

# 05

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# Politika



## International scenario

THE WORLD AROUND US

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again.” His first relevant remark says there are many Africas, since there are different historical trajectories, philosophical and cultural legacies, social structures, economic performance and administrative traditions among the 54 member States of the African Union. Contrary to popular belief, the continent has almost thirty middle-income countries, and about 300 million people with significant purchasing power.

“There is nothing intrinsically evil or shameful about Africa,” he says. “The continent has simply failed in building and sustaining the kind of inclusive industrial development that transforms societies from the low to the high income situation.” This finding is a starting point for a vigorous reflection about the contemporaneous Africa, with some optimism: “Africa can jump directly into the global economy by building industrial parks and export processing zones connected to world markets. It can leverage these areas to attract the light industry of the more advanced economies, as did the East Asian countries in the 1960s and China in the 1980s.”

The magazine continues with the **Rodrigo Karmy Bolton** from Chile, an expert on the Middle East. The region is the well-known birthplace of millennial civilizations; however, from a political standpoint, it is a very recent creation as a region, which resulted from decisions taken by the victorious countries of World War I, especially England and France, which disintegrated the Ottoman Empire (1299-1922) – the only Muslim power that challenged European hegemony in the modern world.

New countries, with their respective governments, were created by Europe. England invented Iraq and Jordan, mapped the rectilinear boundaries between Saudi Arabia and Kuwait, turned Egypt into a protectorate, and sheltered in Palestine a National Jewish Home, a predecessor of the State of Israel. France decided how Syria and

Lebanon would be. Basically, most of the Arab world was divided between two families, who were supposed to inaugurate dynasties.

The changes, brought in from the outside, did not bring about stability. As a region, there remain not only intense border disputes and economic rivalries, but also much more fundamental issues, such as the very right to the existence of the political entities that comprise it. Wars of national survival are still the order of the day. There is no agreement at all on the rules of the game. The very belief in the legitimacy of secular national States – which might seem natural to us – is an alien belief in societies that for more than a thousand years have been organized by a sacred law that rules all the aspects of life, including politics.

**Kenneth Maxwell**, one of the most well-known English-speaking “Brazilianists”, writes apprehensively about the US situation and the possible impacts of Donald Trump’s government: “For the first time, the average citizen feels that his children will not enjoy a better life. There is an atmosphere of deep pessimism. [...] The situation of the working class resembles the conditions of the 1860s, which gave rise to Karl Marx. We are sailing towards very rough waters.” According to Maxwell, other outsiders can win elections in major countries.

The new American president proposes a kind of counterrevolution opposed to globalization, with a language that draws on the deep roots of Midwestern populism, fuelled by the deep dissatisfaction with the status quo and rage against politicians, bankers and business leaders. It will be difficult to avoid the breakthrough of xenophobia.

Concerns about Trump are also present in the two articles about the relations between Russia and the Western world: “Russia, the Western world and the return of Geopolitics”, by **Janis Berzins**, from Latvia, and “Diary of a Collapse: the external relations

between the Russian Federation, the United States and the Western European States”, by Alexander Blankenagel, from Germany.

First of all, they remind us of the enormity of Russia, with a territory that goes from Europe to Japan, with 35 official languages and 170 ethnic groups that form their own nationalities. After the unsuccessful neoliberal experience in the 1990s, the country re-encountered in Vladimir Putin the leader who represents its aspirations for stability and recognition as a great power. NATO’s expansion, which is now extended to many states bordering Russia; the bombing of Serbia without the UN authorization; the wars in Afghanistan and Iraq; the destabilization of Libya and other Arab countries; the revocation of the treaty of anti-ballistic missiles; and the unilateral creation by the United States of an anti-missile shield reinforced the image of an unreliable western world in the eyes of the Russian government.

The search for an identity, after the collapse of the Soviet Union, led to a new strengthening of the State and the revaluation of the orthodox Christianity as a national religion. The idea of Russian singularity was restored: a European and Asian society at the same time, devoted to its sovereignty and the construction of a relatively autarkic position in the world.

Janis Berzins reminds us that Donald Trump defends negotiations from positions of power, in which the exceptional role of the United States is clear, while **Alexander Blankenagel** speaks of a “total collapse of relations [between Russia and the western world], which can hardly be reversed.” They also mention increasing difficulties.

Our challenge is to find the position of Brazil in this world where, as we said, the great “tectonic plates” – mainly the United States, Russia, the European Union and China – collide with each other in unpredictable ways, keeping all the actors breathless, awaiting an earthquake.



This work has as its general goal the analysis of the foreign policy strategies designed and implemented between 2003 and 2016. It is understood that a foreign policy platform was created that joined the two moments of the PT's cycle in power, with phases of construction and growth, peak and decline. The phase of gestation and conceptual elaboration is identified with the two governments of Lula da Silva – as well as its peak, when it demonstrated the ambition to convert it into a model of international insertion. The phase of decline and collapse is unequivocally related to the implementation of this project during the Rousseff government.

There will be neither an exhaustive and detailed surveying of all the projects and coalitions in which Brazil has been involved, nor a wide range of themes in which innovation or retrogression can be found. The methodological criterion used for the valuation of certain events in the chain of this analysis is its relevance for the verification of the continuities in the foreign policy platforms of the last two decades, with particular interest for the governments of the PT cycle.

### **Lula da Silva (2003-2010) and the era of great ambitions in foreign policy**

The beginning of the Lula da Silva administration happens at a dramatic international moment. From the standpoint of higher international politics, the first months of the distant year 2003 would be the



ing the fundamentals of inflation control – meant the beginning of the construction of a large consumer market. For as much as there are current analyses on the intensity of the economic crisis due to the failure of the counter-cyclical policies adopted by Dilma Rousseff's government as of 2011, the fact remains that the growth of the consumer market stalled and retreated. As a result, this deterioration of the fundamentals of the economy destroyed one of the most important international credentials of Brazil: the configuration of a large, mass consumer market.

Nevertheless, while it was possible to reap the benefits of economic stability, the continuity in the management of the macroeconomic fundamentals was added to the beginning of a great cycle of growth in the international demand for commodities, strongly affected by the dynamism of China. This last phenomenon, typical of the 2000s, provided extraordinary conditions for the growth in sales of the primary-exporting countries. In the case of Brazil, it simplified the policy of accumulating international reserves, which would also have positive consequences for the country's international image, allowing it to shed its traditional role as debtor for the first time. It also injected enough confidence in Brazil, within the context of the global financial crisis of 2008, to demand the reform of the Bretton Woods institutions. Both Lula da Silva and Rousseff pontificated on the failures of rich coun-

tries and preached lessons on the consequences of global deregulation of financial markets.

Due to the growing importance of commodities on its export agenda, the Brazilian economy also experienced setbacks, a natural consequence of the increasing weight of primary products, and therefore of natural deindustrialization. Moreover, such a reversal in the economy was widely criticized as one of the adverse effects of the growth of China's importance on Brazil and, consequently, in the foreign policy of the governments of the PT cycle.

### Multilateralism as a space for the great ambitions

In the perspective of the foreign policy strategies, more than in their tactical movements, there was a remarkable continuity in what was designed and carried out in the last twenty-five years. In addition to the consequences of the economic stability, which may be the most consistent link between the 1990s and the first decade of 2000 (hence from the governments of Fernando Henrique Cardoso to those of Lula da Silva), the configuration of an international profile, increasingly assertive and more engaged on multiple agendas, is the factor that unites the two halves of that period. There has been a great difference in diplomatic style since 2003, and also in the definition of some new priorities, articulating diplomatic assets that were being redefined and realigned under Cardoso, as in the

case of the positions established around the negotiation strategies of international trade, environment, regional integration and international security (Sousa, 2009).

In another direction, under Lula da Silva there was a re-instrumentation of a categorization of ideas and concepts that had been traditional in Brazil's international insertion – such as the very notion of universalism. This perspective includes not only the ambition of giving Brazil conditions to be present in the discussions of the political, strategic and economic problems of the most diverse regions of the world, but also a variable related to the very expansion of the diplomatic network, the geographical universalism, with the dramatic increase in the number of positions and diplomatic representations.

The multilateralism had already become a central mode of operation, highly valued by Brazil from the beginning of the nineties. At the beginning of the PT cycle, there was a new ambition related to the multilateral spaces, as would be seen with the implementation of what may be called the “great synthesis goal” of the foreign policy, i.e., the institutional reform in general (as a demand for the extension of its conditions of legitimacy) and, of course, the claim of a permanent seat for Brazil in the Security Council of the United Nations.

It would be possible to read and to frame a good part of the tactical movements implemented in the two governments of Lula da Silva within the perspective of this ambition, and some of them



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relations would weaken in the face of the universalist impetus and the radical takes to the South in the early stages of foreign policy in the Lula da Silva government. The traditional concept of strategic partnership was brought to the heart of the formulation of international strategy, and in the face of its brutal vulgarization, it was certainly corrupted. However, the government was not able to find another way to qualify this new universalism, nor was it able to lend some organicity and intelligibility to the fury of the disorganized growth among so many new bilateral projects, each one announcing itself more innovative and urgent than the others (Lessa, 2010).

In spite of the expectation that the relationship between the Bra-

zil of Lula da Silva and the United States of George W. Bush could deteriorate dramatically – considering the differences that the two governments (and also the two presidents) had about central themes of the international agenda – contrary to what had been expected, the development of creative relationship was noticeable, with neither important innovations nor setbacks. Therefore, with regard to the Brazil-US relations, the Lula da Silva government sailed calm waters, thanks to the massive effort undertaken by Cardoso's diplomacy years before, regarding the normalization of the bilateral relationship and the overcoming of the historical scenario of tension and typical deterioration (Pecequillo, 2010).

**Contrary to widespread belief and due to their destabilizing effect, the rise of populist regimes on the continent generated more discomfort in Brazil than in the United States.**



that tensions grew in the area of economic cooperation, especially with respect to the path and destiny of Mercosul (M.G. Saraiva, 2010).

From the perspective of the international strategy adopted, the Lula da Silva government could not find a different course for Mercosul in either of its two mandates. Thus, it tolerated the multiple and routine perforations of the Common External Tariff,

would lead to convergence in a network of free-market agreements of the Andean Community and Mercosul. Cardoso's diplomacy sponsored the launch of the South American Community of Nations in 2000, a project that was based on a combination of trade integration and political cooperation, but which succumbed to the Venezuelan criticism. This whole arrangement was then replaced by the

that in the early 2000s there were elements pointing to the need for a rapid reorganization of Brazil's policy for that continent, the Cardoso government did not give the necessary attention to this issue. In the 1990s and until the beginning of the first PT government, Brazil's African politics gained an undesirable cultural tone, dependent on variables unrelated to the political and economic interests that traditionally guided the country's performance in the continent.

The resurgence of Africa in the foreign policy of the first PT government seems to be related to the need to rescue important mortgages pointed out by social movements, especially those developed inside the structure of the party as an expressive part of the Black movement itself. The party's political program had been pointing out the need for Brazil to re-establish consistent action for the continent for years, which in a way legitimized the impetus and intensity with which the African politics developed thereafter (Saraiva JFS, 2010). The development cooperation policy up to the beginning of the PT cycle, considered inexpressive and inconsistent, became exuberant when understood as a valuable instrument of the country's political action mainly in Africa and, to a lesser extent, in South America (Vaz, 2015 ; Dauvergne, 2012;).

In the public debate on foreign policy and international politics in general, attention was drawn since the beginning of the 1990s to the need for Brazil to

## The Chinese presence in politics, diplomacy and economics in Brazil grew spectacularly. Chinese investments within the country gained prominence.

from the both sides, helping to reduce the common market. At that time, the internal political debate in Brazil about the future of Mercosul and its shortcomings had been growing. Criticism from politically influential voices increased, and they started to openly advocate the conversion of the great Brazilian-Argentine project into an ordinary free-trade zone, giving back to the members the ability to negotiate trade agreements by themselves.

The Brazilian government was consistent in sponsoring new regional integration and initiatives of political cooperation. Thus, in the course of the 1990s during the Itamar Franco administration, the country took the open road with the launch of the South American Free Trade Area (ALCSA, 1993) project, which

Union of South American Nations (Unasur, 2008), with a much attenuated economic component and intense focus on the mechanisms of stabilization and political cooperation. The Community of Latin American and Caribbean States (CELAC), in turn, was created in 2010 as the heir of the Rio Group and the Latin American and Caribbean Summit on Integration and Development, with the ambition of establishing a cooperation process that could encompass the entire Latin American and Caribbean region (Briceño-Ruiz, 2010; Gardini, 2011).

The reconstruction of the Brazilian presence in Africa is one of the most interesting movements undertaken in the context of the Lula da Silva government's foreign policy. Despite the fact





capacity to agglutinate the international community, was that of the fight against hunger. In this case, it seems that the ambition was to update the very traditional Brazilian approach of vindicating and fostering social conditions to promote economic development – which had always been seen (at least since the 1950s) as an essential instrument for building the stability of the international system. Therefore, the government launched a test balloon which, unfortunately, has not gone very far. It became evident that this agenda had more appeal in the context of the domestic political debate and in the

reinvigoration of the social credentials of the PT government by ladling foreign policy with a discourse of a tangible agenda, immediately and directly connected with the Brazilian social reality, but with no stature to be a strong idea-force for the country's international performance.

The second theme that inspired internal attention and some foreign interest was the energy component added to the foreign policy. The development of negotiations with the United States in favour of establishing an international market for ethanol by “commoditization” was remarkable. At the time, the Bra-

zilian government was enthusiastic about alternative energy diplomacy, and the potential of renewable fuels emerged as a constant item on the agenda of Lula's trips and international events. The issue also lost significance, however, nearly disappearing from the political agenda with the discovery of the pre-salt oil reserves in 2006. This only added to the undesirable manipulation of domestic fuel prices, used to stabilize inflation rates and the consistent increase in the international prices of sugar. These movements demonstrated the impossibility of a consistent policy aimed at increasing the produc-

the usual. Indeed, diplomacy had been able to determine directions on the foreign policy platforms of presidents, who came to power completely deprived of ideas about what to do in this area, as well as about the correction of the approaches and intentions of other leaders who knew very well what they wanted to accomplish in their governments, but who had to adapt their projects to the reality of power and the international circumstances, not always consistently perceived.

With Lula da Silva, the contradictory signs emitted by the apparent dicephalic formulation and implementation of the foreign policy were therefore only false alarms. Itamaraty benefited from this first part of the PT cycle, with the salary valorisation of the diplomatic career and gaining unprecedented material conditions. One of the practical translations of this policy is the dramatic expansion of the diplomatic network, with the opening of 75 new positions, among new embassies, consulates and missions with international organizations, adding up to the 150 existing units at the end of the Cardoso government.

The fourth important aspect of the foreign policy practices at this early stage of the PT cycle is the intense use of presidential diplomacy. In this respect, Lula da Silva was not really innovative. On the contrary, his action takes place in a context of over-engagement of the President of the Republic in matters of foreign policy – that is, of an extremely active presidential diplo-

macy. Foreign policy issues were well-addressed by the President of the Republic throughout Cardoso's two mandates, a personality with an intellectual interest and a personal taste for international affairs and diplomacy business. It is worth mentioning that Cardoso had occupied the Foreign Affairs position in the government of Itamar Franco (from

### Brazilian diplomacy began to support large companies, especially contractors seeking new contracts abroad, mainly in Africa and Latin America.

October 1992 to May 1993), from where he was transferred to the command of the Ministry of Finance. Lula da Silva, in turn, seemed to have very well accepted to be positioned as an important asset of the designed foreign policy strategy by the diplomacy of his government.

Itamaraty was able to efficiently exploit Lula's international image to an extreme degree, managing his international working missions to participate in summit

meetings and State visits by giving differentiated meanings to the diplomatic language and a sense of urgency and priority to certain themes and relationships. Lula da Silva used 16% of his mandate in missions and trips abroad, while Cardoso spent 12% of his time in the Presidency on international trips. In the 470 days spent outside Brazil, Lula da Silva visited 87 countries. From his total time travelling, 54 days were spent on missions in Africa, while Cardoso was there for only 13 days.

However, the measures that translate the grandiloquence of the presidential diplomacy and the intensity of its use as an instrument of foreign policy do not hide the fact that the frequent, superlative and almost vulgarized use of the charismatic figure of Lula da Silva, in the relentless repetition of State summits, international travel and dramatic demonstrations on issues of the international agenda may have been excessive and possibly counter-productive. Itamaraty considered that the international curiosity for the figure of the President and the new load of legitimacy brought by him to certain themes and approaches greatly rewarded the undesirable risk of overexposure. As a result, no other Brazilian Head of State has ever had so much exposure, or pontificated more and more emphatically about the problems of the international system, such as development issues, the global economy, international security, crises and how to overcome them.

The triumphal tone assumed by the foreign policy of the Lu-



of the crisis, and that any cautious operator should have started to take reasonable measures to prepare the Brazilian economy for what would come. The adoption of counter-cyclical measures was not enough to contain the impacts of the international crisis that deepened month by month. By then it was also clear that the emerging countries would suffer intensely from the slowdown in the Chinese economy, and especially from the contraction in the global demand for commodities. Therefore, Rousseff took on an ambitious political project to manage the decline.

The concept of relative decline was proposed to facilitate the understanding of the brutal inefficiency of Rousseff's government in implementing the "model" of foreign

policy as left by Lula da Silva (Cervo & Lessa, 2014). Within this context, the global economic crisis is understood as an important but not determining factor explaining the erratic management of foreign policy during the second half of the PT cycle in power. The causes of the loss of efficiency are domestic, according to the conditions of political stability and the capacities of State management.

Besides the changing international scenario, what clearly represented the biggest problem in transition from the first to the second phase of the PT cycle for foreign policy strategy seems to be the fact that – as said by their critics – Rousseff/Rousseff was not Lula da Silva. This means that besides depending on a favourable international sce-

**Dilma Rousseff imposed a bizarre weakening of Itamaraty, which started to operate with neither support nor autonomy. Diplomacy had never faced such disfavour in Brazilian history.**



BRICS group, Brazil became dependant on interests and visions of international politics with which it had traditionally disagreed, and kept silent on issues such as the humanitarian crisis caused by the war in Syria and the crisis in Crimea. The relations with China suddenly became the priority, and the growth of its Brazilian profile caused perplexity among traditional partners, as noted during the visit of the Premier Li Keqiang in May 2015, when investment agreements close to the sum of 53 billion dollars were announced.

There was an inconsistent management of the institutional situation of Mercosur, and Paraguay was suspended in 2014, leading to the formalization of Venezuela's admission. Moreover, with respect to Mercosur, which became even more heterogeneous with the admission of Venezuela, there was no progress in the negotiated search for solutions to the disabilities and perforations of the Common External Tariff and the consequent weakening of the customs union.

Rousseff reduced the presidential stature, with a clumsy involvement in minor crises, or overreacting at times when the best posture would have been the perseverance of dialogue. The first episode was the diplomatic imbroglio caused by the transfer to Brazil of the Bolivian senator Roger Pinto Molina in 2013, which led to the dismissal of the chancellor Antônio Patriota. The second one was certainly the reaction to the denouncements of Edward Snowden, who in 2013 facilitated the publication of documents proving the espionage of the U.S. National Security Agency on

the communication processes of the President herself, as well as those of several other Brazilian authorities. This last episode led to protest by postponing Rousseff's state visit scheduled a few months later. There is no doubt that the espionage of authorities of an allied country is unacceptable and should naturally arouse protests at the highest level, but the practical result of the reaction of the Presidency used a tone far above the necessary to express effective complaints, it was not very pragmatic and affected the quality of the bilateral relationship with a central partner for Brazil for a few months.

