



# CONTENTS

JULY 2012 , VOLUME 6, ISSUE 2



- 4 **EDITOR'S POLICY ANALYSIS  
NATO: FROM LISBON TO CHICAGO  
TO IRRELEVANCE?**  
*by Mitchell A. Belfer*
- 15 **BUILDING A CLIENT STATE: AMERICAN ARMS  
POLICIES TOWARDS IRAN, 1950–1963**  
*by Stephen McGlinchey*
- 41 **PRIVATE SECURITY COMPANIES IN THE CZECH  
REPUBLIC: AN EXPLORATORY ANALYSIS**  
*by Oldřich Bureš*
- 61 **THE NEW TERRORIST THREAT: THE DESTRUCTION  
OF WESTERN CREDIT RATINGS**  
*by Stephen P. Ferris and Ray Sant*
- 82 **TERRORISM 2.0 IN EURASIA**  
*by Robert Nalbandov*
- 111 **SOME CAUTION, PLEASE: APPLYING THE CONCEPT  
OF MORAL HAZARD TO HUMANITARIAN  
INTERVENTION**  
*by Veronika Bilkova*
- 134 **THE ABU OMAR CASE AND “EXTRAORDINARY  
RENDITION”**  
*by Caterina Mazza*
- 160 **UNDERSTANDING SUCCESS OF TARGETED  
SANCTIONS: THE EU IN ZIMBABWE**  
*by Francesco Giumelli and Kryštof Kruliš*

**187 HUNGARY'S POST-2001 RATIFICATION  
CHALLENGES: LESSONS CONCERNING  
THE V4-NATO RELATIONSHIP**

*by Péter Marton*

**209 GLOBAL POWER TRANSFORMATIONS: POLITICAL,  
ECONOMIC AND SECURITY DIMENSIONS**

*by Miloš Balabán*

**237 BOOK REVIEWS**

The Poetics of Fear: A Human Response to Human Security  
(Continuum)

The Cosmopolitanism Reader (Polity Press)

Sexual Violence in Armed Conflict (Polity Press)

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in Eastern Europe, 1989 (CEU Press)



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# **EDITOR'S POLICY ANALYSIS**

## **NATO: FROM LISBON TO CHICAGO TO IRRELEVANCE?**

*MITCHELL A. BELFER*

### INTRODUCTION

In contrast to the nearly instinctive question of whether NATO is situated at a “cross-roads,” it is clear from the latest round of summitry that the sixty-three year old alliance is at a definite impasse. Military and political debacles (in Afghanistan, Kosovo, Libya, etc) are publically sold as successes, smart-defence policies are confined to paper alone, and discord (between members) over the prudence of “out-of-area” operations, nuclear and conventional capabilities and deterrence, burden-sharing and enlargement is reaching fever-pitch, particularly as the alliance grapples with the unique circumstances produced by the ever-unfolding Arab Spring.

In response to such challenges, NATO held yet another Summit to show solidarity and unity. This, the Chicago Summit, was meant to build on the Lisbon's (2010) new “Strategic Concept,” stressing NATO's three-pronged security tasks: collective defence, crisis management and cooperative security. These are neither novel nor innovative; NATO's foundation is rooted in collective defence (Article 5), crisis management evolved into the alliance's *raison d'être* during the nearly decade long conflict in the Western Balkans, while cooperative security began as “olive branch engagement” to the states of the former USSR and was enframed in the Partnership for Peace (PfP) programme after 1991.

Despite that NATO was already practising the new “Strategic Concept” long before its formal articulation; there are some notable differences between the original intention of those tasks and the unfolding behaviour of NATO, made visible in Chicago.

While the alliance's 28 members' Heads of State and Government gathered for group pictures, shook hands and pledged fidelity to the cause of Euro-Atlantic security, the atmosphere surrounding the Chicago Summit was tense due to the growing gap between what NATO is and its aspirations, what it imagines its capabilities to be and what they truly are and questions of ultimate responsibility for both the suc-

cesses and failures of NATO operations, particularly the premature evacuation from Afghanistan and Operation Unified Protector (OUP) in Libya.

This brief policy analysis is meant to contribute to critically understanding NATO through the lens of its operational and political mismanagement and the growing credibility gap produced by these. In no way does this analysis advocate the dissolution of NATO. Instead, the rationale behind the assessment conducted here is rooted in finding ways for NATO to move beyond its current paralysis to the benefit of all NATO members and, by extension, the wider Euro-Atlantic region. This is done by highlighting what NATO was meant to do, what it actually does and what it should be doing. Additionally, this analysis bears light on the failures of NATO, which often occur against the backdrop of self-declared successes. For instance, Kosovo (KFOR), Afghanistan (IASF), Iraq (NTM-I), Somalia (OOS) and Libya (OUP) have been framed as NATO triumphs. While certainly, in some cases, NATO's actions have assisted in producing cease-fires and a degree of short-term stabilisation, none can honestly be regarded as successful since, in no case, has conflict resolution and an enduring peace been produced. Instead, success is being measured in NATO's achievement of short-term goals related to its own ambitions rather than the resolution of the situations it weighs into, analyses of which are further addressed below.

*Policy  
Analysis*

## NATO I.O (1949-1989): WHAT IT WAS MEANT TO DO

While it not the intention of this analysis to detail the expansive history of NATO, it is important to remember that the very establishment of the alliance was rooted in collective defence, an idea enshrined in Article 5 of the Atlantic Charter, which highlights that an attack on one member is tantamount to an attack on all members. This collective defence gravitated around a shielding posture and did not include the pooling of resources or sovereignty and neither did it seek to defend a certain value system even though its founding documentation identifies that members must be democratic.

So, in short, NATO was an alliance based on deterrence as a means of preventing further Soviet encroachments into Western Europe. Such a posture was made credible based on US commitments and deployments throughout members of the alliance, which exchanged basing rights for robust US military personnel, including both conventional and non-conventional (re: WMD) forces. The only objective the alliance maintained was the prevention of Soviet belligerency against NATO members, a task that NATO was able to achieve, visible in the

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2/2012

lack of armed conflict between the USSR and NATO during the Cold War. This deterrence posture was also hemmed into a loosely defined North Atlantic area (with Turkey and Greece's accession serving as the first, of many, exceptions).

For the first forty years of its existence, most observers were anticipating that Europe would be the battle-ground for NATO operations and thus the alliance reinforced its collective defence identity through annual summitry which acted as a means of public acknowledgement of the priority lent to the alliance. Yet nearly each summit was, partly, defined by the crisis it sought to overcome. Whether referring to the UK or France's independent nuclear weapons posture, the US attempts to turn the Bonn Republic into a nuclear armed state, the Greco-Turkish war over Cyprus and Greece's withdraw from the alliance, NATO has seen its share of internal crises. However, these were overcome not only because of the pressures to do so, but rather because belonging to the alliance meant – nearly – cost-free security since the US was ready and willing to cover the costs of securing Europe in exchange for the West European members to allow for a forward defence platform in Europe.

In short, NATO was meant to deter an identified (and shared) adversary by threatening joint conventional and WMD retaliation for any assault on allied states. That was, more or less, the extent of it; members were free to pursue policies of choice knowing that NATO would be ready to invoke Article 5 if its national territory were aggressively assaulted by a non-NATO state.

For all the Cold War preparations which aimed to punish a territorial infraction against a European member of NATO, to date the only invocation of collective defence mechanisms occurred after the 11 September 2001 terrorist attacks when Europe sought to use the alliance to come to the assistance of the US. However, under the more unilateral instincts of the first Bush administration the US only, initially, requested minor and measured NATO support for operations against al Qaeda in Afghanistan. NATO, it seemed at the time, challenged US freedom of action and the US promptly reinforced the Northern Alliance (then fighting a losing war of attrition against the Taliban and al Qaeda in Afghanistan), accepted the bilateral assistance of the UK and entered the Afghan fray, avoiding NATO's arduous decision-making processes. By 2003 however, the US (UK in tow) were ready to allow NATO to "clean-up" and gave substance to NATO's 2001 mandate which determined that that 11 September attacks were equivalent to an attack on all members. This gave way to the International Security Assistance Force (ISAF) which

has been the main military force engaged in operations in the country since 2003.

Additionally, the 2001 attacks gave rise to a degree of panic as to illicit trade links, particularly over the Mediterranean Sea and using NATO's pledge to assist the US defend itself, the alliance determined that the laws of the sea should be superseded to allow for enhanced NATO monitoring of the Mediterranean to prevent the illicit trade in weapons (including, potentially, WMD), drugs and people. Thus, in 2001 NATO launched Operation Active Endeavour (OAE), based in Naples. OAE was soon joined by a UN initiative, called the Proliferation Security Initiative (PSI), which provided legitimacy for high seas interdiction anywhere in the world.

So, the conventional and WMD deterrence strand of NATO's security approach is legitimate and in-sync with the security demands made by NATO members since it does not involve "out-of-area" missions or offensive posturing. Why then has there been such a shift in both the thinking and operational management of NATO? Why has NATO transformed from a narrow security perspective to such a broad list of priorities ranging from counterterrorism to peace-making, peace-keeping to counter-piracy, continued nuclear deterrence to democracy promotion?

The answer to these questions is based on a strange brew of three over-lapping issues:

1. **Threat Perception:** NATO members no longer share a unified perception of the "adversary." Consequently, NATO tasks are determined through intra-NATO bargaining which results in the diffusion of priorities.
2. **Alternative Alliance Structures:** NATO does not operate in a vacuum; it responds to the wider international environment. Therefore with the rise of new alliances - and structures - NATO's priorities are further diffused. Additionally, all NATO members also belong to other alliances, such as the EU, coalitions, or bilateral alliances and these further sap the cohesion of NATO.
3. **Economic Austerity:** Many of the new tasks identified by NATO are based around the idea of smart security - sharing assets and reducing international commitments - and tend to be less robust than operations and tasks conducted during the Cold War. Hence, the economic austerity currently facing the majority of NATO members have recalibrated NATO tasks.

*Mitchell A.  
Belfer*

In short, NATO 1.0 cannot be utilised to deal with current international security challenges. Certainly, NATO cannot afford to be idle in the face of major alterations to international security architecture. It must, and has, moved beyond strict Cold War logic – and deployments – to occupy an important security providing role far beyond the Euro-Atlantic region. However, what NATO is currently engaged in, and how it works to achieve those tasks, requires a strategic re-think not repeat. And so, without a clear adversary, NATO has begun to diverge away from traditional security and has – under Lisbon’s new “Strategic Concept” – to focus on crisis management and cooperative security.

#### NATO 2.0 (1990–2012): WHAT IT ACTUALLY DOES

Since NATO was not designed, and unfortunately is still unprepared, to move beyond an Article 5-centric concept, it is unsurprising that the alliance has approached Lisbon’s crisis management and cooperative security tasks haphazardly. Indeed, the alliance has taken on responsibilities beyond its scope and capabilities and is producing the polar opposite results it has intended: whereas the alliance embarks on operations it deems will boost its own credibility and, by extension, its power projection and deterrence capabilities the consequence of its unpreparedness, its half-hearted burden-sharing and its seemingly endless consultation-process have undermined the very security it has sought to produce.

Firstly, when it comes to crisis management consider what the term implies; not the resolution of an ensuing conflict, but rather its management. Yet management is elusive at best; interpreted, as it were, as nothing more than a complex set of ceasefire agreements monitored by NATO, EU or UN (very occasionally African Union) forces. But a ceasefire is not peace and NATO has laboured only to cease hostilities without generating the conditions for post-conflict resolution. This implies that NATO has become a tool for “freezing conflicts” which continue to fester.

Secondly, cooperative security – AKA third-party alignment – between NATO and non-NATO states does little for NATO’s overall strategic orientation. In Chicago, for instance, Pakistan (in effect) successfully blackmailed NATO at the price of some \$5000 (USD) per each supply lorry utilising the Ground Lines of Communications (GLoC) which link Pakistan to NATO’s beleaguered army in Afghanistan; heavy spending for an age of austerity. Yet NATO considers such engagements with Pakistan as a success because it no longer

needs to rely on Russia or the central Asian republics for secure supply lines. However Russia is a far more secure partner than Pakistan and if NATO was strategically proactive it would have concluded adequate provisions with the former instead of giving in to the blackmail of Pakistan.

Third and finally, the above two tasks of NATO occur “out-of-area,” thereby rendering the “North Atlantic” region beyond the scope of NATO operations and of scant consequence for the alliances continued existence.

### NATO 3.0 (BETA): WHAT IT SHOULD BE DOING

Given the above, it is legitimate to ask what NATO should be doing.

Instead of seeking to reinforce an international role for the alliance, NATO needs to start by reforming its member-centricity approach to international security. This entails abandoning its enlargement policy and focusing on determining its ‘final frontiers’ to unapologetically resolve which countries rightfully belong in NATO and those which, in the foreseeable future, do not.

Take the contentious issue of potential Ukrainian membership as an example. The Joint Communiqué that sprang from Chicago reiterates the potential for Ukraine’s NATO membership as part of the alliance’s “open door policy.”

This is in stark contrast to reality since Ukraine continues to have Russian military personnel stationed on its territory – on 21 April 2010 this was extended until 2042 – in the leased port of Sevastopol and NATO is forbidden from bringing new members in if those states have non-allied military forces on their territory. So, the question thus arises, why does NATO not unambiguously pronounce Ukrainian membership impossible? Why does it insist on dangling membership in front of a country technically ineligible for membership for an additional 30 years? This is particularly perplexing when continued NATO pronouncements to the effect that Ukraine should enter the alliance are certain to keep relations with Russia frosty, at best. It is not that NATO should, necessarily, consult Russia over its membership choices. However, why is NATO going out-of-its way to antagonise Russia, not to mention a sizable portion of Ukraine’s population, for a goal which, in the foreseeable future, is impossible? The answer to this is not necessarily malicious intent. It stems from the lack of vision, leadership and on more practical levels political manipulation where potential membership is used as a tool. So, NATO must now:

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*2/2012*

1. finalise its geographic area of membership and operations so that it may begin the essential task of;
2. consolidating its assets and develop a more comprehensive set of objectives, strategies and tactics to deal with;
3. the security challenges that are likely to emerge in the future.

The failure to adopt such a basic set of realisable objectives will certainly propel North America's and Europe's most important security alliance into irrelevance.

Mitchell A. Belfer  
Editor in Chief  
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**RESEARCH ARTICLES**  
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# **BUILDING A CLIENT STATE: AMERICAN ARMS POLICIES TOWARDS IRAN, 1950–1963**

STEPHEN MCGLINCHY

*ABSTRACT: Precious little has been written in academic scholarship about the US arms relationship with Iran. Much of the scholarly focus has been drained into an orbital vortex caused by twin crises in Iranian history: the 1953 British and American sponsored coup and the preceding oil blockade, and the 1979 Islamic revolution that swept the Shah from power. Hence, the years in-between 1953 and 1979 are often treated only in passing. A major feature of this period was an ever escalating arms relationship between Iran and the US which progressively grew both qualitatively and quantitatively throughout the Cold War from a relatively minor aid relationship into a major arms credit partnership; within which Iran became the US's largest arms export customer by 1971. This article focuses on the very early years of the relationship between 1950 and 1963 within which successive US Presidents viewed Iran as a relatively weak chess piece in a sensitive region, with military aid being one of the major levers with which to secure the stabilisation and pro-American disposition of Iran in the emerging Cold War context.*

**KEYWORDS:** Iran, Shah, Military, Eisenhower, Kennedy, Truman, Persian Gulf, Containment

## INTRODUCTION

Precious little has been written in academic scholarship about the US arms relationship with Iran. Much of the scholarly focus has been drained into an orbital vortex caused by twin crises in Iranian history: the 1953 British and American sponsored coup and the preceding oil blockade, and the 1979 Islamic revolution that swept the Shah from power. Hence, the years in-between 1953 and 1979 are often treated only in passing in the literature. A major feature of this period was an ever escalating arms relationship between Iran and the US which progressively grew both qualitatively and quantitatively throughout the Cold War from a relatively minor

aid relationship into a major arms credit partnership; within which Iran became the US's largest arms export customer by 1971. This article focuses on the very early years of the relationship between 1950 and 1963 within which successive US Presidents viewed Iran as a relatively weak chess piece in a sensitive region, with military aid being one of the major levers with which to secure the stabilisation and pro-American disposition of Iran in the emerging Cold War context.

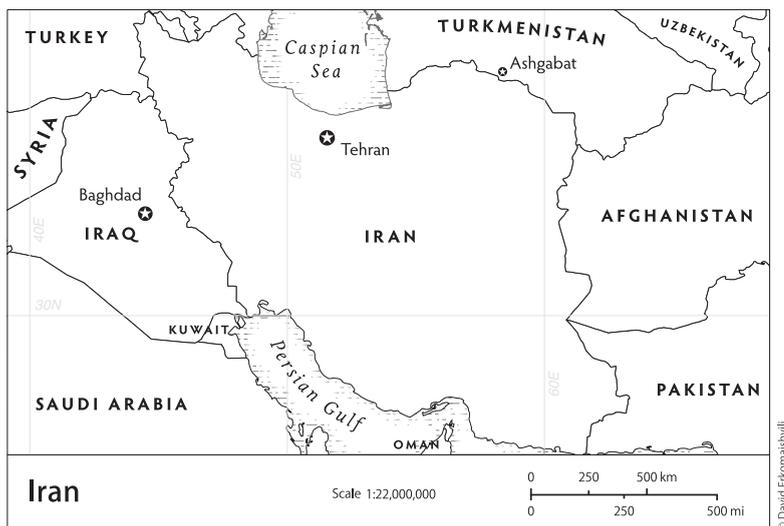
Following the end of the Second World War, Iran was the scene of the first confrontation in what would become known as the Cold War between the US and the Soviet Union (USSR). In early 1946, the USSR refused to withdraw from northern Iran where its troops had been deployed since 1941 to keep what was a vital allied wartime supply line clear from Axis interference. This series of events, although resolved without major conflict, established at a very early juncture the potential importance of Iran within the emerging Cold War structure as a nation placed on a geostrategic hotspot, between the Soviet Union and the Persian Gulf region. The Gulf contained the world's largest pool of oil, the steady supply of which was vital to keep the Japanese and Western European economies fuelled. In October 1946, after the resolution of the Soviet-Iran crisis, the Joint Chiefs of Staff (JCS) concluded the first major US strategic appraisal of Iran. The report confirmed that both oil resources and strategic location, which provided 'a base for both defensive and counteroffensive operations against the Soviet Union, gave Iran major strategic importance.'<sup>1</sup> Hence, an emerging American approach of shoring up Iran and stabilising it through military and economic aid began to fall into place, to allow the (as then) weak and underdeveloped nation to withstand any further adventurism from its northern neighbour.

#### CRISIS IN IRAN

While Europe absorbed the bulk of early Cold War US attention via the on-going division of Germany and the emergence of the fabled Iron Curtain, the young "Shah" of Iran, Mohammed Reza Pahlavi, was keen to ensure the Truman administration did not forget about Iran. As the Iranian Constitution stood in 1949 the Shah only held power thinly via executive control over the Iranian military. Thus

the Shah, who had an autocratic disposition, understandably coveted a strong military to buttress his throne, a theme that would come to characterise his long reign which endured until 1979. With the strategic importance of Iran clearly established by events in 1946, the Shah sought an arms partnership with America that would enable him to secure his domestic position, and simultaneously enable the US to shore up a Cold War weak-spot in a sensitive region. In short, a win-win scenario for both nations.

*Stephen  
McGlinchey*



The Shah undertook a long visit to the US through November and December 1949 and used much of his time to petition for military assistance to enable Iran to bulk up its rudimentary armed forces. The Shah had narrowly survived an assassination attempt in February 1949, which earned him sympathy in Washington and contributed to a State Department report prior to his 1949 visit that expressed the emerging importance of the Shah in the broader containment effort, primarily via his role in containing the spread of communism in his own country via the Tudeh party who had been blamed for the assassination attempt and subsequently banned. However there were lingering doubts in the Truman administration over the Shah's ability to maintain his position, and in his ability as a leader,<sup>2</sup> and hence doubts over to what extent the US should

entrench itself to him. Consequently the Shah left the US with an assurance that aid would be forthcoming, yet reservations remained over the exact nature that aid would take due to Iran's instability.

Military aid to Iran eventually began on a very limited scale in 1950, as part of a seven-year programme of \$124 million, the bulk of which was delivered between 1950 and 1954.<sup>3</sup> The consistent American position established by Truman in 1950 and subsequently maintained by Eisenhower, was that the aid programme was intended *only* to build Iran's forces up to the level where they could be effective to facilitate the internal security and viability of Iran, and of the Shah's pro-American regime. Yet, the Shah consistently read his regional position differently, desiring a military that could enable him to provide for his own defence, raise Iran's international profile, and gradually rise to a position of prominence in the region – fulfilling (as he saw it) Iran's rightful place in history as the heir to the Persian Empire. Hence, from the outset the perceptions in Washington and the perceptions of the Shah over military aid were deeply mismatched.

On 10 January 1953, ten days prior to assuming office, Dwight D. Eisenhower noted in his diary that he and his Secretary of State, John Foster Dulles had set out four key priorities for Middle Eastern policy noted in order of importance: First was a new system of wide spectrum asymmetric containment – replacing the dominant prevailing wisdom of the Truman administration based on NSC-68; second was resolving the crisis surrounding the Iranian oil blockade which had resulted from Iranian nationalisation of what had been a British oil concession; third was dealing with British disputes with Egypt over basing rights in the Suez Canal; and fourth was a solution to the Arab-Israeli dispute.<sup>4</sup> In line with the aforementioned, Eisenhower set into motion a *New Look* study into containment options via Project Solarium, and attention swiftly turned to Iran.

The Shah had become increasingly sidelined by a powerful governing coalition, the National Front, which rallied for a revised oil concession, and eventually mandated nationalisation of the AIOC in March 1951, unilaterally snatching Britain's largest overseas commercial asset. The British responded with a blockade and economic sanctions, which gradually ground Iranian oil exports to a halt.<sup>5</sup> What was to the British an economic dispute eventually became a Cold War issue to the Americans, complete with undertones of

fears of both disruption to the oil supply to its western allies, and of domestic nationalism in Iran turning leftward to provide a fertile ground for a communist takeover via the now underground Tudeh party.

After a period of considering supporting the nationalist Iranian Prime Minister, Mohammed Mossadeq, and seeking a non-violent solution between 1951 and 1953, American attention steadily turned toward removing him. Falling into line with sustained British persuasion from Churchill, Eisenhower and Dulles became gradually convinced that Mossadeq would neither strike a deal to resolve the on-going oil dispute, nor could be trusted to contain communism. As a consequence, CIA field agent Kermit Roosevelt was directed to initiate a coup in August 1953 in tandem with the British Secret Intelligence Service to oust Mossadeq. This move delighted the British who had been frustrated with Truman who previously demurred at the prospect of direct intervention.<sup>6</sup> As events played out, America emerged as the dominant external power in Iran essentially inheriting the neo-imperial role of the British who throughout the affair appeared growingly powerless.

The shutdown of oil exports via the British blockade left Iran practically bankrupt by 1953, yet afterward it emerged as an embryonic client state of America, complete with a reinvigorated monarch who owed restoration of his throne and a newly enhanced domestic power base to the American intervention. Vice President Richard Nixon visited Tehran in December 1953 and was impressed during his visit, noting that he sensed an inner strength and strong leadership potential in the young monarch.<sup>7</sup> Nixon's positive impressions ensured that an initial package of \$45 million in American grant aid that had been directed to Iran immediately following the coup would be followed up with future assistance.<sup>8</sup>

With the crisis in Iran seemingly resolved, regional politics converged upon resurrecting an idea of a collective regional security system that had been originally proffered by the British earlier in the decade, but had fallen to the wayside due to Egypt's emerging Arab Nationalist persuasion, which scuppered the original plan which was based around a primary Egyptian role. On 2 April 1954 Turkey and Pakistan signed a bilateral mutual security treaty, which rekindled American hopes for a Western oriented defence grouping in the region. By July 1954, Eisenhower had approved NSC-5428,

*US Arms  
Policy to Iran,  
1950–1963*

which was influenced heavily by Dulles, and recommended that that a best regional defence strategy would be via a *northern tier* of US-aligned states to contain any Soviet expansion southwards, based on an expansion of the Turkey-Pakistan pact.<sup>9</sup> The Baghdad Pact followed in 1955, modelled loosely after NATO as a mutual co-operation, protection and non-intervention pact and comprised of Iran, Iraq, Pakistan, Turkey and, interestingly, Britain.

The emergence of the Pact was seized upon by the Shah as a way in which he could rebuild Iran's reputation after the crisis of 1953. The Shah's indications of involvement accelerated the timetable for a revision of American military aid planning to Iran through the summer of 1955. John Foster Dulles approached the Department of Defence on 27 June, requesting that Iran be awarded a package of \$50 million in additional military aid for 1956 and 1957 to prepare it for its role in the emerging Pact.<sup>10</sup> The Secretary of Defence, Charles Wilson responded to Dulles on 5 August denying the request for two reasons. Firstly a review of the viability of long term American training and support for Iran's army (a programme set in motion in January 1955) was still incomplete. Secondly, the Shah had yet to demonstrate, beyond rhetoric, exactly *what* role he envisioned Iran playing in future regional collective defence, making any American commitment premature.<sup>11</sup>

Although discussion occasionally broached the issue,<sup>12</sup> Iran's military aid was not revised until discussions began over a programme to replace the final tranche of pre-existing military aid, which was scheduled to end, on target in 1957. Developing bespoke policy for Iran was heavily overshadowed within American regional policy by the development of Eisenhower doctrine, which did not, much to the chagrin of the Shah, advocate a military upgrade of Iran. In fact, the doctrine advocated the exact opposite, committing American forces to regional security. The administration simply did not believe that a direct attack on Iran was likely. Instead, as with the Truman administration, attention centred on the political weakness of the Shah and the deterioration of the Iranian economy due to inflation, which was in fact partly caused by the Shah's various existing, yet comparatively primitive military endeavours.

In a discussion between Dulles and the Iranian Foreign Minister on 17 September 1957, Dulles noted that all of America's free world allies were competing for military aid, the budget for which

was steadily shrinking as Congress progressively exercised an increased fiscal displeasure with military assistance spending. One month later, William M. Rountree, Assistant Secretary for Near Eastern, South Asian and African Affairs wrote to Dulles after the Shah had delivered a list of military requirements to the Pentagon, costed between \$300 and \$500 million confirming that the Shah 'expects far more military aid from us that we can give him.'<sup>13</sup> The Shah continued to press hard for the military assistance he deemed essential, which began to grate upon the American Ambassador to Iran, Selden Chapin, who noted on 9 November that US-Iran relations had developed into an 'unfavorable trend,'<sup>14</sup> and suggested one month later that the Shah's interest in his military was 'emotional rather than logical.'<sup>15</sup> Ambassadorial relations with the Shah became particularly strained through 1957 due to his military demands, which the Embassy frequently reported back to Washington as "extreme."<sup>16</sup>

*Stephen  
McGlinchey*

#### FIRST SIGNIFICANT ARMS DEVELOPMENTS: 1958-1959

Dulles met with Eisenhower to discuss the Shah's lingering security situation on 22 January 1958, securing Eisenhower's permission to break the impasse and offer Iran more tanks and 'a more modern air squadron.'<sup>17</sup> Dulles then departed for Tehran for a two-day visit between 24 and 26 January to personally assess the Iranian security situation before making any formal offer. One day into his trip Dulles cabled Eisenhower noting that his visit had so far been "explosive," as the Shah 'who considers himself a military genius' remained obsessed with his military situation, whilst his governmental ministers were deeply concerned with economic problems, with which they were "unable to cope with" due to the Shah's all encompassing military obsessions.<sup>18</sup> Despite the reservations of the Iranian ministers, Dulles pressed ahead on the second day of his visit with the arms offer that had been sanctioned in his prior meeting with Eisenhower,<sup>19</sup> and the following day added that a further development loan in the magnitude of \$40 million would be made to address Iran's economic concerns.<sup>20</sup> The deal was a development for the Shah, yet it was several orders of magnitude below what he had asked for in the autumn of 1957.

The Shah, proving to be a reliably hard man to please, noted only days after Dulles' departure from Tehran that American assistance was at such a low level as to be taking Iran for granted, comparing Iran unfavourably to neighbours such as India who continued to receive American aid despite courting the Soviets.<sup>21</sup> As news reached Washington in mid-April that the Shah would embark on a tour of Taiwan and Japan in June, the Departments of State and Defense swiftly collaborated on a communiqué to American military and diplomatic officials that they should 'take all possible discreet action to prevent a glamorous display of US military aid' in both nations, fearing that it would enrage the Shah and lead to further 'exorbitant demands.'<sup>22</sup>

Following his East Asian trip, the Shah visited Washington on 30 June for a three-day visit, which included two meetings with Eisenhower. Dulles briefed Eisenhower to expect that the Shah would use the visit to press hard for a revision of Iran's military aid, and recalled that the Shah had been wholly unreceptive to prior assurances that Iran did not need a military of significance to deter the Soviets, as 'the deterrent strength of the United States constituted the primary obstacle to Soviet aggression in the area.'<sup>23</sup> As expected, the Shah used his time to express his case of a region at risk from both Arab nationalist and communist threats, to which Eisenhower subsequently remarked to Dulles was "fairly convincing."<sup>24</sup> Although nothing new was agreed as a result of the visit in the area of military aid, subsequent events only two weeks later seemed to validate the Shah's case as the Iraqi coup in mid-July sent shockwaves across the region, caused the Eisenhower doctrine to be invoked in Lebanon, and indicated strongly that the idea of collective security through the Baghdad pact was deeply flawed.

The events of the summer of 1958 led to the Eisenhower administration warming towards the remaining friends they had in the region, of which the Shah had proved to be one of the most staunch. In what was the most significant development in Iran's military progress to date, Eisenhower noted to Dulles on 16 July that the new regional situation dictated that Iran should have all the military assistance that it could absorb.<sup>25</sup> Three days later Eisenhower passed that sentiment on to the Shah,

We believe it is important to begin now to reconsider our collective security planning. It is also our belief that your

armed forces as now supported should be brought up to agreed operational strength and to a high level of operation efficiency.

More importantly, he added that

We fully recognise that the strengthening of Iran's military power and its efforts to achieve economic development will result in strains on the Iranian economy. You may depend on the sympathetic and prompt consideration by the United States, within our available means, of Iran's needs for economic assistance as they develop.<sup>26</sup>

*US Arms  
Policy to Iran,  
1950-1963*

Eisenhower's words translated into *Plan Counterbalance* which included training and equipment for an additional 37,000 servicemen, more squadrons of tanks, air defence equipment, and F-86 Fighters as part of a renewed five year commitment to Iran. In what would later become characteristic behaviour by the Shah, he reflected upon receiving the news of the plan that whilst he accepted the package, he would have preferred the more advanced F-100 and that the anti-aircraft defence system was inadequate.<sup>27</sup> The summer of 1958 was the first time that regional developments significantly affected American arms policy towards Iran since military assistance had begun in 1950. It would not be the last.

Through the remainder of 1958, and into 1959, the Shah continued to press for yet more military assistance, taking Eisenhower's July letter "very liberally" from the outset, which had caused unusual intensity in his requests and raised alarm throughout Washington.<sup>28</sup> As the Shah felt his additional requests were being ignored or procrastinated over, he began to harness a brinkmanship strategy aimed at blackmailing America to fulfil his military wishes.<sup>29</sup> The strategy featured thinly veiled threats that should his requests not be met he would 'reconsider Iran's position vis-à-vis USSR,' sentiments that led the State Department to be "increasingly disturbed" as frequent reports of the aforementioned were delivered in Ambassadorial correspondence from Tehran.<sup>30</sup> Eisenhower delivered a veiled threat of his own to the Shah on 30 January noting that his military requests had diverged significantly from those with which Washington had set out in *Plan Counterbalance*, and whilst it was not unexpected that differences should arise between "the best of friends," he did not expect the Shah to 'take a step which would imperil' Iran's security.<sup>31</sup> Relations remained strained throughout 1959,

to the point where it was deemed wise that Eisenhower add Iran to what was dubbed a “good will trip” to various allied nations in the Middle East, North Africa, the Indian Subcontinent and South East Europe. Eisenhower subsequently landed in Tehran on 14 December for a brief visit, lasting less than six hours. Eisenhower indulged the Shah to present a briefing of what *he* felt Iran needed for its defence, yet concluded the meeting without making any firm commitment.<sup>32</sup> Characteristically, the Shah interpreted the meeting as a presidential “endorsement” of his defence plans, causing yet more frustration in Washington as the Shah proceeded thereafter to make further military enquiries to the Pentagon.<sup>33</sup>

Eisenhower wrote to the Shah in early January to clear up the misunderstanding. The letter underwent several careful rewrites at Eisenhower’s insistence to ensure that the language was impossible to misinterpret, and communicated a clear message that the administration was reviewing the regional security of Iran, yet that review was proceeding on a timetable that would not be dictated by the Shah.<sup>34</sup> Despite the tactful wording, the letter had no effect on the Shah, who one week later forwarded Eisenhower a list of military requirements valued at approximately \$600 million.<sup>35</sup> It is worth pausing momentarily to highlight the vast divergence in the Shah’s requests and the existing assistance programme. Military aid following the summer 1958 period had been planned in the modest tens of millions per annum; the Shah was asking for nothing less than a revolution in scale.

The administration eventually began to formulate a response to the Shah’s requests via a NSC policy paper on Iran delivered on 6 July 1960, which roundly rejected any revolutionary change maintaining that the level of aid established in mid 1958 was adequate.<sup>36</sup> By 19 September the full review of military assistance for Iran had been completed, as had a forecast of forthcoming expected Congressional budgetary limits. With the aforementioned in mind, the Secretary of State Christian Herter, with concurrence from the Pentagon, wrote to Eisenhower noting that ‘it will not be possible for us to provide the Shah with military aid in an amount even approaching his requests.’<sup>37</sup> Hence, military aid for 1961 would be approximately \$22 million, broadly concurrently with pre-existing levels.<sup>38</sup>

If the Shah thought he had a tough experience with the Eisenhower administration, the results of the November 1960 presidential election would be altogether more foreboding. John F. Kennedy's views on foreign policy were nurtured and influenced by a group of academics whom he had gathered around himself whilst Senator for Massachusetts between 1953 and 1960, who introduced him to the idea of strongly encouraging incremental democratic and economic development in developing countries as an alternative to simply seeking political stability.<sup>39</sup> One of the aforementioned academics, Walt Rostow, who became Deputy National Security Advisor in Kennedy's NSC, was instrumental in influencing Kennedy, particularly for introducing him to his own interpretation of Modernisation Theory, the *Rostovian Take-off Model*, which outlined a process by which non-developed countries can be modernised along a western example.<sup>40</sup> Despite the aforementioned, Kennedy broadly subscribed to the suspicion of Soviet intentions that had characterised the Eisenhower administration, and came to office in the context of clear Soviet dominance in the space race, and with the belief that they were also leading the missile race. Hence Kennedy held a curious blend of progressive, yet clearly traditional set of beliefs, a dichotomy that would be deeply tested when applied to the Middle East.

The Kennedy administration translated the progressive side of its philosophy into action by creating the Agency for International Development (AID). Coming barely two months into Kennedy's tenure, AID was clearly symbolic of the administration's priorities to move beyond the idea that aid was merely an expensive "short-run" tool used to provide basic economic, military and political stability.<sup>41</sup> Instead, aid would prioritise self-help and long term planning aligning America 'with the forces for economic progress in the less developed countries.'<sup>42</sup> It amalgamated the bulk of the bureaucratically fragmented American aid structure, and reinvigorated and expanded aid operations to fulfil Kennedy's aim of initiating a 'Decade of Development.'<sup>43</sup> Regarding the Middle East, the philosophy behind AID reinforced Kennedy's intentions, as enunciated on the campaign trail in 1960, when he noted that 'the Middle East needs water, not war; tractors, not tanks; bread, not bombs.'<sup>44</sup> AID

Stephen  
McGlinchey

was a direct product of modernisation theory, particularly via its emphasis of using aid to initiate a transition towards market economies and democracy in developing nations.<sup>45</sup>

The broad strategy, with AID at its heart, was to treat emerging nationalism with respect, and offer predominantly non-military assistance to inspire pro-western social and economic development and thereby tentative democratisation; rather than push prospective allies out of the reach of American influence and towards totalitarianism. Hence, barely two months into his presidency, Kennedy set out an approach that was at odds with Eisenhower's conviction of supporting authoritarian, yet western orientated, regimes as a best means to ensure strategic stability.

The Kennedy administration entered office to a chorus of alarmism over Iran, which had been building through the prior year. A JCS report, presented on 26 January 1961, noted that Iran was 'the soft spot' in the CENTO defence alliance, chiefly due to its enduring military and political weakness.<sup>46</sup> With the former in mind, in early February, the administration tasked the State Department to prepare a summary of the situation in Iran, with special focus on its internal political, economic and social issues.<sup>47</sup> The British reported a similar assessment to that of the JCS during a bilateral meeting of British Embassy officials at the State Department on 13 February. Lord Hood, Minister at the British Embassy, noted that the Shah's survival prospects generated "a very special problem" which was of great concern to Britain.<sup>48</sup> A National Intelligence Estimate (NIE) in February 1961 concurred, concluding that possibilities for sudden change in Iran, revolutionary in nature, were high.<sup>49</sup> Hence, relations between the two nations started badly, and unsurprisingly reached a 'nadir' during the Kennedy administration.<sup>50</sup>

Kennedy's Iran revisionism caused battle lines to form between the reformist president, and the State Department who were dominated by "traditionalists," largely content with the status quo solidified by the 1953 coup, with the autocratic Shah at the helm.<sup>51</sup> Although the February 1961 NIE had concluded that Iran was domestically unstable, the broad thrust of the analysis was directed towards pushing for deeper American support for the Shah as an embattled ally, rather than a recognition that a post-Shah order should be envisioned, as Kennedy's personal position implied. There was therefore, at the outset, a divergence between the reformist White

House, and the vast majority of the organs of government in Washington, particularly the State Department.

By early May 1961 the alarm had been raised further in Washington due to growing domestic instability and reports of violent street protests in Tehran, giving Kennedy the final push towards the forming of a special Iran Task Force. The Task Force was constituted to provide medium-range objectives, rather than to produce a short-term review. Arms spending cuts, military personnel cuts from 208,000 to 150,000, and providing direct recommendations on domestic politics were adopted as operational guiding principles from the outset,<sup>52</sup> giving the entire exercise a clear, yet broad mandate. As NSC Staffer Robert Komer described the logic that informed the Task Force, ‘every time the Shah mentioned “more arms,” JFK’s response would be “more reforms.”’<sup>53</sup> Hence, the reports and recommendations from the Task Force, the first of which was delivered in mid-May 1961, had an air of inevitability about them.

The disposition of the Task Force prompted the Shah to concede “room for discussion” over his army size, yet he remained resolute that Iran must receive more advanced military equipment, which would mean increased overall expense.<sup>54</sup> By the late summer of 1961, despite being frequently told the “home truths” that he should not expect an increase in military aid,<sup>55</sup> the Shah continued to press hard on the American Embassy in Tehran to convince the State Department to lobby for a “restudy” of his military needs.<sup>56</sup> Tensions subsequently emerged within the NSC that Iran was slipping into a domestic political crisis, exacerbated by its dire financial situation. In a memorandum to Kennedy on 4 August, Komer suggested that the State Department was proving too passive via their recommendations to further subsidise Iranian deficits. Komer added that the new ambassador in Tehran, Julius Holmes, who had assumed the position in mid June 1961, was proving ineffective in exercising political leverage on the Shah to take affirmative action on his domestic situation.<sup>57</sup> Kennedy concurred, and three days later directed the State Department to report to the Iran Task Force as part of a follow-on study.<sup>58</sup>

As Kennedy’s directive began to take effect, Komer noted on 11 August in a memorandum to National Security Adviser McGeorge Bundy, that although Kennedy’s input had put the State Department’s “feet to the fire,” ‘I ain’t happy, but I pushed things just

about as far as I could. The main thing is that we've got State moving again.<sup>59</sup> Komer's concern was that the State Department had developed a "sense of fatalistic resignation," which refused to countenance anything beyond the status quo represented by the Shah.<sup>60</sup> With that point in mind, Komer successfully impressed on the Task Force, the viability of looking beyond the Shah and 'backing to the hilt the best alternative available,' an assessment that, once again, Kennedy concurred with.<sup>61</sup> Although Komer was quite correct to attribute much of Iran's problems to the Shah, the lack of a credible alternative figure or grouping to govern Iran, as its domestic political scene was fragmented and characterised by mistrust, was fortuitous luck for the Shah.<sup>62</sup>

By October, the crisis over Iran's internal problems had reached the point where there were widespread fears across Washington that America was 'inhibited in both the military and the political spheres' due to potential opportunistic subversion, or even invasion of Iran by the Soviets.<sup>63</sup> The concern was enough to spur the Task Force to recommend on 14 October a systematic rescue programme comprising of emergency economic aid to allow the systems of government merely 'to survive.'<sup>64</sup> More importantly, a five-year military aid plan for 1962–1967 at \$50 million per annum was outlined (an approximate \$12 million per annum reduction on previous levels) which had at its heart a reduction in overall costs in line with earlier plans to reduce the size of the Iranian army.<sup>65</sup> Fortuitously (again) for the Shah, although he remained convinced that the Kennedy administration was set on overthrowing him, it was outwardly recognised "by all members" of the Task Force that the Shah would remain the "centre of power" in Iran. Hence, Komer's drive to identify and support an alternative was effectively dead by October 1961.<sup>66</sup>

Despite Kennedy's broad ambition in foreign policy to move away from supporting authoritarian regimes and using arms as a crude foreign policy tool, the overbearing needs of Cold War geopolitics dictated the administration's reaction to the crisis of 1961 in Iran. Within that logic, Iran was a *double threat* country, in that it was on the Sino-Soviet periphery *and* was facing existential security problems – to the point that it risked falling "like a ripe plum" into Moscow's lap, to quote Khrushchev.<sup>67</sup> The end result of the Task Force, which was effectively wound down shortly after agreeing its programme of action for Iran in October 1961,<sup>68</sup> was entirely short

term and aimed at crisis management rather than medium term planning – a reversal of the very logic by which it was constituted. Therefore, despite all odds, as 1961 drew to a close, the shape of Iran policy appeared broadly continuous in its essence to that of the 1950s.

*Stephen  
McGlinchey*

*1962: A Change in Fortunes*

As Washington prepared to receive the Shah for a state visit in autumn 1962, discussions centred around the exact composition of the military aid package he would be presented with. The State Department, with Ambassador Holmes at the forefront pushed for a \$70 million annual amount,<sup>69</sup> whilst the NSC (Komer in particular) was resolute that the original \$50 million the Task Force had recommended was adequate. Komer anticipated that Kennedy would use the visit to talk frankly to the Shah about his unreasonable demands in a way that the Embassy seemed unwilling or unable, via the logic that since the Iranian army could not “fight its way out of a paper bag,” the Shah would be forced to comply as he relied on American support for his own survival, both domestically and in lieu of the Soviet threat.<sup>70</sup> Komer’s views, although valid in essence, were over simplified, and roundly underestimated the Shah’s characteristic stubbornness.

In early March, the Shah requested that his visit be moved forward due to the urgency with which he wanted to discuss his military problems. The news was accompanied with indications that the Shah was in a mood of depression and resentment, directly due to the proposed reduction in military aid, and that he was considering abdication.<sup>71</sup> The abdication threat was likely a ruse by the Shah, a point which Komer implicitly pressed as he recommended that Kennedy approve the earlier visit with the proviso that he gave no indication of a revision on how much “military baksheesh” the Shah would get.<sup>72</sup> He further reminded Kennedy that ‘(o)ur job is not just how to keep this unstable monarch from kicking over the traces but how to cajole him into paying more attention to what we consider are the key internal problems confronting Iran.’<sup>73</sup>

Komer’s position was influenced somewhat by a draft report that AID had delivered to the White House on 8 March for eventual discussion at a NSC Standing Group meeting on Iran, scheduled

to take place on 23 March. The paper recommended that the total amount of military aid over proposed the five-year plan could be raised by ten per cent as a minimal concession to the Shah, as a bargaining tool to ensure he accepted the reduction by one quarter of his armed personnel. The paper went on to caution that 'the almost psychotic obsession of the Shah with the problem of his military security is the overriding consideration in negotiating with him.'<sup>74</sup>

With the positions of AID and Komer in mind, Kennedy approached his military representative, Maxwell D. Taylor, in mid-March to advise over whether there was any basis to the central bargaining position of the Shah that military aid to Iran was stunted compared with its regional counterparts.<sup>75</sup> Taylor advised Kennedy that although Turkey received more military aid both qualitatively and quantitatively, there were valid reasons for this, chiefly Turkey's joint membership of NATO and CENTO (the successor to the Baghdad Pact). Regarding Pakistan, its military aid programme commenced later than Iran's, in 1954, by which time Iran had already received substantial investment. Hence, aid was at an enhanced rate as Pakistan was playing catch-up. Additionally, the British training provided to the Pakistani military had enabled it to absorb higher order equipment more effectively than the comparatively backward Iranian forces, explaining the higher technical level of the equipment directed to Pakistan.<sup>76</sup>

With all advice to hand, Kennedy agreed to move the Shah's visit forward to either 10-17 April or 11-18 June.<sup>77</sup> The Shah quickly replied on 18 March, noting that he would arrive on 10 April, the earliest date offered.<sup>78</sup> Prior to the 23 March meeting of the NSC Standing Group meeting on Iran, Kennedy decided to defer any further substantive discussions over the peculiarities of the military aid deal until the Shah's arrival, allowing the Shah the opportunity to make his case.<sup>79</sup> In anticipation of the Shah's visit, several cabinet meetings were held in early April to address the military aid offer. Both Kennedy, and Ambassador Holmes who had been recalled to Washington, attended the meetings. During one such meeting on 9 April, McNamara suggested a significant reduction in naval equipment and softening of certain maintenance costs in the original proposal in order to allow the Shah four squadrons of the F-5A - a new low cost fighter, which had been recently adopted and produced for export and domestic training purposes only.<sup>80</sup> This

was done in anticipation that the Shah would respond better with what was a prized acquisition. Due to the amendments and reductions in the aforementioned areas, the overall deal was still within the original limit, which had been developed by AID on 8 March, of \$330 million.<sup>81</sup>

After a day of preliminary meetings in Washington 11 April, the Shah met with Kennedy and the full cabinet the following morning. As expected the discussion revolved around military issues and Kennedy's desire to see Iran's army reduced in size, which the Shah rejected. The Shah analogised that Iran was being treated like a concubine whilst its CENTO neighbours were being treated like wives.<sup>82</sup> Kennedy reassured that America had two major concerns regarding Iran that necessitated dedicated attention to its needs: military security and economic development.<sup>83</sup> Underlining the nature to which the Kennedy administration had accepted the Shah, Kennedy noted in a private conversation with the Shah on the same day, that without the Shah, Iran and the entire Middle East 'would collapse.'<sup>84</sup> Whilst it is unlikely that Kennedy's statement was much more than a reassurance tactic, when viewed alongside Kennedy's rapprochement with Nasser and India, and the general optimism that existed for the region due to Kennedy's overarching development philosophy, the transcript does indicate a significant warming in the personal rapport between Kennedy and the Shah.

As a result of the Shah's visit, the broad \$330 million provisional plan was formalised, offering of a firm five-year military aid commitment to Iran between 1962 and 1967, subject to Congressional approval, and subject to the Shah's acceptance, which he deferred on to further study the offer.<sup>85</sup> Additionally, a military planning team was shaped to visit Tehran and assess the feasibility of the proposed personnel cuts the Iranian army, which remained a condition of the deal.

