This technology and economic shift implies a massive social transition. In the past, government authorities controlled wireless technologies that were used in times of disaster, security, or emergency. Today, it is the individual citizens who have been empowered by new technologies and lead the way to further innovation. The bargaining power is no longer driven by top-down command centers, but rather by bottom-up consumer autonomy. As broadcasters are joined by podcasters and blogs by mobile lifeblogs, the policy implications proliferate.

The civilian response to the recent Asian tsunami exemplifies the new power of mobile technology. People all over the world learned about the disaster

within hours, and many concerned friends and relatives sent short messages to loved ones traveling in the disaster zone. In Finland, a website for Finnish scuba enthusiasts was quickly turned into something of an ad-hoc arena for people seeking information about their loved ones and friends. The speed and reliability of the service was enabled by the pre-existing network of locals in the Thai scuba diving world, communicating through phone, short message service (SMS), and e-mail with their counterparts in Helsinki. In Italy, mobile phone users donated millions of euros for the victims through a text messaging arrangement.

As the first data-based mobile service, SMS (or texting), in particular, is heralding a new era of advanced and user-friendly services. It has already been used in grassroots political campaigns. In the Philippines, SMS messages steered some 700,000 demonstrators to Manila's People Power shrine to demand the

Bharatiya Janata Party (BJP) and the opposition Congress Party both targeted India's 30 million mobile-phone users in their parliamentary campaigns in April 2004. A year later, texting served as a significant catalyst in the anti-Japanese demonstrations in China. However, SMS is only the beginning. Until now, mobility was confined to texting, but now a whole new world of mobile services is about to be born.

New Mobile Services. Today, we are witnessing a massive transition from the old world of mobile voice communications to the new world of mobile data communications. Until the mid-1990s, mobile services were driven by voice communications and, to some extent, by SMS. Now multimedia cellular are about to enable vast new opportunities, along with subversive technologies, such as Wi-Fi and its successor, WiMAX. "The new growth engine is broadband wireless," notes Sean Maloney, Intel's executive VP

The old concept of command and control died with the era of mass television. As we approach the era of ubiquitous media, a far better idea is to sense and respond to developments as they occur.

removal of the then-President Joseph Estrada in 2001. Two years later in the United States, the Dean Campaign launched wireless news releases. After the terrorist bombings in Madrid in spring 2004, Spanish activists used SMS messages to mobilize protests against the ruling Popular Party, just three days before general elections. In India, the ruling

and chief of the Communications Group." The new services represent four broad groups of connectivity: rich voice technologies like always-on data communications and, eventually, videophones and media communications; mobile Internet and intranet/extranet capabilities; messaging services like SMS, multimedia messaging services (MMS), and

instant messaging; and personalized content like news/information, entertainment, transactions, and databases.

In the coming years, users may watch news, entertainment, explore directories, conduct transactions, and enjoy location-based services when and where they choose.¹² While the broadcast content is delivered via broadcast channel, potential SMS responses, such as transactions, voting, requesting additional on-line information, take place via a channel over the cellular network. Pioneered with television shows such as *American Idol*, these services have fascinating applications in news and information media. They are not substitutes but complements for traditional television—the industry practitioners already consider them “audience drivers.”

“Global multimedia is the next big trend,” says Dr. Paul E. Jacobs, Qualcomm’s new CEO, and “we are trying to follow the cable television paradigm.”¹³ Over time, digitalization, the Internet, and mobility will increase mobile viewing options, and the problem will no longer be channel scarcity, but channel proliferation. In this case, policy authorities must find new ways to be heard in an era of increasing noise and channel fragmentation.

The new mobile services are more advanced in Asia than in Europe, and, until recently, the United States has been behind both of these regions in terms of cutting-edge developments. During the past two years, U.S. operators, vendors, IT enablers and Hollywood studios have entered the business with gusto. Unlike Europe or Asia, America is a nationwide market, so operators have a tremendous number of potential subscribers. “Once Americans get the premium SMS concept,” notes Mitch Lazar, vice president

of wireless and emerging technology for Turner Broadcasting System International, “it will be a phenomenal business, especially when it is integrated with television broadcasting.”¹⁴

From Digital Divide to Mobile Bond.

Mobile innovation today is a more global undertaking than ever before. Although much of mobile research and development still takes place in Nordic countries, software and chip innovation by companies such as Microsoft and Intel has migrated to Silicon Valley, broadband innovation has relocated to South Korea, and service innovation has moved to Japan, thanks to NTT DoCoMo’s 1999 launch of its highly popular high-speed services (from i-mode to FOMA).

Today, mobile innovation is global, from R&D and production to marketing and services. Consumer markets, which already provide mobile service to over 2 billion people around the world, are rapidly expanding worldwide. In business services, the United States remains the lead market. Research in Europe shows that consumers are eager to watch mobile television and are willing to pay 12-14 euros per month for this luxury. The United States remains the most lucrative mobile market worldwide, but it is no longer the most populous one. Last year, there were more than 180 million wireless users in the United States, whereas the number of mobile subscribers in China is expected to exceed 400 million by the end of 2005. Global mobile phone sales hit more than 600 million units in 2004, and by 2009, observers expect the worldwide wireless market to grow to more than 2.5 billion subscribers.

A greater number of mobile users in a given region will facilitate network effects

and economies of scale in the use of mobile communications. In fact, in many developing and least developed countries, the old, fixed-line, telecom infrastructure is increasingly being replaced by mobile networks and handsets due to cost-efficiencies. The net result of these effects is that the new, advanced and complex mobile services will first be pioneered in developed economies, but that they will diffuse relatively quickly to less-developed nations. The PC revolution has failed to bridge the "digital divide"; the wireless revolution will solidify the mobile bond.

In the past, many technologies took decades to diffuse from luxury markets to ordinary people, and the lag time for developing countries was even longer. The new era of mobility will be different—it will be measured in years and it means rapid globalization via the palm of your hand, even in low-income societies.

Soft Power on the Move. To make mobile television a reality within two to five years, a slate of global industry groups are busy finalizing the technical standards, creating the networks and mobile handsets, and preparing content to support mobile television. What effect will these new mobile services have on journalism and policymaking? The very definition of news will continue to shift to what is happening "right here, right now" and can be seen and heard in the palm of your hand.

Prior to the 1980s and the proliferation of cable and satellite outlets, the central policy issues in the United States were often framed by foreign policy elites and the Big Three networks. Today, weakening U.S. wireless capabilities have coincided with a relative decline of American leadership in worldwide media and entertainment. In the past, media and cultural

influence, or what Joseph S. Nye Jr. calls "soft power," contributed to shaping policy priorities.¹⁵ Now, media globalization—once led by Hollywood studios, U.S. networks, and cable empires such as CNN and MTV—faces countervailing forces of media localization. The latter are led by pan-regional cultural industries, worldwide television networks, and rival cable and satellite empires—everything from BBC to al Jazeera. The emergence of mobile media will amplify this movement toward media localization and will shift attention from producers to users.

Rather than setting the agenda, officials will more often find themselves reacting to an agenda determined by multiple drivers of new information technologies. Depending on their initiative and resourcefulness, policymakers will either shape the news or be shaped by it.

The old concept of "command and control" died with the era of mass television. As we approach the era of ubiquitous media, a far better idea is to "sense and respond" to developments as they occur.

What some now regard as a threat to their agenda-influencing capabilities should be perceived as a great opportunity to utilize new capabilities in the same function. During the past few months, we have witnessed a wave of pro-democracy movements in Iraq, Ukraine, Lebanon, even Kyrgyzstan. These geographies have little in common, yet, there is a common denominator. In Lebanon, people were encouraged by the bravery of the Ukrainians, as were the people of Kyrgyzstan. In most cases, these dreams of freedom and democracy were bolstered by images on global real-time TV. This type of international solidarity will be greatly boosted by the mobilization of global media.

Soft power is about to go mobile.

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Errata

In "Participating in the Proces," published in volume VI, issue I of the *Journal*, we neglected to include the author's biographical information. John H. Brown is Associate at the Institute for the Study of Diplomacy in the Edmund A. Walsh School of Foreign Service at Georgetown University. He served in the U.S. Foreign Service from 1981 until 2003.

The *Journal* apoligizes to the author and the readers for the above error.

Reorienting Indian Foreign Policy

Review By Sumit Ganguly

C. Raja Mohan, *Crossing the Rubicon: The Shaping of India's New Foreign Policy*, New York: Palgrave Macmillan, 2004, 336 pp. \$29.95.

