Hemispheres

The Tufts University Journal of International Affairs

Vol. 21, 1998

Globalization, Democracy and the Education of Women in Latin America
Erin Murphy

Ethnic Interest Groups, Economic Sanctions & the Incredible Superpower
William R. Cruse

Ideology, Insurgency, and Civil War: Assessing the Sudanese Threat to U.S. Interests
Daniel Schwartz

Changing Roles in Humanitarian Crises
An Interview with Anne Willem Bijleveld

Hemispheres

The Tufts University Journal of International Affairs

Vol. 21 1998

Established in 1976, *Hemispheres* is the Tufts University Journal of International Affairs. The journal addresses a variety of social, economic, political and legal issues, both contemporary and historical, within the framework of international relations. The articles contained herein reflect diverse views of undergraduates at Tufts as well as other universities. While the Editorial Board is solely responsible for the selection of articles appearing in *Hemispheres*, the Board does not accept responsibility for any opinions or biases contained within. Submissions should be addressed to: Editorial Board, *Hemispheres*, Box 633 Mayer Campus Center, Tufts University, Medford, MA 02155. Submissions are due February 15, 1999 (hard copy and IBM formatted disk please).

Hemispheres

The Tufts University Journal of International Affairs

Vol. 21 1998

Essays:

The John S. Gibson Award Winner:

The freedoms granted in the United States Constitution allow ethnic and special interest groups to contribute to the uniqueness of the United States. This paper argues that certain interest groups exert a disproportionate influence on U.S. foreign policy. This influence is one of the causes of a diffuse and inconsistent foreign policy, thus undermining the credibility of the United States in the international arena. This can be seen through the examples of the Cuban, Armenian and Israeli lobbies. If the United States wishes to have a consistent and effective foreign policy worthy of a global superpower, it must consider the long-term implications of its acquiescence to the agendas of these groups.

Interviews:

With the globalization of humanitarian emergencies, Mr. Bijleveld's perspective on the UNHCR's changing role becomes especially pertinent during a time in which crises such as those in the Great Lakes region of Africa and the former Yugoslavia are having an increased impact around the world.

International law affects many actors, and is therfore a vital component of the international system. Although codified, member states' interpretations of that same law vary widely and enforcement is either weak or non-existent. Though barriers may be coming down between countries in a process often termed "globalization," nations are still the principal actors in the international system. The laws that govern them, written and unwritten, demand our study. Fletcher School of Law and Diplomacy Professors Hurst Hannum and Alfred Rubin express divergent views on aspects of international law such as the war crime tribunals set up in the Hague. These interviews will hopefully educate and help dispel myths surrounding the true nature and efficacy of international law.

Hemispheres would like to thank the following for their support:

•The Department of Political Science•The Department of Economics•

•The Department of German, Russian and Asian Languages•

•The Department of History•The Office of the Provost•

•The Office of the Vice President of Arts, Sciences & Technologies•

•The Dean of Students•The Tufts Alumni Admissions Program(TAAP)•

•The Office of the President•

Editors' Note

With the end of the Cold War, academics and policy-makers alike have come to recognize the burgeoning role of non-state actors and transnational institutions in the international arena. Our student essays this year strongly reflect this trend by analyzing and highlighting the importance of these groups. Essays on the role of women in development and the power of ethnic interest groups over US foreign policy highlight the importance of non-state actors. Essays on the Gulf Cooperation Council, the IMF, and NATO focus on transnational institutions, which are vital actors in regulating international relations. As Professor Rubin points out in his interview, the glib talk in the West regarding a better world due to globalization ignores the stark reality that international conflicts are as prevalent as ever. The essays on the Middle East focus on strategic and security issues that highlight the region's continuing volatility.

In addition to student essays, the three interviews featured in this year's journal address important issues including the role of transnational organizations such as the UNHCR, and the changing nature of international law. Interviews with Mr. Anne Willem Bijleveld, Regional Representative of the UNHCR to the United States and the Caribbean, and Professors of International Law Alfred Rubin and Hurst Hannum, of the Fletcher School of Law and Diplomacy, articulate the issues and constraints experienced by non-state actors in the international arena.

Daniel Schwartz's paper, entitled *Once United but Soon Divided?* is this year's recipient of the Hemispheres Award, chosen by our Editorial Board as the best paper of this year's issue. Keeping with tradition, the essay receiving the John S. Gibson Award is also included in the journal. William Cruse's *Ethnic Interest Groups and the Incredible Superpower* was selected by the International Relations faculty at Tufts University as this year's recipient.

Hemispheres would like to thank members of the Program in International Relations, particularly John Jenke and Anne Sauer, for their advice and encouragement. We would also like to extend our appreciation to Professor Emeritus Donald Klein and Colin Kingsbury for their invaluable editing lessons. Finally, the Editorial Board would like to thank the students, both from Tufts and other universities, who submitted their excellent work to us. In the final analysis, a journal is only as good as its contributors. Hopefully this year's submissions will educate the public as much as they have challenged and stimulated our staff.

Co Editors-in-Chief

Vanessa Hodgkinson
Yuhan S-D Vevaina

Once United but Soon Divided?

The Stability of the U.S. Relationship with the States of the Gulf Cooperation Council and its Prospects for the Future

Dan Schwartz

In the wake of Iraq's defeat in the 1991 Gulf War, the United States strove to ensure that no single state could again attempt to dominate the strategically located and petroleum-rich lands surrounding the Persian Gulf. To that end, it established military relationships with the Gulf States of the Arabian Peninsula that comprise the Gulf Cooperation Council. The United States kept forces deployed in the G.C.C. States — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates — both to enforce the sanctions imposed upon Iraq after the war and to assist in the defense of common interests of the United States and the G.C.C. states. These interests, initially at least, seemed multifaceted, cutting across the realms of politics, economics, and defense.

The United States deep interest in the oil-producing Gulf region is unsurprising. After all, the oil shocks of the 1970s provided perhaps the most debilitating and harrowing economic experience the United States had gone through since the Great Depression. While Venezuela has become the major supplier of oil

---

Dan Schwartz will graduate from Tufts University in 1998 with a degree in International Relations.

to the United States, Saudi Arabia alone, with 25 percent of the world's proven oil reserves, has the power to create an oil shortage in the United States and its European allies.[1] In fact, since 1994, oil demand has been growing at a rate of 2.5 percent a year, and may be accelerating.[2] In 1996, U.S. imports totaled about 46.2 percent of consumption, approaching the level it had reached just prior to the oil shock of 1979-1980.[3] Furthermore, the General Accounting Office has predicted that, with declining domestic production, oil imports could reach 60 percent of consumption by 2015.[4] It has likewise been predicted that by 2015, the world market share for Persian Gulf oil will rise from its 29 percent share in 1994 to over 46 percent.[5] Thus the issue of access to oil reserves, particularly in the Middle East and Persian Gulf, is likely to remain a salient one for the United States.[6]

The most prevalent interests of the United States in the Persian Gulf, are thus related to oil. John Duke Anthony has identified these as including (1) the prevention of the Strait of Hormuz, the main tanker route from the Gulf to the Indian Ocean, from falling under the domination of a power hostile to the United States; (2) the assurance of access to Persian Gulf energy reserves for the United States and its allies; and, (3) the preservation of the sovereignty and territorial independence for all of the Gulf States, since a regional conflict or interference in these states by a hostile power would impede the flow of oil from the region.[7] The bilateral defense cooperation agreements with the individual G.C.C. states , and the U.S. post-Gulf War policy of "dual containment" have thus attempted to preserve these interests.[8] The basic assumption of that policy is that both Iran and Iraq pose significant threats to the security of the G.C.C. states, and hence to their petroleum reserves. They must therefore be deterred from menacing the Persian Gulf by U.S. forces stationed in the G.C.C. states and through U.S.-G.C.C. cooperation.

Similarly, the G.C.C. States have complementary strategic interests to those of the United States. The Gulf War unambiguously displayed the woeful inability of the GCC states to protect themselves from their stronger neighbors to the north. It seems natural then, that the G.C.C. states would welcome the United States as a protector and guarantor of their security. Likewise, just as the United States and its allies rely upon Persian Gulf oil for their economic security, the Gulf producers depend upon the oil revenues for their economic well-

being. Although the Gulf States have divergent interests from those of the United States over issues such as the Arab-Israeli conflict, these are often ideological in nature, and unlikely to affect the strategic matrix of the G.C.C. states.

Yet, despite the common interests of the United States and the G.C.C. states, the alliance has become progressively more strained since the end of the Gulf War. Even the region's turbulent past — the debilitating Iran-Iraq war from 1980 to 1988 and the 1991 Gulf War — has not provided the impetus for the Gulf States to cooperate in the establishment of an effective system of collective self-defense amongst themselves to counter potential external threats.[9] At the same time, however, the governments of the G.C.C. states have begun to chafe against the attendant fiscal constraints of high defense costs, costs that the United States insists the Gulf States share. In addition, the G.C.C. states have become resentful of the U.S. insistence that they purchase large quantities of advanced weapons systems which their armies do not have the technical expertise to utilize. These purchases, stockpiled in the Gulf but intended for use by U.S. forces in the event of military action, represent an enormous drain on the Gulf States' treasuries. This comes at a time when other areas of spending must be curtailed as a result of flat oil revenues. The disputes among GCC members further undermine the alliance.

Even with all states in the region nominally allied against the threat emanating from Iraq, border skirmishes or diplomatic clashes have occurred between Saudi Arabia and Oman, Saudi Arabia and Qatar, Oman and the United Arab Emirates, and Bahrain and Qatar.[10] Not only do these hostilities prevent the realization of a true unified defense in the face of common enemies, but, also weaken the ties between the United States and the G.C.C. states as a whole. The disputes pit different states with which the United States has bilateral defense agreements against one another.

Differences over policy in the Persian Gulf region have also begun to appear. Different G.C.C. states have differing opinions on the dual containment policy — the only thing that most agree on is that they each disagree with some component of the policy. Many of the Gulf States have diplomatic ties with either Iraq or Iran, thus hindering U.S. efforts to isolate the two states. Indeed, those states farther from Iraq seem most eager to maintain contacts with it and

to see the sanctions lifted, while those closer tend to have warmer relations with Iran. As a whole, there seems to be a lack of consensus over the way in which the balance of power in the Persian Gulf should take form.

Partially as a result of the lack of agreement on strategy in the Persian Gulf, the United States and G.C.C. states have begun to disagree on the tactics with which to achieve their objectives. This has been most evident in their dealings with Iraq. Significantly, in November 1997, when Saddam Hussein provoked a diplomatic crisis by expelling all U.S. nationals from a U.N. inspection team attempting to ascertain if Baghdad was complying with U.N. Security Council Resolutions, every one of the G.C.C. states opposed threatened U.S. military action against Iraq. It momentarily appeared that the coalition had frayed to the point that it could not even take any action to achieve the political objectives for which it had originally been assembled, namely the pacification of Iraq. The inter-alliance crisis passed, at least temporarily, when Saddam relented and allowed U.S. weapons inspectors to reenter Iraq. Furthermore, discontent with the U.S. military presence itself among the populace of these countries has been apparent for some time, as evidenced by the November 1995 bombing in Riyadh, Saudi Arabia, and the June 1996 bombing of the U.S. military barracks in Dhahran, Saudi Arabia.

Thus, it appears as if the coalition of the United States and the individual member states of the Gulf Cooperation Council, despite having been assembled with specific, harmonious objectives in mind, lost its initial cohesivenss. Divergent regional goals, inter-Gulf State disputes, and discontent with the nature of the alliance all have served to weaken its resolve. In fact, the different assessments between Gulf states and the United States over the nature of the threats facing the G.C.C. states have already undermined the coherence of the alliance.

Measuring the Alliance: Balance of Threat and Omnibalancing

To better determine the stability of the alliance, and its prospects for the future, it is useful to examine the Gulf alignment within the context of several theories. Both balance of threat theory and the notion of

omnibalancing are helpful in identifying the factors that have contributed to the weakening of the alliance, those that have held it together, and its prospects for the future.

Balance of threat theory, first proposed by Stephen M. Walt, is both an extension and refinement of neorealist balance of power theory.[11] Balance of power theory predicts that the distribution of power across states within a state system determines their alignment and that states will align in blocs to counter states or coalitions of states with preponderant power. Like neorealism, balance of threat theory believes that aggregate power is a factor in determining alliances. Walt avers, however, that it is not power alone that determines the likelihood of other states forming countervailing alliances, but the level of threat that a state poses. Aggregate power is but one determinant of the level of threat. He adds that great proximity and high offensive capabilities also contribute to the classification of a state as "threatening." Finally, and perhaps most significantly, states are likely to form alliances against a threatening state if its perceived intentions are aggressive or hostile.

From this framework, Walt adduces several conclusions on the nature of alliances. He maintains that alliances formed for the purpose of defeating an enemy in war are doomed to collapse after the enemy is defeated. Additionally, efforts to control allies through foreign aid or penetration lead to resentment, and efforts to manipulate the policies of allies through covert penetration often create considerable backlash. The role of ideology, as under neorealist theory, is severely limited. Walt writes that ideology is a determinant of alignments most often when a state's security is high; in times of crisis or in the face of a threat, it is usually discarded for the less lofty objective of self-preservation.