As the Shah continued to mull over his military aid offer, Iran's economic situation continued to sharply deteriorate through the spring and early summer of 1962, to the point that the State Department's Policy Planning Council upgraded its 'Basic National Security Policy' paper to emphasise the resulting "special importance" of enhanced administration focus on Iran.<sup>86</sup> The alarm was enhanced by the seemingly endemic instability in Iraq following its 1958 Coup, and its subsequent swing towards the Soviet orbit in the

*US Arms  
Policy to Iran,  
1950–1963*

years since, amplifying long standing concerns over Soviet military relationships with nations in the extended region, notably Egypt and India. The Shah was unphased by his economic problems, and continued to press for \$135 million additional military aid on top of the (still) pending five-year deal offered in April.<sup>87</sup>

In the early autumn, Iran and the USSR began to normalise diplomatic relations, eventually resulting in a deal in mid-September, which guaranteed that Iran would not be used as ‘a medium of aggression against the USSR.’<sup>88</sup> Albeit under the cloak of the Shah’s emerging rhetoric of independent foreign policy, considering the on-going disagreements of military aid, and due to the fact that he had stalled on rapprochement with the Soviets only three years earlier, the timing of this move was not a coincidence. This was the second time that the Shah used brinkmanship with the Soviets as a tool to effectively blackmail an American administration to provide him with the military equipment he desired, and it would not be the last time.

Upon learning of the Soviet-Iran deal on 15 September, the Departments of State and Defense approached the White House to seek possible concessions to placate the Shah – to which Komer urged Bundy to reply, ‘the President personally says “hell no.”’<sup>89</sup> After three days of deliberation, a compromise won Kennedy’s approval, which despite “severe funding limitations,” added radar equipment and restored the naval frigates that were originally removed from the five-year programme in April to accommodate the F-5A squadrons.<sup>90</sup> Furthermore, news was transmitted to the Shah the following day, on 19 September, that the military study group, which had been deliberating over force levels in Iran, had finally agreed that the Shah’s army be reduced to 160,000, rather than the earlier figure of 150,000.<sup>91</sup> Hence, the Shah had (again) proven effective in bargaining a much-improved deal, a realisation that grated significantly on Komer, who stressed that Iran policy had reverted to becoming ‘essentially reactive,’ indistinguishable from that of previous administrations.<sup>92</sup>

Into the spring of 1963, with the Iran’s domestic reform programme (White Revolution) underway, things were looking much better for the Shah. Yet, Kennedy remained alert to ensuring that the domestic reforms were having the desired effect.<sup>93</sup> However, Iran Desk Officer at the State Department, John Bowling, later

admitted that through this period, the State Department ‘shamelessly led the White House to believe that the Shah’s White Revolution was the greatest thing since cellophane.’<sup>94</sup> A similar reflection came from William Polk a member of the State Department’s Policy Planning Committee. Polk noted that his experiences visiting Iran sometime later, in December 1963, had caused him to become “disturbed” that Ambassador Holmes, and by association the State Department, had not “mirrored adequately” the adverse effects of the Shah’s reform programme, to the effect that he felt that the Embassy had been describing an entirely mythical state of affairs in their reporting through the prior twelve months.<sup>95</sup> Partially as a result of the one-sided reporting, but also perhaps due to the cascade of regional events that had transpired over late 1962 and 1963 with the war in Yemen at the forefront and the regional stand-off the conflict had initiated between Egypt and Saudi Arabia, Kennedy eventually bowed to the constant pressure and regarded Iran’s domestic developments in a positive light, and made a concerted effort to maintain the Shah as an ally.<sup>96</sup> The bitterest pill to swallow for the Kennedy idealists such as Komer, who remained resiliently opposed to the Shah throughout the period, was that hindsight had shown that through his reforms, the Shah was actually consolidating his autocracy, not moving towards significant social reform.

*Stephen  
McGlinchey*

## CONCLUSION

The developments of this early period, often overlooked, prove a fascinating and essential addition to the history of the US-Iranian relationship during the Cold War. Kennedy’s initial press for reform in Iran has been dismissed as a brief irritation<sup>97</sup> in the progressively emerging relationship between the two nations, and something that would not be again revisited until the Presidency of Jimmy Carter (1977–1981). Although doubts remained over the intentions of the Shah to be a genuine reformer, by the spring of 1963, Kennedy had laid the groundwork with the Shah, building upon the legacy left behind by Eisenhower, for the consolidation of a solid American ally in the region, which would go on to hold major importance in years to come.

The victory of the Shah in overcoming Kennedy’s ideological distaste of the character of his autocratic regime cleared the way for

a mature arms credit relationship in which the monarch's desire to modernise Iran's armed forces and build the country into 'the Japan of West Asia'<sup>98</sup> began to take shape, albeit slowly at this point in history. It would take until late in Lyndon B. Johnson's second term in 1967–1968, and several further regional developments would need to occur – most notably the withdrawal of Britain east of Suez in 1971 – for the Shah to begin to find fertile ground in Washington for his grander military plans. Those plans were finally realised in May 1972 during the Nixon administration as the Shah and Nixon signed a multi billion dollar arms deal that rendered all prior arms agreements between two nations in peacetime diminutive, and set into motion an arms relationship of an extraordinary nature that would endure until the final days of the Shah's rule.

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#### NOTES TO PAGES 15-34

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Stephen  
McGlinchey

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# PRIVATE SECURITY COMPANIES IN THE CZECH REPUBLIC: AN EXPLORATORY ANALYSIS

OLDŘICH BUREŠ

*ABSTRACT: Czech private security companies have thus far received relatively little attention both internationally and, until recently, domestically. This article attempts to fill this gap by analysing the key characteristics of the market with more than 6,000 private security companies that together account for more employees than the Czech national police force. It first shows that the origins of the current Czech market for private force are intrinsically linked to the end of the Cold War and the corresponding collapse of the centrally planned, state-owned economy in (then) communist Czechoslovakia. The remainder of the article offers an analysis of current developments and their impact on the ongoing debates about the provision of security as a public good. In particular, they relate to the political debate surrounding the much delayed drafting of the law on the provision of private security services, which has become rather heated since 2010 due to the personal and alleged financial linkages between a major Czech private security company (ABL) and a new political party, Věci veřejné. This has raised serious concerns about the undue influence of private security companies in both the political process and the provision of security in the Czech Republic.*

**KEYWORDS:** Czech Republic, private security companies, privatisation, security, politics

## INTRODUCTION

Czech private security companies have thus far received relatively little attention both internationally and, until recently, domestically. This article attempts to fill this gap by analysing the key characteristics, developments and controversies of the Czech private security industry, which has experienced steady growth since the end of the Cold War.<sup>1</sup> There is little official data available due to

methodological issues (absence of codes for private security services) which prevented the Czech Statistical Office from collecting information about the private security industry until 2008. One therefore has to rely on the data provided on an *ad hoc* basis by various public bodies, newspapers and professional associations of PSCs. In particular, the reports published by the Union of Private Security Services of the Czech Republic in 2004, 2006 and 2010 offers, what appear to be, fairly reliable estimates of the basic indicators of the Czech private security industry. The 2004 report, referring to data from the Czech Ministry of Trade and Industry, pointed to a steadily growing market in terms of both the total number of registered PSCs (see table 1) and in terms of the job opportunities created by the industry. According to the data from the Czech Statistical Office, there the number grew from 3917 in 1997 constantly to 5597 officially registered PSCs with a total of 56205 employees as of 31 December 2008.<sup>2</sup> The latter number appears to be valid even as of mid-2011, although according to the established weekly *Ekonom*, only about 200 of these companies actually really offer some services.<sup>3</sup> Despite the huge number of firms, out of the 4703000 people employed in the Czech private sector in 2003, only 0.98% (i.e. 46202 employees) worked for PSCs.<sup>4</sup> The size of the Czech private security industry is, nevertheless, significant, as the total number of its employees for several years now outnumbering national police personnel (about 41000 as of 2011).

TABLE I. NUMBER OF ENTITIES ACCORDING TO THE CZECH DEPARTMENT OF TRADE & INDUSTRY

Industry Name	1997	1998	1999	2000	2001	2002	2003	2004
Protection of Property and Personal Protection	3 917	3 429	4 388	4 820	5 367	5 611	5 534	5 679
Investigative and Protective Services	49	53	83	98	93	87	82	79

Source: Union of Private Security Services of the Czech Republic 2004, supplement no. 1, p. 9.

Additionally, the industry generates substantial revenues. According to data from the Association of Private Security Services of the Czech Republic, the total turnover of Czech PMCs in 2008

was nearly 20 billion CZK (approximately \$1.18 billion USD),<sup>5</sup> with at least 30% of the orders coming from public sector entities.<sup>6</sup> As with all other sectors of the Czech economy, private security services were negatively impacted by the consequences of the global financial crisis, with the total revenues declining in 2009 by 5.9%.<sup>7</sup> In 2010, according to newspaper sources, the total revenue generated by the officially registered Czech PSCs was 16 billion CZK (approximately \$941 million USD), with the “unofficial” shadow market with PSC services<sup>8</sup> adding another 2.5 billion CZK (approximately \$147 million USD).<sup>9</sup> This amounts to nearly 05% of the total Czech GDP in 2011 (3669 billion CZK/\$216 billion USD).<sup>10</sup>

This article proceeds as follows. The first section maps the evolution and key characteristics of the Czech private security industry. The key services and companies are introduced in section two. The third section discusses the reasons for, and the implications of, the persisting lack of clearly defined legal standards for an industry comprised of several hundred of PSCs with a combined annual revenue approaching \$1 billion (USD). The fourth section offers an analysis of the recent concerns about undue influence of the largest Czech PSC on both the political process and the provision of security in the Czech Republic. The article concludes with a plea for greater expert attention to the future developments in the Czech private security sector, which is already exhibiting several unique problems concerning excessive influence of private security actors in the public decision-making processes.

#### THE CZECH PRIVATE SECURITY INDUSTRY: ORIGINS, EVOLUTION, KEY CHARACTERISTICS

The first private security companies in the (then) Czechoslovakia emerged only after the November 1989 Velvet Revolution that brought down the communist regime which had ruled the country since 1948. Under this regime, all security forces were under the control of the Czechoslovak Communist Party, which was constitutionally granted a monopoly of power. Consequently, there was no room for any type of private security enterprise. Their time therefore came only in the early 1990s, when the Czech Republic embarked on what many economists have subsequently called the “shock-therapy” transition toward a free market economy,<sup>11</sup> which

included both the privatisation of state assets and the opening of market opportunities for the provision of all kinds of services, including security. This transition is an important explanatory factor for the current shape of the Czech market with PSCs.

Firstly, the emphasis on establishing the market economy as quickly as possible meant that the necessary legal, regulatory and bureaucratic changes lagged behind to such an extent that even some of the most basic rules were put in place years after 1989.<sup>12</sup> In the case of PSC services, the legal and regulatory measures are still yet to be put in place (see below). Secondly, the strong push for speedy privatisation was based on the belief that the invisible hand of the market is inherently superior in provision of any service than the public sector. This even included the provision of security, for which there was a growing demand especially in newly privatised enterprises, where the Czech employees continued to behave as they were used to under socialism, e.g. following the adage that “if you do not steal from the state, you are stealing from your family.” This rather unfortunate legacy continues to trouble many Czech businesses until today. As one PSC representative complained: ‘You will always keep stumbling on something over which foreign investors shake their heads. A funny example might be a giant slingshot used by workers to shoot poultry from a factory of one well-known company in the nearby fields.’<sup>13</sup> Thirdly, the peculiarity of post-communist Czech mentality is also something the managers of foreign PSCs often find difficult to deal with, which explains why there are so many relatively small and locally operated Czech PSCs. Nonetheless, several major international PSCs did establish their Czech subsidiaries already in the early 1990s. Taking advantage of the know-how, capital base and better insurance deals, they quickly established themselves as the biggest players in the market (see below).

It is also important to note that the entire post-1989 Czech market for private force encompasses only the lower levels of the force continuum. In the Czech Republic, the term private security company (PSC) therefore refers to entities that provide mostly passive security services to counteract “decent ordinary crimes” such as burglary. The higher levels of the force continuum are not covered – there are no private military companies (PMCs) in the Czech Republic, domestic or international. In the absence of any previous

research, one can only speculate why this is the case. On the demand side, there has been no need for private military services due to the peaceful nature of the transition from communism (the Velvet Revolution) and the smooth break-up of the Czechoslovak Federation in 1993. On the supply side, the Czech army has undergone substantial force reductions (from over 100,000 in 1993 to slightly over 20,000 as of 2011), but much of this was achieved by the elimination of mandatory conscription, which provided over 70% of all manpower during the Cold War.

Furthermore, most Czech PSCs offer all of their services domestically. Only some unofficial internet sources have alleged that ‘the rumor is that there are private security contractors with Czech equity shares supplying services to various places of conflict.’<sup>14</sup> Speculations have also emerged about the ‘training of Czech citizens, who become “security specialists” for places such as Iraq, which is allegedly occasionally conducted in various locations of the territory of the Czech Republic, under the guise of private bodyguards training,’ and some Czech citizens allegedly ‘serve as armed contractors, including places like Iraq.’<sup>15</sup> There were also reports in the Czech press that following the US-led invasion into Afghanistan, one Czech PSC has unsuccessfully tried to enter the Afghan security market in cooperation with the help of Czech-Central Asian Chamber of Commerce.<sup>16</sup> Unfortunately, it is impossible to verify any of these claims.

#### KEY SERVICES, COMPANIES AND PROFESSIONAL ASSOCIATIONS

In terms of services provided, property and personal protection have generated most of the Czech PSC’s turnover, with private detective services coming in a distant second place (see table 1). More recently, however, there has been a sizeable shift from the provision of direct physical security services (i.e. the deployment of guards) towards greater utilisation of electronic monitoring systems (i.e. CCTV systems complemented with distance patrol services).<sup>17</sup> As elsewhere in the world, this trend is the result of greater availability, decreasing costs and increasing sophistication of, and trust in, technical security solutions. Nevertheless, in the Czech Republic, the end result is apparently not always positive because:

In many cases, the public sector invests (often too lavishly) in various technologies and development of sophisticated procedures, only to immediately effectively write-off all of this investment by hiring the cheapest operator for these services, while omitting the fact that each system must be professionally maintained, controlled, and constantly monitored and updated to reflect the ever evolving security environment.<sup>18</sup>

Such shortcomings are partly the consequence of the absence of any specific legal regulation for the provision of private security services in the Czech Republic (see below), which means that there are no legally-binding minimum standards for the quality of the offered security solutions. At the same time, however, the more established PSCs blame the public sector authorities for awarding 90% of all their contracts based solely on the criterion of price. Although cost cutting is usually considered to be one of the key reasons for, and advantages of, security privatisation, in the Czech Republic the public sector apparently even awards contracts to private providers whose price offers cannot even cover the payment of the legally-required minimum wage for their employees.<sup>19</sup> This practice significantly decreases the quality of provided private security services and encourages the proliferation of PSCs of rather questionable reputation. It is arguably also one of the obstacles to the consolidation of the Czech market for private force, with thousands of registered PSCs in a country with a population of 10.5 million whose territory is slightly smaller than that of South Carolina.

The two biggest players in the Czech market are local subsidiaries of leading international PSCs. SECURITAS CR Ltd – a local subsidiary of the Swedish PSC Securitas AB – is ranked first in terms of annual revenue (1,435 Billion CZK/\$84 million USD in 2009), and in number of employees (4,500 in 2009). Established in 1991, SECURITAS is also one of oldest players.<sup>20</sup> Second is the subsidiary of a British PSC, G4S, with an annual revenue of 1.4 billion CZK (\$82 million USD) and has 2,500 employees.<sup>21</sup> Third in the market is the largest Czech PSC ABL, with 1,335 employees.<sup>22</sup> Founded in 1992, its annual revenue in 2010 reached 889 million CZK (\$52 million USD).<sup>23</sup>

There are at least 16 professional associations of PSCs working in the Czech Republic. The most important associations include the

Chamber of Commercial Security Companies, the Czech Club of Private Security Services, Czech Chamber of Detective Services, Association of Technical Security Alarm Services, the Security Club, and the Association of Private Security Services of the Czech Republic. The last two associations together form the Union of Security Services of the Czech Republic, which is arguably the most active association in terms of providing publicly accessible publications and information about the Czech private security industry. The Union is also the only association whose members are both the larger players in the market (members of the Security Club) and the smaller and medium-sized PSCs (members of the Association Private Security Services of the Czech Republic). Their combined share of the revenues represents about 25% of the entire Czech private security market.<sup>24</sup> The large number of PSC associations is largely due to the fact that they have, thus far, mainly focused on promoting only the specific interests of their own members, in particular when it comes to securing relatively minor, yet potentially lucrative, legislative changes related to the technical standards for the provision of their specific security services.<sup>25</sup> Other informal explanations from PSCs' representatives include competition between smaller and bigger PSCs, domestic and foreign-owned PSCs, as well as personal antipathies among some of the top representatives of the leading PSCs.

#### LACK OF LEGAL REGULATION

The evolution of the Czech private security industry has been negatively affected by the lack of a clearly defined legal framework for its key participants, the PSCs and their employees. This is largely due to the spontaneous course of privatisation of internal security services and the hitherto absence of the more controversial military security companies at the higher end of the force continuum. As a consequence, the regulation of PSCs services has not figured high on the agenda of policymakers, who were preoccupied with other more pressing issues in the process of transition from a centrally-planned to a free market economy.<sup>26</sup>

As of 2011, the Czech Republic is the only EU member state where the provision of private security services is not regulated by a special legal act. Czech PSCs therefore operate as any other

type of private business under the general 1991 Trade Licensing Act (455/1991 Coll.), which specified three types of licensed security services:

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1. Services of private detectives.
2. Surveillance of persons and property.
3. Provision of technical services for the protection of persons and property.

The specific content of these licensed trades, however, has only been clarified in the 2000 Government Decree No. 469/2000 Coll., which in Annex 3 offered lists of specific services that fall within the three aforementioned services:

1. Companies providing security of persons and property: Providing services related to the security of immovable and movable property, transit security for money, valuables or other property, security of persons and specified interests, ensuring order in places of public gatherings, festivals, sporting events or popular entertainment as instructed by the customer, the assessment of security risks and preparation of protection plans, operation of central security panels.
2. Private detective services: Services related to the search of persons and property, identifying factors that may serve as evidence for proceedings before a court or administrative authority, gathering information regarding the personal status of citizens, natural or legal persons and their property, obtaining information in relation to debt recovery, tracing of illegal activities affecting trade secrets.
3. Provision of technical services for property and persons: Design, installation, maintenance, inspection and repair electrical security systems to protect property and persons from tampering, including security systems and a device for tracking people in and around buildings. Installation, maintenance, inspection and administration of mechanical security systems, increasing the effectiveness of current standards of security of persons and property.

The more established PSCs have, however, complained that although (officially) the market is classified as a licensed trade, in reality there are no such requirements that would make this business any different from any other unregulated trade. The requirements for the conducting of this

licensed trade are set up by the individual trade licensing offices. The monitoring of adherence to these requirements on their part is practically nonexistent.<sup>27</sup>

The ever-increasing numbers of PSCs and their engagement in more controversial activities – especially in the private detective services area – prompted a number of public authorities to belated action. In 2007, at the initiative of the Ministry of Trade and Industry (MTI), an amendment of the 1991 Trade Licensing Act brought under one licensed trade all PSCs providing security of property and persons, and private detective services, claiming that the two trades share the common criteria for their operation. This has generated protest from affected PSCs, which accused the MTI of promoting a ‘pure “legal-ideological” approach to the issue of legislative regulation of PSCs’ activity, since it is the easiest one.’<sup>28</sup> Another adjustment was made in 2008 with the adoption of Act No. 274/2008 Coll. about the Police of the Czech Republic, which set minimum standards for the provision of property and personal security, and private detective services (a clean criminal record, health and minimum professional qualification of persons performing these activities). Even these adjustments have, however, not been accepted without reservations from some PSCs who held differing views on the qualification and evaluation standards for their employees.<sup>29</sup>

The next adjustment was buried in Act No. 353/2003 Coll., which was updated by the Excise Tax Act No. 292/2009 Coll. in July 2009. According to the Union of Private Security Services in the Czech Republic, it again has done more damage than good by creating ‘confusion concerning the appropriate qualification requirements.’<sup>30</sup> by extending the deadlines for completion of the mandatory qualification examinations to 31 July 2012.<sup>31</sup> The most recent legal changes occurred as a result of the adoption of Act No. 155/2010 Coll. which annulled the remit of the minimum standards definitions published in the aforementioned Act No. 274/2008 Coll. According to the Association of Private Security Services of the Czech Republic, the legislation concerning PSCs has therefore returned back to the state of the early 1990s, which reportedly serves the interests of ‘a group of foreign firms, especially from the former USSR, which under the guise of PSC business establish themselves in our country with the worst practices, as well as the corrupt Ministry officials, who got well paid [for these changes].’<sup>32</sup>

Expressing their dissatisfaction with this rather haphazard evolution of the legal framework, seven of the major trade associations of Czech PSCs (out of more than fifteen currently existing) recently signed a joint memorandum ‘declaring the need to enshrine into law clear and transparent rules for business in this industry.’<sup>33</sup> According to a Ministry of Interior press release, this memorandum became ‘the first prerequisite for the successful preparation of the Law on Private Security Services, because the inconsistency of views from the business environment,’ along with the ‘different attitudes of political parties, were the key reasons explaining the past failed attempts to justify such codification.’<sup>34</sup> After discussing the need for a specific law for PSCs for two decades, the Ministry of Interior has finally produced its first draft in June 2011. Its key features include the following:

1. Requires all PSCs to obtain a license from the Ministry of Interior, which is subject to re-evaluation every five years.
2. Requires all PSCs to produce an annual activities report for the Ministry of Interior.
3. Divides PSCs services into four categories (patrol, detective, technical services and security consultancy) and sets the conditions for obtaining a license for each of these categories.
4. Clarifies the conditions for employee proficiency of PSCs (clean criminal record, appropriate training, standardised qualification exams, and mandatory health checks).

The achievement of all these objectives is, however, dependent upon the hitherto still missing political consensus concerning both the rules for, and limits of, privatisation of internal security in the Czech Republic. The opposition parties have criticised the draft of the law on various grounds, including the fact that the draft of the law does not push for the creation of a single Chamber of Private Security Companies as a guild authority.<sup>35</sup>

#### IMPACTS ON PUBLIC DECISION-MAKING PROCESSES AND THE PROVISION OF SECURITY AS A PUBLIC GOOD

It is clear from the previous section that since 2010, the major professional associations of Czech PSCs have begun to coordinate their efforts to establish baseline standards for the entire field of security services in the Czech Republic. Although at least some of these coordination attempts have arguably been motivated by the shared

desire of the more established PSCs to eliminate their lower-end competitors, they could be potentially beneficial for the society at large. Apart from the aforementioned undesirable practice of some public authorities, which accept contracts from PSCs for prices that do not cover even the legal minimum wage requirements, the absence of a general legal regulation of PSC services has also led to the proliferation of largely arbitrary certification requirements, excessive labor qualification requirements and mandatory, yet often meaningless, insurance provisions in the publicly awarded contracts.<sup>36</sup> Apart from raising the costs of the contracted services, such requirements can easily be manipulated to fit particular companies in what are officially open bidding tenders. To some extent, this is yet another legacy of the aforementioned shock-therapy approach of the Czech economic transition where the drive for privatisation outpaced the necessary changes in the legal and regulatory frameworks (see above).

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On the other hand, it cannot be ignored that while calling for improved standards and legal regulation, the Union of Private Security Services of the Czech Republic openly declared that its member companies are also promoting further privatisation of security:

Private providers of property and personal security, as well as private detectives, are able to assume responsibility for many other areas, either independently or in coordination with the Czech Police, with the integrated rescue system, etc., as well as create a major reserve of forces and tools for handling of emergencies – floods, environmental accidents, etc.<sup>37</sup>

Since there has been no real debate about either the limits of security privatisation or the inherent functions of the state, one can only speculate to what extent the aforementioned wishes of professional associations of Czech PSCs for further progress in the process of security privatisation are compatible with the broader values of Czech society.

A major problem is that both the expert and political debate about the limits of privatisation of security in the Czech Republic is still in its infancy. While the phenomenon of privatisation of security has been well covered both in the academic literature and in public discourse in a number of countries, in the Czech Republic it only came into the spotlight after the 2010 parliamentary elections. Due

to an unexpectedly large percentage of votes, a newly established political party called *Veci verejne* (Public Affairs – PA) was invited to join the government. PA's party leader was made Minister of the Interior despite that a number of other high ranking PA politicians previously worked for, or received contracts from, the largest Czech PSC, ABL. The fact that the founder, and until 2010 the director, of this PSC also became a member of the government as the Minister of Transport, and his wife was elected as the Vice-President of the lower (but in terms of legislative powers more important) chamber of the Czech Parliament, raised concerns in the Czech media 'that the process of privatisation of security will be managed by one man, both as a representative of the state and the founder of one of largest and financially strongest PSCs.'<sup>38</sup> These concerns were further reinforced by a number of widely publicised scandals concerning past contracts of ABL,<sup>39</sup> which ultimately almost led to the collapse of the entire Czech government when the other coalition parties demanded an immediate resignation of all Ministers for PA with any connection to ABL. In the end, the former owner of ABL resigned his post of Minister of Transport after the press reproduced the transcript from his lecture at a 2008 training session for the top management of ABL, where he outlined the key points from his Strategic plan for ABL for 2009–2014 (see Box 1). This plan clearly indicates intentions to use ABL for political gain and to sway domestic policy. Interestingly, the ultimate dispute among the governing coalition parties concerned the post of the Minister of the Interior, whose institution is formally in charge of writing the long-delayed law on private security services. Subsequently, the party leader of PA was also forced to resign from this position. He was replaced by a former head of the special anti-corruption police unit, who also founded a small PSC after leaving the public police force in 2008. The Czech media, however, mostly commended the new Minister's track record as a policemen and criticised the fact that former high ranking public officials are not sufficiently taken care of by the state after the finishing their public service, thus forcing them to search for job opportunities in the private sector.

**Vision:**

- Unified building of stable economic and political power.

**Economic objectives:**

- Create the strongest PSC in the Czech Republic with a dominant market position, via the strengthening of fake competition via friendly PSCs
- Development of new categories of customers in the field of public administration (health, education, government agencies, local government, social services)

**Economic-political objectives:**

- Development of a comprehensive security service for the [Czech] economic elites
- Producing projects leading to government contracts (private prison, luring away the employees in security areas)

**Political goals:**

- Building a coalition with the Civic Democratic Party [CDP] with the PA in 2010
- City hall control in Prague [districts] 1 and 5 in 2010
- Development of relations with Social Democrats for their government in 2010
- Taking over control of CDP in Prague [districts] 1 and 5 by 2012 (2014)
- In 2014 obtain 30% of CDP' votes in Prague, or 30% of the [Prague's] municipal council via PA

**Resources:**

- ABL, the economic base of power, in the following years to be led to maximum independence and depersonalisation
- PA, own political power base

*PSCs in  
the Czech  
Republic*

Source: *Idnes.cz, Bárta šel do politiky kvůli zakázkám, vyplývá z jeho tajného plánu.*  
8 April 2011

As a consequence of the aforementioned developments, for the first time in the modern history of the Czech Republic, Czech journalists as well as the security experts of political parties provided substantial coverage of the issue of security privatisation, albeit without sufficient knowledge and understanding

of the complexity of the phenomenon and its possible political, economic, legal, and security impacts on the functioning of the Czech state and the lives of its citizens. Firstly, although both the current and previous managers of ABL deny any wrongdoing,<sup>40</sup> its previous contracts suggests that at least some Czech PSCs provide services that could fall in the category of so-called “inherently governmental functions,” i.e. those “affecting life, liberty, or property of private persons.”<sup>41</sup> This particularly concerns the so-called “analytic” services, which include surveillance of persons and obtaining sensitive information about them, often using the latest technologies available whose utilisation even by the public police force requires a court order. Although the current laws do not give the employees of Czech PSCs any more power and/or jurisdiction than any to other citizens of the Czech Republic, their actual behavior sometimes appears to be rather different. According to the former Deputy Minister of the Interior, ‘there is a great mass of workers and hundreds of companies for which there are no rules yet. Eventually they might get out of control.’<sup>42</sup>

Secondly, although the current debate about PSCs in the Czech Republic is only to be welcomed, it began late, when security privatisation was already a reality. As such, Czech politicians cannot take into account the warnings of foreign experts that the potential problems with use of PSCs’ services should be addressed well before their outsourcing begins.<sup>43</sup> As a consequence, rather than discussing the limits of privatisation and its impact on the provision of public security, the Czech political scene is now dominated by a controversy about the role of PSCs in shaping the very rules for their operation. On one hand, the government led by Prime Minister Petr Necas, which has faced criticism for the close linkages between several of its Ministers and Deputy Ministers with ABL, made the adoption of the law for regulating the activities of PSCs part of its official policy-making plan. To this end, it also enjoys the support of the largest opposition party, the Czech Social Democratic Party (CSSD). On the other hand however, not only the leaders of CSSD criticise the fact that the preparation of the law is in charge of the Ministry of the Interior, which was, until recently, led by the leader of PA, whose first deputies had just

quit their jobs as top managers of ABL. For example, the shadow Minister of the Interior from CSSD Jeronym Tejc specifically stated that:

The new law should not become an instrument intended to restrict competition in favour of several major security agencies. Likewise, it should not become a pretext for a significant extension of these services. In order to avoid such a situation, neither the representatives nor former employees of [private] security agencies should directly participate in its preparation in their role of the Deputy Ministers of Interior. Suspicion of a conflict of interest would be entirely appropriate in such a case.<sup>44</sup>

*Oldřich  
Bureš*

Given the extent of personal connections between the PSC ABL and the political party PA, such concerns are indeed reasonable because there is a risk which can be, with reference to the experience from other countries, described as the risk of reverse revolving doors – while in a number of Western countries formerly high-ranking political officials have at times assumed positions on the boards of national PSCs,<sup>45</sup> in the Czech Republic the former owner and other top managers of a major PSC have occupied the highest political positions, including the positions in the Ministry of the Interior. As such, the Czech variant of the revolving door phenomenon could have a rather adverse impact on both the political process and the provision of security as a public good.

#### CONCLUDING REMARKS

Whereas in 2004 the first report of the Union of Private Security Services of the Czech Republic concluded that the reputation of the private security sector in Czech society is ‘negative’ and the ‘social prestige of its employees is at the lower level’ nationwide,<sup>46</sup> the 2010 report claimed that due to their direct dialogue with the public authorities and the indirect dialogue in the form of conferences and media interviews, the Czech PSCs are no longer perceived as ‘tabloid, marginal, or what all become interested only in the case of “scandal,” but have become a part of the spectrum of regular businesses in the country.’<sup>47</sup> As of mid-2011, however, the private security industry representatives were again complaining

that it would be difficult to find a business sector with a worse public image and poorer reputation than theirs. In light of the aforementioned phenomenon of reversed revolving doors, the declared efforts of Czech PSCs' professional associations to overcome their current fragmentation, the continuing absence of laws regulating the provision of PSC services, and the belated start of the political debate about the limits and impacts of security privatisation, there is a real danger that the Czech private security industry may soon become a textbook example of the problems concerning excessive influence of private security experts in public decision-making processes and the provision of security as a public good.<sup>48</sup> The aforementioned ABL's Strategic Plan for 2009–2014 certainly can be seen as the first step in this direction, both in its spirit and the specifics. Similarly, the quantity and quality of the personal linkages of this major Czech PSC to a governmental political party is unique even at the global level. As such, although it has not generally been considered an important case thus far, the Czech private security sector does deserve closer attention of both Czech and foreign security experts.

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# THE NEW TERRORIST THREAT: THE DESTRUCTION OF WESTERN CREDIT RATINGS

STEPHEN P. FERRIS AND RAY SANT

*ABSTRACT: This work describes how capital terrorists and/or adversarial nations could use Western capital markets to injure Western economies and limit international power projections. Specifically, we analyse a particular vulnerability of international capital markets, the market for sovereign debt, which is the market for the government debt of individual sovereign states. We describe how this market can be attacked by capital terrorists through the intentional manipulation of the process by which bonds are rated according to their riskiness. We contend that bond ratings (and the rating process) can be weaponised for terrorism where international capital markets are used in illegal, unethical, and criminal ways to destabilise a national government.*

**KEYWORDS:** capital terrorism, bond ratings, economic crisis, US power projections

SCENARIO, IN THE NEAR FUTURE...

For the past nine months, the US Congress has been unable to pass a budget and the US government has been operating with intermittent government shutdowns. With Presidential elections only months away, resolution of this impasse is unlikely. Last month, Dagong Global – China’s rating agency – further lowered the US credit rating to BBA, a point barely noticed in the financial press and generally disregarded by global investors. Also largely unmentioned on by the media was the acquisition of a 12% stake in Moody’s Corporation by Dragon Management Fund, a state majority owned financial services firm headquartered in Beijing. Eastern Trust Co., a Chinese bank, bought an 8% ownership in Mc-Graw Hill, which owns Standard and Poor’s. What *has* gained media attention is China’s increasingly vocal opposition to US arms sales to Taiwan, particularly modern F-16C/D fighter jets. Further, China contests the right of the US Navy to perform naval and aerial maneuvers in the South China Sea region.

### *Three Years Later...*

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Shortly after their acquisition of a significant equity position in both Moody's and McGraw Hill, China began to publicly express its concerns about the 'continuing uncertainty and instability' associated with the US budget and the ability of the US to stabilise its deficit management processes. China also held negotiations with the FIMLAC Group, a French company that owns Fitch Ratings that resulted in the French company being awarded an exclusive contract to manage Chinese government pension funds. Subsequently, Fitch downgraded US debt to BB. A number of subsequent downgrades followed, with each rating agency following the other. With each downgrade China has attacked the US on its unwillingness to reduce its deficit.

With US debt now classified as junk by the major rating agencies, only the most adventurous investors will buy it. The Government now runs an annual deficit with no end in sight. Inflation is in double digits as the government prints money to meet expenses. To reduce federal expenditures, the US's international military presence has contracted. US bases remain in Japan, but large areas of the Pacific have been abandoned since the Navy was downsized to only five carrier groups. The US is unable to provide much in the way of foreign military assistance and foreign aid is a thing of the past. US influence is mostly limited to the northern half of the western hemisphere. The US is less able to afford the resources to pursue global diplomacy. Unable to sell its debt and plagued with ongoing deficits, the US was limited to only a UN protest when China forcibly assimilated Taiwan into the mainland. A similar protest is scheduled by the US ambassador to the UN tomorrow concerning China's invasion of Vietnam earlier this week...

### THE NEW THREAT: CAPITAL TERRORISM

A new threat is being levelled against the US and its allies (the proverbial "West"); using the West's financial institutions and capital markets against it, termed here and throughout this work as *capital terrorism* in recognition of its focus on the manipulation and distortion of capital markets to destabilise Western economies with the objective of hindering US and Western international engagements.

This work sets to describe how capital terrorists and/or adversarial nations could use Western capital markets to injure Western economies and limit international power projections. Specifically, we analyse a particular vulnerability of international capital markets, the market for sovereign debt, which is the market for the government debt of individual sovereign states. We describe how this market can be attacked by capital terrorists through the intentional manipulation of the process by which bonds are rated according to their riskiness.

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We contend that bond ratings (and the rating process) can be weaponised for terrorism where international capital markets are used in illegal, unethical, and criminal ways to destabilise a national government. Bond ratings have long term implications regarding the ability of the US (the case used throughout this work) to operate a stable economy, generate employment, and influence world affairs. In short, if the US is to remain a superpower, it requires the retention of a super bond rating. But a country's bond rating is a grade assigned by third parties, beyond the control of any government.<sup>1</sup> Hence, the bond rating process is vulnerable to manipulation by capital terrorists and states actively seeking to reduce US/Western international influence.

A bond rating has a direct impact on the cost at which the US can borrow.<sup>2</sup> Since the US bond rating is a measure of credit riskiness, a lower bond rating means that the US is viewed as more risky and will cost the US more to borrow as its bond rating declines. As the US pays more to borrow funds, less becomes available for the programmes and services for which the bond proceeds were originally intended.

Bond ratings also affect the amount that can be borrowed. If its bond rating falls sufficiently far and becomes viewed as "junk" in terms of credit quality, the US will find itself limited in its ability to borrow. This is because many large institutional investors are limited by either practice or by law to high quality investment grade debt. Therefore, a debt rating not only will determine what it costs the US to borrow, but also affects the amount it can ultimately borrow.

And make no mistake about it, the US is a debtor nation. Public debt in the US has increased by over \$500 billion annually since 2003. It now stands at \$15 trillion dollars. It represents 100% of the

CEJISS  
2/2012

US's 2010 GDP. Being a debtor nation means that the US government spends more than it collects in revenues and taxes. That is, the government cannot afford to provide its various goods and services unless it borrows. The US borrows by issuing the bonds that are referred to as sovereign debt.

The ability of the US to borrow is necessary to maintain a stable domestic economy. Reductions or limitations on the ability of the US to borrow directly affect its capacity to execute fiscal policy for economic stabilisation programmes. It also affects the extent to which the US government is able to provide services to its citizens. Because the government's ability to borrow has such an effect on the national economic health, it also affects private investment. Private investment in new plants, innovative technologies, or even a new work force shrivels in the face of economic uncertainty or instability. A government with poor creditworthiness will not be able to maintain a stable economy nor attract the kind of private investment needed for economic advancement.

The ability to borrow also affects the extent to which the US can project global power. Military activities such as deployments, exercises, maneuvers, and forward presence are costly. Foreign military assistance, foreign aid, and humanitarian relief are other expectations of a global power that require financial resources. To fund these needs, the US requires a robust economy that is only possible when its creditworthiness is strong. With reduced amounts of foreign aid or humanitarian assistance, US diplomacy will also be less effective. Finally, the ideological attractiveness of democratic capitalism will be severely impaired when US financial creditworthiness is degraded. The decline in economic power resulting from a degraded credit rating will result in diplomatic retrenchment and military shrinkage as the US is forced to retreat from prominence in global affairs.

#### WHAT IS SOVEREIGN DEBT?

As noted by Graeber (2011), credit has a long history and from the very beginning governments were borrowers. Whether the king borrowed food to feed his citizens or borrow gold from wealthy merchants to pay soldiers, the idea of the government as a borrower extends back to the very first civilisations. But the practice of

governments issuing bonds is a relatively new phenomenon, with the first issuance in 1694 by the British government to pay for the Nine Years War. Thus began the practice of national deficit financing and the issuance of sovereign debt.

Governments often borrow money from their own citizens and foreigners to finance the gap between tax revenues and spending commitments. While many government expenditures are discretionary, some are not. This non-discretionary spending often includes social entitlement and defense spending, which are politically difficult to reduce. When governments need to fill a revenue gap, however, they turn to the capital markets to attract private funding. Their actions in these capital markets determine the level of interest rates within the country, affect gross domestic product, and influence private borrowing and lending costs. It is in the interest of a country to maintain a high credit rating to keep its borrowing costs low.

When governments borrow, they sometimes fail to repay. Indeed, defaults in the wake of excessive sovereign debt are not uncommon in history. Spain repudiated its debt several times during sixteenth and seventeenth centuries. After the Communist revolution in 1917, Russia refused to redeem the bonds issued by the Imperial Russian government. Nor were the Confederate States of America able to honor the numerous bonds they issued. Other notable sovereign defaults throughout history include England (1340, 1472, 1596), France (1558, 1624 and others through 1812), Austria (1938, 1940, 1945), The Netherlands (1814), Spain (1557, 1575, 1596 and others through 1939), United Kingdom (1749, 1822 and others through 1932).<sup>3</sup>

A further review of history shows that government default is also associated with decline from status as a great power. This is understandable given that the military, diplomatic, and ideological elements of national power all require a strong economic foundation. Economic growth and productivity generates the resources that allow a country to raise strong armies, project diplomatic influence, and to shape global perceptions.

#### WHAT IS A BOND RATING?

Eun and Resnick (2009) describe how the riskiness of sovereign debt is measured with a bond rating issued by a private rater. This

rating is usually in the form of a letter or group of letters that reflects the default risk of a particular bond issue. Bond ratings range from AAA, the highest to CCC-, the lowest. Although there is some variation in the actual designations used across the raters, they are directly comparable to each other much like the ranks of the different military services.

Bond ratings have a direct relationship to a country's cost of borrowing. A higher credit rating means that a country is less likely to default on its debt, which means that investors will demand less in the way of interest payments. The more stable and affluent that a country is, the cheaper will be its cost of credit. A low bond rating is costly to a country, since it will have to pay more to investors to buy its bonds which are viewed as more risky.

Sovereign debt can be divided into two broad categories based on their ratings. Low risk debt is called Investment Grade, while the more risky issues are classified as Speculative Grade. Investment grade bonds are high quality bonds and the countries that issue such debt have a strong capacity to repay. Speculative bonds are issues whose ultimate repayment is uncertain and contain a significant risk of default. Issuers of this type of debt are generally poorer countries with weak economies and a history of financial default or crisis.

An important point to note is that some investors are prohibited by law or their own by-laws from holding speculative bonds. These investors will be forced to sell any debt that is downgraded below investment grade. Hence, if a country's debt is downgraded too far, it will be unable to sell its bonds to its usual investors. It will need to offer much higher returns to attract investors who are willing to hold this risky debt.

According to a 2011 report by Moody's, only sixty-one percent of the countries that it follows issues bonds that are rated as investment grade.<sup>4</sup> The remaining issuers are speculative grade. Moody's further notes in this report that increasingly countries are being classified as speculative issuers. This trend has accelerated since the Mexican crisis of 1988. This deterioration in credit quality of sovereign debt has both domestic and international implications as the following section explains.

## WHEN HAPPENS WHEN A COUNTRY'S BONDS ARE DOWNGRADED?

While a ratings downgrade not only raises the cost of borrowing, it can also affect national political stability. This is what makes bond rating manipulation such a powerful weapon for terrorists. It can generate public outrage and protest as the government tries to respond with various austerity measures that includes reductions in social spending. This political instability can have a downward spiraling effect as weak leadership leads to rotating governments which are unable to implement a long term stable fiscal policy, resulting in further financial uncertainty. Private companies and investors are reluctant to invest in a country that is political unstable, resulting in a reduced foreign investment and a declining GDP. This leads to a further erosion of tax revenues and an expanding government deficit.

The increasingly interlinked global economy also means that a downgrade in one country can have a cascading effect on the creditworthiness of others. A financially weakened country can “infect” its trading partners and spread its credit “contagion” internationally through its banking and trading links. A ratings downgrade reduces the value of bonds held by international investors which, in turn, reduces their wealth. As investors sell their downgraded bonds, prices fall even further. If the bonds are rated as speculative, the likelihood of default increases and further worsens the price collapse.

A sovereign debt downgrade or default also has the potential to produce failure or collapse of the large international banks that typically invest in these sovereign issues. These banks will require a capital infusion from their own national governments to maintain the stability of the national economy. Thus, the deterioration of national credit is not a single country problem, but can quickly become a regional or global issue depending on the extent to which the sovereign debt is held by foreign investors.

There are other costs to a country when its credit worthiness is downgraded beyond the higher interest rates it must pay. A debtor nation can lose control over its own fiscal policy as lenders dictate the terms under which the new funds are lent. The restrictions imposed by Germany and France during the 2011 negotiations

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regarding new loans to Greece are a notable example of this.<sup>5</sup> Indeed, the ability of debtor nations like Greece to wield diplomatic influence or to provide regional leadership is severely weakened as they become increasingly financially compromised. If the International Monetary Fund (IMF) or other external financial institutions provide assistance, then such assistance generally comes with conditions. These conditions typically include austerity requirements, sharp cuts in government spending, and a set of active steps for deficit reduction. As a result, governments often feel that their sovereignty and independence has been compromised. These constraints on national autonomy are a desired outcome for terrorists targeting a particular country's bond rating.

#### WHAT DETERMINES A COUNTRY'S BOND RATING?

Afonso (2003) notes that the assessment of a country's credit risk by a rating organisation is a complex task that involves the consideration of a number of factors. These factors include political stability, social cohesion, fiscal policy and balances, macroeconomic performance, monetary flexibility, and institutional effectiveness. Researchers such as Cantor and Packer (1996), Bissoondoyal-Bheenick (2005) and Butler and Fauver (2006) report consistent agreement on a set of quantitative variables that are important in explaining the ratings assigned to the bonds of a specific country. These variables include per capita income, growth in GDP (Gross domestic product), inflation, fiscal deficit, foreign debt, current account deficit, and default history. Table 1 below shows values for these variables for a broad set of borrowers as of 2010.

Although these are important factors in rating a bond, they are not the only factors. A variety of qualitative assessments are also made that involve considerations of the efficiency and predictability of government actions, respect of property rights, ability of the government to tax, and the overall quality of the country's legal and political institutions.

TABLE I. BOND RATING DATA FOR 2010 FOR MAJOR BORROWERS<sup>6</sup>

Country	GDP per capita	Real GDP growth	Inflation rate	Unemployment	Fiscal balance
US	45,348.46	2.834%	1.63%	9.6330%	-5.555
Canada	46,302.67	3.071%	1.76%	7.9920%	-2.304
China	4,382.14	10,300%	3.27%	4.1000%	-7.083
France	42,017.83	1.486%	1.72%	9.7870%	-3.296
Germany	40,446.70	3,504%	1.14%	7.0830%	-4.483
Italy	35,250.81	1.296%	1.63%	8.4000%	-9.138
Portugal	22,094.80	1.398%	1.38%	12.0420%	-9.242
Spain	32,030.27	-14,700%	2.02%	20.0650%	-10.207
UK	35,315.27	1.251%	3.28%	7.8580%	-10.332

*Capital  
Terrorism*

The distinction between quantitative and qualitative data is critical when considering the potential for manipulation of a country’s bond rating. Quantitative factors are less prone to manipulation or interpretation because they are clearly defined and easily calculated. Qualitative data, however, are simpler to present in a manner consistent with a pre-determined perspective. Qualitative data is ideal for manipulation since it is not constrained by numbers. Qualitative data spans a range of economic, financial, and political issues, including the nature of leadership succession, the extent of popular participation in the political process, transparency in economic policy decisions, and the stability of the banking system, future trajectory of government spending and taxation, and participation levels in government social programmes.

These many factors are then weighted and evaluated with statistical processes that vary across raters. The final result from these processes is the actual bond ratings themselves. Standard and Poors’ uses a process that creates a “political and economic profile” and a “flexibility and performance” profile that are blended to produce a final sovereign debt rating.<sup>7</sup> Moody’s’ uses a three-step process that begins with an evaluation of a country’s economic resiliency.<sup>8</sup> The second step is an assessment of the national government’s financial robustness while the last step is a blending of these measures to arrive a rating range. The final determination by Moody’s involves a peer comparison and the inclusion of any additional

factors that might have been ignored previously. Fitch's process involves the completion of a sovereign questionnaire by the issuing country, a rating visit by Fitch representatives, feedback by the issuer on preliminary findings by Fitch, evaluation by a senior rating committee, and then finally public announcement of the rating.<sup>9</sup>

But S&P, Moody's, and Fitch are not the only raters of US debt. Although not recognised by the Securities and Exchange Commission (SEC), Dagong Global Crediting Rating Co., also issues a bond rating for US debt. Dagong, whose ownership structure is not public information, was founded in 1994 by the People's Bank of China and the former State Economic & Trade Commission, People's Republic of China. Dagong is beginning to play an increasingly important role in the Asian bond markets and can only be presumed to operate with the approval of the Chinese government. Further, as China's economy continues to grow and its economic power expands, so too will the influence of its bond ratings. Indeed, it is because of current US global prominence and wealth that the US bond raters have such an international influence.

Dagong publicly claims that its ratings are based on an objective analysis of macro-economic factors that influence the ability of the country to service its debt.<sup>10</sup> Indeed, Dagong cited the failure of the US to address its growing federal budget deficit as justification for its recent downgrades. In November of 2010, Dagong lowered its rating on US debt from AA to A+. That was followed by a reduction to A in August of 2011. But Dagong sees itself in competition with the Western raters and publicly complains about the "double standards" applied in rating the economies of the US and Europe. Dagong contends that the Western rating agencies are ineffective and are 'politicised and highly ideological and they do not adhere to objective standards.'<sup>11</sup> Thus even though Dagong claims to be objective, it remains unclear to what extent its own agenda of becoming a global rater independent of US influence will affect its rating decisions.