The transformation of India's foreign and security policies at the end of the Cold War was nothing less than revolutionary. The country's leadership had to re-examine the fundamental tenets of its policies, as the pillars on which they had rested crumbled. Throughout much of the Cold War, India's leaders pursued a foreign policy based upon the principles of nonalignment that were formulated at the time of India's independence by India's first prime minister, Jawaharlal Nehru. The nonalignment doctrine de-emphasized the use of force, sought to

steer India away from superpower entanglements, and attempted to forge a third world coalition to address North-South economic disparities. In practice, many of these lofty and desirable goals were not realized.

During his last days in office, Nehru painfully realized that moral suasion without the requisite military capabilities could result in a strategic calamity when dealing with an intransigent adversary. In 1962, following the failure of border negotiations with the People's Republic of China, Chinese forces attacked India's Himalayan border positions, and Indian defenses collapsed. Worse still, India's self-imposed diplomatic isolation from the Soviet Union and the United States ill-served its interests since neither party proved especially forthcoming during India's moment of crisis.

This military disaster led to a drastic reorientation of India's defense policies as the country embarked upon a significant program of military moderniza-

tion. It acquired a 45-squadron air force equipped with supersonic aircraft, a million-man army with ten new mountain divisions trained for high-altitude warfare, and a navy capable of defending India's littoral interests. Despite this marked shift of resources to the military and Nehru's demise in 1964, his successors proved both unwilling and incapable of changing the direction of India's foreign policy. Adherence to the principles of non-alignment remained India's lodestar.

It was not until the early 1970s that India all but abandoned key elements of nonalignment, even though its foreign policy elite continued to tout these tenets at international forums. Faced with an emergent nexus between the United States and China in their attempts to contain Soviet power, India increasingly gravitated toward the Soviet Union. The Soviets, keen on forging a relationship with the only third world democracy of any consequence, which also happened to share their reservations about Chinese power, proved to be a willing partner. The Soviet Union successfully cemented its diplomatic relationship with India through significant arms transfers at highly concessional rates. For most of India's foreign

wielding superpower in the United Nations Security Council to protect its interests and also to curb possible Chinese revanchism closer to home. This bond remained robust until the Soviet invasion of Afghanistan in December 1979.

Soviet actions in Afghanistan caused India to reconsider the Indo-Soviet relationship. The Soviet presence in Afghanistan suddenly revived Pakistan's significance in American foreign and security policy calculations and thereby brought the Cold War to India's doorstep. Pakistan, previously treated as an international pariah because of its appalling human rights record and pursuit of nuclear weapons, was now seen as a handmaiden of American interests in South Asia. India's decision-makers were unwilling to abandon the relationship with the Soviet Union due to their arms transfer relationship and the tacit security guarantee it provided against China. Nevertheless, they started to become more circumspect about the enduring strategic value of the Indo-Soviet nexus. Simultaneously, the steady maturation of the Indian economy generated structural asymmetries in Indo-Soviet trade. India, which had embarked upon a limited and fitful

Any dramatic shift in India's foreign and security policies awaited the demise of the USSR and the end of the Cold War.

policy elite, the relationship with the Soviet Union was not based upon ideological or cultural affinity; rather, considerations of statecraft were the primary motivations. India needed a veto-

strategy of economic liberalization, realized that it could not obtain vital, cutting-edge technologies from the USSR. Accordingly, even during the first Reagan administration, Prime

Minister Indira Gandhi proved receptive to some tentative American overtures to improve relations.

Following Mrs. Gandhi's assassination in 1984, her son, Rajiv Gandhi,

lacking in analytic, much less, theoretic content. This book represents an important departure from that infelicitous trend. Mohan nimbly traces the key junctures and turns that characterized

India has finally shaken off its preoccupation with its immediate neighborhood and has acted to build commercial, economic, and political ties to the regions adjacent to South Asia.

assumed the mantle of leadership. Lacking significant political experience and possessed of no diplomatic acumen, he was hardly qualified to re-orient India's foreign and security policies. Instead he appeared content to continue his mother's policies and repeat the well-worn mantras that he had inherited. He did, however, speed up the process of economic reform, slowly improve relations with the United States, and marginally reduce India's military dependence on the Soviet Union. Any dramatic shift in India's foreign and security policies awaited the demise of the USSR and the end of the Cold War.

C. Raja Mohan's *Crossing the Rubicon: The Shaping of India's New Foreign Policy* follows the structural realignment of India's foreign and security policies at the Cold War's end and brings the story into the present day. His account is gripping, knowledgeable, and carefully documented. For a number of compelling reasons—most notably the abject neglect of the study of contemporary India in American political science—most reviews of India's foreign and security policies have been hortatory, descriptive, and

India's response to a vastly changed world order. This effort, in itself, makes this book invaluable.

However, well beyond illuminating the key moments and personalities who contributed to the fundamental shifts in India's foreign relations, he also provides an analytic framework for understanding these changes. He argues that India's decision-makers, most notably Narasimha Rao (prime minister between 1991 and 1996) and Atal Behari Vajpayee (prime minister from 1999 to 2004) realized that visceral anti-Americanism and professions of third world solidarity would leave India marginalized in the emergent global order. Mohan credits Rao for the adoption of India's "look East" policies which led to a dramatic re-orientation of India's foreign policy toward the economically vibrant states of Southeast Asia. During much of the Cold War, India had shunned these states as squalid and supine supporters of the United States and its interests. Under Rao, this supercilious and flawed policy was abandoned and vigorous efforts were undertaken to court the economically vital region of Southeast Asia.

If Rao deserves much praise for altering the focus of India's economic diplomacy, Mohan correctly credits the BJP-led government of Prime Minister Vajpayee for the country's strategic decision to cross the nuclear Rubicon. Even though the Rao regime had toyed with carrying out nuclear tests, it had ultimately shelved those plans for fear of U.S. and international opprobrium. The Vajpayee regime not only breached the nuclear taboo but also deftly handled the substantial political fallout that ensued in the wake of the tests. It used the negotiations with the United States in the post-test period to start a viable security dialogue with the United States. Through these negotiations, Vajpayee's administration apprised the United States of India's legitimate security concerns while addressing U.S. misgivings about the proliferation of weapons of mass destruction.

The most intriguing discussion in this book is a bold analytical tract that suggests that India has now embarked on a neo-Curzonian foreign and security policy. At first blush, such a claim borders on the outrageous; indeed, some polemical Indian commentators have taken Mohan to task for this characterization. Such expressions of indignation, while unjustified, are perhaps understandable. After all, Lord Curzon was the architect of an imperial policy that sought to extend the boundaries of the British Indian empire to its logical limit. Yet such an assessment of Mohan's argument is utterly superficial. Mohan calls for a more subtle application of the Curzonian vision shorn of its imperial overtones. Specifically, he suggests that India has finally shaken off its preoccupation with its immediate neighborhood and has acted to build commercial, eco-

nomic and political ties to the regions adjacent to South Asia. This explains India's willingness to forge new relationships with the emerging states of Central Asia, with countries as different as Iran and Israel in the Middle East, and, of course, with the principal trading states of Southeast Asia. Mohan cogently contends that India has shown an ability to pursue new links without neglecting its interests in its immediate neighborhood.

The breezy prose of *Crossing the Rubicon* may tempt some scholars and policymakers to overlook it. Such a choice would be a crucial mistake. Mohan shows that, despite continuing problems of rural poverty, India has established itself as regional and extra-regional power. For example, its dramatic response to the tsunami in late December 2004 underscored its willingness and ability to play a role beyond its immediate shores. The Indian Navy swiftly reacted to the calamity in Sri Lanka and Indonesia, demonstrating India's capacity to act internationally even as parts of southern India reeled from the tsunami's devastation.

Those who peruse Mohan's vital book will realize that the image of India as an inept, moralizing and ineffectual state is utterly outdated. This reassessment of India's growing prowess and significance in global affairs is long overdue. *Crossing the Rubicon* will enable the interested reader to comprehend how India has shed the self-imposed manacles that long hobbled its role as a major power in Asia and beyond.

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Staying Competitive

U.S. Economic Policy

Review By Ronald McKinnon

Fred Bergsten and the Institute of International Economics, *The United States and the World Economy: Foreign Economic Policy for the Next Decade*. Washington, DC: IIE Press, 2005, 488 pp. \$26.95.

The United States and the World Economy: Foreign Economic Policy for the Next Decade suggests policy changes to resolve the economic problems of the United States and the implications of these suggested policies for the rest of the world. The authors are drawn from the Institute for International Economics (IIE). C. Fred Bergsten, director of the IIE, leads with a 50-page essay entitled "A New Foreign Economic Policy for the United States," whose title aptly explains its content. The meat of the book lies in Bergsten's piece, with the rest of the thirteen chapters further developing some of Bergsten's ideas.