## Conclusion

Many analysts have engaged in the affairs of Brazil, especially in the academic circles of the United States and Europe, synthesizing with a hard look at the scenario of the country during the governments of the PT cycle: everything from the rise of Lula to Rousseff's fall was well documented and translated by the cov-

ers of the Latin American editions of *The Economist* magazine.

The first of these editions, from November 2009, showed the statue of Christ the Redeemer taking off ("Brazil takes off"), according to the optimism translated from the balance sheets at the end of Lula da Silva's two mandates. The second one, from September 2013, "Has Brazil blown it?" brings the same iconic figure of Christ the Redeemer with the propulsion system of the previous edition failing, pointing to the imminent fall and a fatal nose-dive into Guanabara Bay. This cover, as the main story, reflected the general perception that near the end of her first mandate Dilma Rousseff had apparently failed in keeping the model of management, the social dialogue and the foreign policy received from her predecessor. The third edition, from April 2016, with the same theme but now showing the Christ the Redeemer holding a request for help, "The betrayal of Brazil" presented in its main article an evaluation of the great political and institutional crisis that divided



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peded, the crash may lead to significant falls in output and dramatic increases in unemployment.

The most important characteristic of a depression, however, is not so much the depth of the initial contraction as it is the difficulty for the economy to recover its past pace. In other words, a depression lasts for a long time, even in the cases where the initial fall was attenuated by government policies. Depressed economies may resume growth, but at low and volatile rates and in fragile configurations where any shock, even the ones that would be considered insignificant under normal conditions, may threaten to take the economy into a new period of contraction. The duration of the crisis

and the depth of the losses tend to weaken economic, political and social structures, domestic and international. Under these conditions, proposals to reform those structures may gain an appearance of plausibility and an audience they would not have otherwise. Extremist groups may become “mainstream” and their proposals to change the crumbling system may sound acceptable even to generally reasonable people. The good news is that although recessions are very common, depressions are not. The bad news is that we seem to be living through one of those rare depressions.

Of course, even those with only a perfunctory knowledge of the Great Depression of the 1930s

will recognize many of its characteristics in the stylization just offered, especially in the case of the United States but also of Western and Central Europe. It is widely known that although the United States resumed growth in 1933, when President Roosevelt was inaugurated and implemented the first measures of what is known as the New Deal, growth was not sufficient to reach pre-crisis output levels until the end of the decade. Moreover, it was interrupted by another serious contraction in 1937, exhibiting the pattern that today is called a “double dip”. Other countries had more somber experiences, of which the Nazi takeover of complete state power in 1934 is the most dramatic example.



the crisis is worldwide, however, it is an arithmetical fact that this solution cannot work for everybody (for somebody to have a surplus, it is necessary that somebody else shows a deficit). Since the 1930s, modern capitalist economies learned that demand management policies implemented by the state may constitute a more promising alternative. That was the central message of the so-called Keynesian Revolution that showed its efficacy during the “great Keynesian experiment” of World War II. But implementation of Keynesian methods of aggregate demand management may create problems of itself. It requires governments to expand their expenditures precisely at those moments in which their revenues reach their lowest volumes. Public debt may, and usually does, increase explosively for a while. A strong political opposition to such methods will probably emerge, pointing to the irresponsibility of political leaders that spend more than the government collects as taxes. Appeals to ideas that are as simple as they are mistaken, like pointing to the false equivalence between the financial constraints that apply to households and to governments (“the government is just like a family”) tend to spread quickly among a population easily scared by the possibility of having to pay rising taxes in the future. If such fears cloud the rational examination of what is really at stake in these debates, governments may be forced to retreat into trying to balance their accounts precisely in the time when

the opposite is required.<sup>4</sup> Austerity rises as the main “anti-crisis” alternative strategy to be pursued by governments. Seeking the will-o’-the-wisp of balanced budgets in the face of constantly decreasing tax revenues, governments end up prolonging the depression (and eventually making it worse), rather than solving it.

One common misconception about a depression is the idea that afflicted economies simply stand still for its duration. This is not what in fact happened in the 1930s and is not what is happening now. In a depression, a measure of recovery actually does take place. Growth, however, tends to remain low and volatile, its continuity always under threat, which may come from all points of the economic and political systems. A depressed economy may take a long time to reach its pre-crisis output and employment levels, let alone its pre-crisis growth path. Income and welfare gains painfully acquired for years before the crash may be lost, some of them forever, others requiring new and intense efforts to be reconstructed. Such consequences of depressions are never to be underestimated.

Under these conditions, it should not come as a surprise that profound changes may take place both in economic and political structures. Labor markets cannot but be profoundly affected by the rise of large-scale unemployment, for instance. Financial markets, where most the actual crashes have originated, are reshaped by regulation as well as by market failures and reevaluation of risks. But also

political structures are shaken. Power distribution is scrutinized, with the usually dominant social groups being questioned for their inability to prevent the wrecking of the economy. On the other extreme of the social hierarchy, groups that are often marginalized are mobilized by demagogues and may become as influential as they are difficult to accommodate within existing political structures. As the 1930s dramatically showed, changes may take a beneficial shape, as it happened in the United States, with the election of President Franklin D. Roosevelt, of they may release the darkest impulses of human nature as it happened in fascist movements, of which no one seem to have been worse than Nazism.

These developments are not foreordained. Depressions are too rare to allow us to build deterministic models able to capture their complexity and predict how they end (in the absence of exogenous forces that may unexpectedly thwart the path followed by afflicted societies). The risks, however, were there in the 1930s and they may be showing, somewhat belatedly, in the late 2010s, with the threatening clouds that began accumulating in 2016, as we will discuss later.

## 2. Some Relevant Facts of the 2010s<sup>5</sup>

A common dimension between the 1930s and the 2010s crises is its international spread. The financial crashes that triggered the depression in both cases have been exhaustively examined in the lit-

similar measures designed to expand demand and to accelerate the recovery. For varied reasons of a more political than economic nature, these additional measures never materialized. Once Democrats lost their majority in the Chamber of Representatives in 2011, it became all but impossible to negotiate new fiscal initiatives in the face of Republican opposition. As a consequence, monetary policy had to bear the burden of trying to promote recovery single-handedly, by adopting the extraordinary measures that became collectively known as *quantitative easing*.<sup>8</sup>

One can see in figure 1 that the pre-crisis level of output reached in 2008 was only recovered by 2011. Moreover, although rates of growth, in average, seem comparable to those exhibited before the crisis (although being more volatile in the latter period), the path followed by output after the crisis is at a visibly lower level than before the crisis. Growth rates may be similar, but the fact remains that had the economy continued to move along its past trend, output should be much higher than it actually is by now.

The United States is, comparatively speaking, a success story in overcoming the worst of the crisis. Figures 2 and 3 exhibit similar paths for the European Union, the Eurozone and some selected national experiences. Figure 2 shows the evolution of output in the three largest economies of the European Union (excepting the United Kingdom), Germany, France and Italy, since 2004. Figure 3 shows the same for two of the economies

that suffered larger losses from the crisis, Spain and Portugal.<sup>9</sup>

From figure 2 we learn that the worst of the crisis was felt in Western Europe in 2009, after the Lehman Brothers shock of November 2008. Not surprisingly, given the size and influence of Germany on the economies of the two economic areas to which it belongs, the output path for all three largely coincide. France roughly follows those paths, but at a lower level. Italy runs far behind, its path even including a “double dip”, that is, a second fall in output after a failed impulse to recovery.

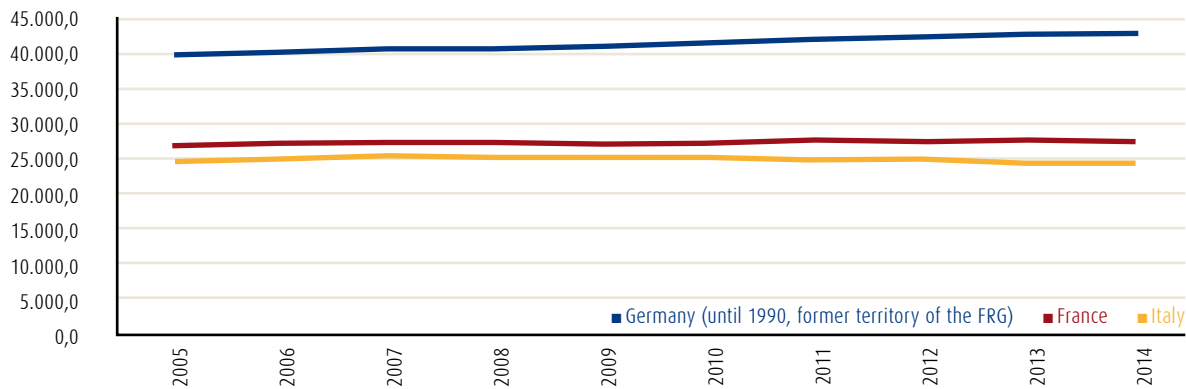
Germany, the best performer, took three years to reach the pre-crisis output level: only in 2011 real GDP equaled its 2008 value. France took longer: the 2008 real GDP level was only reached in 2012, and grew less quickly than Germany’s afterwards. Again, if one puts aside the Italian case, in which recovery is still to materialize, growth has become positive in the EU and the Eurozone and in the two largest economies but in along lower output trend than before the crisis.

Figure 3 illustrates the performance of countries that were hit harder by the crisis. Spain and Portugal exemplify the plight of the crisis countries (except for Greece, which is a sort of outlier in terms of crisis intensity). Both countries, despite exhibiting some degree of recovery (stronger in Spain than in Portugal) after reaching pit bottom in 2013, are still a long way from reaching pre-crisis output levels, let alone surpassing them, even in

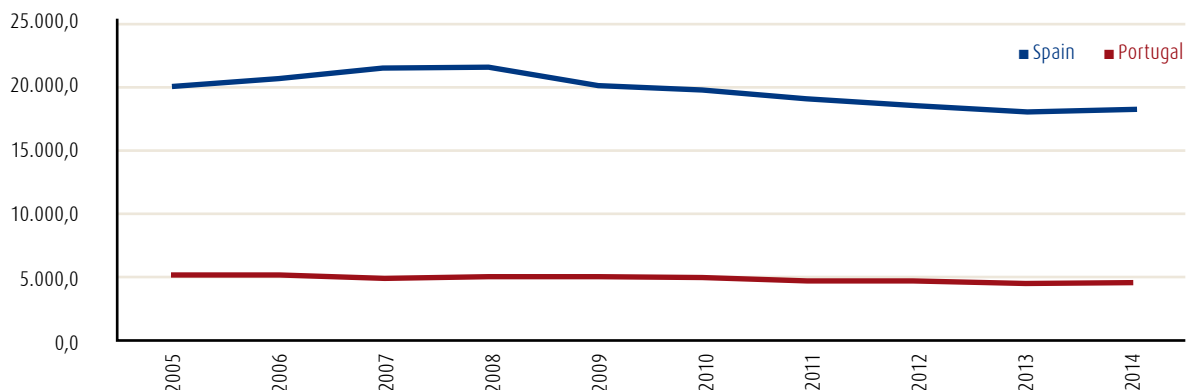
**After the crisis, the three main nations of the Euro-zone experienced different trajectories: employment increased in Germany, France remained stagnant, and Italy is still trying to reverse its downfall after the collapse.**

the best future scenarios defined by not suffering new strong negative impacts from a still unstable world economy.

If we look at the employment situation we see a similar picture.<sup>10</sup> Figure 4 shows the evolution of non-farm employment in the United States. Again, it took quite some time for employment to reach their pre-crisis peak but expansion seems to have been less volatile once it began growing again. In fact, growth of employment has been strong enough to absorb those workers that were stimulated to go back looking for jobs after spending some time outside the labor market, resulting in a fall of unemployment rates even with the increase in the numbers of those looking for jobs.

**Figure 6** Total employment levels in the three leading eurozone economies

Source: Eurostat

**Figure 7** Total employment levels in Spain and Portugal

Source: Eurostat

Less favorable trends can be observed in Western Europe since the crash. As figure 5 shows, while employment in the European Union finally equaled its pre-crisis peak in 2014, in the Eurozone it was still considerably behind that mark in 2014, last number made available by Eurostat

Figure 6 shows that the three leading countries of the Eurozone showed distinct paths in the aftermath of the crisis. While Germany exhibited a more vigorous

increase in employment, France seems to have stagnated and Italy is still to reverse the fall suffered right after suffering the impact of the crash.

Finally, figure 7 shows that the situation in Spain and Portugal was still delicate (as in the case of Italy) by the end of 2014, with employment still subdued. The best news at that date (and there actually are indications of an improvement in the situation in 2015 and 2016) seemed to be that these economies had reached

their lowest marks in terms of employment, from which point one would expect some stability, if not necessarily a strong reaction in the near future).

At first sight, even if production has expanded less than satisfactorily, workers in advanced countries should perhaps be feeling rather better than in 2009, given the apparent weakening of the threat of unemployment. However, as we will discuss later, discontent among workers in the United States and other countries,



processes themselves. Besides the old ghost of automation, which is widely believed to have made increasing numbers of workers redundant, there are other changes in productive processes that push in the same direction, such as those that open new possibilities of working from home, with flexible times. The dispersion of workers certainly contributes to the fall in incentives to develop the solidarity among them that is needed to create strong unions.

Other important changes happened in the increasing appeal to *regressive* tax reforms. Reducing the progressivity of taxes, or even reversing it, became a hallmark of “modern” policies, at least until the 2000s, not only among conservative political groups but also by more progressive political parties, like the (Bill) Clinton democrats, in the United States, or Tony Blair’s new labor. Both seemed to have bought on the idea that tax progressivity had gone too far to be compatible with the incentives needed to expand production and investment in the private sector.

Here is certainly not the place to properly explore such a difficult problem. In any case, properly advised or not, most people seemed to have become convinced that the decisive turn to globalization in recent decades bore a large, perhaps the largest, responsibility for such developments. Globalization is blamed for income concentration in advanced countries, most particularly in the United States, particularly because of the expansion of international trade and

the related problems created by outsourcing of production and increase in immigration. The increase in international trade and the removal of barriers to free circulation of goods and (some)

**Unemployment is not as crucial as it once was, but income has not kept pace with increased employment, which generates an accumulation of tensions with clear political repercussions.**

services would give domestic businesses the pretext they needed to squeeze workers’ pay and benefits in order to increase their competitiveness. Since trade liberalization opened the markets of advanced economies far more than it opened those of developing countries, workers in advanced countries had no alternative but to accept lower wages, less benefits and less influence on business decisions in order to keep their jobs. Although workers in developing countries would most probably beg to differ, their counterparts in advanced economies tend to think that they have to bear the burden of unfair competition from developing areas

which leads to what is usually called a “race to the bottom” in terms of labor conditions.<sup>11</sup>

Similar effects to reduce labor compensation and benefits would also result from developments such as the incentives to domestic businesses in advanced countries to outsource their activities to poorer countries where the cost of labor is lower, reducing the opportunities offered in those countries in the manufacturing sector where, historically, labor compensation had been the highest. As technical progress has simplified many of the tasks involved in manufacturing goods, making them accessible even to less skilled workers at the same time in which workers in developing countries became better prepared to perform those tasks anyway, those jobs stopped being offered to advanced country workers and were switched to poorer areas. What was left to domestic workers were the low-paid jobs in low-skill services, such as those in retail trade or in fast food shops. To the extent that immigration has increased at more or less the same time in most advanced countries (in part for independent reasons, like the spread of violent political and social conflicts in some regions, but also by pressing material needs in poorer areas), displaced workers in advanced countries tend to blame immigration for a large part of their problems, even though the evidence on which such views rely is widely known to be inadequate or downright nonexistent.

Be it as it may, given the fact that unemployment is certainly

for the first time in late 2008 in Washington. Regulatory forums such as the Basle Committee for Banking Supervision and the Financial Stability Forum, renamed Financial Stability Board, had their membership enlarged to accommodate countries like Argentina, Brazil, Mexico, India and China, among others. A new Basle Agreement was rapidly produced to close loopholes in banking prudential regulation that had left the door open for banks to increase leverage and

compromise the liquidity of their balance sheets. The Financial Stability Board, on its turn, defined rules to increase the transparency of financial dealings, particularly those related to securitization and over-the-counter derivatives, by far the most obscure corner of modern financial systems.

Financial institutions, among them, prominently, banks, protested and contested practically every step proposed by such entities. It is important to notice

**How the idea of fiscal austerity has endured is almost unbelievable: entrepreneurs are expected to increase production which has no demand while investing in new equipment that is not necessary. Why would they take such decisions?**



classes, those who did not profit from prosperity as much as businessmen, bankers, financial speculators and others. But this could hardly explain the strong political appeal of the central idea to an austerity strategy, that is, the notion that fiscal budgets should balance even during recessions. Balanced budgets may be just a fetish but this is not a sufficient explanation for the durability of the fetish even in the face of the heavy costs it inflicts on economies going through recessions.

**Economic policies based on austerity are associated with regressive social programs, aiming to increase competitiveness. This creates a zero-sum game, since the ultimate goal is to keep other producers out of the markets.**

As in the case of income concentration, this is also not the place to develop a full discussion of fiscal austerity. Howev-

er, it is important to notice that modern views on austerity differ from the classical view espoused by the British Treasury in the 1920s and early 1930s in at least one significant respect. The British view of austerity was *conservative* in the strictest sense, meant to make sure that the state would not disturb the private economy. Austerity was defended because it looked like being the best way to minimize the impact of government operation on markets. Likewise, controlling public debt helped to preserve the operational conditions required by private financial markets.

Modern views of austerity, in contrast, are explicitly an element of a socially-regressive *reformist* program. Austerity is advanced as a way to contain the state, to diminish its size and should be sought in parallel with the promotion of *structural reforms*. These reforms should be market-friendly, believed to augment the ability of private markets to promote innovation and to respond efficiently to shocks. Deregulation, privatization, tax simplification, control of monopolies and, above all, flexibilization of labor markets are the essential reforms that have to be coupled with austerity policies to create an environment propitious to innovation and capital accumulation. The goal is to increase competitiveness, that is, the ability to beat competitors in both local and international markets. In other words, austerity is part of a strategy that translates into a zero-sum game, since

increasing *competitiveness* is ultimately a strategy to displace other producers. In this context, austerity reduces the size of the state apparatus and signals to private businessman that there is nothing to fear from government proclivity to intervene in areas from which they believe it should remain absent.<sup>14</sup>

## 5. The Political Backlash?

Germany's Finance Minister Schäuble argued repeatedly that the positive effects of austerity, by inspiring confidence among businessmen that governments would not meddle into their activities would more than compensate any eventual contractionary impact on aggregate demand.<sup>15</sup> But Minister Schäuble went beyond that argument by stating that the austerity policies demanded by the European Commission under pressure from a group of countries led by Germany were not in any way "draconian" as accused by its critics. The evidence for this attenuated push for austerity was that many of countries from which fiscal austerity was demanded still exhibited significant fiscal deficits and public debt was still growing.

It does not require much effort to see that Mr Schäuble was being disingenuous. Deficits and public debt increase *because* of tough austerity policies, not *instead* of them. It was because austerity policies were effective in contracting output that tax revenues fell and fiscal deficits bulged. And, of course, if fiscal





more. In fact, in the most advanced Western countries the future seems to be in dispute by fundamentally three groups, maybe four if we consider the possibility that present arrangements survive the political turbulence that is forming in the horizon and “mainstream” political groups show themselves capable of muddling through the difficulties. Such a development, however, seems ever less and less probable as new election results or vote-intention polls are made public.