#### WHO ARE THE BOND RATERS?

The practice of rating sovereign debt fluctuates with the attractiveness of the international bond market. Wars, depressions, and recessions all have a negative influence on the ability of governments

to issue bonds and the corresponding need to have them rated. The sovereign rating market began to take off in the late 1980s when market conditions made the sovereign debt market available to a broader set of national issuers. It has remained strong into the 21<sup>st</sup> century and is an important component of the fiscal policy of many countries. Indeed, the euro crisis of 2011–2012 illustrates just how important sovereign debt and its ratings are for national or regional prosperity.

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Becker and Milbourn (2010) explain how the rating of sovereign debt is largely accomplished by just three firms: Moody's, Standard and Poor's, and Fitch. Moody's and Standard and Poor's are of approximately equivalent size and each holds approximately 40% of the global bond rating market. Fitch is the smallest of these three, and has about a 20% market share. Fitch only began to meaningfully compete against Moody's and Standard and Poor's in 1989. Prior to 1989, the industry was dominated solely by Moody's and Standard and Poor's.

TABLE 2. RATINGS BY ISSUERS

Country	Moody's	S&P	Fitch	Dagong
US	Aaa	AA+	AAA	A
Canada	Aaa	AAA	AAA	AA+
China	Aa3	AA-	A+	AAA
France	Aaa	AAA	AAA	A+
Germany	Aaa	AAA	AAA	AA+
Italy	A2	A	A+	BBB
Portugal	Ba2	BBB-	BBB-	BB+
Spain	A1	AA-	AA-	A
UK	Aaa	AAA	AAA	A+

Table 2 shows the ratings across the three major raters plus China's Dagong for some of the world's largest sovereign borrowers.<sup>12</sup> Several interesting observations can be made from this table. First, we notice that that ratings across the three major raters are virtually identical. When they do differ, they differ by only half a grade. The ratings are highly correlated across these three raters.

This correlation is very relevant for our later argument of cascading downgrades. Second, Dagong's rating for the US is significantly lower than even that of Standard and Poor's. Indeed, Dagong is a very pessimistic rater. The Dagong rating is consistently the lowest for each of the countries below with the notable exception of China.

Indeed, Dagong provides China with the highest bond rating relative to any of these other large Western economies.

The small number of firms competing in this industry is partially due to the US's SEC and its requirement that a credit rating agency be acknowledged as a NRSRO (Nationally Recognised Statistical Rating Organisation) before its rating can be used to satisfy any regulatory requirement. The 2006 Credit Rating Agency Reform Act reaffirmed the requirement for new entrants to obtain this classification as well as need for the applicant to provide the SEC with the procedures and methodologies used to generate its ratings. White (2007) contends that although entry into the industry has become easier since the 2006 legislation, the SEC remains a gatekeeper. Bond rating should be thought of a semi-regulated industry, with the entry of new competitors strictly controlled by the SEC.

In addition to the three major raters, the SEC recognises 6 other rating agencies. But only one other, Egan Jones rates US debt. Indeed, Egan Jones downgraded US debt several weeks before Standard and Poor's, but it was the Standard and Poor's downgrade that generated the financial and political firestorm. There are also foreign raters of US debt, but they are few in number and are not recognised by the SEC.

#### HOW MIGHT A TERRORIST MANIPULATE A DOWNGRADE?

It is not uncommon for policy makers and central bankers to claim that a rating downgrade is unfounded and that the rating agencies are unethical. Indeed, during the 2011 euro crisis, Luxembourgish Prime Minister Jeane Claude Juncker, President of the Eurogroup called Standard and Poor's justification for a ratings warning to be 'a wild exaggeration and also unfair.'<sup>13</sup> In this section, we will examine how a rating agency that is influenced or manipulated by terrorists might justify a fraudulent rating.

One such approach a rater might use is an intentional over-reaction to a specific event. In this case, the rater focuses on a particular event, such as the announcement of new deficit numbers or a budget impasse, and uses it as justification for a downgrade. With this approach the rater is simply looking for an excuse to downgrade. The downgrade is an intentionally disproportionate response to the importance of the event. As justification, the rater claims that this event, although apparently minor in magnitude, is symptomatic of larger problems in the national economy. Hence, the rater contends that a downgrade is appropriate.

Bond ratings can also be manipulated through an unreasonable extrapolation. That is, the rater identifies a particular trend, such as growth of the federal deficit, and extrapolates this increase into the future. The rater can make a variety of assumptions regarding the duration and speed with which these economic measures can be projected into the future. For instance, current rates of government debt growth can be extended in the future to a point where such debt represents 200, 300, or 500 percent of GDP. Based up these unfavourable future numbers, the rater can justify the downgrade.

Bond raters might also elect to focus on qualitative rather than numerical factors to justify their downgrade. For instance, raters might complain about political uncertainty in the budget process, lack of a national will to reduce spending or increase taxes, or doubt about the ability of foreign investors to purchase new debt. Such factors are notoriously difficult to assess and even more challenging to weigh in a rating model. It is easy for raters to justify their downgrades based on these softer factors than on more explicit measures such as per capita GDP, inflation rates, GDP real growth, or government debt as a percent of GDP.

Bond ratings could also be influenced by a concentrated media campaign to create doubt about the validity of the U.S.'s current debt rating.<sup>14</sup> The focus of such a campaign would be on the unsustainability of US debt growth and the underestimation of the risk associated with US treasuries. Terrorists and their supporters would sponsor a number of high profile interviews on global news channels and hold international press conferences to raise concerns about the riskiness of US debt.

Several events can be staged to attract media interest to implement this approach. A conference of finance ministers from select

third world countries can be held where they issue a joint statement noting the weakness of the US economy and the riskiness in holding US bonds. Then a highly publicised selling of their national holdings (or a percentage of them) of US debt is held. This can be followed a few days later with another media event where these finance ministers announce the creation of a new rating agency, co-sponsored by their national governments to ensure “fairness and balance” in the assignment of sovereign debt ratings.

Perhaps as part of this media campaign or as its own campaign, terrorists might decide to focus their attacks on the integrity of the Big Three raters. Terrorists could use cultural bias and factual error arguments to justify their contention that US ratings are incorrect. Terrorists would argue that US bond ratings are prime examples of the bias and unfairness present in the current bond rating process.

The cultural bias argument made by the terrorists contends that the bond raters ignore economic weaknesses in the US that are penalised elsewhere in the globe. Terrorists can argue that this inconsistency in bond rating reflects a Western ethnocentrism designed to disadvantage the rest of the world. The terrorists should complain loudly about the double standard for bond rating between Western and non-Western issuers. Terrorists can argue that the bond raters are tools of Western imperialism and actively impede the economic development of the Third or non-Western world. To the extent that the terrorist and their media supporters can link this to social justice and the economic oppression of human rights, various religious and leftist groups in the West can be recruited to their cause.

The factual error argument will center on the softness of economic forecasts and extrapolations. Measurements of macroeconomic data are notoriously inaccurate and subject to a variety of choices in methodology. It will be very easy to identify difference in estimates for any number of growth, productivity, savings, and government expenditure variables. Although such differences might even be defensible, the terrorist can position them as factual errors.

The case for factual errors is further strengthened in discussing the qualitative data that is also included in the bond rating models. The terrorists can cite to US debt ratings by more “independent” third world raters such as Dagong which are lower than those of Moody’s, S&P’s or Fitch’s as evidence of error. These arguments for

factual error are probably better used after the cultural bias argument has been made. In any case, the substance of the error is less important than the fact that the charge has been made. The idea after all is to direct global media attention on the weakness of the US economy and its inflated bond rating.

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#### POSSIBLE DEBT DOWNGRADE SCENARIOS

There are a variety of possible scenarios which might result in the downgrade of US debt. It is important to remember, however, that the real goal of the downgrade by a terrorist power is to erode the ability of the US to influence events abroad because of economic weakness. The downgrade is merely a means to an end.

We also emphasise that manipulation only requires one rater to comply. Terrorists do not need to coerce all three of the major global raters. Once a leading rater decides to downgrade, there is the potential for cascading downgrades by the other raters. As noted earlier, there is abundant academic research showing that the ratings of the three leading international raters are very highly correlated.

Let us now consider some of the scenarios where an unwarranted downgrade occurs:

##### *Enter the Dragon*

Dagong Global announces a downgrade of US sovereign debt, citing ongoing political paralysis over the budget and weak growth projections as justification. Dagong argues that for too long the world's credit markets have been captive to the decisions by the big three Western raters.<sup>15</sup> Dagong contends that is time for an independent and alternative view, one that will be more balanced in its assessment of sovereign risk. Dagong's Chairman chides the US for its fiscal profligacy in a series of highly publicised interviews and press conferences. He also encourages a number of smaller international raters and private wealth managers to downgrade US debt. The Chinese bank shortly afterwards announces a small sell off of US treasuries due to concern about the long term solvency of the US government. The result of these coordinated actions is to create a crisis of confidence in the fiscal strength and integrity of the US government.

### *Stealthy Acquisition*

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2/2012

It might be possible that a bank, investment fund, or individual financed by a foreign government acquires a substantial interest in the parent company of Moody's, Standard and Poor's, or Fitch. The purchase might be through the public markets, with private equity, or perhaps by coercion. Once control over the company board is gained, it becomes easy to demand a reassessment of the US debt market due to uncertainty about the future trajectory of the federal deficit, tax collections, and productivity growth. A downgrade issued by one of these large raters will have an immediate impact on the market, especially if it is a full letter downgrade. The potential for cascading downgrades by the other raters is possible, especially if the downgrade is described as a portent of further US economic decline.

### *Thuggery*

Terrorists might use physical violence, bribery, or blackmail against directors or senior executives of a rating agency to accomplish the downgrade. Obviously, these kinds of actions are intended to force a decision by a rater that otherwise would not be made. The fear of violence, the embarrassment from public disclosure, or the attraction of a bribe might be sufficient to force the rater to provide the desired downgrade.

Further, the coerced rater can justify its downgrade by citing qualitative factors such as political conflict, unstable projected macroeconomic conditions, or uncertainty about future fiscal policy. The rater does not require hard data to support its decision at the press conference or in its media release. Indeed, when Standard and Poor's downgraded US debt in August 2011 its press releases mentioned, 'prolonged controversy over raising the statutory debt ceiling and the related fiscal policy debate' as well as the unlikelihood of reaching agreement on the 'growth in public spending.'

### *Group Pressure*

Waiting for a moment of political weakness in the US due to protracted budget negotiations or announcements of an increase in the debt ceiling, terrorists begin a coordinated campaign to

reduce the US bond rating. It begins with the selloff of US debt by a number of small countries or national wealth management funds. The absolute size of the selloff is less important than the attention it generates in pre-scheduled news conferences and interviews. The number of countries or organisations participating is designed to add gravitas to the concern about the US inability to management of its finances. Pressure and attention is directed towards the major raters to reassess their current ratings. Smaller raters who follow US debt are strongly lobbied to downgrade US debt through a combination of economic argumentation, bribes, and threats. These downgrades are highly publicised and promoted. In response to continued media review and coverage, Moody's elects to put US debt on Creditwatch, citing concerns about escalating debt and the failure of Congress to curb spending. The international media continues to highlight the riskiness of US treasuries and to speculate on the likelihood of an actual downgrade.

#### HOW CAN THE US COMBAT THIS NEW THREAT?

Given this potential for the manipulation of its bond rating, how can the US respond? Obviously, the most effective response for the US is to control the growth in government deficit spending and to put real limits on the level of total government debt that is outstanding. This will have the effect of strengthening the US's credit rating and make downgrades significantly more difficult to manipulate. Unfortunately, this solution which is so simple from an accounting and economic perspective, is probably impossible politically. The austerity and spending reductions required by this course of action are too profound to make this solution politically feasible. Consequently, the US response will need to focus on other remedies that are more political possible.

If the number of companies that are authorised by the SEC to rate debt were increased, then the market share of any one rater would likely decline.<sup>16</sup> This would have the effect of diffusing market power and influence over a greater set of raters. Less concentration in the rating industry would make it more difficult for a terrorist to gain influence within the industry. Terrorists would need to control or manipulate multiple raters, rather than focusing on just one. This will require significantly more resources, greater

coordination, and a wider network of collaborators. The effect will be to reduce the likelihood that the terrorists will be able to affect the rating of US creditworthiness.

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Although non-SEC raters are not very influential and enjoy only a small market share, there might be good reasons for the US to respond to their downgrades. By responding aggressively to downgrades by even the smallest raters, the US can prevent any cascading effects that might ultimately influence the major raters. Further, it will serve to put the major raters on notice that the US will vigorously defend its bond rating and will challenge any adverse evaluations they might elect to make.

As part of its response to non-SEC approved raters, such as Dagong, the US could demand greater transparency with respect to data and estimation models. That is, the US Treasury Department could publicly challenge the ratings assigned by these firms and indicate methodological inconsistencies, assumptions, or errors. Also, it is likely that these raters are not privately held, therefore justifying US criticisms about the lack of independence and a conflict of interest in rating assignments.

The US might want to actively track the key determinants of its own rating as used by the major raters. That is, the Treasury Department could act as a kind of auditor, validating the extent to which the raters are actually using their own models correctly. The Treasury could then publicise any inconsistencies in the application of their models by the raters. Additionally, the Treasury could prepare in advance an economic analysis and response to events that are anticipated to influence ratings of US creditworthiness.

Finally, the US might elect to play offense rather than focusing on a defense of its bond rating. That is, the US might elect to attack the creditworthiness of select foreign governments. This can be done by the Treasury department and be directed at the deficit growth, tax revenue collections, and the other factors used in assigning a sovereign bond rating. In some ways, the quality of the arguments by the Treasury might be less important than the fact that media scrutiny is now directed away from the US and is focused on another country. This can be followed up by a carefully staged selling of any US holdings of that nation's securities. Further, the US might indirectly lobby the IMF to issue a warning or advisory to the target country concerning its macroeconomic policies. Any

such action by the IMF can be widely publicised by the US as part of its attack campaign on that country's creditworthiness.

#### FINAL THOUGHTS

The world's capital markets are outstanding mechanisms for the generation, trading, and transfer of wealth. But this work describes how they could be transformed into weapons for the mass destruction of Western wealth and global influence. This threat represents a new kind of warfare against the developed nations of the world, a terrorism based on the intentional manipulation of the sovereign debt market. To defend against it, the US must first acknowledge its potential for success and then understand the many mechanisms through which it might occur. This work has been an attempt to describe one process in the international capital markets that is vulnerable to weaponisation against US interests.

When a terrorist manipulates a country's bond rating, its effect is potentially enormous. Because bond ratings by raters are highly correlated, a downgrade by one rater can have a cascading effect on other raters.<sup>17</sup> Thus, terrorists can focus on having that first rater downgrade, with the expectation that others are likely to follow. Ultimately, bond rating manipulation can directly influence the ability of a country to execute its fiscal policy. A weakened US economy will directly reduce its ability to influence global events. There will be less money available to equip and deploy military forces abroad, less funding available for foreign aid or humanitarian relief, and less prominence in the global capital markets. Given that the goal of terrorism against the US is to reduce its ability to shape world affairs, then bond rating manipulation is a potentially very effective strategy.

There is an irony associated with this kind of terrorism. The strength of the US and its system of government has been its openness and ability to create wealth. This same strength now has the potential to become a US weakness or at least vulnerability in its struggle against terrorism.

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#### NOTES TO PAGES 61-79

- 1 For a discussion of how the rating agencies decide to assign a specific credit rating to a sovereign debt issue see Antonio Afonso, Davide Furceri and Pedro Gomes (2011), 'Sovereign Credit Ratings and Financial Market Linkages,' *European Central Bank Working Paper Series*, 1347.
- 2 The positive relation between risk and expected return is a fundamental principle underlying the pricing of financial securities and is a key component of financial management. See Keown (et al) (2008) for a further explanation of how risk affects the valuation of financial and real assets.
- 3 For a history of sovereign debt defaults over the last two hundred years see C. Reinhart and K. Rogoff (2011), *This Time Its Different: Eight Centuries of Financial Folly*, Princeton: Princeton UP.
- 4 Moody's Investors Service (2011), 'Sovereign Default and Recovery Rates, 1983-2010,' 10 May 2011, p. 5.
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- 10 Dagong Global Credit Corp., Ltd, 'Procedures and Methodologies Used in Determining Credit Ratings,' 2010, available at: <<http://www.dagongcredit.com/dagongweb/english/cm/p10.php>>.
- 11 Anderlini, J., 'China rating agency condemns rivals,' *Financial Times*, 21 July 2010, available at: <<http://www.ft.com/intl/cms/s/0/5632a0b8-94b7-11dfb90e-00144feab49a.html#axzz1my7r66Aw>>.
- 12 Data for this table is drawn from the published sovereign credit ratings of these firms contained on the public websites of Fitch, Moody's, Standard and Poor's, and Dagong.

- 13 Available at: <<http://www.metro.co.uk/news/883969-eurozone-astonished-by-s-psaaa-credit-rating-warning-for-major-powers>>.
- 14 It is well established principle in financial economics that security prices adjust to the arrival of new information. This refers to the efficiency of the capital market and has been extensively researched by Fama (1970, 1991) among others. Dimson and Mussauion (1998) provide a useful and accessible history of this concept. When the media focuses attention and inquiry on a particular bond issue, it will generate news and that will be reflected in both the expected returns and the risk (rating) of the debt.
- 15 Following the European debt crisis of 2011–2012 and the downgrading of European sovereign debt, there has been an extensive discussion in the international press over the US monopoly of debt rating industry. See, for instance, <[http://www.china.org.cn/opinion/2011-08/15/content\\_23212468.htm](http://www.china.org.cn/opinion/2011-08/15/content_23212468.htm)>.
- 16 White (2007) discusses the current state of the SEC's regulation of the credit rating industry and the effect that it has on financial services innovation.
- 17 This correlation is largely driven by the similarity in the underlying data used by the three major raters. Since all raters are Fundamentals attempting to predict default with their ratings, there is a high degree of relatedness in their statistical models. See Afonso et al (2007) for a discussion of the determinants of sovereign ratings issued by Moodys, Standard and Poors, and Fitch.

# TERRORISM 2.0 IN EURASIA

ROBERT NALBANDOV

*ABSTRACT: “New” terrorist organisations, characteristic of the post-Cold War period, sharply contrast with their more traditional (“old”) predecessors in Europe and Russia. These latter European terrorist groups (termed here as Terrorism 1.0) were mostly: sovereignty/ideology-driven, geographically limited, and distinguished their targets from victims. However, at the end of the 20<sup>th</sup> century such “old” groups were replaced, in Europe, by “new,” civilisational, organisations which deploy political violence for somewhat cosmic objectives (termed here as Terrorism 2.0). This work is based on exploring terrorism’s (r)evolution into the 21<sup>st</sup> century.*

**KEYWORDS:** Terrorism, Eurasia, national security, geopolitics of terrorism, civilisational terror

## INTRODUCTION

Terrorism in Eurasia is not a product of the end of the Cold War and neither is it symptomatic of the global war on terror which commenced after the tragedy of 11 September 2001 (9/11). Indeed, European states, including Russia, have faced radical groups seeking influence over the governments’ decision-making processes by staging political acts of violence for centuries. With the notable exception of millenarian movements, the bulk of such terrorists were largely driven by the desire to obtain enhanced political and/or economic rights for the groups they acted on behalf of. Yet, these more traditional European terrorist organisations and individuals, at the cusp of the 21<sup>st</sup> century, have been succeeded by new, global terrorist networks waging “civilisational” war.<sup>1</sup> Due to the Iron Curtain – and the crushing of internal dissent – Soviet Russia managed to prevent acts of terrorism against its populace, however the collapse of the USSR opened a Pandora’s box of internal violence, which continues in localised forms in the North Caucasus with sporadic terrorist activity spilling over to population centres such as Moscow and St. Petersburg.

“New” terrorist organisations, characteristic of the post-Cold War period, sharply contrast with their more traditional (“old”) predecessors in Europe and Russia. These latter European terrorist groups (termed here as Terrorism 1.0) were mostly: sovereignty/ideology-driven, geographically limited, and distinguished their targets from victims. However, at the end of the 20<sup>th</sup> century such “old” groups were replaced, in Europe, by “new,” civilisational, organisations which deploy political violence for somewhat cosmic objectives (termed here as Terrorism 2.0). In Russia however, the shift to “new” terrorism is occurring haphazardly and at a slower pace. This is termed as Terrorism ½ since the groups operating in Russia maintain a limited territorial scope and are driven by sovereignty-like logic, though they primarily target civilians.

Robert  
Nalbandov

The main differences between the terrorisms in Europe and Russia are best explained by the fundamentally diverse governmental responses they elicit. Whereas the EU focuses on *exclusionary-protective* measures, Russian counter-terrorism is *inclusionary-preventive*. In Europe, counter-terrorism programmes seek to prevent entry and the proliferation of insecurities from outside, Russia’s efforts are preventive and inclusionary: it lives with these insecurities.

#### “NEW” TERRORISM’S “OLD” BEGINNING

The recent explosion of research on terrorism produced remarkable debates on what actually constitutes the subject of research, the intellectual boundaries of terrorism. With the proliferation of definitions of terrorism, scholars and practitioners alike stumble upon a clear definitional gap.<sup>2</sup> Some view terrorism generally, as ‘an extreme, violent response to a failed political process,’<sup>3</sup> while others consider more detailed descriptions such as:

the use, or threat of use, of violence by an individual or group ... acting for or in opposition to established authority, when such action is designed to create extreme anxiety and/or fear-inducing effects in a target group larger than the immediate victims with the purpose of coercing that group into acceding to the political demands of the perpetrators.<sup>4</sup>

For some terrorism is ‘an anxiety-inspiring method of repeated violent action, employed by (semi-) clandestine individual, group or state actors, for idiosyncratic, criminal or political reasons, whereby – in contrast to assassination – the direct targets of violence are not the main targets’<sup>5</sup> while others employ very succinct wording and determine it to be ‘a tactic for the political objective of domination.’<sup>6</sup>

Terrorism – due to its amorphous character – presents a definitional quagmire and the problem with multiple definitions of terrorism is threefold. Methodologically, infinite definitions generate the problem of non-falsifiability<sup>7</sup> as it becomes very difficult to separate the “core” of terrorism from its various “mid-range” forms and sub-types. Ontologically, if *any* threat to national security is considered terrorism, then we are faced with the gloom of living in a state of constant terror. Finally, if everything is terrorism then there is no terrorism: the constant state of fear blurs the borders between what terrorism is and what it is not, making the fight against it futile.

The end of the Cold War, aggravated by 9/11, gave rise to new methods of warfare and terrorism followed closely the “old”–“new” wars discourse first introduced by Kaldor’s seminal work entitled: ‘New and Old Wars: Organised Violence in a Global Era’ in which the transformation of warfare was depicted. For Kaldor, new wars arise in the context of the erosion of autonomy and, in some extreme cases, the disintegration of the state. In particular, they parallel the erosion of the monopoly of legitimate, organised violence by the state.<sup>8</sup> The Weberian definition of a state having a monopoly over legitimate organised violence was replaced by the autonomy of illegitimate disorganised violence.

Similarly, 9/11 effected traditional terrorism, turning it from “old” (territorially-confined and politically-driven) to “new” (cosmic and all-pervasive). In defining the qualities of “new” terrorism Kegley identified ten key elements: the global targeting of civilians, using novel methods, waged by civilians, using hi-technology, organised by transnational non-state organisations, pursued by fanatical extremists, immoral and illegal, predicated on realpolitik principles and driven by hatred.<sup>9</sup> These benchmarks assist in capturing differences between terrorisms 1.0 and 2.0 into the combined categories of existential rationales, cognitive frames of reference, goals and objectives, popular support and geographic areas, and selection patters of targets and victims.

Differences in the *existential rationales* of “old” and “new” terrorisms stipulate diverse goals and objectives based on opposing moral considerations. “Old” terrorists are driven by existing social injustice between the subordinate (themselves) and the dominating (others) societal groups, and the desire to change the current (economic) system of wealth allocation. The forces fueling “old” terrorism are similar to the existential rationales of the dominating societies: independence, sovereignty and control over economic and political resources. In this respect they are fighting postional conflicts against their dominating societies where the key differences are in the visions these groups have on the political settings in their countries.

These goals are equally shared by “old(er)” European terrorist organisations such as: Euscadia ta Askatasuna (ETA – Basques nationalists), the Real/Irish Republican Army (R/IRA), the Armenian Secret Army for the Liberation of Armenia (ASLALA) and the Red Brigades. These organisations represented specific ethnic or ideological groups (Basques, Irish Catholics, Italians, Armenians and Communists) and strove to achieve benefits for these groups alone. In the case of ETA and (R)IRA the goal was sovereignty for Basques and Irish Catholics from Spain and the UK. ASALA sought historical retributions and to serve justice to the perpetrators of the Armenian Genocide (1915) while Marxist-Leninists worked to construct ‘a revolutionary state through armed struggle and to separate Italy from the Western Alliance.’<sup>10</sup>

The *raison d'être* of “new” terrorism is fundamentally different it is global and cosmic in nature. The flagship of terrorism 2.0 in Europe, al Qaeda, advocates the creation of a global Caliphate governed by Sharia law. The multitude of Chechen terrorist organisations operating in Russia (the Supreme Military Majlisul Shura of the United Mujahidin Forces of the Caucasus; Congress of the Peoples of Ichkeria and Dagestan; Caucasus Front of the Military Forces of Chechen Republic Ichkeria) maintain similar aspirations in their promotion of a Caucasian Imarat; an all-Muslim political entity in the Caucasian region. This implies a de- and reformulation of the region and the redrawing of the map by eliminating the Christian Republics of Georgia and Armenia.

The variance in the existential rationale between Terrorisms 1.0 and 2.0 is visible in corresponding *cognitive frames of reference*.

The difference between “new” and “old” terrorism may be viewed through the of actions on strategic and individual levels. “Old” terrorism seems inherently rational when it comes to actions aimed at achieving expected utilities. In other words, by choosing specific paths, rational actors aim to be better off than they were before making their choices.

Strategically, the tactics of asymmetric warfare is the imposition of insurmountable human and economic costs on a dominating side, rendering future confrontations too (rationally) costly to embark on.<sup>11</sup> Guerilla tactics and acts of public violence of “old” terrorists aimed to bring political, military, economic and moral attrition to their opponents. Kissinger’s insights, made on the Viet Nam war, capture the message well. He remarked that,

We fought a military war; our opponents fought a political one. We sought physical attrition; our opponents aimed for our psychological exhaustion. In the process we lost sight of one of the cardinal maxims of guerrilla war: the guerrilla wins if he does not lose. The conventional army loses if it does not win.<sup>12</sup>

This sentiment is equally applicable to “old” terrorism: the imposition of rational constraints on the dominating societies to achieve clearly defined political objectives.

#### RATIONAL VS. IRRATIONAL ACTORS

Some scholars highlight the role rationality plays in the overall philosophy of the terrorist leadership. In their study, Neumayer and Plumper claim that ‘the leaders of terrorist groups are predominantly rational and act strategically to reach their goal of increasing political influence in their home country.’<sup>13</sup> Here within lies the rationality paradox of “new” terrorism: engagement in irrational actions for the rationally affecting changes on the policy levels. A clear example of this effect was the withdrawal of Spain from the multinational force in Iraq within a month of the 2004 Madrid attacks. Even on individual level the terrorists were fully rational suicidal bombing tactics were not deployed. This was due to the desire of the terrorists to live through their struggle and to see the results of their actions. “New” terrorism lacks rationality on the strategic level with its costs imposed on the target governments being

exponentially lower than conventional or guerrilla actors. With its staged shows of violence, terrorism, as a crime, is far less lethal than any other types of warfare: according to Charkavorti, 'terrorism alone does not anywhere match the range of destruction caused by regular war, guerilla war and communal riots.'<sup>14</sup> The findings of the study conducted by Mueller and Stewart support this claim,

annual terrorism fatality risks... are less than one in one million and therefore generally lie within the range regulators deem safe or acceptable, requiring no further regulations, particularly those likely to be expensive... As a hazard, terrorism, at least outside of war zones, does not inflict enough damage to justify substantially increasing expenditures to deal with it.<sup>15</sup>

This factor makes both generations of terrorism less efficient than a standard asymmetric warfare.

The assumed irrationality of terrorism 2.0 continues to spread over the individual level to the terrorists' self-sacrificial actions: suicide attacks in the level of individual selfish rationality. Unlike the "old" terrorists who wanted to live to see the results of their actions, the suicide bombers decide to voluntarily exit the struggle. Selfish rationality proclaiming the supremacy of the human life fails in martyrdom. Since rationality promotes the quest for increased post-action utility, there is no way of pragmatically assessing the utility value change after successful suicidal attacks. Simply, no one ever returned from the other world with the message that the life after death is actually better. This means that actors have no point of post-action reference to evaluate their individual expected utility. Collectively, the situation is slightly different since the outcomes of the suicide attacks are meant for the greater benefit of the constituents. However, even here it is quite difficult to evaluate the effects of each individual act of terror within the larger picture of a supposed cosmic war.

The rational choice component of the "old"–"new" terrorism dichotomy extends beyond the cognitive frameworks of the actors to their *goals and objective* arguing that once the demands of the actors are fulfilled (in some way or another) or they consider that they can no longer continue their struggle, the existential need to continue their actions will cease. In most cases, the "old" terrorist organisations in Europe had specific goals and tangible objectives,

Robert  
Nalbandov

were sovereignty-driven and followed concrete and limited agendas. The important thing is that their fulfillment will not cause the systemic destruction: these terrorist groups did not, typically, aim to make systemic changes and significant transformations in their target countries. In fact, they would prefer to live under the same political frameworks but with a greater utility for their groups.

Most “old” terrorists were part of a clearly defined ethnic-based political entity. The (R)IRA was ‘subordinated to political control by a party,’<sup>16</sup> the Sin Fein. As a group closely related to Sin Fein, the (R)IRA had tangible, attainable and territorially-limited goals: self-determination, sovereignty and independence of Ireland from the UK. In Spain, self-determination was at the heart of the political and quasi-military struggle of ETA. Until recently ETA was a part of the Basque nationalist movement advocating the regional privileges and ultimate separation of the Land of the Basques, or Pais Vasco, from Spain and creating an independent own state. The existential causes of ASALA and other less “virulent” Armenian terrorist organisations<sup>17</sup> were rooted in the history of Armenian relations to Turkey. Its goals are also nationalistic-drive: to force Turkey to acknowledge the mass murder of the Armenian population of Turkey in 1915 as Genocide, to make Turkey pay reparations, ‘to establish an independent and fully sovereign Armenian state comprising of the Armenian Soviet Republic and Turkish Armenia.’<sup>18</sup>

These “old” groups did not threaten the viability of the EC/EU and neither did any particular group have the capacity, or will (for that matter), to pose an existential challenge to any particular country (re: Spain and the UK). The ASALA, for its part, was pressing for the acknowledgement of the Armenian Genocide, which can, in principle, be achieved: there was no point on its agenda calling for the destruction of the Turkish state. The Red Brigades and Chechen terrorists stand somewhat, apart in this respect. In the first instance the resistance was caused largely by the Cold War rivalry (the Red Brigades wanted to remove Italy from NATO and to establish the communist state) while in the second case the primary aim is independence and sovereignty tinted though affiliation al Qaeda.

The situation was slightly different with the “old” Russian terrorist organisations, such as “Narodnaya Volya” (“People’s Will”) and the “Bojevaya Organizaciya Eserov” (“Military Organisation of the Social-Revolutionary Party”), which were on the forefront of violent

anti-governmental protests. These terrorist groups operated from within political parties (in fact, “Narodnaya Volya” was a party of its own) and represented ideological rivals to the obsolete Russian monarchy. However, their goals went beyond territorial control; these organisations had clearly-defined political demands directed at replacing the Russian ruling class with a populist order. According to Savenkov, a leader of the *Boyevaya Organizaciya Eserov*, this organisation was waging war against the current regime by eliminating its representatives.

By destroying them ... the Military Organisation... engages in an offensive action by brining in fear and disorder in the ruling cycles and aims at making the government comprehend the futility of keeping the current autocratic system.<sup>19</sup>

The goals and logic of “new” terrorism, in contrast, is irrational. Unlike their “older” counterparts, “new” terrorists wish not only to change the system: they want to destroy it completely. By posing existential threats to the western world al Qaeda is fighting a “civilisational,” and not “positional” conflict. While uncompromisingly reject all the achievements of the civilisation they act against. Even if the US and its allies withdraw into isolation al Qaeda will persist.

The most paradoxical aspect of “new” terror is that it has no point of historical reference vis-à-vis the proposed end-states. In the case of al Qaeda’s proposed Global Caliphate, starting from Rashidun, Umayyad, Abbasid and the Ottoman Caliphates, there is a steady desire of the Caliphate nations to create secular states. According to Arnason and Stauth,

[t]he history of Islamic states appears as a long-drawn-out retreat from full exercise of religious authority. The early caliphate...was replaced by a monarchy which preserved some defining traits of its predecessor...but tended to replace the direct authority of religion with “group feeling and the sword”...; later... this transitory pattern declined into monarchy pure and simple, political at best and always in danger of regressing to the purely natural level.<sup>20</sup>

The aspirations of “new” terrorist organisations in Russia have the same problem of creating an entity that never before existed. There was no “Caucasian Imarat” in the Northern Caucasus even before it joined Russia; ethnic groups were ruled by their respective

lords who were in constant conflict with each other. According to Khodarkovsky, the people of the North Caucasus represented a highly fragmented aggregation of Islamic societies organised on the basis of kinship, language, and common territory.<sup>21</sup> The nations populating the region – Dagestani, Kabarda, Circassians, Chechens, Ingushs, Circassians, Ossetians, etc. – were under strong Turkish and Persian influence and it took Russia ‘three centuries of relentless effort to incorporate the whole region into the mother state, following the well-known pattern of conquest by war and the extension of protection.’<sup>22</sup>

Even the influence of Islam was not homogenous among the indigenous North Caucasian populations. Khodarkovsky further mentions that their adherence to Islam varied significantly – from the north-east Caucasus where Islam was deeply entrenched among the peoples of northern Dagestan and Chechnya, to the north-central Caucasus where Islam held a far more tenuous hold over Kabardinia... and Ossetia, and to the north-west Caucasus where Islam was often nominally accepted by the western Adyge people.<sup>23</sup>

#### ON CONTRASTING GEO-AWARENESS

The patterns of gleaning support from constituencies as well as the geographic areas of operations differ significantly in terrorism 1.0 and 2.0. The “old” terrorist groups mainly recruited and received financial and human support from their corresponding ethnic constituencies. This was largely due to the specificity of their objectives: ethnicity-driven and territorially limited. Since most “old” terrorists advocated social justice for their respective group, their supporters would, naturally, come from these very communities.

The group-specific recruitment and location patterns extended to nearly all “old” terrorists. Even if some recruits came from other countries, their area of activities was limited. For instance, ETA was almost entirely composed of Basque nationals acting in Spain. Although, as Alexieva claims, the staffing patterns of ETA changed over time, with fewer recent recruits speaking the Basque language and having authentic Basque names,<sup>24</sup> ETA’s personnel was limited to those who identify themselves as Basques. Similarly the (R)IRA recruit only Irish nationals – ‘unpropertied unmarried, young men of middle classes, increasingly disproportionately dominated by

urban, skilled and socially mobile activists<sup>25</sup> throughout the world. ASALA, also replenished its ranks from among young Armenians who joined the struggle against Turkey mainly in Europe. The Narodnaya Volya and the Esers, were composed of Russians and operated within the Russian empire. Although not quite impossible it is still difficult to imagine any Irishmen or Basque sharing the emotional stigma of the Armenian Genocide and joining ASALA to avenge the Turks.

*Robert  
Nalbandov*

Contrary to the staffing and operations of Terrorism 1.0, the human resources and logistics of Terrorism 2.0 makes it a truly global enterprise. In contrast to the recruits of the “old” terrorist organisations, in its 2.0 version ethnically limited patterns are rare. The recruiting and operational locales became internationalised: al Qaeda, (the Base), as the avant-garde of 2.0, does not have a ‘single, uniform recruitment process for a group; rather, there are as many recruitment processes as there are distinct regions and nodes in which the group operates.’<sup>26</sup> This further complicates the tasks of law-enforcement agencies as it has become nearly impossible to identify current and future terrorists since they come from diverse background, ethnic groups, even have different sub-religious affiliations.

The globalised nature of the “new” terrorism, together with the following psychographic and state factors salient in recruiting were included as independent variables of the RAND study on terrorism: high level of current distress or dissatisfaction; cultural disillusionment; lack of an intrinsic religious belief system or value system; dysfunctional family and dependent personality tendencies.<sup>27</sup> Likewise, Sageman defined four parameters influencing appearance of the future terrorists that go beyond geographic limits: kinship, discipleship, worship and friendship, the last one being ‘the only one type of social bound that might foster affiliation to the global jihad.’<sup>28</sup> Social conditions surpassing ethnic bonds, such ‘as unemployment rates for young Muslims throughout Europe [that] are two to five times those of native Europeans’<sup>29</sup> were important factors in Vidino’s study on terrorism recruiting in Europe. Neither of these variables is ethnically, geographically or linguistically-driven: any person from any set of values or ethnic belongings satisfying the basic recruitment criteria, can become a potential adept of the global terror. For example, the notorious Hamburg Cell responsible

for the 9/11 attacks was composed of a half-German and Moroccan and immigrants to Europe from Morocco, Indonesia, Yemen, Egypt, Lebanon and the United Arab Emirates.<sup>30</sup>

The only similarity between the new recruits to Terrorism 2.0 is that they pay no allegiance to their civic belongings, such as citizenship, but to more obscure causes. Al Qaeda is, essentially, 'composed of informal networks that mobilise people to resort to terrorism.'<sup>31</sup> Some "new" terrorists are not born Muslim but are Christian converts to Islam. According to Boukhars, most jihadists are captivated by ... anti-imperialist dimension of transnational jihadism, as is clearly shown by the converts to Islam... who came to find solace in an anti-system Islamist supportive milieu... challenging what they believe is a hegemonic Western system perceived as racist and discriminatory.<sup>32</sup> For example, in 2005 a Belgian convert blew herself up in Iraq in an unsuccessful suicide bombing against US soldiers. Another recent convert to Islam in the UK participated in the foiled bomb attack in 2006.

Like al Qaeda, the "new" terrorists in Russia attracted religious converts mostly from the Russian mainland. Hahn confirms the 'intensifying trend of a growing number of ethnic Russians, who have joined the Caucasus Emirate (CE). Many, if not all, of them have had ties to the CE mujahedin and have carried out some of the most egregious terrorist attacks in the past year or two.'<sup>33</sup> The most notorious was Pavel Kosolapov who exploded the Nevski Express train in 2007; Said Abu Saad Buryatskii-Tikhomirov, half-Buryat, a prominent Islamist ideologist, and suicide bombers Vitalii Rasdobud'ko and Marina Khorosheva.<sup>34</sup>

The transnational character of 2.0 further extends to the location of their attacks, re: global. Al Qaeda and its affiliated cells indiscriminately target the governments and civilians of the "infidel" countries all over the globe. According to the Patterns of Global Terrorism 2002 report by the US Department of State, prior to 9/11 al Qaeda had already attacked US troops in Yemen and Somalia and US embassies in Kenya and Tanzania; its members plotted assassinations of the Pope and (former) President Clinton; and attempted attacks against the Los Angeles International Airport. After 9/11 al Qaeda bombed a synagogue in Tunisia; attacked A French tanker in Yemen and US military personnel in Kuwait; staged A bombing of a nightclub in Indonesia; bombed western housing compounds

in Saudi Arabia; attacked numerous western targets in Casablanca; bombed a synagogue in Istanbul, the Madrid trains in 2004 and the London underground in 2005.<sup>35</sup>

In Russia, acts of terror are focused almost entirely in the North Caucasus with occasional acts of violence in urban centres. Al Qaeda affiliates, supporters and direct accomplices view 'Chechnya as another potential front for al Qaeda, and in particular as a gateway to Europe.'<sup>36</sup> Syllas talks about the 'Al Qaeda-backed rebels in Chechnya.'<sup>37</sup> Perhaps, one of the most prominent Al Qaeda representative was Jordanian national Khattab, a notorious warlord under their charismatic leader Chechen rebel Shamil Basaev transnational character of the "new" recruits was also noted by Gunaratna, 'By August 1995 the 6,000 guerilla fighting the Russians in Chechnya included 300 Afghan Arabs' and also '[e]xperienced *mujahidin* from Bosnia-Herzegovina and Azerbaijan' (emphasis provided).<sup>38</sup> Upon combining the data from the Caucasus Emirate website Kavkaz-center and the census data in Northern Caucasus, Hahn came up with the figure of 3,740 mujahidin in the region.<sup>39</sup>

Not only do "new" terrorists in Russia "host" cadres from around the world, they also participate in the actions of their supporters beyond Russian's borders. Several Kabarda nationals-mujahidin were identified to have been sent to Guantanamo Bay in 2002 from Afghanistan. The list of North Caucasians fighting's Global Jihad also includes the Dagestani Amir Seifullah Gubdenskii together with his Russian-speaking Jamaat – the team.<sup>40</sup>

Vidino notes that while many of the al Qaeda European members and affiliates 'are born in Europe, of parents neither Muslim nor Christian, others came from places such as Uzbekistan, Venezuela, or the United States.'<sup>41</sup> Pew Research Center's 2005 study on terrorism found the following variables salient in the matter of harnessing popular support for terrorist organisations with an Islamic agenda: demography, views about Islam, opinions about democracy and attitudes towards the US.<sup>42</sup> According to the RAND report (noted above), a typical group of al Qaeda supporters 'consists of diffuse or very loosely aligned supporters who welcome the news of a new terrorist attack or do not make an effort to distance themselves from al Qaeda's claim to represent their cause.'<sup>43</sup> Similar to transnational recruits, the Al Qaeda's constituencies can be who ever and live anywhere, an Iraqi villager, a wealthy Saudi, or a young

unemployed European Muslim, a recent religious convert, a sympathiser from the dominant group or even state officials.

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## ON TARGETS AND VICTIMS

The difference between the selection of *targets* and the *victims* is another incongruence between terrorisms 1.0 and 2.0. While the victims of terrorist attacks are their direct casualties, the targets, in general, may include broader range of actors from state institutions, governmental representatives, businesses, facilities or common citizens; all those whose will the terrorist groups are aiming to affect by their actions. From this perspective, the victims of the “old” terrorists were its targets. The pattern of unifying victims with targets was a distinguishing feature of 1.0.

RAND identified 142 attacks on businesses, 108 attacks on diplomats, 66 on military installations, 23 on airlines and 35 attacks on citizens in 1988.<sup>45</sup> Out of “old” terrorists, ETA’s operatives were well known for their selective targeting. Over 60% of its victims were members of the Spanish police, military and politicians whereas civilians were mainly the “[i]nformers, drug-dealers, entrepreneurs who do not succumb to the financial extortion, people with extreme right-wing ideology, or people involved in the “dirty war” against ETA.<sup>46</sup> For fostering their cause ETA used a range of tactics: ‘bank robberies, kidnappings, intimidation, sloganeering through public graffiti, hard-line political posturing through surrogate political parties, exaction of a “revolutionary tax” from targeted Basque businesses, bombings, and assassinations.’<sup>47</sup>

ASALA, was also known for targeting the representatives of the Turkish political establishment; victims were policy-makers and representatives of the Turkish government. The Assembly of Turkish-American Associations defined the categories of ASALA’s attacks, among which the most prominent were the assassinations of the Turkish diplomats throughout Europe.<sup>48</sup> The (R)IRA had developed the similar pattern of targets in their attacks. The Global Terrorism Database identified 826 incidents of terrorists attacking the military personnel and installations; 562 attacks on police; 550 attacks on businesses and 431 attacks on civilians from 1970 to 2010<sup>49</sup> undertaken by the (R)IRA.

The end of the Cold War caused a philosophical mutation in the nature of terrorism: the “new” terrorism has separated its victims from its targets. The change in the terrorists mindset occurred mainly as a result of substituting its objectives from a politically-motivated confrontation to a show of universal violence. According to Stohl, “new” terror’s ‘ victims and all that destruction were not as important to the perpetrators as the audience around the world that viewed that destruction.’<sup>50</sup> Rand’s “How Terrorist Groups End” includes 3827 civilian deaths and over 8000 injuries with only 110 military deaths and 221 injuries in al Qaeda attacks between 1994 and 2007.<sup>51</sup> This equates to approximately 97% civilian victims and casualties.

*Robert  
Nalbandov*

Terrorism 2.0 attacks civilians to affect policy change. Victims are selected indiscriminately without prejudice to their religious beliefs, language or citizenship. Many terrorist attacks took the lives of the representatives of nominally supporting groups (for example, 38 out of the 202 victims of the Bali bombing in 2002 were local Muslim Indonesians). On a contextual level, however, the targets of 2.0 extend far beyond their actual victims to a much wider audience: all those not affected by the terrorist attacks directly. This fact makes the “new” terror in Europe a human rights violation. It was an act of violence committed with the purpose of violating the fundamental rights of the people beyond the actual location of its attacks. These terrorists do not have any bonds with their victims they do not hate them per se since they do not know them. The people they kill have nothing to do with the cause of their struggle. Nor do they represent their solution since it is the policy of the many civilised countries not to negotiate with the terrorists. They hate the system with all its living inhabitants, which brings us back to civilisational war waged by the “new” terrorists.

There is dissonance between the targets and victims of 1.0 and 2.0 in Russia. Narodnaya Volya and the Esers had a limited targeting scheme aimed government representatives, ‘governor-generals, mayors, commanders of military regiments, heads of prisons, gendarmes, high-level policemen, bailiffs, constables, judges and prosecutors[...] members of the State Duma and even the royal family.’<sup>52</sup> The apogee of the early terror in Russia was the assassinations of the General Mezenzev (1878) and Russian Tsar Alexander II (1881)

by the *Narodnaya Volya*. Interestingly, as a certain code of honor early Russian terrorists pledged not to kill women and children.

The Collapse of the USSR and the revival of ethnic identities brought a 360 degree shift to the MO of terrorism in Russia. Soon after the declaration of independence of Chechen Republic Ichkeria 1991 the terrorist brigades in Chechnya launched a series of unprecedented attacks on civilian and military targets. After the First Chechen campaign the dispersed Chechen forces regrouped in their hideouts and started terrorising local populations and Russian federal forces. In 1995 a total of 80 civilians died as a result of hospital attacks by a notorious warlord Shamil Basayev in Budenovsk.<sup>53</sup> In 1996 a whole town of Kyzlyar was taken hostage by a group of 500 boyeviks led by another militant, Salman Raduyev.<sup>54</sup>

In 1999–2000 the explosions of apartment houses and in subways in the Northern Caucasus and Moscow shook Russian society beyond the immediate ground-zero of the Chechen terrorism. In 2002 117 hostages died during the infamous counter-terrorism operation in the “Nord-Ost” show-hall in Moscow as a result of the neuro-paralytic gas used by the Russian troops.<sup>55</sup> In May 2004 a number of top-level Chechen officials were killed as a result of the explosion at a local stadium in Grozny, including the President of the Chechen Republic Akhmad Kadyrov and Head of the State Council Hussein Isayev. In the same year, as a result of taking hostage of a secondary school in the North Ossetian town Beslan and the response of Russian troops 335 people died, including 300 hostages.<sup>56</sup>

The differences between terrorism 1.0 and 2.0 are summed up in the table below.

TABLE I.

	<b>Terrorism 1.0</b>	<b>Terrorism 2.0</b>
<b>Existential Rationale</b>	Collective social justice	Cosmic ideas
<b>Cognitive Frames</b>	Rational	Irrational
<b>Goals/Objectives</b>	Systemic change	Systemic destruction
<b>Popular Support &amp; Geographic Area</b>	Regionally/Locally recruited/ Territorially limited	Transnationally recruited
<b>Targets/Victims</b>	Same/Military/governments/politicians	Different/mainly civilians

Europe is familiar with the phenomenon of terrorism. Throughout the centuries politically motivated sub-national groups sought to foster their causes using various means of terror. As Coolsaet noted, 'Europe did not wake up to terrorism on 9/11. Terrorism is solidly entrenched in Europe's past.'<sup>57</sup> Car bombings in Ireland, assassinations of political leaders and explosions in Spain, France, and former East Germany are some of the signs of activity of the "old" European terrorism.