In proposing an agenda for improving U.S. foreign economic policy for the next decade, Bergsten is often on the side of angels. He wishes to counter the domestic protectionist backlash against globalization by pushing Congress to extend the president's trade promotion authority in order to complete the multilateral Doha round of negotiations under the World Trade Organization (WTO) by 2007—including cutting agricultural protectionism everywhere. He backs this assertion with the convincing argument that per-capita income in the United States has benefited enormously from previous trade negotiations and that this could continue into the future.

A purist might quibble with some of the institutional mechanisms that Bergsten proposes for bolstering America's free trade ethic. He, along with Lori Kletzer and Howard Rosen in a follow-up essay, wants to greatly expand trade adjustment assistance for workers harmed or displaced by manufactured imports or outsourcing in the service area. However, there are potential problems with the large, new bureaucracies that may be required for such expansion. For example, these new establishments might struggle to differentiate between trade-related distress and pure distress. Another option would be to strengthen general unemployment, welfare, and educational benefits in the face of rapid technical change, whether the distress is trade-related or not. More questionable is his support for new bilateral or regional trade agreements that, of course, cut across the multilateral grain of the WTO. Most dubious of all is his proposal for a human capital tax credit, as discussed in the otherwise excellent essay by Catherine Mann on the outsourcing of services. This is a particularly dangerous prescription when U.S. fiscal deficits are already out of control.

On the other hand, Bergsten is second to no one in raising the alarm over escalating federal fiscal deficits and their link to rising current account deficits in the U.S. balance of payments. That theme is strongly reiterated in Michael Mussa's essay, "Sustaining Global Growth while Reducing External Imbalances." Indeed, all of the authors agree that meager saving by American households and negative saving by the federal government is the root cause of the trade deficit. Bergsten and Mussa express

their hope that the fiscal deficit will be reduced in the near future, but Mussa muses that this may not happen because of the U.S. demographic problem with rising Medicare expenses.

Whether the U.S. saving deficiency increases or decreases in the future, these authors—joined by Nicholas Lardy in his essay on China and, most vehemently, by Morris Goldstein in his essay on the international financial architecture—all advocate a large devaluation of the dollar as a first step in reducing the U.S. current account deficit. Unfortunately, since 2001, the dollar has depreciated significantly against the currencies of the major industrial countries; for example, it has declined by over 30 percent against the euro. Thus the IIE authors all focus on the East Asian bloc's ability to keep the renminbi (Chinese paper currency) stable at 8.28 yuan per dollar since 1994, a feat that has been possible in large part because of China's growing strength. They suggest that if China appreciates the renminbi by 20 to 25 percent, the U.S. current account deficit might be reduced by 1 to 2 percent depending on whether China's appreciation induced similar appreciations in other East Asian countries.

Quite incredibly, none of the authors in this far-ranging volume provide any econometric support—or even a theoretical model in a technical appendix—to demonstrate the quantitative impact of a 20 to 25 percent appreciation of the renminbi on China's trade surplus or on the U.S. trade deficit. Astonishingly, this unsubstantiated projection of the impact of an appreciation of China's currency is highlighted as a central conclusion in the volume's Executive Summary.

With the U.S. current account deficit remaining at about 6 percent of GNP, how exactly is an appreciation of the renminbi going to reduce it? In some plausible models, a one-time devaluation of the dollar could make the United States a more attractive place to invest and China a less attractive option for international investors. In this situation, the American economy would boom and Chinese growth would slow; additionally, these income effects would more or less offset the relative price increase of Chinese exports. Thus, both Chinese exports and imports would fall with little or no change in the country's net trade surplus. This is precisely what happened to Japan when appreciations of the yen from the mid-1980s to the mid-1990s greatly slowed the growth of the Japanese economy and its demand for imports and eventually forced Japan into its deflationary slump of the 1990s. Nevertheless, after these exchange rate machinations, economically depressed Japan's trade surplus was even greater. While this is all very casual empiricism, a more recent example can be found in Europe, where the euro has appreciated the past three years and has caused European economic growth to slow without reducing Europe's current account surplus.

All parties agree, as do I, that if the United States moves to eliminate its saving deficiency by, for example, gradually moving from a fiscal deficit to fiscal surplus, the current account deficit would eventually be reduced. However if we begin with the exchange rate at relative purchasing power parity (a possibility since, at 8.28 yuan/dollar, China's price inflation has become very close to that of the United States) would the hypothetical American fiscal

improvement be enhanced in reducing the U.S. trade deficit by an accompanying appreciation of the renminbi? Not if it threw China into a deflationary slump like that of Japan a decade ago. The exchange rate is not a useful instrument for correcting the current saving-investment imbalances of the United States. On the other hand, the (nominal) exchange rate can be a very useful monetary anchor for aligning national price levels (as China is now doing) if it is left unchanged and if national monetary policy is committed to maintaining it.

In summary, *The United States and the World Economy* is very useful in covering most aspects of U.S. foreign economic policy. It contains many good ideas, such as Philip Verleger's emphasis on the importance of a national gasoline tax to both raise revenue and promote energy conservation, or William Cline and John Williamson's support for converting the soft loan window of the World Bank to a grant-giving agency. Lardy's essay, although marred when discussing the yuan/dollar exchange rate, certainly succeeded in describing the incredible force that China has become in the world economy; in many ways, China is actually on par with the United States itself. The most significant lacuna is this book's failure to explore the workings of the international dollar standard: how the United States as the center country interacts with its periphery, particularly in Asia.

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Washington's Missing Piece

Review By Roger Howard

Kenneth Pollack, *The Persian Puzzle: The Conflict between Iran and America*. New York: Random House, 2004, 576 pp. \$26.95.

It is a curious paradox that a foreign government should play a starring role on the political stage of a country with which it has no formal relations. Nevertheless, in the past quarter century, Iran has haunted successive U.S. administrations like a sinister eminence grise. The rupture of U.S.-Iranian diplomatic relations and the tragic failure to rescue American hostages from the U.S. embassy in Tehran in April 1980 dashed Jimmy Carter's hopes of winning the presidential elections the following November. Six years later the Iran-Contra scandal rocked the Reagan administration and led to criminal proceedings against numerous officials, a suicide attempt by a former National Security Advisor, and the near impeachment of the president. More recently, it has been alleged that the chimera of Saddam's weapons of mass destruction was conjured by an Iranian intelligence service that sought to use the influence of its protégé, Iraqi leader Ahmed Chalabi, to deflect American pressure from Tehran and lure the U.S. military into an Iraqi quagmire.

During President George W. Bush's second term, Iran is under the spotlight of attention once again. Amidst claims that its leaders are close to developing the fissile material for a nuclear weapon and press reports of U.S. personnel on Iranian soil reconnoitering possible targets for a pre-emptive military strike, Vice President Dick Cheney has described Iran

as "right at the top" of the challenges facing the new administration. Meanwhile, President Bush continues to voice idealistic rhetoric about bringing "freedom" to those "oppressed" by the tyrannies of the Middle East.

The timing of Kenneth Pollack's new book, *The Persian Puzzle*, is therefore as meticulous as his earlier work, *The Threatening Storm*, a best-selling piece on the alleged threat posed by Saddam that appeared in September 2002, just as the clouds of war darkened Iraqi skies. Now, as the author points out, "there are signs of important developments in Iran." While it is, of course, extremely difficult to judge what lies ahead, whether change will be prompted by the regime's nuclear program, or what the impact will be of events in neighboring Iraq, the pertinence of Pollack's latest work is hardly in doubt.

Such a work is much needed not just because Iran is such a timely subject, but also because its subject matter represents so much else. For example, the regime's nuclear program and alleged links with Middle Eastern militia groups raise the wider questions of how and why the West should deal with weapons proliferation throughout the developing world and how terrorism should be defined and addressed.

Although many might claim that his strong support for the Iraq war destroys his credibility, Pollack is nonetheless extremely well qualified to write on Iran, having acted as the director for Gulf Affairs at the National Security Council during the Clinton years. In these roles, and during his subsequent work at the Brookings Institution, he has acquired not only a vast knowledge of almost every aspect of the country, including its relationship with the Middle East and the wider world, but also considerable first-hand experience

and insight into American policy formation. This means that his book is valuable because, consciously or not, it necessarily reveals something about the unspoken assumptions held by those who pull the strings of power in Washington.

Pieces of the Puzzle. Identifying five critical issues that Washington must address, Pollack looks at Iran's nuclear program, support for terrorism, opposition to the Middle East peace process, involvement in Iraq, and domestic human rights record. Because Iran's claim to be producing only civilian energy, not a warhead, is hardly credible, he identifies its nuclear program as the single greatest challenge to Washington—one that poses a "Persian puzzle," a problem "from Hell," to which "there is no school solution."