Balance of threat theory can thus be useful in examining the stability and prospects of the U.S.-G.C.C. relationship. It helps to explain the actions of the Gulf States in terms of the level of threat they believe states such as Iraq pose to them. More so than traditional balance of power theory, it demonstrates the ways in which intentions help shape the nature of alliances. Furthermore, the theory also assists in understanding the reasons for which the G.C.C. states act as they do toward each other and toward the United

States. In assessing the alliance's prospects for the future, Walt's prediction that victorious coalitions disintegrate proves useful as well: if indeed the Gulf War coalition vanquished Iraq, then the stresses in the alliance now beginning to show represent the crumbling of the alliance. If instead the Gulf States still view Iraq as a threat and potential aggressor, than the coalition likely will hold steadfast.

Another theory that is useful in deciphering the motives behind the G.C.C. states' actions is Steven R. David's notion of omnibalancing. David accepts the basic tenets of neorealist balance of power theory but expands it to apply to cases in the Third World that might seem like anomalies under traditional neorealism. Using the leader of the state as the unit of analysis, rather than the state itself, he offers three specific modifications. First, he claims that sometimes states will ally with states that otherwise might be seen as secondary threats or adversaries. Leaders act in such a way to balance against prime adversaries. Second, in a break with traditional neorealism, David examines the effects that domestic factors can play in state alignment. He posits that Third World leaders will appease other states, often secondary threats, in order to confront more pressing domestic challenges. Often, the states with which leaders align are those that would normally be the international supporters of the domestic challengers. In essence, this refinement simply expands the notion of threat from a systemic analysis to one that peers below the traditional unit of analysis. Finally, as a primary objective of Third World leaders is often to perpetuate their own power, David believes that they will at times align in such a way as to benefit themselves, but to the detriment of the state's interests.[12]

The essential difference between omnibalancing and traditional balance of power theory is that David's theory examines the scope of the analysis to include domestic actors, in addition to the usual external threats and power differentials across states. It is for precisely this reason that state leaders must be used as units of analysis, as it would be impossible to analyze threats from domestic challengers in the Third World when using the state as the unit. Thus, omnibalancing is useful in examining the G.C.C. states in two ways. It helps to explain how Gulf states with outstanding territorial and diplomatic disputes can be allied with each other, and also can help predict how leaders will deal with domestic tides of opinion. Moreover, although omnibalancing and balance

of threat theory have some fundamental difference, such as the level of the unit of analysis, they are in many ways complementary explanations for international phenomena.

Threats to the G.C.C. States:

Based upon both theories, the coalescence of the Gulf War U.S.-G.C.C. alliance was a direct result of the threat that both the Gulf States and the United States believed Iraq posed to them. Even if Walt's prediction that the victorious alliance is in the process of disintegrating is correct, however, there is ample evidence that threats in the region still abound. The Persian Gulf remains one of the most militarized regions in the world. In 1995, every state in the region except for Iran devoted a greater portion of its GDP to the acquisition of arms than the world average of 4.2 percent. The Gulf is highly militarized even for the volatile Middle East: in 1995 the six G.C.C. States plus Iran and Iraq accounted for 70 percent of all Middle Eastern arms imports.[13]

The reasons for these astoundingly high figures is relatively apparent. The two major wars in the Gulf since 1980 serve as a constant reminder of the high possibility of war in the region. Similarly territorial disputes are commonplace. Beyond the aforementioned intra-G.C.C. disputes, it is likely that Saddam remains covetous of Kuwait, particularly in light of his massing of troops on the Iraq-Kuwait border in 1994. Furthermore, there are active land disputes between Iran and the United Arab Emirates and between Saudi Arabia and Yemen.[14] Additionally, in most of the Gulf States, the militaries are the basis of the ruling regimes' support. Although it is clear, then, that all the states of the Gulf feel threatened by other states, it is less obvious from which states each believes itself to be the most threatened, and, accordingly, against which to align.

While the G.C.C states nominally support the U.S. dual containment policy, it appears as if they do not consider themselves as threatened by Iran and Iraq as the United States does. The events of November 1997 highlighted the growing uneasiness with which the G.C.C. states maintain the sanctions on Iraq. In fact, the Arab states once leery of confronting an Iraq hobbled by sanctions had become entirely opposed to the possibility of U.S. military actions

against Baghdad. An Arab League resolution on November 2 declared its "total rejection of any military action to be taken against Iraq."[15] Each individual G.C.C. member publicly concurred with this position at some point during the crisis. Despite the fact that Iraq apparently has not dismantled all of its Weapons of Mass Destruction (WMD) capabilities, some U.S. allies, including the United Arab Emirates, even called for the immediate removal of sanctions.[16] This suggests that the G.C.C. states no longer feel that Iraq, despite its proximity to the states in question and its past hostility, is no longer a primary threat. In fact, the vigilant U.S. presence in the Gulf and the continuing sanctions do constrain Iraq's ability to project force outside its borders, and thus the Iraqi threat that was so horrifying to the G.C.C. states in 1990 and 1991 now appears much diminished.

Despite their resistance to the use of force in the November 1997 crisis, the G.C.C. states as a whole have not abandoned the U.S. position. Instead, with Iraq weakened, it seems that the threat to each individual state has been altered to reflect its own particular geographical and political situation. Kuwait, and Saudi Arabia to a lesser extent, both remain fearful of Iraq, particularly given the events of the Gulf War. As a counterbalance to Iraq, Kuwait has often touted its ties with Iran, which it considers a non-threatening diplomatic partner. While Saudi Arabia is more cautious toward both of its large northern neighbors, it doubts the intensity of the threat that the United States claims emanates from the two states.[17]

Further south in the Persian Gulf, however, the gravity of the Iraqi threat is commonly called into question. Since 1995, Qatar has called for the lifting of the U.N. sanctions, and considers Iraq a possible ally in its disputes with Saudi Arabia and Bahrain. Moreover, the United Arab Emirates, supported by Oman and Qatar, has expressed the need for a strong Iraq to maintain the regional balance of power. Bahrain, too, has railed against the U.N. sanctions on Iraq.[18] Thus, one of the priorities of the United States in the Persian Gulf, the demilitarization of Iraq, has been openly questioned by U.S. allies in the Gulf, on account of the absence of threat the allies feel Baghdad poses to them. Indeed, military analysts have concurred that the conventional threat posed by Iraq is much abated: when fears of a tripartite Syria-Iran-Iraq alliance swept the Middle East in spring 1997, the analysts claimed that Iraq remained too weak to alter the regional balance of power through such an alliance.[19]

The United States has found much more sympathy, however, in the lower Gulf States vis-a-vis Iran. Bahrain and the United Arab Emirates, in particular, view Iran as a threat. Indeed, both states desire Iraq as an ally in their disputes with Iran.[20] Thus, in this instance, balance of threat theory can be easily applied. While both states balanced with the United States against Iraq when it posed a threat to them in the early 1990s, they now seek to balance with Baghdad against the state they now feel more threatened by, Iran. It must be noted however, that both Bahrain and the United Arab Emirates likely do not feel the same hostility toward Iran as does the United States; indeed, despite the outstanding disputes, both have maintained diplomatic relations with Teheran.

Balance of threat theory, while at least partially explaining the motives of the lower Gulf states in their opposition to U.S. policy toward Baghdad, does not account for Saudi and Kuwaiti resistance to the use of force. This is because the primary threat to those two states in the November 1997 crisis were not external, but came instead from within their own populations. Indeed, omnibalancing better explains Kuwaiti and Saudi calls for a diplomatic solution and rejection of military force, in light of the threat Iraq poses to them. In fact, throughout the Arab world, much opposition to the sanctions exists, as, it is claimed, they have not succeeded in bringing down the Ba'th regime and have instead only harmed the Iraqi people. These same suffering Iraqis, say their sympathizers, would be the ones to further suffer in the event of military strikes. This current of public opinion is widespread enough in the Arab world that Saudi Arabia and Kuwait were forced to omnibalance with a secondary threat, Iraq, in order to assuage their populations and preserve their power against the primary domestic threat.

As David predicted, this is a case where omnibalancing seems to have caused the leaders of states to act in a way that ran contrary to the interests of the state. U.S. diplomats, however, claim that the Saudis quietly supported the United States behind closed doors in the crisis.[21] The fact that the support was offered only furtively strengthens the conclusion that this was indeed a case of omnibalancing.[22]

Beyond the divergence in the evaluations of the threat posed by Iran and Iraq, there is evidence that many of the G.C.C. states view fellow members as potential threats. Those states involved in territorial disputes could be tempted

to balance against G.C.C. adversaries if they believe that existing bilateral disputes become threatening, This, in turn, further diminishes the coherence of the U.S.-G.C.C. alliance. For example, since the Qatari coup in 1996, relations between Qatar and its neighbors have become strained, and accusations of subversion traded between them. Indeed, as previously mentioned, Qatar has sought Iraq as a possible ally in its disputes with Bahrain and Saudi Arabia.[23] Not only would continuing hostility between Qatar and other G.C.C countries augment the possibility of intra-G.C.C. balancing, but would also present a quandary for the United States: it would like to promote promised reforms by the new Qatari leader, Sheik Hamad, but doing so might destabilize, and would definitely enrage, Saudi Arabia.[24] Thus the United States might be confronted with choosing sides of allies balanced against each other.

Yet one more threat that the U.S.-G.C.C. alliance might be forced to contend with in the future are internal threats to the stability of the Gulf monarchies. Strong domestic opposition to the ruling regimes in these countries could engender omnibalancing. If the domestic opponents to the regimes had an anti-Western cant, cooperation between the United States and the internally besieged country could be diminished. In the wake of the Dhahran bombing, for example, the greatest threat to Saudi security was identified as the Islamist opposition.[25] Because of a lack of transparency in Saudi society, little is known about the opponents of the regime, but their anti-Western, anti-U.S. views have been well documented. Indeed, the bombing represented pent-up hostility toward both the Saudi regime and the United States. If the movement's strength grows in the future, U.S.-Saudi relations might witness a deterioration.

The Improbable Threat: My Ally?

Another potential pitfall in the U.S.-G.C.C. relationship comes from a startling source of threat — the United States itself. While from the Western vantage point, U.S. objectives seem relatively benign and largely complementary with G.C.C. interests, perceptions of the United States could lead to it being classified as a threat in the G.C.C. countries. Since U.S. aggregate power is preponderantly higher than that of any other state in the world, its forward deployment in the Gulf makes it a proximate power, and the rapid deployment

forces stationed there are offensive in nature. The only missing elements to classification as a threat under Walt's theory are the perceived intentions of the United States. In fact, extreme right-wing voices even in the United States itself have recently begun to question U.S. motives and decry the "U.S. Imperial Postulate" in the Middle East and the Persian Gulf.[26]

As the years passed after the Gulf War, with U.S. policy remaining unchanged and no imminent regime change in either Iraq or Iran apparent, postwar sympathy for the United States began to evaporate and Arab intellectuals again began to question U.S. intentions. They asked whether the United States truly desired a change in Iraq, since keeping Saddam in power continued Gulf dependence on the United States. Furthermore, as discussed above, whether the individual states were actually threatened by Iran or Iraq began to be doubted. Finally, with oil revenues flat, rising unemployment, and low investment and domestic development, the intellectuals began to consider the high defense spending insisted upon by the United States as inappropriate.[27] With no change in sight for U.S. Gulf policy, even more radical ideas began to attract adherents. In particular, many were of the opinion that U.S. policy was formulated to provide an excuse for the United States to demand that the G.C.C. states continue to purchase massive amounts of U.S. weapons, draining their already-stretched treasuries.[28]

In fact, the acceptance by the G.C.C. states of the United States has always been reluctant at best. Even during the Gulf War, many Arabs opposed the presence of the Western "imperialists" in *Dar al-Islam*, the realm of Islam. It therefore is logical that those voices of protest would be strengthened after Iraq's defeat, given the continuing U.S. presence in the Gulf. Gulf policymakers, however, have often taken a more moderate view. Whatever their personal misgivings about allowing the United States a toehold inside their borders, they recognized the exigency of the U.S. military presence in the face of external threats. Despite this acceptance, the U.S.-G.C.C. relationship is affected by leaders in the Gulf confronting public opinion, as well as the heads of states' own revisions of the estimated benefits of alliance with the United States.

In the absence of an immediate external threat, alongside the continuance of the strategy of attrition toward Iran and Iraq, these negative sentiments might become more widespread. Statements, such as that made by U.S. Secretary of State Madeleine Albright at Georgetown University in March 1997, that

the United States intends to pursue its present policy until a regime change in Iraq occurs, only serve to fan the flames of resentment in the Gulf. As no such regime change appears imminent, the United States has essentially declared its intentions to remain stationed in the Gulf for years to come. What this could engender, in the short run, is widespread domestic opposition to the U.S. presence in many or all of the G.C.C. states.

In the long run, these perceptions of the United States could be an ominous harbinger for the alliance. In short, the United States presence itself could come to be considered a major threat to the G.C.C. states. Since the United States obviously has no territorial ambitions on the Arabian Peninsula, it would likely be manifested more subtly. One possibility is that, in the absence of an external threat, sentiment in the Gulf would grow so negative that the Gulf leaders would view a permanent removal of the U.S. military presence as the most direct way to subdue an increasingly threatening population. Another is that the perceptions of Gulf policymakers could be altered, and thus they themselves might come to view the United States as a threat. Indeed, there are signs that this may already be an issue in the Gulf, as the massive amounts of weaponry imported by Saudi Arabia have reportedly become a source of friction inside the royal family.[29]

Even if the United States gradually comes to be seen as more threatening by all parties within the G.C.C. states, it must be noted that armed conflict between the two sides would remain extremely unlikely. The United States would most likely be seen as an imperial threat rather than a danger to the G.C.C. states territory. A probable result of the perceived threat would be, however, a strategic paralysis of the alliance at the very least, and, if the United States is considered menacing enough, a forced scaling back of its military presence inside the G.C.C. countries. Thus Walt's predictions about victorious war alliances would be realized. Economic and commercial cooperation, though, would most certainly continue, for, as previously discussed, both sides are mutually dependent on the Gulf's oil reserves.