European counter-strategies were, historically, within the competence of the member-states who were either dealing with their own terrorist organisations or with the specific cases of terrorism taking place on their territory. When terrorism reemerged after the Cold War, and especially following the 9/11 events, the European Union identified terrorism as 'a growing strategic threat to the whole of Europe.'<sup>58</sup> As early as 2002 the EU adopted the Framework Decision on Combating Terrorism, which provided an overly broad definition of terrorism, including the attacks against person and physical safety, attacks on governments and the military, various types of hijacking, production, possession and usage of 'weapons, explosives or nuclear, biological or chemical weapons ... release of dangerous substances, or causing fires, floods or explosions ... interfering with or disrupting the supply of water, power or any other fundamental natural resource'<sup>59</sup> The Framework Decision also defined the authority of the European Union member-states and the urged them to establish clear law-enforcement measures against terrorism.

The Strategy marked, according to De Goede, the start of "preemptive" counter-terrorism policies in the EU where the Decision, by 'criminalising terrorist groupings, terrorist financing and terrorist facilitation fulfills a precautionary function that enables the pursuit and punishment of suspects who have not engaged in any violent act but may (or may not) do so in the future.'<sup>60</sup> In a effort to further develop the "preemptive" effort to create a unified response to the increasing attacks of the global terrorist networks in Europe, the EU issued its Framework Security Strategy in 2003 where terrorism was included as threat number one to European security. The Strategy acknowledged that Europe had become 'both a target and a base for such terrorism: European countries

are targets and have been attacked.<sup>61</sup> This way the Strategy incorporated the renewed vision of the European member-states to jointly counter terrorism as ‘a global scourge that requires a global response’<sup>62</sup> The Strategy, thus, became the foundation for the future counter-terrorism efforts in Europe.

It was not until the 2004 Madrid bombings that the EU took one of its most important steps: the creation of the position of the EU Counter-terrorism Coordinator who coordinates counter-terrorism within the EU, monitors the implementation of the counter-terrorism measures and represents the EU in cooperation efforts with third parties. Another milestone in EU counter-terrorism legislation followed the London underground attacks in 2005 after which the UK proposed the creation of the European Counter-Terrorism Strategy to unify the efforts of the member-states to protect the citizens of the whole Union by ensuring due fight against terrorism within their borders.

The Counter-Terrorism Strategy follows the Security Strategy’s guidelines in the fight against terror states in that ‘[d]ealing with terrorism may require a mixture of intelligence, police, judicial, military and other means.’<sup>63</sup> The Strategy puts these means into its four pillars of the European security foundation: prevent, protect, pursue and respond. Jointly these aim to decrease the fear in European societies of the threat of terror and creating a joint pan-European anti-terrorist shield. The Strategy was a step beyond the initial post-Cold War “opening” of the common European space to external influences and back to Churchill’s post-WWII version of the ‘noble continent.’<sup>64</sup> The four pillars of the Strategy show the *exclusionary-protective* character of the EU counter-terrorism measures directed against the growing challenges of terrorism 2.0 coming from the extraterritorial Islamists groups with footholds in the European Muslim communities.

The Preventive pillar aims at disrupting the grounds nurturing and supporting terrorists. It focuses on ‘limiting the activities of those playing a role in radicalisation, preventing access to terrorist training, establishing a strong legal framework to prevent incitement and recruitment, and examining ways to impede terrorist recruitment through the internet.’<sup>65</sup> Following from its title, the Protective pillar is built ‘to protect citizens and infrastructure and reduce our vulnerability to attack, including through improved

security of borders, transport and critical infrastructure.<sup>66</sup> The European Border Agency was given a leading role in securing EU borders against incoming threats, strengthening already strict anti-immigration policies among the European states.

The migration issue is, perhaps, the most sensitive aspect within the Protective pillar. Europe has been a traditionally point of destination for numerous waves of migration. In recent history this occurred during WWI and WWII and at the end of the Cold War – from East to West and South.<sup>67</sup> At the end of the 1990s however, migration started attracting the increased attention of receiving countries and has resulted in social tensions which, as recent spates of violence in France, the Netherlands and UK attest, occasionally spill over into violence. The tragedy of July 2011, when the Norwegian fascist, Anders Brevik, bombed a government building in Oslo and murdered 77 people as part of an “anti-multiculturalism Crusade” mass shooting may be placed.

The popular discontent with the large numbers of immigrants in Europe are further exacerbated by the threats uttered by top-level EU officials which suggest that their countries may leave the common European Schengen zone in case of the continuous flows of migrants,<sup>68</sup> the statements on previously unthinkable failure of the multiculturalism<sup>69</sup> and cut down the numbers of current immigrants<sup>70</sup> are some of the responses by European governments to the growing popular resentment within European host communities against the incoming migrants. The Swiss Minaret Controversy<sup>71</sup> (2009) and the French Burka Ban<sup>72</sup> (2011) reflect this growing animosity towards their Muslim communities, which is directly linked to their perception of the impending threat of civilisational change.

The *Pursue* pillar addresses ‘disrupt[ing] terrorist activity and pursue[ing] terrorists across borders.’<sup>73</sup> This pillar fosters active cooperation between the EU member-states in the matter of unifying their anti-terrorist efforts and harmonising their actions against trans-national terrorist cells. Finally, the *Respond* pillar promotes ‘rapid sharing of operational and policy information, media co-ordination and mutual operational support, drawing on all available means, including military resources.’<sup>74</sup> In addition to these measures, the EU would be engaged in crisis management operations and providing assistance to the EU citizens in non-EU countries.

Robert  
Nalbandov

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2/2012

The evolution of terrorism in Russia includes traditional terrorists organisations that were later replaced by the state terror of the Communist party, which itself gave way to the “new” mid-range type of terrorism: sovereignty-driven but employing the civilian-targeting tactics. The end of the Cold War catalysed national self-determination movements in ethnically-defined political entities through the former USSR. While most of the former Soviet republics soon successfully ended their quests for independence there were some minor ethnic formations whose self-determination was denied by the new sovereign states of which they were once members.

In Russia this process continues with unrest in Chechnya. Contrary to the evolution of terrorism in Europe, its Russian counterpart grew only “half younger” and remained in the intermediary phase of politically-laden and territorially-confined partisan warfare with symbolic acts of mass civil violence in Chechnya proper and irregular terrorist spill-overs into neighbouring regions and Moscow. Ever since the dissolution of the USSR, terrorism in Chechnya had a separatist character. Thousands of citizens and Russian military personnel died during the First (1994) and the Second Chechen Wars (2000).<sup>75</sup> As part of their counter-terrorism strategy the Russian government has adopted a number of *inclusionary-preventive measures*. The 2006 Federal Law on Counter-Terrorism defined terrorism broadly as ‘the ideology of violence and practice of influence on the decision-making of the state authorities, local self-governance bodies or international organisations, aiming at intimidation of the population and/or other forms of unlawful violent actions.’<sup>76</sup> The law was an important step in giving broad authority to the Russian military to participate in counter-terrorist operations within and beyond the legal borders of Russia. More specifically, the law focused on the order, conditions, leadership, means, negotiations and an end-state of counter-terrorist operations within Russia and beyond.

A key part of the law was its territorial application with reference to counter-terrorist operations. The longest such operation in the modern Russian history took place between 1999 and 2009 in Chechnya. It was enacted upon the accession of Putin to the office of President and was officially ended by Medvedev. The operation

involved a large ground deployment of Russian troops and the installation Kadyrov as President of Chechnya. As a result, "The Russian security forces have had a string of successes in eliminating the most effective and well-known rebel leaders."<sup>77</sup> Human losses in this campaign were significant: by some estimates, about 60 000 military and civilians were killed and 65 000 were wounded.<sup>78</sup> Although sporadic upsurges of violence continued to threaten the local population, it was more a political rather than a tactical decision to end this operation in 2009.

Another major milestone in the counter-terrorism legislation in Russia was the 2006 Presidential Law 'On The Counter-Terrorism Measures,' which established a number of entities responsible for coordinating counter-terrorism efforts: the National Counter-Terrorism Committee (on the federal level); counter-terrorism commissions in the federal subjects (on the local levels); federal and operational headquarters and, separately, the operational HQ in Chechnya. These agencies were included in the top-down counter-terrorist scheme headed by the Putin. On the operational level, the Committee is responsible for coordination of the counter-terrorist activities between these organisational units, overall implementation of the counter-terrorism legislation in the Russian Federation and specific counter-terrorist operations. In particular, according to the Committee, 48 smaller counter-terrorism operations were conducted in 2009 as a result of which 85 terrorist acts were disrupted and 450 terrorists have been eliminated, including known al Qaeda emissaries and affiliates as well as local terrorist leaders.<sup>79</sup>

The counter-terrorism efforts in Russia are not limited to laws and creating numerous law-enforcement agencies and structures most substantial preventive steps were taken in the direction of working with the Muslim communities and are directly related to the territorial nature of terrorism. Unlike in Europe where terrorists were mostly recent or second or the third generation immigrants to the EU member-states, i.e. "extra-territorials," terrorists in Russia have deeper roots. If we pinpoint the hotbed of terrorism there, it would be concentrated in the North Caucasian region; if we were to narrow down the ethnic composition of the terrorists, we would receive mostly "intra-territorials:" the Chechens, Ingushetians and Dagestani, with a small number of international terrorists from

radical Muslim communities outside Russia and the representatives of the title Russian nation.

The threat of terrorism that is linked to migration in Europe is practically absent in Russia. Migration does, indeed, present an grave concern to the Russian authorities: by World Bank estimates, there are more than 12 million migrants coming from Ukraine, Kazakhstan, Belarus, Uzbekistan, Azerbaijan, Georgia, Armenia, the Kyrgyz Republic, Tajikistan, and Moldova, which constitutes about 8.7% of its total population.<sup>80</sup>

While migration, as a separate phenomenon, is a serious factor affecting the economic, political and social climate in Russia, migrants are not, per se, related to the threat of terror in Russian discourses. The overwhelming majority of the migrants to Russia – about 11 million people between 1991 and 2011<sup>81</sup> – because of economic, political, and security problems abundant in the post-Soviet Republics were ethnic Russians previously residing there. For instance, Dmitriev and Sleptsov notes this specific ethnic factor of migration by pointing out that 75% of the early migrants to the Russian Federation were ethnic Russians.<sup>82</sup> By some estimates, the migration potential of the Russian nationals and other Russian-speaking people to Russia after the collapse of the Soviet Union was 25 and 4 millions respectively.<sup>83</sup>

The mostly homogenous ethnic composition of migration to the Russian federation makes the “new” terrorism a strictly endemic and “intra-territorial,” home-grown and largely localised phenomenon. The fact that most terrorists operating in Russia are Muslims does not affect the further spread of terror to other regions populated by Muslims. For example, the Muslim Tatars who mostly reside in the Tatarstan Republic, represent the second most numerous ethnic group in Russia – about 4% of the population,<sup>84</sup> while the total number of Muslims living elsewhere in Russia, by the estimates of the Council of Muftis, is 26 million, including legal and illegal migrants.<sup>85</sup> Muslim settlements are widespread in the Russian Federation, yet the threat of terror originates primarily from the Northern Caucasus.

Knowing the “zip code” of the “new” terrorist organisations makes the counter-terrorist efforts easier from the point of view of employing the inclusionary-preventive counter-terrorism strategies. Unlike the EU, which is simultaneously implementing preventive

and, mostly, exclusionary measures directed at limiting the flows of migrants who might be increase terrorist risks, Russia is introducing state programmes directed at raising levels of education among its Muslim citizens. In 2007, Russia launched a large-scale national Action Plan on educating young Muslims. The major objective of this Plan is 'to develop and implement the measures directed at supporting the Muslim religious communities (mosques) loyal to the state by strengthening their materials and financial standings for organisation of the activities against the radical elements.'<sup>86</sup> To support this endeavour financially, the Federal Education Agency's Order #345 allocated some 235 million Rubles (approximately \$8 million USD)<sup>87</sup> to seven selected universities to develop humanities and social science curricular with the specific focus on Islam in the world and Russia, in particular. The total of 800 million Rubles (circa \$27 million USD ) was spent to support the Muslim communities educationally and economically.<sup>88</sup>

*Robert  
Nalbandov*

The localised nature of terrorism in Russia and its limited geographic area allowed its government to undertake integrated counter-terrorism measures directed both at protecting its citizens from the threat of terrorist attacks by the counter-terrorist operations and to cut the financial and human support to known terrorist groups. Yet the threat of terror is vital and continues to distort the normal course of life in the country. Vivid examples of non-systematic and sporadic acts of violence were the recent explosions at the Moscow subway stations in 2010 and in the Domodedovo Airport in 2011 (30 dead and 150 wounded).

## CONCLUSIONS

The diverse evolutionary stages of terrorism in Europe and Russia explain the differences between the counter-terrorism approaches in these regions. While Europe treats the contemporary terrorism as largely an extra-territorial phenomena, Russia views it as its internal problem. Terrorism in Europe has moved from the state of classical "tool" of politically motivated and mostly ethnicity-based groups into the "cosmic" and universal counter-civilisational form. In Russia, however, terrorism is still mostly sovereignty-driven: it did not "grow young," it remained on the evolutionary stage of the terrorism in Europe in the 19<sup>th</sup>-20<sup>th</sup> centuries.

These differences in origins and MOs of terrorism in Europe and Russia lead to diverse countering actions. While the EU enhances the information-sharing and cooperation as a part of their common policies without active participation of Europol or national law-enforcement agencies, Russia has been involved in active military operations against known terrorist groupings. At the same time, Europe, through its exclusionary-protective programs, is building an invisible defensive fortress around its borders by installing new control procedures and preventing the inflows of new migrants from countries with unusually high terrorist activity. This problem is almost completely absent in the Russia allowing it to focus its attention on inclusionary-preventive steps to reduce the numbers of the future adepts and sympathizers from within by various educational and support programs.

Three clearly identifiable problems are shared by both the EU and Russia. Firstly, the exceptional versatility of terrorism to the changes in the external environment. As de Kerchove argued, 'terrorism is like a virus. Eradicated in some places it is continuing to adapt itself to new conditions and to draw strength from ineffective measures to control it.'<sup>89</sup> The ever-mutating nature of terrorism makes the governments extremely resourceful when it comes to inventing new counter-terrorism measures. Secondly however, what unites Russia and the EU is absence of choice of counter-terrorism strategies. Europe has to employ preventive measures to target the incoming threat of terrorism while Russia has no option but to face the reality of preventing home-grown terrorism from proliferating. Finally, we have the dimensional gap between the issue (terrorism) and its solutions (counter-terrorist efforts), which is, in a sense, of a physiological origin. It is difficult to kill a fly with a bear hand because a human eye and a fly's eye perceive the objective reality differently. While for a human a fly moves extremely quickly, for a fly it is a human who moves extremely slowly. Likewise, terrorism 2.0 goes beyond the conventional confrontation of terrorism 1.0 by challenging the very human dimensions of life that requires unconventional responses. A proper counter-terrorism swatter has yet to be designed.

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NOTES TO PAGES 82-104

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Robert  
Nalbandov

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# SOME CAUTION, PLEASE: APPLYING THE CONCEPT OF MORAL HAZARD TO HUMANITARIAN INTERVENTION

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*ABSTRACT: The concept of moral hazard, born in insurance studies, has recently been adopted by international relations theory where it is primarily applied to humanitarian intervention. This article cautions against too hasty an embracement of the concept by IR scholars. Arguing that important theoretical differences exist between the original and the new milieu in which the concept is used, the text suggests that the concept needs to be de(re)efined to better capture the reality of humanitarian intervention. Endorsing some of the proposals made by other scholars, the text also introduces two new variables (the probability of genocidal violence, and the probability of intervention) that should help to account for the role played in humanitarian intervention scenarios by the territorial state.*

**KEYWORDS:** moral hazard, humanitarian intervention, IR theory, genocidal violence

## INTRODUCTION

International relations theory has recently enriched itself with a host of new concepts originating in other areas of social and even natural sciences. One of them is the concept of moral hazard. This concept, in its modern shape, was formed under insurance studies in the 1960s and soon after became popular among economists. It postulates that the provision of insurance against a certain type of risk induces people to behave recklessly or fraudulently, giving rise to the materialisation of the very risk it was supposed to prevent. In other words, moral hazard denotes 'the lack of incentive to avoid risk where there is protection against its consequences' or 'the presence of incentives to take risk where there is protection ... against its consequences.'<sup>1</sup>

In international relations theory, the concept of moral hazard has been, so far, primarily applied to humanitarian intervention. It purports to show that the norm entitling states or other international actors to intervene with military force in the territory of another state without its consent in order to avert or halt large-scale violations of human rights can in fact increase the occurrence of such violations by pushing potential victims to rebel, thereby provoking the territorial state to retaliate with genocidal violence. Several humanitarian crises, particularly that of Kosovo in 1999, are called upon to corroborate this interpretation with empirical data. This article cautions against too hasty an embracement of the concept of moral hazard by IR scholars. Arguing that important theoretical differences exist between the original and the new milieu in which the concept is used, the text suggests that the concept needs to be de(re)defined to better capture the reality of humanitarian intervention. Endorsing some of the proposals made by other scholars, the text also introduces two new variables (the probability of genocidal violence, and the probability of intervention) that should help to account for the role played in humanitarian intervention scenarios by the territorial state.

#### THE CONCEPT OF MORAL HAZARD

The concept of moral hazard appeared in the 17th century, when it served to describe fraudulent or immoral behaviour in insurance contracts, normally on the part of the insured.<sup>2</sup> Research into the period's discourse indicates that "moral" was then largely equated to "subjective," and the term moral hazard therefore did not have primarily ethical connotations.<sup>3</sup> While the concept of moral hazard was very popular among the insurance companies in the 18th and 19th centuries, it receded into the background in the first half of the 20th century, to be rediscovered in the 1960s. It spread quickly in insurance studies<sup>4</sup> and in other areas of economics.<sup>5</sup> It has been conceptualised as one of two main sorts of market failure,<sup>6</sup> consisting in 'the tendency of people with insurance to change their behaviour in a way that increases claims against the insurance company.'<sup>7</sup> On a concrete level, it entails that 'people with insurance may take greater risks than they would do without it because they know they are protected, so the insurer may get more claims than it bargained for.'<sup>8</sup>

In principle, two different dynamics are encompassed by the concept of moral hazard.<sup>9</sup> The first rests in *fraudulent* behaviour elicited by over-insurance – for example, when a person destroys his or her car to get more than what the car's real value is. The other lies in *reckless and irresponsible* behaviour made possible by the existence of the insurance – for example, when a person parks his or her car in a dangerous area knowing that damage will be compensated. Although some authors seek to limit the meaning of the term to the latter dynamics, this approach is not prevalent.<sup>10</sup> Yet, it is important to keep in mind that recklessness and fraud are different in nature and that they can hardly be suppressed by the same means. The concept of moral hazard is closely related to, and intertwined with, other analytical concepts, especially those of perverse incentives, unintended consequences, asymmetric information, and negative precedents. Scholars differ significantly in what relevance they assign to these concepts.

*Perverse incentives* are incentives, i.e. stimuli to behaviour, which produce adverse consequences unanticipated and/or unintended by the incentives' makers. Those consequences result from social actions undertaken in order to receive the incentive, which in that way turns from a simple tool of positive motivation (a carrot) into the very goal of people's actions. Thus, for instance, making the funding of fire departments dependent on the number of fires they manage to extinguish can make fire-fighters either neglect prevention or, in a worse case, set fires themselves. In the insurance area, the insured persons' belief that they will obtain compensation if their car gets destroyed can induce them to drive carelessly (insurance) or, even, to intentionally cause a car crash (over-insurance). Perverse incentives play a crucial role under the concept of moral hazard. They are what makes risk-taking acceptable or, in a worse case, even welcome for insured or over-insured actors.

*Unintended consequences* are consequences, that is, effects resulting from a certain action, which have not been desired by the actor whose behaviour has brought them about. They can be foreseen or unforeseen, and foreseeable or unforeseeable, depending on whether the actor did/did not or could/could not predict them. Another way of categorising unintended consequences is to distinguish between positive, negative and perverse ones. Positive unintended consequences are unplanned but welcome and beneficial.

Negative unintended consequences are both unplanned and unwelcome; they often occur in addition to the intended effects of the action and constitute the price to pay in order to reach the main goals. Perverse unintended consequences are not only unplanned and unwelcome, but also directly contrary to the intended effects. The two examples mentioned above both have perverse unintended consequences. Those consist in the fire-fighters' failure to prevent fires or their setting them on purpose in the first case, and in the insured car owners' recklessness or intentional causing of car accidents in the second case. Unintended consequences are, again, an important component of the concept of moral hazard. They explain, in terms of causality, the link between the original incentives and the materialisation of the risk, while at the same time divesting the insurer of the direct responsibility for the risk materialisation.

Closely linked to unintended consequences is the concept of *asymmetric information*.<sup>11</sup> This term describes a situation in which important information is available and known to some, but not all, relevant actors. Some authors view this factor as a key driver in the moral hazard theory, claiming that 'for a moral hazard to exist, there must be a situation where the insuring party is not able perfectly to observe or monitor the insured party's behaviour.'<sup>12</sup> The insurer need not be objectively unable to get information; it suffices that getting information would be subjectively impossible or too difficult. As a result of asymmetric information, the insurer 'cannot directly or perfectly observe the insured party's actions, but instead must infer them from the outcomes that result from both the insured party's actions and exogenous events.'<sup>13</sup> Finally, negative precedents are examples of past practice that 'guide behaviour in an undesirable direction.'<sup>14</sup> For instance, if insurance companies do in several cases compensate car drivers who have behaved recklessly or even intentionally caused accidents, such cases set negative precedents that will most probably be emulated in future. Negative precedents give rise to perverse incentives, yet perverse incentives can also arise in fully unprecedented situations. As important as past practice, if not more, is the general context, including the specific contract between the insurer and the insured, the promises made explicitly or implicitly by the former, etc.

Situated at the intersection of these different concepts, the concept of moral hazard combines their elements while giving them

a new quality. It implies that the existence of insurance aimed at protecting people against risks and at minimising the negative effects thereof has, in circumstances of asymmetrical information, the unintended consequence of creating perverse incentives for the insured to behave recklessly or fraudulently, incurring or provoking the very risk against which they are insured. The insurance theory has witnessed many attempts to buttress the concept of moral hazard with empirical evidence. These attempts so far remain inconclusive. Scholars disagree as to whether the concept materialises in practice or not,<sup>15</sup> whether it is purely negative or has positive implications as well,<sup>16</sup> and whether and how the perverse incentives and unintended consequences could be reduced.<sup>17</sup> All these questions are not merely technical but have important political implications. They permeate discussions on such important and diverse issues as national health care<sup>18</sup> or the IMF system of bailouts.<sup>19</sup> This article does not plan to rehearse the arguments raised in these discussions. Instead, it focuses on the possibility of using the concept of moral hazard to study humanitarian intervention.

*Moral  
Hazard &  
Humanitarian  
Intervention*

#### HUMANITARIAN INTERVENTION

The concept of moral hazard postulates the existence of insurance. Yet, as stressed by Baker insurance 'is not simply something provided by "insurance companies."' <sup>20</sup> Rather, it 'is provided any time that one party's actions have consequences for the risk of loss borne by another.'<sup>21</sup> It thus seems *prima facie* possible to use the concept of moral hazard in other areas of social sciences and to apply it to any social relationship revealing the organisational and functional logic analogous to that between an insurer and an insured. One of the candidates for testing the concept is humanitarian intervention.

Humanitarian intervention has been high on the research agenda of academics with an international relations or political science background for several decades. Yet, the attempts to analyse it by means of innovative conceptual tools are of a more recent date, starting, in a more systematic way, only in the aftermath of the Cold War. As a consequence, practically all texts looking at humanitarian intervention through moral hazard lenses have been published over the last ten to fifteen years. These texts include, among others, the pivotal study by Rowlands and Carment,<sup>22</sup> a monographic

volume edited by Crawford and Kuperman,<sup>23</sup> and a series of articles by Crawford,<sup>24</sup> Kuperman,<sup>25</sup> and other authors.<sup>26</sup> Although the number of available titles increases relatively quickly, the whole area is still quite fresh and practically free of dogmatic canons that would limit the debate to only a couple of unresolved questions. Since high stakes, in both theoretical and practical terms, are in play here, it is certainly worth taking on this challenge and inquiring into how pertinent the concept of moral hazard is for humanitarian intervention. Before doing so, a short presentation of humanitarian intervention is necessary, in view of the plurality of meanings the term has been assigned by scholars.

Humanitarian intervention has passed through an interesting evolution, whose beginnings according to some views go as far back as to the antiquity.<sup>27</sup> As a term of art, however, it appeared only in the 19th century,<sup>28</sup> when “humanitarian intervention” (or, more exactly, “intervention of humanity” from the original French “intervention d’humanité”) served to describe military interventions by European states in territories of non-European countries, especially the Ottoman Empire, aimed at protecting local Christian communities. Examples include the intervention by European powers in support of the Greek war of independence in the 1820s and the Anglo-French intervention in support of the Lebanese Maronites in the 1860s. In the course of the 20th century, the scope of the notion gradually expanded to include actions with an intent to save not only people of the same religious, ethnic or national affiliation, but any group of human beings threatened with or exposed to large-scale violations of fundamental human rights. What is thus defined as humanitarian intervention today is ‘the threat or use of force across state borders by a state (or group of states) aimed at preventing or ending widespread and grave violations of the fundamental human rights of individuals other than its own citizens, without the permission of the state within whose territory force is applied.’<sup>29</sup>

Examples of such interventions during the Cold War period include the Indian action in Eastern Pakistan in 1971, the Vietnamese action in Cambodia in 1978, and the Tanzanian action in Uganda in 1979. Post-Cold War examples encompass the UN interventions in Somalia (1992), Bosnia and Herzegovina (1991–1995), and East Timor (1999); the NATO intervention in Kosovo (1999); the ECOWAS interventions in Liberia (1990) and Sierra Leone (1997–1998); and the

repeated cases of the use of military force by the USA and the UK in Iraq from 1991–2003.<sup>30</sup> Cases of humanitarian intervention are often classified in function of their presumed legality into two groups consisting of, on the one hand, legal interventions authorised by the UN Security Council under Chapter VII of the UN Charter, and on the other hand, illegal interventions which lack such authorisation and are therefore unilateral in nature. This classification, though crucial for international legal scholars, has a limited relevance from the perspective of moral hazard. It merely influences the stability of the “insurance contract” and the probability that the “insurers” (that is, the interveners) will comply with their part of the contract.

Some authors, including some of those dealing with the concept of moral hazard, have a broader understanding of humanitarian intervention. For instance, for Kuperman, humanitarian intervention ‘encompasses the full spectrum of potential international action motivated primarily by the humanitarian desire to protect civilian targets of state violence.’<sup>31</sup> This spectrum covers both military actions and a host of pacific measures such as condemnations, diplomatic protests, political pressure, arms embargoes, or sanctions. While this approach has some proponents in international relations and international legal studies,<sup>32</sup> it is discarded here for two reasons. First, it deviates from the definition given by the majority of scholars who tend to include the use of force among the main features of humanitarian intervention. Second, a broad understanding of humanitarian intervention does not correspond to the logic of moral hazard. The risk incurred here, namely genocidal violence and other large-scale violations of human rights, is so serious that rebels would hardly dare to behave recklessly or fraudulently, thereby provoking the materialisation of this risk, if anything short of military force would be contemplated, at least in the long-term, in response. Otherwise, their risk-taking behaviour would be irrational.

#### THE CONCEPT OF MORAL HAZARD AND HUMANITARIAN INTERVENTION

At first sight, humanitarian intervention seems well suited for the application of the concept of moral hazard. Under this concept, threatened groups play the role of the insured, and the potential interveners (foreign states, groups of states, international

organisations) act as insurers. Risks to be avoided consist of genocidal violence<sup>33</sup> or other large-scale violations of human rights. The compensation or guarantee to be provided for, if such risks materialise, is humanitarian intervention. Thus, in the logic of moral hazard, it may be claimed that 'threats of third-party intervention to protect minorities against state-sponsored violence provide minorities with perverse incentives to behave recklessly, and even to provoke the very violence that third parties were trying to protect the minority from.'<sup>34</sup> In other words, military action by outside powers which has been meant as a last resort cure to internal humanitarian disasters, becomes in itself a sufficient guarantee for, or even the very goal pursued by vulnerable groups. These groups do not seek to avoid the risk but voluntarily or unwittingly incur it, increasing in that way, intentionally or not, the probability that humanitarian intervention will be needed.

The concept of moral hazard has the merit of providing 'a new explanation for the escalation of ethnic conflict.'<sup>35</sup> Instead of viewing this escalation as a sign of irrational political barbarism on the part of the territorial state and equally irrational suicidal tendencies on the part of rebels, it presents it as a result of rational strategies undertaken by the two parties. The rebels endeavour to bring about a foreign intervention that not only would protect them against state-sponsored violence but would also change their relative power at the bargaining scale, helping them to accomplish their long-term goals related to their political status (autonomy, independence, etc.). The state, in turn, strives to prevent internal conflicts and, also, foreign intervention by means of political and if necessary physical elimination of its opponents. Although the role of the territorial state remains somewhat ambiguous, the fact that the concept proponents 'frame the issue as a problem of bargaining between states and minorities'<sup>36</sup> tends to be largely appreciated among international relations scholars.

The empirical case most frequently analysed in this context is that of Kosovo in 1999.<sup>37</sup> There is however considerable variation as to how the case is presented and accounted for under the concept of moral hazard. *Kosovo* became the scene of violent clashes between the Kosovo Liberation Army (KLA), representing the local Albanian population, and the government of the Federal Republic of Yugoslavia in the 1990s. These clashes culminated in the Račak

massacre, in which 45 Albanian civilians were allegedly killed by the Serbian forces in January 1999.<sup>38</sup> After an unsuccessful round of negotiations in Rambouillet, the NATO decided to resort to the use of force against the FRY and started, in March 1999, an 11-week aerial campaign against targets in Kosovo and Serbia. The campaign ended with the Belgrade capitulation in June 1999, followed by the establishment of an international mandate over Kosovo. After nine years of the international administration, Kosovo declared independence in February 2008. The total casualties of the conflicts in Kosovo are estimated at 10.000–12.000. The military intervention by the NATO cost some 1.500 lives.<sup>39</sup>

Kuperman is rather categorical in claiming that ‘an ethnic Albanian rebellion in 1998–1999 provoked retaliatory ethnic cleansing’ and ‘the rebels rejected pacifism on grounds that only a militant strategy could attract the intervention necessary for independence, based on the precedents of Bosnia and Croatia.’<sup>40</sup> The claim is disputed by Western and Grigorian. Western argues that the Kosovo case is ‘problematic on the question of who provoked whom’<sup>41</sup> and that it is one-sided to impute all the responsibility for the escalation of violence to the KLA side. Grigorian does not contest the presentation of facts, questioning rather whether the Kosovo case can fit the moral hazard scenario. In his view, Serbian violence against Kosovo Albanians was not unintended by the interveners, on the contrary, it was desired and actively prepared by them. Grigorian tries to prove this thesis by listing a set of measures that the NATO or the US could have adopted to avert the outbreak of hostilities but that they, most probably intentionally, decided not to pursue.<sup>42</sup>

*Moral  
Hazard &  
Humanitarian  
Intervention*

PITFALLS IN APPLYING THE CONCEPT OF MORAL HAZARD  
TO HUMANITARIAN INTERVENTION

The application of the concept of moral hazard to humanitarian intervention gives rise to several questions. Can the concept, formed in insurance studies, serve as a useful analytical tool in international relations? Does it address the mechanism of humanitarian intervention adequately, or does it fail in capturing some of its features? The concept of moral hazard refers to situations where ‘the provision of protection against risk (often by insurance) unintentionally promotes irresponsible or fraudulent risk-taking, and thereby

perversely increases the likelihood of the undesired outcome.<sup>43</sup> It therefore presupposes the presence of two parties (the insured and the insurer), the existence of a link (“contract”) between them, the presence of perverse incentives, the occurrence of unintended consequences, and the lack of symmetrical information. While classical insurance fits such a model well, humanitarian intervention is more problematic. Its mechanism differs from that of insurance by three factors pertaining to the number and quality of actors, the nature of the “contract,” and the actors’ behaviour and motivation.

Starting with the number of actors, the concept of moral hazard works with a two-player model including the insurer and the insured. The reality of humanitarian intervention is however more complex presenting at least<sup>44</sup> ‘a three-player game involving sub-state groups, states and potential intervenors.’<sup>45</sup> While potential intervenors (as insurers) and rebels (as insured) would fall under the concept, states are simply in surplus here. Yet, their role is far from being limited to that of a mere bystander, another victim of an incident, or of vis maior (fire, earthquake, hurricane) causing an incident. They are active and conscious participants in the game, with an autonomous and independent role to play. By deciding upon the way in which they react to the reckless or fraudulent behaviour of rebels, they co-determine the outcomes of the situation: whether genocidal violence (risk) takes place and humanitarian intervention (compensation) is at all needed.

Moreover, their participation in the game is all but accidental or unnecessary. States have a pre-set relationship toward sub-state groups with whom they have often over political or legal status for years. Sometimes, they also have a pre-set relationship with potential intervenors. This relationship, in addition to humanitarian elements, usually includes a substantive political, economical or military agenda. Thus, while the original concept of moral hazard is modelled along one single axis (insurer – insured), humanitarian intervention involves at least three different axes (rebels – state, state – potential intervener, and rebels – potential intervener), out of which ‘the interaction between the third-party and the domestic minority is usually the weakest of the three relationships.’<sup>46</sup> In that way, a relational couple is replaced with a relational triangle. Even those not specialised in international relations theory would

certainly guess that handling a (love or hate) triangle is much more difficult than handling a (love or hate) couple.

The differences are not limited to the quantity of actors but concern their quality as well. The concept of moral hazard normally focuses on individual human beings. Although it seeks to discover general patterns of behaviour, it does not treat the actors as members of any organised or coordinated collective entity. Rather, the concept presupposes that people, led by rational self-interest, behave naturally in a certain way (a perverse one here). Humanitarian intervention, in contrast, is not so much about individuals and their personal relationships, as important as they may be. It primarily deals with organised collective entities – states, sub-state groups, or international organisations. The concept therefore does not work with the same unit of analysis in international relations theory as in insurance studies. This makes the application of some of the categories (recklessness, intention, etc.), originally introduced for individuals, difficult. Furthermore, the collective nature of actors may increase the willingness of sub-state groups – and, in fact, states as well – to incur risks in a higher degree than insured individuals would do. While insured people are normally risk-makers and risk-takers at the same time, groups or states often manage to internally split these roles: those “in the palaces” are risk-makers, and those “in the streets” are risk-takers. Groups think and behave differently than individuals, and it is difficult to subsume the two under the same theoretical model.<sup>47</sup>

The second important difference concerns the nature of the “contract” between the insurer and the insured. This has several aspects. First, there are usually no doubts about the existence and form of a contract in insurance relationships. Such contracts are mostly formalised, often in an official written document that can be checked out. They are clear in identifying the parties, relevant risks and incidents and the corresponding rights and duties. In that way, both the insurer and the insured know in advance what concrete risk their contract relates to and what – and under which conditions or with what limitations – happens if this risk materialises. The contract is binding and can be enforced. Thus, in this schema, the relationships are specified, the behaviours relatively predictable and the rights enforceable.

*Veronika  
Bilková*

In contrast, the existence of a “contract” on humanitarian intervention is questionable. Such a “contract” could stem either from a general (legal or social) norm, or from concrete promises given in an ad hoc situation. While scholars often focus on the latter option,<sup>48</sup> it is rather rare in practice.<sup>49</sup> Most cases of genocidal violence or other large-scale violations of human rights occur in situations in which no promises to sub-state groups are given in advance. The existence of a general norm entitling or even forcing states to intervene in case of manmade humanitarian disasters abroad is also uncertain. States and scholars have different views on the current normative status of humanitarian intervention in international relations. International practice, even in its most recent variety relating to the responsibility to protect concept, is not conclusive either, since it does not reveal any consistent patterns of behaviour. Although Kuperman is right in stating that ‘their (rebels’) expectations of such intervention need not approach certainty to tip the balance in favor of launching or perpetuating rebellion,’<sup>50</sup> rebels – provided they are, as the concept of moral hazard asserts, rational actors – should have at least serious reasons to believe that humanitarian intervention is more probable to occur than not. Yet, in the absence of any well-settled norm, it is not clear where these reasons would come from.

Furthermore, even if a general norm on humanitarian intervention existed, it would be different from an insurance contract in terms of its parties, its nature and its content. Actors under an insurance contract are clearly identified or at least identifiable in advance. The insured knows which person or institution is to be addressed in case the risk materialises; and the insurer knows which persons or entities are covered by the insurance. In humanitarian intervention, the situation is more complicated. The circle of the insured includes any group potentially threatened with genocide violence; and the circle of the insurers may encompass any foreign state, international organisation, and the international community at large. Efforts to streamline the insurers’ competences into the UN Security Council have so far competed with criticisms of this organ and the interest in keeping states’ hands free in cases when the UN Security Council is unable or unwilling to act.

Insurance contracts are generally based on two principles, those of reciprocity and of the symmetry of rights and duties. The insured

person transfers the risks of a contingent, uncertain loss to the insurer, in exchange for payment. The insured has the obligation to pay a premium, and the insurer has the obligation to compensate the loss if the risk materialises. Non-compliance with the former obligation may lead to the termination of the contract. Non-compliance with the latter obligation gives rise to a claim, which is enforceable in courts. In humanitarian intervention, the relation between rebels and interveners are neither reciprocal nor symmetrical. There are no pledges on the part of rebels, who, technically speaking, would not even rank among the “parties” to the norm on humanitarian intervention. Rebels may benefit from the norm but, unlike insured persons, they have no influence upon its content. Interveners make no pledges either. Under the classical doctrine, humanitarian intervention is (at best) a right of third parties, which remain free to decide whether to act or not. The attempts to turn the (potential) right of intervention into a duty under the Responsibility to Protect doctrine has not met with success at the international scene, and the prospects that this could change in the nearest future seem scarce. States are reluctant to commit themselves to a behaviour that could be detrimental to their vital interests or even their survival.

*Moral  
Hazard &  
Humanitarian  
Intervention*

That means that the insured (rebels) operate in an atmosphere of a constant uncertainty as to whether genocidal violence against them would be met with humanitarian intervention or not. They also have no certainty whether the intervention would lead to the realisation of their long-term goals that is the desired change in their political status. Few people would set their house on fire if they did not have a realistic chance that the insurance would bring them more than what the real price of the house is. Identically, few non-state groups would provoke genocide violence if there were not a realistic chance of the interveners not only saving them, but also helping them achieve their political goals. The fact that this chance is rarely realistic makes their decision on whether to provoke violence more difficult and risky. Moreover, it somehow neutralises the disadvantages stemming from the asymmetric information. While insurers cannot know for sure whether the insured will behave responsibly or not (as under an insurance contract), the insured cannot in turn know for sure how the insurers will react to their behaviour (unlike under an insurance contract).

Finally, the norm of humanitarian intervention and the insurance contract do not pertain to the same risk; nor do they preview the same premium. The risks under an insurance contract are in principle better defined and more easily assessable than those in humanitarian intervention. Genocidal violence or large-scale violations of human rights may be difficult to clearly recognise in practice, and there is more space for misrepresentation of facts and for fake stories. Moreover, the provision of an insurance premium can hardly be equated with the use of force in humanitarian intervention. Whereas the former should have no negative consequences for the insured or any other actors, this is not the case with military action.

Such action usually causes substantial collateral damage in terms of people killed or injured and property destroyed, either on the side of the rebel group (for instance the Kosovar Albanians in Kosovo) or among other actors (Serbian civilians killed and the Chinese embassy in Belgrade destroyed during the NATO air campaign against Serbia). Furthermore, there is a much looser and less obvious link between insurance and over-insurance, on the one hand, and humanitarian intervention and the change of the rebels' political status, on the other. Over-insurance is often a component of an insurance treaty. A change of political status is, by contrast, rarely seen as integrated into the norm of humanitarian intervention.

The third mismatch which makes the concept of moral hazard difficult to apply to humanitarian intervention, has to do with the actors' behaviour and motivation. This has two aspects. First, a frequent scenario under insurance contracts (and classical moral hazard) is people behaving recklessly. Recklessness refers to cases in which actors foresee that particular consequences may occur but proceed with a given conduct anyway, not caring whether those consequences materialise. Such behaviour is less probable in humanitarian intervention, since rebels usually care whether genocidal violence occurs or not (because they seek to either prevent it or bring it about). Consequently, fraudulent behaviour is more frequent here, fraud being understood as intentional deception made either for personal gain, or to damage other individuals. Moreover, humanitarian intervention cases do not have to reveal signs of deception. Sometimes, rebels are clear in their purpose to provoke violent repression but the resulting suffering of innocent people,

coupled with a CNN effect, can make it impossible for third parties not to react even in such a situation.

Secondly, the concepts of unintended consequences and perverse incentives have a more prominent place in insurance contracts than in humanitarian intervention. It is possible to presume that for an insurer, paying a premium to an insured or even an over-insured person has very few positive aspects. The insurer has no (independent) interest in the materialisation of the risk, which is normally unanticipated, unwelcome, and unintended by him. In humanitarian intervention, conversely, interveners may have their own stakes in the game and, consequently, their own direct or indirect interest in the materialisation of the risk (genocidal violence) which would allow them to intervene. This is closely linked to the three-players scheme of humanitarian intervention encompassing two additional axes besides that between the sub-state group and the intervener, namely the sub-state group – target state axis and the intervener – target state axis.

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#### RE(DE)FINING THE CONCEPT OF MORAL HAZARD?

The previous section demonstrated that accommodating humanitarian intervention within the concept of moral hazard is not an easy task, since humanitarian intervention differs from the scenarios in which the concept has been applied traditionally, in three important areas (actors, contract, and behaviour). This fact has not gone unnoticed among scholars who have mainly tried to address it by, on the one hand, seeking to re(de)fine the concept of moral hazard, while on the other hand, delimiting more precisely its scope of application and while excluding some types of humanitarian intervention from this scope. The most comprehensive proposal in this context is the one put forward by Crawford.<sup>51</sup> This proposal is a useful one. Yet, since it only addresses some of the pitfalls faced in the application of the concept of moral hazard to humanitarian intervention, it needs to be complemented by other proposals.

Crawford primarily focuses on the behaviour and motivation of the interveners. Taking these factors into account, he suggests differentiating between two versions of moral hazard. The thin version relates to situations in which interveners indirectly induce perverse and unanticipated behaviour, or directly induce perverse

and anticipated behaviour. The thick version pertains to situations in which interveners directly induce perverse and unanticipated behaviour.<sup>52</sup> The distinction is important, because it allows scholars to make better account of the range of stances which may be adopted by (potential) interveners. At the same time, the distinction sets the limits to the scope of application of the concept. Instances of interventions which would not correspond to any of the three scenarios simply fall outside this scope. The situation, in which interveners directly induce perverse, anticipated, and intended behaviour, would be a typical example of such an instance.

While refining the concept of moral hazard with respect to the role of interveners, Crawford also makes interesting suggestions relating to the “contract.” More substantively, he introduces two variables which were not present in the original concept. The first variable relates to the proximity of the cause of internal war. It indicates whether the contract is a remote and underlying or immediate and proximate cause of internal war. The second variable relates to the domain of influence. It indicates whether the contract is country and/or conflict-specific (singular scope) or whether it is applicable to a broader range of countries and/or conflicts (plural scope). Combining these variables, Crawford comes to a four-fold typology of moral hazard. Moral hazard is *acute*, if (potential) intervener makes a specific threat/ promise to act in a particular country. It is *chronic*, if there is a long-term involvement of the (potential) intervener in this country. It is *contagious*, if intervention in one state spurs a rebellion in another state. Finally, it is *pervasive*, if a rebellion is induced by a general norm on humanitarian intervention.

This typology is useful, because it takes account of different types of “contract” that can exist between the interveners and the rebels. The “contract” can stem from a specific threat of intervention, a long-term tradition of interventions in a particular country, a recent pattern of interventions in other countries, or a general social or legal norm of humanitarian intervention. The nature of “contract” has an impact upon the prospects of intervention and, hence, also upon the prospects of rebellion. It is thus an important factor to reckon with both in the theoretical research, and in real-life situations. One may nonetheless ponder whether the four types of “contract” can truly be so easily classified on the basis of the proximity criterion. While concrete threats/promises will most probably

always serve as a proximate cause, it is less certain whether a long-term involvement or a general norm on humanitarian intervention would necessarily be only remote causes. Further questions relating to the type of the involvement (e.g. Is there a tradition of a constant intervention in support of a certain group?) and the nature of the general norm (e.g. How deeply has the norm been internalised? Does it preview a right or a duty of intervention?) should be asked in this context.

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Humanitarian  
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While addressing the pitfalls faced in the application of the concept of moral hazard to humanitarian intervention relating to the contract and the behaviour, Crawford fails to deal with the pitfalls concerning the actors. This area seems to be largely overlooked by other scholars as well, although some admit that closer scrutiny would be warranted here.<sup>53</sup> So far, the role of the interveners and the rebels (insurers and insured), and their mutual relationship, has attracted virtually all attention. Yet, as already shown, there is another actor always present in humanitarian intervention, the territorial state.<sup>54</sup> Unlike the factors bringing about the materialisation of the risk in the insurance context (such as fire, earthquake, or another participant in a car accident), the territorial state is an active player with its own will and interests. Its role therefore needs to be accounted for under, and integrated into the concept of moral hazard.

It is submitted that this could be done by introducing two variables which reflect the relationship between the state and the rebels on the one hand, and the state and the interveners on the other hand. The first variable pertains to the probability of genocidal violence by the state in reaction to internal rebellion. This variable can be measured along a scale, reflecting both the long-term factor of how the state has traditionally settled disputes on its territory, and the immediate factor relating to the character, position, and goals of the (potential) rebels within the state. The probability of genocidal violence increases, if the state has a tradition of settling its internal disputes by violent means. It decreases, if the (potential) rebels themselves have preference for peaceful settlement of disputes, if they do not enjoy a strong support within the population in the state, or if their requirements do not jeopardise the vital interests of the state and can be reasonably accommodated. This variable helps explain why two situations, which are *prima facie* very

similar, can take on a very different dynamic and be vulnerable to moral hazard in a different degree.

The second variable relates to the probability of intervention in the territory of the territorial state. This probability is partly determined by the type of “contract.” Other factors, however, enter in play as well. On a general level, these factors include the size of the state, its military and economic power, its political organisation, the ideology it adheres to, and the position it occupies at the international scene. On a more specific level, these factors also encompass the specific link between the territorial state and the (potential) interveners. The probability of the intervention – and, hence, the stimulus for rebels to provoke genocidal violence – increases, if the territorial state is not a world or regional power, if it does not possess weapons of mass destruction, and/or if it does not plead adherence to the rule of law and respect of human rights. It decreases, if the state has strong military, economic, or political ties with (potential) interveners. Thus, the most probable candidate for humanitarian intervention is a weak pariah state that due to its political system, ideology or past behaviour, is regarded with suspicion by other states and have few allies at the international scene.

The Federal Republic of Yugoslavia in the late 1990s offers a good example of such a pariah state. Due to its nationalistic and autocratic regime of the then president Milošević and its previous engagement in the civil war in Bosnia and Herzegovina, the FRY had a bad reputation at the international scene. Very few states were ready to openly side with it and even those which had an interest in supporting the Milošević regime or in preventing any foreign military engagement in the region, were not ready to fight a war for the FRY. At the same time, the FRY did not have the military power comparable to that of the interveners, the NATO countries, and was not seen as an important political or economic partner of these countries. These factors made the probability of intervention rather high. Simultaneously, the probability of genocidal violence seemed high as well. The FRY showed an inclination for violent solution of ethnic problems in the 1990s wars in the dissolution of the former Yugoslavia. The rebels, members of the KLA, did not hesitate to resort to violence either. Neither the FRY nor the KLA, moreover, showed reluctance to make the civilian Albanian population pay the price of the conflict. Thus, the conditions were “ideally” set for the concept

of moral hazard to apply, making the NATO countries intervene in support of the rebels to stop genocidal violence brought about, or exacerbated, by those very rebel.