Not surprisingly Pollack eschews any suggestion of an Iraq-style invasion of the country and instead advocates a triple approach. This essentially reiterates the Grand Bargain policy (advocated last year by presidential runner John Kerry, among others), which rewards Iranian concessions on most issues with reduced economic sanctions and membership in the World Trade Organization. Pollack particularly emphasizes the need for "prompt and material rewards for progress," backed up by the sticks of economic sanctions to penalize any regression. Only if this approach fails does he consider a possible military strike option against Iranian nuclear facilities, although he also admits that the world may have to accept a nuclear Iran, an outcome that "will not be easy."

The author's approach is commendable. Although to more moderate, European eyes his strike option still appears alarmingly hawkish, his emphasis upon sticks and carrots is far more con-

vincing than any reliance upon military force, which would be ineffectual and provoke a massive anti-American reaction. Nor does he share some of the more dangerous illusions of Washington's neo-conservatives whose visions, though badly bloodied in Iraq, might still shape the administration's Iran policy. Instead, Pollack argues against any U.S. involvement in Iranian domestic affairs in the name of human rights. He notes that Iran is not on the brink of a popular revolution that only slight American encouragement could spark, and he questions the exaggerated claim that Tehran could somehow deliberately transfer nuclear materials to sinister third parties.

Pollack writes engagingly and is always highly thought provoking. His book is thorough and immensely informative, surveying Iran's history and contemporary political and economic scene from the perspective of its relations with the United States. Unfortunately, Pollack's diagnosis of the Persian Puzzle is fundamentally flawed, so his prescription for incentive-based collaboration is, therefore, unconvincing.

The most glaring defect is his central claim that a nuclear Iran would no longer fear U.S. retaliation and could therefore resume the "aggressive" foreign policy it pursued until 1996. Most Western observers certainly want to prevent Iran from going nuclear, but this assertion does not stand up to scrutiny largely because the acquisition of nuclear arms has never changed the behavior of conventional armies or militia groups, which are deterred or incited by military realities in the field. For this reason, American, British, and Israeli nuclear capabilities never deterred communist insurgents in Vietnam, the Argentinean invasion force that captured the Falkland Islands in

1982, nor the Arab assault of October 1973. Pollack points to the 1999 Kargil insurgency in Kashmir that was executed by a militia backed by newly nuclear Pakistan, yet the Kashmir jihad began in 1989 and climaxed before—not after—Islamabad reached the nuclear threshold in May 1998.

Aggressive Writing. It is the author's emphasis upon Iran's aggression that really raises eyebrows. In the context of international affairs, "aggression" is a word that should be used with the utmost caution for at least two reasons. On the one hand it implies the unwarranted use of force and therefore immediately castigates its subject matter—friends and allies are not aggressive but enemies are. But the term also oversimplifies complex realities: is a preventive war, waged without any direct *casus belli*, aggressive, or a massive response to only minor provocation? Ill-defined and emotive though it is, the term saturates Pollack's text. This means that many Iranian actions are immediately condemned instead of being fairly considered.

For instance, Pollack looks closely at Khomeini's so-called aggressive deployment of the Revolutionary Guard to Lebanon's Bekaa Valley in 1982, but he overlooks the obvious explanation: Iran wanted to defend fellow Shias during the invasion of Lebanon by an Israeli government with a highly expansionist—yet never once labeled aggressive—agenda.¹ Additionally, the author notes that, beginning in 1991-2, Iran's foreign policy became increasingly aggressive, but he omits that, after the battle for Kuwait, the United States had a massive military presence in the Gulf that inevitably raised Iranian fears. Concern over Washington's next move undoubtedly prompted

Tehran to take precautionary, not overly aggressive, measures.

Pollack also points out that in 1982, during the Iran-Iraq war, Khomeini decided to continue the fight with Saddam instead of striking a deal. However, the conflict was initiated by Iraq (at the instigation, some have claimed, of Washington), and the question of why wars end, to paraphrase A.J.P. Taylor, is often as problematic as why they begin.² Were Khomeini's ambitions in 1982 any more or less aggressive than those of the American hawks who, in 1991, urged Bush the elder not only to drive Iraqi troops from Kuwait but to march on to Baghdad?

Pollack's emphasis upon Khomeini's wild boasts of "exporting the revolution" grossly inflates the importance of Iranian political rhetoric. He also fails to quote any reliable evidence to support the assertion that Tehran actively sponsored an attempt to overthrow the Bahraini government.

Instead, Pollack firmly fastens onto Iranian motives a label of aggression that obscures a highly defensive state of mind. If Iran has felt vulnerable to American power since 1991, it must have felt far more threatened since the more recent arrival of U.S. forces in neighboring Afghanistan and Iraq. Much of Tehran's maneuvering in these countries and in its own nuclear arms program should be viewed as insurance against this perceived threat. Regrettably, this explanation is barely considered by the author, who is immersed in his own rhetoric about aggression.

There is, in short, a complete lack of trust between the United States and Iran that, unless alleviated, will allow a vicious circle to spiral. The Iranians, fearing American intentions, undertake defensive measures that are labeled by

Washington as provocatively aggressive and thus prompt an American reaction, which in turn heightens Iranian fears. Although at one point Pollack unwittingly illustrates this vicious circle, his failure to identify and address it is a major weakness in his argument.³ It is extremely difficult to imagine that the diplomatic deals he hopes for will be struck—much less maintained—if Washington and Tehran constantly search each other for discrepancies and evidence of malevolence. To complicate matters, the author admits that it would be particularly difficult to verify Iran's nuclear freeze or cessation of support for terrorism.

Indeed, some of the measures Pollack prescribes seem certain to undermine the chances of building such trust. He argues, for example, for a "reconfiguration" of U.S. forces in the Gulf that would allow them "to better deal with renewed Iranian aggression." But this reconfiguration would surely only inflame Iranian fears. A massive scaling-down of the U.S. military presence throughout the region, by contrast, would help alleviate them.

Iran and the Middle East. A similarly symbiotic state of mistrust exists between Israel and Iran. Pollack constantly emphasizes Iran's "blind hatred" towards Israel and its "violent opposition" to Middle Eastern peace, but this assertion is narrow and one-sided. Iranian mistrust is not unjustified, as many Israeli leaders have lobbied Washington hard to take a tough Iran line. Furthermore, Israel has its own nuclear arsenal that is surely very threatening to non-nuclear Iran, but Pollack barely mentions, let alone discusses, these issues.⁴ Is Iran likely to ease its resentment unless Israel also adopts a more moderate tone and reduces its own nuclear capabilities?

In any case, Pollack grossly exaggerates Iran's role in the Middle East peace process. The Shia Persians have traditionally remained aloof from an Arab world they have often regarded with animosity and disdain. The author reiterates the familiar claim that Iran refuses to accept the existence of Israel but then points out that, during the war with Iraq, it gratefully received Israeli military support. The truth is that the Iranians would strike a deal with Israel if it were in their best interests to do so. In fact, many Arabs still do not "accept the Jewish state" in their hearts, but they do so in practice because it suits their interests.

Instead, the author touts the Israeli line. He adds that peace does "not suit Iran at all" but fails to explain why. Pollack's frequent claims that the deadly attacks of militant groups like Hamas and Islamic Jihad are "Iranian-motivated" certainly suit an Israeli government that does not want to admit any responsibility for Palestinian disquiet, but they are claims that remain unsubstantiated. It is not clear who organized the mission of the ship *Karine A* (intercepted by the Israelis in 2002 as it carried a huge quantity of Iranian arms), whether they had any ties with the Tehran regime, or who was supposed to receive the cargo. But it is certain there would still be Palestinian unrest without Iranian support, if it exists at all, and that no one commits suicide because they are paid to do so.

Liberal Labeling. Pollack's clear one-sidedness is both a reflection and a cause of the emotive terms that permeate not just this book but also the wider debate on Iran. Just as the aggression label castigates Tehran, the constant repetition of the word "terrorism" distorts—some would say manipulates—this debate. It is difficult to

assume the viewpoint of a regime whose every move is labeled in terms of terrorism, but it is very easy to demonize it.

The author, one suspects, has become so intoxicated by his mantras about "aggression," "violent opposition to the Middle East peace process," and "terrorism" that he not only neglects to define these terms but also loses his judgment. This becomes particularly clear from his tendency to make statements that are inconsistent at best, and which occasionally manifest an element of Orwellian doublethink.

For example, Pollack rightly points out that "all of the reporting indicates that [the Iranians] want nuclear weapons to deter an American attack," but he then argues that "this regime has demonstrated that it is aggressive, anti-status-quo and anti-American."⁵ The opening chapters rightly emphasize that "a weak Iranian state [historically] became prey to powerful external actors" whose "relentless foreign intervention and humiliation had a traumatic impact...that has reverberated to this day." But does this not suggest that Iran is a defensive state, not an aggressive one, as the rest of the book claims?