The notion that the United States is threatening to the well-being, and possibly to the sovereignty, of the G.C.C. states is, however, almost certainly a result of misperceptions. In reality, the U.S. forces deployed in the Persian Gulf are much smaller than many Gulf citizens suppose. Military imports in the G.C.C. states, as well, have been consistently declining since the early-1990s.[30]

Strong criticism of dual containment in the United States by foreign policy luminaries, however, likely gives some Gulf citizens and policymakers pause over the intransigence of U.S. policy.[31] Furthermore, assertions that the U.S. military is planning for a 20-to-50-year deployment in the Persian Gulf can only serve to stoke Arab fears.[32]

The Classic Pitfall: A Word About the Arab-Israeli Conflict

One more factor that can play into alliance formation is the political ideology of the states involved. Often, however, ideology is subordinated to strategic interest when a state is selecting alliance partners. This can be witnessed in the current alignment in the Persian Gulf. Although the United States is and has long been a staunch supporter of Israel, the anathema of most Arab states, this has not prevented the maintenance of the U.S.-G.C.C. alliance. Balance of threat theory accounts for this phenomenon well. It claims that ideological solidarity is more likely to be a determinant of alliance formation at times when regional security is high; when confronted by external threats, however, states are likely to ally based upon strategic necessity.[33] The U.S. relationship with the states of the Persian Gulf appears to support this conclusion. In the 1980s, cooperation between the two sides was assisted by the threat each believed was posed to them by Iran. Likewise, in the 1990s, the threat emanating from Iraq united the G.C.C. states and the United States.

If, however, the Gulf states, as previously argued, believe themselves to be less threatened by Iran and Iraq, the issue of Israel becomes more salient. Particularly at a time when blows have been dealt to the progress made toward a settlement to the Palestinian issue and the Arab-Israeli conflict as a whole, continued U.S. support of Israel is likely to strain its relations with the Gulf states. Perhaps in recognition of this and the deterioration of the U.S. standing in the rest of the Arab world, in late 1997, the Clinton Administration began to pressure Israel to adhere to its commitments it made in the Oslo Accords.

For example, omnibalancing entirely accounts for the behavior of Qatar vis-a-vis Israel. Of all the G.C.C. states, it took the lead in normalizing relations with Israel after the 1996 coup that brought Sheik Hamad to power. Hamad pursued better relations with Israel to win even greater support from the United States than it had previously enjoyed. This can be viewed as an attempt to

balance with the United States against both Saudi Arabia and Bahrain, with which relations were, and remain, strained. Similarly, Qatar hosted the November 1997 regional economic summit in its capital, Doha. Notable for their absence were many important Arab allies of the United States, including Saudi Arabia, particularly as Israel was in attendance.

Conclusions and Prospects for the Future: An Alliance in Decline?

It can be seen from this analysis that the coherence of the U.S.-G.C.C. military alliance is a direct result of the level of threat that the Gulf states and the United States perceive from other states, specifically Iran and Iraq. Both balance of threat theory and omnibalancing arrive at similar conclusions about the times in which the alliance will be most unified in its objectives. In the face of a strong threat, the G.C.C. states are more likely to acquiesce to the tactics the United States deems necessary to deal with their mutual adversaries, and thus they balance with the United States. The G.C.C. states are also most likely to disregard disputes with each other and form a united front against their foe at such a time. Additionally, as omnibalancing would predict, the G.C.C. states are likely to hold steadfast against enemies and remain strongly in the U.S. camp over domestic protests when the external threat is stronger than the opposition posed by internal dissent. All of these conditions were met during the Gulf War, the period of greatest unity within the U.S.-G.C.C. alignment.

Similarly, both theories predicts the conditions under which the alliance will be in disarray and it members interests diverge. These conditions appear to be partially met at the present time, and thus might signal the onset of the balance of threat prediction that the alliance, having been victorious in the Gulf War, will now proceed to unravel. The threat that unified the coalition, namely Iraq, is perceived as having receded by many G.C.C. states. Likewise, Iran is not perceived as harboring threatening designs by other alliance members. Thus, despite the U.S. insistence that the two states are intrinsically threatening, the unifying element of the coalition has dispersed. Additionally, disputes between G.C.C states may cause them to individually recalculate which states pose the greatest threat to them, both within and outside of the Gulf Cooperation Council. This would serve to further weaken the unity of the alliance. Finally, there is a

growing uneasiness with the U.S. presence in the Gulf states. While these doubts have not been publicly addressed by Gulf policymakers, they are real and growing in the states' populations.

Applying omnibalancing theory to the Persian Gulf situation yields similar conclusions regarding the weakness of the coalition. It further identifies, however, domestic factors in the G.C.C. states that threaten the coherence of the Gulf alignment. The need to keep citizens of the Gulf states satisfied often requires the states to balance in such a way that the domestic threat to the rulers is abated by the states' alignments. One example of this is the Gulf states' unanimous public opposition to U.S. military strikes in the November 1997 Iraq crisis. Omnibalancing theory identifies as one cause of this the sympathy Gulf Arabs felt for the Iraqis suffering under the weight of U.N. sanctions on Iraq. Another is the ever-present and growing antipathy for the United States felt by many in the Persian Gulf; the G.C.C. leaders thus tacitly sided with Iraq in the crisis also to balance against potential domestic threats that might have resulted had they cooperated with the United States. Furthermore, anger directed at Israel over the deadlock in the Arab-Israeli peace process, and the absence of an evenhanded policy toward Israel and the Palestinians by the United States enflamed anti-U.S. sentiments in the Gulf. This provided yet another impetus for the G.C.C. states to omnibalance in order to appease their populations.

Indications therefore point to a continued weakening of the U.S.-G.C.C. alignment. The United States, despite the growing opposition to its policies in the Persian Gulf, has done little to rectify the situation. Iraq and Iran, however, recognize the fragility of the alliance arrayed against them. Saddam Hussein, in particular, has proven masterful at splitting those allied to counter him. The November affair cost him little, as he provoked the United States while not appearing threatening to his neighbors to the south in the Persian Gulf. It is likely, then, that he is aware of the different perceptions of Iraq among the allies, and will continue to seek to exploit them. In addition, if the Arab-Israeli peace process remains stalled, the resolve of the Gulf coalition is likely to become further weakened. The spring 1998 scheduled final withdrawal of Israel from the West Bank, before the onset of "Final Status" negotiations are to begin, could prove trying for the U.S.-G.C.C. alliance — if Israel stalls or attempts to reinterpret its commitments, as has often happened under its current government, and the United States does not act to prevent the resultant

perceived injustice to the Palestinians, sentiment could be such in the Gulf that the U.S. allies will be constrained to omnibalance against their outraged populations by tilting away from the United States.

Even if the U.S.-G.C.C. alliance proves to be unsustainable, it most likely will not collapse entirely, as balance of threat theory implies. On the contrary, the political and defense aspects of the relationship appears to be the most vulnerable. The mutual economic interests, between the Gulf States and the United States will likely keep them bound to each other in some form for the foreseeable future, even if mutual suspicion is high. In order to keep the alliance unified in its present form, however, an overriding external threat seems to be a necessary precondition. Thus provocation in the Persian Gulf by either Iraq or Iran would likely cause the coalition to coalesce again. There are, in addition, several actions the United States can take to preserve the current level of consensus in the alliance before it further deteriorates. A position toward Israel that appears to be truly fair and neutral would head off some of the Arab opposition to the G.C.C. states relations with the United States. In addition, a clear articulation of U.S. objectives vis-a-vis Iraq and Iran and a detailed plan of action to achieve them would also help diminish anti-U.S. sentiment. If the United States could demonstrate its commitment to oppose Saddam Hussein's regime while attempting to alleviate the suffering of the Iraqi people, it might lessen Arab opposition to the U.S. dual containment policy. Furthermore, a clear understanding of U.S. goals in the Gulf would likely reduce fears that the United States harbors imperial designs on the region. Ultimately, the Persian Gulf is the home to some of its most important global interests. While the coalition it assembled during the Gulf War might eventually collapse as a result of the nature of alliances and international politics, U.S. interests in the region are too important to allow that to happen of its own accord and as a result of passivity. Thus the United States should take any action possible to preserve the improbable alignment of states that it labored so hard to assemble in the first place.

Bibliography and Selected Sources

Anthony, John Duke. "The U.S.-GCC Relationship: A Glass Half-Empty or Half-Full.?" *Middle East Policy*. Volume V, Number 2, May 1997. pp. 22 - 41.

Cody, Edward. "Saudi Islamic Radicals Target U.S., Royal Family." The *Washington Post*. August 15, 1997. pp. A1, A21.

Cooper, Richard N. "The Gulf Bottleneck: Middle East Stability and World Oil Supply." *Harvard International Review*. Volume XIX, No. 3, Summer, 1997. pp. 20-23, 67.

Coy, Peter and Gary McWilliams. "The New Economics of Oil." *Business Week*. November 3, 1997. pp. 140 - 144.

David, Steven R. "Explaining Third World Alignment." *World Politics*. Volume 43. January 1991. pp. 233 - 256.

Emerson, Sarah A. "Resource Plenty: Why Fears of an Oil Crisis are Misinformed." *Harvard International Review*. Volume XIX, No. 3, Summer, 1997. pp. 12 - 15, 64, 65.

Fritsch, Peter, and Thomas Vogel, Jr. "Jump Start: Venezuela Expands Oil Industry Rapidly, Irking Others in OPEC." *The Wall Street Journal*. August 14, 1997. pp. A1, A6.

Garfinkle, Adam. "Agenda 2000: The U.S. Imperial Postulate in the Mideast." *Orbis*. Winter 1997. pp. 15 - 29.

Gause, F. Gregory, III. "Arms Supplies and Military Spending in the Gulf." *Middle East Report*. July-September 1997. pp. 12 - 14.

Greene, David L. "Forget Geology, Beware Monopoly." *Harvard International Review*. Volume XIX, No. 3, Summer, 1997. pp. 16 - 19, 65, 66.

Jehl, Douglas. "Arab Capitals Are Relieved: No Need to Pick Sides." The *New York Times*. November 21, 1997. p. A16.

Jehl, Douglas. "Gulf Alliance: A Falling Out." The *New York Times*. November 13, 1997. p. A1,A6.

Jehl, Douglas. "Qatar's Treasure-Trove of Gas." The *New York Times*. July 23, 1997. pp. D1,D6.

Kifner, John. "Desert Storms: For Danger in the Mideast, Just Look Around." The *New York Times*. June 30, 1996. pp. IV:1, 4.

Korb, Lawrence J. "Holding the Bag in the Gulf." The *New York Times*. September 18, 1996. p. 21.

Lancaster, John. "U.S. Presses to Put More Arms in Gulf States' Bulging Arsenals." The *Washington Post*. April 4, 1997. p. A16.

"Let's be diplomatic, say the neighbours." The *Economist*. November 8, 1997. p. 48.

Lippman, Thomas W. "Qatar Leader Chides U.S. Over Gulf." The *Washington Post*. June 11, 1997. p. A27.

Mann, Paul. "Allies Seen Split on Middle East Policy." *Aviation Week & Space Technology*. November 10, 1997. pp. 66 - 68.

Mann, Paul. "Strategic Tensions Fuel Weapons Trade." *Aviation Week & Space Technology*. September 22, 1997. pp. 48 - 50.

Mohamedi, Fareed. "Oil, Gas, and the Future of Arab Gulf Countries." *Middle East Report*. July-September 1997. pp. 2 - 6.

Morocco, John D. "Gulf Economies Stretched by Weapons Purchases." *Aviation Week & Space Technology*. November 10, 1997. pp. 62 - 64.

Mufti, Malik. "A Brave New Subsystem: Inter-Arab Conflict and the End of the Cold War." Unpublished paper.

O'Brien, Dennis. "Mightier Than the Sword: Energy Markets and Global Security." *Harvard International Review*. Volume XIX, No. 3, Summer, 1997. pp. 8 - 11, 62, 63.

Pearl, Daniel. "Family Feud: Ouster of Father Puts Emir in Place to Lead Change in Persian Gulf." The *Wall Street Journal*. March 21, 1996. pp. A1, A10.

Pearl, Daniel, and Hugh Pope. "Talk of a Syria-Iraq-Iran Axis Grips Arabs." The *Wall Street Journal*. June 27, 1997. p. A11.

Salpukas, Agis. "Odds of Another Oil Crisis: Saudi Stability Plays a Large Role." The *New York Times*. January 30, 1997. p. D6.

Sciolino, Elaine. "Criticized Over Iran, U.S. Struggles to Alter Gulf Policy." The *New York Times*. p. A10.

Sciolino, Elaine. "Saudi Kingdom Shows Cracks, U.S. Aides Fear." The *New York Times*. June 30, 1996. pp. A1, A8.

Al-Shayeji, Abdullah. "Dangerous Perceptions: Gulf Views of the U.S. Role in the Region." *Middle East Policy*. Volume V, Number 3, September 1997. pp. 1 - 13.

Vitalis, Robert. "The Closing of the Arabian Oil Frontier and the Future of Saudi-American Relations." *Middle East Report*. July-September 1997. pp. 15 - 21.