The two new variables also help explain why the concept of moral hazard could not be applied, or rather did not work, in situations which were *prima facie* similar to that of Kosovo, especially that of the Former Yugoslav Republic of Macedonia (FYROM). The FYROM, also had a substantive Albanian minority, whose leaders were not satisfied with the political situation in the country. Encouraged by events in Kosovo, Macedonian Albanians resorted to violent means in the hope that the FYROM would retort in kind and NATO would be forced to intervene. Yet, events took a different course and resulted neither in genocidal violence, nor in foreign intervention. The nature of the contract and the relationship between the rebels and the (potential) interveners were virtually identical in Kosovo and the FYROM and cannot therefore account for the difference in the outcomes. Yet, this difference becomes understandable when the two new variables are included in the analysis. The probability of genocidal violence was much lower in the FYROM than in the FRY, particularly due to the position of the country which showed more reticence to use force in its own territory. The probability of intervention was lower as well, since the FYROM was (seen as) a decent, law-abiding state with close military, political, and economic ties to the NATO countries. This prevented the concept of moral hazard from being applicable in this case or, rather, from capturing the dynamics of the evolution.

The empirical evidence from the Balkans wars confirm that the two variables measuring the probability of genocidal violence and the probability of intervention would play a useful role in further re(de)fining the concept of moral hazard. More specifically, they would make it possible to account for the specific role that the third actor, the territorial state, plays in humanitarian intervention and that is not reflected in the classical concept of moral hazard. The new variables are useful both from the theoretical and practical perspective. At the theoretical plan, they help to better understand the specific dynamics of humanitarian intervention and to better identify the model situations, in which moral hazard would be applicable. At the practical plan, the variables make it easier for decision-makers to determine which of the situations having *prima*

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*facie* the same features are truly vulnerable to moral hazard and which are not.

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- 47 This could even lead to the so-called exception fallacy, which occurs when conclusions about groups are drawn from data about individuals.
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54 The anomalous situation of so called failed states is not paid attention to in this text. While the situation in such states can give rise to humanitarian intervention, it is questionable whether in this context the concept of moral hazard would be applicable.

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# THE ABU OMAR CASE AND “EXTRAORDINARY RENDITION”

CATERINA MAZZA

*ABSTRACT: In 2003 Hassan Mustafa Osama Nasr (known as Abu Omar), an Egyptian national with a recognised refugee status in Italy, was been illegally arrested by CIA agents operating on Italian territory. After the abduction he was been transferred to Egypt where he was interrogated and tortured for more than one year. The story of the Milan Imam is one of the several cases of “extraordinary renditions” implemented by the CIA in cooperation with both European and Middle-Eastern states in order to overwhelm the al-Qaeda organisation. This article analyses the particular vicissitude of Abu Omar, considered as a case study, and to face different issues linked to the more general phenomenon of extra-legal renditions thought as a fundamental element of US counter-terrorism strategies.*

**KEYWORDS:** extra-legal detention, covert action, torture, counter-terrorism, CIA

## INTRODUCTION

The story of Abu Omar is one of many cases which the Commission of Inquiry – headed by Dick Marty (a senator within the Parliamentary Assembly of the Council of Europe) – has investigated in relation to the “extraordinary rendition” programme implemented by the CIA as a counter-measure against the al-Qaeda organisation. The programme consists of secret and illegal arrests made by the police or by intelligence agents of both European and Middle-Eastern countries that cooperate with the US handing over individuals suspected of being involved in terrorist activities to the CIA. After their “arrest,” suspects are sent to states in which the use of torture is common such as Egypt, Morocco, Syria, Jordan, Uzbekistan, Somalia, Ethiopia.<sup>1</sup> The practice of rendition, intensified over the course of just a few years, is one of the decisive and determining elements of the counter-terrorism strategy planned

and approved by the Bush Administration in the aftermath of the 11 September 2001 attacks.

Abu Omar's case, has encouraged investigations into the different aspects which compose rendition notably: the size and the type of relational network that supports the practice; the programme start time; rules of engagement and the absence of legal restrictions; the subjects involved in the plan). Besides enhancing an overall understanding of what the general intention of extraordinary rendition is, this analysis has made it possible to grasp the reasons behind the operational choices and policies of the US government in facing the al Qaeda threat.

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This work seeks answers to several theoretical questions such as: what are the factors that determine(d) this form of response – based on the use of force and the use of secret prisons – in relation to the type of threat? Were the decisions of the Bush Administration unprecedented? Do they represent a break with the previous Administration line or are they in continuity with it? In case of a change in foreign policy, does the current US Government headed by Obama possess real opportunities to manage the bizarre relationships that have been built with the implementation of the rendition programme? Is the US position in relation to the terrorist phenomenon and to the matters of international policy any different from the position of European countries? Is it possible to glimpse an alternative in the fight against international terrorism other than the one embodied by extraordinary rendition? To what extent are covert actions and intelligence operations effective? Addressing these issues is a good way to grasp and to reflect on the objective implications and on the actual consequences determined by the strategic decisions of the US. Furthermore, this study is meant to encourage debate and a possible rethinking of international terrorism and national responses to it.

## THE PLAN

Prior to delving into the specifics of the Abu Omar case, this work first presents a brief, but necessary, history of extraordinary rendition.

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In the aftermath of the 1993 attacks on the *World Trade Center* and the 1998 bombing of US embassies in Kenya and Tanzania, (then) President Clinton began to develop a counter-terrorism strategy that would be effective enough to defeat a comprehensive enemy, such as al Qaeda. This meant tackling organisations conceived as being composed of many cells scattered among various countries and operating with a decisive role in preparing terrorist attacks. In 1995, when the *US National Security Council* expressed serious concerns about the possibility that Osama bin Laden might be acquiring weapons of mass destruction, the Clinton Administration developed a programme of rendition in order to destroy the terrorist cells and to arrest the leaders of al Qaeda. However, like all policies related to national security, this rendition programme was secret; the first public announcement was made in 2004 by Michael Scheuer, a former CIA agent and a counter-terrorism expert who had worked on the programme since 1996. According to Scheuer, who was in charge of the *Islamic-militant Unit* of the CIA, this strategy against al Qaeda (named *The Plan*) was based on a dense network of the secret services of different countries. Asking for the collaboration of third countries to apply their own police forces and make sure that boundaries were not an obstacle for US agents was essential in order to capture individuals who could be located

anywhere in the world. It was not by chance that in 2002 the former director of the CIA, George Tenet, said:

[w]e worked with numerous European governments, such as the Italians, Germans, French, and British to identify and shatter terrorist groups and plans against American and local interests in Europe.

However, transnational cooperation was not limited to research and the identification of individuals or groups suspected of involvement in terrorist activities. It also consisted of training the agents, in the provision of new intelligence technologies and in the planning of capture operations.

In order to make the programme functional and effective, the US had to find countries willing to handle captured suspects as they could not be legally brought into the US. For instance, in 1995 the US intelligence brought the programme to Egypt, a country (under Mubarak) known for brutally torturing prisoners, particularly those deemed threats to national security. Mubarak willingly accepted US proposals because, following the assassination of Anwar Sadat by the hands of Islamic extremists, he was determined to counter Islamist agendas. Egypt had thus become a key element of the plan. This secret link resulted in various covert actions, such as the kidnapping of Talaat Fouad Qassem in Croatia. He was sought after by Egyptian agents on suspicion of being the murderer of Sadat. There are many other cases of secret renditions organised by the CIA which occurred in the second half of the 1990's with Egypt being the final destination. These covert actions were implemented by the US intelligence in collaboration with secret services of other countries, such as Albania. Although the US was legally obliged to provide governmental assurances to third countries about the fact that the rendered people were not subjected to torture, no such documents exist.

Despite the controversy of some aspects of the cases noted above, the most prominent legal authorities, such as the Supreme Court, have considered the rendition programme used during the Nineties as part of a clear legal framework. In fact The Plan, in its origins, was designed and labelled as "rendition to justice." Operations were then considered legitimate since they have always been supported by the idea that each state had the right to arrest dangerous criminals, to bring them to justice and to prosecute them. Besides

*Abu Omar &  
Extraordinary  
Rendition*

enhancing an overall understanding of what the general intention of extraordinary rendition is, this analysis has made it possible to grasp the reasons behind the operational choices and policies of the US government in facing the al Qaeda threat.

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Moreover, it is important to remember that the plan promoted by the Clinton Administration was limited by certain legal parameters and by pre-established rules. As highlighted by the Scheuer, formal prerequisites had originally been set to trigger each operation of rendition: (a) the start of an “exceptional trial” against the suspect for which evidence of terrorist activities is carried out in his country of origin; (b) composing a dossier (or profile) on the suspect drawn up by the CIA and evaluated by a US legal adviser; (c) cooperation with another country capture the suspect and finding a place available for detention.<sup>7</sup> Therefore, each case had to be singularly evaluated in order to allow only the necessary operations and to avoid indiscriminate and unjustified arrests. In fact these covert actions could take place only *after* the Congressional approval which was crucial to ensure legality and avoid the potential arbitrary arrest. In US law, so-called *covert actions* are governed by strict operating and legal rules. Indeed, in 1980 two Congressional Intelligence Committees were established to examine (and eventually to allow) each covert operation. Additionally, the US President, for national security reasons, may set up special Committees, known as the “Gang of Eight,” composed a chairman and minority members of the Intelligence Committees, the speaker and minority leader of the House (of Representatives), and majority and minority leaders of the Senate.<sup>8</sup>

During the Clinton Administration, such procedures actually limited the implementation of actions deemed to be *extraordinary rendition*. In fact, as highlighted by Tenet, between 1995 and 2001 the CIA was involved in the extraction and transfer to a third country of 70 individuals who were not judged in a formal trial of extradition.<sup>9</sup>

After the 9/11 terrorist attacks the plan was taken up and adapted to the political objectives of the Bush Administration, and the number of renditions increased drastically reaching into hundreds of cases.<sup>10</sup> This change was due to the Bush Administration turning the programme into one of the main tools in its “global war on terrorism.” 9/11 prompted the US to reassess the features and the type of the threat posed by alQaeda and to develop a new paradigm for dealing with it. The latter was been perceived as an exceptional danger, that must be challenged as a matter of great urgency. Consequently, the legislative measures adopted in the months following 9/11 were based on the need to restrict civil rights and liberties and

to tighten security measures. In this way, according to the Bush Administration, it was possible to collect information and arrest suspected terrorists quickly and without undue impediments. It's not by chance that part of the *PATRIOT Act* (entered into force 25 October 2001) provide for measures that increased the powers of the police and of the intelligence enabling them to act without seeking the permission of the judiciary or other competent authority. These rules have also deeply limited civil liberties.<sup>11</sup> Also the management of the plan was entrusted to the CIA. In contrast, in the mid-1990's, when this programme was first launched, renditions were managed and led by the US Federal Bureau of Investigation (FBI) while the CIA only played supportive roles in logistics and tactics.

This change of leadership was formalised on 17 September 2001, when Bush signed a secret document that authorised the CIA to set up a specific paramilitary unit responsible for operating around the globe to search for, capture, detain and even kill individuals deemed terrorists. This document also provided a set of agreements to be concluded with eight territories and states – Thailand, Diego Garcia Island, Afghanistan and some countries of Eastern Europe – on the territory of which would be installed secret prisons run by the CIA. Moreover, to strike at the leadership of al Qaeda, under the direction of (then) Defence Secretary Donald Rumsfeld a “Special-Access Programme” was planned to allow intelligence agents and some military *élite* of the (Navy Seals and Delta Force) to use extraordinary means: to kidnap and torture terror suspects.<sup>13</sup>

These documents – and decisions – resulted in a profound change in the plan both for its size – extension of the relational network and number of renditions – and for the type of operations. The CIA's methodology was very different from the FBI's which was said to be “slow-but-sure”<sup>14</sup> as it complies with legal procedures. Unlike FBI agents, CIA operatives have little legal training and less experience in taking custody of suspects with procedures that may be admitted in court. As a result, the rendition plan was strengthened by US intelligence with the use of techniques of the programme known as SERE (Survival, Evasion, Resistance, Escape) created at the end of the Korean War in order to train experts in infiltration, surveillance, spying, recruiting spies and resistance in case of capture, as well as coercive interrogation and torture.<sup>15</sup> Besides, the CIA has recruited soldiers belonging to the Army's Special Forces and

specifically trained to use torture to carry out *extraordinary rendition*. Several prisoners have testified that they were indeed subject to violence such as: waterboarding; long-time standing or stress positions up to 48 hours; sleep deprivation for days; sensory overstimulation with the use of loud noises and loud music; drastic reduction of food and water; exposure to extreme temperatures; hooding for hours or even for a few days to cause confusion and prevent regular breathing; beatings with blunt objects, such as pistols or rifles; compulsion to remain naked for long periods in dark cells or in public overwhelmed by the shouts of derision of the guards; threats of death or of retaliation on relatives or the transfer to the detention center at Guantánamo Bay.<sup>16</sup> As revealed by an investigation conducted by the Council of Europe and led by Marty, the final aim of such violence is to generate deep humiliation in the detainees. The physical brutalities inflicted combined with the environmental conditions of total isolation or with the coercion to take behaviours degrading and disrespectful of human dignity are functional to degrade the prisoners to mere objects, to deprive them of their value as human beings and so they can strike deep within.<sup>17</sup> The coercive interrogations and torture, systematically used for the renditions run by the CIA, had other purposes than the mere collection of information for intelligence. In fact, information obtained in conditions of total dependence of prisoners who are forced by violence to bend to the will of the questioners and to confess everything to be free of pain, are hardly reliable.

The systematic use of such techniques was politically endorsed by the Bush Administration. Consider that the legal advisors of the Government and military officials had drafted different *Memos* discussing the juridical *status* of terror suspects taken into custody, whether or not apply the Third Geneva Convention to the so-called “unlawful enemy combatants” and the definition of term “torture” to determine which kind of interrogations and behaviors would be admissible.<sup>18</sup> However, it must be underlined that the use of coercion and violence, as well as the choice to put the terror suspects in never-ending legislative limbo were due to reasons both political and operational: the CIA could manage detention centres without specific controls; and US secret services lacked experience in managing and administration of imprisonments. Some former intelligence agents, like Tyler Drumheller and Scheuer, have highlighted

that, though a practical perspective, entrusting the CIA works usually conducted by police forces has been counterproductive.<sup>19</sup> In fact US secret service agents had little legal training for the operations of arrest and imprisonment. Managing problems, a lack of controls, and the idea that coercive methods were most effective to strike back at terrorism, were some elements that caused the spread of the arbitrary behaviours and drastically increased extra-legal arrests.

It is important to remember that the wide-spread use of extraordinary rendition was determined by a precise political will of the US government and it was updated thanks to the support and cooperation of different states of the world such as: by Egypt, Jordan, Syria, Morocco, Uzbekistan. Additionally, it is essential to recall countries like Afghanistan, Thailand, and some states in Eastern Europe which offered to house secret prisons directly run by the CIA. Finally, the support of European states to identify, arrest, and in some cases (as Romania and Poland) holding alleged terrorists before being transferred in several countries of North Africa, was an essential ingredient in the extraordinary rendition programme.<sup>20</sup> To specify the nature of the relationship between US intelligence and many European states, the case of France – officially opposed to US foreign policy and the counter-terrorism strategies adopted by the Bush Government. In 2002, French secret services and the CIA cooperated to establish (in Paris) a *joint centre* (code-named “Alliance Base”) where intelligence agents of different nationalities worked together: German, UK, Canada, Australia, France and the US.<sup>21</sup> This centre has several functions such as: exchanging intelligence information, performing analysis of terrorist activities and the coordination of multinational counter-terrorist operations. The need to cooperate worldwide and to use the territory and airspace of different states to collect, transfer or detain people suspected of terrorism led to the construction of a real relational web. This is composed not only of secret services, but also of different sectors of society and by several private subjects. Beyond military institutions and intelligence apparatuses, a wide range of Governmental Departments (such as persons in charge of Infrastructure and transport) and the private partners (banks, airlines) have taken part in the programme.<sup>22</sup> Hence the need to operate both locally and internationally led the US, on one hand, to reinforce relations with

several social sectors of each country involved in the rendition plan and, on the other hand, to start close collaboration with different regimes and the conclusion of secret agreements.

Such a programme and tight-knit relations have been a feature of the US-led war against terror for over a decade now, altered only slightly with the inauguration of President Obama who, after a mere two days in office, issued three executive orders of significance.<sup>23</sup> First, he ordered to closure of the detention centre at Guantánamo Bay (Cuba), that was initially planned to shut by the end of 2009, and to cancel all the detention building run by the CIA. Secondly, in order to ensure national security and justice, Obama reconsidered the legal and objective basis related to the detention of suspected terrorists still in US custody. From this perspective, the value of the Article three of the Geneva Convention regarding the treatment of war prisoners and the value of the *habeas corpus* of each human being has been restored. Additionally, several limits to the interrogation practices permitted by Obama's Government were developed. Finally, the intention to organise the release of prisoners of the "war on terror" considered as non-threats was initiated. According to the current Administration, the last purpose should be implemented following a strategy based on diplomatic cooperation with countries willing to accept some subjects: such as Italy, France and the UK.

Obama also ordered the Secretary of Defense and Congress to work together to make several changes in procedural rules to govern the legal process vis-a-vis suspected terrorists. This mainly refers to the inadmissibility (in a trial) of statements obtained through cruel and violent interrogation methods, to the need to ensure an adequate and independent defense of the accused and to the importance of providing protection to witnesses. All these aspects, on the contrary, were distinctive features of the military trials as established by the *Military Commissions Act* drawn up by the Bush Administration.<sup>24</sup>

Obama's Administration embarked on several changes and declared it's willingness to promote a comprehensive counter-terrorism strategy aimed at striking the terror networks linked to alQaeda and, importantly, to the Taliban. This new operational approach is based on the resumption of effective self-defense capabilities and management responsibilities by the Afghan and Pakistani

Caterina  
Mazza

Governments, as well as the diplomatic efforts of the international community.<sup>25</sup> Despite such moves Obama's Administration has not altogether omitted extraordinary renditions from the policy toolbox. However, it does attempt to use such tactics in its originally intended form and within the legal boundaries set up under Clinton.

The above section sought to unveil the short, but dense, history of extraordinary rendition as a counter-terrorism tool for consecutive US Administrations. However, without delving deeper into the subject matter, this work would be superficial. Hence, the subsequent section is based on inspecting the case of Abu Omar to act as a prototype of these types of extra-legal activities.

#### THE ABU OMAR CASE

On 17 February 2003 Hassan Mustafa Osama Nasr (a.k.a. Abu Omar), an Egyptian national with a recognised refugee *status* in Italy, was walking on a street in Milan when a group of CIA agents and an official of the ROS (Luciano Pironi) bundled him into a white van. Abu Omar, suspected of being a terrorist, was immediately transported to the military airbase at Aviano in northern Italy. From there he was sent by Learjet LJ-35 (SPAR-92) to the NATO/US airbase at Ramstein Germany. At the end he was forcedly put on a Gulfstream IV jet and transferred to Cairo Egypt, where he was detained, without charge, for fourteen months. During this period, Egyptian authorities interrogated, mistreated and tortured Abu Omar. In fact, he testified that he was tortured for 12 hours a day for seven months. He was "crucified" on a metal door and on a wooden apparatus, then he suffered electric shocks and he was beaten so much that he lost his hearing. Also the conditions of imprisonment proved a source of severe suffering: Abu Omar lived for more than a year in a narrow cell infested by rats and cockroaches and without a bed to sleep. Throughout his detention, he was fed stale bread and he was denied any contact with the outside world. For fourteen months he could not inform his family of his arrest, he could not speak to a lawyer to defend his rights, he could not read newspapers or listen to the radio to keep informed about current events, he could not read books or magazines or listen to music for leisure.<sup>27</sup>

On 12 May 2004, Abu Omar was released due to lack of evidence, but with the obligation not to leave the country and not to tell anyone the details of the detention. Due to some phone calls that Abu Omar was able to make to his wife revealing the secret transfer and torture, he was arrested again. He was brought before the State Security Investigations (SSI) office in Nasr City, then at the Tora prison, finally to the prison of Damanhur where he was held in administrative detention without charge. In February 2005, Abu Omar was led again to Tora prison where he was put in solitary confinement. Despite Egyptian courts ordered his release sixteen times, the Minister of the Interior continued to update his detention using emergency legislation.<sup>28</sup> In February 2007 Abu Omar was finally released, but some months after two Egyptian agents threatened to detain him if he should continue to tell his story to the *media* and to the human rights organisations. Now he lives in freedom in Alexandria, but continues to bear the consequences of torture suffered:

‘I can’t walk alone in the street. I expect to be kidnapped again, to face fabricated charges or even to be killed... My prison experience has changed my life, as torture left some sternness in me... I am always afraid, and suffer from health problems, tension and eat with greed... I do not want to see or receive visitors. All night long, I suffer nightmares, and all day long I remember torture so I shake...’<sup>29</sup>

This case is particularly interesting both for the mode of the arrest (this is the only case of rendition in which the abduction is made directly by the CIA) and because Ital judiciary has launched a formal investigation to ascertain the responsibilities of those involved (this is the only case of rendition investigated by the Magistracy). In 2005 the judiciary of Milan launched an investigation in this regard and issued arrest warrants for 22 US intelligence operatives involved in the events. These agents, however, remain at large and wanted in Italy and, after issuing an European arrest warrant, even in EU member states. Despite the orders of the Milan Court, two successive Justice Ministers, Roberto Castelli and Clemente Mastella, refused to submit the extradition request to the US for the US officials.<sup>30</sup> The investigations, conducted by the Prosecutors added Armando Spataro and Ferdinando Pomarici, also showed clearly the responsibilities of Italian authorities. Analyses of telephone

intercepts revealed that several officials of the Italian Service for Information and Military Security (SISMI) took part in the kidnapping. Between them appears: General Nicolò Pollari, (then) head of the SISMI, Marco Mancini, (then) head of SISMI's counter-terrorist division and Luciano Pironi, *Carabinieri* officer of the ROS division. The latter testified that he was recruited for the operation directly by the CIA and that he was informed by Robert Seldon Lady, then US consul in Milan and an intelligence agent, that the kidnapping had been organised by US intelligence in collaboration with the SISMI and the Italian Ministry of Interior.<sup>31</sup> Pironi said he had agreed to participate in the kidnapping in the hope, founded on the promise of help from Lady, to be recruited by the SISMI. The Italian agent also said he does not know the other executors of the abduction, two of whom spoke fluent Italian. He had met them only on the day of the "arrest" on the advice of Lady.<sup>32</sup>

The involvement of SISMI and of other Italian authorities in this matter is also confirmed by Stefano D'Ambrosio, former head of the Milan office of the Italian Military Security Service. He told magistrates the content of private conversations that he had with Robert Lady:

the kidnapping of Abu Omar '[...] was a project studied by Jeff Castelli, adviser to the US Embassy in Rome and head of the CIA in Italy, under strict guidelines given to him by the USA, the CIA headquarter in Langley. [...] In Milan a Special Operation Group (Sog) supported by the SISMI comes into action.'<sup>33</sup>

According to what Lady said to D'Ambrosio, the order to pick someone already under investigation by the Digos (General Investigations and Special Operations Division) was strange (General Investigations and Special Operations Division). Abu Omar was, in fact, already controlled by the Italian state police for suspects of terrorism. To continue monitoring Abu Omar could lead him to identify other persons involved in terrorist activities. Lady was also sorry to betray the trust of the Digos that knew nothing of this project.

Therefore, the SISMI not only knew of the plan, it actively participated. Analysis of telephone intercepts of the phone used by Mancini allowed investigators to identify an office, in the heart of Rome, used by the Italian security services for 'covert operations.'<sup>34</sup>

This office is managed by Pio Pompa, a former employee of Telecom and in close contact with Pollari. Pompa managed extra-legal dossiers escaping control criteria to which even the secret services should submit and containing either true and false information on politicians, journalists, magistrates and businessmen. These dossiers were used to threaten or discredit prominent figures of convenience. Specifically, Pompa was illegally appointed to investigate the Milan Prosecutor on the Abu Omar case, as well as to manage relationships with journalists willing to publish true or false news in order to corroborate the work of the SISMI and to discredit anyone who criticised the secret services. One of these sympathetic journalists was the (then) director of the Italian newspaper *Libero*, Renato Farina. The latter continuously informed Pompa on physical movements and contacts of the Public Prosecutor of the Abu Omar process, Armando Spataro.<sup>35</sup>

Caterina  
Mazza

False pieces of news were then disseminated to obstruct investigations and mitigate the responsibilities of the SISMI. Consider the false information that the Digos of Milan was aware of the kidnapping and had suspended the monitoring of Abu Omar in order to allow the action.<sup>36</sup> The investigation on Abu Omar has been continually obstructed by threats, false leads and the contamination of evidence. For instance Claudio Fava, an Italian Member of the European Parliament who was then at the head of a Commission of Inquiry about the CIA secret flights, has had his life threatened on numerous occasions.

Despite all this, Italian Magistrates have been able to continue the investigation and to collect evidence against those responsible for the kidnapping. It is not by chance that in 2006 the Milan Magistracy started to investigate an additional 5 US officials<sup>37</sup> and issue a new order for custody for two senior officials of the SISMI, Marco Mancini and Gustavo Pignero.<sup>38</sup> Also the chief of the SISMI, Pollari, was suspected and investigated by the Milan Procure. In the courts, he denied any responsibilities for the incident saying he was not even aware of the kidnapping. He also made use of the right to remain silent and appealed to the State secret place by the Berlusconi Government and reconfirmed by the subsequent Prodi Government. According to what Pollari said, his innocence was contained in the documents covered by secrecy, so he could not say anything and he had to renounce his own defense.<sup>39</sup> Pollari's

pleas, however, proved to be very weak. As established by Italy's Supreme Court, the kidnapping of a person is a crime so serious that declaring evidence in such cases as secrets of national security does not prevent further investigations. The latter are considered to be valid if judges are able to gather sufficient evidence to ascertain the facts without using the documents covered by State secrets. The only documents covered by secrecy were those relating to: (1) the relationships between Italian and foreign intelligence services (such as the exchange of information, acts of mutual assistance,) and (2) the organisational and operational structure of the SISMI. Besides these records state secrets declaration did not work.<sup>40</sup> The Magistracy proved the involvement of the head of SISMI using a recording secretly made by Mancini while he was talking to Pignero. The latter said that the order to render Abu Omar was given by Pollari who had also handed over to him a list of names of people (ten names including Abu Omar) that should have been "arrested" secretly. That list was compiled by the US intelligence.

In addition to the question of the presence and extension of state secrets, other events have hindered the investigation process. In 2007, the denunciations submitted by the former Republic President Francesco Cossiga and Pollari against the Milan Chief Prosecutor Manlio Claudio Minale, the Prosecutors Armando Spataro and Gustavo Pomarici, the judge of the preliminary investigations judge Enrico Manzi and the police officers who have dealt with the inquiry on Abu Omar case, have launched a criminal investigation in Brescia. The charges were: 'dissemination of information covered by the State secrecy; procurement of information relating to State secrecy; and others similar crimes.'<sup>41</sup> On 4 December 2007, the judge of Brescia dismissed the proceedings on the grounds that 'no violation of the law has been committed' by the Milan Prosecutors or other officials.

Despite obstacles, the process has been concluded and sentences passed by the judge Oscar Magi: (1) for 22 CIA agents five years' imprisonment and for Robert Seldon Lady eight years' imprisonment; (2) for the SISMI officials Pompa and Seno - accused of abetting - three years in jail and disqualification for public office for five years; (3) top officials of the SISMI, Nicolò Pollari, Marco Mancini, Giuseppe Ciorra, Raffaele Di Troia, Luciano Di Gregori, were exempt from prosecution because, even if though the case against

them commenced lawfully, it was unable to be completed state secrets; (4) for high-ranking CIA agents, Jeffrey Castelli, Betnie Medero, Ralph Henry Russomando, prosecution was suspended due to the diplomatic immunity they enjoyed. All defendants found guilty were also sentenced to pay a provisional compensation of € 1 million to Abu Omar and € 500 thousand to his wife Ghali Nabila, in addition to damages to be settled in civil courts and legal costs incurred by them.<sup>42</sup> These sentence have been increased by the Court of Appeals which, in 2010, have raised the punishment to nine years for Lady and to seven years for the others CIA agents.<sup>43</sup>

The trial of Abu Omar and the ruling of judge Magi was a test of the Italian Magistracy which has ascertained the truth of the facts and identified those responsible for the false imprisonment of Abu Omar. Even with respect to officials covered by diplomatic immunity or by state secret, the sentence has shown that there were elements to incriminate them. The hearing court and evidence collected also revealed the political responsibility for the Italian case of rendition. In particular, the Italian political *élites* are liable for not having performed the duty to protect all those residing on its territory from human rights violations and for having allowed state officials to be involved in severe abuses. Moreover, the military and political establishment of Italy is accountable for having deliberately chosen to participate in the renditions proposed by the CIA and for having tried to hinder investigations into those.

Furthermore, the Abu Omar case has encouraged deeper understanding of what extraordinary rendition consists of beyond the jargon of sterility: violence, abuse and tortures; the involvement of various sectors of society in opaque operations; can internal and international political connivance.

Finally, it is important stress that the Abu Omar story is the only case of rendition investigated in Italy. Other cases were initiated on personal initiatives of rendition victims. For instance Maher Arar, a Canadian citizen with Syrian origins illegally arrested in 2002 (see annex below), was been the first rendition victim to sue the Bush Administration. Unfortunately, the US Federal Court in 2006 dismissed this lawsuit citing the need for national security and secrecy in making its decision, and raising the possibility of the Canadian complicity in the decision to transfer Marar to Syria where he was tortured for almost a year.<sup>44</sup>

Think also of the case of Khales el-Masri (see annex), a Lebanese resident in Germany rendered in 2003 at the Serbian-Macedonian border, who has lodged (2009) a case against Macedonia at the European Court of Human Rights. In his lawsuit, el-Masri has accused Macedonian authorities of being directly involved in his unlawful arrest and detention in Macedonia, of being responsible for his mistreatment in prison and of having handed him over to the CIA with knowledge that he would be transferred to Afghanistan and risk of torture. Macedonia immediately denied that el-Masri was held in prison on its territory and transferred him to CIA agents, underling that a domestic Parliamentary inquiry made in 2007 concluded that the intelligence officials had not abused their powers with regard to his detention. El-Masri has also tried to sue the US. The US Courts, however, have dismissed his case on the grounds of state secrets. Also a German Parliamentary inquiry has denied any accountability of either the German Government and intelligence agents for violations against el-Masri.<sup>45</sup>

Finally, the cases of Ahmed Agiza and Mohammed Alzery, two Egyptians asylum seekers in Sweden arrested in 2001 (see annex). In 2005 the UN Committee Against Torture (CAT) found that Sweden had violated the Convention in relation to rendition cases. According to CAT, Sweden's Government failed to provide sufficient safeguards for the two men against the risk of torture after their transfer to Egypt. CAT also concluded that Agiza had suffered cruel, inhuman and degrading treatment at the hands of foreign officials on Swedish territory with the connivance of local police. In 2008, the Swedish Chancellor of Justice ordered compensation of € 307 thousand to be paid to Agiza and Alzery. Regrettably, Sweden has not yet provided reparation to the men.<sup>46</sup>

## CONCLUSIONS

The case of Abu Omar has facilitated enhanced knowledge of the operational modes of rendition, and to better understand the types of the networks which support such covert actions and the reasons of the secret complicity between different countries. Covert links are not an unprecedented element of the "war on terror," but have a longer history – (re: the US-UK intelligence agreements signed in 1948, or the ties between German and US secret services in the

1960's.<sup>47</sup> – However, such ties may be contradictory and incriminating. Actually, covert cooperation between intelligence services has several advantages for each partner: reduction of economic and political costs for each implemented operation; replacement of diplomatic ties where they do not exist; compensation for deficiencies of various kinds. In the Italian and European cases it seems that the political élites have chosen to cooperate secretly with the CIA and maintain a publicly critical position about the covert actions undertaken by the US, in order to address terrorism by using coercion and even by violent methods without betraying, at least publicly the democratic values their states supposedly stand for.

The more general analysis of extraordinary rendition has furthermore highlighted some aspects of the counter-terrorism strategies adopted by different US Administrations over the past fifteen years, making it possible to grasp the objectives and consequences of the programme in itself. Political decisions mainly founded on the concern for national security and on the need for urgent actions also violating the human rights have proven unsuccessful and counterproductive. For instance, the use of coercive and violent interrogations in order to quickly obtain information has produced only false confessions which have consequently stimulate inadequate operational decisions. The use of violence proved to be profoundly contrary to democratic values.

TABLE I. DOCUMENTED CASES OF EXTRAORDINARY RENDITION

Name	Profile
Jamil Qasim Said Mohammed	<p>At 0100h on <b>23 October 2001</b> Mohammed, a Yemeni student, in an empty corner of Karachi airport was arrested by <b>Pakistan's</b> intelligence agency. Pakistan surrendered him to US authorities. Mohammed was a suspect in the USS Cole bombing. The US flew him to Amman, <b>Jordan</b> on a private Gulfstream jet. According to the 2001 State Department human rights report for Jordan, prisoners there made allegations of 'methods of torture include sleep deprivation, beatings on the soles of the feet, prolonged suspension with ropes in contorted positions, and extended solitary confinement.'</p> <p>(Source: Rajiv Chandrasekaran and Kamran Khan, "Cole Suspect Turned Over by Pakistan," <i>Washington Post</i>, 28 October 2001; Paglen and A. C. Thompson, <i>Kidnappés par la CIA</i>)</p>

<p>Ibn al-Cheikh al-Libi</p>	<p>On <b>11 November 2001</b> al-Libi was arrested in <b>Pakistan</b> and sent, by CIA agents, to <b>Egypt</b> for harsh questioning. He was suspected of running al-Qaeda's terrorist training camps in Afghanistan. He died in a Libyan jail. But it is unclear whether he has committed suicide or whether he was murdered.</p> <p>(Source: McCoy, <i>A Question of Torture</i>; Dana Priest, "Al Qaeda Link Recanted, Captured Libyan reverses Previous Statement to CIA, Officials Say," <i>Washington Post</i>, 1 August 2004)</p>
<p>About Faisal and Abdoul Aziz</p>	<p>Arrested in <b>December 2001</b> in <b>Pakistan</b>. Their nationality is not known. Faisal and Aziz had been described as 'battlefield detainees' held by US troops in Afghanistan, many of whom 'have been or are being interrogated by CIA, Defense Intelligence Agency, FBI and Army officials.'</p> <p>(Source: Bradley Graham and Walter Pincus, "Al Qaeda Trainer in US Hands," <i>Washington Post</i>, 5 January 2002.)</p>
<p>Ahmed Agiza and Mohammed Alzery</p>	<p>Agiza and Alzery, two Egyptians asylum seekers in <b>Sweden</b>, were arrested on <b>18 December 2001</b> at Bromma airport by Swedish police agents who surrendered them to US officials. The two men had been transported by the CIA to <b>Egypt</b>, and surrendered to local authorities. They had been subjected to torture, harsh interrogations, abuse and they had been threatened with reprisals against their families. Agiza and Alzery were suspected of being involved in terrorist activities. In October 2003 Alzery was released without charges. But he remains under surveillance of the Egyptian police. Agiza, despite severe physical conditions, was sentenced to twenty-five years in prison. In May 2004 Alzery and Agiza sued the Swedish government.</p> <p>(Source: Human Rights Council, <i>International Commission of Jurists submission on the universal periodic review of Sweden</i>, November 2009 Human Rights Watch (Report by), <i>Sweden Violated Torture Ban in CIA Rendition</i>, 2006. Accessed 19 January 2011, &lt;<a href="http://www.hrw.org/en/news/2006/11/09/sweden-violated-torture-ban-cia-rendition">www.hrw.org/en/news/2006/11/09/sweden-violated-torture-ban-cia-rendition</a>&gt;)</p>
<p>Muhammad Saad Iqbal Mandi</p>	<p>Mandi disappeared from <b>Jakarta</b> on <b>11 January 2001</b>, then, without a court hearing, was sent to <b>Egypt</b>, on a private US Gulfstream jet. He was suspected of maintaining connections with terrorism. Mandi was released in 2008, after six years of imprisonment. His government said that he would not face any criminal charges. On 19 August 2009, the UK arm of the legal charity Reprieve commenced legal action on behalf of Mandi, against the UK Foreign Secretary.</p> <p>(Source: Rajiv Chandrasekaran and Peter Finn, "US Behind Secret Transfer of Terror Suspects," <i>Washington Post Foreign Service</i>, 11 March 2002; <i>R Mandi Vs. Secretary of State for Foreign and Commonwealth Affairs</i>, 2009)</p>

*Abu Omar &  
Extraordinary  
Rendition*

Mamdouh Habib	<p>On <b>2 October 2001</b>, Habib, an Australian National, was arrested in <b>Pakistan</b> by the local police agents, then he was delivered to US officials who flew him to <b>Egypt</b> where he was interrogated and severely tortured. After six months he was sent to <b>Guantánamo Bay</b>. In January 2005 Habib was released and transferred to Australia. In December 2010 he received a secret sum in exchange for absolving the Australian government of liability in his torture case. Habib now plans to use the money to begin an international proceedings against Egypt and the US.</p> <p>(Source: Raymond Bonner, "Detainee says He was Tortured while in US Custody," <i>The New York Times</i>, 13 February 2005; <i>Habib vs. US and Egypt</i>, SMH, 9 January 2011)</p>
Abd al-Salam Ali al-Hila	<p>On <b>19 September 2002</b>, Al-Hila, a Yemeni business man, disappeared in <b>Egypt</b>. He was sent to Baku, <b>Azerbaijan</b> for two months, then he was transferred to <b>Afghanistan</b>. After sixteen months US authorities sent him to <b>Guantánamo Bay</b>.</p> <p>(Source: Human Rights Watch (Report by) (2005), <i>Guantánamo: New "Reverse Rendition" Case: A Detainee Captured in Egypt Disappeared in US Custody</i>, Marc 30, 2005. Accessed 10 June 2011, &lt;<a href="http://www.hrw.org/english/docs/2005/03/29/usint10382.htm">http://www.hrw.org/english/docs/2005/03/29/usint10382.htm</a>&gt;)</p>
Adil Al-Jazeerai	<p>Adil al-Jazeerai, an Algerian national, was arrested on <b>17 June 2003</b> in <b>Pakistan</b> by local authorities accompanied by FBI's agents. He was suspected of being an al-Qaeda "facilitator." Al-Jazeerai was interrogated and subjected to torture while he was in Pakistani detention. On 13 July 2003 US officials sent him to the Bagram Air Base in <b>Afghanistan</b>. It has been reported that he has 'possibly' been transferred to <b>Guantánamo Bay</b>.</p> <p>(Source: Amnesty International, <i>Securing a Commitment to Human Rights in Canada's Security Laws and Practices</i>, 14 June 2004. Accessed 08 June 2011, &lt;<a href="http://www.amnesty.ca/human_rights_issues/maher_arar_overview.php">www.amnesty.ca/human_rights_issues/maher_arar_overview.php</a>&gt;)</p>
Abdallah Tabarak	<p>In <b>December 2001</b>, Tabarak, a Moroccan national, was arrested in <b>Pakistan</b> by the local agents, then he was surrendered to US officials. He was transferred to <b>Afghanistan</b>, then to <b>Guantánamo Bay</b> detention center. In the US facility, Tabarak was interviewed both US and Moroccan officials. In 2004 he returned to Morocco where he was released on bail. Neither the US nor the Moroccan government will offer any explanation for his release.</p> <p>(Source: Craig Whitlock, "Al Qaeda Detainee's Mysterious Release. Moroccan Spoke Of Aiding Bin Laden During 2001 Escape," <i>Washington Post</i>, 30 January 2006)</p>

<p>Khaled el-Masri</p>	<p>In <b>February 2003</b>, el-Masri, a German citizen of Lebanese descent, was arrested at the <b>Serbian-Macedonian border</b> by local police. He was suspected to have connections with Islamic extremist groups. During the detention he was repeatedly interrogated by Macedonian officials, he was beaten, blindfolded, stripped, shackled. After 23 days of detention, el-Masri was transported to <b>Afghanistan</b> where he was beaten, sodomise with objects, hooded and interrogated for days by local agents with the collaboration of US officials. In may 2004 he was released without formal charges.</p> <p>(Source: Amnesty International, <i>Current Evidence</i>; Marty, <i>Alleged secret detention</i>)</p>
<p>The Algerian Six (Bensayah Belkacem; Hadj Boundellaa; Saber Lahmar; Mustafa Ait Idir; boume-diene Lakhdar; Mohamed Nechle)</p>	<p>In <b>October 2001</b>, six Bosnian of Algerian origin were arrested by order of the Supreme Court of the <b>Federation of Bosnia and Herzegovina</b> and detained on remand. They were suspected of being involved in the planning of bomb attacks on American and British Embassies.</p> <p>In 2002 the Bosnia's Supreme Court ordered to release them for lack of evidence. Despite this, Bosnian police surrendered them to US authorities, who transferred them to <b>Guantánamo Bay</b>.</p> <p>On 21 October 2008 US District Court Judge R. J. Leon ordered of the released of the five Algerians held to Guantánamo and to continued detention of the sixth, Bensayah Belkacem.</p> <p>(Source: William Glaberson, "Judge Declares Five Detainees Held Illegally," <i>New York Times</i>, November 20, 2009; Amnesty International, <i>Six cases of rendition</i>)</p>
<p>Bisher Al-Rawi and Jamil El-Banna</p>	<p>In <b>November 2002</b> Al-Rawi and El-Banna, two British permanent resident, was arrested in Gambia and transferred to <b>Afghanistan</b>, then to <b>Guantánamo Bay</b>. This arrest was made by British M15 cooperation with the CIA.</p> <p>They were suspected to have links with a leading Islamist, Abu Qatada.</p> <p>The families of the two men brought an action to obligate the British Government to diplomatic pressure on the USA in order to make sure the release of Al-Rawi and El-Banna.</p> <p>In 2007 Al-Rawi was released.</p> <p>(Source: Amnesty International, <i>Six cases of rendition</i>)</p>

<p>Maher Arar</p>	<p>On <b>26 September 2002</b>, while in transit at J.F.K. Airport in <b>New York</b>, Arar (Canadian citizen Syrian origin) was arrested by US agents.</p> <p>For two weeks, he was detained in a high-security prison and he was interrogated by the FBI and the American immigration service without the permission to contact a lawyer. Then he was transferred (via Washington, Rome and Amman) to <b>Syrian</b> military intelligence prison.</p> <p>He has been bound with electrical cables, interrogated, beaten, tortured.</p> <p>In October 2003 he was released without charges. The following January Arar, with the support of the Constitutional Rights Center, sued US Government.</p> <p><i>(Source: Amnesty International, Securing a Commitment to Human Rights; Marty, Alleged secret detention)</i></p>
<p>Messrs Bashmila and Ali Qaru</p>	<p>In <b>October 2003</b>, the two men disappeared in <b>Jordan</b>. They were held in secret American detention centers, probably in three different countries. Bashmila and Qaru said that they were in <b>Afghanistan</b> and somewhere in <b>eastern Europe</b>.</p> <p>In May 2005 they returned home, probably from <b>Yemen</b>.</p> <p><i>(Source: Marty, Alleged secret detention)</i></p>
<p>Mohammed Zammar</p>	<p>In 27 October 2001, Zammar, a German of Syrian origin, had left Germany to go to <b>Morocco</b>. When he attempted to return to Germany in <b>December 2001</b>, he was arrested by Moroccan agents and he was interrogated by Moroccan and US officials. Then, he was transferred to <b>Syria</b> where he tortured by Syrian services and questioned by the German agents.</p> <p>This arrest has been achieved thanks to the information given by the German services.</p> <p>Zammar was suspected to have connections with “Hamburg cell” of al-Qaeda.</p> <p>In May 2007 the UN WGAD, which examined the case, said that Mr. Zammar had been arbitrarily detained and it asked for details about the destiny of the man. No answer was given by the Morocco Government.</p> <p><i>(Source: Amnesty International, Six cases of rendition)</i></p>

Binyam Mohamed al Habashi	<p>Al Habashi, an Ethiopian citizen with resident <i>status</i> in UK, was arrested by <b>Pakistani</b> officials on <b>10 April 2002</b>. Although not charged with anything, he was interrogated by Pakistani, US and UK officials.</p> <p>He was transferred first in <b>Morocco</b>, then in <b>Afghanistan</b> and finally to <b>Guantánamo</b>.</p> <p>In all the secret detention facilities he had been beaten, shackled, sodomised, blindfolded, threatened, tortured.</p> <p>As a result of pressure from British Government, in February 2009 US Foreign Office confirms the release of al Habashi.</p> <p>(Source: Mohamed al Habashi Binyam, accessed 12 June 2011, &lt;<a href="http://news.bbc.co.uk/2/hi/uk_news/7870387.stm">http://news.bbc.co.uk/2/hi/uk_news/7870387.stm</a>&gt;)</p>
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# UNDERSTANDING SUCCESS OF TARGETED SANCTIONS: THE EU IN ZIMBABWE

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*ABSTRACT: The European Union (EU) imposed sanctions on Zimbabwe in 2002 and this article aims at evaluating the success of that decision. Applying a broader definition of success, this article assumes that sanctions can coerce, constrain and signal. Contrary to most of the literature holding that sanctions are imposed to change the behaviour of targets, this article argues that the sanctions on Zimbabwe appear to have been motivated by a constraining logic and, thus, what to expect from them and how to assess their success should be measured accordingly. The article holds that the restrictive measures of the EU fulfilled their expectations in making life harder for the members of Zimbabwe African National Union-Patriotic Front (ZANU-PF) and contributed to creating the conditions for the positive evolution of the situation in Zimbabwe with the power sharing agreement reached in 2009. The constraint on ZANU-PF benefits the MDC-T and MDC-M. The assessment of EU restrictive measures should take place under this light. The recent reduction of the individuals and entities targeted by EU sanctions is an interesting development that confirms how Brussels is interested in the stabilisation of the institutional framework wherein ZANU-PF would respect the newly formed institutional framework. The coercive aspect, allowing ZANU-PF to comply with the demands of the EU, is a further important improvement of the situation in the country that can be captured by the theoretical framework adopted in this article and that should help to lead the future analysis on sanctions.*

**KEYWORDS:** European Union, sanctions, targeted sanctions, restrictive measures, Zimbabwe

## INTRODUCTION

The ruling elite supporting President Robert Mugabe has been harshly criticised for jeopardising years of economic development

and for perpetuating poor human rights practices. The European Union (EU) is among the political actors who have decided to intervene in order to sustain the transition towards a new democratic system in Zimbabwe. Among the several policy initiatives launched by Brussels since 2002 are also a number of restrictive measures (sanctions). While many have applauded this decision as the brutality of the regime in Harare went beyond what European states can tolerate, others have contested this move since sanctions did not achieve any substantial political results. The reasons why sanctions were imposed and what are their objectives lie at the centre of the debate for the EU policy towards Mugabe as well as the sanctions debate in more general terms.

*Francesco  
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The objective of this investigation is to analyse the sanctioning policy of the EU towards Zimbabwe and the main question of the article is to evaluate the effectiveness of the restrictive measures imposed in 2002. Contrarily to most of the literature holding that sanctions are imposed to change the behaviour of targets, this article argues that the sanctions on Zimbabwe appear to have been motivated by a constraining logic and, thus, what to expect from them and how to assess their success should be measured accordingly. The article holds that the restrictive measures of the EU fulfilled their expectations in making life harder for the members of Zimbabwe African National Union-Patriotic Front (ZANU-PF) and contribute to create the conditions for the positive evolution of the situation in Zimbabwe with the power sharing agreement reached in 2009.

Sanctions are not always imposed with the idea that targets will behave according to the requests solely, but sanctions can also contribute to the achievement of policy objectives by carrying out specific functions in a wider strategy. Therefore, in the case of the targeted sanctions against Zimbabwe the success of sanctions should be assessed primarily by looking at whether they contributed to make the lives of targets “harder” and to what extent this did happen.

This article is divided in four parts. The article firstly describes the analytical framework utilised for the examination of the sanctions. It continues to explore the background of the crisis and to scrutinise the restrictive measures adopted by the European Union. The third part evaluates the success of sanctions and, finally, the

conclusion summarises the argument and sets the way forward in the study of sanctions.