Pollack remarks that the U.S. method of listing terrorist organizations and their state sponsors can be based on "cynical reasoning" and unscrupulous standards.⁶ He even admits that, on this issue, the Iranians have had "some ground to call the United States hypocritical."⁷ But if the designation "terrorism" is unreliable, why are phrases such as "Iranian involvement in international terrorism" constantly invoked as unthinking mantras? This question is harder to answer when, towards the end, we read that "Iranian involvement in international terrorism is not an overriding threat to the United States."⁸ Why, then, does he argue that such involvement

prohibits a U.S.-Iranian rapprochement? Has he become blinded by the terrorism label, or has he forgotten that, as Orwell might have put it, some terrorisms are more equal than others?

Pollack also admits at one point that peace in the Middle East will be determined by "factors internal to itself, not by Iranian actions."⁹ Why then has he so emphasized the "crucial role" of Tehran's "violent opposition"? It is significant that this latter phrase is repeated in the same paragraph as the first, almost as if the author finds reassurance from the repetition of a catchy and convenient slogan.

All About Perspective. It is hard not to be reminded of Saddam's alleged WMD and of the Pentagon's intelligence reports, which look away from inconvenient facts and instead only find what they want to see. Another parallel might even be with the run-up to the Vietnam War, when Washington policymakers were deluded by their own rhetoric about communist aggression—a term that, significantly, also saturates the writings and speeches of the time.¹⁰ At the same time, skeptics like American statesman George Ball "marveled at the way ingenious men can, when they wish, turn logic upside down."¹¹ Now it is Iran, not communism, that is demonized, for, as Pollack himself points out, there are some Americans who are "pre-disposed to see the Iranian bugbear behind every problem."¹²

Pollack's own doublethink may illus-

trate that even in a democratic country, free and open debate can be distorted by powerful, emotive, but ultimately meaningless labels like "terrorism" and "aggression." Is America now at risk of being hypnotized by these words in the same way, for example, that less secular societies were once gripped by fears of heresy and popery?

This puts a timely perspective upon President Bush's democratic vision. Despite the president's easy division between them, tyranny and democracy can be alarmingly indistinct. Here in Britain, for example, democracy has recently become increasingly constrained by media manipulation, politically correct taboos, and an unelected judiciary tasked with guarding "human rights." On both sides of the Atlantic the public has been asked to accept on trust the existence and veracity of intelligence information that was supposed to justify the declaration of war. Bush is said to admire Winston Churchill, but does the president remember his famous saying that democracy is only the least bad form of government?

Pollack's book is on some counts a very good read that addresses many timely foreign policy issues. What is particularly interesting, however, is what this piece unconsciously reveals about how policymakers view Iran.

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NOTES

1 See for example Avi Shlaim, *The Iron Wall: Israel and the Arab World* (New York: Penguin, 2000), 396.

2 See for example Said K. Abdurish, *Saddam Hussein: The Politics of Revenge* (Bloomsbury, 2000), 186-88.

4 Pollack, 261 and 269.

5 Pollack, 384.

6 Pollack, 207.

7 Pollack, 361.

8 Pollack, 379.

9 Pollack, 380.

10 Typical examples are National Security Council documents such as NSC 64 (1950), 124/2 (1952) and 5504 (1954), as quoted in *The Pentagon Papers* vol. 1, (Boston: Beacon Press, 1971).

11 George Ball, *The Past Has Another Pattern* (New York: WW Norton & co, 1982), 389.

New Minds Shaping China

Nick Phoutrides

The rise of critical thinking education in China is forcing tangible change on the country's communist system. By educating students to think critically, brainstorm creatively, and engage in freer discourse, the Chinese government is encouraging new levels of participation and prospects for expanding openness in society. Based on my observations during a year of study in China, as well as my time teaching in a school in Huangtian, a rural village in the Anhui province, I have gained some insight into education in China. Chinese education policy can be used as a tool for evaluating current societal trends in order to suggest where the country may be heading. With that, the concept of "critical thinking education" can be examined in three parts: the first section focuses on the theoretical background of critical thinking education, the second section analyzes current trends in Chinese education, and the third section evaluates the implications of new educational reforms in China.

Critical thinking education can be thought of as problem-posing education, the name given it by philosopher Paolo Freire. It refers to a method of instruction that is in contrast to mechanical education, or rote memorization. The overall goal of critical thinking education is to develop a student's critical reasoning ability. By using techniques such as back-and-forth dialogue and hands-on learning, teachers of this

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pedagogical school prepare their students to reason through issues systematically. Instead of waiting for the teacher to provide the answers, students must think of the answer for themselves. Rather than take orders, students cooperate with the teacher. Many people refer to this form of learning as a "two-way street" by which both teacher and student exchange thoughts and learn.

Rote memorization, on the other hand, emphasizes inundation. It overwhelms the student with facts. The student apprehends these facts vaguely, understanding them with difficulty. Freire calls this type of education "banking education," likening the student to a bank vault and the teacher to a depositor. The teacher deposits information into the student without providing any mechanism for the student to evaluate the knowledge; a student who learns by rote does not have the same skills as a student who learns to reason critically. The former prepares the student for passing tests and completing assignments, while the latter provides a framework and capacity for understanding the world.¹

I had the opportunity to compare these two educational methods while teaching a middle-school English class. During the first few days of teaching, I received copy after copy of plagiarized essays that revealed my students copied each other or their workbooks instead of creating original work. Once I asked my middle-school students to hand in a short story using ten new vocabulary words. Of the forty papers I received, at least half were copied from textbooks. The other half were copies of smarter students' work that featured such simplistic sentences as "The dog was very hungry." As I had already determined that my students' English abilities were

high, I knew that they could do better. Why were they not trying?

After handing back the essays, I explained the assignment again, stressing that I wanted original work. The following Monday, I received a stack of thoughtful, patient essays. The striking creativity of one piece, written by a girl named Penny who always sat at the front of the class, stands out in my mind. While her English was no better than her classmates', she produced an imaginative anecdote that involved flying squirrels and a cake. I realized that my students did not lack original thought but that their education rarely encouraged it.

Quoting Mao and Skipping Rope.

For the past fifty years, China has discouraged creativity and encouraged rote memorization as the most effective form of education. The communists used this learn-by-rote approach as an ideal way to introduce state goals into the minds of students and ensure compliance, illustrated by the recitation by children of selected quotes from the *Little Red Book*, written by the former Chairman Mao Zedong. When students made mistakes, they were slapped or punished. Physical discomfort was thought to increase discipline and commitment. Many students I met during the time I spent in China were raised with this form of education. Some students continue to endure slaps for reciting their homework improperly.

In addition to rote memorization, the Chinese government had other mechanisms to control access to information; it favored censorship of facts in textbooks. For example, before 2004 history books made no mention of the positive role the Kuomintang (KMT) Government played in defeating the Japanese during

World War Two.² This failure to mention the KMT's assistance allowed communist leaders to reinforce the negative opinion of the KMT held by the Communist party. Students, lacking any forum to research or discuss the issues, ingested the information as the complete truth for the purpose of reproducing what they had learned on a test for a grade.

Nevertheless, policies are changing. Since 2001, China's Ministry of Education has been involved in a massive overhaul aimed at modernizing and improving the school system. Beginning in September 2001, thirty-eight experimental zones featuring some new peda-

six years, for example, the budget for the Suzhou Experimental Elementary School has increased by forty percent, with the money being put toward new programs and teachers' salaries. Art, music, and physical education have been a major part of the curriculum for several years. Students assist with janitorial duties and sometimes stay late, which according to administrators builds a vibrant school community. Teachers engage students in discussion, and senior students are even called on certain days to teach their younger classmates.⁴

For every exemplary school in Suzhou, however, there are dozens of rural

Since 2001, China's Ministry of Education has been involved in a massive overhaul aimed at modernizing and improving the school system.

gogical ideas were established around the country, involving approximately 500,000 of China's 215 million elementary and middle school students. These figures increased to nine million pupils in 2002 in 572 zones, and doubled again in 2003 to include high school students as well. Originally nationwide goals were set for 2010, but with the expectations of quicker developments, the end of 2005 has been suggested as a possible deadline.³

Suzhou, a city thirty miles outside Shanghai, has been noted as a leading model for China's reform program. Long considered a center for technology and progress, Suzhou has had the resources necessary to implement some truly remarkable reforms. Over the past

schools lagging behind national goals. While urban students average education terms of 10.2 years, according to statistics from the National People's Congress, the average education term for rural students is 7.33 years. This is nearly two years short of the nine years stipulated by China's Compulsory Education Law.⁵ A major factor in rural dropout rates is the lack of attention and resources afforded to the students. Although students in rural areas make up two-thirds of all Chinese students, they receive less than twenty-five percent of education allocations every year. For this reason, the Minister of Education of China, Zhou Ji, has recently stated "the thorniest problem [China] faces is how to ensure there's enough money for education."⁶

How the Other Two-Thirds Live.