The first group is a variation of the status quo, somewhat rejuvenated by the large-scale implementation of a wide array of structural reforms that will increase competitiveness of individual economies and will last as long as most of the participants in the international system see a possibility of ending up among the winners of the game. This seems to be the core of Schäuble view of reformed capitalism, a system where workers, in particular, are expected to give up many of the gains acquired

**The difference between the depression of the 1930s and that of 2010 is that communist revolutions are no longer expected. The future is being disputed by other groups. We cannot make many predictions from the current circumstances.**

shock, especially through its impacts on international trade, but the country, at that point, had already been struggling against stagnation forces for quite a long time.

6. An excellent introduction to both historical episodes, emphasizing both their similarities and differences can be found in Barry Eichengreen's *Hall of Mirrors. The Great Depression, The Great Recessions and the Uses and Misuses of History*, Oxford and New York: Oxford University Press, 2015.
7. Besides including all kinds of measures that may have reduced the efficacy of the fiscal package as a whole, as a result of political negotiations with the Congress.
8. Quantitative easing is the set of policies that go beyond the simple manipulation of short term policy interest rates that is the staple of monetary policy under normal conditions. With QE, the central bank tries to relieve financial markets directly, by standing ready to buy assets of pre-defined classes in order to increase their liquidity and, thus, reducing long term interest rates directly. The idea is that two objectives can be obtained from QE. On the one hand, the liquidity increase should reduce fears of asset firesales among investors, reducing the risks of acquiring assets of longer maturities, since the central bank would work as a "buyer of last resort". On the other, the central bank hoped that the fall in long term interest rates would stimulate investment in real capital assets. Success in reaching the first of those goals has been visibly more impressive than with the second.
9. The case of Greece, of course, is already too well-known to deserve repetition here.
10. In a deep crisis, it is better to look at total employment than at unemployment rates. Unemployment surveys only count those who are actively, but unsuccessfully, looking for jobs in the survey period. Those who have been discouraged by the dire situation and gave up trying to find jobs are excluded from the calculation. Under normal conditions, the procedure may be justified since one can argue that nobody is actually obliged to work if one does not want to or don't think that compensation being offered by employers is attractive enough. In serious a crisis, on the other hand, it is obvious that most of the unemployed lost their jobs, instead of quitting them. Discouragement becomes an actually relevant reason to explain the number of unemployed workers. Under these conditions, employment levels, although far from perfect, offer a better gauge. It is not a perfect index because it still mixes up different situations or ignores important aspects of the problem (in the treatment of part time and full time workers, for example, or the number of those who lost their jobs and had to accept other jobs at much lower compensation rates), but it is still superior to unemployment rates as an indicator of the stress in labor markets.
11. Those unfavorable impacts of trade expansion on labor compensation and benefits would be compounded by the contractionary effects of fiscal austerity policies, pursued mostly in Western Europe, under the prodding by the German government. Austerity narrows domestic markets, making competition against foreign suppliers more ferocious and forces firms to search for foreign markets, which acts in the same direction.
12. In the interests of fairness and transparency, I have to admit that the author of this paper was one of them.
13. The incredible confusion created by the US Treasury Department when dealing with the Lehman Brothers case because of its concerns with moral hazard is a telling example of misplaced attention to lesser problems while the world was preparing to collapse.
14. Two succinct statements of modern austerity doctrine are offered by Minister Schäuble himself in an op-ed article at the New York Times and a presentation in a symposium at Columbia University in April 15 and 16, 2015. Both texts can be accessed from the Bundesfinanzministerium at: <http://www.bundesfinanzministerium.de/Content/EN/Reden/2015/2015-04-15-columbia-university.html> and <http://www.bundesfinanzministerium.de/Content/EN/Interviews/2015/2015-04-16-new-york-times.html>.
15. In fact, Schäuble doubted that these contractionary effects on demand were actually relevant. In any case, they would dissipate in the short term while confidence, for some reason, was supposed to be so long lasting that it would lead businessmen to increase investments in long-lived equipment. Schäuble insisted that it was important to understand the psychological aspects of an investment decision, attributing the thought to Ludwig Erhard, the first post war minister of the Economy who is generally considered to be the "father of the German miracle". Of course, in Erhard's case the point was not the choice of an anti-cyclical policy but to reject in the most categorical terms possible the East German "model" of command economy imposed by the Soviet occupants which seemed to be favored by some members of the opposition at the time. For Erhard view, one can read his 1963 collection of speeches published by Princeton University Press under the title *The Economics of Success*.

Since the emergence of the study of geopolitics, Russia (later the Soviet Union) was the centre of the Eurasian heartland. Specifically regarding Asia, Japan's position had been pivotal until the end of World War II. The recovery of the Chinese centrality with the triumph of the Revolution only lasted between 1945 and 1949. During the Cold War, China had been divided, but it has now regained its position as the epicentre of the Asian geopolitics today. The creation of the Shanghai Cooperation Organization (SCO) and the American attempt to regain control of the region has been the main rift of the last twenty years.

From Japan to Pakistan, Eastern and Southern Asia is home to more than half the world's population and several of the most ancient and solid civilizations. For five centuries the continental empires of the region were eclipsed by the maritime empires of the Western world. In the twentieth century, a process of multiple transformations started, boosting the socio-economic development of the region and changing not only its position within the world system, but its very structure and essence.

During the last hundred years, Asia was affected by huge international events, such as the emergence of Japan as a power in 1905, the Pacific War, the Chinese Revolution, and the wars of Korea, Indochina, and the Indian subcontinent. Significant strategic, regional and global changes have also occurred, such as the Sino-Soviet split and the Sino-American alliance, along with the emergence of the nuclear forces. A broad and diversified process of economic and political modernization, both regionally and globally, was responsible for the recovery of the Asian nations and the affirmation of sovereignty characteristic of the Westphalian system.

Eastern Asia and, to a lesser extent, Southern Asia have been the regions of greatest economic dynamism in the world for the last four decades (Japan, "Asian tigers", China and India), which has produced a new configuration in the regional and global power relations with the rise of new centres of power. This phenomenon has not been assimilated in all its dimension and complexity. The process of the international insertion of the region is still often analysed from inadequate assumptions.

Asia is not a "bloc". Although they are linked to the set of global transformations, the phenomena in progress have peculiar forms. The continent contains several power nuclei, which may contain the foundations for a multipolar world system. It is possible to speculate about the gradual formation of a large Eurasian space.

Japan has gradually ceased to be the driving force behind the region. China progressively emerged as an articulating pole, based on the economy and the rescue of its historical role. In Eastern and Southern Asia there are four large states in terms of territorial extent, population and/or size of GDP: China, India, Japan and Indonesia, as well



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movement covers the continent as a whole, through the Shanghai Cooperation Organization.

The Westphalian sovereignty postulates are nuanced by the Asian concepts of hierarchy and stability, in a systemic long-term view based on diplomacy (Kang: 153, in Ikenberry and Mastanduno, 2003). Global capitalism driven by the socialist Chinese market economy has created Asian connections and conquered overseas markets. Moreover, in the frenzied search for energy sources and raw materials, the “five principles of peaceful co-existence” have established new South-South cooperation axes, such as those of China and India with Africa, thereby changing the global balance and giving substance to a multi-polar system in formation.

### The immediate impact of the end of the Cold War in Asia

At the end of the 1980s, with Soviet-American convergence during the *perestroika*, the United States became disinterested in the political-strategic alliance with China and the heterodoxy of the development models of the “tigers” and the “dragon”, which had hitherto been tolerated. The time when economic concessions were compensated by the politico-military gains had finished. The development of Eastern Asia was then seen by Washington as uncomfortable. It was to be disjointed, reversing the trans-Pacific economic flows, since America needed to generate trade sur-

pluses; hence, the pressures for the democratization of Korea, Taiwan and China, and the opening of Japan, which were simultaneous processes.

The decline and, finally, the disintegration of the Soviet Union caused the end of the Cold War and the bipolar system, opening a new era of uncertainty in the construction of a new world order, in an environment marked by the intensification of the economic and technological competition. The phenomenon of globalization was increasingly subjected to regionalization, that is, the formation of economic poles supported by supranational integration on a regional scale, with profound destabilizing effects on the periphery. In this scenario of world reordering, East Asia emerged as a new economic frontier, giving meaning to the Braudelian concept of the world-economy whereby the Atlantic-centred was replaced by Pacific-cantered.

The Asian success, however, did have its counter-effects. Many countries in the region, especially China, faced destabilizing trends as a result of the accelerated growth and the introduction of market mechanisms in a society still marked by socialist forms in the socio-political sphere. The phenomena of increased migration and demographics – of dizzying and chaotic urbanization – affected the entire region (except Japan), but it was particularly worrying in China (Wenquan: 2007).

In addition, Asia-Pacific depends on the world market and

**The cooperation between Russia and China has been intense in many areas, including the transfer of aerospace and military state-of-the-art technology. This cooperation – integrating Siberia with Asian dynamism – has great geopolitical impact.**

is vulnerable to pressure from other countries or potential crises that disrupt the international trading and financial system. Finally, it should be noted that the Asian “block” does not exist as such, since it has not undergone in an institutionalized process of integration, such as the European Union and NAFTA. It is a set of economies articulated by a certain division of labour.

Moreover, the problems and prospects of the Asia-Pacific cannot be assessed exclusively from an economic perspective. Regional security raises a number of questions. China’s economic rise has boosted the growth and modernization of its military capabilities and broadened its political and diplomatic autonomy. This process has particularly worried the United States, which seeks to reassert its predominance at a cost much less than that of the Cold War and in an international scenario of post-hegemonic contours.

With the presence in Afghanistan, the United States tries penetrate Central Asia, to have direct access to economic resources and to deter the region from becoming a contact zone between the Far East and Europe.

Indochina and ASEAN disappeared, but also the Chinese economic and political relationship with the entire area has grown. Previously, the Indochinese conflict had isolated the regional members.

The Indian subcontinent is another region with its own personal dynamics and specific international insertion, which is only now beginning to be linked to the dynamism of Eastern Asia. India had been characterized as an economy based on import-substitution and self-centred industrialisation; furthermore, it was Moscow's ally (i.e., anti-Chinese) at the strategic level, despite maintaining neutrality and diplomacy of non-alignment, focused on the Third World. This projected India more into the scenario of the Indian Ocean than into Asia Pacific (Khurana: 2008). The collapse of the Soviet Union; the economic rise of Eastern and South-East Asia; the effects of the economic globalisation and the scientific and technological revolution; the normalization of China's relations with its neighbours; and the new threats to Indian security led New Delhi to open its economy and to outline something more than a simple *modus vivendi* with China, thereby integrating itself into the Asian development cycle. Similar but more radical developments occurred with Myanmar, where the military junta has encouraged foreign investments and its insertion into the world economy, while consolidating an authoritarian regime with China's political and economic support.

Almost simultaneously, the Asian geopolitical space has been further extended with the emergence of new States resulting from the break-up of the So-



Pacific Ocean, be able to threaten the hegemony of the Anglo-Saxon economy centred on the great global maritime space?

A key element in answering this question is Japan's future position. Considered a paradigm of the Asian development until recently, Japan now stands at the crossroads of large and urgent decisions. Its economy has faced a long period of stagnation, the population is aging, the social consensus begins to show signs of exhaustion, and the political system organized in 1955 during the Cold War has begun collapsing, demanding redefinitions that are still not yet clear. However, the point of the question lies precisely in the international politics, regarding the position Tokyo needs to define: will it be part of the *nichihei* economy, that is, the eastern frontier of the American empire (the "Westernized Asians" according to the Huntington typology), or will it be the western border of Asia.

The Japanese economy has gradually turned towards the continent; regional security issues have forced the country to accept greater local involvement, as in the case of the Korean peninsula; and American pressures for Japan to fit into the new standard the "protective" US-power seeks to implement in the world economy has led many statesmen and businessmen to advocate for greater autonomy of the nation, supported by the continent. But Japan still depends significantly on the American market; dependent on security, it is tremendously vulnerable to diplomatic and military

pressures; and it has encountered strong restrictions from the countries of the continent, since, unlike Europe, the great issues that are the legacy of from the World War II are still unresolved.

The Korean peninsula is another sensitive and important region in Asia, mainly due to possibility of reunification and a closer economic association with the neighbouring regions, particularly China. The economic crisis of the North Korean socialist regime has brought new dimensions to the regional game and it has coincided with the North American pressures for a greater opening of the South Korean economy. The two Koreas joined the UN in 1991. Even so, Pyongyang has used the nuclear issue, the calculated tension with South Korea and the risks that the collapse of the regime could produce (especially after the death of Kim Il Sung) as a bargaining chip in negotiating a general agreement to end the isolation of the country. Without significantly changing the socio-economic structure, the North Korean government has attracted foreign investment, establishing joint ventures and opening special economic zones in the region of the Tumen River, bordering Russia, in Sinuju, bordering China, and in Kaesong, near the demarcation line, all of them with South Korean investments.

Contradictory as it may seem, Japan and the United States notice the unlikely unification of the Koreas as a possible source of new problems, depending on how it occurs. The South Korean development has reached such a level

that the country is now seen as a competitor by Japan. Moreover, it has taken its own path with its growing linkage to the Chinese economy since the reestablishment of relations between the two countries in 1992 – which does not please Washington. Besides, the unification of the peninsula would create a new regional power of reasonable demographic, economic and military dimensions (possibly also nuclear).

### The adaptation of the Asian diplomacy of the United States

On a more general level, the situation in Asia presents a series of contradictions. Asian countries, including China, remain in favour of maintaining the US military presence in the region, as it ensures regional security at a reduced cost; and, in the case of Beijing, the American presence justifies an association among Asians to contain the "hegemony" in the area. It is a defensive posture that to some extent legitimizes China in the view of its neighbours. The Asian nations reject American economic pressures and political interference, for both the domestic and foreign affairs that are exactly the topics relevant to the White House, since its war power is used indirectly.

In order to avoid the emergence of autonomous power and development in Asia, the United States has adopted many actions that favour a reasonable accommodation of the differences between Beijing and its neighbours. The United States has sought to establish a geopolitical fence around China, as



## China became the centre of gravity of Asia, acting prudently and cautiously in greater world diplomacy, but with a large presence in Africa.

ny other associated States or observers. Central Asia has gas and oil resources that are essential for the Chinese development. Russia, in turn, became an energy (oil, gas, coal and uranium) and technological-military power (aerospace, nuclear and missile industries, etc.).

Finally, important Asian countries have sought greater cooperation with key Third World countries, particularly with the so-called emerging nations, such as the Southern African group, nucleated by South Africa, and with Mercosul, particularly Brazil. The Indian Ocean has thereby become a sort of link with the other nations of the South. The impact is still limited to the economic sphere, but the closer cooperation with these regions has a promising potential in the medium- and long-terms, as well as a strategic element in the competition among the developed poles of the Northern Hemisphere. As the Asian pole is a developing area in general terms, there is a wide space to establish a strategic partnership with the emerging countries, capable of influencing the international order of the future. The triennial meetings of the China-Africa Coopera-

tion Forum since 2006 have brought together more than fifty heads of State in Beijing and Africa, alternately, carrying out a kind of Marshall Plan for Africa, an example of China's global prominence.

## Asia and the geopolitics of the war against terrorism

After the September 11, 2001 attacks, the United States unleashed the war against terrorism, which was the beginning of intervention in Central and Western Asia. The foreign policy profile of the Bush and Obama governments for Asia was seen in the US invasion of Afghanistan and Iraq, the partial military presence in the Caucasus and in the former Soviet republics of the Central Asia, as well as in the exploitation of the Korean crisis and the fight against terrorism in the stretch from the southern Philippines to Pakistan. The intention to introduce a wedge in the geopolitical centre of Eurasia, hindering the physical integration of Russia with China, seems clear. China quietly denounces the strategic fence that Washington is trying to establish, and the threat upon China's access to Central Asian oil.

China played a discrete role at the time of the war against Iraq, avoiding polemics with the United States. Economic exchange with Washington is advantageous, and Beijing needs to maintain its economic growth for at least another decade. At the same time, China has been successful in increasingly involving its neighbours in its economic development process, while

participating in the regional co-operation initiatives, whether economic, political or security related, as in the case of ASEAN. Thus, China is becoming the centre of gravity of Asia, discreetly participating in greater world diplomacy, prudently yet confidently. Furthermore, China has strengthened cooperation with Africa, Latin America and the so-called BRICS since 2009. Together with some neighbouring countries, China is forming a pole of power in an international multi-polar system, managed by a version of the UN, reshaped by the new balance of power to be formed.

## India and Southern Asia facing the reconfiguration of alliances

Another region with its own growth and global insertion dynamics is the Indian subcontinent. India had been characterized by its self-centred industrialization; and despite its neutralist diplomacy, it had been an ally of Moscow on a strategic level (an anti-Chinese alliance). This situation ended in the late 1980s. India aimed to normalize relations with China, integrate with the Asian development cycle and solve the dilemma with Pakistan. In 1985 the South Asian Association for Regional Cooperation (SAARC)<sup>4</sup> was established, boosted in the 1990s by the accelerated development and the opening of the Indian economy, which became one of the world's information technology poles (Chaudhury, 2006: 212).

Moreover, India is a nuclear power (but not a signatory to the

at the global level, with the destabilization of the Arab countries, NATO's intervention in Libya, civil wars in Syria and Yemen, as well as the refugee crisis in Europe and Turkey.

## Asia Geopolitics Trends

In Asia's geopolitics, China seeks to avoid disclosure of any intention of restoring the tax system prevailing in the imperial era (Adshead, 2000: 35). Even so, something similar has occurred on the economic field, although the role of Japan, Russia, India, the United States and the Shanghai Cooperation Organization (SCO) work as a political counterweight. China, the epicentre of the Asian geopolitics, has managed to consolidate its position through constant adaptations and flexible strategies (Kissinger: 2011).

The alliance with Russia is interesting, extending the region towards a Eurasian space, but it has its contradictions. There are synergies between the two countries, but there is also competition and mistrust.

The biggest zone of tension has been the Southern China sea, a situation that may get worse due to the administration of Donald Trump. However, it seems that the new US president will seek, rather than a confrontation with China, a new bilateral arrangement more favourable to the United States – hence, the great “friendship” with Vladimir Putin, which would reduce the strength of the Shanghai Cooperation Organization.

On the other hand, the weight of the Chinese economy is the ultimate catalyst element of any geopolitical arrangement in Asia. Each zone of tension is managed separately, without being based on a singular, anti-Chinese scenario. Despite the attempts of the United States to fence off and forge alliances, the tendency has been to gradually organize Asian geopolitics into a single scenario, marking the return of the terrestrial powers, which limit the interference of the maritime power in the region. It seems that the geopolitics of Asia is based on different assumptions than those of the traditional geopolitics of Anglo-Saxon powers from a century ago. ■

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## Notes

1. The socialist economic policy based on the market, which was in force in the Soviet Union between 1921 and 1927.
2. The concept of “new Second World” was presented in the study of macro-scenarios, conducted by the Secretariat of Strategic Affairs (SAE) of the Presidency of the Republic during the Fernando Henrique Cardoso administration.
3. India and Pakistan joined the Shanghai Cooperation Organization in 2016.
4. It is formed by India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Maldives, with a population equivalent to China's (one billion three hundred million inhabitants). Afghanistan joined in 2010.



African countries are in a good position to capture low-skilled jobs that have been released by successful middle-income countries, which have been experiencing higher wages and losing competitiveness in many industries. Although the tendency is to disappear, there is still a very large quantity of this kind of employment that will have to be relocated. Africa can jump directly into the global economy by building industrial parks and export processing zones connected to world markets. It can leverage these zones to attract the lighter industry of more advanced economies, as did the Eastern Asian countries in the 1960s and China in the 1980s.





awaited evidence that the time of Africa had come...