## UNDERSTANDING SANCTIONS

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The use of sanctions has been at the centre of the debate for decades, and a final answer on the issue of effectiveness has not been reached yet.<sup>1</sup> In fact, asking whether sanctions work may not even be the best way to move the debate forward. The discussion is still trapped in understanding to what for sanctions are imposed, and this is the starting point of this analysis, which aims at understanding how sanctions are expected to influence their targets with the view of assessing whether the expectations were met. This approach does not intend to lead to any definitive conclusion on the matter, as methodological issues such as multicollinearity can hardly be overcome in foreign policy analysis, but it should lead to learn lessons that will improve the comprehension of targeted sanctions in the twenty-first century.

Sanctions are normally expected to change the behaviour of targets. This is the dominant logic that inspires the adoption of sanctions whether Iran, North Korea, Darfur or Somalia are objects of the discussion. If one were a sanctions enthusiast, the expectations are that targets will behave differently after the imposition of sanctions. This view is inspired by what Galtung defined as the 'naive theory' of sanctions, namely that the economic pain created by a sanction produces a political gain.<sup>2</sup> Moreover, this interpretation of how sanctions can influence targets, also defined as the logic of sanctions, is limited to only one of the type of power exercise and, therefore, it seriously undermines our understanding of what sanctions can do in foreign policy.

The evaluation of sanctions is connected to their dominant logic and there are at least three main patterns that can be identified.<sup>3</sup> The "classical" interpretation of sanction reflects a coercive logic, namely that coercive sanctions impose a direct material cost on targets in order to make them do what they would not otherwise do. A second logic is to constrain the capacity of targets to achieve their objective. There is a fundamental difference between coercive and constraining sanctions, since the goal of the latter is not to make targets do something, but rather to prevent them from doing

something. Finally, the third logic at work is signalling. Under this perspective, sanctions aim at sending messages to targets and audiences of the international system. The distinguishing character of this type of sanction is the absence (often known already in the moment of their adoption) of a direct material impact expected from the imposition of the sanction.<sup>4</sup>

Thence, sanctions can coerce, constrain and signal, but how can they be classified? The differences in kinds of sanctions and underlying purposes are thus well captured by the degree of direct material impact and by the extent to which senders' demands can be met by the targets. The direct material impact refers to what are the expectations on the degree of economic and direct costs that sanctions are credibly going to impose on targets. According to the form of sanctions (i.e. arms embargo, travel ban, financial restrictions and economic boycotts), the expectation about the degree of direct material impact should be assessed accordingly. The feasibility of senders' demands refers to the degree with which targets can comply with the requests without endangering its political survival. This analysis is done by looking at the precision of the demands (i.e. do targets know what to do in order to satisfy the requests of the sender?) and practicality (i.e. does compliance determine political defeat for targets?). These two dimensions should indicate the dominant logic of sanctions, so when a high material impact is expected, then coercive or constraining sanctions are more likely. In case of high impact, when feasibility is high, then coercion is more likely, while constraining is more likely when feasibility is low. Conversely, when impact is low, then signalling is more likely to be the dominant logic that motivates the imposition of sanctions.

The analytical framework accounts for the dominant logic that inspires the overall sanctioning regime, but it is acknowledged that this is a simplification of the real world. In essence, multiple logics can be at work at the same time provided that there multiple demands and multiple targets can characterise the same sanctioning regime. The excess of this simplification is addressed in the empirical evaluation with an overview of the three logics whenever necessary.

Understanding the logic of sanctions is a crucial step to measuring their success. Knowing the logic of sanctions allows forming expectations on what should be the right effect to determine success.

When expectations are met, then sanctions can be deemed more successful. However, this should be used as a mere indication of policy evaluation, as it would be more appropriate to talk in terms of effects rather than successful sanctions, so the result of an evaluation would always include positive and negative consequences from imposing sanctions and the assessment would more oriented towards learning lessons from the imposition of restrictive measures rather than looking at their blunt “success.”

Finally, the second step of the evaluation considers the “comparative utility” of sanctions.<sup>5</sup> Sanctions are often criticised because they are not effective in changing the behaviour of targets, although it is not analysed what would be the better alternative to sanctions. This counterfactual exercise presents a number of weaknesses from a methodological point of view that the authors acknowledge, but albeit complex and difficult to verify, it remains a necessary step if we are serious about understanding how sanctions work and in measuring their effectiveness. This two-step procedure to analyse sanctions and to elaborate on their success is used in the case of the restrictive measures of the EU on Zimbabwe. A case that is usually depicted as failing, this analysis leads to different conclusions.

#### THE CASE OF ZIMBABWE: A BACKGROUND TO THE CRISIS

The *casus belli* of the crisis in Zimbabwe is linked to its colonial past and the resulting gross racial imbalances of land ownership in the country. The issue of land is a life or death problem for many Zimbabweans, but many years after the end of the war for independence against the regime of Ian Douglas Smith and the international recognition of the new Republic of Zimbabwe in 1980, the government had been unable to address the land distribution imbalance. Many times the government was caught under pressure from civil society groups (the war veterans in particular), but the pace of the official post-war land ownership reform has been slow.<sup>6</sup> In 2000, the government in Zimbabwe decided to hold a national referendum in order to simplify the constitutional conditions for compulsory land acquisitions, but the popular vote turned down such constitutional amendment in February 2000.<sup>7</sup> The result of the referendum was opposed by many war veterans who began to occupy farms and lands by force. President Robert Mugabe did not



*Francesco  
Giumelli &  
Kryštof Kruliš*

support the occupation at first, but he remained sympathetic to the cause of the war veterans and did not take any action against them. Apparently authorised by the silence of Robert Mugabe, the war veterans went on until the Supreme Court of Zimbabwe declared the so-called land invasions illegal.

The human rights record in Zimbabwe worsened quickly, and the elections in 2002 were held under unstable conditions. Furthermore, the government of President Mugabe embarked on a violent repression of the civil society and opposition parties. The situation in Zimbabwe did not go unnoticed by the international community. Prior to the 2002 elections, the European Union expressed conditions of fair election procedures to be met by the ruling government of Mugabe's ZANU-PF in order to avoid sanctions. As a response to the continuing human rights violations, the intimidation of political opponents and the independent press and against barring the deployment of EU observers for the presidential elections, the EU decided to suspend its Partnership agreement talks with Zimbabwe under the Article 96 of the Cotonou Agreement and to impose additional sanctions on the country. The EU was not the only international actor resorting to sanctions, but this appeared to be a concerted effort with other allies. However, not all the actors agreed on this decision, as for instance South Africa, which kept its sceptical stance over sanctions. The

stalemate lasted till 2008, six long years in which little changed in Zimbabwe.

The 2008 elections in Zimbabwe laid the foundations for change in Zimbabwe. The result of the elections led to a Global Political Agreement (GPA), a power-sharing pact between Robert Mugabe (leader of the Zimbabwe African National Union – Patriotic Front – ZANU-PF), Morgan Richard Tsvangirai (leader of Movement for Democratic Change-Tsvangirai – MDC-T) and Arthur Guseini Oliver Mutambara (leader of the Movement for Democratic Change–Mutambara – MDC-M), and to the creation of the so-called Inclusive Government with former opposition leader Tsvangirai being appointed as Prime Minister. Robert Mugabe remained President of Zimbabwe and, most notably, ZANU-PF retained its hold over the security apparatus in the country, which puts a question mark to the possibility of power transition after the next presidential elections scheduled for 2013.<sup>8</sup> The Global Political Agreement (GPA) of 2008 certainly increased the hopes for a peaceful solution to the crisis, but tensions were still high in the country, which besides political turbulences had to face also to a drastic economic fall since the '90s. Despite the new political situation in Zimbabwe, the EU remains concerned and maintains its sanctioning regime in place even if Brussels confirmed its readiness to reassess sanctions at any moment in case further positive developments take place in the country.<sup>9</sup> Although restrictive measures have remained in place for more than ten years, the EU remains Zimbabwe's second largest trading partner after South Africa.<sup>10</sup>

### *The EU's Policy towards Zimbabwe*

The EU approach towards Zimbabwe has entailed a variety of foreign policy tools during the years that maintained, for instance, the cash flow of humanitarian aid always open despite the imposition of sanctions. The diplomatic channel has also been used, although the political will of the EU has been affected by EU leaders declaring and openly asking Mugabe to leave his post in order for the situation to evolve. Thus, there are two levels of analysis that should take place in this part of the study. On the one hand, the EU as a unitary institution that does specific things from Brussels and, on the other, the independent approaches of EU member

states. Under this light, it seems that the UK has been dictating the EU approach towards its former colony with sanctions playing the role of making more difficult for Mugabe and his supporters to rule the country.

Zimbabwe signed the Lomé Convention with the EU in 1982, which became the Cotonou Agreement (CA) in 2000. This framework ensured Zimbabwe a steady flow of humanitarian and development aids to come from Europe. The two National Indicative Programmes (NIPs) wherein Zimbabwe was included, funded projects to enhance the country's human and economic development. The EU and Zimbabwe signed two Country Support Strategy (CSS) in the past, but since the crisis erupted in 2002, no new text was negotiated and adopted. Brussels suspended the government-to-government support and focused on supporting the population and the civil society with direct assistance, especially in the areas of health, renewable resources, education and community development.

To this assistance, it should also be added the support provided through Regional programmes under the SADC Regional Indicative Programme. An exact amount is hard to calculate as the funding is channelled to regional projects, but the 9<sup>th</sup> European Development Fund (EDF) says that DG ECHO committed '€15 million to Zimbabwe for the year 2005. The duration of the financial decision is 18 months from 1 March 2005.'<sup>11</sup> The same document defined the key areas for the 10<sup>th</sup> EDF 'will be rural development for food security and human development through education, health and HIV and AIDS,' while 'support for Regional Trade negotiations, and institutional strengthening to counter human trafficking' will be 'non-focal sectors.'<sup>12</sup> The website of the EEAS also mentions an important role of the European Investment Bank (EIB), but since evidence of this support is missing from the database available, the "dimension" of this support could not be quantified.

The European Commission also opened budget lines to support the civil society and NGO activities in the areas of community development, human rights and the environment. From 2005 to 2008, the Commission allocated €82 million.<sup>13</sup> Nonetheless, as indicated above, a Country Strategy Paper is not available for both the 9<sup>th</sup> and the 10<sup>th</sup> EDF, therefore it is not possible to discern the figure of how

*EU Targeted  
Sanctions*

much the Commission transferred to Zimbabwe. The full budget of the 10<sup>th</sup> EDF is €22,682 billion and 97% of it is specific for ACP countries. The amount of ACP funding is divided 'in €17 766 million to the national and regional indicative programmes (81% of the total), €2 700 million to intra-ACP and intra-regional cooperation (12% of the total), and €1 500 million to Investment Facilities (7% of the total).'<sup>14</sup>

The website of EU Delegation provides a general figure of €1.5 billion that the EU and its members have given to Zimbabwe since 2002, which would be equal to about 150 million of assistance every year. This average increased between 2009 and 2010, when the EU raised its support due to the improvement of the situation in the country and provided €365 million from January 2009 to September 2010 divided as follow: health €95 million, education €10 million, orphans and vulnerable children €20 million, food security and agriculture €120 million, humanitarian €27 million, water and sanitation €23 million, governance €10 million, and other, incl. infrastructure, energy, etc. €60 million.

The same source indicates that Commission has also 'provided €90-100 million per year in development assistance to the people of Zimbabwe in the areas of food security and agriculture, social sectors and the promotion of governance,' but it does not specify whether this should be added to the figure above mentioned or whether it is part of it, but this budget is likely to be part of the same one indicated above. Another €80 million was provided to deal with the humanitarian crisis of 2008/2009, when Zimbabwe was hit by a cholera outbreak aside other health problems affecting the country, but another EU source talks about an ECHO funding of €25 million. Finally, the country page of the EEAS website indicates that the DG ECHO has provided about €155 million to Zimbabwe from 2002 to 2009 (€92.5 million Euro for food assistance, €50.2 for health, water and sanitation and €12.6 million for general and sector coordination mechanisms of humanitarian actors and interventions).<sup>15</sup> This figure does not include the bilateral agreements that Zimbabwean based actors may have with individual EU member states.

The most striking element is that the EU has never interrupted its trade relations with Zimbabwe. After eight years since the imposition of the restrictive measures and the suspension of the

Cotonou Agreement, the EU is still Zimbabwe's second trade partner losing place only to South Africa. The EU is the third import partner with €192 million, equal to 6.2% of imports (South Africa counts for 56.6% of Zimbabwe's imports), and the first major export partner with €270.5 million, equal to 20.5% of the total export of Zimbabwe (the DRC comes in second place with 14.9% and South Africa in third place with 13.7%).<sup>16</sup> The balance of payment has been constantly in favour of Zimbabwe (€210 million in 2007, €184 in 2008, €128 in 2009, €110 in 2010 and €212 in 2011).

*Francesco  
Giumelli &  
Kryštof Kruliš*

This intense economic activity and, especially, the key role as trading partner stands in apparent contrast to the EU's decision to impose sanctions against Zimbabwe. This situation is complicated further by the diplomatic activity of the European Union and by its members. The EU has continuously encouraged dialogue, respects for human rights and supported the civil society in the country. However, its decision to impose restrictive measures has been criticised by some NGOs and regional organisations (i.e. SADC as explicitly declared in the Council Conclusions of 19 July 2005) on the bases that sanctions do not favour the improvement of the conditions. At the same time, the rationale for the EU decision was made explicit by some EU leaders who asked Robert Mugabe to leave power, as happened in the peak of the cholera outbreak by the French president Nicholas Sarkozy and also by the British PM Gordon Brown,<sup>17</sup> while others never disdained to privilege carrots over sticks, such as Chancellor Angela Merkel who preferred to have a dialogue with Mugabe even if she openly criticised him at the EU-Africa summit in 2007.<sup>18</sup> Portuguese Prime Minister Jose Socrates quarrelled with the UK over the invitation of President Mugabe to the EU-Africa summit.<sup>19</sup> As a confirmation that the EU action was characterised by an internal disagreement between hawks and doves, Mugabe received many exceptions to the travel ban as he managed to travel to Paris, Rome, and Lisbon during the years of sanctions. More recently, Spain has offered to strengthen the cooperation with the new course in Zimbabwe,<sup>20</sup> the proposal to send EU electoral observers in 2008<sup>21</sup> and the visit of an EU Delegation in 2009 as the first visit since the imposition of sanctions.<sup>22</sup> This intense diplomatic activity cannot be disregarded.

Aside from a military engagement, the EU has adopted all the foreign policy instruments at its disposal and in such a complex

crisis, the Council did resort to the imposition of sanctions as well. The next section describes the sanctions imposed on Zimbabwe since 2002.

*CEJISS*     *The Restrictive Measures Adopted by the European Union*  
*2/2012*

Sanctions have entered into the discussion in early 2002 when the Council threatened to resort to restrictive measures if certain conditions were not met by the government of Zimbabwe in the preparation for elections. The threat was explicit in the Council conclusion of 28 January 2002, and after noticing that those conditions were not met, the Council imposed sanctions on 18 February 2002 with Common Position 2002/145/CFSP. The EU agreed on the common steps towards the crisis in Zimbabwe and on the imposition of an arms embargo, a travel ban and a freeze of assets on 20 government officials.<sup>23</sup> The first list contained mostly government officials (13 out of 20) including the President himself since the very beginning.

The bulk of the sanctions regime did not change substantially throughout the years, but the list was updated and significantly extended to a peak of 243 individuals and entities in early 2009. The first extension occurred in the summer of 2002, when 52 names were added to the list also from ZANU-PF and family members (Mugabe's wife). At end of that summer, an update took place to reflect the government reshuffle occurred in August and all the members of the government were blacklisted. This event set the trend for the EU list on Zimbabwe suggesting that the list was supposed to include any government member regardless from their individual actions. The aim seemed to be to create obstacles to the functioning of a regime or political ruling class rather than coercing them into doing something.

From 79 names in 2002, in 2003 the Council began to target also those who support the policies of the government and the number of individuals grew to 131 in June 2007. Once again, elections and government reshuffles were promptly reflected in the composition of the list as happened in July 2005.

The political agreement reached after the 2008 elections did not bring about the lifting of the targeted sanctions. In fact, the list grew qualitatively and quantitatively. In July 2008, Council decisions 605

and Common position 632 respectively included also companies in the blacklist and the travel ban was made more stringent. In January 2009, Common position 68 was adopted on 26 January listing 203 individuals and 40 companies. By then, the list included 'members of the Government of Zimbabwe and of physical persons associated with them, as well as of other physical persons whose activities seriously undermine democracy, respect for human rights and the rule of law in Zimbabwe.'

Despite the disappointment expressed by the Council about the lack of progress in the implementation of the Global Political Agreement signed in 2008, the list began to shrink in 2010 with Council decision 92 of 13 February when 6 people and 9 entities were delisted. This trend continued in 2011, when the European union lifted 35 individuals from the list as it recognised progress made in 'addressing the economic crisis and in improving the delivery of social services.'<sup>24</sup> This is also the first document wherein the Council does not underline the lack of implementation of the GPA, while a qualitative trend had been already proven in 2010 with the adoption of Council decision 97 on 16 February 2010 to resume part of the dialogue foreseen by the Cotonou Agreement that had been suspended in 2002.

The list was further shortened in 2012 with Council decision 97 adopted on 17 February which lists 112 individuals and 11 entities. Additionally, the travel ban was lifted for two individuals 'in order facilitate further the dialogue between the EU and the Government of Zimbabwe.' The two individuals are the Mr Patrick Anthony Chinamasa, Minister of Justice, Legal and Parliamentary Affairs, and Mr Simbarashe Simbanenduku Mumbengegwi, Minister of Foreign Affairs.

Other actors resorted to sanctions as well. Above all, the decision of the EU to impose restrictive measures was also supported by other non-EU countries, such as Turkey, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Iceland, Albania, Bosnia and Herzegovina, Liechtenstein, Norway, Republic of Moldova and Armenia.<sup>25</sup> Other Western countries, most notably the US, Canada, Australia and New Zealand, followed suit and imposed targeted sanctions on the Mugabe regime. In the US a special statute, the Zimbabwe Democracy and Economic Recovery Act (ZDERA), addressing the issue was adopted.<sup>26</sup> This statute requires

the US' representatives in international financial institutions to oppose any vote, which would provide to Zimbabwe any loans, credit, guarantees or any reduction of indebtedness.<sup>27</sup> As Zimbabwe has serious foreign debt problems with about \$9 billion in foreign debt of which about \$6 billion are in arrears, this measure aims at significant weakening the economy in Zimbabwe. Canada's regulation on Zimbabwe consists of the Special Economic Measures (SOR/2008-248) adopted in 2008 and covers an arms embargo and related materials, assets freezes of 181 listed representatives of the Mugabe regime and their family members and the prohibition of landing in and flying over Canada of aircrafts registered in Zimbabwe.<sup>28</sup> Australia imposed travel bans and arms embargo on Zimbabwe in October 2002 and also downgraded its bilateral contacts with the Mugabe government. The Western members of the Commonwealth also restricted certain sport ties with Zimbabwe, including restrictions on cricketing ties by Australia, New Zealand and the United Kingdom.<sup>29</sup>

#### ASSESSING SUCCESS OF EU RESTRICTIVE MEASURES

Assessing the effectiveness of sanctions is a two step procedure. First, sanctions should be reviewed in terms of the different ways in which they can influence targets according to the typology of coercing, constraining and signalling. A dominant logic should be identified to structure the analysis, but a thorough evaluation should entail the analysis of the three logics. The second step is to assess the comparative utility of sanctions, practically a counterfactual exercise with the aim at determining whether the imposition of sanctions could have been substituted by a different foreign policy tool. Looking at the effects that sanctions contributed to cause within the policy-mix adopted by the sender, the EU in this case, leads the analysis to learn lessons on the effectiveness of targeted measures.

The dominant logic of the EU restrictive measures is to constrain the leadership of ZANU-PF in ruling the country. While the general understanding is that the objective of sanctions aim at changing the behaviour of the targets, the analysis of the sanctioning regime suggests that the EU aims at preventing one political party from embarking on actions that would undermined the stability of the country, worsen the human rights situation and further weaken the

economy of the Zimbabwe. This objective has been made explicit by an official flyer of the EEAS, which states that the restrictive measures were against “Zimbabwe’s ruling ZANU-PF party,” while official documents talk about measures “against Zimbabwe.”

This realisation probably reflects the existence of two phases of the EU sanctions on Zimbabwe. The first phase began in 2002 with the rigged elections and ended in 2009 with the peak of the crisis after the signing of the GPA. The second phase began in the summer of 2009 when the EU started to acknowledge positive, albeit minimal, developments in the situation. Since then, the EU objective became oriented to increase the possibility for ZANU-PF members to comply with the agreement, while the main logic for sanctions before was to create the conditions for a regime change in the country. Under a certain light, these two objectives could be seen in continuity with each other.

The dominant logic is constraining because the measures have an impact on the listed individuals and, especially, companies and because the demands are not feasible to the members of ZANU-PF. The listing of Zimbabwe was among the most elaborated and extensive of all the other regimes imposed by the Council independently from the ones established by the UN Security Council. The idea of imposing a travel ban and financial restrictions was driven by the logic of imposing a hurdle to the daily activities of targets. Ex-post, the gradual approach would confirm this view as the screw has been tightened over time to increase this pressure with the idea of imposing a direct burden on the targets. This would have worked both in terms of hurting the international legitimacy of ZANU-PF leaders through making travelling more difficult and undermining their economic power though undermining their availability of financial resources and the wealth of the people supporting the activity of the government. This analysis describes the expectations on how sanctions were designed ex-ante, namely before the course of action was actually undertaken. This analysis allows us to identify the dominant logic upon which to create realistic expectations on what sanctions could achieve.

The same analysis should be done regarding the feasibility of the demands, which are deemed not to be feasible. Demands were not even laid out and the restrictive measures were imposed because the Government of Zimbabwe engaged in ‘serious violations of

*Francesco  
Giumelli &  
Kryštof Kruliš*

human rights and of the freedom of opinion, of association and of peaceful assembly' and sanctions will stay in place as long as violations occur.<sup>30</sup>

CEJISS  
2/2012

While more elaborate details are provided to justify the listing of each individual, the distinction between whether sanctions intend to punish those individuals or whether any specific behaviour would lift the sanctions is not clear. For instance, a member of the High Court Justice is listed for refusal to 'allow investigation of abductions and torture at the hands of security agents.'<sup>31</sup> Does it mean that if he allows investigation, then sanctions would be lifted? Since this is not made explicit, demands are classified as vague. The second element is practicality intended as whether targets can comply with the requests of the EU. This is more difficult to establish as, in theory, compliance with democratic practices may not determine a regime change. However, given the peculiar situation of Zimbabwe, it is possible to assume that the establishment of the rule of law with a consequence organisation of free and fair elections would have destabilised the power structure behind the regime in power since 1980. The regime had the long-standing support of the security forces and the army command overtly claimed that it would 'not recognise any government that did not adhere to the aims of the "revolution."<sup>32</sup> Under this perspective, vague demands and high political costs for a potential compliance would classify the first phase of sanctions with a dominant constraining logic. At least one of these two elements changed in 2008/2009 with the signing of the GPA, which sets a clearer number of actions that the parties involved should follow. On the lack of implementation of the GPA, the EU has motivated the sanctions since 2008, and from that moment on, the dominant logic could be considered also coercive at least for some ZANU-PF members. However, four years after the signing of the GPA have passed and there are still dozens of individuals in the list that are not likely to be delisted anytime soon, while the EU appears to support a stable transition and to favour other political parties. Under this light, a constraining logic is dominant for some targets, while others could now be coerced.

What are then the effects that constraining sanctions had on Zimbabwe? The record is mixed, but the overall evaluation would lead to a more positive, rather than negative, evaluation. The problems regarded the rally-around-the-flag factor played by ZANU-PF

and the undermining variable played by the lack of agreed strategy with key local actors such as South Africa and SADC. At the same time, the restrictive measures did produce the desired effects in making the life for ZANU-PF members more difficult and so contributing to a general change of situation in the policy of the country with the Global Political Agreement.

One of the reasons for which sanctions have been criticised is that they do strengthen the targets they are supposed to harm. This happens because ZANU-PF framed sanctions in neo-colonial terms and being sanctioned became one element to be proud of as it would allow portraying themselves as Zimbabwean patriots who stand firm against interferences from the West.<sup>33</sup> Under this perspective, it is plausible to assume that even compliance of any of the listed individuals was strongly discouraged by Robert Mugabe and the security apparatus of Zimbabwe.

A second destabilising factor has been represented by the lack of cooperation from key regional actors. Some African nations, led by South Africa, opted for a strategy of quiet diplomacy, which allows them to satisfy their needs in relations both to the Western countries and to their African neighbour Zimbabwe. This, however, has not precluded certain African countries and the regional partners of Zimbabwe of the Southern African Development Community the (SADC) in particular to openly criticise the sanctions against Mugabe regime and call for their abolition.<sup>34</sup> This breached the wall in the Western sanctions allowing states to mild the impacts of the measures in any regards, even in terms of weapons, which gained the headlines when a shipment from China (fully legal under international law) arrived in South Africa provoking harsh reactions in the public opinion and exemplifying the situation.

South Africa, which is the major trade partner of Zimbabwe, has natural interests in stability of its neighbouring countries. For historical and domestic reasons, South Africa did not join the sanctions enthusiasts from the Western world even though there was an internal debate on that when Nelson Mandela openly criticised Mugabe for wanting to 'stay in power forever [...] because they committed crimes' and Tony Leon, the leader of the Democratic Alliance – the South African opposition political party, suggested that South Africa should join the efforts of the EU and the US.<sup>35</sup> This strategy allowed the South African leadership to maintain an

authoritative role as mediator, which allowed South African President Jacob Zuma to broker the Govern of National Unity (GNU) in 2009.<sup>36</sup> The Southern African Development Community has also avoided to embrace sanctions. In fact, SADC called for the lifting of them in many occasions, claiming that they were preventing positive developments of the situation in Zimbabwe.<sup>37</sup> The support of SADC weakened the international isolation of the regime, as happened in occasion of the Thirtieth Conference of the Non-Aligned Movement issuing a resolution calling for abolition of sanctions against Zimbabwe,<sup>38</sup> and it created opportunities to evade the restrictive measures imposed on ZANU-PF individuals and supporting companies.

The EU has also been criticised for its slow decision-making process that provided ZANU-PF leaders with time to take counter-measures. Indeed, announcing a freeze of assets without immediate imposition gives the possibility to targets to hide ownership of their assets in the EU and transform it into some form of unanimous beneficiary ownership or transfer it out of the European Union altogether.<sup>39</sup> This seriously undermined the immediate impact of the assets freeze and the relatively low amount of money confiscated, about €160.000 defined small in absolute and relative terms in 2006,<sup>40</sup> could be explained by this factor. Moreover, the lack of coordination between the EU and the US allowed further assets transfers from the EU. The low degree of international solidarity with the EU backfired also in occasion of the EU-SADC summit in 2002. Scheduled to take place in Copenhagen, the summit had to be held in Maputo as many African heads of state threatened not to participate if Mugabe had not been invited.<sup>41</sup> In other occasions, the summit was not held at all.

The series of criticisms are accompanied by many evaluations, more specific and more general, providing a complete picture of what sanctions intended and did achieve in the case of Zimbabwe. Overall, the intended effects were at least in part achieved, shedding a different light on the restrictive measures on Zimbabwe at least in two regards. First, the restrictive measures did create problems to the activities of targeted individuals. Second, the sanctions appear to have contributed to facilitate the activity of ZANU-PF opponents and, in turn, made the Global Political Agreement possible.

Despite the criticisms, it has been widely acknowledge that the restrictive measures did pose problems on listed individuals. In 2006, Crisis Group concluded that sanctions 'while useful, are not much more than annoyances to the elites rather than active forces for change.' The overall evaluation is biased by a misleading definition of success, placing on sanctions the destiny of a complex policy planning, but Crisis Group admits that the elites feel them.<sup>42</sup> Mikael Eriksson wrote that 'It is no question that Mugabe and his circle feel the pressure.'<sup>43</sup> The travel bans barred ZANU-PF key leaders from entering the territory of the EU, which meant a political loss of international legitimacy and a hurdle both for personal reasons and for business related needs. Similarly the asset freezes not only signified blocking of certain financial assets but also significantly restrained the listed individuals and companies from conduction of any financial operation in the EU, both in terms of loss business opportunities and lack of independent economic revenues to sustain the political activity of Robert Mugabe. The arms embargo then cut off the provision of sophisticated military supplies from the European Union.

*Francesco  
Giumelli &  
Kryštof Kruliš*

A report from IDASA summarises well the full picture on the impact of sanctions on Zimbabwe.<sup>44</sup> The travel ban is perceived to be an obstacle to the activity of listed individuals. Evidence confirm that the travel ban represented a problem for ZANU-PF leaders who were not free to travel wherever they wanted as before and this caused embarrassment for Patrick Chinamasa who was detained at an airport in Germany. While there are ways to circumvent the measures, this would only confirm that businessman or politicians involved in business would have to change their habits to continue their activities. For instance, international businesses contacts could be conducted on a side of international meeting, for which the EU would grant exceptions. This still represents a nuance as well as for the possibility to ask third parties to carry out international business on behalf of the listed individual.

The arms embargo is probably the least effective in terms of undermining the military capacity of Zimbabwe. Given the long list of suppliers that had not imposed sanctions on the country, there is no shortage of weapons in Zimbabwe. One source of weapons was proven to be China as became evident with the Durban cargo discovered in April 2008. Another source was proven to be the illegal

market of weapons from other African countries. The monitoring team for the UN sanctions in the Democratic Republic of the Congo unveiled a shipment of weapons to Zimbabwe of 53 tons of ammunitions.

*CEJISS*  
*2/2012*

Finally, financial restrictions were object of criticisms as some held that their impact did not make a contribution to the crisis in Zimbabwe. This is based on the assumption that sanctions could have stopped the activity of ZANU-PF and changed the regime of Robert Mugabe, but this expectation is simply misplaced and overstated. More realistically, financial restrictions were supposed to make the life of Mugabe's supporters more difficult, and IDASA's report confirms that this objective was reached. The total amount of assets frozen made public in 2006 was not impressive, but the real and comprehensive figure does not actually exist. Additionally, the real impact should be also measured in terms of loss opportunities and increased costs for daily operations. While the dimension of loss opportunity is difficult to calculate as non-events should be considered, one interesting perspective is given by the annual GDP of Zimbabwe in absolute terms. According to World Bank data, the GDP of Zimbabwe was around \$5.2/5.8 billion from 2002 to 2009. In 2010, when it has been shown that the situation in the country improved and the EU increased its support role, the GDP of Zimbabwe skyrocketed to \$7.5 billion. Finally, financial restrictions aimed at making more difficult to run businesses for listed individuals and companies, and evidence of evasion efforts and daily activity changes should suffice to demonstrate that the financial ban did have an impact. First, ZANU-PF 'minimised the effect of targeted financial sanctions on its international business operations through the use of false or proxy names, collaborating sanction busters and front companies.' Also financial companies from the Western world were accused to evade sanctions and support Mugabe's regime. Specifically, Barclays, Old Mutual and Standard Chartered Bank were accused of providing Zimbabwe with \$1 million credit line. Even the attempt of Vice President Joyce Mujuru to sell 3.7 tons of Congolese gold to a German-based company was unveiled by BBC and eventually cancelled. While showing that sanctions had to be circumvented in order to take advantage of loss business opportunities, these examples also confirm that the financial ban did affect the daily activity of business operators and listed individuals in Zimbabwe.

As a further confirmation of the importance of this element is the attempt of Zimbabwe to rely on other non-western partners to sustain the burden of sanctions. Indeed, the isolationist approach taken by the Western world has motivated Zimbabwe to look for partners such as China from which Mugabe was able to secure loans and to establish a solid bilateral relation. Needless to say that if Zimbabwe could replace Western donors with other sources of funding, then the leverage at the EU and US's disposal to influence the domestic political dynamics would diminish. However, after 10 years of sanctions, China was not able to replace the relative weight of the sanctioners' economies in Zimbabwe and the difficult economic conditions in which the country lives do not permit Harare to disregard the economic aid from western donors as well as from international financial institutions. The EU is a key-actor for Zimbabwe and if business can operate free from EU restrictions makes a substantial difference.

Sanctions in general, and the restrictive measures of the EU in particular did contribute to this, having a number of effects on ZANU-PF members and it could be argued that sanctions played a crucial role in leading Zimbabwe towards the Global Political Agreement between the three major political powers emerged from the elections in 2008 constraining Mugabe to share power with other actors. The degree of isolation of Robert Mugabe and his supporters grew thanks to sanctions and, for them, loosing legitimacy in the eyes of other African leaders represents a direct material damage that makes the running of the country more difficult. The measures against the companies supporting ZANU-PF are also having an impact making it more difficult to establish trade with EU countries. Evasion techniques are surely in place, but this practice increases the costs of any transactions representing a toll on their activity. As shown, despite 10 years of sanctions, the EU is still the second major trade partner of the Zimbabwe. The most recent update of the list confirms that the real target of EU attention is to constrain ZANU-PF only. Zimbabwe has a government formed by three parties wherein ZANU-PF is the only one that suffers sanctions.

This evaluation of the impact of the examined sanctions leads to qualification of the purpose of the sanctions as being motivated mainly by a constraining logic versus ZANU-PF members. However,

the evaluation also highlighted that sanctions worked also according to elements that characterise the other two logics at work. A coercive logic emerged especially in the second phase of sanctions, when a cost was attached to undesired political behaviours in order to make one specific behaviour (compliance with the GAP) more likely. Regardless from whether ZANU-PF leaders did comply, the logic of the restrictive measures did make compliance more costs effective for ZANU-PF leaders, supports and certain entities. At the same time, a signalling logic played also a determinant role in increasing the pressure on Zimbabwe, isolating the regime, providing the international community with a stronger idea of the EU as a unitary actor and bolstering the reputation of the EU by pleasing the constituencies that support the normative dimension of its external relations.

The final question to consider in connection with the effectiveness of the examined sanctions is: what else could have been done if not sanctions to achieve a better result? The alternative can regard either sanctions or foreign policy instruments that have not been used. Starting from the latter, one option was to have used force to protect civilians in a similar fashion than in Kosovo or, less forcefully, in Darfur, with the deployment of observers and peacekeepers. The lack of political support makes this option particularly unlikely and unpredictably costly, both in economic and political terms. Assuming for a moment that the Security Council would authorise Chapter VII measures, the target would still be a country that does not represent a threat to international peace and security where it would be easy to claim that Western powers' motivation is given by colonial sentiment rather than a genuine feeling to protect the Zimbabwean people from their brutal despot. And assuming that a military operation would succeed in resolving the crisis, following Gbabo's situation in 2011, Zimbabwe would present a number of challenges that the EU and the UN should consider including the political responsibility of dealing with enormous economic challenges, aside from the political consequences of setting a precedent of using force to protect civilians. Given that a political support for such option, both outside and inside Africa, is extremely weak, this solution was not really viable.

Instead, imposing heavier sanctions was a viable option. Staring from the trade dependence of Zimbabwe from the EU, the Council

could have decided to impose more stringent economic measures or a full embargo. They would have had a shocking impact on the economics of Zimbabwe and the democratic transition for regular people would have been extremely painful. Assuming that such an economic shock would have led to revolts or state collapse, as such an economic embargo could have easily turned Zimbabwe into an Iraq-like situation of the 1990s, when Saddam Hussein retained full control of the society while redirecting the economic pain on his political opponents and exploiting the effects of sanctions to his interest. This being said without considering the humanitarian consequences that the EU would be responsible of, probably, would place serious political responsibilities on Brussels' shoulders. Having in mind that Zimbabwe already was in bad economic conditions, it is difficult to think about tougher sanctions or total suspension of development aid, even if such measures would have had probably a bigger bite on Zimbabwe. Moreover, any effective commodity boycott would have to include active participation of Mozambique and the Republic of South Africa who are large fuel suppliers to Zimbabwe.<sup>45</sup> Considering that those countries did not impose sanctions targeted on regime officials, it is hard to imagine their participation in commodity boycotts without the United Nations' Security Council mandate and even then, the implementation of the sanction by the neighbouring African countries would be probably very weak.

*Francesco  
Giumelli &  
Kryštof Kruliš*

The restrictive measures imposed by the EU are not severe and this was motivated by the need of minimising the negative consequences on innocent civilians. Obviously, this was done accepting that evasion techniques would have been an option to targeted individuals and entities. This should be taken into account when assessing their success, and especially if sanctions are to be evaluated seriously. The logic seems to be the one of making the lives of blacklisted actors more difficult with minimal humanitarian consequences. Restrictive measures seem to have contributed to this objective.

## CONCLUSION

The problem of the article was to evaluate the restrictive measures of the European Union on Zimbabwe in order to verify whether the

widespread evaluation that sanctions are not working was based on solid grounds. The analysis of this article casts doubts on this simplistic conclusion. The evaluation with a more elaborated understanding of sanctions shows a more complex picture holding that sanctions may have had played a role in breaking Zimbabwe's political stalemate.

While the general understanding of sanctions would lead to the conclusion that sanctions did not work because the behaviour of Robert Mugabe did not change after their imposition, this article argues instead that the main logic that led to the imposition of sanctions was to constrain the activity of certain actors in Zimbabwe. The denial of government-to-government assistance coupled with restrictive measures on ZANU-PF shows a clear will to penalise one side in the transition in favour of the other parties. Thus, a serious evaluation of EU restrictive measures should consider the extent to which sanctions created an impediment also taking into account the expectations based on what sanctions can realistically do to targets.

In the complex policy mix used by the European Union towards Zimbabwe, the restrictive measures were imposed to make the life of ZANU-PF members more difficult. Under this light, instead of getting to black or white conclusions such as "sanctions worked" and "sanctions did not work," the evaluation of whether sanctions contribute to the foreign policy objective of the EU can be more comprehensive. The constraining dimension is the dominant logic that led to the imposition of sanctions, but their coercive and signalling aspects should not be forgotten.

Despite the problems linked to sanction busting, evasion from targets and undermining effect played by the lack of a global sanctions regime, the measures of the EU created certain impediments to ZANU-PF's rule. First, the suspension of the Cotonou agreement denied cash-flows in development aid coming from the EU and available to government officials. Second, the travel ban undermined the legitimacy of the ruling elite before the international community and it made it more difficult to freely move as they had done in the past. Third, the financial restrictions thwarted the daily activity of ZANU-PF members when they were involved in businesses and of companies accused of sustaining the undesired behaviour of ZANU-PF. The exception to the regime in terms of lack

of impact is represented by the arms embargo, which appeared to be a measure more to appease European constituencies and respect the ethical values of not selling weapons to dictators rather than a measure to really affect the internal dynamics of Zimbabwe.

The constraint on ZANU-PF benefits the MDC-T and MDC-M. The assessment of EU restrictive measures should take place under this light. The recent reduction of the individuals and entities targeted by EU sanctions is an interesting development that confirms how Brussels is interested in the stabilisation of the institutional framework wherein ZANU-PF would respect the newly formed institutional framework. The coercive aspect, allowing ZANU-PF to comply with the demands of the EU, is a further important improvement of the situation in the country that can be captured by the theoretical framework adopted in this article and that should help to lead the future analysis on sanctions.

*EU Targeted  
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Francesco  
Giumelli &  
Kryštof Kruliš

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# HUNGARY'S POST-2001 RATIFICATION CHALLENGES: LESSONS CONCERNING THE V4-NATO RELATIONSHIP

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*ABSTRACT: Hungary and the other Visegrad countries (V4), over the past decade, participated in coalition military operations in Afghanistan and Iraq, but not Libya. This article examines how this has impacted Hungary's standing in the North Atlantic Alliance, and to this end deploys the concepts of "two level games" and "ratification" as deployed throughout the political sciences, particularly in Putnam's works. This work adapts these concepts to show how a key challenge of Hungarian foreign and security policy post-2001 was the multi-pronged ratification of the country's path in its foreign affairs to indirectly provide for the country's security, through sufficient "macro-adaptation" to the Alliance's needs. There are lessons that can be gleaned from this experience concerning the other V4 countries and the V4 group as a collective.*

**KEYWORDS:** Hungary, V4, Libya, North Atlantic Alliance, game theory

## INTRODUCTION

Hungary, along with the other Visegrad countries, has, in the past decade, participated in coalition military operations involving combat<sup>1</sup> in Afghanistan and Iraq, but has refrained from doing so in Libya. This article examines how this decision affects the country's standing within the North Atlantic Alliance and, to this end, deploys the concept of "two level games" and "ratification" as used in the political sciences largely in Robert Putnam's footsteps. It will adapt these concepts to show how a key challenge of Hungarian foreign and security policy post-2001 was the multi-pronged ratification of the country's path in its foreign affairs to thereby indirectly provide for the country's security, through sufficient "macro-adaptation" to the Alliance's needs. There are lessons that can be taken

from this experience concerning the other Visegrad countries, and even for the V4 group as a collective, given the generally similar predicaments faced over the years, and with the generally, albeit not entirely, similar security needs of those countries. With a view to providing conclusions regarding this, the article in its closing section overviews East-Central European countries' policy towards the intervention in Libya. This offers a chance to take stock of the current state of the V4–NATO relationship, and to assess its prospects.

#### THE VISEGRAD FOUR AND HUNGARY WITHIN THE NORTH ATLANTIC ALLIANCE



When attempting to shed light on the foreign policy behaviour of the Visegrad Four, including Hungary, within the North Atlantic Alliance, it is useful to recall how, in neorealist theory, it is generally assumed that relatively smaller countries within security alliances exploit their relatively greater partners,<sup>2</sup> or in other words become security consumers, as opposed to security providers. While this assumption is commonplace, there is variance as to the dynamics which produce such an outcome. Some suggest that smaller countries may feel incapable of defending themselves independently, and thus logically look to minimise costs as much as possible upon having entered a security alliance. Without the ability or resources

to cover for the full spectrum of potentially necessary military capabilities themselves, they can then rely on greater powers as well as the collective resources and capability set of an alliance. This may also represent welfare gains for them, having “contracted out” the provision of security in this way.<sup>3</sup> Others argue that since small countries cannot realistically expect to be able to set the agenda of large alliances, and thus pay in terms of their dependent strategic orientation to bigger partners, they may justifiably look to commit less to goals formulated largely independent of them.<sup>4</sup>

*Péter  
Marton*

This submission of one’s strategic will to others is a key aspect of alliance politics, and writing on the subject Danopoulos noted<sup>5</sup> something of great interest in this article: namely how professionalisation, or adaptation, on the part of militaries within alliances, has to take place on two different levels of analysis (“macro” and “micro”).<sup>6</sup> Correspondingly, the above explanations of the “alliance-exploitation” phenomenon may also operate on different levels of analysis.

With this in mind it is possible to differentiate between macro- and micro-adaptation in alliance politics. Both macro-adaptation, (conformist policy formulation) and micro-adaptation, (the adaptation of people to alliance goals). For example, Danopoulos studied the processes of micro-adaptation in terms of the socialisation of NATO and Warsaw Pact militaries, in a number of detailed case studies, but the interpretation of micro-adaptation could be broadened to include processes within the larger public as well as specifically among decision-makers. Interpreting the reasons for alliance exploitation may subsequently focus on insufficient macro- and micro-adaptation simultaneously or, in other words, the problem may be framed as less-than-perfect adaptation both in conforming to others’ agenda in policy and in terms of decision-makers,’ the bureaucracy’s, key interest groups’ and a public’s attitudes.

Ringsmose did important work on empirically testing the proposition of alliance-exploitation regarding a Danish case during the Cold War,<sup>7</sup> finding evidence of how Denmark’s defence budget constantly lagged behind the Alliance average for decades, even while moving in near-perfect synchronicity with others’ spending in its surges and its long-term decline. An especially interesting addition in the context of this article is how Denmark, despite the above points, is a key participant in the Afghanistan mission, having

provided troops over the years for risky deployments to Southern Afghanistan, and enduring one of the worst casualty-to-population rates within the ISAF coalition.

CEJISS  
2/2012

This reflects the Visegrad countries' general experience as well. Typical complaints about the group's behaviour include that upon having entered the Alliance some of them (Poland being the exception) have shown a clear intention to reduce their defence budgets below expectations, and to invest much less in capability development than what would have been required; for example in the wake of the Washington 1999 Defence Capability Initiative. Furthermore, their overall defence spending, in terms of trends and not in absolute numbers, fails to reflect the shifts of the Russian defence budget<sup>8</sup> which is the ultimate relevant geopolitical concern for these countries. The latter data, as indicators, may show that Visegrad countries long since opted for complete reliance, in this respect, on the US and the collective strength of NATO.

They are responding to criticism in light of this and related pressures, by compensating in the Alliance's foreign missions, most notably in Afghanistan where they would otherwise have had no particular interests. They behave similarly to Denmark, and in this respect Hungary, spending around 1% of its GDP on its defence, and between 10 to 20% of its defence budget on capability development, even involved in Afghanistan with a comparatively impressive GDP-dollars-to-soldiers-deployed ratio,<sup>9</sup> is a clear example. The country embraces the Alliance's goals in Afghanistan in its official discourse. Yet, as Marton and Wagner show,<sup>10</sup> "winking" speech acts of politicians across the political spectrum indicate less than genuine micro-adaptation on the part of decision-makers in this specific context, and the need for an emphasis on general "alliance requirements" when in need of a better-resonating explanation for the country's involvement there.

That there needs to be "compensation" as well as "winking" in support of a policy of compensation highlights how it is often a fundamental challenge to please the Alliance and the domestic public at the same time. Political science and specifically the field of Foreign Policy Analysis have been conventionally more interested in understanding how the need to curry favour with the public may affect policy processes. Common concepts in analysing these are those of the "two-level game" and "ratification," based on Putnam's

footsteps. This article now turns to discussing these and to subsequently examine how they may need to be adapted to better understand the problem of having to conform to various expectations simultaneously.

#### LEVELS OF THE GAME OF POLICY RATIFICATION

In his seminal article Putnam conceptualised key challenges of international negotiations, and compared them, from the negotiators' perspective, to simultaneously playing chess on two boards, where every move represents moves at both "tables."<sup>11</sup> One of the two games plays out in the sphere of international politics, and the other in domestic politics. The players have 'win-sets' which is the set of outcomes that will be accepted by their constituents. Thus, their win-sets have to overlap if they are to reach decisions or agreements through negotiations that they will not subsequently be forced to defect on, as a result of resistance at home. This is the challenge of ratification which may manifest in diverse ways. Ratification implies not merely the legislative act of voting on, accepting, and promulgating in domestic law, an international agreement, but the genuine acceptance of any foreign policy decision by a critical mass and mix of people as well as institutional and party political actors. Resistance from all or any of the above may emerge in the form of protests, strikes, civil disobedience or riots as well as a failure of ratification in parliament. Given that a failure of ratification means defection and failure of agreement, players entering international negotiations jointly have to deal with this prospect, and price related risks in their own calculations. Ideally case this means that they should leave enough room to manoeuvre for their partners. Gains arising out of international negotiations, or bargaining, are thus interdependent.

Other authors, in case studies adapting the original concept and the related theory, looked to develop this broad notion of ratification in several ways, fitting the different contexts where it may be relevant. Li, for example, in a study of cross-Straits politics between Taiwan and the People's Republic of China, notes how domestic interest groups may work their way around a government by engaging in negotiations, and forging ties, directly with the opposite side.<sup>12</sup> This article adapts the concept of ratification in a different

*Hungary and  
the V<sub>4</sub>-NATO  
Relationship*

way to highlight an equally fundamental aspect of negotiations-like interaction in Alliance politics. It considers the need, especially on the part of small countries, to conform to the expectations of big players, and in this sense have their foreign policy ratified by them as well. There is a “win-set” for these countries both in terms of what their publics tolerate and what they can get away with in their generally observable quest for cost minimisation and security consumption within alliances.

In reference to intra-alliance adaptation, the existing room for manoeuvre, in seeking such upwards ratification, affects how much macro-adaptation will be necessary. If it is too narrow, this may in more difficult circumstances preclude a country from successfully adapting to the alliance. For instance, this may be because of a failure of micro-adaptation on the part of the public which in turn may also be translated as a failure on the part of society to sufficiently socialise into a trans-social and trans-national cost- and risk-sharing community that is the ideal-type of a deeply integrated security alliance. In light of this it may be an interesting question how much decision-makers’ attitudes may deviate from the more wide-spread patterns, or how much micro-adaptation fails, or is imperfect among them, and not only in the ranks of the public.