The inadequate education budget is reflected in the teaching methods and quality of the classroom environments of rural China. While in the Anhui province teaching in the small village of Huangtian, I saw many schools that lacked the resources to fulfill the education requirements stipulated by the government. Huangtian is only six hours west of Suzhou, the successful techno-cosmopolitan center; yet Anhui province is one of the country's poorest, and its pupils can only dream of what Suzhou has to offer. In Huangtian, our classes were held in whitewashed buildings decorated by fading red Marxist adages. Students sat in chairs with missing legs and backs and took notes on old notepads that doubled as toilet paper rolls. While they were well behaved and attentive, I suspected that it was because we were having fun, and telling stories to practice English. Regular classes during the year bored many of my

class and I don't know how to keep them interested in English," she said.⁷ Though she said she is willing to try new teaching techniques to hold her pupils' interest, Mrs. Wu said she has no concept of where to begin. A lack of funding for teacher training and new materials clearly stymies her interest in innovation. I offered Mrs. Wu the handbook I had brought from the United States, which included games and activities that encouraged class participation. She was excited to have material to consult. For teachers like her, who grew up in the austere years under Mao Zedong, long-suppressed creativity does not come naturally.

The quality of education available in villages such as Huangtian adversely affects their economy. The inadequacies of rural education push many families to move to larger towns and cities for better educational opportunities. This puts an increasing strain on urban resources, and does not benefit many of the

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students, they confided to me, because they focused on recitation and threatened strict punishment for misbehavior. Often, punishment took the form of physical reprimands.

The teachers are not much happier than the students with the situation. Mrs. Wu, an English teacher with whom I worked at the Huangtian School, lamented that her class is inattentive and uninspired. "My students won't focus in

migrants either. China's so-called "floating population" is involved in all types of temporary work, ranging from textiles and construction to less seemly occupations such as street hawking and massage parlors. These jobs are usually the lowest paying, most dangerous, and dirtiest jobs China has to offer.

In order to improve the standard of education in rural areas, as well as throughout China, the government has

introduced two major programs: national standardization and critical education methods. National standardization increases support to rural areas to ensure that all students are able to complete the nine years of compulsory education. This effort has introduced tax reforms and government aid packages to assist poor families in impoverished areas. The goal is to bring up the standard of living in rural areas so that people will have less reason to migrate to the already overburdened metropolitan centers, thereby strengthening the schools and communities that have been neglected until now. Critical education methods are challenging Chinese students to solve problems creatively. By teaching students to engage in discourse, the government believes it can encourage more innovative thought, as well as a new generation of thinkers able to consider issues "outside of the box."

China's Great Balancing Act. The impact of critical education will likely affect three aspects of Chinese society: the workforce, the social system, and the political system. Critical education will prepare students to enter the workforce with greater reasoning abilities and hopefully spur innovation. As the Chinese economy develops, it will demand more cutting-edge skills from its workforce in order to compete internationally for trade and investment. The ability of its workforce to innovate will become increasingly important. A greater emphasis is being put on technical education to provide hands-on learning experiences and practical know-how of the most important aspects of a profession. China is seeking to empower the rural communities with practical knowledge that will help the agriculture and manufacturing industries thrive.

In addition, China is reshaping its workforce by retaining more Chinese students and attracting more foreign students. In the past, China has suffered severely from the problem of brain drain—students leaving to study abroad at better institutions of higher education. Often these students find good jobs abroad and do not return home. The Ministry of Personnel released statistics in 2003, showing that of the 580,000 Chinese that have traveled abroad to study, 160,000 have come back. This returning group grew by another thirteen percent last year, which demonstrates that a new phenomenon of "reverse brain drain" is occurring. In this way, China's smartest minds are no longer staying abroad, but returning home to a stronger economy and better jobs.⁸

Not only are Chinese students increasingly preferring domestic study and work, international students are pouring into China from neighboring Asian countries. *New York Times* journalist Jane Perlez revealed in a 2004 article that an increasing number of Asian students are studying Chinese instead of English. These students admitted that access to Chinese education is easier and of comparable quality to that in America. Furthermore, many believe that China is the world's next great power, with many more realistic options for Asian workers. In my classes, the majority of Korean, Japanese and Thai students spoke better Mandarin than English, and many of them planned to keep it that way.⁹

Confucius Meets the West. In addition to positive impacts on the workforce, critical thinking has a major impact on social norms and interactions. John Dewey, an American philosopher who visited China, spoke of education as

a social process. For Dewey, there is a direct relationship between critical education and social freedom, order and happiness. In an undesirable society, internal and external barriers are set up to inhibit free intercourse and communication of experience. On the other end of the spectrum is the desirable society:

A society which makes provision for participation in its good of all its members on equal terms and which secures flexible readjustment of its institutions through interaction of the different forms of associated life is in so far democratic. Such a society must have a type of education which gives individuals a personal interest in social relationships and control, and the habits of mind which secure social changes without introducing disorder.¹⁰

The kind of society that Dewey considers to be desirable regards critical thinking education as a crucial factor for success. Without a free flow of ideas, venues for open discourse, and arenas for diverse societal relationships, there cannot be real freedom and happiness. The most important thing for a society to do, then, is open these avenues for the public through such venues as education.

Dewey has an interesting history in China. In the 1920s, in the midst of China's first revolution, he introduced ideas of Western democracy and education to interested Chinese. He was even awarded an honorary degree from a Chinese university that included a citation that called him the "Second Confucius." Shortly thereafter, the communists took power and a great deal of time and energy was spent denouncing Dewey and his counter-revolutionary

ideas.¹¹ Today, however, China has clearly rediscovered Dewey's ideas, and the government has tested them actively, knowing the ramifications these will have on the socio-political systems engrained in daily life.

Comparison to Taiwan. The consequences of China's education policies could be more than just the production of good workers—they could be the beginning of political change. China's education policy is becoming comparable to that of neighboring, democratic Taiwan. After teaching in China, I spent a semester in Taipei at National Chengchi (Politics) University. My classmates were more westernized than their mainland counterparts and had received a more critical thinking-based education growing up. Many were multi-lingual, with Taiwanese, Mandarin, English, and Japanese skills. They had traveled abroad to the United States and other foreign countries.

Before 1986, Taiwan was not so different from China—a quasi-Leninist authoritarian regime ruled with a heavy hand. While the island experienced fantastic economic success, rising alongside other Asian countries like South Korea and Singapore, it was clear that the people desired more political reform. President Chiang Ching-kuo made an unprecedented decision to lift martial law and thus set the stone rolling for greater political reforms. Chiang was not coerced into such action. Rather, his administration saw that Taiwan's best interest lay in progressive reform. This far-sighted vision has proved fortunate for the island today.

I witnessed Taiwanese successes in many places throughout the island. One day I taught my friend's English class,

populated by students not much younger than my Huangtian class. Unlike Huangtian, however, this classroom was not composed of bare white walls and Marxist adages. It was filled with colorful artwork by the students. Musical instruments and props for role-play sat at one end of the room, and a chair for story telling rested in the other. The students were anxious to answer my questions and make sentences with new words. They were comfortable making mistakes, and delighted in chastising one another playfully in a second tongue. I laughed with them as I realized that cultural norms are not impossible to change.

Conclusion. While it may be foolhardy to speculate about further reforms to be undertaken in China, it is important to see the introduction of critical thinking into the curriculum in a grander context. The reforms them-

selves will change the way that students approach knowledge in general. No longer will they be forced to accumulate it, but instead be taught how to apply it. For China, this is an evolutionary step cutting against communist dogma, which is as remarkable as the practical benefits of this change.

China appears to be heading in a direction that promises increased domestic stability and openness. With groundwork in place for these improvements, China will be able to deal with changes and controversies surrounding issues such as AIDS, human rights, environmental degradation, and political reform. Although there are numerous obstacles yet to confront, the key is that the Chinese government is approaching educational reform systematically and practically. To paraphrase Confucius, it does not matter how slowly you go so long as you do not stop.¹²

NOTES

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Battle for Burma

The Process of National Reconciliation

Min Zin

No crisis in the world today can be effectively resolved without the active intervention of a third party, unless the concerned parties have both the will and capacity to settle their differences. Burma is one case where such will is lacking. With the country on the brink of total collapse and international attention inconsistent and under-funded, Burma's national reconciliation process remains at a standstill.