Wald, Matthew L. "Oil Imports Are Up. Fretting About It Is Down." The *New York Times*. January 26, 1997. p. IV:3.

Walt, Stephen M. *The Origins of Alliances*. Ithaca, NY: Cornell University Press, 1987.

Notes

[1]By mid-1997, Venezuela provided 18 percent of all U.S. oil imports. The entire Middle East accounts for the same amount, roughly half its share before the Gulf War. See Peter Frisch and Thomas T. Vogel, Jr., "Jump Start: Venezuela Expands Oil Industry Rapidly, Irking Others in OPEC," The *Wall Street Journal*, August 14, 1997, pp. A1;A6.

[2]David L. Greene, "Economic Scarcity: Forget Geology, Beware Monopoly," *Harvard International Review*, Summer 1997, p. 65.

[3]Ibid.

[4]Matthew L. Wald, "Oil Imports Are Up. Fretting About It Is Down," The *New York Times*, January 26, 1997, p. IV:3.

[5]Richard N. Cooper, "The Gulf Bottleneck: Middle East Stability and World Oil Supply," *Harvard International Review*, Summer 1997, p. 20.

[6]Cooper argues that only Persian Gulf oil is relevant when discussing oil from the Middle East as a whole. Other Middle Eastern sources, he notes, are relatively unimportant — Algeria and Libya are inelastic suppliers, and Egypt consumes most of the oil it pumps.

[7]John Duke Anthony, "The U.S.-GCC Relationship: A Glass Half-Empty or Half Full?" *Middle East Policy*, Vol. V, No. 2, May 1997, p. 23.

[8]The United States has reached formal bilateral accords with all the G.C.C. states save Saudi Arabia, with which its relationship remains informal. Likewise, the United States has been unable to achieve a formal accord on collective defense with the Gulf Cooperation Council as a whole.

[9]Anthony, p. 27.

[10]Malik Mufti, "A Brave New Subsystem: Inter-Arab Conflict, 1945 - 1995," pp. 12 - 14.

[11]Walt develops this theory by examining alliances in the Middle East from 1955 - 1979 in *The Origins of Alliances* (Ithaca: Cornell University Press, 1987).

[12]Steven R. David, "Explaining Third World Alignment," *World Politics*, Vol. 43, January 1991, pp. 233 - 256.

[13]F. Gregory Gause, III, "Arms Supplies and Military Spending in the Gulf," *Middle East Report*, July-September, 1997, p. 12.

[14]Ibid.

[15]"Let's be diplomatic, say the neighbours," *The Economist*, November 8, 1997, p. 48.

[16]Douglas Jehl, "Gulf Alliance: A Falling Out," The *New York Times*, November 13, 1997, pp. A1;A6.

[17]Abdullah Al-Shayeji, "Dangerous Perceptions: Gulf Views of the U.S. Role in the Region," *Middle East Policy*, Vol. V, No. 3, September 1997, p. 2.

[18]Ibid.

[19]Daniel Pearl and Hugh Pope, "Talk of a Syria-Iraq-Iran Axis Grips Arabs," The *Wall Street Journal*, June 27, 1997, p. A:11.

[20]Shayeji, p. 2.

[21]The *Economist*, p. 48.

[22]Even staunch U.S. ally Hosni Mubarak of Egypt announced after Saddam backed down in the crisis, "the Arab people were not ready [for U.S. military action]." Quoted in Douglas Jehl, "Arab Capitals Are Relieved: No Need to Pick Sides," The New York Times, November 21, 1997, p. A16.

[23]Shayeji, p. 4.
[24]Daniel Pearl, "Family Feud: Ouster of Father Puts Emir in Place to Lead Change in Persian Gulf," The *Wall Street Journal*, March 21, 1996, p. 1.
[25]Edward Cody, "Saudi Islamic Radicals Target U.S., Royal Family," *Washington Post*, August 15, 1997, p. A1.
[26]See Adam Garfinkle, "Agenda 2000: The U.S. Imperial Postulate in the Mideast," *Orbis*, Volume 41, Winter 1997, pp. 15 - 29.
[27]Sahyeji, p. 1.
[28]Ibid.
[29]Elaine Sciolino, "Saudi Kingdom Shows Cracks, U.S. Aides Fear," The *New York Times*, June 30, 1996, p. A8.
[30]Gause, pp. 13, 14.
[31]See *Foreign Affairs*, May/June 1997, for criticisms of dual containment by Zbigniew Brzezinski, Brent Scowcroft, Richard Murphy, and Graham Fuller, among others.
[32]As told to a Senate delegation visiting Saudi Arabia in January 1997. Reported in Robert Vitalis, "The Closing of the Arabian Oil Frontier and the Future of Saudi-American Relations," *Middle East Report*, July-September 1997, p. 19.
[33]Walt, pp. 181 - 217.

Globalization, Democracy and the Education of Women in Latin America

Erin E. Murphy

In order to achieve the democracy we have longed for, we will exercise participation and criticism; we will petition and dissent and we will mobilize to obtain legitimate rights of the people...

-The Mothers of the Plaza de Mayo

Introduction: Globalization and Democracy

The magnitude of economic and political change that has occurred in the past decade is nowhere more apparent than in Latin America. Since the early 1980s, the countries of Latin America have experienced a radical reorientation of their economic policies and political institutions. Economic strategy has shifted from import-substitution industrialization (ISI), with the government playing a dominant role in the economy, to a system which emphasizes free trade and the private sector as the primary engines of growth (Edwards 1995, Corbo 1992).

Erin E. Murphy will graduate from Tufts University in 1998 with degrees in International Relations and Spanish.

Twenty years ago, Latin America was the home of brutal military regimes, of subversion and repression and, in several places, of guerilla war. Today every nation in the region, except for Cuba, is at least nominally democratic. The violent military dictatorships of Pinochet in Chile, Banzer in Bolivia, as well as those in Brazil and Argentina have been replaced by elected governments[1]. While Latin America's recent political transformations have been dramatic, there are a number of reasons to doubt their stability and quality[2]. The "new" democracies of Latin America are fragile: networks of corruption continue to exist, with elites dominating the political systems (IDB 1995, Edwards 1995, The Economist 1997a). Furthermore, significant remnants of previous authoritarian governments remain in place, as the election of Banzer in Bolivia and Pinochet's assumption of a "lifelong" senate seat illustrate[3] (The Economist 1997a, 1998). Another factor, which calls to question the future of democracy in Latin America, is the low level of educational attainment in the region. It is no accident that Bolivia, which has the lowest levels of human development and educational attainment in South America, recently elected former military dictator Banzer over a highly successful reformist government (The Economist 1997b).[4]

These trends are as dangerous as they are disturbing. The spread of democracy in Latin America and throughout the world raises new possibilities for increased human welfare, expanded human rights, and true social justice. If democracy fails in Latin America, social and equity-oriented economic development may come to a grinding halt. The possibility of "democratic failure" in the region creates the question of what makes for a stable and effective democracy.

Clearly, a well-developed civil society[5] is indispensable to stable and effective democracy (Lipset 1993). Furthermore, in a rapidly modernizing social and economic environment, civil society requires a well-educated populace. While the role of education in the promotion of democracy is broadly understood, the specific role of female education in this process has not been adequately analyzed. In Latin America, where *machista* attitudes are pervasive and a large gender gap exists, an understanding of the unique role of female education is particularly crucial. Stable and mature democracy may be unattainable without increased emphasis on the role of women in political and economic development. An examination of the role of female education in promoting

and strengthening democratic institutions in Latin America reveals that a lack of female education and gender equity is a significant challenge to the longevity and efficacy of Latin America's "new" democracies.

This essay argues that female education fosters democracy for three central reasons. First, increased female education leads to increased economic growth, and increased growth is correlated with higher levels of democracy. Second, narrowing the gender gap in education decreases the level of economic inequality in society, and hence creates an environment more conducive to democracy by reducing the instability stemming from inequity. Lastly, civil society is strengthened by the participation of females. It is this relationship that the literature has failed to recognize and explore. In the cultural context of Latin America, an understanding of this relationship is crucial.

The role of female education in promoting Latin American democracy will be analyzed in greater detail in the remainder of this essay. The first section will explore the links between democracy and the broader goals of social and economic development, as well as review the political science literature on "the social requisites of democracy." The second section of this work will assess the role of female education in promoting democracy as it is discussed in the existing literature. Furthermore, it will also attempt to explain *why* decreasing the gender gap in education is a determinant of democracy (Barro 1996, 1997). The third section will concentrate on areas that still require further research, including cultural barriers to female democratic participation.

I. Democracy and Development

Why is democracy desirable? Some authors have held that democracy, rather than promoting improved well-being in developing nations, actually inhibits development. In particular, the "Asian" view argues that liberal democracy adversely affects development. Lee Kuan Yew, former premier of Singapore and an outspoken advocate of the "Asian way," writes that "what a country needs to develop is discipline more than democracy. The exuberance of democracy leads to indiscipline and disorderly conduct which are inimical to development" (Bhagwati 1995:51). The spectacular economic performance of the Asian economies lends some credibility to this view. On the other hand,

history reveals that democracy sometimes impedes and sometimes accelerates economic growth (Barro 1996). Evidence also indicates that democracy is compatible with both the economic *and* social goals of development.

According to Bhagwati, the "new view" is that democracy does not handicap development, and in the right circumstances can even promote it (1995). Furthermore, he offers three propositions that support this thesis. The first is that for both ideological and structural reasons, democracy may well outperform authoritarianism as a political system that promotes development. The second is that democracy will induce a generally better quality of development. The quality of development improves because the political equity inherent in the democratic process challenges the system to be more equitable economically and therefore distribute the fruits of development more evenly. Lastly, Bhagwati argues that the dividends from political democracy are likely to be compounded if it is combined with markets, and that the combination of democracy and markets is likely to be a powerful engine of development (1995:54). Bhagwati concludes by stating, "The chief lesson may well be that democracy and markets are the twin pillars on which to build prosperity" (1995:62). It is for reasons such as those suggested by Bhagwati that conjunction of increasing economic *and* political liberalism, under the current wave of globalization, promises new opportunities to promote increased worldwide prosperity.

Bhagwati is not alone in his analysis. Others such as Barro (1996,1997), Lipset (1993,1994), McGinn (1996), Perotti (1996), and Stromquist (1996) agree that economic growth, equality, and democracy are significantly linked. Since economic growth and improved equity are prerequisites for socioeconomic development, the relationship between growth, inequality and democracy should not be ignored.

The Social and Economic Requisites of Democracy

Given their importance in promoting socioeconomic development, it is necessary to understand the "social requisites of democracy" (Lipset 1994). The conventional view, first advanced by Seymour Martin Lipset in 1960, is that "the more well to-do a nation, the greater the chances that it will sustain democracy" (Lipset 1960:31). While this conclusion has been criticized in the literature, the positive correlation between economic wealth and democratization has been empirically tested and confirmed by many researchers (Cutright 1963,

Needler 1968, Banks 1970, Marquette 1974, Bollen and Jackman 1985). A more recent study by Lipset claims that, "People with more income, in complex and widely interdependent work situations, with more education, and more access to health and other services are more likely to ask for increased political freedom" (1993b:166). Here Lipset argues that per capita income, education, and access to health -care can result in increased demand for political freedom. On this note, similar research highlights other factors which foster democracy. A panel study of over 100 countries from 1960 to 1995 by Robert J. Barro concludes that with respect to the effects of economic development on democracy, analysis shows that improvements in the standard of living; measured by a country's per capita GDP, infant mortality rate, and male and female primary school attainment; substantially raise the probability that political institutions will become more democratic over time (Barro 1996:23). Barro also notes that democracy is negatively and significantly related to the *gap* between male and female primary educational attainment (1997).

Barro's studies reconfirm the conventional wisdom that economic development promotes democracy. Furthermore, his study also points to new dimensions in this relationship. In particular, the empirical links between primary educational attainment, the gender gap and the likelihood of democracy require further explanation. While Barro's study suggests a direct role for female educational attainment and equity in the process of democratization, it does not adequately explain why this role exists or the mechanisms by which it functions. It is a *qualitative* explanation of these empirical regularities that the literature currently lacks.

Before addressing these new dimensions, however, it should be noted that the "conventional view" also implies a *significant* role of female education in the fostering of democracy. Increased female educational attainment accelerates economic development and growth, and it also indirectly promotes democracy, which is the central thesis of the "conventional view."

Female Education, Economic Growth, and Income Inequality

Many studies have shown that the economic and social returns to female education at all levels are considerable (Hertz *et al* 1991, Inter-American Development Bank 1995, Buvinic 1996, Subbarao *et al* 1994). Under the

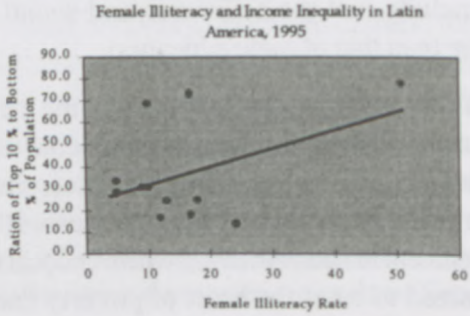
assumption of diminishing marginal returns to education, the returns to female education would be higher because their current level of educational attainment as a group is lower than men's. Therefore, it is not surprising that a number of studies (Psacharopoulos 1988a, 1988b, 1992, 1994, 1995, Schultz 1987, 1993a, 1993b) conclude that the economic and social returns to female education are *higher* than that of male education.