Obama himself had never said anything remarkable about Africa (or shown any particular interest towards the continent) during his campaign for the U.S. presidency. He was no more an “Africanist” than his political opponents. Still, he was immediately hailed as the Savior, and celebrated as a mixture of Martin Luther King and Nelson Mandela. After all, he had won the Nobel Prize for Peace only months after becoming the U.S. President. Many Africans and Africa “experts” simply assumed that his Kenyan roots and obvious skin color would make him a natural champion of the continent on the world stage. In some ways, it was

a shamelessly essentialist reading of history. But who cared? The entire planet was mesmerized that a “Black man” (whatever that meant) had managed to get into the White House...

Never aware of his alleged *Africaness*, Obama naturally could not meet the expectations of his African cousins, nieces and nephews. He acted like any other traditional American President, bombing Libya without consulting with African heads of States, closing his eyes or offering military aid to several African dictators deemed “friends of the U.S.,” chasing suspected terrorists with drones wherever he could find them in the Sahelian desert or in the Horn of Africa, traveling rarely to the continent—typically for

short trips—mainly to lecture his African peers about their bad governance manners, and in fact, showing more than benign neglect and disdain for the continent’s affairs. In fact, the main motto and strategic pillar of his foreign policy was “Pivot to Asia,” which was understood in all capital cities from Rabat to Johannesburg and from Dakar to Djibouti as an “official” statement of neglect of Africa.

Times have changed. It is now clear that Barack Obama could not do for Africa what the African themselves did not do. After all, several major African-American political leaders and hugely influential figures had dominated the global scene well before him, without changing anything about the



their gross domestic product (GDP) per capita in 2015 ranged from \$ 250 in Malawi to \$19,000 in Equatorial Guinea, according to World Bank data. While war-torn and conflict-affected African countries such as Libya or Burundi feature in the list worst performers in 2015, the continent also has some of the fastest-growing economies in the world (Ivory Coast, Ethiopia, Rwanda, Tanzania, and Senegal). In fact, few commentators of global affairs seem to have realized that Africa has nearly 30 middle-income countries. The continent's middle class is growing at a rapid pace and is estimated to some 300 million people with decent purchasing power.

Despite its diversity of economic performances and experiences, the extraordinary contributions of Africa are still largely unknown even to educated people in advanced countries. The general tone of international media coverage of Africa has improved in recent years (from the ignorant and bluntly racist headlines of a few decades ago to somewhat cautiously optimistic comments). However, skepticism or indifference still prevails in major business circles. And Africa is still widely kept out of the international cenacles where global governance decisions are made. Perhaps even worse: the continent that has produced Nelson Mandela is still rated in the collective imaginary of people, both in the West and the East of the globe, as a repository of misery and pity. Well-meaning people in West-

ern countries rarely mobilize and hit the streets to celebrate anything coming from Africa—they typically do so only to beg for more humanitarian aid to deal with crises, or to pressure their governments for debt forgiveness for poor countries.

Yet, in an increasingly interdependent world, Africa holds the keys to world peace and prosperity. The world is increasingly independent—not only from an economic perspective but also on political and security issues. Mass migrations, terrorist threats, random violence, and global pandemics have shown that no country on earth could be rich and powerful enough to be safe in a world where there is too much suffering and despair. No boundary could protect advanced economies from the economic, social, and political challenges experienced by people in poor countries.

The remainder of the paper is organized as follows: Section 2 discusses the heavy costs of Africa's failure to industrialize and the inability of global leaders to observe that. Section 3 presents a general policy framework for engineering African industrialization. Section 4 offers some concluding thoughts.

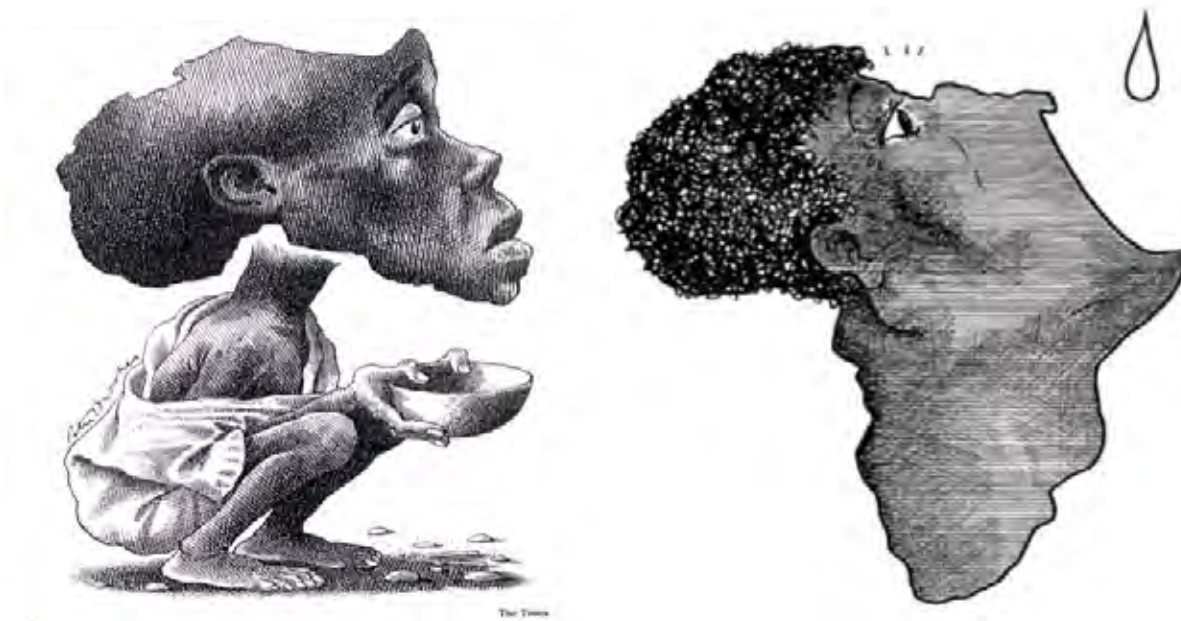
## 2. Africa as the Main Source of Global Threats

Humanity is supposed to have made great strides in the development of information technologies that connect people from all corners of the planet and allow them to relate to each other across

**Only bad news is published. Therefore, the positive dynamics of the 54 African countries are not included in international newscasts. It seems that we live in an eternal crisis.**

real and imaginary boundaries. New forms of social media, which are continuously used in ways that nobody envisaged in their inception, are indeed helping shed light to the pain, suffering, and hope of all people—even those trapped in the most remote parts of the world. Yet, while these new channels of communications may have expanded the global stock of knowledge, they may not have stimulated true learning. Even today, the average person in Latin America, the United States, in Europe or Asia, anyone who has never traveled to Africa and does not know much about the continent, would be profoundly misled by the headlines stories that even the most reputable traditional news sources and television programs devote to it.

News is normally bad news, the old saying goes. That is perhaps why the infinite positive dynamics that are ongoing in anyone of the 54 countries of Africa would not be found on the front pages of international

**Figure 1** Caricatures of Africa in Some Mainstream Western Media

sectors. The countries that manage to pull out of poverty and get richer are those that are able to diversify away from agriculture and other traditional products.

Industrialization has always played a key role in growth acceleration processes that are sustained over time and eventually transform economies from “poor” to “rich.” In the early phases of modern economic growth, which started with the Industrial Revolution, manufacturing in particular played a larger role in the total output of successful countries and their higher incomes were associated with a substantially bigger role of transport and machinery sectors. Throughout the nineteenth and twentieth centuries, countries in

North America, Western Europe and Asia were able to transform their economies from agrarian to industrial powers, which included a rapidly growing services sector fueled in large part by the multiplier effect of manufacturing. As a result, they built prosperous middle classes and raised their standards of living.

Besides the generally much higher levels of productivity in industry (especially manufacturing) than in traditional agriculture, the main reason for the growth in industrialisation is the fact that its potential is virtually unlimited, especially in an increasingly globalised world. As agricultural or purely extractive activities expand, they usually face shortages of land, water or other resources. In con-

trast, manufacturing easily benefits from economies of scale: thanks to new inventions and technological development, and to changes in global trade rules, transport and unit costs of production have declined substantially during the past decades, which also facilitates industrial development. Today, almost any small country can access the world market, find a particular niche, and establish itself as a global manufacturing place. For example, Qiaotou and Yiwu, two once small Chinese villages, have become powerhouses, producing more than two-thirds of the world’s buttons and zippers, respectively!

Industrialization also promotes inclusive development by expanding the fiscal space for



indicating that little structural transformation has taken place in this sector. As a result, record in terms of structural transformation in the last 50 years has been disappointing. It must be noted, however, that there are large heterogeneities within this group of countries. Some countries are today in a process of de-industrialization while other could be characterized as never being industrialized. In fact, African economies have evolved in the past half century, but the nature of this change has generally not been the same as the one driving growth in other world regions: in Asian and Latin American countries labour has generally moved towards sectors with higher productivity, in Africa it has moved towards sectors with lower productivity. While farmers have moved out of rural areas and the share of agriculture in employment and value added has dropped since the 1960s, the primary beneficiaries have been urban and often informal services rather than manufactures. Thus, the transformation of some of these economies has been towards the *wrong* sectors.

### What happened?

Political leaders hoped to make Africa and other LDCs advanced economies immediately after independence. They generally adopted a strategy to build up advanced capital- and technology-intensive industries even though these countries were mainly agrarian economies. Under these circumstances the government's priority industries went against

**Governments must facilitate development so that markets can function properly and that potentially competitive companies can grow. There must be rewards for pioneering companies as well as investments in infrastructure.**

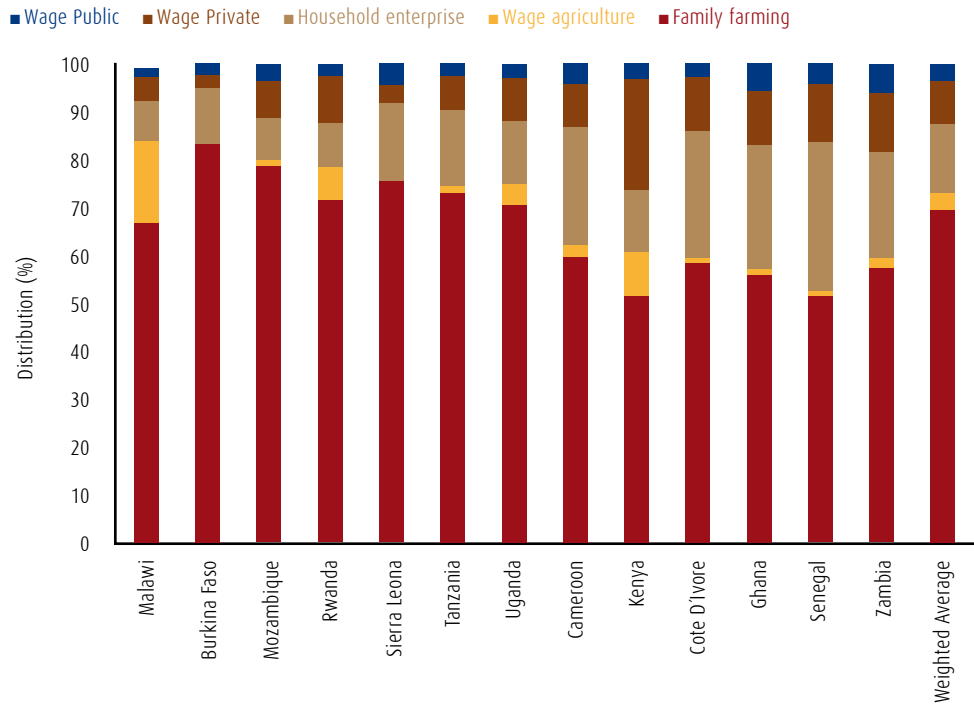
the economy's comparative advantage. The government needed to protect them by giving them monopoly positions and subsidizing them through various price distortions, including suppressed interest rates, overvalued exchange rates and so on. The price distortions created shortages and the government was obliged to use administrative measures to mobilize and allocate resources directly to the non-viable firms in the priority industries. Through those interventions the government was sometimes able to set up modern advanced industries, but the resources were misallocated and the incentives repressed. Eventually economic performance was

very poor. In the words of Lin (2012), haste made waste.

Successful development experiences and lessons from economic policy highlights the indispensable facilitating role that the government must play to allow markets to work well, and potentially-competitive industries to grow. First, no matter its success or failure, a pioneer firm in industrial upgrading and diversification provides information externalities to other firms. If it fails, the firm needs to bear all the costs of failure. If it succeeds, other competitive firms will enter and the pioneer firm will not be able to earn extra profits. Due to the asymmetry between the cost of failure and the gain of success, a firm's incentive to be the pioneer will be low. A broad based intervention cannot solve the need for compensating pioneer firms.

Second, the required infrastructure improvements are often industry-specific. The cut flowers and textile industries require different infrastructure for their exports. Since a developing country's fiscal resources and implementation capacity are limited, its government has to prioritize the infrastructure improvement according to the targeted industries.

Third, to compete in the globalized world, a new industry not only must align with the country's comparative advantage so that its factor costs of production can be at the lowest possible level, but also the industry needs to have the lowest possible transaction related costs. Suppose a country's infrastructure and busi-

**Figure 2 Distribution of primary employment in Sub-Saharan Africa (Percent)**

Source: Fox e Sohnesen, 2012.

agriculture, 10 to 30 percent are in household or microenterprises (this primary employment only). About one-third of those outside the wage and salary sector typically report multiple economic activities over the year – combining agriculture and non-agricultural enterprises. Almost all of the labor force participants in low income households are engaged in household-based activities – family farming, and very small non-farm enterprises, commonly called “informal enterprises” (Figure 2).

The household enterprise sector generates the majority of new nonfarm jobs in most African countries, even during times of high economic growth (Fox and Gaal, 2008). Household survey data show that, for the past decades, the informal sector (non-farm) has been a growing source of employment for a large fraction

of the African youth, but also for older workers trying to seize entrepreneurial opportunities. Its contribution to GDP and poverty reduction has been substantial, and it has become a major point of entry into the labor market for many. For youth in large cities such as Addis-Aba-ba, Lagos, Kinshasa, Abidjan, Douala, Nairobi, or Dar-es-Salaam, the informal sector is indeed the only viable option for making a modest living, even for those with secondary, vocational, and tertiary education, as the number of employers in the formal sector is limited and there is evidence of skills mismatch in the labor market.

It is not surprising that job creation policies have led to disappointing results: most Sub-Saharan African countries started liberalizing their economies in the 1970s and 1980s and have implemented

serious market reforms for several decades. Labor market regulations were substantially relaxed to make firing decisions by firms easier. While labor productivity (measured as percentage growth of GDP per person employed) is reported to have increased from -5.3 in 1990-1992 to 4.4 in 2005-2008, the employment to population ratios did not show much change: in 2008, it was still averaging 64 percent for the entire population (15 years and older), the same level observed in 1991. For the youth (ages 15-24), it has declined slightly in that twenty-year period, from 50 to 49 percent.<sup>3</sup> Clearly, the labor market reforms have not led to the creation of new formal sector employment opportunities.

The dynamics of population growth makes things even more challenging (Figure 3). With population growth projected to be 2.2 percent in the next 25 years and about 2-3 million young people entering the labor force every year, Africa's workforce will grow by 11-14 million a year for the next couple of decades. The African private sector faces the challenge of creating employment opportunities to absorb the youth bulge: about two-thirds of the Region's population is under the age of 24 and is underemployed—including those with college and university degrees. Most workers are trapped in very low productivity activities in subsistence agriculture and the informal sector. Sub-Saharan Africa will have to generate large employment

opportunities annually in order to accommodate the high rate of population growth.

Africa's failure to industrialize has implications not only for the continent but also for the global economy, and for world peace and stability. First, it prevents large segments of the population from contributing to production, and benefiting from economic growth, which creates inequality and various forms of social imbalances with potential political repercussions. In these cases, the economy tends to depend to a very large extent on the creation of employment in the informal sector. Formal manufacturing is typically the most dynamic sector, the main driver of technological development and innovation and a major engine of broader-sector productivity and economic growth. Premature deindustrialization thus constitutes a serious threat to growth in developing countries.

The formidable challenges of the upcoming demographic transition makes it indispensable for Africa to create new sources of growth that also come with substantial creation of jobs. In addition, the slump in commodity prices and subsequent rapid deceleration of growth in a number of African countries since mid-2014 only underscores the significant reliance on commodity revenues for growth and need to create new sources of growth going forward to ensure macroeconomic stability and durable and equitable growth. Failure to adopt policies for fostering structural transformation in poor coun-

**Global institutions, public or private, could organize the transfer of savings from developed countries to productive investment opportunities in low-income economies. However, this does not happen.**

tries has already been costly not just for these economies but also for the global economy and for world peace, as poverty and joblessness in Africa are often associated with instability, conflicts, violence, vulnerability to disorderly mass migrations that exacerbate the economics fears and social anxieties in advanced economies.

### **3. Africa, the Indispensable Continent**

Perhaps the biggest paradox of current times is that many of the world's major problems, which some attribute to Africa's inability to ignite and sustain economic growth and lift itself out of material poverty, can only be solved by engineering



economic prosperity in Africa. True, there will always be an uncompressible amount of anxiety, political tensions, global unemployment, and economic uncertainty on a planet inhabited by congenitally unsatisfied and unpredictable human beings. However, it is clear that Africa's economic development would not only alleviate the pain and suffering of the more than 1 billion people who currently live there but also contribute in many ways to the resolution of global poverty that sustain violence, terrorism, and sociopolitical tensions, the mass-migrations of unskilled labor, and high levels of unemployment in some advanced countries—most notably in Europe.

To understand how that would be possible, one must step back from Africa's specific problems, take a look at the global picture, and understand the strong and often overlooked economic and sociopolitical linkages that exist among regions of the world—regardless of territorial boundaries and cultures. Let's imagine for a minute that a group of Martian macroeconomists are watching Planet Earth today, from afar. What would they see, from their macroeconomic perspective? They would probably be impressed by the pace of innovation and technological developments on Earth. But they would also be surprised by the discrepancies and inconsistencies in the ways in which prosperity is distributed among the Earth population. Martian observers would probably wonder why some people have excess food, which they destroy every day, while others go to bed everyday hungry. They would also be puzzled at the

fact that there is excess savings in some places of the world while others are painfully lacking in investment. The savings-investment discrepancy would be a particular mystery to them.

### Why? Because

■ *Excess savings* is creating financial and economic problems in rich countries on Planet Earth (problems such as too low interest rates, which encourages and bad behavior by bankers taking too much risks to find returns and eventually creating financial bubbles that threatens the economic and social fabric of societies).

■ *Investment deficits* are weakening growth prospects and perpetuating economic and social misery in Africa and in developing regions of the world—problems that eventually lead to poverty, anger, and political instability.

Rich countries have excess savings. By contrast, poor countries have investment deficits that could be absorbed by the abundant financial resources and knowledge from rich countries. The Martian macroeconomists would reach the logical conclusion that Planet Earth would be a much better place if linkages and solidarities could be established among humans who largely share the same aspirations and goals, regardless of where they live. All governments want to create the optimal conditions for harmonious development that generate lasting prosperity and good name for their country so

that their political leaders can stay in power as long as possible and enter history books with honors. Private sector people everywhere in the world want to make money and perhaps, contribute to some good causes. In fact, they need to make money to remain in business. Civil society organizations across the planet generally want to ensure good opportunities among all citizens and create social peace. All these major players and entities may be driven by different motives. But they all strive for the same objectives.