The ruling military regime in Burma under Senior General Than Shwe's leadership has made clear its unwillingness to accept any form of social, political, or economic change. Than Shwe's junta continues to expend its energy—and the nation's resources—committing atrocities in the name of national security while neglecting the welfare of the Burmese people. While U.S. Secretary of State Condoleezza Rice's inclusion of Burma on her list of six "outposts of tyranny" in her recent Senate hearing was encouraging, this statement appears to have been made with little intention of taking any real action. Despite the sincerity of American concern towards the plight of the Burmese people, Washington's rhetoric frequently comes with a high moral tone.

Compared with other countries labeled as "outposts of

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tyranny," there is still unexhausted political leverage that the United States can apply toward finding an acceptable settlement to the crisis in Burma that is both feasible and cost-effective. Although the country's crisis reached its pinnacle in 1988, when student protests were violently repressed by the military, the country continues to be run by an abusive regime that has yet to respond to international intervention efforts. Consequently, while Burma is not a strategic interest for the United States, leading a coordinated international political intervention for Burma would nonethe-

compelled the rulers of Burma to perform unspeakable atrocities. By contrast, my personal experiences as well as those of my colleagues in the democracy movement in Burma demonstrate that fear does not always corrupt the oppressed: rather, it can spur them to work together for change.

I was a fourteen-year old high school student when I joined the student-led democracy uprising against the military-run socialist regime in Burma in 1988. The army responded to these peaceful demonstrations with a spray of bullets, killing many people, including young

Under the current military regime Burma is usually described as the "Land of Fear."

less help the White House restore its image as a legitimate defender of human rights and achieve a moral victory in its support for "the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in [the] world," as President Bush promised in his inauguration speech in January 2005.

The Land of Fear. Under the current military regime, Burma is usually described as the "Land of Fear," and rightly so, for fear plays a tremendous role in the everyday life of the oppressed people and the oppressive leaders alike. As Aung San Suu Kyi, the leader of Burma's pro-democracy movement has stated, "It is not power that corrupts but fear. Fear of losing power corrupts those who wield it and fear of the scourge of power corrupts those who are subject to it." In my opinion, the fear of losing power is the worse of the two, as it has

students like myself. Independent research reported that more than ten thousand people were killed during the two months of the 1988 movement.² Since then, arbitrary arrests, torture, rape, forced labor, extortions, and forced relocations committed by the military have become rampant, according to reports by human rights groups and the United Nations.

My experiences corroborate such reports. As a founder of a national high school student union, I was an active member of the nationally recognized All Burma Federation of Student Unions (ABFSU) that has cultivated to youth leaders including the post-colonial independence hero and father of Aung San Suu Kyi, General Aung San. Although the ABFSU was banned by the military when it took power in 1962, I have continued to engage in clandestine political activities and worked closely with Aung San Suu Kyi. In July 1989,

military intelligence agents and troops came to my house to arrest me, but as I was not home, they arrested my father instead. Since that time, I have been living underground inside Burma. I was dismissed from my high school and kept away from my family so they would not be implicated in my activities. However, my efforts to protect my family failed, and almost all of my family members have been arrested at one time or another over the past fifteen years due to my political activities.

Such setbacks have only fuelled the democracy movement in Burma. During my time on the run, I published underground pro-democracy journals and handouts, organized demonstrations, and recruited new activists, including students and monks. I also initiated above-ground activities to involve people in participatory forms of civil society, such as public literary talks, new libraries, and campaigns to raise awareness about smoking and HIV/AIDS. I led such activities until late 1997, when the security risks became too dangerous and I was forced to flee the country. Others were less lucky. The arrest of Thet Win Aung, a colleague who accompanied me to Thailand and later returned secretly to Burma in order to continue his political activities, was sentenced to sixty-three years imprisonment by the junta. His offense consisted only of involvement in non-violent student union movements. Today, the junta continues to be intolerant of above-ground non-political activism. All independent activities, including weight-lifting clubs, collecting foreign press clippings, and holding gatherings of over five people without permission, are viewed as threats to the state and are

therefore banned.

The Junta's "National Security."

Although it is not unusual for a government to occasionally prioritize security over other issues, this is normally done within clearly defined parameters. In Burma, however, the junta's obsession with security has, in effect, placed the country under a perpetual state of emergency. This obsession is reflected in the news media and signboards throughout the country that carry warnings to potential dissenters: "Oppose those relying on external elements"; "Oppose those trying to jeopardize stability of the State and progress of the nation"; "Oppose foreign nations interfering in internal affairs of the State"; and "Crush all internal and external destructive elements as the common enemy." Such slogans are more than propaganda, as the armed forces are thoroughly inculcated with this message and have long since demonstrated their commitment to this version of "national security."

However, the generals use the concept of national security arbitrarily. The regime treats every challenge as a potential threat to the state's integrity, which explains why Burma has doubled the size of its military over the past sixteen years and now has the second-largest arm forces in Southeast Asia after Vietnam. Although the Burmese military has occasionally engaged in minor clashes with neighboring countries, particularly Thailand, this enormous force has served primarily as a means of overwhelming the junta's opponents inside the country.³

Of the domestic opposition groups targeted by the regime, the National League for Democracy (NLD), led by Aung San Suu Kyi, is the military's main concern. By nullifying the result of the

1990 elections in which the NLD won a landslide victory against the pro-junta National Unity Party, the regime quashed the most compelling challenge to its legitimacy: a democratic election. In response to the NLD's victory, the junta has waged a series of crackdowns on the organization and its leaders. For example Suu Kyi, and others have been repeatedly barred from participating in national politics. Over the past seventeen years, "the Lady", as Suu Kyi is often called, has spent most of her time under house arrest, and many other NLD members have been arrested, imprisoned, and tortured.

In response, the NLD has launched a vigorous campaign to expand political space by mobilizing supporters and building morale. On a mobilizing tour in May 2003, Suu Kyi's convoy was attacked by the junta, resulting in approximately one hundred deaths. Suu Kyi was detained, party offices were shut, and any political space that had been opened was once again closed.

The junta's obsession with security is not confined to crushing opposition groups, as it also includes a campaign that strikes "the

erful man and the dissolution of the National Intelligence Bureau—the umbrella intelligence and investigative organ.

Failed State Syndrome. The junta's uncompromising definition of national security contributes directly to state weakness in Burma. Traditional definitions of state failure include a lack of legitimacy of the state and the inability of the state to provide basic services, most importantly security, to its citizens.

A growing trade deficit, hyperinflation, a plunging currency, drastic reductions in foreign direct investment, balance of payments problems, and chronic energy shortages are all products of policies designed to enhance the military's security concerns at any cost. Since the junta spends more than 40 percent of its national budget on the military, while health and education combined receive just 1 percent of GDP, the needs of ordinary citizens are neglected. Burmese migrant workers, desperate to make ends meet, are perhaps the country's largest export after illicit drugs. In ethnic minority areas, systematic oppression,

By nullifying the result of the 1990 elections in which the NLD won a landslide victory, the regime quashed the most compelling challenge to its legitimacy: a democratic election.

enemy within." In October 2004, General Khin Nyunt, the once all-powerful spy chief and prime minister, as well as thousands of intelligence officers were "purged" from office. The fear of internal dissent was further underscored by the removal and detention of Burma's third most pow-

including forced relocation, has resulted in about six hundred thousand internally displaced people (IDPs).

Additionally, the prevalence of human rights abuses committed in the name of "national security" has created an atmosphere of fear and distrust that eats away at

the fabric of Burmese society. Rape, cultural assimilation, and the reckless exploitation of natural resources have become routine practices for the military. The resulting societal destabilization is further aggravated by the country's production of heroine and its rate of HIV/AIDS infection—the second highest in the world. The humanitarian implications of the situation have thrown normal social cohesion into disarray.

The toughest problem facing Burma, a country that is ethnically diverse and plagued by long-standing conflicts, continues to be the issue of ethnic autonomy. Federalism, the formula for peace that many in the opposition have advocated, has long been synonymous with secessionism or separatism in the vocabulary of the Burmese military. The junta appears to have rejected the notion of forming a "federal union" for ideological as well as tactical reasons. The military has indoctrinated rank-and-file soldiers to regard federalism as an inherent threat to the nation. The current national convention has already indicated that calls from ethnic insurgent groups for genuine federalism—many of which have agreed to ceasefires and joined the convention in an attempt to bring about this federalism—will continue to go unheeded. Many analysts predict that these ethnic insurgent groups may violently resist military attempts to disarm their troops upon adoption of the constitution. The constitution has started and stopped many times since 1993 but began functioning once again at the meeting of the National Convention, the first step on the seven-point roadmap declared by the junta as the country's way to "disciplined democracy." Unfortunately, this process is frequently boycotted and discredited because of the junta's aversion to ethnic rights, as well as the domination of the

military's agenda and the resulting undemocratic procedures of the convention.