There is also a significant relationship between income inequality and female education. The impact of income inequality on democracy is negative, because democratic environments cannot develop if there is widespread social inequality and exclusion from political decision-making processes (Stromquist 1996). This is particularly pertinent in Latin America, where unequal income distribution is generally recognized to be at the heart of poverty and elites have long dominated political affairs. A 1992 study by Fitsbein and Psacharopoulos which analyzes data from ten Latin American countries, concludes that the preeminence of educational inequality best explains income inequality. Education is the variable with the strongest impact on income inequality. In eighteen out of twenty case studies, education has a higher gross contribution to inequality than any other variable. On average, the gross contribution of education is approximately 25 percent.

The study also concluded that gender has an impact on income distribution. Males for example, have a lower probability of belonging to the bottom of the income distribution. In most countries this difference totals an average of twenty percentage points. As a result, the chance of being in the bottom twenty percent of the income distribution is 15 percent for men, and the female probability, at 34 percent, is more than double that of males. From this information it is strikingly clear that education, particularly female education, is an essential component in reducing income inequality. Figure 1 below confirms the strong link between female educational attainment and income inequality in Latin America.

Perotti (1996) concludes that "More equal societies have lower fertility rates and higher rates of investment in education. Also, very unequal societies tend to be politically and socially unstable, which is reflected in lower rates of investment and therefore growth"(183). Furthermore, an increase in the middle class share of income predicts a rise in political rights (Barro 1997). The relationship between income inequality, economic growth and political stability,

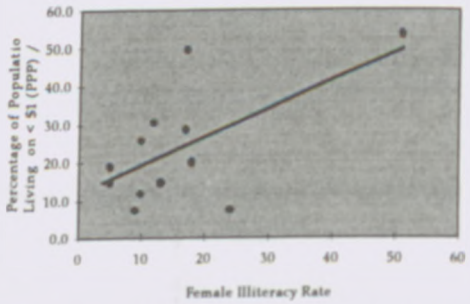
demonstrates that investment in female education is important to ensuring a more equitable distribution of wealth, and hence, the promotion of economic development.



Source: World Bank, *World Tables*

Given the aforementioned "conventional" view of the relationship between economic development and democracy, it is evident that female education has a crucial role in promoting democracy because of its impact on economic growth. Figure 2 diagrams the indirect ways in which female education contributes to the promotion of democracy. Under the Lipset hypothesis, increased female literacy reduces poverty. The rapid reduction in poverty is an important social requisite of democracy. Female education, by accelerating economic growth and reducing poverty, increases the likelihood of democracy taking root.

Figure 2: Female Illiteracy and Absolute Poverty in Latin America, 1995



Source: World Bank, *World Tables*

These pathways suggest a pervasive, if *indirect*, role for female education in the process of democratization. However, Barro also finds evidence to suggest that female education has a significant and *direct* effect on promoting democracy. It is this empirical regularity which requires further explanation. If increased female education and a reduced gender-gap directly improve the likelihood of a country being democratic, then what are the fundamental mechanisms by which this relationship operates? Furthermore, female education has a significant effect on the other factors which Barro (1996,1997) indicates are determinants of democracy. It is these other factors that will be addressed in the following sections.

II. Women and Democracy in Latin America

Barro (1997) proposes that the propensity for democracy increases not only with per capita GDP but also with primary schooling. More equal educational opportunity across the sexes raises the predicted level of democracy. It is this empirical regularity that the literature on the determinants of democracy has failed to adequately explain. An understanding of the qualitative underpinnings of the statistical link between female education and democracy is critical if the role of women in promoting political and socioeconomic development is to be maximized.

Barro cites two possible explanations for these findings. One is that the gap between female and male attainment is an indicator for general inequality of income and schooling. Another possibility he lists, reminiscent of Tocqueville (1835), is that expanded educational opportunity for females accompanies a social structure that is generally more participatory and therefore more receptive to democracy. While Barro's points are suggestive, they fail to provide a compelling explanation of *why* a decreased gender gap in education promotes democracy.

Female education is an essential component of a strong civil society. It is this relationship that the literature has failed to recognize and explore. In the cultural context of Latin America, an understanding of this relationship is crucial. In modern societies, education has long been considered an important component of a strong civil society. The large gender gaps that exist in many countries of the developing world, especially those in Latin America where *machista* attitudes retain a strong presence, prevent women from participating in the

political process. This study argues that education has the potential to transform women and men so that women can become more involved in civil society, both outside and inside the home. This will in turn, transform the political system. Furthermore, participation in civil society heightens women's desire to improve their educational attainment and the educational attainment of their children. Democracy and the education of female citizens, therefore go hand-in-hand.

Mobilization and Democratization

The participation of women in the political process is in itself a strengthening of democracy. Any system that excludes half of the population cannot be properly called democratic. In Latin America, the participation of women in politics has changed significantly from pre-colonial times to the present.[6] Women and women's movements have played important roles in the recent process of redemocratization in Latin America.

When Latin American women won the right to vote, democracy supposedly became accessible to them. As women were granted the ability to select representatives and run for office, they were considered citizens with rights and duties equal to those of men (Stromquist 1996). In the first part of the twentieth century, the easy equation of election with democracy prevailed. The women's movement in Latin America arose out of a critique of this equation, so called "politics as usual" (Miller 1992:240).

This critique informed and guided women leaders and activists in their redemocratization efforts in Chile, Brazil, Uruguay, Argentina, and Paraguay.[7] These movements of redemocratization were largely in response to the failure of Latin American governments to respond to the needs of their citizens and the repression of the military dictatorships. Latin Americans were tired of living in the legacy of the *caudillos,* strongmen who were the leaders of landed elite, who in the wake of independence imposed a personalistic order on a fragmented society. For the first time, non-elite Latin Americans were taking democracy into their own hands and trying to make it work in their interests. In essence, redemocratization efforts were about popular groups trying to reshape the political system and use it to their advantage.

Women played a key role in these efforts. In Brazil during the 1970's and 1980's, poor and working-class women joined social movements in unprecedented numbers. They sought improvements in urban services, education, and health care. In the mid-to-late 1980s, Brazilian women, like women in other postauthoritarian regimes such as Argentina, Uruguay, and Peru, pressed new demands on the male-dominated parties and policy-making arenas (Alvarez 1990).

Queremos democracia en el país y en la casa – "We want democracy in the country and in the home" — became the slogan of the feminist movement in Chile, where Mothers' centers of 8,500 women opened, and more than 400,000 women have taken advantage of their workshops or educational courses. As early as 1971, women "began to mobilize in a series of escalating protests that began with the 'March of the Pots'"(Winn 1992:321). The participation of women was decisive in the sucess of the military coup that overthrew the Allende government (Winn 1992).

Ironically, women's traditional responsibilites in the family and the community have translated into political power (Noonan 1995:104). As the case of Chile illustrates, one of the major areas of women's participation in Latin America relates to the provision of urban services and the defense of household consumption (Feijoo and Gogna 1990). The economic pressures of the 1970s, which deepened with the debt crisis of the 1980s, served to mobilize women. During this period lower class urban women — *mujeres populares* — organized to demand relief from the state, supply the basic services that the state could no longer provide, or feed families collectively when it was no longer possible to do so individually (Jaquette 1994:3). Women formed neighborhood self-help groups and mothers' clubs to obtain adequate food, water, housing, child-care centers, and health clinics. Joining these organizations raised women's consciousness by allowing them to see the connections between their personal concerns and broader political issues. By highlighting the political dimension of the issues of survival and everyday life, the organizations enabled women to confront political and economic repression.

Women also organized around other issues that were directly related to their traditional roles as mothers and wives. The Argentine example of the *Madres de la Plaza De Mayo* offers a compelling example. The Mothers of the Plaza de Mayo movement was born out of a group of middle-aged women with no

previous political experience. Initially a response to the brutal repression affecting individuals closely related to them, the Mothers fully entered the political arena (Feijoo and Gogna 1990). Eventually, the Mothers themselves recognized that "what we are doing is pure politics" (Feijoo and Gogna 1990:84). Pure politics, but of a different kind from that which has traditionally been the norm in Latin America.

The Argentine case is not unique. Women in other Latin American countries have mobilized to promote the goals of socioeconomic development and democracy. In Brazil, women have mobilized around specific demands such as health care, nurseries, and the needs of the shanty towns. It is women who go around these "popular" (*populares)* neighborhoods collecting signatures in support of different petitions. It is women who regularly go to the regional administration offices to press for and obtain public services for their communities (de Rio Caldeira 1990:47).

Furthermore, educated, middle-class women played a key role in the transition to democracy and the upsurging of women's movements in the 1970s in Brazil. The renowned "technocratization" of the Brazilian political economy during the 1960s and 1970s prompted the State to rapidly expand technical and professional education which resulted in increased enrollments of white, upper and middle-class Brazilian women. Between 1969 and 1975 the numbers of women attending Brazilian universities increased five-fold. Many of these university-educated women became the cadres of the Brazilian feminist movement in the 1970s. The mobilization of these women was not centered around issues of consumption, rather issues such as sexual equality, reproductive freedom, domestic violence, and their position within the division of labor. Middle-class feminists began to question their unequal status as women (Alvarez 1990). Clearly, it is issues such as these that are at the underpinnings of the gender gap. As the Brazilian case illustrates, increasing levels of female educational attainment can serve to shift the agenda of women's organizations to issues that are truly at the core of gender inequality.

Furthermore, it was the educated Brazilian women who helped to mobilize and organize poor and working class women. Many began working as consultants to church-linked mother's clubs and housewives' associations. They helped the poor and working class women 'learn the ropes' of local political institutions so they could better articulate their demands for improved

urban infrastructure, schools, and health care (Alvarez: 75). In sum, educated women not only mobilized around and identified issues at the core of gender inequality, but they also worked to incorporate lower class women into the struggle for social justice.

Across Latin America, women are uniting to lobby for improved health care, access to clean water and adequate food, better schools, environmental protection, and greater political representation. In sum, women are fighting for a type of democracy that explicitly seeks to advance the process of equitable socioeconomic development.

While women's efforts and triumphs in Latin America's democratic transformation are impressive, they still face many obstacles that prevent them from full participation in the democracies they struggled to create. These very obstacles also threaten the stability and quality of democracy in Latin America, by preventing women from participating in the consultative and electoral processes that are the hallmarks of an effective democracy.

Female Education and Democracy

Today in Latin America women can vote, work outside the home, obtain a divorce[8], and seek legal action for sexual violence. However, other forms of repressive behavior exist in everyday life and in the political sphere: *machista* relationships with husbands, intense but hidden sexual violence, ridicule when seeking political and organizational leadership positions, lower salaries, and low representation of women in government[9] (Stromquist 1996). Furthermore, as Miller (1992) points out, it is important to realize that for many people in most of Latin America, hopes for truly representative and participatory democracy and greater social justice are deeply imperiled by economic conditions combined with ingrained cultural, political, and social attitudes (239). Education for women is an important step in overcoming the economic and social hurdles that inhibit the maturation of Latin American democracy, and hence inhibit and distort the course of Latin American development. Furthermore, democratization has not only been promoted by women, it also promotes increased female participation in democracy. This creates, in words reminiscent of Adam Smith, a "virtuous circle." The participation of women in

Latin American democratization not only strengthens democracy, but also advances the broader goals of equity oriented and population based socio-economic development in the region

Women have already proven to be effective mobilizers and agents of change in Latin America. Reducing the gender gap that exists in educational attainment, as Barro's (1996, 1997) findings suggest, will serve to strengthen women's involvement in civil society and, in so doing, strengthen democracy. Education is seen by most national governments and international development institutions as facilitating the creation democratic values and an informed citizenry (Stromquist 1996). However, the gender gap in education inhibits this process. Furthermore, as Schultz (1993) argues, a better-educated society is more capable of managing a political system that protects individuals' rights while facilitating efficient and equitable growth (80). A higher level of schooling for females is associated with these benefits (World Bank 1991). Clearly, democratization and female education are intimately connected, as education promotes democracy and democracy promotes education. The inclusion of women in this process helps to advance education, democratization, and socio-economic development, as they are closely, if not inevitably, interconnected.

Education, Civil Society, and Development

Female participation in civil society promotes the goals of socio-economic development because, more so than men, women demand social development programs and policies from which they and their children will benefit. These demands represent a positive force for improvements in the "quality" of democracy. As Bhagwati (1995) argues, the role of democracy in improving human welfare is largely a function of its quality (i.e., the extent to which it facilitates the achievement of a broad range of social welfare goals). Female education, by raising the status of women, raises the quality of democracy – a fact demonstrated by the historical experience of women's movements in Latin America.

Education also promotes development because it enables women to more effectively articulate their desires and needs. As mentioned above, women's needs and desires are often the very same goals that socioeconomic development policy attempts to achieve, such as improved infrastructure, better schools, improved sanitation, and access to reproductive health care. As Doug

McAdam notes, "segments of society may very well submit to oppressive conditions unless that oppression is collectively defined as both unjust and subject to change..."(1970:34). Educated women will be better equipped to identify and articulate their situation as unjust. They will also be able recognize the possibility of working to change this situation. Hence, women will become more involved in civil society and the promotion of socio-economic development, because they will define their situation as unjust and work towards changing this scenario.