Why aren't the harmonious economic and financial among economic agents around the world exchanges happening? Why was income per capita in Malawi in 2015 \$350 while it was \$102, 000 in Luxembourg, and the human community appears to accept it? If the world through its global public institutions or through international private channels could organize the transfer of savings from advanced economies into productive investment opportunities in low-income economies (most notably in Africa), the result would be a win-win for all countries on earth, rich and poor. Yet it is not happening. Because economic policymaking is still mainly conceived and implemented with national borders and national political constituencies as references, the world is not reaping the potential dividends of international cooperation. Martians watching Planet Earth from afar and not understanding the great mystery of national borders

ers out from these regions and increase the number of migrants arriving to other regions of the world, especially Europe.

However, with appropriate policies, industrialization in Africa and LDCs would spur growth and contribute to global demand. By raising productivity levels and creating formal sector employment, it would boost average incomes in these economies and raise domestic consumption in

the context of rapidly-growing middle class and high demand for imported capital equipment. According to UNIDO research, for every point of increase in the share of manufacturing in GDP (within the relevant range for African and LDCs<sup>5</sup>), per capita investment would increase in 66 dollars and per capita consumption would increase in 190 dollars. This boost in investment and consumption, in turn, will increase

their requirements of imported capital and consumer goods from other regions of the world, most notably the G20 economies where most of Africa's and LDCs' imports come from, as shown in Figure 3).

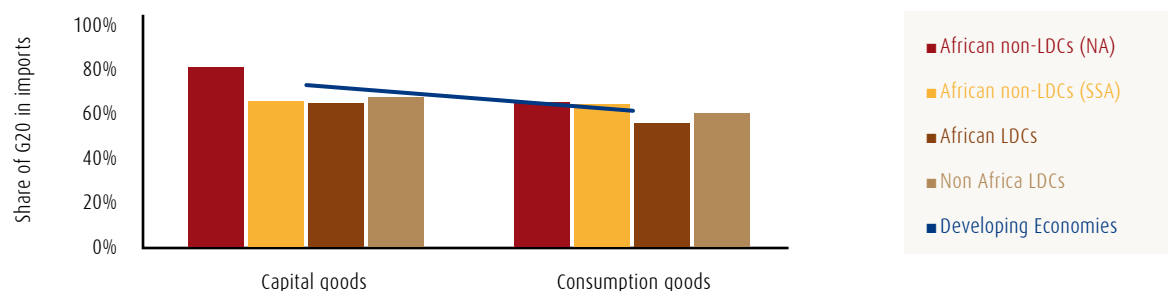
Increased production of capital and consumer goods in G20 economies and in Africa and LDCs would also put into motion several multiplier effects, generating further demand for

**Table 1 Population projections: World, Africa and LDCs, 2015-2050 (in thousands)**

	2015	2030	2050
World	7,349,472	8,500,766	9,725,148
Africa	1,186,178	1,679,301	2,477,536
African LDCs	615,371	921,916	1,440,177
Africa non LDCs (SSA)	346,915	474,937	683,055
Africa non LDCs (NA)	223,892	282,448	354,304
Non Africa LDCs	338,786	403,778	456,744
LDCs	954,158	1,325,694	1,896,921
Africa and LDCs	1,524,965	2,083,079	2,934,280
Share in World Population	21%	25%	30%

Source: Author's elaboration based on United Nations data. Probabilistic Population Projections based on the World Population Prospects: The 2015 Revision. Population Division, DESA. <http://esa.un.org/unpd/ppp/>

**Figure 4 Share of G20 economies in total imports of capital and consumption goods in Africa and LDCs. 2013**



Note: Unweighted averages. The aggregate of Developing Economies includes Africa, Asia (excluding Japan), Latin America and the Caribbean and Oceania (excluding Australia and New Zealand).

Source: Elaboration based on UN Comtrade.



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Saharan Africa, would alleviate socio-political tensions and mitigate the risks of seeing large numbers of disenfranchised youth joining radical militant groups and posing threats to global peace and security. Higher growth rates in Africa and LDCs would yield additional global benefits for the world. It would bring higher tax revenues—and less dependency on foreign aid—to many low-income countries and would help improve their domestic health systems and strengthen their capacity to handle and prevent the outbreaks of diseases such as the Ebola or the Zika crises, which are global threats.

#### 4. Conclusion

*In fine*, it can be said that despite its sub-optimal global reputation, Africa is actually better positioned today to shape the course of human history than any other region of the world. It is a collective failure of vision and political courage that has led G20 country leaders to miss the opportunity to take the necessary actions that would have generated win-wins for advanced economies and low-income countries. Having just wrapped up his two-term (8 years) at the helm of the world most powerful country, Barack Obama bears some responsibility

The governments of the G20 countries failed in taking the necessary measures to generate common benefits. Former President Obama has some responsibility for the wasted chances, but maybe expectations surrounding him were exaggerated.



## Notes

1. The movie is Captain Philips by Paul Greengrass (2013). It is supposed to narrate the true story of Captain Richard Phillips and the 2009 hijacking by Somali pirates of the US-flagged MV Maersk Alabama, the first American cargo ship to be hijacked in two hundred years.
2. In recent decades, innovation, technological developments and new sources of economic growth have led some economists to question whether manufacturing still matters. See Monga (2014) for a critical assessment of the arguments in that debate.
3. Source: World Development Indicators.
4. The G20 Summit held in Guangzhou, China, in September 2015, wisely identified African industrialization as a major priority for the world. Unfortunately it did not adopt any credible action plan to make it happen.
5. The figure only considers countries with per capita incomes below 25.000 international dollars of 2005 and manufacturing shares below 25% of GDP.
6. It is important to stress some limitations of the approach used. (i) The simulations are based on the 2013 input-output tables of 2013. That is, assuming that the input-output relations (intersectoral transactions) remain the same, even after projecting that the manufacturing share in GDP will increase to 15%. Taking into consideration the changes in inter-sectoral relations brought by industrialization would certainly affect the results. This however, would require a re-estimation of each input-output table of Africa and the LDCs, which is beyond the scope of this simple exercise. (ii) The structure of consumption and investment in Africa and LDCs is assumed to remain equal to that of 2013. The only thing changed for the projections is the total amount of money channelled to investment and consumption. But the way in which this money is allocated in terms of the type of goods purchased (sectoral structure), the origin of the good (domestic or foreign) and the particular country from which imports originate, is kept constant (equal to what is published in Eora 2013). (iii) We did not estimate the effect that industrialization in Africa and LDCs might bring in terms of increased exports from these countries. In this exercise the focus was placed on global final demand and thus only domestic absorption was considered. (iv) There is no

specification on the time frame in which all these impacts will take place. This will depend on the time needed to increase the current manufacturing shares of Africa and LDCs to the goal share of 15% of the GDP.

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**"The tradition of the oppressed teaches us that the "emergency situation" in which we live is the rule. We must arrive at a concept of history which corresponds to this."**

**WALTER BENJAMIN**

annihilate that “new era” that had seemed to commence with President Nasser. The dream had seduced with the scent of a rose, but was eternally buried at once. Yesterday’s revolutionaries became today’s technocrats; the revolutionaries that promised unity ended up the new *taifa kings*, disputing miserable quotas of power in a geopolitically devastated and imaginarily defeated region.

Adonis falters. Contemplate the image of his “country” and tries to cling to the last remains of his *dwelling*. The poem develops as a place of the said dwelling, a poem that can no longer be a friend of history, but rather a cry of memory: the “children drag their entrails”, the image of the future has turned to the past, freedom has been exchanged for slavery, the promised emancipation brutally ended in new shackles, in the consolidation of imperial geopolitics, regionally led by Israel and globally by the United States. But under the imperial cartography survives the dream-like topology of the peoples, as a roughness that prevents the full coincidence of the cartographic program, the irreducibility of the oneiric dream as a life that defies, each time, the geopolitics of the devastation of dwelling.

“*Me heriste de muerte, mataste mis canciones, / ¿eres revolución / o matadero?* (...)” writes Adonis. The situation becomes undecidable. Revolution or slaughter, emancipation or new slavery, the catastrophe of a new era, exhibits the complicity between the old liberators with the new oppressors, the *taifa kings* have returned when

everything seemed to conspire for them; Adonis projects the image of the past in the contest of the present: as in the ancient Al-Andalus in which the *taifa kings* negotiated with the Christian Crusaders to conspire against other *taifas*; Unconditional reproduction of the *taifas* as a figure of the defeat of 1967. But the defeat has not been total. It never is. Whenever the situation resounds undecidable, it becomes impossible to completely resolve, the fragile geopolitical balance is always about to explode. Such a “possible”, that irreducible one that, despite the defeat, allows us to continue breathing in the middle of the occupation, is called Ali.

But Ali serves as a double name. On one hand, Ali is the name of Adonis (Ali Ahmad Said Esber), a personal footprint that marks the finitude of a story; on the other hand, Ali is the name of the fourth caliph of Shi’ah Islam who was killed once he had attempted to overthrow the Mekhi oligarchy and gave rise to the Muslim schism that divided the waters between Shiites and Sunnis. It is within this context that the poet (Adonis) and the defeated caliph (Ali), the speaker in the face of the consummate catastrophe, and the martyr who defied the oligarchy of his time, are in the same place of enunciation, in the same voice. Ali does not only resonate the personal experience of the poet or simply the religious history of the Arab and Islamic world, but rather the crossroads between them, their intersection: the self and history, the present and the past, entangled in the same writing.

## **During World War I, England, France and Russia signed secret agreements about the future of the Middle East – contrary to the promise that the Arabs would achieve national independence.**

Ali is the place where historicity touches the winds of eternity, the finite character of a man (Adonis) assumes the infinity of a spiritual force (Ali). The poet spreads words crossed by the memory of the fallen, singles his verses in the light of the blood distributed, composes his works signed by the voice of the dead. In this light, Ali is projected as the name that brings with it the irreducibility of justice yet to come, a betrayal by his own peers, but a “spiritual” survival that keeps alive the martyrological intensity and his commitment to redemption. Ali is the image in which the present is condensed, which the poet sees at the moment when everything seems to have been broken down. In the worst of worlds, when hardly anything like “world” can survive, Ali appears: the strength of the vanquished, the image that identifies Ali as a remnant to come.

“With his story of backstabbing murder” Ali finds a “house” in the midst of the invasion (the



national independence. Not surprisingly, once the Sykes-Picot agreements (published in a newspaper by the nascent USSR in 1917) became known, Arab streets ignited into a new cycle of revolts and that history – as seen by the Arabs and Adonis in his poem – would highlight this episode as the “betrayal” executed by the Western powers.

The Sykes-Picot accords would become the imperial *nomos* by which Great Britain remained in command of Palestine, Jordan and Iraq, while France divided “Greater Syria” as it was known under the former tutelage of the Turco-Ottoman Empire, in Lebanon and Syria: “The dismemberment of Greater Syria was mainly the result of colonial policy. The 1916 Sykes-Picot Agreement between Britain and France separated Lebanon, Jordan and Palestine from it, and the Balfour Declaration of 1917 led to the official Judaization of the latter. Moreover, these ‘countries’ were now governed by distinct (and conflicting) colonial powers. The state of Syria, as we know it today, is in no way more than a ‘residual state’ of what remained of natural Syria after many of the outlying areas went their own way.”<sup>7</sup> “Greater Syria” (Bilad Shams) was originally a region dominated by the Turkish-Ottoman Empire, which divided it into four great provinces that were unified under the regime of the Ibrahim Pasha government in 1841 until the first decades of the twentieth century, when the troops of Abdallah and Faisal – supported by

Britain, as stated in the letter of Mc Mahon – would begin their definitive fall, announcing Arab national independence. Sykes-Picot consummates the division of “Greater Syria”, not only dividing Syria from Lebanon, but leaving both territories under French mandate.

### **With the advance of the Arab nationalism, France played the minority role, dividing Syria into tribal, confessional and ethnic identities, among others.**

In the open interregnum between the Ottoman fall and the Franco-British rule, Arab troops arrived in Damascus in 1918 under the leadership of Emir Faisal, who articulated a sort of independent government, ratified by the Syrian National Congress in 1919 and which ended up establishing one: ... an organic law establishing the principle of national sovereignty and a federal parliamentary regime between Syria, Palestine, Transjordan and Lebanon (...) <sup>8</sup>, as had been originally configured in the “Greater Syria” under the Turkish-Ottoman Empire. However, the sovereignty proclaimed by Faisal clashed with Franco-British in-

terests: taking advantage of the complete dissolution of the Ottoman-Turkish Empire, they forgot the promises made to the Arabs and consummated their “betrayal”. Under French-British pressure, the San Remo Conference of May 20, 1920 ratified the Sykes-Picot agreements, thus granting “mandates” to Great Britain in Palestine, Transjordan and Iraq; and to France, Syria and Lebanon.

The dream of Great Syria is relegated, but not defeated: the entry of the French troops into Syrian territory encountered great hostility from the Syrian population, which, under the Emir Faisal, was grouped into a great nationalist movement from which two intellectual letters derived that were decisive not only for Syrian nationalism, but for Arab nationalism in general: Michel Aflaq and Salah Bitar, who elaborated a pluralist nationalism of socialist design, the ideas of which crystallize in the constitution of the pan-Arab Ba’ath party [Resurrection], under the slogans “unity, freedom, socialism”: “The founding charter of the party affirmed that the Arabs make up a single nation that has a universal and eternal mission aimed at promoting development and fostering harmony between States. The party considered fundamental freedoms of expression and faith, and emphasized the value of individuals. Its immediate objectives were the struggle against colonialism and the union of all Arab peoples. The party was proclaimed explicitly socialist and considered the economic patrimony owned by the nation, de-

trigger the process that would lead the Arab countries to compose an interstate space without precedent in modern history. However, as witnessed in Adonis's poem, after the encounters of 1967, such unity seem progressively truncated by Israeli hegemony and the imperial terrain that substituted the Franco-British axis for the North American- Atlantic one, thereby opening a new chapter that would shipwreck the development of the old *taifa kings*.

At times, great triumphs are great disasters. In 1963, the Ba'ath attain power by a series of Ba'athist attempts to get closer to Nasser's Egypt, highlighted by the proclamation of February 1, 1958, the United Arab Republic (UAR). With its capital in Cairo, Syria became the Northern Province, and Egypt, the Southern Province. The formation of the UAR became part of a new horizon out of the Cold War and the creation of Israel in 1948, which introduced two important elements: on one hand, the strategic bet of the new entity to seek support from the USSR; and on the other hand, the concern of Washington and Tel Aviv, because UAR would form yet another platform for the expansion of communism and the Soviet sphere of influence in the Middle East. For Israel, it implied the possibility of Syria challenging its military hegemony. For the United States, the new state was a direct call to fight for zones of influence against the USSR. In 1957, Washington had mobilized Turkish troops to the

Syrian border. The Kremlin responded by accusing Washington of attempting to topple the Syrian regime, as Nasser order troops to the border. This crisis impelled Syrians to consolidate UAR with Egypt, in order to diminish its vulnerability before the regional powers of Turkey and Israel, and the Western power of the United States.<sup>12</sup>

The UAR, however, had its days counted. The Nasserist attempt to co-opt the power space against the Syrians – imposing directives, omitting any reference to local conditions and devouring the entire Syrian Ba'ath itself by forbidding the diversity of political parties (including the Ba'ath) to make them converge into the National Union, considered the only party of the UAR mostly managed by Egyptians – created frictions and internal dissensions that would rupture a few years later. The UAR imposed state control of the economy, nationalizing companies and expropriating “large agricultural holdings”.<sup>13</sup> Finally, Nasser appointed Abdel Hakim as “proconsul” in Syria with the charge of reforming the Syrian Army and establishing a rigid police control that spread throughout cities. Furthermore, there were some decisive legal changes: although the teaching of Islam had been allowed in schools, there was the definitive abolition of Islamic courts, and the Syrian and Egyptian Muslim Brotherhoods were severely repressed, as was the case with the Communist Party in Egypt, which was forced underground.<sup>14</sup> Three

years later everything exploded: on September 28, 1961 the Syrians unleash a coup d'état that cuts off their relations with Egypt, and two years later the Ba'ath declared revolution, taking over Syrian state power. However, between the Syrian coup and seizure of power by the Ba'ath in Syria, there was an interregnum: those most affected by the economic measures of nationalization and agrarian reform imposed by the UAR (large landowners and the urban bourgeoisie) welcomed the Syrian split, as did Jordan and Saudi Arabia that backed it.

On December 1st of the same year, elections were held. Nazim Al Qudsi was elected president and replaced Nasser (who had been invested as president of the UAR, to which Syria belonged). Qudsi reinstated relations with Washington and the World Bank, which provided significant loans in support of the Syrian economy and encouraged the privatization of companies that had been nationalized during the short circuit of the UAR, reverting agrarian reform and opening the field for partisan plurality by legalizing political parties banned during the UAR. But the fighting did not cease: the Ba'athist military would not leave the new government unpunished. From its Military Committee, the clandestine Ba'ath Party prepared an assault. During the process, everything was stressed by putting into play of two conflicting tendencies that converged at the Ba'ath Regional Congress held in 1966: on the one hand, sup-

**The Six Day War in 1967 was a turning point for the Middle East. The Arabs were devastated by a huge and unexpected defeat. The pan-Arab discourse simmered down.**

“The year 1967”, poses Campanini, “should be considered a fundamental dividing line in the history of the Middle East.”<sup>18</sup> The impact of 1967 must be measured by the progressive debacle that was the pan-Arab discourse. The project of the Ba’ath began to “nationalize” and Egypt became ever more pushed to submit itself to the imperialist will of the United States, culminating in 1979 when Egypt signed for peace with Israel with the Camp David Accords, and its nationalist army ends up co-opting to the North American forces until today: “These cease of hostility on June 10th resulted in an Arab annihilation, prostrated by the political-military defeat of unimagined proportions, and Israel dominating over a notable extension of Arab lands that multiplied its own territory.”<sup>19</sup> The Six-Day War would become the key factor to a series of regional consequences until today: firstly, the progressive debacle of Nasserism and pan-Arabia in general, which would begin to remain within national bounds and later in ethno-confessionals of their respective Ba’ath parties, replacing Egyptian hegemony of the Arab world with the rising Saudi hegemony; secondly, the consolidation of the US-Israeli Alliance, and its influence of the North American power as a decisive political agent in Middle-Eastern geopolitics that, in part, brought about a continued retrocession of the Soviet positions, for which it may be said that it was the beginning of the end of Cold War for the region; thirdly, there was the ideological-intellectual defeat of the Arab world that had consequences: the first was the progressive fainting of the pan-Arab Project that had been promoted in previous years, from the Egyptian discourse and its enclave in the UAR; the second was the beginning of the a broader presence of Islamic-popular speech in Arab politics; the fourth was the freezing and atomiza-

tion of Israeli colonization in Palestine every time, imploding the pan-Arab legacy, the question of Palestine stopped being a part of the old “Arab-Israeli war” (a bigger horizon in which were inscribed the battery of struggles for national liberation) and pulverized into the current sintagma that has named the it the “Palestinian-Israeli” conflict. Such a name change implies, in fact, a decisive geopolitical turn for the Arab countries to progressively abandon the Palestinian question at a regional level.

Returning to the Syrian situation and the effects of the rupture with UAR and the severe consequences of the Six-Day War, the triumph of the Ba’athist forces resulted, in turn, with more oligarchisation: The political and economic restructuring that had happened between 1963 and 1970 ended up “tribalising” the Ba’ath, converting the former pan-Arab party into a new nationalist party.<sup>20</sup> The rupture with Egypt in 1961 and the process it triggered *a posteriori* were crucial to the internal mutation of the Syrian Ba’ath and its progressive pulverization. It is not without reason that Campanini (in identifying the confessionalisation of the third step of the Syrian Ba’ath), Ayubi (in describing the progressive “tribalization” of the regime) and Martín Muñoz (in indicating the way in which pan-Arabism ended up dominated by the Alawite “confessional hegemony”) coincide in characterizing the process denominated as “Ba’ath ethno-confessionalisation”, which entirely defines the group of the new Syrian elite that emerged out of this process that re-founded the Syrian state and that, in a certain way, is still apparent until today.<sup>21</sup>

It is important to point out, however, Ayubi’s enlightening observation of this process of economic reforms since the 1980s (the *infitah*), an experiment with a complex process of liberalization. Ayubi



observation coincides with that of Ayubi by placing the two “bourgeois” factions into a strategic alliance. The state faction provides military and legal support to the commercial faction and, in turn, the latter gives large financial sums to the former.