Proceeding further in adapting the concept of ratification, just as Putnam himself was ready in his study of domestic politics to reckon with the triangular interaction of government/negotiator and at least two interest groups, the multi-pronged nature of the effort required for successful ratification of small countries’ foreign policy needs to be remembered. Various key partners will sometimes have contradicting expectations that may be difficult to reconcile, as a function of how much these expectations are polarised.

In order to highlight the significance of this, as well as to adequately interpret some key events of the last decade of Hungarian foreign policy, the following section develops a simple visual tool that captures how different directions may consent to ‘moderate’ or ‘severe’ disapproval. That is, deficiencies in degree of ratification, and how parallel or simultaneous ratification challenges may interfere with each other.

The object of inquiry is the three-pronged challenge that has become an acute issue for Hungarian foreign policy in the period following 9/11. An indirect acceptance of Hungarian foreign policy was required simultaneously from three strategically important sources: the Hungarian public, the US, and groups, of varying composition, of some of Hungary's Western European allies.

*Péter  
Marton*

To illustrate this, consider a traffic lights analogy which in the dramatic case of a strong refusal of approval for Hungarian foreign policy may turn to red. At times like this especially strong resistance may be experienced from a strategically important source related to a particular aspect of the country's foreign affairs. Such prohibitive or disapproving signals may come from the Hungarian public or the international stage, from the direction of the US or a divergent group of Western European allies when one emerges.

On 11 September 2001, at the beginning of the period examined, the lights turned yellow in case the US gave the immediate demand for committed cooperation from partners in the wake of the terror attacks. 'You are either with us or against us in this war on terror,' stated President Bush on 6 November 2001, at a press conference held together with (then) French President Jacques Chirac.<sup>13</sup>

For Hungary, this was to have immediate implications on domestic politics. István Csurka, head of the MIÉP political party, referred in his first reaction to the attack of 9/11 as 'a retaliation against globalism by the oppressed,'<sup>14</sup> and this affected other political parties' willingness – or rather strengthened the lack thereof – to forge a coalition with MIÉP at the Hungarian parliamentary elections of 2002. Beyond this, the most important element of conforming to allied expectations was a commitment of troops/personnel, mostly staff officers and medical personnel, for the fledgling Afghanistan mission.

What follows in is the peculiar twist in the storyline of when a group of Western European allies temporarily diverged from the path of committed support to the US. This development came in the context of the lead-up to the Iraq war, even as NATO had earlier invoked Article V of the North Atlantic Treaty related to the threat posed by al-Qaida and its bases in Afghanistan. France and Germany took a stance against the Iraq war and, parallel to this,

a substantial segment of European public opposed a new round of the Gulf conflict.

CEJISS  
2/2012

The US nevertheless continued to expect support from its allies. In the case of Iraq this meant mostly symbolic support to counteract a notion that the US was going into the Iraq war alone. To a journalist's question, (then) Secretary of Defence Donald Rumsfeld famously responded

you are thinking of Europe as Germany and France. I don't. I think that's old Europe...If you look at the entire NATO Europe today, the centre of gravity is shifting to the east. And there are a lot of new members.<sup>15</sup>

The new members of NATO he was referring to, the Czech Republic, Hungary, and Poland, along with other countries signed the document on 30 January 2003 that came to be known as the Letter of Eight which called for solidarity in disarming Hussein, citing concerns related to the threat of terrorism. Other East-Central European countries then joined this bandwagon, and on 6 February signed a similar document known as the Vilnius Letter. This late-comer group included Romania and Bulgaria for whom joining the EU was still only a prospect. Meanwhile, the signing of the EU Accession Treaties for the Visegrad Four would take place on 16 April in Athens, following the necessary ratification by all EU member states, and Chirac did not fail to highlight the possibility of related complications. He commented that '(e)ntering the European Union presupposes a minimal consideration for others, a minimum of concert [between countries]... I think these countries missed a good chance to remain silent.'<sup>16</sup>

Chirac's signal of disapproval was primarily intended to distract, nevertheless it may have affected Hungarian public opinion by further reinforcing a wide-spread sense of illegitimacy regarding the Iraq war.

A full completion of a mission of the Hungarian logistics battalion deployed to Iraq as part of the Polish-led Multinational Forces-Iraq coalition, was to prove impossible as an indirect result of this sense of illegitimacy. The public reacted with a mix of concern and scepticism over the appropriateness of the mission in the wake of such developments as the logistics battalion suffering its only lethal combat casualty with the death of platoon leader Richárd Nagy, on 04 June 2004, and the 18 February 2004 attack on the al-Hillah

base where Hungarian troops were stationed. Such concerns and doubts were present from the beginnings of the mission and eventually this was to collapse its earlier all-party support in Parliament. Openly, the political party MDF took the first stance against the mission, but at the same time other political parties harboured similar doubts and critical arguments, and in reality this led to the relatively abrupt conclusion of the controversial operation in Iraq. The lack of synchronicity is worth noting here: the lights for the Hungarian public, and through it the lights for Hungarian domestic politics, turn red at a point when in fact most of Europe was supportive of the Iraq mission on the governmental level, even if only tacitly so. An important, partial exception in this regard was Spain to which significance is lent by the Madrid terror attacks of 11 March, 2004, since these may have affected the Hungarian public's sentiment. Ultimately, Hungary's exit from Iraq did not endanger US interests, as the US expected symbolic rather than effective contributions from most of its partners in Iraq, and even this symbolic support mattered less by 2004–2005.

By this time however, there appeared US expectations of enhanced contributions from European partners in the joint efforts in Afghanistan. A symptom of this, parallel to the intensification of the guerrilla campaign waged by the Taliban and other insurgent factions, by 2005 the saying that ISAF stands for 'I Saw Americans Fighting' came to be popular among US troops.<sup>17</sup> Hungary began to assess its options, and the decision to move from a company-size, Kabul-deployed contribution to taking over a Provincial Reconstruction Team (PRT) in Pul-i-Khumri, Baghlan province, thus increasing the country's share of the burden within the coalition. By September 2006 this was accomplished and Hungary's public didn't strongly oppose this. In Parliament there was all-party support. A NATO-led mission under a UN mandate, with Western European allies by this stage in search of ways to mend fences or reinforce the Trans-Atlantic security relationship with the US, seemed an easy sell.

This lucky constellation was not sufficient, however, to adequately man and resource the Afghanistan mission, especially in the context of the worsening security situation. Generating the required level of forces took conflict-burdened rounds of high-level negotiations within the Alliance. Eventually most countries,

including Hungary, had to increase and diversify their contributions by taking on new tasks. In Hungary's case the general expectation to do more was compounded by local developments in Baghlan province which somewhat deflated the value of the Hungarian contribution there after 2006. Baghlan province is of strategic importance, hosting key road connections between Kabul and Northern Afghanistan (the towns of Qunduz and Mazar-i-Sharif), but while the area was relatively safe in 2006, the worsening security situation subsequently constrained the Hungarian PRT's work to an extent. In this backdrop, by 2009, the country undertook to deploy a Special Operations Task Unit in Wardak Province,<sup>18</sup> and a joint US-Hungarian Operational Mentoring and Liaison Team to Baghlan Province, thus responding to the "yellow" signals perceived from the US direction.

In 2009, major Eastern European public figures and intellectuals wrote an open letter to President Obama, giving a yellow signal of their own, demanding that the 'United States should reaffirm its vocation as a European power and make clear that it plans to stay fully engaged on the continent.'<sup>19</sup>

At the same time they declared that

For our part we must work at home in our own countries and in Europe more generally to convince our leaders and societies to adopt a more global perspective and be prepared to shoulder more responsibility in partnership with the United States.<sup>20</sup>

Very clearly this implied a *quid pro quo* and the related warning came in reaction to the „reset“ announced in US-Russian relations in 2009. This development was widely perceived to have concerning geopolitical implications for East-Central European countries, potentially invalidating some of the trust invested in the security guarantee of the Alliance.

Delivering on the East-Central European side of the bargain was certainly not free of challenges, as casualties inevitably occurred. In 2008, after two Hungarian combat engineers (Explosive Ordinance Disposal specialists) died in Afghanistan, a parliamentary commission was set up to examine the circumstances of their deaths, reflecting the public's questions about the circumstances. In 2010, less than a month after the deaths of two more Hungarian soldiers, the online edition of the daily *Népszabadság* published

a non-representative, internet-based poll which showed that 52% of respondents opposed the Hungarian role 'in NATO's Afghanistan mission.' Registering a "yellow" signal, albeit conditionally, for this poll cannot be regarded as entirely reliable given its non-representative character. Otherwise, few similar poll results hinted at the level of support for Hungary's participation in ISAF. Former Minister of Defence Imre Szekeres in May 2008 referred to 'very high' support once, but one may as well suspect a latently uninterested and unsupportive public.

*Péter  
Marton*

Since the end 2009 the Afghanistan mission, and the expectation towards allies to contribute to it, is no longer open-ended, or at least the mission's conclusion has been better conceptualised. After the summer of 2011, a drawdown of contributions did in fact begin as a prospectively long-drawn-out process. This has implications for the analysis here, although it was always the understanding of Hungarian diplomats that expectations would still remain, and no complete exit could yet be contemplated. The lights for the US still turn to green hereby, since the earlier persistent debates about the necessary level of contributions have become void of practical significance in certain respects. Unfortunately, the reason for this is not across-the-board US satisfaction with allies' behaviour and compliance with expectations. On the contrary, as outgoing Secretary of Defence Robert Gates himself voiced in a statement in Brussels, reflecting on the dangers of a "two-tiered" alliance:

I've worried openly about NATO turning into a two-tiered alliance. (...) Between those willing and able to pay the price and bear the burdens of alliance commitments, and those who enjoy the benefits of NATO membership – be they security guarantees or headquarters billets – but don't want to share the risks and the costs. This is no longer a hypothetical worry. We are there today. And it is unacceptable.

With this, a discussion of Hungary's adaptation within the North Atlantic Alliance now turns to the country's, as well as other regional governments', policy towards the intervention in Libya, where 'yellow' signals appeared once again from a group of Western European countries, largely the UK and France, indicating their respective expectation of contributions.

## EAST-CENTRAL EUROPEAN COUNTRIES AND THE LIBYA INTERVENTION

CEJISS  
2/2012

Of the East-Central European region, notably Bulgaria and Romania played a role in the Libya intervention, and the absence of other post-socialist NATO members is indeed striking, with their compensatory posture towards foreign missions of the Alliance noted before. Before examining the role of the Visegrad countries, it is useful to look at the exceptional cases of Bulgaria and Romania, to see why alliance dependence did not have a strong effect across the region, and why it did have such an effect in their case.

The primary difference is capability. Absent a motivation informed by national security or other direct interests in Libya, alliance dependence pulled these countries into the mission through the existing option of using their naval assets. On 30 March Bulgaria's cabinet decided to send one of its Naval ships, the *Druzki*, a Belgian-built, Wielingen class frigate to patrol the Mediterranean for up to three months as part of the fleet enforcing the arms embargo against Libya.<sup>21</sup> This came despite of much hesitation and a public debate concerning the worthiness of supporting the rebel leadership which included former prominent members of Gaddafi's regime.<sup>22</sup> In Bulgaria, memories of the case of five Bulgarian nurses who were sentenced to death in Libya upon a fabricated accusation that they had deliberately spread HIV among Libyan patients at a hospital, is still vivid. Given this, the line-up of the Transitional National Council (TNC) at the time of the March decision to take part in an embargo which was clearly biased in support of the rebels is remarkable. The TNC line-up included Idriss Laga, who used to head the association of the relatives of the infected HIV patients, as a military commander, Abdul Fattah Younes who used to be Minister of the Interior under Gaddafi's regime and would later be assassinated and Mustafa Abdul Jalil, a former justice minister turned chairman of the transitional council.

In the wake of France's recognition of the TNC leadership, Prime Minister Boiko Borisov expressed his dismay about support to the rebels, saying 'there are people on this council [the TNC] who tortured our nurses.' The Bulgarian press referred to Younes as 'torturer-in-chief' in the meantime. Grudgingly, though, the Bulgarian leadership elected to join the allies involved in the operation,

showing the required “micro-adaptation.” As a particularly striking example of the latter, Member of the European Parliament Nadezhda Mikhailova-Neinski stated that ‘more than any other country, Bulgaria should support the military intervention in Libya. And remember that this is a nice example of European solidarity.’ As a sign of heeding this advice, Bulgaria eventually recognised the TNC government before Tripoli fell to the rebels, at the end of June 2011.

The Romanian Navy was also offered to participate in maritime operations, even as Romanian President Traian Basescu had earlier opposed military intervention and taken a position against recognising the TNC too quickly, at the Extraordinary European Council in March. The Romanian Navy sent its flagship vessel, the *Regele Ferdinand* to the Mediterranean. It is the former *HMS Coventry*, a British Royal Navy vessel which was sold to Romania for £116 million in 2003, with the full cost, including necessary modernisation, expected to rise to £250 million. The deal was paid for by a loan from the London office of Deutsche Bank.<sup>23</sup> These aspects of the case show how Western European involvement played an important role as to how Romania had the relevant capabilities in the first place.

A more peculiar aspect of the deal is the relatively high price paid since by some estimates, Romania could have acquired anequally capable assets for less, for example from the Dutch Navy at an estimated £40 million. Nevertheless, since *HMS Coventry* is serving in the Romanian Navy, it has seen action in *Operation Active Endeavour* as well, and thus proved useful for Romania on occasions in the past, making Romania a more valuable member of the Alliance.<sup>24</sup> The contribution came at the price of having to make accessible reserve funding beyond the existing defence budget.

Turning to the Visegrad Four countries, there was a crucial debate about whether the Hungarian and Czech air forces’ Gripen aircraft may take part in either enforcing the No Fly Zone or even striking ground targets in Libya. JAS-39 Gripens are fourth-generation fighter aircraft, ably providing for the Quick Reaction Alert capability generally required across NATO for the countries that have them. They may also theoretically serve as part of a force in an overseas mission. Gripens have air-to-air refuelling capability and are able to attack ground targets. Moreover, Sweden used its Gripen aircraft in the Libya campaign, and the only minor hold-up

in employing them came upon their arrival in Sicily, when the jet fuel required for the Gripens was not in stock.<sup>25</sup> Some nevertheless raised the question of whether Hungarian pilots had received enough training, and if they had enough flight hours on a regular basis to take part in a combat mission. As Kiss notes, the issue is primarily whether capabilities are “theoretical” or “operational,” and in his view, at the start of the air campaign, only Poland was realistically expected to contribute its air force to the mission.<sup>26</sup> In some countries the lack of capability was clear; notably Bulgaria which certainly could not consider deploying its MiG-21 or MiG-29 fighter aircraft.

Hungary was helped in alleviating pressure arising from the ambiguity of the situation within the Alliance by its peculiar role as President of the EU Council. It maintained the only EU embassy in Tripoli, thus serving in a key liaison role even for the US. The Hungarian Ambassador, Béla Marton, and his staff, became involved in negotiating the release of several Western citizens held by Gaddafi’s forces, including a US journalist. US Secretary of State Hillary Clinton personally thanked the Ambassador for his role in a letter.<sup>27</sup> The only problematic aspect of this was that Hungary could not at the same time recognise the TNC leadership, and its perceived lack of support to the rebels’ cause may not help its relationship with the new government in Tripoli. Additionally, in the wake of the taking of Tripoli, at the sidelines of the UN General Assembly in September 2011, the US made an effort to include Hungary and the the Czech Republic in the Friends of Libya forum to help the two countries reinforce the missing rapport with the TNC. For Poland, in the meantime, it was a similarly delicate balancing act. The government of Donald Tusk, with Radosław Sikorski at the head of the Ministry of Foreign Affairs, also referred to the taking over of the EU Presidency from 01 July 2011, to argue the need for a more neutral position in Libyan matters – even while Sikorski himself had paid visit to the rebel leadership in Benghazi in May.

Poland received much criticism for its lack of a military role in Libya. Moreover, Tusk did not simply refuse to commit Polish F-16s, but was at the same time sceptical of the goals of the intervention. He was quoted as saying:

Although there exists a need to defend civilians from a regime’s brutality, isn’t the Libyan case yet another example

of European hypocrisy in view of the way Europe has behaved toward Gaddafi in recent years or even months?<sup>28</sup>

This echoed others' sentiment in the region. Even while Bulgarian Foreign Minister Nikolai Mladenov promised full compliance with the sanctions against Libya, Borisov stated earlier than Tusk's quote above, that

Petrol and who will exploit Libya's oil fields are to a great extent the interests behind this operation. There are many African countries where hundreds of thousands were killed, where unrest is ongoing... But there are no operations conducted there.<sup>29</sup>

In a condemning reaction that was typical in some circles, Tomas Valašek of the Centre for European Reform, a London-based think tank, opined that the 'fact that Poland not only stayed out of the Libya operation but also described it, effectively, as "war for oil," has damaged NATO's reputation.'<sup>30</sup>

The by-now resigned British Defence Secretary Liam Fox was critical as well, regarding the problems of burden-sharing, and at an event at the Royal United Services Institute think tank, he declared,

The United States is willing to spend on defence, Britain is willing to spend on defence and deploy. Far too many of our European partners inside NATO are still trying to get a free ride, and they should regard Libya as a wake up call. (...) Some of their contributions are pathetic. If they want the insurance policy, they should perhaps think about paying the premiums.<sup>31</sup>

Tusk's refusal of micro-adaptation is noteworthy. By raising moral objections, and showing a readiness to formulate arguments beyond the established patterns of argument concerning the Libyan intervention, Tusk's remarks shed light on a key aspect of coalition operations: that wars-of-choice-by some are inevitably more questionable in legitimacy than wars-of-necessity-for-some. Framing the key difference in the Libya campaign in this way may highlight how micro-adaptation of an "unthinking" kind was missing in Tusk's and others' case.

This article is not interested in claiming that Tusk's position was the appropriate view of the Libyan situation. It is interested in noting the lack of adaptation primarily. But to illustrate that Tusk's concerns had merit, one may highlight the dynamics of the arms

*Péter  
Marton*

trade to which he was implicitly referring. Between 2005 and 2009 alone, European countries sold \$ 834.5 million of weapons to Libya, of which the share of East-Central European countries, including Poland, was a mere \$15.08 million, or 1.8% of the trade.<sup>32</sup>

Still, in light of Gates' and Fox's statements noted above, East-Central European countries were registered as unwilling *as well as* incapable Alliance members in the context of Libya.

The peculiar aspect of this is that a segment of their publics were even moderately sympathetic to the cause of the intervention, albeit. One Hungarian commentator noted a parallel with 1956, and interestingly not with the Anglo-French coalition's involvement in North African military operations but with the intervention that did *not* take place to save the Hungarian revolution, arguing that the decision to intervene would be the right one (before it took place).<sup>33</sup> In Poland as well, public opinion polls showed the schism suggested above: a majority believing the intervention to be correct, even though 88% were opposed to deploying the Polish military for the mission. A way to explain the above contradiction may be with reference to the budgetary as well as the general economic situation. It meant there were no resources willingly committed.

Nevertheless, even the capability to act was missing to a degree. To the extent that the latter is the case, even if partaking in the Libya campaign may have required "unthinking" – as opposed to "genuine" – adaptation, the option to adapt may not have been available at all. This then is a failure of 'macro-adaptation,' or more precisely the failure of pro-active, long-term-oriented macro-adaptation within the Alliance. The earlier participation in the missions in Afghanistan and Iraq represents largely "reactive" macro-adaptation whereby Hungary acquired familiarity with Foreign Internal Defence operations, counter-IED tactics, and, for example, developed a Special Forces capability with US assistance. However, along with the Czech Republic and Poland, they were still unprepared to deploy fighter aircraft to join the Libya coalition, thousands of kilometres nearer to home than the Afghanistan theatre.

This highlights a number of strategic challenges. Of immediate significance is that currently a number of authors propose a "lead from behind" approach of the Obama administration,<sup>34</sup> and others an avoidance of major US land deployments overseas. Thus the use of air forces has become a more feasible option in the eyes of some

decision-makers, and this may reproduce the need for similar, related contributions in the future. In the longer run, the concern is that compensating for security consumption in the form of reactive, and thus from time to time insufficient, macro-adaptation can lead to mutually hollow alliance commitments amongst partners. There is therefore a need for more pro-active, strategic macro-adaptation. Given the current budget constraints which may well prove to be critically cost-prohibitive in the maintenance of meaningful national defence capabilities, sharing is clearly a necessity. While the Anglo-French defence sharing pact of 2010 may not, intuitively speaking, seem to be an appealing analogy for the countries of the region, other initiatives, such as the Strategic Airlift Capability, may show<sup>35</sup> that decently functioning regimes can be developed with a view to collectively creating certain capabilities.<sup>36</sup>

It also seems clear that the Visegrad group is expected, within the Alliance, to work together in maintaining existing capability levels, or to save as much as possible. The Hungarian foreign policy strategy of 2011 notes this, in concluding that

we shall enhance the Trans-Atlantic dimension of our cooperation with Central European allies. We intend to raise awareness among our allies of the value added that Central European regional cooperation, including and especially the Visegrad cooperation may represent in furthering our common goals as allies.<sup>48</sup>

This indicates that on the part of governmental actors the perception has been reinforced that future macro-adaptation within the Alliance shall include the collective maintenance of some capabilities, utilising this end even the Visegrad forum of cooperation. This, however, cannot work as a mere exercise in the usual reactive macro-adaptation. Standardisation would have to take place in various fields, and interest groups' resistance overcome, or their preferences managed, while at the same time historical sensitivities and related nationalistic tendencies in domestic politics may critically hinder the process. For it to work, the Visegrad countries will now need to genuinely be interested in it themselves. The problem, is that it has come to be necessary to explicitly *expect* of them that they now sense their *own* interests.

## CONCLUSION

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2/2012

Through examining Hungary's experience in the last decade, this article was interested in presenting the Visegrád group's key challenge in terms of alliance politics as one of problematically ratified intra-alliance adaptation. As these countries, with the exception of Poland, sought to compensate for their smaller-than-expected defence budgets with strong participation in foreign missions of the Alliance, they were generally focused on reactive as opposed to proactive macro-adaptation. In mobilising support for related endeavours they were often interested in, and capable of, only unthinking as opposed to genuine micro-adaptation. The post-Libya situation now presents the countries of the region with a peculiar constellation of circumstances. On the one hand, they have to demonstrate meaningful capabilities, and show serious efforts at least towards maintaining existing ones. On the other hand, with the extra-territorial ambitions of the Alliance somewhat decreasing, they are expected to do this in fields of more interest to them and to the territorial-defence function of NATO. Moreover, they are expected to work together to this end, as in certain cases this seems to be the only financially feasible solution. A psychological challenge arising out of this peculiar context is the need to realise that to these expectations one now shall react not with unthinking adaptation, but by owning up to them, genuinely adapting to one's own interests, otherwise it will not work.

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## NOTES TO PAGES 187-203

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# GLOBAL POWER TRANSFORMATIONS: POLITICAL, ECONOMIC AND SECURITY DIMENSIONS

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*ABSTRACT: International relations are in the midst of tremendous transformation; to the distribution of political, economic and military power. This work traces such changes by looking at a wide series of indicators and seeks to explain - in a predictive manner - how the international environment will settle in the decades to come. Certainly, such predictive work is not meant to provide a stubbornly defended "truth." Instead, this work should be read as a contribution to international relations scholarship which attempts to capture trends so that adequate policies may be advanced.*

**KEYWORDS:** power transformations, China's rise, G8, G20, realignment

## INTRODUCTION: THE EROSION OF THE WEST'S GLOBAL DOMINANCE

Currently, the world bears witness to a major transformation of the existing international system, a system that took form some 150 years ago when this period, Western Europe and the US consolidated their dominant international positions. The first and, second world wars challenged this dominance, most markedly by the emergence of the Soviet Union and its rise to world power after the defeat of Nazi Germany. For four decades, the world was bipolar, swayed by the rivalry between the USSR and the US. Then came the political, economic and social collapse of the former, and, in the early 1990s, the USSR as a superpower ceased to exist. But even while the bipolar world order existed, the powerful economies of the US and Western Europe were able to gain a substantial edge over the rest of the world.

The breakup of the USSR strengthened the political, economic and security superiority of the US; ushering in what has come to be known as the “unipolar moment,” a phrase coined by Krauthammer.<sup>2</sup> However, America’s superiority is already a thing of the past, mostly due to the “US-made” economic and financial crisis,<sup>3</sup> which the global importance of the US economy helped spread wide, most markedly to the Euro-Atlantic area.

The West’s dominance should also be perceived in a wider context of global development. In *Civilization: The Six Ways the West Beat the Rest*,<sup>4</sup> Fergusson attributes the West’s success in overtaking the rest of the world over the last 500 years to its ability to embrace six key areas: competition, science, private ownership, medicine, consumerism and work ethics. The seventh ingredient one may add to this formula is the technological revolution. This Western ‘monopoly’ was first challenged by Japan after the Second World War, but over the past three decades Japan has been joined by other Asian countries: China, in particular, but also India, South Korea, Indonesia, Singapore and Vietnam. The rise of Asia has been aptly characterised by the former US financial chief Lawrence Summers who noted that while the industrial revolution raised the living standard by some 50% during a person’s lifespan, Asia’s current growth rate represents an unprecedented 100-fold (that is, 10,000%) rise in standards of living during one lifetime.<sup>5</sup>

Economic analyses and predictions for the next two decades point to the likely trends of economic development. In 2010, the US accounted for 24% of global GDP and the EU for 27%. In twenty years time, in 2030, their respective shares are expected to halve. An even sharper decline is predicted for Japan (from 9% to 3%). Conversely, China’s share will rise from the current 9% to 24%, and India’s from 2% to 10%. According to predictions of GDP growth, China may actually draw level with the US at the end of the second decade, becoming the world’s number one economy in 2030.<sup>6</sup> But global economic development will also be influenced by other dynamic economies with a large potential. One such influential actor is BRICS, grouping China and India with Brazil, Russia and South Africa (it was BRIC till 2010, with South Africa as the most developed African economy joining in December 2010).<sup>7</sup> Apart from BRICS, attention is also centered on the economic development of “N 11” or “Next Eleven.”<sup>8</sup>

The four current centres of global power – North America (US and Canada), the EU, China and Japan – represent two large regions with a decisive influence on the global political, economic and security development: the transatlantic and the Asia-Pacific.

The shift of global power is, of course, accelerated by the consequences of the economic and financial crisis which has had immediate impact on the international economic order.

The first great crisis of “globalisation” confirmed the declining importance of nation states (especially in the West) which has been in evidence since the early 1990s. Seen as saviours of the last resort, the nation states were forced to provide assistance to the collapsing financial markets whose fate determines the income of millions; however, as soon as they did so (with enormous sums that pushed them neck deep into debt), the markets (banks, supranational economic corporations) began to attack them in their weakened position and forced them to further privatise public goods and restrict welfare benefits. At present, financial markets, e. g. through the activities of three rating agencies that have, in fact, risen to the status of key global actors,<sup>9</sup> make credit so expensive that some states are being pushed to the edge of bankruptcy. But the huge transfers from state budgets and speculation raising the cost of credit for those states whose position is most precarious (or, rather, most systematically undermined) cause further collapses of the international financial system – collapses that the much-weakened nation states may no longer be able to prevent or avert.

On the other hand, there is the “Chinese model” of a large nation state with centralised administration and a free market, albeit circumscribed by the authoritarian policies of the non-liberal “state” capitalism. This model has helped China face the consequences of the crisis; another factor, however, was the country’s growth rate, a function of capital accumulation, which is faster than that of the developed economies and explains why even such a shock as the financial crisis could not push Chinese economy into recession.

It is thus not inconceivable that, for the first time since the eighties’ collapse of the Socialist bloc, the West will face an ideological challenge: a confrontation of liberal capitalism and democracy with non-liberal capitalism. In the aftermath of the economic and financial crisis in which Europe and the US have been hit hardest, this (predominantly Chinese) model is, in fact, becoming attractive for

*Miloš  
Balabán*

a number of Asian, African and Latin American countries. Uncontrolled economic liberalism seems to have discredited itself and lost much of its lustre.<sup>10</sup> In contrast, China and other dynamic economies have remained relatively unscathed and have actually become the generators and main pillars of global economic growth.

#### G-20: A NEW QUALITY OF GLOBAL GOVERNANCE?

The economic crisis has also caused a relatively radical shift in the existing balance of global power. We are witnessing a historic moment: for the first time since the industrial revolution, economic power is not concentrated solely in the West. After the collapse of the Western model of economic governance, the group of the most developed Western countries and Japan (G7 and, after Russia's inclusion, G-8) is no longer regarded as the exclusive forum for tackling global political and economic challenges. The G-8 has been replaced by the G-20, the group of twenty of the most developed and fastest-growing countries, which is expected to intervene more effectively to tackle crises on a global level. Apart from the former members of G-8 (France, Italy, Japan, Canada, Germany, Russia, the US, the United Kingdom), G-20 includes Australia, which is actually a 'Western' actor, and also a number of 'non-western' actors: China, India, Argentina, Brazil, Indonesia, South Korea, Mexico, Saudi Arabia, South Africa and Turkey, all of which have become members on account of their economic performance.

Typologically, G-20 may be called a network organisation, deriving its legitimacy from its relative global economic leverage (G-20 economies represent 85% of the world's GDP, 80% of international trade and 2/3 of global population). The G-20 members have already identified the main topics and problems on the global agenda (economic agenda in particular) and tried to negotiate solutions. They are currently focused on coordinating – and reaching consensus about – measures to limit the impact of the economic crisis, and trying to define an “exit strategy.” Naturally, there are many topics on which the views of the G-20 members clash, so finding consensual solutions and common strategies is not an easy task. For example, the US-China relations are fraught with tension due to the large trade balance deficit, and both states accuse each other of currency manipulation (the undervalued Chinese Yuan vs. the

quantitative “easing” of the dollar); on a more general level, the relations between “Western” and “non-Western” G-20 members are complicated by political distrust rooted in historical reminiscences from colonial times<sup>11</sup> (this distrust undermines even negotiations about limiting the impact of climate change). On the other hand, the G-20 agenda does not, and probably will not, include human rights and discussions about the state of democracy in individual member countries. The key focus is economic and any purely political agenda that could affect the sensitive human rights topics is of secondary importance. This is not surprising as such discussions would hardly be tolerated by China as one of the key G-20 members, but also by Russia or Saudi Arabia.

It remains to be seen whether G-20 can become a nucleus of global economic reform, and, prospectively, also the fulcrum for reforming the existing institutions of global political and economic governance (United Nations, International Monetary Fund, World Bank etc.). So far it seems that many large G-20 countries will prefer maintaining their strong political and economic position in their respective regions and cementing their leadership there. The future will thus probably see further development of regional organisations, each dominated by one or two key actors. Examples include the EU with the marked dominance of Germany and France, ASEAN<sup>12</sup> with Indonesia as the key actor, UNASUR<sup>13</sup> led by the South American regional power, Brazil, the African Union<sup>14</sup> with the most developed African country, South Africa, in the lead, the Shanghai Cooperation Organisation<sup>15</sup> led by Russia and China, and also the Cooperation Council for the Arab States of the Gulf,<sup>16</sup> whose key member is Saudi Arabia. This constellation is likely to lead to a more intense communication between regional organisations; they will tend to strengthen their role in all kinds of interstate activities and will thus also have more say in settling political, economic and security disputes. Such development could further undermine the role of the United Nations. On the other hand, since regional organisations are, in a sense, turning global, considering their potential and interconnectedness through many countries’ multiple memberships, they could provide basis for the much-needed reform of the UN. This possibility is envisaged by Toffler, who suggested a transformation of the UN into a federation of pacts and blocs. The viability of this alternative is indicated by the

recent decision of the UN to transform itself from an assembly of nation states into a body that grants representation also to regional blocs (May 2011).

CEJISS THE US AS A WANING AND CHINA AS AN EMERGING  
2/2012 SUPERPOWER?

Whatever the future of the UN, the political, economic and security development of the world will hinge on the direction taken by the two key global actors of the 21<sup>st</sup> century – the US and China – and their mutual relations.

Mostly due to the economic crisis, the US has all but exhausted its post-war potential and is losing its global authority. This is symbolised above all by the current level of US debt, which reached USD 14.293 trillion in 2011. It is a paradox, perhaps, that the debt has been growing most rapidly over the past twenty years after the end of the Cold War (i. e. during the “unipolar” moment of history). A well-known American diplomat, former US ambassador to the USSR Jack Matlock, comments on this paradox in his book *Superpower Illusions: How Myths and False Ideologies Led America Astray And How to Return to Reality*.<sup>17</sup> He notes that, twenty years after George Bush Sr. announced the beginning of a new world order, the world is plunged in a deepening economic recession, the American army is trapped in two conflicts that have already outlasted the Second World War, and the US has become the world’s number one debtor.

Meanwhile, the US debt is going to grow (it is expected to reach USD 18.6 trillion in 2015) and even now it has already become a clear retarding factor, hampering the exercise of American political, economic and military power on a global scale. At present, the US government spends 8% of its income on interest payments (the overall federal debt level is 93% of GDP; the last time the US had such enormous debt was during the Second World War). According to the outlook of the House Budget Committee, however, this share is expected to rise to 17 % by the end of the 2010s. Forced to use almost one fifth of its budget to pay interest on its debt, the US may consider cuts in the still-high military budget and save on its army. It is, in fact, an economic necessity: the cost of American engagement in Afghanistan, Iraq and Pakistan has already climbed to

at least USD 3.2 trillion according to expert estimates, and has been financed almost exclusively from loans. The US has already paid USD 185 billion in interest only and will have to pay another trillion by 2020. In the future it will thus probably be unable to finance 75% of the NATO budget and the expected lowering of US funding may seriously impact the character of NATO operation.

*Miloš  
Balabán*

The impact of US debt on domestic social and economic development may be equally grave, as it is only one among numerous other retarding factors, openly identified by Zakaria. The American economy is, in many ways, still dependent on what was built and achieved in the 1950s and 1960s (highways, science and research funding, public education system, immigration policies), with no innovation in sight to take these achievements further. The infrastructure is aging (23<sup>rd</sup> ranking worldwide, far behind the world's most advanced economies); the US ranks 27<sup>th</sup> in the world in life expectancy, but is number one in obesity levels. The US crime rate is the highest among the developed countries and the country has the most guns per capita.<sup>18</sup> But the chief problem of American society is the mass habit of living in debt, the "credit" society which is unsustainable in the long term. The consequences of its (dys)functioning in the shape of the late 2000s mortgage crisis (triggering the broader economic and financial crisis) have had truly geopolitical impact. The American elite is thus facing a major challenge in finding new drivers of post-crisis growth, since pre-crisis growth was fueled primarily by excessive household consumption, and the financial crisis can also be seen as a process of eliminating the US economy's external imbalance. However, the protracted disputes between the President and the Congress (or the Democrats and the Republicans) over raising the debt ceiling, necessary if the US is to avoid bankruptcy (one phase of these was ended by a last-minute political compromise in August 2011) indicate that the US political elite may have trouble finding new strategies for future development.

The challenge facing the US is unavoidable and complicated: it must seek to maintain its power status among increasing competition from the emerging powers, to be "the first among equals." Despite all the above-mentioned problems, however, the US still has a substantial economic, scientific and military potential with which to achieve this goal. The dollar is the world's prime reserve

currency<sup>19</sup> and the US government bond market still has the highest liquidity worldwide. The US boasts the highest investments in research and development (approximately one-third of all funds allocated to the field in the world's most advanced countries), being a global leader in such progressive fields as nanotechnology, biotechnology and, traditionally, information technologies. With 5% of the global population, the US is home to seven or eight universities from the global "top ten." It is thus a highly attractive destination for young promising intellectuals from virtually every corner of the globe, people who, in turn, can generate the "value added" of American soft power. One manifestation of this soft power is America's prominent position on the global information and cultural market. Military power, too, remained important: for another two to three decades, at least, the US military will remain unchallenged in troop numbers, capabilities and technological sophistication. This may lead to the conclusion that the present-day world is characterised by unipolarity in the military realm (US military power) and multipolarity in other respects (the economic power of the US, EU, China, India, Japan, Russia and other emerging powers).

Thanks to the above-mentioned "development bonuses," the US is well-positioned to start using "smart power," a concept defined by Nye.<sup>20</sup> It involves a skillful combination of traditional military power (hard power) with soft power according to need, and the use of alliances and networks capable of responding to the new environment of the global information age. Nye writes that 'the network provides power to achieve preferred outcomes *with* other players rather than *over* them.'<sup>22</sup> Translated into practical politics, this involves e.g. the building of a global system based not on the dominance of one great power, but on a balance of power between several key actors. It is this strategy that is being implemented by the Obama administration, mainly in its relations with China and Russia. In the case of China, this approach is, in fact, a bare economic necessity.

A situation like this could hardly have been foreseen forty years ago by the architects of China's return to global power politics, President Nixon and Secretary of State Henry Kissinger. Their principal motivation was to use China to counterbalance the USSR. However, over the thirty-three years since the commencement of diplomatic relations between the US and the PRC (1979), China's

extensive economic reforms have made it the world's second largest economy, with prospects not only to equal but possibly exceed the GDP of the US.

Also, China has huge dollar reserves (USD 2.85 trillion in 2010), and is currently America's largest creditor. As of 2011 China holds US government bonds worth approximately USD 1.2 trillion (the total volume of American bonds held by foreign entities is USD 4.5 trillion). The trade balance of the two countries is also markedly uneven: in 2010 American exports to China amounted to USD 81.8 billion, while Chinese exports to the US were worth USD 344.1 billion. But America's dependence on China is growing: if the Chinese government decided to stop lending money to the US, the consequences for American economy would be catastrophic, as nowadays it is, in fact, China, that finances the US army and a large share of American healthcare. Moreover, the traditional economic relations of the two countries, with China almost exclusively a producer and the US a purchaser, are beginning to change (a shift evidenced e.g. by the contract for the supply of 200 Boeings to China as well as other deals). Meanwhile, China is beginning to expand through acquisitions of major companies on the US market. The time is near when it will become the main economic partner of the US, and, with the mutual economic interconnectedness bound to increase, it is only logical that the two countries have launched the Strategic and Economic Dialogue (SED or, informally, G-2) as a framework for discussing mutual economic relations. The growing importance of Sino-American relations also influences US foreign policy priorities, as East Asia, with growing Chinese influence, gradually replaces Europe as the most important region for US foreign policy.<sup>23</sup>

China will continue efforts to strengthen its economic power, counterbalancing the unipolar military role of the US and avoiding the mistakes of the USSR, whose efforts to keep up with US arms spending led to its economic exhaustion and significantly contributed to its eventual collapse. In many ways, the Chinese behave as an "asymmetrical great power," wielding economic power and gradually acquiring energy and other strategic resources in Asia, Africa and South America. A model example is China's monopolisation of the global market of rare earth metals, of which it controls 97%. These seventeen strategically important elements are found

somewhat abundantly in the Earth's interior, but their concentration is seldom high enough to make extraction profitable. Though not needed in large quantities, they are crucial for some industries, e. g. car and military radar producers or makers of computer parts. China can also challenge the US military dominance in some areas, e.g. in space or Internet technology – in fact, it has already started doing so. It also takes advantage of the economic crisis, now being in the position of a “more successful” country, it advises the US on ways to face the crisis. To prevent its deepening and ensure that the US does not jeopardise Chinese interests by defaulting on its obligations, the Chinese media have recommended a number of measures, including spending cuts, tax increases and lowering the military budget.<sup>24</sup>

In a long-term perspective, China may continue reducing its dependence of the US, especially by weakening the position of the dollar as the global reserve currency: the Chinese President Hu Jintao has actually indicated this to be one of China's long-term goals. The Chinese efforts to “de-dollarise” the global economy<sup>25</sup> are already evident in China's trade policy: the recently signed Chinese bilateral trade deals with Brazil and Malaysia envisage payment in Yuan, and Yuan is also the currency Russia receives for the oil supplies China gets via the new Siberian pipeline (the two countries introduced full convertibility in 2010).<sup>26</sup>

Notwithstanding all the above, Chinese political leaders realise that, even after thirty years of reforms, China is still a developing (though extremely fast-developing) country, going through the medium stage of industrialisation. Externally, this is a limiting factor on China's global political, economic and security ambitions; internally, it shows in the uneven distribution of economic prosperity and the corresponding life standard. In 2010 GDP per capita at PPP was, according to IMF data, USD 7,519.<sup>27</sup> Forty-three million Chinese are still below the poverty line (living on less than two dollars a day), the healthcare and social security systems are underdeveloped, investment in public education represents 2.4% of GDP, compared to the global average of 4.9%, and the precipitous economic growth entails permanent inflation pressure. Regional differences are also important: in 2008 the average income of urban population was 3.3 times higher than that of the rural population. GDP levels in the more developed eastern provinces are threefold

compared to the more backward south; GDP per capita is 2.3 fold. China's further development will depend on whether it can keep its high growth rate as a prerequisite for maintaining social cohesion and eliminating social tension. A rise of social unrest caused by inter-regional as well as inter-individual economic and social differences thus still looms on the horizon as a possible scenario. It also remains to be seen whether China can maintain the discrepancy between its political governance model – the power monopoly of the Communist party – and its market-based economy. The rising standard of living (especially among the growing middle class) will generate stronger demand for freedom and democracy, which is not quite compatible with the Communist power monopoly. But having presided over three decades of pragmatic economic reforms (best summed up in the slogan of their initiator, Deng Xiaoping, 'it doesn't matter whether a cat is black or white, so long as it catches mice'), the Communist Party may also attempt to reform the political system. The Prime Minister, Wen Jiabao, has actually called for such a reform in a CNN interview, stating that the ruling party should open itself to more criticism from the citizenry, answering the calls for 'freedom and democracy.' He said, 'Without political reform, China may lose what it has already achieved through economic restructuring.' This would entail an unprecedented attempt to develop democracy through a managed process. In this respect it is worth noting that the Communist Party itself is "opening;" its ranks are now open even for businessmen who have thus been put on an equal footing with the "traditional" social groups (workers, peasants, working intelligentsia).

*Miloš  
Balabán*

Despite all the aforementioned internal risks, the rise of China brings definite advantages for the rest of the world: as the country grows richer, its population acquires the means to buy products from all over the world and travel abroad more frequently, generating jobs in other countries. The growth and stability of the global economy are consequently less dependent on the American consumer.

Chinese political leadership also seriously considers how the country's political and economic stability may be affected by external security factors. Especially evident is the security instability in Central, South and East Asia, i.e. in China's neighbouring regions to which the country must pay special attention. There is, in

fact, a continuous “belt of insecurity” stretching from Afghanistan through Pakistan and India to the Korean Peninsula. This territory has substantial conflict potential, connected with the rise of radical Islamism and also the threat of WMD proliferation and use. The most significant threats include the possible escalation of the civil war in Afghanistan after the end of NATO and US military engagement, the political instability in Central Asian countries, e.g. Kyrgyzstan, Uzbekistan and Tajikistan, the conflict-ridden relations between India and Pakistan, the potential threat of an Islamist coup in Pakistan that would leave the country’s nuclear potential in Islamist hands, and the unpredictable behaviour of the North Korean regime. China must take note of the growing influence of radical Islamism on its territory – in the western Xinjiang Uyghur Autonomous Region and the northern Ningxia Province with its 30 million Muslims. It must also take note of other non-military threats such as drug production and trafficking (Afghanistan, Burma) or maritime piracy (not just in the Bay of Aden, but also in the Straits of Malacca, the key maritime route connecting Asia with Africa and Europe).<sup>28</sup> An escalation of these conflicts or increased security tension in the region could affect China’s economic development – which may be one of the main reasons why China defines itself more as a regional than a global security actor.<sup>29</sup> The growth of Chinese military potential, in both qualitative and quantitative terms,<sup>30</sup> thus need not be perceived just as a “Chinese threat” to the West, but also as China’s response to signs of regional security instability. At the same time it is clear that the chief reason for the strengthening of Chinese military power is the desire to eliminate US military presence in China’s neighbouring regions. However, the military predominance of the US is still substantial.

The Sino-American security relations are now ambivalent, as there are signs of, and potential for, both hostility (albeit as yet only verbal) and cooperation. China views with displeasure the substantial military presence of the US in the East Asian region, especially in the proximity of the Korean Peninsula, and US military support to Taiwan, possibly the most sensitive issue on the agenda of Sino-American relations. On the other hand, mutual economic cooperation and common economic interests lead to strategic security cooperation e.g. in WMD non-proliferation (six-party talks about the North Korean nuclear programme, negotiations about the Iran

nuclear programme), fight against terrorism or maritime piracy. The active Chinese participation in the anti-piracy operation in the Gulf of Aden is seen as an important step toward increased Chinese involvement in ensuring global security.<sup>31</sup> The nature of Sino-American relations is epitomised by the newly established “hotline” for direct communication between the US and Chinese defense ministers.<sup>32</sup> This fact, perhaps more than any other, confirms the new quality of mutual relations, considering that a similar hotline existed for communication between the two Cold War superpowers, the US and the USSR.

*Global Power  
Transformations*

#### THE EU: THE FUZZY OUTLINES OF “GLOBAL POWER WITHOUT A STATE”

The strengthening political and economic cooperation between the US and China has prompted some influential European politicians to suggest that the trend toward the formation of a G-2 (US-China) should be countered by the establishment of a G-3 (US+China+EU),<sup>33</sup> as Europe should not remain outside the main “geopolitical axis” of the 21<sup>st</sup> century. This ambition may seem justified, since, from a legal and administrative viewpoint, Europe is still the most stable economic region in the world, a region without major internal conflicts, mass poverty or dictatorships, and with a high level of political, cultural, social and environmental attractiveness. Membership in a “G-3” would confirm Europe’s status as a global actor.

But can Europe really be a global actor in its own right, an equal of large nation states such as the US and China? Its potential in this respect is circumscribed by a number of factors. Despite its unique development model of political and economic integration – a process that has been going on for nearly 55 years and can perhaps be described as “saving Europe from the nation state” – the EU consists of 27 nation states exhibiting great political and economic diversity, each with its own history and past experience that inform its internal and foreign policies. All these are retarding factors, complicating the attainment of full consensus in political communication and decision making, especially in two key areas: economic policy and foreign and security policy. It is in these very areas that the functioning of the EU leaves much to be desired.

The position of the EU (as well as that of the US) has been complicated by the economic crisis, in Europe most manifest as a crisis of the EMU. The EMU crisis has exposed the limits of an integration based on political will rather than economic realities. Moreover, there is still a dilemma to be resolved at the political level, namely whether the EU can be a genuine great power without being a state. One possible resolution would be the formation of a joint government of the Eurozone. The proposal for its establishment, put forward in 2011 by Germany and France as the most influential EU members, envisages long-term closer economic integration that should lead to single budgetary, tax, economic and welfare policy. Whether this plan succeeds, or becomes rather a catalyst of further EU diffusion, remains an open question. In any case, it is already clear that the fate of the single currency, the Euro, is a key geopolitical factor. A collapse of the Euro would probably lead not just to a disintegration of the EU, but to a global economic crisis, damaging also the US and China.

This is one of the reasons why the economically booming China has made Europe a key target of its economic expansion. In late June 2010, the Chinese government held EUR 630 billion worth of Eurozone bonds (i.e. 7.4% of their total volume), and a study commissioned by the European Council on Foreign Relations estimates that 40% of Chinese investments in the EU are concentrated in Portugal, Spain, Italy, Greece and the countries of Central and Eastern Europe.<sup>34</sup> China has become the number one holder of Spanish bonds and is pursuing the same aim with Portugal. It is also making large-scale acquisitions in the economically weakened Greece, which can thus become the gateway for Chinese economic expansion in Europe. The expansion has already started, in fact: in 2010 Chinese investments in Europe rose by 12% and this trend is expected to continue. The trade relations between China and Germany as the strongest EU economy have also been growing dynamically over the past five years. The facts speak clearly: between 2006 and 2010 German exports to China rose by 95% (EUR 53.6 billion in 2010), making China the seventh largest importer of German products. As for German imports, China has already become Germany's largest trading partner; its share in German imports is 9.5% (EUR 76.5 billion in 2010), a 53% increase compared to 2006.<sup>35</sup>

China thus becomes directly involved in European politics, pursuing simultaneously two related aims. First, it is helping to save the Euro as a currency counterbalancing the influence of the US dollar – an important aim for a country that wants to de-dollarise the global economy. Secondly, it is strengthening its economic and political influence in individual EU member states.<sup>36</sup>

*Miloš  
Balabán*

Apart from Chinese influence, the EU must also come to terms with the importance of Russia as another influential “non-western” actor. Relations with Russia have direct bearing on the military, economic and energy security of the EU, but a viable model of co-operation between the EU and the two above-mentioned countries is still being sought.