Transformation of Women and Politics

Through their involvement in social movements, women are not only contributing to the improvement of society, but in the process are personally transformed. Many scholars (de Rio Caldeira 1990, Feijoo and Gogna 1990, IDB 1995, Stromquist 1996) agree that women are empowered through political participation. According to de Rio Caldeira (1990), one of the great innovations promoted through the daily action of the social movements is the transformation of women's situation. Women's roles and attributes are being redefined, as the limits of what characterizes the public and private as well as what characterizes male and female are being transformed (73). Similarly, the IDB (1995) concludes that participation transforms and empowers women, boosting their self-esteem and allowing them to question traditional family relations. It is this personal transformation that is particularly promising in Latin America, where rigid gender categories inhibit socioeconomic development because women are prevented from realizing their potential contributions to this process. As Stromquist (1995) concludes, the initial participation of women in the solution of immediate or practical needs has led them to make new demands on the state *and* to the improvement of women's status, the demand for greater women's rights, and the recognition of violence in the family (1995).

Furthermore, women's participation in civil society has served to transform democratic institutions in Latin America. Once again, Brazil offers a vivid example of this process. When the new multi-party system was installed in 1980-1981, the relationship between political parties and organized sectors of civil society, including women's movements, changed dramatically. Many of the issues previously considered "private" that had been voiced by women over the previous decade, such as violence against women, contraception and sexuality, and day care, were included in the platforms and programs of many

individual candidates and national political parties. For the first time since the Brazilian suffrage movement of the 1920s and 1930s, gender became the basis for widespread electoral mobilization and gender inequality the object of generalized political debate (Alvarez 1990). By the late 1980s most political parties added "women's" issues to their platforms and created women's branches or caucuses. There is also evidence that more women are attempting to enter the formal political realm. In São Paulo, fifteen times as many women ran for office in the 1986 congressional elections than in 1982 (Alvarez 1990).

While women have become increasingly involved in social movements, there remains a pressing need for women to become more involved in the formal political process and within state structures. Women's leadership and direct participation in decision making will help keep gender issues at the top of the national political agenda. The empowerment of women as community and political leaders is an essential base to further all issues that concern women. Without women leaders locally, nationally, and globally it will be nearly impossible to further women's goals (Griffen and Sharma 1995). However, for this to occur, many social, economic, and cultural barriers must be overcome. Increased education for women may well be the impetus needed for these changes to take place.

III. Conclusion

The role of women in the transition Latin American democracy has been clearly established. It is essential that women continue their participation and mobilization efforts in Latin America. As Sonia Alvarez describes:

> However, as the dust settles on the new democracies and the social consensus built around the defeat of the military becomes a thing of the past, the return to politics as usual could well erode some of the gains made by women during the transition. Alternatively, the new democratic regimes, it is hoped, might provide increased political space for the articulation of gender-based claims both within and outside the State. This is critical because the male-dominated State will only promote reforms that significantly alter the concrete conditions of women's lives when it is pushed to do so by organized, gender-conscious social movements that exert political pressure both within and outside the State.

> Thus, people concerned about redressing gender inequality must seize the changing opportunities provided by different political regimes..." (1990:36)

Hence, it is essential that women continue to participate in social movements that work towards improving democracy, and in turn, promote development in Latin America. As Alvarez mentions, a fundamental variable of this process is addressing the issue of gender inequality in both the State and the home.

Democracy in the Home and in the Country

As the slogan for the women's movement in Chile proclaims, women must not only fight for improved democracy on a national level, but in their own homes as well. Latin America enjoys a history of public commitment to democratic values, particularly among the educated elites. However, the culture retains major contradictory elements, such as the normative stereotypes of *caudillaje* (strong leaders) and *machismo* (Lipset 1993b). The home is where children initially learn cooperation and ideas of fairness and justice. Within the home, important decisions are made such as the allocation of tasks and responsibilities, the control of resources, and food consumption. At all class levels, the Latin American family is marked by a patriarchal structure that maintains that a woman's place is in the home and that she must defer to her husband in all matters (Nash and Safa 1980, Jelin 1990).

In order for education to effectively enhance women's participation in democracy and promote the goals of socio-economic development, a close examination of gender roles is necessary. Education alone will not eliminate the underlying gender ideologies and material inequalities between men and women (Stromquist 1995). Rather, female educational strategies need to incorporate these issues into their design and implementation. Education cannot erase social stereotypes and cultural ethos without taking a close look at gender. In fact, education in Latin America has been known to reinforce existing gender roles.[10] For "democracy in the country and in the home" women and men alike must re-evaluate their roles as individuals and community members and transform the conventional gender identities that exist in Latin America.

The importance of recognizing women as the potential political actors with the strongest stake in human-centered development implies that we need to engender human development in a way that has not happened up to this point

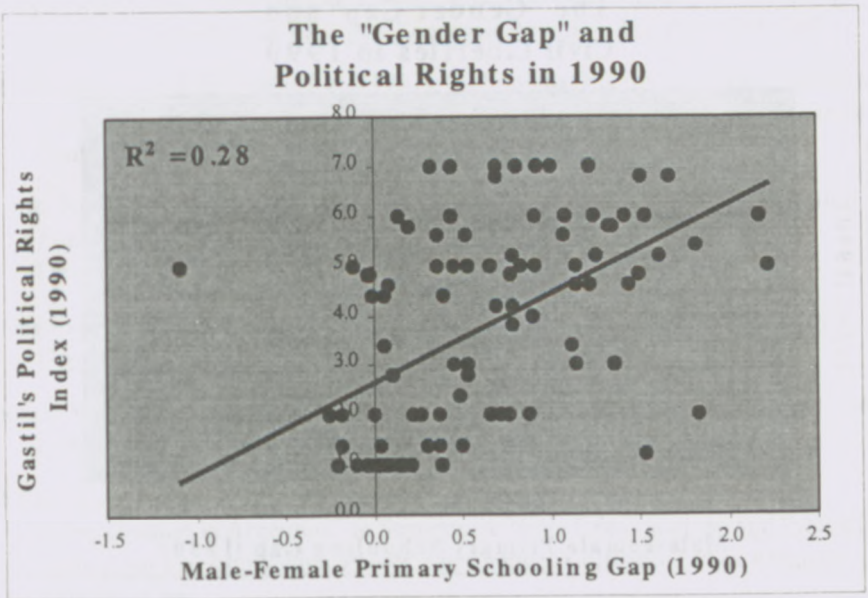
(Sen,G. 12). A gender-perspective must be incorporated at the highest policy levels *and* in the home in order for women to realize their potential contributions to democracy and, hence, socio-economic development in Latin America.

Women are vital to redemocratization in Latin America, and they are central to overcoming seemingly implacable social and economic problems in the region (Miller 1992). Female education both promotes and transforms democratic institutions in Latin America. Women invoke democratic values as a way to protect against the coercive instruments of state control that have characterized Latin American politics for the past century. Women seek a democratic framework where they can persue their particular needs and interests. Education empowers women so that they can more effectively demand the type of democracy which will promote their interests; interests which closely match the goals of socioeconomic development such as health care, sanitation, education, and equal opportunity for all individuals.

Enhancing economic growth and decreasing income inequality are the "conventional" ways that female education fosters democracy. Women have played a dominant role in the transition to redemocratication in Latin America, and possess the potential to transform the institutions they helped to create through their increased participation in civil society and representation in office. For the newly-formed democracies of Latin America to mature and stabilize, significant reflection and *action* are necessary to eliminate the gender gap. "The lesson appears to be that unless concerted and direct efforts are made to tackle gender inequality, even the best combinations of global economic success and social development can have very mixed effects for women"(Sen, G. 1996). Decreasing the gender gap in education and *eliminating the cultural barriers that cause it* will ensure that women can contribute their unique strengths to the advancement of democracy and socio-economic development in Latin America, and the rest of the developing world.

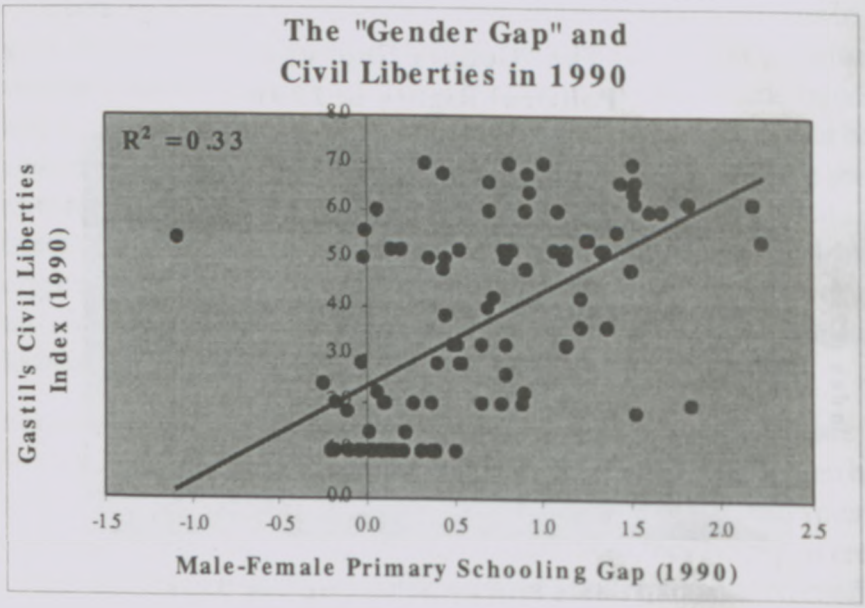
Charts

[Figure 1.1]



Figures 1.1 and 1.2 indicate diagram the strong cross-country association between democracy and the magnitude of the gender-gap.[1] Countries where the degree of educational attainment for women and men is more equal tend to be more democratic. Figure 1.1 plots the gender-gap, as measured by the difference in the average number of years of primary schooling for men and women 15 years of age and over (Barro and Lee 1996, Barro 1997), against an index of "political rights" developed by Gastil (1987). Gastil's (1987) index is assigned a value from 1 (most free) to 7 (least free). Those values clustered around the bottom-left-hand corner of the chart are countries with a high degree of political freedom and gender equality *(mostly the OECD countries). Values in the upper-right-hand corner are undemocratic countries with high levels of gender* inequality. *Figure 1.2 plots gender-gap data against Gastil's index of civil liberties – a parallel relationship emerges: gender equality in educational attainment is associated with more freedom.*

[Figure 1.2]



[1] All the data is measured for the year 1990.

Bibliography

Alvarez, Sonia E. (1990). Engendering Democracy in Brazil: Women's Movements in Transition Politics. Princeton, NJ: Princeton University Press.

Arizpe, Lourdes. (1990). "Foreword: Democracy for a Small Two-Gender Planet" in E. Jelin, Ed. Women and Social Change in Latin America. London: Zed Books Ltd.

Bali, Prema. (1995). "Health Problems and the Needs of Women in Developing Countries" in Health Care of Women and Children in Developing Countries 2nd Ed. pp. 3-11. (H. Wallace, K. Giri, and C. Serrano Eds.). Oakland, CA: Third Party Publishing Company.

Banks, A. S. (1970). "Modernization and Political Change: The Latin American and Amer-European Nations" in Comparative Political Studies n.2 pp.405-418.

Barro, Robert. and Jong-Wha Lee. (1993). "International Comparisons of Educational Attainment," in Journal of Monetary Economics v.32 n.3. pp. 363 - 394.

Barro, Robert. and Jong-Wha Lee. (1996). "International Measures of Schooling Years and School Quality," in American Economic Review v.86 n.2. pp. 218 -223.

Barro, Robert. and Jong-Wha Lee. (1997). "Schooling Quality in a Cross-Section of Countries," in Forthcoming NBER Working Paper. Associated dataset can be found at the World Bank web site: *www.worldbank.org*.

Barro, Robert. (1997). "Determinants of Democracy," in *Development Discussion Papers No. 570.* Cambridge, MA: Harvard Institute for International Development.

Bhagwati, Jagdish. (1995). "The New Thinking on Development" in Journal of Democracy v.6 n.4 pp.50-64.

Bollen, K. A. and R. W. Jackman. (1985). "Economic and Noneconomic Determinants of Political Democracy in the 1960s" in Research in Political Science n.1. pp.27-48.

Braslavsky, Cecilia. (1992). "Educational Legitimation of Women's Economic Subordination in Argentina" in Stromquist, Nelly P.(ed) Women and Education in Latin America: Knowledge, Power, and Change. Colorado: Lynne Rienner Publishers Inc.

Buvinic, Mayra, Catherine Gwinn, and Lisa M. Bates. (1996). "Investing in Women: Progress and Prospects for the World Bank" in Policy Essay no.19. Washington D.C.: Johns Hopkins University Press.

Carlaw, Raymond W. (1995). "Health Education Strategies to Improve Maternal and Child Health" in Health Care of Women and Children in Developing Countries 2nd Ed. pp. 93-101. (H. Wallace, K. Giri, and C. Serrano Eds.). Oakland, CA: Third Party Publishing Company.

Catanzarite, Lisa. (1992). "Gender, Education, and Employment in Central America: Whose Work Counts?" in Stromquist, Nelly P.(ed). (1992). Women and Education in Latin America: Knowledge, Power, and Change. Colorado: Lynne Rienner Publishers Inc.

CEPAL (Comisión Económica para América Latina y el Caribe). (1994). "Las Mujeres en América Latina y el Caribe en los Años 90" in Notas Sobre la Economía y el Desarrollo. pp. 562-563.

Corbo, Vittorio. (1992). "Development Strategies and Policies in Latin America: A Historical Perspective" in ICEG Occasional Papers #22. San Francisco, CA: ICS Press.

Cutright, P. (1963). "National Political Development: Measurement and Analysis" in American Sociological Review n.28. pp.253-264.