A process that could have been a debacle, with an open class conflict, ended up as a virtuous circle in which both factions have to feed each other, maintaining control of the State and its economy. Álvarez observes that such a system of alliances can be seen in the son of Hafez Al Assad, who shores up his power in the year 2000 -- one month after the death of his father -- when marries Asma Al-Ajras, who belongs to the business faction. The political and commercial faction finds in the person of Bashar Al-Assad the strategic convergence in function of accepting the machine of state control. The “ethno-confessionalisation” of the Ba’ath implied a true oligarchisation of power, where the poem of Adonis again finds a resonance: “revolution or slaughter?” Everything seems to have been upset. The proletarian revolution gave way to a new transformation of redemption into a new form of imprisonment, a revolution that promised freedom to a process of oligarchy that ends up consolidating a dictatorial regime. A pan-Arab party promising national unity at the regional level becomes an ethno-confessional venue of a bourgeoisie divided and articulated at the same time, between a state and a commer-

cial faction, between a power that controls political power and another that controls the economic power. In the perspective of the philosopher Giorgio Agamben, we could say that the dialectic between the state and the commercial faction constitute a true “governmental machine” that articulates and separates both sovereignty and government, thanks to the unconditional production of signs of power (the forms of glorification as “praises, effective acclamations, and other performative signs”) that unfold liturgical images and performances about Bashar Al-Assad at the level of “ideological state apparatuses” (schools, hospitals, public offices, among others)<sup>24</sup>, impregnating neighbourhoods, corners and streets of the different cities.<sup>25</sup>

The end of the Cold War brought key transformations to the Syrian regime. However, the process of Ba’athist “ethno-confessionalisation” was further accentuated by a tactical alliance with the United States in the 1991 Gulf War: “The arrival in George Bush to the White House in 1989 favoured ties between The two countries. Against the hostile attitude of Reagan, who considered Syria a promoter of international terrorism, Bush saw Damascus as a centrepiece in the peace process and proposed a new framework for action and cooperation. On November 23, 1990, George Bush and Hafez Al Assad met in Geneva (...).”<sup>26</sup> With this new framework, Syria strengthens its control over Lebanon with

the support of the United States. Above all, Syria will play a key role during the Gulf War, providing military and logistical support for intervention in Iraq. The Syrians were trying to prevent the debacle of the socialist republics of Eastern Europe, ingratiating themselves with the United States, the only world power that rose triumphant over the decomposition of the USSR and consolidating its regime in the process of the said “ethno-confessionalisation”.

When Bashar Al-Assad came to power, however, there were rumours of promises of change that would not take place. On the one hand, the regime will be increasingly fragmented, thanks to the virtuous cycle between the commercial and state factions, while civil society would increasingly demand key political reforms: first of all, the end of the state of emergency imposed since 1963, which would become a slogan repeated by in all the protests that began since that time, and which would constitute one of the core revolts in the Syria of 2011. On September 27, 2000, the “Manifesto of the 99” is published and signed by a diverse group of intellectuals, demanding changes (among them the intellectual Burham Ghalioum and our poet, Adonis): “... our people may, as never before, take part in the present and future of Syria. Starting from this objective necessity and with the intention of assuring our national unity, believing that the future of our country cannot be dictated and as citizens of a republican



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On April 25th, Syrian tanks and soldiers take the city of Deraa, sealing the border with Jordan. For April 29, another “Friday of Anger” opens a direct conflict between the protests and the security forces, whose violence persists to the point of leaving more and more dead in the streets. At the beginning of May, thousands of arrests are made in Damascus and the city of Deraa is abandoned by the Army but kept closed for the next few weeks. The next day the Army takes the city of Baniyas by storm and a few days later the European Union establishes sanctions against the regime (arms embargo and a pack-

age of sanctions); on May 11th tanks enter Homs, and for May 13th, the Friday prayer opens a new coordinated protest between Homs, Damascus and Deraa.

Around May 17th, two mass graves are discovered in Deraa with more than 20 dead each; May 19th Obama sends a message to the Syrian regime, condemning the deaths caused by Army repression. The next day a new “Friday of Anger” occurs and the regime’s troops open unconditional fire in several cities (Homs, Daraya, Sana-mein, and Boumakal). By May 21st, security forces open fire at a funeral in where dead demonstrators were being buried in Nasra.

**In Arabic, martyrdom [*shahid*] has the same root of attestation [*shahada*]. It designates a complete surrender to God, precisely what gave rise to the term Islam.**

The previously worshiped and praised Ba'ath party, the producer of signs of power that allowed the subjection of the people, can no longer produce "glory" because the revolt has eliminated it. Ironically, the regime that was to counteract *naksa* became its most eloquent expression today. Thus, the *naksa* appears no longer as a historiographical datable fact, but as an event whose force still remains to reorder the plot of struggle and defeats. Here the regime's response to revolt is articulated: police and military repression is inversely proportional to its "glorious" degrees of production<sup>30</sup>: "The 'interpellating' power of ideologies such as nationalism and socialism is practically exhausted, and regimes are, in general, incapable of formulating alternative interpellating ideologies and of building new blocks of power. (...) It is a crisis of pitting the State against civil society (...)." <sup>31</sup> If nationalism and socialism lose their "interpellating power" (the power that, according to Althusser, made possible a process of subjectivation), they open an abyss in its own bosom that ends up facing the State against civil society as seen in the recent the Arab revolts. The Syrian regime exhibits its emptiness – with an empty throne – because the ideology that sustained it cannot produce new signs of power and therefore lacks any possibility of hegemonic construction. The machine cannot produce more signs of power, or, if you will, its signs have become untimely because they belong to a horizon (that of the postcolo-

**The immolation that caused the rebellion was singular, since those who practiced it were unknown; they were "anyone." Their gesture revoked the order.**

nial discourse of populist nationalism) of which there is only dust. The "ethno-confessionalisation" of the regime is nothing more than the suture of the machine that the revolt simply makes explicit and decides to erase: the signature of the Ba'ath does not hold; it is deleted as Adonis erased the dedication to Nasser. The hope in the leader as someone who can deactivate the *taifa* kings ends up succumbing to the crudity of events. The hope placed in the leader has shifted: the images begin to write – to invent – another world to come.

But this revolt had an event that ignited it and apparently has not yet been sufficiently thought out: like the Tunisian, the Syrian revolt began with the gesture of the immolation of the young Hasan Ali Akhle. What is immolation? In Arabic the term *shahid* (martyrdom) is related to *shahada* (attestation, a key term in Islam) and designates the martyriological force whose act is that of a complete abandonment

to God (just a "submission" exclusively to God, which gives rise to Term "Islam"), a total detachment that fractures and stresses any worldly institutionality. However, we do not assume the "culturalist" thesis, according to which the presence of immolation in the revolt would be given "because" of Islamic culture (just as the Orientalist discourse shows Islam as a "fanatic", "warrior" and entirely "sacrificial"). Political Islam assumes a martyriological aesthetic, as is the case of the thousands of jihadists who sacrifice their lives every year for the supposed cause of God. The culturalist thesis provided by the orientalist discourse is entirely mistaken: although Islam – like Christianity in its times of persecution by the Roman Empire – carries with it a certain martyriological tradition, every year there are acts considered martyrdom by part of the Islamist militants as well as the nationalists, but none of them has been able to unleash a revolt. Moreover, I argue that the so-called "martyrdom" of the Islamists – which at present is only a true entertainment industry – dispenses with immolation and affirms sacrifice. Are sacrifice and immolation two equivalent terms?<sup>32</sup> Unlike the culturalism thesis, I will hold an overtly political thesis that can be summarized in the following formula: immolation is not sacrifice, the first explodes the body liberating the common from its political-state capture; the latter constitutes the properly sovereign device that, in capturing the common, assumes it on the basis of





The revolt frees the common from power; the regime subsumes it to power. Immolation constitutes a kind of revolutionary asceticism that goes against the logic of capital: if the latter assumes the *telos* of infinite accumulation, revolt happens as expenditure without measure or calculation, without limit or strategy. Capital requires the sacrifice to develop accumulation, but the revolt challenges that sacrifice with an irreducible expense to any table of costs: did the protesters in Deraa, Aleppo or Damascus measure the costs of joining the protest against the regime? The revolt does not calculate, but imagines, does not accumulate the expropriated, but spends what it does not have. Immolation removes the “nobody” from the powers that hold them, the sacrifice ends by founding a new sovereign order subsuming “nobody” to the charisma of a leader. Strangely, in this case, the immolation that opened the intensity of the riots made all that was sacred into the profane, that everything that had been captured was entirely released.

In this light, should we say that the revolts have no “reason” and, in the face of classical reactionary criticism, affirm their “irrational” character? Far from it: riots bring a “reason” that Hamid Dabashi calls “aesthetics”: “It is precisely in those qualities,” says Dabashi, “the works in art (from Elia Suleiman’s cinema, to Mohsen Namjoo’s music, to Mona Hatoum’s art, to Sun’allah Ibrahim’s fiction) posit an aesthetic reason that works beyond ideological reasoning and speaks of a societal modernity that cannot be arrested, tortured, and

murdered in the dungeons of any postcolonial tyranny.”<sup>35</sup> In this sense, “aesthetic reason” is that which “(...) it just negates, *ipso facto*, without pointing anywhere (...)”.<sup>36</sup> Dabashi’s words are paramount: the “aesthetic reason” put into play in the riots is the “pure and simple denial” that does not “point to anything.” As such, it is an a-teleological “reason” and completely outside the sacrificial cut-off horizon conceived by the “philosophy of the history of capital” on which tied the postcolonial discourse.<sup>37</sup> Every “post-colonial tyranny” – the Syrian tyranny, above all – contemplates its own destruction in the face of an entirely new “reason” that only imagines, spends and detaches itself from the devices that play by its capture. A policy exempt from state and a state exempt from politics would be the abyss opened by the revolt against the regime. There is no teleology that resists “aesthetic reason”, only the inappropriate appropriation of the *common* that lay captured.<sup>38</sup> The “aesthetic reason” opened by the revolt ends by “washing” the words woven under the “ballast of the dictatorship.”

The “aesthetic reason” of the revolt does not aim beyond itself; it only interrupts the suture that has established the regime between words and things, between letter and meaning. “Washing the ballast of dictatorship” means putting the restitution of signs to their imaginal force. As Mersal indicates, in an instant the words become clear, pristine, assuming the common character that constitutes them. They are nobody’s, but everybody’s. They

**The rebellion was the resurrection of Ali, the instant that marked the end of the imperialist reason and its binomials included in the two great post-colonially oriented discourses.**

do not identify with a “subject supposed to know”. Immolation thereby works against the grain of sacrifice, because by “washing” the words of the “ballast of the dictatorship”, it opens the threshold by which the people begin to learn a new language, giving new uses to those words that have been anchored by the strike of power: “All experience the epiphany of the same symbols,” writes Furio Jesi, “the individual space of each one, dominated by the personal symbols themselves, the refuge with respect to the historical time that each finds in its own symbology and in their individual mythology are expanded and become the symbolic space common to the whole community, the refuge with respect to historical time where a whole community finds an escape.”<sup>39</sup> The revolt had no *telos* or any work: unleashed from immolation, it lacks vanguard and happens like lightning in the shadow of a town. The immolation turns the sacrifice and allows the myths to reach

12. Ignacio Álvarez-Osorio, *Siria Contemporánea*, op. cit.
13. Massimo Campanini, *Historia de Oriente Medio*, op. cit.
14. Ignacio Álvarez Osorio, *Siria contemporánea*, op. cit.
15. Idem, p. 88-89.
16. Massimo Campanini, *História de Oriente Medio*, op. cit.
17. Gema Martín Muñoz, *El Estado árabe*, op. cit.
18. Massimo Campanini, *História de Oriente Medio*, op. cit., p. 170.
19. Idem, p. 172.
20. Nazih Ayubi, *Política y sociedad en Oriente Próximo*, op. cit.
21. Martín Muñoz states: "Since then, the original pan-Arab Ba'athist has transformed into a Greater Syrian nationalism, the socialism into an economic liberalism autocratically protected and initial secular sensibility has turned into a confessional hegemony of the Alawite minority (11% of the population)." En: Gema Martín Muñoz, *El Estado árabe*, op. cit., p. 88.
22. Nazih Ayubi, *Política y sociedad en Oriente Próximo*, op. cit., p. 525.
23. Ignacio Álvarez Osório, *Siria Contemporánea*, op. cit., p. 182.
24. Louis Althusser, *Ideología y aparato ideológico de Estado*, Ed. Siglo XXI, México D.F., 2003
25. Giorgio Agamben, *Il Regno e la gloria. Per una genealogía della economia e del governo*. Homo sacer II, 2. Ed. Bollati Boringhieri, Vicenza, 2007.
26. Ignacio Álvarez Osório, *Siria Contemporánea*, op. cit., p. 154-155.
27. [http://elpais.com/diario/2005/10/20/internacional/1129759208\\_850215.html](http://elpais.com/diario/2005/10/20/internacional/1129759208_850215.html).
28. Ignacio Álvarez Osório, *Siria contemporánea*, op. cit., p.184.
29. Tariq Ali, *Bush en Babilonia. La reconstrucción de Irak*, Madri, Ed. Alianza, 2003.
30. This Reading, which directly connects us with the political phenomenology developed by Ayubi around the modern Arab State: the latter would experiment a phenomenon of "hypertrophy" that makes of its strength a sign of weakness, its violence, the mark of its emptiness: "That the Arab state is an authoritarian state, and that has proven itself reluctant to democracy and resistant to its pressures, one should not interpret, obviously, as a sign of power, but, rather, the contrary." (p. According to Ayubi, the modern Arab State functions based on a relation inversely proportional between authoritarianism and hegemony: the more authoritarianism, the less hegemony; the more power, less strength: "The authentic power of regulation of these states is not so impressive. Its capacity to fulfil law is much weaker than its ability to instate them; its ability to fulfil development plans is much less than its ability to draft them (...)") (p. 663). The Arab State becomes "hypertrophic", since it excessively develops the army and the police exactly because it has a deficit in "hegemony" (or of government, perhaps). A giant with feet of clay that assumes a "fierce" size but not "strong", "authoritarian", and for this reason absolutely "weak".
31. Idem, p. 663-664.
32. It is important to point out that both the Islamists as well as nationalists use the term *shahid* to indicate their respective "martyrs", be them those that die for the cause of God or for the cause of the State. Within this context, I sustain that the protester of the revolts also refer to *shahid*, but they use the term with a completely different usage with regard to "sacrificial" for the two great post-colonial discourses. I will operatively use the Spanish language difference between "immolation" and "sacrifice" to distinguish between the effect on the revolt regarding the two main discourses indicated: the first would use the term *shahid* as we herein would call immolation, the others would be what we denominate sacrifice. This difference is paramount to what is the real statute of violence, what kind of violence puts one against the other.
33. In his discussion with Carl Schmitt, Walter Benjamin contrasted the two types of violence as what he denominated "mystical violence" that founds and conserves rights, and the other violence that he calls "divine" or "pure" violence that neither founds nor conserves anything. Fromm y perspective, this distinction is analogous to the difference between sacrifice and immolation, the two usages of the of the Arabic term *z*. Walter Benjamin, *Para una crítica de la violencia*. Ed. Murena, Buenos Aires, 1967.
34. Imã Mersal, "S. J. Fowler interviews Imam Mersal", in *Poetry Parnassus Review* (julho de 2012).
35. Hamid Dabashi, *The Arab Spring. The end of postcolonialism*, Londres, Ed. Zed Books, 2012, p. 168 (tradução minha).
36. Idem.
37. Sergio Villalobos-Ruminott, *Soberanías en suspenso. Imaginación y violencia en América Latina*, Lanús, Ed. A Cebra, 2013.
38. Giorgio Agamben, *L'uso dei corpi. Homo sacer*, IV, 2, Vicenza, Ed. Neri Pozza, 2014.
39. Furio Jesi, *Spartakus. Simbología de la revuelta*, Buenos Aires, Ed. Adriana Hidalgo, 2015, p. 71.
40. Idem.
41. Hamid Dabashi, *The Arab Spring*, op. cit.
42. Samir Amin, *¿Tienen futuro las revueltas árabes?*, Barcelona, Ed. Viejo Topo, 2015.

# The Trump Epoch

The world that Trump will inherit on January 20, 2017 is very complex and dangerous – more, perhaps, than at any other time since the end of World War II. The tectonic plates are in motion, and the future is more uncertain than ever. For the first time, the average citizen feels that his children will not enjoy a better life. There is an atmosphere of profound pessimism. Even the president of the Bank of England, Mark Carney, warned that the situation of the working class is similar to that the 1860s, the conditions of which gave rise to Karl Marx. We are sailing towards very rough waters. Avoiding xenophobia will be difficult. President Trump will face truly daunting challenges.



**Kenneth Maxwell**

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The Trump Epoch is about to begin. What does his inauguration as the US president tell us about the US and its politics? What will be the impact, both on the United States and on America's relationship with its allies, competitors and enemies? Many are concerned at the prospect. Should they be?

Donald Trump's election as the president of the USA sent shock waves around the world. It was certainly unanticipated by many observers who should at least have prepared for the eventuality. But evidently they were not. This was mainly because the "Main Stream Media" (MSM), which Trump had attacked so vociferously throughout his campaign, had consistently held that his election was impossible.

He was after all the ultimate outsider. He had never been taken seriously, much less accepted, by the "high priests" of the foreign policy establishment. In fact they

had almost all of them signed a joint letter declaring his total incapacity and unsuitability to hold the highest office in the land. And his sexist, misanthropic, anti-immigrant diatribes, only served to confirm their opinion.

Despite being a New York billionaire developer, Donald Trump had never been accepted as a member of the Manhattan elite. Even his gaudy trump tower, enveloping as it does, that symbol of the New York establishment on Fifth Avenue, the headquarters building of Tiffany and Company, did not help. He was a from the outer boroughs, and in New York City terms this meant he could never make it into the rarified corridors of New York society. And he resents the fact. He is a billionaire from the outside, from the wrong side of the tracks as the saying goes, with a chip on his shoulder.



**President Trump promised to “drain the swamp” from Washington, but among the new ministers are three billionaires who graduated at Goldman Sachs - the biggest symbol of Wall Street banking.**

Independence Party (UKIP), and was the most effective campaigner for Britain to leave the EU, to join him at his own campaign appearances. And after he was elected he met with Nigel Farage at Trump Tower in New York City and tweeted that he thought Farage would be an excellent new UK ambassador to the USA.

Since Theresa May, the post-referendum British prime minister, had been eleventh on Trump's call list after his victory, this did not go down well in Downing Street. The new post-Brexit referendum British foreign secretary, the Trump-lite, clown like, equally hair-endowed, Boris Johnson, told the House of Commons, rather grumpily, that “the job was not vacant.” But the error of the opinion polls on both Brexit and on the potential for a Trump victory revealed that the disenchantment with the status quo extended also to what people told the pollsters.