Burma is a candidate for state failure. Due to the poor economic and social conditions of the country; the widespread human rights abuses and illegal activities; and the government's lack of legitimacy among the general public, ethnic groups, and the international community.⁴ However, only the citizens suffer from this state of affairs. The political elite and the top leaders have yet to personally feel the threat of imminent demise. Consequently, they have not shown any will to relax or redefine their own repressive security policies.

The Role of a Third Party in Burma's Crisis. Burma stands at a crossroads. As Aung San Suu Kyi has warned, Burma has two choices for its future: dialogue or utter devastation.⁵ Thus far, Than Shwe and his generals have chosen the latter.

Due to the persistent stalemate between Than Shwe's regime and its domestic opposition, third party intervention has been a central feature of Burma's reconciliation process for years. However, the variety of third parties who have been involved—international organizations, individual states, and regional organizations—have faced consistent challenges.

The United Nations has been unable to mobilize and coordinate efforts to facilitate the reconciliation process in Burma. The recent purge against intelligence Chief Khin Nyunt plunged the UN's already meager effort into its most difficult phase since the appointment of the Secretary-General's Special Envoy Razali Ismail in 2000. Razali, a senior Malaysian diplomat whose appointment was thought to carry more credibility than

a non-Asian in dealing with the xenophobic junta, was clearly outmatched when facing the generals. Every proposal for openness and democracy suggested by Razali was shrugged off by the generals. The regime instead used Razali as a pretext for fending off international pressure with the hopes of getting sanctions lifted and foreign aid flowing again. Bringing an end to the political crisis in Burma was never part of the generals' game plan.

However, Razali is not the only one to blame for the UN's failure. Without the support of regional powers or other member states, the UN's leverage with the junta is weak, rendering its ability to design and manage a national reconciliation process toothless. Unfortunately, regional powers China, India, and Japan would incur hefty losses in terms of their national interests if they reduce support for the Burmese regime. Accordingly, they are likely to continue prioritizing their national interests over Burma's national reconciliation.

Finally, the Association of Southeast Asian Nations (ASEAN) continues to adhere to its policy of non-interference in the domestic affairs of member states. While a number of ASEAN countries, particularly Malaysia, Indonesia, and Singapore, are growing frustrated with Rangoon and have begun calling on the junta for meaningful reform, Thailand has emerged as Than Shwe's staunch defender. Indeed, Thai Prime Minister Thaksin Shinawatra even justified Suu Kyi's ongoing arrest after his recent trip to Burma. While there have been growing concerns among ASEAN parliamentary leaders and government officials regarding the organization's image and how it might suffer when Burma takes over ASEAN's rotating chairmanship in 2006, the organization is likely to minimize internal divisions over the issue Burmese reform and continue to

emphasize non-interference.

U.S.-led Reform in Burma. Given the UN's constraints, the economic interests of Burma's neighbors, and ASEAN's commitment to sovereignty, the third-party role in Burma is left to other powers. As the most outspoken critic of the Burmese junta, the United States is the natural choice. Secretary Rice's statement, which lumped Burma together with North Korea, Iran, Cuba, Belarus, and Zimbabwe, does contribute substantially towards encouraging U.S. intervention in the Burmese crisis. However, the hard fact is that the United States does not have a strategic interest in Burma. Burma does not possess nuclear weapons, supply oil, harbor terrorists, or trade heavily with the United States.

While Congress champions Burma's democracy movement, the White House remains inactive except for its occasional praise for Suu Kyi and scolding of the junta. Though the United States imposed investment sanctions on the regime in 1996 and an import and visa ban against the generals in 2003, these unilateral measures have proven ineffective. The measures are devastating for the Burmese people, who endure the brunt of U.S. sanctions and retain the false hope that these sanctions will facilitate change in their country.

In order to redress the shortcomings of its policy, the U.S. administration should redefine its strategy by its ability to deliver real outcomes, instead of solely by its righteousness. This means playing a more proactive role rather than leaving the Burma issue to reside in the high moral ground of political rhetoric.

The administration's policy should add coordinated international action to its own sanctions. The United States has

the political leverage to obtain multilateral or at least European Union cooperation on sanctions, which would dramatically increase their effectiveness.

Nonetheless, the goal of sanctions cannot be rapid regime change or an immediate transfer of power to the NLD. If the junta feels that its security is seriously threatened, it may crack down even harder on the opposition. The process of democratization must be reasonably and pragmatically defined so that any transition process would not radically upset the generals' security concerns. The United States can then, has two options or engaging the junta and its regional defenders.

First, the U.S. administration should help revise the UN's initiative on Burma by establishing a reasonable policy line that can be agreed upon by key stakeholding countries. The White House should use its political and diplomatic capital to coordinate regional powers and to upgrade the mandate of the UN Special Envoy. With such backing, the UN

its inflexible positions.

If the United States cannot establish the necessary mechanisms for the UN to facilitate change in Burma, a second option is the formation of an international coalition to address Burma's chronic political crisis. Under this scenario, the White House should appoint a U.S. Special Envoy on Burma who can persuade ASEAN members as well as China, India, and Japan to join the United States in demanding reform acceptable to both parties in Burma. Importantly, this U.S. Special Envoy would need to engage the junta, for no deal on reform or political transition will endure without their buy-in.

Burma is not among the United States' main strategic interests. Nevertheless, Burma's inclusion on a list of only six "outposts of tyranny" shows that the United States has not forgotten the Burmese crisis. Among those six outposts of tyranny, the resolution of the Burma crisis may

The prevalence of human rights abuses committed in the name of "national security" has created an atmosphere of fear and distrust that eats away at the fabric of Burmese society.

can take the lead in designing and managing the national reconciliation process something previously unaccepted by the regime. With the world's most powerful nations ready to be actively engaged, the UN and its Special Envoy could exercise more leverage over the Burmese generals. In the international spotlight and under regional and international pressure, Rangoon may be convinced to yield

in fact be the most feasible. Pursuing a proactive, comprehensive policy toward Burma that helps to bring about true, if gradual, democratic reform would yield a great moral triumph to Washington. With involvement from a third party that is firmly committed to reconciliation, there is a chance that Burma's people will at last enjoy the democracy and freedom that has been denied them for so long.

NOTES

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ICT industry leaders in the Bureau of Infrastructure for the purpose of formulating a formidable ICT policy and for knowledge transfer to Civil Service ICT personnel for sustainability. In order to create a solid platform for the full take off of the State ICT programme, the State Government has taken some giant strides within the 2012 fiscal year viz:

- Linking of Ekiti State to the Main-One fibre for broadband internet access;
- Purchase and distribution of Blackberry phones to key officers and
- the activation of Close User Group (CUG) on the phones
- Distribution of Laptops to top civil servants
- Construction of the ICT Centre
- Installation of a state-of-the-art Data Centre;
- Development of Ekiti State ICT strategic plan and Policy;
- Design of the Ekiti State LAN/WAN infrastructure
- Launching of Ekiti State Website and Digital Media,
- Purchase and distribution of laptops to secondary school students by the

■ Ministry of Education.

EKITI STATE WEBSITE: The Ekiti State website is described by the STA(Digital Media) Miss Funmi Ajala, as a “smart mix of technology, content, engagement, analytics, usability, functionality and aesthetics”. The website, tagged Ekiti 3.0, is a perfect mix of multimedia digital media and online social and mobile media. It is the first of its kind within the public sector of Nigeria.

At the launching of the site, Mr Governor noted that the revamped www.ekitistate.gov.ng will be the flagship of the state's digital brand. It contains a retinue of interfaces such as a branded Facebook canvas page; branded You Tube Channel – with over 120 videos depicting the administration's programmes, projects and initiatives across its 8-point agenda; branded Slideshare account – with over 110 official documents available for public scrutiny; branded Flickr account – with over 700 official photos; the Google + Page; branded e-mail newsletter; mobile applications for Android and Blackberry

devices; SMS gateway to enable text messaging so that state executives can be contacted; and Quick Reference (QR) Codes.

There is no doubt that the new digital channels allow for participatory governance, better citizen engagement, greater transparency and openness using these media that can be vetted by any citizen. It is therefore a highly interactive website, with the prevalent use of integrated texts, photo and video materials. This enables users to interact with content more intuitively.

Other features of the site include an intuitive search and archiving feature and an intelligent tagging system that enables visitors use highlighted tags/keywords to search for content on the website. Another important feature is the ability for its content to be easily found on popular search engines.

To be continued in the next edition