D'Aeth, Richard. (1975). Education and development in the Thrid World. Lexington, MA: Saxon House/Lexington Books, D.C. Heath &Co.

del Carmen Feijoo, Maria and Monica Gogna. (1990). "Women in the Transition to Democracy" in Women and Social Change in Latin America. pp. 79 - 114 .(E. Jelin, Ed.). London: Zed Books Ltd.

Deininger, Klaus and Lyn Squire. (1996). "A New Data Set Measuring Income Inequality," in *World Bank Economic Review* 10 (3). pp. 565 - 591.

Deininger, Klaus and Lyn Squire. (1997). "Economic Growth and Income Inequality: Reexamining the Links," in *Finance and Development* March.

Denison, E. (1962). The Sources of Economic Growth in the United States and the Alternatives before the U.S. New York: Committee of Economic Development.

Denison, E. (1967). Why Growth Rates Differ: Post War Experience in Nine Western Countries. Washington, D.C.: The Brookings Institution.

Diamond, Larry, Juan J. Lintz, and Seymour Martin Lipset. (1989). Democracy in Developing Countries: Latin America. Boulder, CO: Lynne Rienner.

Dixon, John A. and Jirk Hamilton. (1996). "Expanding the Measure of Wealth" in Finance & Development, December. pp. 15 - 18.

Domínguez, Jorge I., Abraham F. Lowenthal, (eds.). (1996). Constructing Democratic Governance: Latin America and the Caribbean in the 1990s—Themes and Issues. Baltimore, MD: Johns Hopkins University Press.

dos Reis, Almeida and Paes de Barros. (1993). "Wage Inequality and Education," in *Journal of Development Economics.* 41:?-143

Dréze, Jean and Amartya Sen (1989). *Hunger and Public Action.* Oxford: Clarendon Press.

Edwards, Sebastian. (1995).Crisis and Reform in Latin America: *From Despair to Hope.* Oxford: Oxford University Press.

Gastil, Raymond. (1987). Freedom in the World. Westport, CT: Greenwood Press.

Griffen, Lisa and Ritu Sharma. (1995). "The Capital Area: Women's Local-Global Forum" in Development v.1. pp. 37-40.

Hernández, Adriana. (1997). Pedagogy, Democracy, and Feminism: Rethinking the Public Sphere. Albany: SUNY Press.

Hertz, Barbara, K. Subbarao, Masooma Habib, and Laura Raney. (1991). "Letting Girls Learn," in World Bank Discussion Papers. n.133. Washington, DC: The World Bank.

Inter-American Development Bank. (1995). Women in the Americas: Bridging the Gender Gap. Washington D.C.: Johns Hopkins University Press.

Jacobson, J.L. (1992). "Gender Bias: Roadblock to Sustainable Development," *WorldWatch Institute Paper 110.* Washington D.C.: The WorldWatch Institute.

Jaquette, Jane S., ed. (1994). The Women's Movement in Latin America: Feminism and the Transition to Democracy. Boulder, CO: Westview Press.

Jelin, Elizabeth. (1990). "Introduction" in Women and Social Change in Latin America. pp. 1 - 11 .(E. Jelin, Ed.). London: Zed Books Ltd.

Jelin, Elizabeth. (1990). "Citizenship and Identity: Final Reflections" in Women and Social Change in Latin America. pp. 184- 204.(E. Jelin, Ed.). London: Zed Books Ltd.

Kelly, A.V. (1995). Education and Democracy: Principles and Practices. London: Paul Chapman Publishing Ltd.

Kelly, Gail P. and Carolyn M. Elliott (eds). (1982). Women's Education in the Third World: Comparative Perspectives. Albany: SUNY Press.

Kelly, David H. and Gail P. Kelly. (1989). Women's Education in the Third World: An Annotated Bibliography. New York: Garland Publishing, Inc.

Kelly, Gail P (ed). (1989). International Handbook of Women's Education. Connecticut: Greenwood Press.

Kelly, David H. (ed). (1996). International Feminist Perspectives on Educational Reform: The Work of Gail Paradise Kelly. New York: Garland Publishing.

Kindervatter, Suzanne. (1988). "Whatever Happened to Nonformal Education?" in Grassroots Development v.12 n.2. pp.41-42.

King, Elizabeth M. And M. Anne Hill eds. (1993). Women'Education in Developing Countries: Barriers, Benefits, and Policies. Washington, DC: The Johns Hopkins University Press.

La Belle, Thomas J. (1986). Nonformal Education in Latin America and the Caribbean: Stability, Reform, or Revolution? New York: Praeger Publishers.

Lal, Deepak and H. Myint. (1996). The Political Economy of Poverty, Equity, and Growth. Oxford: Clarendon Press.

Lam, David and Deborah Levinson. (1992). "Declining Inequality in Schooling in Brazil and its Effects on Inequality in Earnings," in Journal of Development Economics. v.37. pp.199-225.

Leon, Rosario. (1990). "Bartolina Sisters: The Peasants Women's Organization in Bolivia" in Women and Social Change in Latin America. pp. 135 - 150. (E. Jelin, Ed.). London: Zed Books Ltd.

Lipset, Seymour Martin. (1960). The Political Man: The Social Bases of Politics. New York: Doubleday Press.

Lipset, Seymour Martin. (1993). "A Comparative Analysis of the Social Requisites of Democracy" in International Social Science Journal: Comparative Political Sociology v.136. pp.153-177.

Lipset, Seymour Martin. (1994). "The Social Requisites of Democracy Revisited: 1993 Presidential Address" in American Sociological Review v.59, n.1. pp. 1-22.

Lopez, Cecilia and Molly Pollack. (1989) "The Incorporation of Women in Development Policies" in CEPAL Review n.39. pp.37-46.

Lucas, Robert E., Jr. (1993). "Making a Miracle." Econometrica. v.61. pp.251-257.

Marquette, J. (1974). "Change and Political Mobilization in the United States: 1870-1960" in The American Political Science Review n.68 pp.1058-1074.

McAdam, Doug. (1970). Political Process and the Development of Black Insurgency, 1930-1970. Chicago: University of Chicago Press.

McGinn, Noel F. and Allison M. Borden. (1995). Framing Questions, Constructing Answers: Linking Research with Education Policy for Developing Countries. Cambridge: Harvard Institute for International Development Press and the International Center for Economic Growth.

McGinn, Noel F. (1996). "Education, Democratization, and Globalization: A Challenge for Comparative Education" in Comparative Education Review v.40 n.4.

Miller, Francesca. (1991). Latin American Women and the Search for Social Justice. Hanover, NH: University Press of New England.

Moghadam, Valentine M. (1997) "Responses to Jean Bovin's 'Globalization and Linkages: Challenges for Development Policy'" in Development v.40 n.3. pp.62-69.

Nash, June and Helen Safa. (1980). Sex and Class in Latin America. Amherst, MA: Bergin & Garvey.

Needler, M.C. (1968). "Political Development and Socioeconomic Development: The Case of Latin America" in The American Political Science Review n.62. pp.889-897.

Noonan, Rita K. (1995). "Women Against the State: Political Opportunities and Collective Action frames in Chile's Transition to Democracy" in Sociological Forum v.10 n.1 pp.81-111.

Ojeda, Nestor S. (1995). "Mortality in Childhood, in Selected Latin American Countries" in Health Care of Women and Children in Developing Countries 2nd Ed. pp. 372-400. (H. Wallace, K. Giri, and C. Serrano Eds.). Oakland, CA: Third Party Publishing Company.

Pires de Rio Caldeira, Teresa. (1990). "Women, Daily Life and Politics" in Women and Social Change in Latin America. pp. 47 - 78 .(E. Jelin, Ed.). London: Zed Books Ltd.

Potts, Malcolm. (1995). "Healthy Families" in Health Care of Women and Children in Developing Countries 2nd Ed. pp. 3-11. (H. Wallace, K. Giri, and C. Serrano Eds.). Oakland, CA: Third Party Publishing Company.

Prajuli, Pramod. (1986). "Grassroots Movements, Development Discourse, and Popular Education" in Convergence v.19 n.2. pp.29-39.

Psacharopoulos, George. (1981). "Returns to Education: An Updated International Comparison," in Comparative Education. v.17. pp. 321-341.

Psacharopoulos, George. (1988). "Education and Development: A Review" in The World Bank Research Observer v. 3 n. 1.

Psacharopoulos, George, Samuel Morley, Ariel Fizbein, Haeduck Lee, and William C. Wood. (1995). "Poverty and Income Inequality in Latin America During the 1980s" in The Review of Income and Wealth s. 31 n. 3. pp. 245 - 264.

Riddell, Abby Rubin. (1996). "Globalization: Emasculation or Opportunity for Educational Planning?" in World Development v.24 n.8 pp.1367-1372.

Riley, Maria and Rocío Mejía. (1997). "Gender in the Global Trading System" in Development v.40 n.3 pp.30-35.

Romer, Paul M. (1994). "Economic Growth and Investment in Children" in Daedalus v. 123 n. 4. pp. 141 - 154.

Schultz, T. Paul. (1987). "Education Investments and Returns in Economic Development" in Economic Growth Center Discussion Paper no.528. New Haven, CT: Yale University.

Schultz, T. Paul. (1988). "Education Investments and Returns". In H. Chenery and T.N.Srinivasan, eds., Handbook of Development Economics. v.1. North-Holland, Amsterdam.

Schultz, T. Paul. (1993). "Investments in the Schooling and Health of Women and Men," in Journal of Human Resources. v.28 n.4. pp.694-734.

Schultz, T. Paul. (1993b). "Returns to Women's Education" in King, Elizabeth M. And M. Anne Hill eds. Women'Education in Developing Countries: Barriers, Benefits, and Policies. Washington, DC: The Johns Hopkins University Press.

Sehr, David T. (1997). Education for Public Democracy. Albany: SUNY Press.

Sen, Gita. (1995). "Alternative Economics from a Gender Perspective" in Development v.1 n.1 pp.10-13.

Sen, Gita (1996). "Globalization, Justice, and Equity: A Gender Perspective" in Development v.??? pp.21-26

Smith, Adam. (1776). The Wealth of Nations. 1937 edition. New York: Random House.

Snodgrass, Donald R. (1996). "Education in East Asian Development: Some Issues and Cases," in *Development Discussion Papers No. 547.* Cambridge, MA: Harvard Institute for International Development.

Stepan, Alfred C. (1988). Rethinking Military Politics: Brazil and the Southern Cone. Princeton, NJ: Princeton University Press

Stromquist, Nelly P. (1986). "Empowering Women through Education: Lessons from International Cooperation" in Convergence v.19 n.4. pp.1-21.

Stromquist, Nelly P.(ed). (1992). Women and Education in Latin America: Knowledge, Power, and Change. Colorado: Lynne Rienner Publishers Inc.

Stromquist, Nelly P. (1993). "Sex-Equity Legislation in Education: The State as a Promoter of Women's Rights" in Review of Educational Research v.63 n.4. pp.379-407.

Stromquist, Nelly P. (1995). "Romancing the State: Gender and Power in Education" in Comparative Education Review v.39 n.4. pp. 422-454.

Stromquist, Nelly P. (1996). "Gender Delusions and Exclusions in the Democratization of Schooling in Latin America" in Comparative Education Review v.40 n.4. pp.404-425.

Stromquist, Nelly P. (1997). Literacy for Citizenship: Gender and Grassroots Dynamics in Brazil. Albany:SUNY Press.

Subbarao, K., Laura Raney, Halil Dundar, and Jennifer Haworth. (1994). "Women in Higher Education: Progress, Constraints, and Promising Initiatives," in World Bank Discussion Papers. v.244. Washington, DC: The World Bank.

Summers, Robert and Alan Heston. (1991). "The Penn World Table (Mark 5): An Expanded Set of International Comparisons, 1950-1988," in *Quarterly-Journal-of-Economics* 106 (2). pp. 327 - 368.

Tinker, Anne. (1995). "Women, Health, and Development" in Health Care of Women and Children in Developing Countries 2nd Ed. pp. 173-181. (H. Wallace, K. Giri, and C. Serrano Eds.). Oakland, CA: Third Party Publishing Company.

Toqueville, Alexis de (1835). Democracy in America. London: Saunders and Otley

The Economist. (1997a). "Rediscovering the Americas" in The Economist v.343 n.8017 pp.15

The Economist. (1997b). "The General Tries Again" in The Economist v.343 n.8019 pp.42.

The Economist. (1998). "Enough of Pinochet" in The Economist v.346 n.80590 pp.13

The United Nations Development Programme. (1997). Human Development Report 1997. New York: Oxford University Press.

The World Bank.(1991). The World Development Report 1991. Oxford: Oxford University Press.

The World Bank. (1992). Case Studies on Women's Employment and Pay in Latin America. Psacharopoulos and Tzannatos Eds. Washington, DC: The World Bank.

The World Bank. (1997). "Brazil: Country Overview". (Online) Available http:// www.worldbank.org/html/extdr/offrep/lac/brazil.htm. September 24, 1997.

The World Bank. (1997b). The World Development Report 1997: The State in a Changing World. Oxford: Oxford University Press.

Thomas, D. (1990). "Like Father, Like Son: Gender Differences in Household Resource Allocations," LSMS Working Paper, No. 79. Washington, DC: World Bank.

United Nation's Children's Fund. (1996). The State of the World's Children 1996. Oxford: Oxford University Press.

United States Agency for International Development. (1995). "What Do We Know About World Poverty" in USAID Evaluation Special Study Report No. 74. Washington D.C.: Center for Development Information and Evaluation, USAID.