Trump voters evidently lied to the pollsters. They did not tell them how in fact they were going to vote in Pennsylvania and in Michigan for example. An UBS survey post-election in the USA of 1,200 of their American clients found that 36% of them, mainly well healed voters, did not tell their friends who they intended to support in order “to fend off arguments or to avoid judgment.” The anti-Trump satirical portrayals on “Saturday Night Live” which have provoked tweet outbursts from the top floor of Trump Tower in Manhattan, actually misses the point. The failure of the pollsters to accurately predict

the outcomes of elections is in fact very significant, since it does not bode well for the ability of the opinion polls to predict the electoral outcomes in France, the Netherlands, or Italy, next year, where “non traditional” choices, like Farage and Trump may well be the new normal. And where Beppe Grillo, after the crushing defeat of Matteo Renzi in the Italian constitutional referendum has already celebrated the rise of the nationalist and populist anti establishment forces against what Grillo callers the conspiracy of “freemasons, huge banking groups and the Chinese.”

Trump of course also attacked the Chinese. And his post election conversation with Tsai Ing-wen, the president of Taiwan, uprooted an American policy of “deliberate ambiguity” with respect to a “one China” policy and an unspoken “agreement to disagree” which had been in place since Jimmy Carter was president in 1979. And it is unlikely that this call was an accident. Many of Trump's hard-line supporters in the US military and national security apparatus have been worried for some time about the aggressive behaviour of the Chinese in the South China Sea, their construction of artificial islands in disputed waters, and their expansionist efforts in this sensitive and territorially disputed region of the world. Trump has also already indicated he will withdraw the US from the trans-Pacific partnership negotiation (the TPP) in effect killing off one of the Obama administration's major foreign policy initiatives.

or revel in bling. He is a showman. And his voters evidently did not object to his wealth. In fact they thought it made him free from the encumbrances or of the obligations to special interests, unlike the Clintons. This should be a surprise to no one. He aims in fact to be unpredictable. But Trump also has to run a government. He has 4,000 White House and executive branch positions to fill, including more than a 1000 that require senate confirmation. And all these individuals will have to go through FBI security clearance, political vetting and a review by the office of government ethics to avoid financial conflicts. None of these processes will be speedy or uncomplicated.

And the world Trump will inherit on January 20th 2017, is a very complicated and dangerous place. More so perhaps than at any time since the end of WW2. The tectonic plates are moving. And the future is more uncertain than ever. The average citizen feels for the first time that their children will not enjoy a better life. There is mood of deep pessimism. Even the governor of the Bank of England, Mark Carney, a Canadian, and another former Goldman Sachs banker, has warned that the condition of the working class resembles the conditions of the 1860s which gave rise to Karl Marx. And says that excessive executive pay needs to be curtailed. And the legitimate anger and despair of the forgotten victims of globalisation must be attended to by political leaders. He

points out that the proportion of wealth held by the richest 1% of Americans increased from 25% in 1990 to 40% in 2012, and that globally the share of wealth held by the richest 1% in the world rose from one-third in 2000 to one-half in 2010. And this striking inequality had led to "isolation and detachment" among those left behind by globalisation who suffered from "low wages, insecure employment, stateless corporations, and striking inequalities." He warned for the societal risk of these "staggering wealth inequalities."

Meanwhile Russia is led by a determined and skillful and ruthless tactician, who does not hesitate to use force where it can be effective in Russia's national interests. China is growing in power with an increasingly important economic and political role in Africa and Latin America as well as in its immediate vicinity. The war in Syria continues unabated. The Israeli/Palestinian conflict is unresolved. Trump also attacked Muslims in his campaign, said he would deport convicted foreign felons, and severely tighten visa requirements. He criticized the Iranian nuclear deal, also one of president Obama's major negotiations. Cuba will also find a harder line from a Trump presidency. NATO allies are concerned with Trump's calls for greater defense spending. And Europe is also facing more elections next year which could well see the right wing anti-Muslim anti-EU nationalist and populist Marine Le Pen become the next president of France, and bring

**Richer Americans own a growing share of the national income. The current social inequality is terrifying and carries very real risks. Trump will face situations of great complexity.**

nationalist populist electoral success in the Netherlands. And the Brexit negotiations will be at their tortuous beginnings. About one thing we can be absolutely certain: The populists have taken support from both left and right. The old political left in Europe has been replaced by an anti-establishment anti-immigrant nationalist wave of voters which have in Britain abandoned the Labour Party to support Brexit, just as in the USA the old working class blue collar solidly Democratic voters turned to vote for Donald Trump. And they tend to admire strong leaders. Even, like Trump, they admire Vladimir Putin. We are headed for very choppy waters. Avoiding xenophobia will be difficult. But one thing is absolutely certain. There are mighty challenges indeed ahead for president Trump. ■

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In Russia, many welcomed the election of Donald Trump as a possibility to normalize relations between the country and the Western world. This idea is based on the assumption that Trump will focus on domestic policy, reducing the role of the United States in the world. Trump does not see Russia as an opponent and mentioned the need to reach a mutually-beneficial agreement between the two countries. Although Trump's foreign policy has many points in common with the Russian, the new American president is adept at negotiations from a position of strength, in which the United States is respected as "the" world superpower. Given Russia's assertiveness, time will tell if such an agreement is possible between the two countries.

With the collapse of the Soviet Union and the end of the Cold War, many believed that the world was entering an extended period of peace. More, some authors such as Francis Fukuyama (1992) even announced the end of History, while Charles Krathammer (1991) declared the beginning of the unipolar moment and the complete supremacy of the United States over world affairs. In 2008, with the Georgia War, Russia announced that the unipolar moment is over while the Crimea's annexation is the symbol that Geopolitics is back, History did not end, and the unipolar moment was a short dream in Historical terms.

Russia a world in itself. It is a country with 35 different official languages. Over one hundred minority languages are spoken in its territory. Its cultural diversity is very rich since it is inhabited by more than 170 ethnic groups, which are considered nationalities (Gil-Robles 2005). Its territory stretches from Europe to Japan making it a global actor. The idea of Russia as a great power is one of the most critical components of its foreign policy, although its capacity to project power is very much concentrated in the near abroad. As Leichtova (2016) argues, although it is a presidential system, it can also be a semi-presidential one; it is a member of the World Trade Organization, but much of its economy is dependent on state-owned companies; it has many characteristics of a democratic system, but is not democratic in Western standards.

The notion that the Transatlantic Community, especially the United States, is Russia's main enemy, has been developing in Russia for some years. Albeit relatively marginal until about 2005, the idea that Russia is a victim of Western vested interests which are being implemented and executed by the European Union, multi-lateral agencies and NATO, has been gaining legitimacy, being gradually incorporated into Russian policymaking over the past ten years. It should be no surprise that Russia has been increasingly assertive in guaranteeing its interests, even using military instruments. It believes it has the right to do so, not only because the West allegedly does the same, but because it is a great power, although historically it is a geopolitically insecure state.

## Russia and the World

Russia has a sense of national inadequacy and an excessive preoccupation about the West not considering Russia's interests in the international arena (Tsygankov and Tarver-Wahlquist 2009; Tsygankov 2012). In other words, Russia's foreign policy choices are often determined by "whether or not the West's international actions are perceived by Russian officials as accepting Russia as an equal and legitimate member of the world" (Tsygankov 2016: 1). Post-Soviet Russia expected to be welcomed by the West as a new partner, thus establishing a new world order (Baranovsky 2002). Since the West does not accept Russia as



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over the social and political life, legislature, party building, regions, electronic media, while at the same time supporting the post-Soviet political institutions and the process of economic liberalization (Ibid.).

Civilizationists such as Alexander Dugin consider Russia to be a special civilization, one that is unique and has the mission to spread Russian values around the globe. This idea became attached to the notion of socialist internationalism and Lenin and Trotsky's concept of global permanent socialist revolution with Soviet Russia as the main center of power (Ibid.). Dugin's Neo-Eurasianism is its most recent version. It considers Russia to be a land empire in permanent expansion being threatened by the Atlantic Alliance, mostly the United States (Dugin 2012). The consciousness of being part of a land empire formed the social and cultural base of the Russian nation, reflecting six main points:

1. Conservatism;
2. Holism, meaning that the whole is more than the sum of the parts;
3. Collective anthropology (the people is more important than the individual);
4. Sacrifice;
5. Idealistic orientation;
6. Values of faithfulness, asceticism, honor and loyalty (Ibid.)

Russia has the necessity to expand not only territorially, but spreading its culture, values, and form of political and social organization is the way to guarantee its security. New-Eurasianism "supplied Russia with the key to the geopolitical and also spiritual-humanistic self-identity of the Russian nation and the spiritual secret of the Russian civilization, its teleology and the cornerstone of its principles" (Titarenko and Petrovsky 2016: 26).

As a result, Russia has three paradigms of international policy regarding its search towards geopolitical self-identification (Baranovsky 2012): a European paradigm, in which Russia belongs to the West, an Asian paradigm, in which Russia is closer to Asia, and a Eurasian paradigm in which Russia is a special civilization following its ambitions and rules. In the first case, Russia would consider itself an intrinsic part of the European self. In this case, the Russian foreign policy would focus on joining the European Union aiming to achieve a deep level of integration in European affairs and Westernization. At the same time, failing to reach this goal could generate political and psychological resentment of Russian being denied its rightful status quo in the European system (Baranovsky 2012).

In the case of the Asian paradigm, the main point is the idea of Russia having to protect itself from West's expansionism to be able to develop its potential as a sovereign country fully. Therefore, being close to Europe and

especially to the European Union would result in the country experiencing a process of subordinate development, what would result in a subordinate form of development and status in the international system. The third paradigm, Russia's Eurasianism, is based on the idea of Russian being a special civilization as discussed before. It should follow its path of development and Western expansionism might be considered a confrontation to its natural rights and status quo. Since the collapse of the Soviet Union Russia's relationship with Europe and in particular with the European Union has been swinging among several the several possible combinations of these paradigms. It has been notably difficult for the country to stay in one specific and straight path because of its European identity and its Eurasian History.

Since the collapse of the Soviet Union, the way Russia sees its relationship with the West changed three times. First, from Soviet statism to Western Europeanism. By the beginning of the 1990s, there was a deep conviction that Russia should choose the Western path. In this case, the primary motivation was not necessarily to become an open and westernized country, but rather to reacquire the status of a member of the international community, one of the same stature as Germany or the United Kingdom. After the 1998 financial crisis and the failure of the Neoliberal policies to promote the promised level of economic and social development, the appeal of the Western model faded. Russia is a

vinced that the terms of its foreign debt restructuring were specially designed to weaken its economic power, thus its military capabilities. Shutting down the military naval base of Cam Ranh, Vietnam, because of lacking resources for paying the lease is one example. Putin understood that the relationship would not be smooth and that Russia cannot integrate with the West on its terms. Russia had to assert its economic and geopolitical interests as a marginal power rather than a partner. Democracy and values such as human rights and individual freedom are the pillars of the Western political and social system. However, as Trenin (2007) argues, Russian leaders are convinced that the observation of such values will not result in Russia being accepted as an equal partner and will weaken Russia's ability to pursue its interests.

Putin concluded that the West is dangerous and unpredictable. The Transatlantic Community, especially the United States, uses instruments of irregular warfare such as NGO's, multilateral institutions (IMF, World Bank), to destabilize Russia. Thus, the view that Russia consistently faces threats from the outside became mainstream. In the face of these threats, Russia considers itself a fragile country. Putin and those in his inner circle understand that its economy is too dependent on oil and gas. There is not enough energy for expansion. At the same time, it is necessary to maintain its regional influence by all means. Since there are many factors outside

Russia's control, Putin believes that external factors can affect internal, and can result in Russia's crash. This explains why Russia is engaged in not letting Ukraine be closer to the West.

**For Russians, the Western world created a kind of subversive weapon: "Westernization" that divides the population into hostile groups that then receive support from the United States and NATO.**

The promotion of such values is considered by Russian leaders as an instrument of foreign policy which is ignored when suiting the interests of the United States or the European Union but used to contain Russia's interests. For the Russian, the West created a type of subversive weapon called "Westernization." It is the imposition of a social system, economics, ideology, culture, and way of life similar to the West in other countries. The objective is to discredit the local political and social system, resulting in population stratification into hostile groups, which are then

supported by the United States and NATO (Nagorny and Shurygin 2013). Yevgeny Bazhanov, the rector of the Russia's Diplomatic Academy, stated that "people in power did not object to or even greeted the Western efforts to plant democratic values in Russia and teach the nation how to live in a "free state." Today, this looks like an attempt to weaken power in Russia and to "force it to its knees"." (Bazhanov 2013: 23).

The Afghanistan and Iraq Wars, like other American/NATO military interventions, made Putin conclude that the West is dangerous and unpredictable. Besides, the Transatlantic Community, especially the United States, uses instruments of irregular warfare such as non-governmental organizations, multilateral institutions (IMF, World Bank), to destabilize Russia. Hence, the view that Russia continually faces threats from the outside became mainstream. In the face of these threats, Russia considers itself a fragile country. Putin and those in his inner circle understand that its economy is too dependent on oil and gas. There is not enough energy for expansion. At the same time, it is necessary to maintain its regional influence by all means. Since there are many factors outside Russia's control, Putin believes that external factors can affect internal, and can result in Russia's crash. This explains why Russia is engaged in not letting Ukraine be closer to the West. At the same time, Putin is convinced that defending his and his inner circle's private interests and beliefs are tantamount for pro-

**The Russian elite and society have approached state nationalism, Christianity and other ancient European values, exactly when Europeans have been moving away from them. Now that distance may be increased.**

This turn away from Europe may be even more profound than the Soviet one. As Karaganov (2015) argues, the Russian elite and society have been moving towards state nationalism, Christianity, and other old European values, at the same time Europeans have been distancing from them. As mentioned by Alexey Meshkov (2015), Russian deputy foreign minister, this is aggravated by the perception that the European Union refuses to consider Russia's interests, including on vital issues such as the Ukrainian-EU association agreement. Although Europe was taken by surprise by Russia's hostile attitude towards Ukraine, Meshkov argues that the European Union ignored all arguments to establish an EU-Ukraine-Russia dialogue to consider "the negative consequences of its adoption" (sic) (Meshkov 2015). The result was Crimea's annexation by Russia and the destabilization of Eastern Ukraine.

For most, a war within European borders in the XXI century, the post-modern one, was something unimaginable. Nevertheless, Russia has been preparing for three possible scenarios for military conflict. First a major war with NATO and Japan. Second, a region-

al border conflict situation, i.e. disputed territories. Third, an internal military conflict because of terrorism. It is not to believe that a direct military conflict with NATO in the short term is to expect. However, Russia has been facing severe pressure with the infringement of its strategic national interests. NATO has wiped out both politically and militarily most of Russia's natural potential allies. This can be exemplified by NATO's expansion into the former Warsaw Pact space. The monetarist economic ideology imposed by the International Monetary Fund, the World Bank, and other multilateral organizations, not only had the objective to weaken the Russian society overall but resulted in underfunding the Armed Forces thus in operational degradation (Nagorny & Shurygin 2013).

The solution is to create an alternative reality as military strategy, where the support for the strategic objectives of war by society in a country at war, in other words, the legitimization of war, is fundamental to achieving victory. In other words, the success of military campaigns in the form of armed conflicts and local wars is much dependent on





the interests of the population, and should not be merely designed to support the interests of the banking sector. Unfortunately, even in Europe, it seems to be quite a difficult task sometimes.

Russia's strategy is based on exploiting the opponent's weaknesses (soft points) against him/herself. Some argued that the Baltic region is the most important soft spot for European security. It is not. From the defense perspective, the mismanagement of the European economy in the name of specific economic ideologies and the interests of the financial system is the most serious threat to the European security. It jeopardizes the legitimacy of the state (and of the European Union) as a democratic institution because of the direct result of rising unemployment combined with low social security. An accurate indicator of this trend, for example, is the significant increase of Euroscepticism. Also, the increase in the popularity of nationalist and populist political parties with radical platforms.

Many in Russia welcomed Donald Trump's election as President of the United States as a possibility for normalizing the relations between Russia and the West. This idea is based on the presupposition that Trump is going to be oriented towards domestic politics, reducing the United States' role in the world. He does not consider Russia an adversary and has mentioned that it is necessary to find a mutually beneficial agreement with Russia (Trump 2016). Although Trump's foreign policy shares many common points with the Russian such as the understanding that American actions in the Middle East, especially in Iraq, resulted in significant instability, Trump believes in negotiating from a position of strength (Trump 2016), in which the United States is respected as "the" world's superpower. With Russia assertiveness, it is to be seen if it will be possible for both countries to reach an agreement. Taking into consideration Russia's interests in the near abroad, this probably means Ukraine and Belarus are turning permanently into a gray buffer zone, while non-NATO members of the former Soviet Union and the Warsaw Pact will stay trapped in the Russian zone of influence with no choice towards the West. ■

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There has been a collapse that can hardly be reversed in the relations between the Russian Federation and the Western world. It was caused by both sides. The Western world missed a big chance: without NATO expansion, without the missile defence shield, without arrogant behaviour – especially from the United States – in the face of the Russian Federation, and without the inflated conviction of moral superiority, maybe the Russian Federation would have taken another course in the first decade of this millennium, both in the domestic and the foreign policies.



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## 1. Introduction

Relations between the Russian Federation and the Western world (i.e. mainly the United States and the Western European States<sup>1</sup>) have reached a low point. Reflecting in the political, media and public opinion is the image created during the Cold War of the “villain” in the Eastern world with its expansionist desires, aggressiveness and brutality represents a danger to the “civilized States” that must take decisive countermeasures. Actually, at first glance Russian politics really does not look good: the war in Georgia; the annexation of Crimea; the conflict in eastern Ukraine; the support to the Assad regime in the civil war in Syria; and hacking attacks during the presidential election campaign in the United States – everything makes the Russian Federation stand out as a prime example of villainy and trouble-making. Furthermore, in the countryside little has remained of the democracy and the rule of law that the Russian Federation undertook after 1991: Russia is an authoritarian and corrupt state. A consequence of such in-

ternal policy is the apparently logical conclusion: whoever is authoritarian and corrupt in the internal policy can only be a villain in the foreign policy! However, a closer look raises questions<sup>2</sup>, but who has time for careful analysis anyway?

This was not always the case. In the 1990s, relations were close and cooperative, looking from the outside. There was the general desire – or at least the politicians expressed themselves as if this was a general desire – to help the Russian Federation, which had been weakened by the chaos of transformation in its difficult process of simultaneously creating democracy and a rule of law on the one hand, and a system of private economy on the other (not to mention the need to find a new collective Russian identity). Financial support, aid programs<sup>4</sup>, close contact and exchange of experience made eventual expressions of friendship and solid relationships seem real. However, from the second half of the 1990s onward, Western Europe was the main agent in the search for closeness and friendship; the United States was more discreet, but was also distant from the intensity of the economic re-





in the Cuba Missiles Crisis, in the Pinochet coup in Chile and the countless attempts of the United States to impose its favour by any means necessary in Central and South America. The Monroe Doctrine, in the form of the “politics of containment,” proclaimed by the American president in 1947, which also targeted “deviant” South American States, has not been officially reversed until today.<sup>7</sup>

Let us analyse first the stations of the eastward enlargement. We are not sure if the Western world offered any guarantees in return for the withdrawal of the Soviet troops from the Federative Republic of Germany after the reunification due to NATO’s eastward enlargement. What we do know is that Gorbachev received the (verbal) promise that no NATO troops would be stationed in

the east of the territory of the former GDR; we do not know whether this promise had any legal value. In any case, no one felt obliged to respect such guarantees: the cold and arrogant answer to any questioning was that Gorbachev could have asked for a written confirmation. The first step in early 1994 was NATO’s “Partnership for Peace” foundation, the purpose of which was



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Ukraine – at the explicit exclusion of the Russian Federation, according to the intentions of the founding members. At first, Russian reactions were negative; shortly afterwards, the foreign ministry expressed that it could accept joining this partnership<sup>15</sup>. In 2013, Croatia, for the time being as the last candidate, was accepted as a member of the EU. Finally, in 2014 Ukraine, Georgia and Moldova became associate members of the EU. In the case of Ukraine, which had particularly close economic relations with Russia and wanted this country as a member of the Eurasian Economic Union, it only became possible thanks to a coup d'état, which led to the separation/annexation of Crimea and the civil war in eastern Ukraine. In the same year, in response to the threat posed by the Russian aggressiveness, NATO created a rapid intervention force for Eastern Europe.