The question of security, in particular, is a very sensitive one. Russia, a regional and global power that stands outside both the EU and NATO, wants to put an end to the current situation when it feels excluded from the decision making concerning European and transatlantic security, despite being involved in its provision (e. g. by working with the US and NATO on the Afghan conflict, or assisting in the resolution of problems with the Iranian nuclear programme). This is why Russia put forward a proposal for a new model of European security architecture.

This strategy was first outlined on 5 June 2008, in Medvedev’s Berlin speech before the members of the Bundestag and German public officials. In Berlin, Medvedev mentioned the idea of a ‘pan-European security document’ and at a Russia-EU summit in Khanty-Mansiysk later that month he suggested the possibility of a closer security cooperation between the EU and Russia, including a potential signing of a pan-European security treaty. Medvedev’s proposal gradually took on a more concrete shape, while the first versions did not envisage the inclusion of the US and Canada, the later variants did. The proposal was subsequently presented as a security pact for the area between Vancouver and Vladivostok. The final draft of the Pan-European Security Pact was published in Moscow on 29 November 2009.<sup>37</sup>

The draft contains five key tenets:

1. Security in Europe should be indivisible.
2. The signatories should not try to ensure their security at the expense of others.

3. The signatories that are members of military blocs or alliances should act in full conformity with international commitments ensuing from the UN Charter, the Helsinki Final Act and other international agreements.
4. No signatory should allow the use of its own territory for aggression against another signatory.
5. Each of the signatories undertakes to consult and explain its steps if requested to do so by the other signatories.

The covert aim of the Pan-European Security Pact is threefold: prevent further NATO enlargement, equalise Russia's status in political communication and decision-making with that of regular NATO members, and undermine the role of NATO in transatlantic and global security. Russian political leaders must have known from the very start that the proposal in its original form would not be viable; it is evident that its aim was simply to initiate a debate in which Russia could have its say. This is confirmed by a leading Russian political science expert, Kortunov. In an article written for the influential Russian foreign policy journal, *Mezhdunarodnaya zhizn*, and tellingly entitled 'Uniform Rules for the Euro-Atlantic,' he writes: 'Whatever the result, Russia's initiative concerning the new European security architecture is currently at the epicentre of European political debates. This in itself is a great achievement of Russian diplomacy.'<sup>30</sup>

Kortunov may have been exaggerating a little with his 'epicentre of debates,' but Russians did succeed in stirring up debate and thus exposing the differences between NATO member states in relation to Russia and Russian policy. Three years after President Medvedev's Berlin speech, it can be said that Russian proposals have met with a relatively positive response in Germany, France and Spain, but the US reaction has been negative. Secretary of State Clinton expressed it clearly on 22 February 2010 when she spoke at a Washington seminar dedicated to preparing the new NATO strategic concept: 'The United States does not see the need for new treaties and we believe discussions of European security should take place within existing forums for European security such as the OSCE and the NATO-Russia Council.'<sup>31</sup> The Russian proposal was also rejected in Central European countries (Czech Republic, Poland) and, understandably, in the Baltic states. Notwithstanding these negative responses,

the OSCE in June 2009 initiated an informal dialogue about the Russian proposals, now known as the “Corfu process.”

Meanwhile, Russia is deepening its political, economic and military cooperation with the two leading EU states, France and Germany. This extremely important cooperation is linked to another strategic aim of Russian political leadership, which is the economic modernisation of Russia to enable its departure from the model of a resource-dependent economy. Both Germany and France expect the cooperation will bring significant economic, but also political dividends, as evidenced by the words of German Minister of Foreign Affairs, Guido Westerwelle: ‘We see Russia as a strategic partner not just in economic and trade relations. We also need partnership in other areas: climate protection, energy, or issues of European security, especially arms control or resolution of international conflicts, e. g. in the case of Iran.’<sup>32</sup>

Both Germany and France have truly large-scale economic interests in Russia. The volume of German investment in Russia has reached USD 20.2 billion in 2010 and the number of German companies operating in Russia exceeds 6,000. Many of them, especially the large ones (E.ON Ruhrgas, Daimler, Siemens, Volkswagen), are involved in the implementation of strategic energy projects (one example being the Nord Stream gas pipeline), but also projects in other fields: car industry, railway transport, municipal economy and regional development. Another impulse for Russo-German economic cooperation may be the establishment of a joint energy enterprise, envisaged in a preliminary strategic partnership agreement and currently the subject of negotiations between the Russian gas giant, Gazprom, and the second largest German energy concern, RWE.

France, too, tries to strengthen its economic relations with Russia. Examples are the growing share of the French energy company Total in Russian gas extraction or cooperation in space research. In addition, Thales, the partially state-owned French military technology company, is entering the privatisation of the state-owned military-industrial holding Russian Technologies.

But two contracts are still more important from the military-political and strategic viewpoint. One concerns Russia’s purchase of two modern French amphibious assault ships (Mistral-class vessels, a deal worth USD 1.7 billion).<sup>41</sup> The other is a construction

project under way in Molino near Moscow where German Rheinmetall is building a modern combat training centre for Russian land troops (worth USD 398 million).<sup>42</sup> Both contracts represent breaking a kind of “security taboo” that has existed between NATO/EU and Russia, as two important members of both organisations now supply Russia with modern military technology. In the case of the two Mistral-class vessels it is, moreover, the largest sale of western military technology to Russia since the end of the Second World War – or the establishment of NATO in 1949.<sup>43</sup>

What do these contracts and the strengthening economic ties between Germany, France and Russia indicate? One motive behind them is surely economic profit, especially important during the economic crisis. But there are also strategic aspects. The French diplomacy traditionally considers France and Russia, the two continental nuclear powers, to be pillars of European security. The German contract is simply a confirmation of the country’s strong economic relations with Russia, but France and Germany also jointly realise that a partnership with Russia can help the EU<sup>44</sup> successfully face the increasing competition from other global actors, especially in the context of the declining American interest in Europe and the global rise of China. Conversely, Russia may need the partnership with the EU to balance the growing influence of China, which, despite the officially declared “strategic alliance,” is Russia’s rival in the global competition with regard to both its geographical location and demographic situation.

However, relations with Russia cause, and will continue to cause, cleavages within the EU and its Common Foreign and Security Policy as well as within NATO. For all its oversimplification, the famous distinction between “old” and “new” Europe, drawn by the former US Secretary of Defense, Donald Rumsfeld, does hold some measure of truth. “New Europe” – the former Socialist countries or parts of the USSR – still see Russia as a potential danger. This view is removed from reality though. Russia is plagued by a number of its own political, economic, social and ethnic problems that prevent it from being a relevant threat. Moreover, it has vital economic ties with Europe: it needs a stable market for its natural resources, especially oil and gas, as its only economically competitive commodities and, consequently, a major source of income for the state budget.

The European Union and NATO are also divided on the issue of the US role in transatlantic security and on relations with the US generally. The United Kingdom, a traditionally pro-American EU member, together with the states of “new Europe” saw and partly still see the US as a key ally that should guarantee their security. But the US is facing new geopolitical realities (the rise of China) as well as its own security and economic problems (engagement in the Iraqi and Afghan conflicts, the impact of the crisis). In view of these factors, it is forced to redefine its foreign policy and security priorities, abandoning some of those rooted in the Cold War era and the subsequent twenty years of “unipolarity.” One of the new priorities is closer security cooperation with Russia on a number of global security issues – European anti-missile defense, the Iranian nuclear programme or Afghanistan. Another change is the envisaged lowering of US share in providing EU defense: in the mid-term perspective, it is untenable for the US to cover 75% of NATO budget.

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One signal that the US is becoming at best “a part-time European power” was sent during the NATO Libyan operation against the Gaddafi regime. The US refused to become actively involved in what would be its third war conflict in the Muslim world after 11 September 2001, seeing the operation as a defense of values rather than interests, i. e. as an intervention that is possible, but not necessary. NATO thus, for the first time in its history, acted without the leadership of the global superpower that had been the initiator and principal pillar of its existence. The NATO operation in Libya, with the key role of France and the UK, did help the insurgents topple the Gaddafi regime, but also revealed serious problems within the Alliance. Only eight out of the twenty-eight members took part in the Libyan military actions. Germany, one of the most important European members, distanced itself from the conflict, e.g. by abstaining during the Security Council vote on the Libyan operation. In contrast to Iraq and Afghanistan, the Libyan operation was marked by the absence of “new Europe” states, including Poland (however, this was mostly due to the state of their armies, hit by budget cuts). Problems occurred even in the very course of military actions; despite being the only real European military powers, France and the UK have shown a deficit of certain military resources and capabilities<sup>45</sup> (presumably also because of budgetary restrictions).<sup>46</sup> In the end, the capabilities deficit had to be covered by the US.

From the above it is clear that if the EU is to do without US support, it will need a joint centre of operational command – a European general staff. This idea is strongly supported by France and Poland, but the UK has rejected it and Germany's attitude is as yet unclear. Still, "Europeanisation" of European defense and security is gradually becoming a categorical imperative, e. g. because Europe will have to take a coordinated stand on the turbulent situation in its immediate vicinity, the Arab world that is experiencing a series of upheavals and revolts against the decades-old autocratic and dictatorial *status quo*. This will require not only economic and political support of the changes, but also effective provision of humanitarian aid, and possibly (in case of strong migration waves) even deployment and interventions of military and police forces. All this will be the responsibility of a Europe that will no longer be able to rely on extensive US help.

#### A WORLD WITHOUT SUPERPOWERS?

The picture presented here of the often ambiguous and contradictory changes in the global power architecture and of development trends in the policies of key world powers brings up a fundamental question: after forty years of post-war bipolarity and less than two decades of post-Cold War unipolarity, are we not facing a kind of global power vacuum?

Mainly due to economic problems, the US is forced to relinquish its position of the world's only superpower. In comparison with his predecessors, Barack Obama has much less chance to declare confidently that, in case of need, the US will intervene anywhere in the world, using all political, economic and military resources at its disposal. This will be equally true for his successor. For him or her, too, the greatest threat to US security will be the country's budget deficit (this fact is acknowledged even by the leaders of the US army or intelligence services).<sup>47</sup>

China is already in its fourth decade of dramatic economic growth. In the medium term, at least, its economic power is unchallengeable, but in many ways it is still a developing country whose social and economic contrasts loom large and can generate substantial social tension. It is therefore wary of taking on larger global responsibilities, its priority still being the Asian region.

As it struggles with the economic crisis, the European Union is trying to answer key questions about its future: what will the Eurozone – the present core of the integration project – look like in the upcoming years and what will be the fate of the euro? What capacity the EU has left for external engagement is therefore more likely to be invested regionally than globally; in its relations with southern (North Africa and the Arab world) and eastern neighbours (relations with Russia and its modernisation, Eastern Partnership countries).

The other major actors have more of a “regional potential,” too. Russia is a global natural resources power, but it is almost fatally dependent on the raw resource-exporting model of economy. Also, it has too small a population for its huge territory, with a prospect of further population decline. It has preserved the instinct to “think globally” that had been characteristic of the USSR, but lacks the resources to translate it into practical policies. India, the future most populous country of the world, has great potential, but also many internal problems: it needs to stabilise its political system and reform its overcomplicated and over-hierarchical economy; another problem is the still high level of socially devastating poverty. Brazil is an uncontested South American power with a dynamic economic development, but also a number of economic problems.

The question formulated above can be answered to the effect that the threat of a power vacuum is not yet imminent, despite the aforementioned “weaknesses” of the key powers. Such a situation is prevented by their economic interdependence, projected into communication within G-20. But even this communication may break down under the deepened impact of another wave (or waves) of the economic crisis with its potentially devastating effects. Such a trend could, indeed, eventually lead to a “G-o format,” i.e. a state of global political, economic and security anarchy. So far it is probably just a scenario or, rather, a wild card. Still, this possibility cannot be ruled out completely.

THE CZECH REPUBLIC IN THE NEW REALITY: MORE  
EUROPE AND CLOSER ATTENTION TO NON-WESTERN  
ACTORS

CEJISS  
2/2012

After the Cold War, the Czech Republic, notwithstanding all its political, economic and social problems, successfully joined West still exercises major influence on world affairs. However, it is also being confronted with the turbulent development in Europe and the world, which corrects the somewhat idealised notions about the “end of Czech history,” envisaged as the definitive and unproblematic attainment of economic prosperity and security through accession to NATO (1999) and the European Union (2004). These two strongest organisations of the West have to cope with the impact of the economic crisis, the growth of strong non-western actors (BRICS) and re-configuration of US global political priorities. Under the influence of these factors, EU and NATO policies are bound to change, even in ways that the Czech political elites could not have foreseen at the time of our accession (e. g. the weakening of NATO and Europeanisation of security policy, or the related acceleration of the European integration process). But a state occupying 0.05% of Earth’s surface, with a population producing 0.352% of global GDP and an economy crucially dependent on exports (the exports-to-GDP ratio reaches 80%), has no alternative but to adapt itself to new European integration trends and to changes in western policies generally if it is to maintain its development rate and prosperity. “More Europe” in practical policies can help the Czech Republic to remain a relevant and fully-fledged actor within the European Union, an entity that is and will be capable of maintaining its position in the global competition for political, economic and security leverage. The current EU share in global GDP – 20.45% – speaks volumes. On the other hand, the Czech Republic will have to adapt to the new global realities, seeking new ways of economic and political cooperation with the ever stronger non-western actors, especially BRICS, and partly diversifying its export portfolio. However, this will also require a “mental shift” within the Czech society – a deeper perception of the growing political, economic and also cultural influence of “non-western actors,” reflected not only in the activities of Czech diplomacy (not necessarily just economic diplomacy), but also in the education system (greater focus

on territorial studies related to non-western actors, including language teaching). It will be the adaptability of the Czech Republic and its political elites that will determine its future status, its relative economic prosperity and long-term security.

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#### NOTES TO PAGES 209-230

- 1 This study was prepared in the Framework of the Research, development and innovations project ‘Trends, risks and scenarios of security development in the World, Europe and the Czech Republic – impacts on security policy and security system of CR,’ VG20102013009.
- 2 ‘The Unipolar Moment,’ *Foreign Affairs*, Vol. 70, No. 1, America and the World 1990, pp. 23-33, available at: [http://www.comunicazione.uniroma1.it/materiali/14.34.27\\_Charles%20Krauthammer%20The%20Unipolar-Moment.pdf](http://www.comunicazione.uniroma1.it/materiali/14.34.27_Charles%20Krauthammer%20The%20Unipolar-Moment.pdf).
- 3 The fall of Lehman Brothers (as the symbol of American capitalism) in September 2008 can be seen as the symbolic end of the unipolar moment.
- 4 Fergusson, N. (2011), ‘Civilization: The Six Ways the West Beat the Rest,’ Allen Lane, London.
- 5 Mahbubani, K. (2008), Ringing in the Asian Century, Los Angeles Times, 19 January 2008, available at: <http://internet-search-marketing.com/ringing-inthe-asian-century-the-west-needs-to-get-used-to-the-end-of-its-eraof-world-domination.php>.
- 6 For more information on the economic growth of new powers see <[http://www.standardchartered.com/media-centre/press-releases/2010/documents/20101115/The\\_Super-cycle\\_Report.pdf](http://www.standardchartered.com/media-centre/press-releases/2010/documents/20101115/The_Super-cycle_Report.pdf)> and Grant, Ch. (2008), *Can Europe and China shape a new world order*, London: Centre for European Reform; <[http://www.cer.org.uk/pdf/p\\_837.pdf](http://www.cer.org.uk/pdf/p_837.pdf)>.
- 7 Goldman Sachs analyst, Jim O’Neill, in 2001 was the first to identify the economic potential of the BRIC countries also predicts that, by the end of the current decade, the BRIC economies taken together will have bettered the US economy and the Chinese economy alone will represent two-thirds of that of the US. The four BRIC economies will also account for at least 50% of global GDP growth in the second decade, and even a 70% share is considered possible by O’Neill (“Why

we must stop talking about ‘emerging markets’”), available at: <[http://www.europesworld.org/NewEnglish/Home\\_old/Article/tabid/191/ArticleType/ArticleView/ArticleID/21780/Whywemuststoptalkingaboutemergingmarkets.aspx](http://www.europesworld.org/NewEnglish/Home_old/Article/tabid/191/ArticleType/ArticleView/ArticleID/21780/Whywemuststoptalkingaboutemergingmarkets.aspx)>.

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2/2012

- 8 This group includes, once again according to Goldman Sachs, Bangladesh, Egypt, the Philippines, South Korea, Indonesia, Iran, Mexico, Nigeria, Pakistan, Turkey and Vietnam.
- 9 The three agencies are US-based Standard & Poor’s, Moody’s Investors Service and Fitch Ratings.
- 10 Expert and political discussions have focused *inter alia* on the “Beijing Consensus,” a model according to which developing countries should develop their economies while keeping key assets in the hands of the state, and political and cultural changes should be preceded by well-prepared market reforms. This model is thus the very opposite of the long-dominant Washington Consensus which urged the governments of poorer states to privatize state companies as soon as possible, promote free market at any cost, deregulate, and limit public spending. In fact, one of the consequences of the global economic and financial crisis is that it has prompted the representatives of the “Third” World to challenge the principles of the Washington Consensus.
- 11 A typical response was that of the former Brazilian president, Luis da Silva, who did not hesitate to claim that ‘this is a crisis that was caused by people, white with blue eyes. And before the crisis they looked as if they knew everything about economics.’
- 12 ASEAN (Association of South East Asian Nations) is an international regional organization founded in 1967. Its members are Brunei, the Philippines, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand and Vietnam.
- 13 UNASUR (Union de Naciones Suramericanas – the Union of South American Nations) is a supranational and intergovernmental union uniting the two existing customs unions – MERCOSUR and the Andean Community. The aim of UNASUR is to build a social, political and economic union of South American states, similar to the European Union. Its member states are Argentina, Bolivia, Brazil, Ecuador, Guyana, Chile, Columbia, Paraguay, Peru, Surinam, Uruguay and Venezuela.
- 14 The African Union serves the political, economic and security cooperation of African countries. It groups together 53 states (the only non-member African state is Morocco, which boycotts the AU due to its admission and *de facto* recognition of Western Sahara – the Saharawi Democratic Arab Republic – whose territory Morocco itself claims).

- The African Union is modeled on the European Union and tries to copy it in both structure and activities.
- 15 The Shanghai Cooperation Organization (SCO, IIIOC in Russian) is an international organization for regional security and economic cooperation, grouping together China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan; India Iran, Mongolia and Pakistan have observer status.
  - 16 The Cooperation Council for the Arab States of the Gulf, also known as the Gulf Cooperation Council (GCC), is an economic and political union of six Arab states that have access to the Persian Gulf. Its member states are Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Bahrain and Oman.
  - 17 Matlock, J. (2010), 'Superpower Illusions: How Myths and False Ideologies Led America Astray and How to Return to Reality,' Yale University Press, 2011.
  - 18 Zakaria, F. (2011), 'Are America 's Best Days Behind Us?,' *Time*, 3 March 2011, available at: <<http://www.time.com/time/magazine/article/0,9171,2056723,00.html>>.
  - 19 The former FRS chairman Alan Greenspan has said in this context that 'the United States can pay any debt it has because we can always print money to do that. So, there is zero probability of default.' (Perhaps a trifle arrogant statement, but probably still true.)
  - 20 Nye, S. J. (2011), 'The Future of Power,' *Public Affairs*, 2011.
  - 21 For example, a commentator of the China Daily news server, Han Dongping, wrote: 'What the US can afford to cut is its military spending. The American elite should realize that the age of imperialism and colonialism is over.'
  - 22 BRIC responded to the global financial and economic crisis and the US role in triggering it at the first summit of BRIC heads of state and government in Yekaterinburg, Russia (2009), where Russia and China put forward a proposal for reducing the dependence on the dollar as the global reserve currency. An interesting and much-cited analysis of this issue – "De-Dollarization and the Ending of America 's Financial-Military Hegemony. The Yekaterinburg Turning Point" – was made by the American economist Michael Hudson, who claims e. g. that Yekaterinburg will be known to history as the death place of the last Russian tsar, but also of American hegemony. The analysis is available at: <<http://www.globalresearch.ca/index.php?context=va&aid=13969>>; a modified version was published on 15 June 2009 in *Financial Times*, available at: <[http://www.ft.com/cms/s/0/16e9f3e8-5944-11de-80b3-00144feabdco.html?nclink\\_check=1](http://www.ft.com/cms/s/0/16e9f3e8-5944-11de-80b3-00144feabdco.html?nclink_check=1)>.

- 23 Since the beginning of the 21st century, the Chinese military budget has been growing rapidly, as evidenced by the data of Stockholm International Peace Research Institute – SIPRI (estimates in billions of USD): 2000: 32.100, 2001: 39.500, 2002: 45.900, 2003: 49.800, 2004: 55.200, 2005: 62.100, 2006: 72.900, 2007: 84.100, 2008: 92.700, 2009: 110.100, 2010: 114.30.
- 24 The “hotline” was set up in 2008 to enable direct contact between the defense ministers of China and the US in matters of common interest and emergencies.
- 25 At the EU Council meeting in December 2010, Catherine Ashton, First Vice President of the European Commission and EU High Representative for Foreign Affairs and Security Policy, has called for a closer cooperation with China and the establishment of a new “triangle,” EU – US – China. The UK ex-minister of foreign affairs, David Milliband, has also stated earlier that it is in Europe’s interest to become part of a G-3 arrangement, forming a trio with the US and China, rather than watch the potential emergence of G-2.
- 26 Godement, F.; Parello-Plesner, J. (2011), *Scramble for Europe*, available at: <[http://www.ecfr.eu/page/-/ECFR37\\_Scramble\\_For\\_Europe\\_AW\\_v4.pdf](http://www.ecfr.eu/page/-/ECFR37_Scramble_For_Europe_AW_v4.pdf)>.
- 27 Data taken from the Central European Weekly, 23 February 2011, available at: <<http://www.osw.waw.pl/en/publikacje/ceweekly/2011-02-23/germany-enhancing-trade-co-operation-emerging-economies>>. The data provided above are also very important for the Czech Republic, considering its close economic ties with Germany (in 2010, Czech exports to Germany were worth EUR 29.6 billion, representing a 3.7% share of German imports, while Czech imports were worth EUR 27.4 billion, a 2.7% of German exports).
- 28 One of the examples is Germany’s reaction to the proposal to set up an EU institution charged with monitoring foreign, especially Chinese, investments in strategic European firms. German rejection of the proposal, which was put forward by Antonio Tajani, the Commission Vice President and Commissioner for Industry and Entrepreneurship, is no doubt due to Germany’s growing economic cooperation with China.
- 29 ‘Proyekt dogovora o yevropeiskoy bezopasnosti,’ available at: <<http://kremlin.ru/news/6152>>.
- 30 Kortunov, S. (2011), ‘Yedinye pravila dlya Evro-Atlantiki,’ *Mezhdunarodnaya zhizn*, no. 11/2009, p. 16.
- 31 Clinton, H. (2010), *Remarks at the NATO Strategic Concept Seminar*, 22 February 2010, available at: <<http://www.state.gov/secretary/rm/2010/02/137118.htm>>.

- 32 Available at: <<http://www.dwelle.de/dw/article/0,4997826,00.html>>.
- 33 A Mistral-class ship is able to carry a fully-armed battalion-sized unit (450 soldiers, 40 tanks and 16 heavy helicopters). The vessels will be built by a Franco-Russian consortium in the French Saint Nazaire shipyard. Russia should receive the first ship in late 2013 or early 2014 and the second a year later.
- 34 A logical step in this direction is the joint Russo-German proposal from June 2010 to form an EU-Russia political and security committee, a proposal that can be interpreted as a response to Medvedev's Pan-European Security Pact. The Russo-German proposal highlights the importance of discussing controversial security issues at the level of cabinet ministers: the committee should be composed of EU foreign affairs ministers, the Russian minister of foreign affairs and the EU High Representative for Foreign and Security Policy. The aim of the proposal, which was also consulted with France, is to set rules for cooperation in conflict resolution using both military and civilian instruments.
- 35 E.g. France is to lower its planned military budget by 10% by 2014; the UK wants to make a 7,5% reduction by 2016.
- 36 The former US Director of National Intelligence, Dennis Blair, said during a congressional hearing on 12 February 2009 that the economic and financial crisis was the principal threat to US national security.

*Miloš  
Balabán*



RESEARCH ARTICLES  
**BOOK REVIEWS**  
NOTES

# THE POETICS OF FEAR: A HUMAN RESPONSE TO HUMAN SECURITY

By Chris Erickson, Continuum, 2010,  
ISBN 9781441101020

Book  
Reviews

REVIEWER: EMILIAN KAVALSKI  
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In *The Poetics of Fear: A Human Response to Human Security*, Chris Erickson analyses how fear operates in international politics. His account constructs an unconventional juxtaposition between the literary and philosophical worlds of the classics and the narratives of post-9/11 presidential speeches. The affective workings of fear are framed within a binary logic, which Erickson associates with the realist tradition in International Relations (IR) theory. This approach connects a nonnegotiable and imposing view of reality (“this is the way things are”) with a declaration of the subject’s impotence vis-à-vis the power of government decisions (“there is nothing you can do about it”). The objective of *The Poetics of Fear* is thus to illuminate the logic of fear in current American politics with a particular focus on the wars in Iraq and Afghanistan through a literary-theoretical analysis. The intention of such investigation is to open up spaces for noncompliant responses to fear, and for critiquing and subverting the binary logic of *Realpolitik* thinking in IR.

Drawing on the assumption that practices of security are, at the level of their discursive enunciation, instances of “speech performance” (which aligns *The Poetics of Fear* with linguistic and constructivist approaches to international politics), Erickson offers an explanation and understanding of post-9/11 politics through the metaphor of the “Shield of Achilles.” Through a detailed reading of Homer’s *Illiad*, he proceeds to suggest that the Shield of Achilles connotes a process of extreme securitisation and, at the affective level, a process of generating fear among the potential opponents of such measure in order ensure their compliance and nonresistance. As Erickson puts, the shield “paralyzes” the audience by its contradictory effects of “beauty and terror, repulsion and attraction” (pp. 11, 22) of its decorative images, which produce the “poetics of fear.”

Erickson suggests that in contemporary contexts the logic of the shield is present in the American “shock and awe” response to the terrorist attacks of 9/11 – president Bush’s speeches enunciating the “war on terror” provide an evocative example of an attempt at enforcing a particular hegemonic historical narrative. At the same time, such statements paralyse their audience by projections of military grandeur. In contrast to Achilles, however, whose fierce desire to exact revenge upon Hector ultimately capitulates in the face of Priam’s plea for his son’s body, the rhetoric of the Bush administration offers no space for any such ethical relation with the other. Importantly, the Shield of Achilles not only paralyses the opponents with terror and awe, but also poses profound risks to its bearer. By offering an insightful analysis of Sophocles’ plays *Ajax* and *Philoctetes* and of the works of Thucydides and Machiavelli, Erickson uncovers that what is at play in the use of the post-9/11 security narratives is a transformed relationship between the language and the world.

The second part of the book focuses on the possible responses to, and resistances against, the securitising logic of the shield metaphor. According to some commentators, one such possibility is the concept of mimesis (understood broadly as imitative action). Erickson traces the mimetic tradition to Plato’s *Republic*, as well as to the writings of Jean Baudrillard on simulacrum and hyper-reality. In spite of the critical potential of mimesis, however, he concludes that this idea ultimately falls far short of constructing a viable resistance against the shield logic. Instead, *The Poetics of Fear* proposes that one looks at the concept of *ekphrasis* in order to articulate such critical responses. Within classical rhetoric, *ekphrasis* has referred to the description of a visual art object: it has been famously elaborated in Plato’s discussion of forms. In this context, its paradigmatic use is precisely the Homeric description of the Shield of Achilles as an *ekphrasis* (pp.148-149). Its four constituent parts can be identified in any political speech: (i) identification of a referent; (ii) focusing on a particular physical medium; (iii) prioritising the creator and creation of the work; and (iv) emphasising the effects of the work (p. 154). Treating *ekphrasis* as a critical tool of analysis, *The Poetics of Fear* undertakes a detailed analysis of US President Barack Obama’s speech in March 2009 on the situation in Afghanistan and Pakistan. Through such discursive dissection Erickson demonstrates

the possibility of critiquing and subverting the dominant logic of the shield metaphore by approaching it purely as instance of *ekphrasis*.

This book will be of interest and use to those students and researchers of international affairs, who have recognised the importance of affects and emotions in foreign politics. It will also benefit those scholars, who are interested in developing more sophisticate interdisciplinary approaches to IR by bringing together the study of world politics and the theoretical humanities.

*Book  
Reviews*

# THE COSMOPOLITANISM READER

By Garrett Wallace Brown and David Held, Polity Press, 2010,  
ISBN 9780745648729

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REVIEWER: DYLAN KISSANE  
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MENT)

As the process of globalisation continues apace, as the distant and diverse becomes the near and more familiar, and as the obligations of individuals, corporations, institutions and states to others like them in a complex, interdependent system are called more often into question, it is time to re-visit one of the key paradigms in international relations which seeks to explain such issues. Cosmopolitanism is that paradigm and with *The Cosmopolitanism Reader* editors Garret Wallace Brown and David Held have collected what amounts to the canon of cosmopolitanism thought in international politics. Extensive in breadth and depth, this collection takes the reader from Kant to contributions from Daniele Archibugi and Simon Caney, the twenty-six chapters represent a significant contribution understanding cosmopolitanism ideas from their emergence to the present day.

The collection is well structured and easily navigated. Brown and Held divide the book into six roughly equal sections with short introductions each offering context prefixing. The first section, 'Kant and Contemporary Cosmopolitanism,' begins by returning to the roots of modern cosmopolitanism's thinking in Kant's 'Idea of a Universal History with a Cosmopolitan Purpose' before reflecting on Kant's influence on cosmopolitanism theory and practice with contributions by Brown, Martha C. Nussbaum and Onora O'Neill. The second section turns its focus to notions of international justice with the inclusions from Brian Barry and Thomas Pogge being noteworthy for their focus on the tension between state sovereignty and cosmopolitanism notions of international society. The third section, 'Cosmopolitanism, Nationality, States and Culture' and the fourth, 'Cosmopolitan Politics,' are solid representations of the cosmopolitanism perspectives on social and political organisation

within states, while the fifth section, 'Cosmopolitanism, Global Issues, and Governance' highlights similar issues on an international level. In this last section Mary Kaldor's 'Humanitarian Intervention: Towards a Cosmopolitan Approach' and Patrick Hayden's 'The Environment, Global Justice and World Environmental Citizenship' both illustrate that the cosmopolitan approach is a viable option for those seeking either evolution or revolution in international governance, particularly as the world continues its trajectory towards global interdependence and interconnectedness.

The sixth and final section is perhaps the weakest of the book. Entitled 'Cosmopolitan Examinations and Critiques,' this finale sets out to counter the previously espoused cosmopolitan positions. The criticisms, though, are rather limited and the reader, having already perused some 370 pages of cosmopolitan argumentation, is left with only around 60 pages of dissenting voice. This would perhaps be sufficient, if only that dissenting voice was given the opportunity to truly speak. In comments prefacing this section Brown and Held maintain that the critiques to follow are included in an attempt to 'confront [cosmopolitanism's] most profound critics head-on and then prove them wrong' (p. 373). Yet the collected criticisms only offer a slice of the wider critiques of the approach. Miller's 'Cosmopolitanism' points to issues with the approaches moral universalism, Nagel points to practical issues in 'The Problem of Global Justice,' while selections from the work of Derrida, Dahl and Kymlicka critique fundamental claims of the cosmopolitan school. Worthy critiques all, but one is left wondering why theorists like Walzer (on international justice) or any of the many realist scholars in international relations, all of whom ascribe very different motivations to international action by states and define clear limits on cooperation between international actors, were excluded. These critiques of cosmopolitanism, for all the good intentions of the editors, clearly lack the same depth that makes the rest of the volume so valuable.

The broad appeal and wide applications of cosmopolitan theory means *The Cosmopolitanism Reader* will find its audience in multiple disciplines. Among them, of course, are political science and international relations, though it would be appreciated by those scholars specialising in philosophy, sociology and even economics. Most suited to a scholarly audience, the collection makes an excellent

centrepiece for a graduate course on cosmopolitanism thought and reference for graduate or undergraduate students seeking a single volume that draws together historical and contemporary cosmopolitanism thought. Indeed, notwithstanding the relatively weak final section, this book is a significant contribution on a theme that is only becoming more relevant in our globalising world.

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# SEXUAL VIOLENCE IN ARMED CONFLICT

By Janie L. Leatherman, Polity Press, 2011,  
ISBN 9780745641874

*Book  
Reviews*

REVIEWER: KATEŘINA KRULIŠOVÁ  
(METROPOLITAN UNIVERSITY PRAGUE)

With her work *Sexual Violence in Armed Conflict*, Leatherman attempts to address a wide-scale - yet underreported and underestimated - banality and brutality of sexual assaults which thousands of women face on a daily basis in war-torn areas around the world. The book aims to raise readers' attention to sexual violence in armed conflict and highlight the link between sexual violence and profit-making in the global marketplace. Leatherman explores sexual violence and rape; studies its roots, nature as well as consequences. She highlights the phenomena of globalisation and "new wars," which create "ideal" grounds for sexual violence to become one of the vital parts of the international political economy of war.

The first chapter introduces the topic by a short historical depiction of sexual crimes, mainly targeted against women, during the course of the history of warfare. It conceptualises sexual violence by defining the term, and analyses the place where sexual violence in armed conflict happens, together with types of violent acts, perpetrators, victims, survivors and impacts ranging from the health of the victim to social consequences. It also briefly introduces the essential terms connected to sexual violence that are further explored throughout the entire book: taboos and norms; silence; gender-based violence; regionalism and weak states; globalisation; legal protection; patriarchy; and global political economy of war; and connects them to sexual violence problematic. Three theoretical approaches are explored, each very different on their theoretical presumptions of sexual violence in war. These are: Essentialism; Structuralism; and Social Constructivism. The problem of consent and proving rape together with developments in law are also studied. Chapter Two provides an in-depth analysis of the norms and taboo breaking of sexual violence, together with the argument that

through the emergence of so called “new wars,” sexual violence has been facilitated by more localised and intimate war-fighting. Labelled as a “runaway norm,” sexual violence takes many forms in war, rape being the one most commonly associated to it. The organised nature of sexual violence in the Bosnian and Rwandan genocides represents examples of sexual violence being transformed into a tool of ethnic extermination. From a social constructivist perspective, women, both as victims and perpetrators, are studied in connection to the concept of the banality of evil. Taboo-breaking is another vital part of the institution of sexual violence, as often very young girls, pregnant, breastfeeding or elderly women are not spared and, in some cases, even preferred victims. Oppressed agency is another essential threshold of the sexual violence in armed conflict, which is defined by threat, fear and coercion and a perpetrator’s emotional, physical and sexual control over a victim, that takes many forms, such as sexual slavery; forced marriage; survival sex; trafficking; child soldiers; (etc). The final threshold is the loss of neutrality and safe space, where these features are denied by the localisation of violence. The third chapter explores pre-conflict conditions and local contexts of cultural norms in relation to gender. The concept of structural violence is key for the analysis as it is gendered in its very nature. Closely related to feminist debates, the power of gender is argued to operate through mechanisms that normalise or depoliticise certain categories; dichotomised categories; and hierarchical (most often patriarchal) arrangements. The illiteracy of women, together with social and cultural practices directed against women, are causes of later campaigns of mass violence during armed conflict. The fourth chapter is dedicated solely to the topic of safe space denial and its scarcity in new wars, which are major factors increasing women’s vulnerability during conflicts, where sexual violence is one of the organising and disciplinary tools. Importantly, international aid workers’ role of perpetrators is analysed and examples are offered. In new wars, sexual violence knows no physical or psychological boundaries. The next chapter explores the case study of the Democratic Republic of Congo in its relation to the global political economy of war. It also studies the concept of hegemonic masculinity in greater depth, applying it on the case, together with taboo violations, hyper-masculinity and the loss of women’s bodily integrity. The last chapter analyses levels of

accountability of perpetrators and critical protection of vulnerable civilians.

The book is an essential work dealing with sexual violence in armed conflict, as its argumentation is very strong and does not leave much space for doubting the danger of the phenomenon and the necessity of action. Theoretical analyses conducted in the first chapter however seem to be rather unsound compared to the in-depth Feminist debate conducted in subsequent chapters. Also, the case study of the DRC, possibly one of the strongest examples of sexual violence during armed conflict and its negative repercussions, is conceptualised more from an international political economy perspective than from a victim-oriented feminist approach. Contrarily, the theoretical analysis of thresholds breaking and, specifically, denial of neutrality and safe space is very convincing and inspiring.

Leatherman's work comes highly recommended for a wide range of readers as a crucial contribution to both feminist and security debates. Definitely a 'must have' work for scholarly libraries focused on of contemporary security studies as it offers a fresh perspective on a previously omitted phenomenon that threatens to develop into a cheap and highly effective weapon of mass destruction if not dealt with immediately and on an international basis. An essential read for everyone interested in international political dynamics and trends.

*Book  
Reviews*

# GLOBAL ETHICS: AN INTRODUCTION

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By Kimberly Hutchings, Polity Press, 2010,  
ISBN 9780745636825

REVIEWER: MANAS RANJAN PATI  
(UNIVERSITY OF HYDERABAD)

Kimberly Hutchings, in her book entitled: *Global Ethics: An Introduction*, clearly explains “Global Ethics” as a field of theoretical inquiry that addresses ethical questions which arise out of truly global interconnections and interdependence. The first chapter focuses on the constituent terms of global ethics. Concisely, Hutchings examines debates over the meaning of “Global,” and “Ethics,” the distinction between “ethics” as a mode of philosophical inquiry and “ethics” as sets of substantive principles and values, and the relation and distinction between “ethics” and “morality,” “ethics” and “politics.” She then explores how world religions claim to provide answers to the questions raised by Global Ethics. The second chapter focuses on rationalist ethical perspectives that first gained prominence in Europe in the seventeenth and eighteenth centuries, and which have helped shape debates on Global Ethics. The third chapter offers an introductory exposition of alternative theories of ethics to enable scholars to reflect on their assumptions and implications for the nature of moral judgement and action in general. Chapter four deals with ethics of International aid and development. Humanitarian aid is intended to address immediate and extreme situations of need, such as famines or the consequences of natural or man-made disasters. Developmental aid is intended to address ongoing, systemic poverty. This chapter deals with the ethical debates surrounding emergency aid, and ethical issues raised by ecological constraints on global economic development together with the idea of “sustainable development.” Both chapters 4 and 5 deal with ethical questions of distribution and redistribution of global wealth and, between them, enable scholars to address the question of whether redistribution of global wealth is a matter of charity or a matter of justice.

In chapter 5 Hutchings assesses some attempts at developing a global theory of distributive justice which could then provide a yardstick by which not only the ethics of development projects or humanitarian aid could be analysed but the justice of global economic arrangements in general. Hutchings identifies five ethical issues that are central to debates about global distributive justice. In chapter six, in contrast to the ethics of international humanitarian and development aid or global distributive justice, the ethics of war was the focus of explicit theological, political and philosophical argument for a long time. In this chapter Hutchings scrutinises some ethical perspectives contemporary arguments about the ethics of war and the ways in which they have been applied to recent developments in international and global conflicts. She focused on Walzer – the most well known contemporary exponent of the ethics of war – who draws on the just war theory tradition but reformulates it in terms of modern ethical perspectives and modern accents of political community. In this chapter Hutchings introduced traditional just war theory as a complex amalgam of different types of ethical reasoning which could not act as an algorithm for determining the justice of war. Instead it provides a series of starting points for the exercise of phronesis, or moral judgement.

Chapter seven deals with ethics of making and sustaining peace, the aim of this chapter is to map out the terrain of debates surrounding the ethics of making and keeping peace which, according to some theorists, constitutes a third aspect of just war theory, just past bellum. She argues that moral debates about the meaning of just peace make it clearer than ever that the issue of the authority of ethical claims is an ethical issue that is at the heart of Global Ethics. Additionally, chapter eight focuses on issues that are generally agreed to be global, in the sense that questions about distributive justice, war and peace are embedded in the ways in which different parts of the world share significant commonalities or are reciprocally interconnected and mutually dependent, or both. This chapter focuses on the ways in which the challenge of global ethical disagreement can be met, from the point of view of the different perspectives with which we are concerned.

The conclusion suggests that debates concerning global ethical issues set an important future agenda for global ethics, which requires a greater engagement with the who and how questions

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central to virtue, feminist and postmodern ethics. This book conducts a “theoretical enquiry” into ethics, as opposed to a history of ethical debates is an ambitious, accessible and interesting book, which raises several key questions surrounding contemporary international law, and the ethical systems which influence these laws.

This book is designed as an aid to all levels of scholarship. The book is written as a continuous argument with each chapter building on the previous one. Each chapter makes suggestions for further reading and provides a brief comment on what each piece of further reading covers. The references – at the end of each chapter – include further introductory material as well as more advanced readings. Each chapter includes a series of reflective exercises. The focus throughout the book is to grasp of the complex ideas and issues that form the subject matter of Global Ethics. Global Ethics explores many difficult questions and a range of complex and fascinating ways of answering them.

Hutchings provides an outstanding example of a textbook in international political and ethical theory. The book guides the best way to respond to the ethical dilemmas that constitute the modern international order which offers an overview and assessment of key perspectives in global ethics and their implications for substantive moral issues in global politics. The aim of the book is to help scholars students understand the assumptions underpinning different moral traditions and to enable them to make up their own minds about the best way of approaching moral judgment and prescription in a shared world, which is nevertheless marked by massive cultural differences and inequalities of power. Hutchings extraordinary scholarly analyses make this book a masterpiece on the subject concerned.

# MASTERPIECES OF HISTORY: THE PEACEFUL END OF THE COLD WAR IN EASTERN EUROPE, 1989

Book  
Reviews

Edited by Svetlana Savranskaya, Thomas Blanton, and Vladislav Zubok, Central European University Press, 2010,  
ISBN 9789639776777

REVIEWER: ELENA KLOCHKOVA  
(METROPOLITAN UNIVERSITY PRAGUE)

The end of the Cold War, among the most important events in recent history, continues to shape international relations. The authors of *Masterpieces of History: The Peaceful End of the Cold War in Europe, 1989* attempt to provide a profound and objective framework for discussion and research on this highly significant period.

This is the sixth book in the *National Security Archive Cold War Readers* series, the main focus of which is to provide assessments of primary archival sources related to the Cold War period. The key subject of this particular volume is the situation unfolding in Eastern Europe in the wake of 1989, the year bringing about the non-violent regime changes in Poland, Czechoslovakia and Hungary, as well as the fall of the Berlin Wall and re-unification of Germany.

The materials consolidated in this volume were specially chosen and collected within a 15-year project on de-classification and research of Cold War documents from the USSR and Eastern Europe. Some of them have never been published in English before. The topics discussed in the book are largely taken from the agenda of a three-day conference held at Musgrove, Georgia (US) in May 1998. The authors were challenged by the necessity to accommodate the archival information, transcription of the conference and an analytical part within a single volume.

The book is divided into three sections. The first presents the analytical findings of the project in the two essays by the editors of the book. Savranskaya approaches the issue from a Soviet perspective, while Blanton writes about the implications the events in Eastern Europe produced for the US.

The second section is the transcript of the Musgrove conference. This event brought former US and USSR officials, who had held their posts in the last years of the Cold War, as well as academics from the US, Russia and Eastern Europe, together under one roof for the first time.

Finally, the last two thirds of this 700-page volume are devoted to the archival documents from the last years of the Cold War. A total of 122 unique Soviet and Eastern European documents are presented.

The three sections are connected by a number of focal points. These include: reasons for the transformation of Soviet policies towards Eastern Europe from the so-called “Brezhnev Doctrine,” to non-intervention into internal affairs; the origins and evolution of Gorbachev’s “new thinking;” the role of Soviet administrations; and the roles played by the US and local Eastern European governments.

One of the central problems outlined by the authors is a tendency to understand the conclusion of the Cold War in zero-sum terms. According to this vision, the conflict ended with a decisive victory of the US over the USSR. This approach, besides simply being fallacious, tends to invoke undesired and even dangerous political implications. The revanchist rhetoric based on this vision may be used by the radical right in Russia; enhancing antagonism might provoke the rise of Russophobia in Eastern Europe; finally, hard-line US politicians can use this discourse as justification for a more aggressive approach to US foreign policy.

The revolutions in Eastern Europe, as the authors claim in their analysis, took place at that particular time primarily due to the shift in Soviet policies regarding the internal affairs of its allies towards non-intervention. This shift occurred, as Savranskaya suggests, thanks to the three main factors: Gorbachev’s firm belief in the ideals of his ‘new thinking’, which implied that the Eastern European allies would be free to make independent policy choices; political events inside the USSR in 1989, together with the worsening economic conditions, made Eastern Europe a lower priority for the USSR; ‘Gorbachev’s idea of a common European home made the use of force in one part of that home seem unacceptable and counterproductive.’ (p. 46)

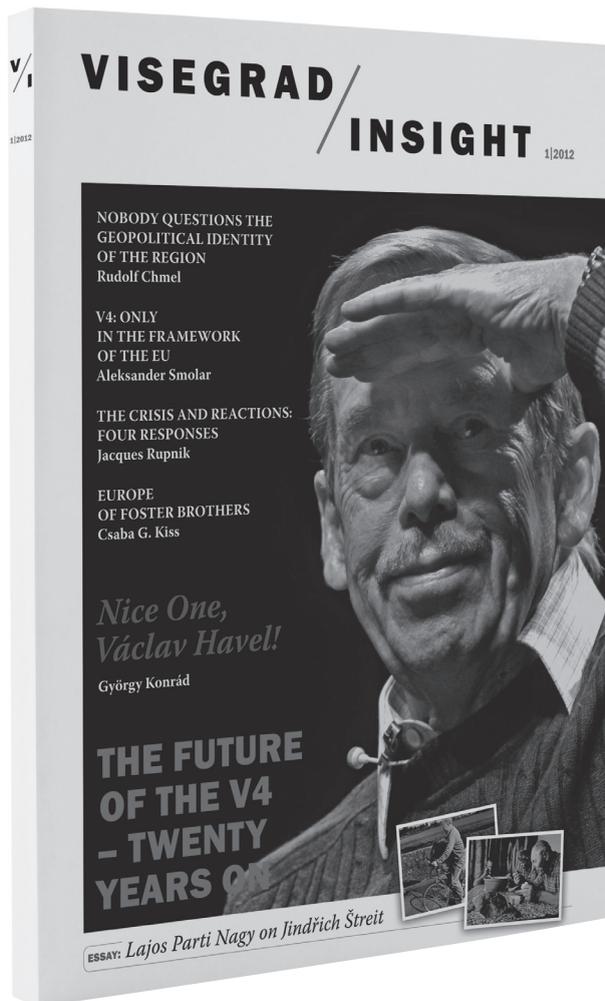
It is somewhat frustrating that the analytical part of the book does not contain pieces by scholars from Eastern European countries, despite that such scholars were actively involved in discussion during the Musgrove conference, the transcript of which comprises the second part of the volume.

The book is indeed an essential reading for everyone who is interested in the late Cold War period. It contains an enormous amount of first-hand information, scrupulously collected for 15 years, in one compact volume, conveniently placed, translated and numbered. Besides the valuable archival sources, it provides some useful theoretical and analytical insight, marking possible directions for the further research on the period.

*Book  
Reviews*



# FOCUS ON CENTRAL EUROPE



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