The Russian Federation always made it clear to the West and NATO that it would consider the enlargement of NATO to the East as an act of hostility, and that, in the face of the progressive collapse of the relations, not even a canon of common ground would prevent it from defending its interests. We have already mentioned some more informal statements. In 2001, Putin tried to solve the problem with ideas similar to those of Jelzin, asking about the possibility of an adhesion of the Russian Federation to NATO; despite a series of positive stances, the corresponding memo never left

Powell's desk, as Stent writes; in other words: the initiative was obstructed (not to say undermined).<sup>16</sup> After that, the Russian dissatisfaction became increasingly apparent. In July 2005, Putin declared – also in reaction to the so-called “Flower Revolutions” in Ukraine, Georgia and Kyrgyzstan – that in the future he would no longer allow foreign funding of NGOs<sup>17</sup>. In 2006, Putin announced in a speech to the nation the strengthening of the army and armament and the development of strategic weapons. In February 2007, there was Putin's famous speech at the Munich Security Conference<sup>18</sup>. Putin accused the United States of seeking “monopolar world domination” and “exceeding the limits in almost every area.” He warned NATO against a “rampant military employment.” The North Atlantic Alliance and the European Union would be imposing their will on other countries and using violence, Putin said. The Russian president strongly criticized NATO's eastward enlargement, since its military infrastructure was extended “to our borders.” We can say with no exaggeration that this speech contained the clear message that if NATO did not change or reverse its policy of expansion, the reciprocal relations would be different and confrontational. NATO's reaction was marked by a peculiar blindness. No one realized that the speech contained the clear message: go back or you are in for a surprise. Putin was accused of betraying the spirit of friendship and cooperation.<sup>19</sup>

Subsequent events showed the Russians were serious. In 2008 the Russo-Georgian war broke out: Georgia was destabilized; it lost the territories of Abkhazia and South Ossetia, which had wanted to separate for a long time, and was thereby disqualified as a candidate for the NATO membership due to the territorial conflicts. In September 2008, the tough “Principles of Russian Defence Policy 2020” were formulated. In November 2011, President Medvedev made a sharp statement against the missile shield planned by the United States. In 2013 Gerassimov, the top commander of the military forces, appealed for the country to prepare for a 21st century war. In the same year, the Russian Federation offered political asylum to E. Snowden, an event of great political symbolic strength, which showed the level of deterioration of the relations between the Russian Federation and the United States. I have already mentioned Crimea and Eastern Ukraine.

### The missile defence shield

NATO's enlargement to the East was not the only point of conflict in the military arena. The second bloody conflict concerned American plans to create a missile defence shield, announced in 2001 by President Bush, which at the same time revoked the anti-ballistic missile treaty. The plan consisted in positioning the respective facilities in the countries of Central Eastern Europe. And quickly some countries of central Eastern Europe, more specifically Poland and the Czech Repub-



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sia could feel threatened, the West was satisfied with a brief mention of their moral purity and considered the matter solved. Something similar occurred during the recognition of Kosovo's independence in February 2008: Russian warnings about the negative example for other unresolved minority conflicts were simply ignored. The Russian reaction with the recognition of Abkhazia and South Ossetia was pre-programmed<sup>25</sup>. The same goes for the Second Iraq War, to which Putin had explicitly warned Bush about the knowledge of the Russian secret service<sup>26</sup>. The NATO-Russia Council, established in 2002 during the NATO summit in Rome, does not grant

the Russian Federation the right of veto and thus allows it, by 28 votes to 1, its permanent defeat by the majority. In June 2008, Medvedev, the newly elected president, suggested – in light of both NATO's eastward enlargement and the installation of a new missile defence shield – a new European security architecture<sup>27</sup>. The suggestion was quickly rejected and without further discussion by the United States and the Western allies – that was in 2008, when, as the German proverb, despite the war between Russia and Georgia, the child had not even fallen into the well yet. Or, better said, he had not even approached it.

**Russia's foreign policy underwent great changes. The country assumed for itself a mission in the world, concomitant to the democratic mission asserted by the United States. Something new came up.**

**In the 1990s, a law formally established the special relations between the Russian State and the Orthodox Church, with reciprocal support. This Church was placed above the other religious communities, including other Christians.**

As a result of the growing tensions with the Western world, Russia's self-conception became thornier. In its self-perception and its pretension, Russia became the guardian of the European culture, of that culture which the western European States were no longer able to preserve<sup>36</sup>. This gave the Russian Federation a "message to the world", as had already been the case in the Soviet Union and as it is the case in the United States. This conservative preservation of culture had two sides. On the one hand, Russia saw itself and stood as a fort against decadence and liberality with the consequence of a restriction of the citizens' freedom. The best-known example is certainly the way of treating a divergent sexual orientation: homosexuality may not be consid-

ered a crime, but the "propagation of non-traditional sexual orientations to minors" is punishable. Freedom of opinion was interpreted in a narrow sense and expressions of extreme opinions were punished, as shown by the punishment of the band "Pussy Riot" for its blasphemous presentation at the Cathedral of Christ the Saviour in February 2012. Other examples are the prohibition of exhibitions, performances of theatre or opera because of the violation of the personal rights of third parties, and often these third parties are institutions. This authoritarianism of society and the State under the banner of inalienable values was prepared by a state alignment and control of greater media during Putin's first presidency and was carried out by an increasing restriction of the fundamental political rights and through a very hard application of the recent legal possibilities, not to mention the arbitrary measures by authorities in law enforcement.

On the other hand, this new "self-conception" also had an orientation and an international effect. The "sovereign independence of the State" was a central element of this new self-understanding and conflicted with the human intervention and the export of democracy, perceived as a North American conspiracy in the shape of different colour revolutions<sup>37</sup>. The great power of Russia was also seen on the international level as a guardian of the democratic world order – the equal rights among States – in the

face of the non-democratic domination of a single superpower.<sup>38</sup>

The new self-conception as guardian of inalienable values is a counter-project to the conception of a Western, multicultural, very pluralistic and future-oriented society. However, this does not apply to the self-understanding as a great power. It is not automatically anti-Western, but formulates policy conceptions that compete with the Western policy conceptions<sup>39</sup>. The anti-Western dynamic is a consequence of the construction of a "Russian threat", fed especially by the States of central Eastern Europe: Russia as the "barbarian at the gates." However, it must be said that Russia's ruthless policy has provided enough material for it.<sup>40</sup>

### **State and church or church of the state**

In the 1990s, and especially during Putin's presidency, the Russian state utilized another element of the Russian collective identity: the Orthodox Church. Relations between the Russian State and the Orthodox Church were always very close. This is especially evident in the already mentioned characterization of the Tsarist State by Count Uvarov: Orthodoxy, autocracy, folklore. It is typical, for example, that the Crimean war had its beginning in conflicts over the protection of the sacred sites in Jerusalem, and the role of the Orthodox Church and the Russian State in this protection and use of the sacred sites.<sup>41</sup> The connections between the Russian State and the Orthodox church



In addition to this union, there are other bilateral cooperations and agreements, which clearly demonstrate that the Russian Federation does not see its future in the relations with the Western world. We must first mention the Collective Security Organization, founded in 2002, with members of the Russian Federation, Be-

larus, Kazakhstan, Armenia, Kyrgyzstan and Tajikistan, which aims to protect and defend the security, sovereignty and territorial integrity of member States. These states cooperate in the foreign policy, in the security policy, in the fight against terrorism and in the “global accomplishment of democracy on the basis

of the general principles of the law of nations” (which seems quite doubtful due to the concrete member States). The Shanghai Cooperation Organization is very important, joining Russia, China, Kyrgyzstan, Kazakhstan, Uzbekistan and Tajikistan; its goal is the comprehensive cooperation of the member States in many areas,

The “Russian world” is a significant conception for foreign policy and refers to a specific Russian issue: upon the end of the USSR, 25 million ethnic Russians began to live outside the borders of their country.



nic Russians suddenly lived outside the Russian Federation. Russia, or rather, “being Russian” became a theme as a cultural conception in this “Russian world”. The conception refers to representations of the 19th century and was accepted by the politics at the beginning of the new millennium: Russians who lived abroad should either be brought back or protected by the Russian Federation abroad if their welfare was threatened. The exact definition of a Russian living abroad remained somewhat hazy. According to the broader interpretation, it would be anyone who is open and favourable to the Russian culture. In the philosophical understanding (G. Pavlovskij, S. Ėrnyšev et al.), the Russian world is even more expansive: Russia is seen as a specific civilization which, with its concise complexity, permeability and powerful vocal and intellectual capacity, directed to all human beings, dominates all the other civilizations. Being Russian should not be a blood issue, but a common destiny. The goal is the peaceful reconstitution of the Russian identity and its reconnection with its past and diaspora. This would enable Russia to win the challenge of globalization.<sup>53</sup>

The concept is as frilly or mystical as the concept of “Eurasia”. It is not surprising that, especially after the annexation of Crimea, this concept has caused considerable concern among the neighbours of the Russian Federation. All of them present, as a result of the Soviet policy of Russification, a considerable Russian population.

## 4. Conclusion

It appears to me to be very important to understand, on the one hand, that the primitive Western equation “authoritarian and antidemocratic in domestic politics = aggressive and cruel in foreign policy” is not correct, since the inverse equation of “democratic in domestic politics = peaceful and non-aggressive in foreign policy” is not correct either, as well shown by the example of the United States. It is not a conflict between good and evil, but among different political conceptions. I refer once again to the divergent political views – the democratic orientation of the Western world vs. Russia’s orientation for stability – in light of the Arab Spring<sup>54</sup> (moreover, of course, their own respective interests). And also the denial of a “sphere of special interests” of Russia – what the Russians call their “close exterior” – is not very useful, especially when the Monroe Doctrine is essentially maintained with minor adaptations.<sup>55</sup>

I can only conclude there is a total collapse in relations, which can hardly be reversed. This collapse was caused by both sides. The West blew a really good chance: without NATO’s enlargement, without defence shield against missiles, without an arrogant behaviour from the Western world and especially from the United States to the Russian Federation and without the inflated conviction of its moral superiority, it is likely that the Russian Federation would have taken another course in the first decade of this millennium, both in the domestic and foreign policies. ■

## Notes

- 1 Relations with the States of central Europe, i.e. with the post-World War II until 1991 States of the socialist bloc, have always been bad because of this “common” past.
- 2 A small example is the conflict between NATO and the Russian Federation over the air safety over the Balkans: NATO, especially Secretary-General Stoltenberg, accuses the Russian Federation of having long instructed the Russian aircraft to turn off their transponder over the Baltic Sea, making them electronically invisible and a threat to air safety. However, NATO pilots also turn off their transponders, but no one talks about it. Putin suggested that both sides left their transponder always on over the Baltic Sea, but so far he has not received any response. See article in Spiegel # 50/2016, p. 50 s.
- 3 I refer here to the EU’s TACIS program, created in 1991, which between 1991 and 1999 granted EUR 4,226 million to the Eastern European countries. In 2007, the TACIS program was incorporated to the European Neighborhood and Partnership Instrument (ENPI), the financing instrument of the European neighborhood policy, which provided €1.2 billion by 2013.
- 4 See, for example, Jelzin’s disappointment with the American and Western world politics. A. Stent, *The Limits of Partnership*, 2014, p. 20.
- 5 See the concise representation from the standpoint of the Russian foreign policy in I. Zevelev, “The Russian World Boundaries: Russia’s National Identity Transformation and New Foreign Policy Doctrine,” in: *Russia in Global Affairs*, 7. 6. 2014, <http://eng.globalaffairs.ru/number/The-Russian-World-Boundaries-16707> (accessed December 25, 2016).
- 6 At the CSCE meeting in Stockholm on 12 December 1992, A. Kozyrev gave a speech in which he announced that, in certain cases, Russia would use violence against the republics of the former Soviet Union and that, analogously to the Monroe Doctrine, there was a post-imperial space around Russia, in which Russia had the right to defend its interests by all means. He accused NATO of invading “the backyard of Russia.” After leaving all the conference participants in a state of shock, he solved the enigma and stated that he had only intended to demonstrate what would happen if Jelzin and his reforms failed. Kozyrev’s special mood was famous. See the article at <http://www.independent.co.uk/news/world/europe/diplomats-shocked-by-kozyrev-ploy-1563641.html>, accessed December 17, 2016. From the current point of view, we can only confirm that he was correct at all points.
- 7 See H. Meiertöns: *Die Doktrinen U.S.-amerikanischer Sicherheitspolitik. Völkerrechtliche Bewertung und ihr Einfluss auf das Völkerrecht*, 2006,
- 8 See the warnings of Sopotnik and Kokoškin at a symposium of the Körber Foundation in 1994 in St Petersburg.

- 37 S. Stent, *The Limits of Partnership* (anotação 4), p. 97 ss.; Hill/Gaddy, Mr. Putin: Operative in the Kremlin (annotation 20), p. 305 ss.
- 38 Hill / Gaddy, *Mr. Putin: Operative in the Kremlin* (annotation 29), p. 319 ff., specially p. 321 ss. about China's role in offsetting the imbalance caused by the United States.
- 39 A very illustrative example is Russia's very reserved reaction to the Arab Spring. The Russians did not surrender to the democratic jubilation of the Western countries. From the beginning, the Russians believed that the rebellions would end in the Islamist States and that all the stability in the region would be threatened: therefore they preferred the autocratic regimes that existed until then. Six years later, Tunisia being the only country which seems to be heading in the right direction, although producing a large number of radical Islamists, the Russian position seems to have been confirmed, and the North American and Western position seems to be simply naive. See Stent, *The Limits of Partnership* (annotation 4), p. 247 ss.
- 40 We tend to ignore that the Russian perception of the Western world is also a threat, which does not simply disappear when the West assures the Russian Federation that it is not a threat. See Hill / Gaddy, Mr. Putin: Operative in the Kremlin (note 29), p. 392 s.
- 41 O. Figes, *Der Krim Krieg*, 2014, p. 19 ss.
- 42 See I. Papkova, *The Orthodox Church and Russian Politics*, 2011; M. Bennets, "Russlands 'Heiliger Krieg': Wie die russisch-orthodoxe Kirche politische Deutungshoheit beansprucht", in: IPG of December 14, 2015.
- 43 About the scandal of the Pussy Riot band's presentation and the draconian sentence, see the issue dedicated exclusively to this issue of Nationalities Papers magazine. The Journal of Nationalism and Ethnicity vol. 42 (2014) and especially the contributions of G. Sharafutdinova, "The Pussy Riot Affair and Putin's *démarche* from sovereign democracy to sovereign morality," p. 615 ss., and I. Yablokov, "Pussy Riot as agent provocateur: conspiracy theories and the media construction of nation in Putin's Russia," p. 622 ss. – See, as another example, the cancellation of a Tannhäuser presentation in Novosibirsk after criticism from the Orthodox Church, see *Die Welt* of March 31, 2015, [www.welt.de/.../Russischer-Operndirektor-setzt-Tannhaeuser-ab.html](http://www.welt.de/.../Russischer-Operndirektor-setzt-Tannhaeuser-ab.html);
- See also the conflict around the exhibition "Prohibited Art", in which the Orthodox Church also prevailed, *Die Zeit* of July 13, 2010, [www.zeit.de/Start/Kultur](http://www.zeit.de/Start/Kultur), accessed December 25, 2015. Finally see about the power of the church, the movie "Leviathan", by A. Svjagincev, of 2014. See the summary in Stent, *The Limits of Partnership* (annotation 4), p. 283.
- 44 S. Hill / Gaddy, Mr. Putin: Operative in the Kremlin (annotation 29), p. 47: Orthodoxy as core and essence of the Russian.
- 45 See, for example, the data of a poll in *Ežegodnik obščestvennogo mnenija 2014* (Yearbook of Public Opinion 2014) p. 128, 129, published by the Levada Institute, according to which, in 2014, 54% of respondents believed that the church deserved their full trust and another 20% relied basically on the church; 42% considered the political influence of the church appropriate, and 11% wanted a greater or greater influence of the Church on politics. 70% of respondents claimed to be Orthodox Christians. However, 37% of the respondents did not go to church on a regular basis, and 15% did so only once or less than once a year.
- 46 See Z. Kembayev, *Legal Aspects of the Regional Integration Processes in the Post-Soviet Area*, 2009, esp. P. 34 ss. and the final evaluation, p. 90 ss.
- 47 M. Laruelle, *Russian Eurasianism. An Ideology of Empire*, 2008, esp. P. 16 ss and 202 ss. The Eurasian Union is closely intertwined with the conception of the "Russian world" (*russkij mir*), which determines the foreign policy, see M. Laruelle, "The Russian World," *Russia's Soft Power and Geopolitical Imagination*, "Center of Global Interests, May 2015, available at [www.globalinterests.org](http://www.globalinterests.org) (programs / Russian World) (accessed December 25, 2016).
- 48 Laruelle, *Russian Eurasianism* (annotation 47), p. 171 ss.
- 49 See the representation of the beginning in Kembayev, *Legal Aspects of Regional Integration* (note 46), p. 122 ss., 129 ss. See also M. Schladebach / V. Kim, "Die Eurasische Wirtschaftsgemeinschaft: Grundlagen, Ziele, Chancen", in: *WiRo* 2015, p. 161 ss.
- 50 In October 2013, Lukašenko said that there would be no common currency; in the same month Nazarbaev said that the Eurasian Economic Union should be dissolved and that Turkey should be included in the customs union, "for (them) to stop saying that we intend to found the Soviet Union again!" In December 2013, Nazarbaev opposed a politicization of the Eurasian Economic Union. Quoted according to the Russian article on Wikipedia "Evrazijskij Sojuz"; Bibliographic references *ibid.* (Accessed December 11, 2015).
- 51 See, for example, the gas supply contract under which China is going to receive from Russia 38 billion cubic meters of gas from Russia. To do so, the "silá Sibirii" (Siberia force) pipeline must be built. See *Deutsche Wirtschaftsnachrichten* of April 24, 2015. Also with Japan, closer economic cooperation was agreed upon Putin's visit to that country. A month later, this was accomplished in an eight-point plan. See *sputnik news* of August 30, 2016.
- 52 The Japanese government decided on March 2, 2012 not to speak of "illegally occupied" territories, but of territories "assumed without legal basis". See the article "Kuriltorg Rossija vernet Japonii Kuril'skie ostrovq v 2018 g", in: *Versija* n. 49 of December 19, 2016 (Kuril Islands: Will Russia return the Kuril Islands to Japan in 2018?), which describes the status of the negotiations and the Russian interest in resolving the conflict.
- 53 See the detailed representation in Laruelle, *Russian World* (annotation 36).
- 54 See the detailed analysis in annotation 39.
- 55 S. Stent, *The Limits of Partnership* (annotation 4), p. 262.





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# 100 YEARS MIGUEL ARRAES

The Fundação João Mangabeira (FJM) and the Brazilian Socialist Party (PSB), in partnership with the Instituto Miguel Arraes (IMA), commemorated in 2016 the 100th anniversary of Miguel Arraes with complete programming. There had been more than 40 commemorations – with "cordel", publications, expositions and memorials to the important legacy of this popular political leader who was dedicated to defending the people and national interests.



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