Urbina-Fuentes, Manuel and José Luis Palma-Cabrera. (1995). "Family Planning in Mexico: A Successful Country Project" in Health Care of Women and Children in Developing Countries 2nd Ed. pp. 319-332. (H. Wallace, K. Giri, and C. Serrano Eds.). Oakland, CA: Third Party Publishing Company.

Wallace, Helen M. (1995). "Global View of Maternal and Child Health" Health Care of Women and Children in Developing Countries 2nd Ed. pp. 12-38. (H. Wallace, K. Giri, and C. Serrano Eds.). Oakland, CA: Third Party Publishing Company.

Notes

[1]A democratic 'contagion' effect seems to have operated in Latin America in the late 1970s and early 1980s, as free electoral institutions were adopted across the area. By 1985, President Reagan's special assistant for Latin America was able to boast that 'today twenty-six of the thirty-three countries south of our border, containing 90 percent of the population of what we call Latin America, are now democratic or in a genuine transition toward democracy' (Lipset 1993:158). By 1998 democratic institutions were in place in all countries of Latin America with the exception of Cuba. For a more detailed discussion of the spread of democracy in Latin America and elsewhere see Huntington (1991).

[2]The definition of democracy as used in this paper follows Schumpeter's (1947:269): "The democratic method is that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote."

[3] While Pinochet formally retired from the military on 3/10/98, Chile's democracy is still fragile. According to Jose Miguel Vivanco, executive director of the Americas division of Human Rights Watch, "The democratically elected government of Chile has a very serious credibility problem...The government has no pro-active plan to expand and develop full democratic principles: (New York Times 3/11/98:A4)

[4] Development is defined as "The process of widening people's choices and the level of well-being they achieve. The three essential choices for people are to lead a long and healthy life, to acquire knowledge, and to have access to the resources that they need for a decent standard of living. Income is a means, with human development the end," adapted from The United Nations Development Programme. (1997). *Human Development Report 1997*. New York: Oxford University Press.

[5] "Civil society" is defined as "that arena where manifold social movements (such as neighborhood associations, women's groups, religious groupings, and intellectual currents, and civic organizations from all classes (such as lawyers, journalists, entrepeneurs) attempt to constitute themselves in an assemble of arrangements so that they can express themselves and advance their interests" (Stepan 1988:3-4).

[6]For a historical account of women's participation in Latin American politics see Francesca Miller's. (1992). *Latin American Women and the Search for Social Justice*. Hanover, NH: University Press of New England.

[7]See del Carmen Feijoo and Gogna (1990) "Women in the Transition to Democracy" in *Women and Social Change in Latin America*. London : Zed Books and Navarro, Marysa Navarro (1989) "The Personal is the Political: Las Madres de la Plaza de Mayo" in *Power and Popular Protest: Latin American Social Movements* Berkeley, CA: University of California Press

[8] With the exception of Chile

[9] With the exception of Argentina, where a quota system has been implemented and one-third of all congressional seats are held by women.

[10] Lopez and Pollack (1989) and Stromquist (1995, 1996) argue that many existing educational programs serve to reinforce existing gender ideologies and stereotypes rather than challenge them.

The Necessity of Being Diversionary

Saddam Hussein and Iraqi Aggression, 1975-1997

Joshua I. Robin

By the middle of the 1970's, for the first time in the country's fifty-year history, Iraqi society was beginning to unify. Although the Ba'th Party, which came to power in 1968, had gripped and sustained its hold of a perpetually fractious nation through a series of violent and absolutist purges, the Party also began a new series of nation-building programs. In 1973 the Ba'th and the Iraqi Communist Party united to form the National Progressive Front, pledging an Iraq-first policy of non-alignment with any world superpower. Furthermore, Iraq attempted to put aside its ideological rhetoric, thereby strengthening its relations with Syria and Western European countries in the hope that such overtures would create better chances for lucrative investments and trade with the outside world. Oil was already a fundamental part of the national identity, accounting for 99 percent of Iraqi exports in the 1970's. Since colonial times, oil had been pumped from Iraqi lands by Western companies.[1] By 1975, boldly proclaiming "Arab Oil to the Arabs," the Party had created its own oil company, the Iraqi National Oil Company, after having nationalized both the Iraqi Petroleum Company and the British Petroleum Company's Iraqi assets.

Joshua I. Robin will graduate from Tufts University in 1998 with a degree in English

The Ba'thist government, under President Ahmad Hasan al-Bakr, began an ambitious program of national integration. As Iraq's borders were carved out of the Fertile Crescent with little attention paid to continuity or cohesion among ethnic, religious, or tribal affiliation, al-Bakr found this unification policy of paramount importance.[2] Under these integration programs, the Ba'th Party initiated a national advancement program, paid for by oil revenues. Roads were created, schools established, and Western technology introduced, all to cultivate a dedication to an advanced, secular society capable of worldwide leadership. Further revenues from the petroleum exports were used to begin a socialist healthcare and education system. Large petrochemical factories were created south of Baghdad in the hope that Iraqi society would begin to join together in the quest for further development.

Although national power remained in the hands of the Sunni (who held the helm of the Ba'th), Iraqi Shi'a and, to some extent, the Kurds benefited from industrialization and al-Bakr's cultural integration programs. The success of the programs neutralized many independence-seeking movements. "By establishing the continuity of history and culture, the Ba'th regime sought to reinforce the feelings of unity of the Iraqi people, more able to identify with a unique Iraqi civilization than the ethnic or sectarian sense of identity."[3] The government spent millions of dollars revising its educational system, redirecting it to center on Iraqi people and their vibrant, ancient history. The construction of national monuments to celebrate Sumerian, Mesopotamian and Babylonian cultures further glorified the past.

By the time Ahmad Hasan al-Bakr left office in 1979, the Ba'th Party had succeeded in bringing about a more unified national identity.[4] Iraq was not at war with any neighbor and, with the crushing of a Kurdish rebellion in the north, was domestically stable for the first time. This unprecedented solidity served to legitimize the Ba'th Party as the force capable of unifying the country.

Al-Bakr's former protégé and second-in-command, Saddam Hussein[5] continued his mentor's tactics of building national cohesion, even venturing past al-Bakr in allowing non-Sunnis membership in the exclusive Ba'th Party.

While Saddam Hussein followed the original Ba'th policies of national integration, foreign policy became agressive, if not belligerent. This pugnacity has yielded two major wars in the Persian Gulf, both involving: the world's superpowers, hundreds of thousands of deaths, untold environmental damage,

billions of dollars in international debts and an unprecedented shift in global alliances. However, it is precisely this hostility that has allowed Saddam Hussein to remain in power longer than any previous leader in Iraq. What has been Iraqi foreign policy for the past twenty-five years and what have been the conditions, both domestic and foreign, that have demanded such aggression? Does a change in Iraqi foreign policy demand a change in Iraqi leadership? Will Iraq's agression remain the same, even after Saddam Hussein is gone?

The Algiers Agreement and the Creation of a "Greater Iraq"

The events that took place in the mid to late 1970's caused the Iraqi shift from stability and peace to its aggressive position within the global community. These developments, combined with one another, have built a militant Iraqi state with aims not just for national cohesion, as had been al-Bakr's goal, but with hegemonic aspirations in the Middle East as well.

In 1975, Iraq and its neighbor Iran, signed the Algiers Agreement. In the treaty, Iran vowed to stop funding and supplying arms to Kurdish rebels in the North and promised to close its borders to Iraqi Kurds. Iraq, in return, surrendered its claims to the entire Shatt-al-Arab waterway that runs between Iraq and Iran at the head of the Persian Gulf. The waterway would henceforth be divided between the two states at its *thalweg* line (the deepest point). Having a coastline of only 26 miles, the Shatt-al-Arab is of vital importance to Iraqi trade and security.[6] Indeed, Hussein's foreign policy in the months after Algiers reflected a concern over developments far greater than his losses in the treaty.

The Algiers Agreement was a blow to Saddam Hussein at a time when a war was brewing within Iraq. Fearing the concessions given in the Algiers Agreement could snowball into greater threats to national security and interests, Saddam Hussein used the occasion to reconsider his own politics. The Algiers Agreement demonstrated that the "Great Iraqi" state was in reality second in regional power to Western-backed Iran.[7] Furthermore, national integration was not only threatened by the combative Kurds in the north (Baghdad's greatest concern when it signed the Algiers Accord) but also by growing rebellions in the country's Shi'a south. The al-Dawa movement, which advocated the overthrow of the Ba'thist secular government, was gaining

strength.[8] The fact that the Kurds had helped to overthrow Iraq's first Ba'thist regime in 1963 along with the fact that the al-Dawa had strong connections in Iran deepened the thorn in Baghdad's side.[9]

The Algiers Accord, combined with changes taking place in the region, were the true driving forces that changed and molded the young leader's ideology. While it is obvious that Saddam Hussein had his own high hopes for personal as well as national power, the Algiers Accord and the reality that he was the president of a fissured, vulnerable country, changed his foreign policy agenda to one of realpolitik.

Diversionary Theory and Iraqo-centric pan-Arabism

Thus, in the late 1970's, in the wake of the Algiers Accord, Saddam Hussein began a new approach to national integration. Nevertheless, certain old Ba'thist principles such as: socialism, pan-Arabism, and secularism, were retained, and even heightened to a more intense level. Soon after the agreement was signed, the Iraqi Air Force bombed insurgent villages in the Kurdish region, beginning a massive "pacification" program. As many as 250,000 Kurds were forcibly relocated to the central and southern provinces. Shi'a Arabs were moved from the South into traditionally Kurdish provinces.[10] While the former Ba'thist Party had encouraged Iraqis to believe in the country's long historical unity, Saddam Hussein recognized that monuments of ancient heroes would not suffice in unifying a fragmented nation. Unity, Saddam Hussein recognized, could only be attained through absolutist leadership. The only figure who could unite the various communal identities existing within the Iraqi population" at the helm would be the *al-iqtidar* (he who has the leadership and the capacity), Saddam Hussein.[11]

Saddam Hussein portrayed himself as the sole leader qualified to apprehend and protect the true interests of the various communities.[12] Integration became a "personality cult of epic proportions." In posters plastered around the country, Saddam Hussein portrayed himself as a Kurd, a Shi'a, and a direct descendent of the Caliph Ali ibn Ali Talib.[13] By 1979, Saddam Hussein controlled every branch of the Iraqi government including the executive and the military. He was President of the Republic, Chair of the Revolutionary Command Council, General Secretary of the Ba'th Party, and Commander-in-Chief of the Armed Forces.[14] National unity and dedication became synonymous with allegiance and devotion to Saddam Hussein.

Saddam Hussein's absolutism had both benefits and pitfalls. Any absolutist power is fragile, particularly in a country with Iraq's myriad traditional affiliations. Saddam Hussein not only unified the country by expanding national industry and sharing its revenues in a socialist welfare system, but also by focusing on the future. He promised a nation that would "restore the lost honor of Great Iraq."[15] The new Iraq, under Saddam Hussein, ran and continues to run on an "all or nothing" policy of being either the dominator or the dominated. For Iraq, "war is an activity which, to some extent, both tests and defines the state."[16] If Iraq focuses on its realities instead of its possibilities, anarchy would likely reign once again.

These policies, first instituted twenty-two years ago but still undeniably present today, portray Iraq as a state practicing diversionary theory. In the words of Rachel Bronson, diversionary theory argues "that leaders are prone to start wars in order to divert their population's attention from domestic failure."[17] The argument can be made that Saddam Hussein has used external aggression to distract his people's attention away from the rifts that could potentially plague the state. As can be expected, Saddam Hussein does not justify his aggressive foreign policy by proclaiming an Iraqi lust for power. Instead, he asserts the policy that Iraq, by virtue of its ancient history and traditional leadership in the Arab world, as well as its enviable present condition in the post-colonial era, is the sole state able to carry out a revival of Arab unity and conquest.[18]

Saddam Hussein's utilization of pan-Arabism is potentially dangerous to his grip on power. A pan-Arab policy runs the risk of alienating the non-Arab Kurdish minority in Iraq, who were already economically, linguistically and culturally estranged from Iraqi citizenry. In addressing these challenges, Saddam Hussein asserted that Iraq, as a nation, was to be the leader of the Arab world. The entire country, including all of its citizens, Arab or otherwise, would recapture a lost dynasty.

The 1970's were a fertile time to develop this policy of "Iraqo-centrism" and test its effectiveness. In 1976, Iraq's main competition for leadership in the Arab world, Syria, invaded Lebanon on the side of Maronite Christian militia armies. The treaty following this invasion enabled Syria to maintain a presence and a large degree of control in Lebanon. Iraq longed for a similar possibility to assert its hegemony. In 1978, Anwar Sadat of Egypt signed the Camp

David Accords with Israel, effectively alienating Egypt from the rest of the Arab world. Cairo was expelled from the Arab League and its diplomatic relations were broken with almost all Arab states.

Seeking dominance, Baghdad capitalized on the power vacuum in the Arab leadership. Immediately following the March 1979 Camp David Accords, Saddam Hussein organized the Baghdad Boycott Conference that successfully advocated a general boycott of Egyptian products by Arab states.[19] Eleven months later, he drafted and signed the "Pan-Arab Declaration" stating that "conflicts between Arab states were to be settled by peaceful means and, in the case of foreign aggression, all Arab states should declare their solidarity."[20] Soon after, Iraq and its major contender for Arab leadership, Syria, developed a program for their countries' own unification. However, Syria and Iraq never finalized these agreements. In the midst of negotiations, the Shah of Iran was deposed in a massive revolution that threatened to envelop the Iraqi state.

"The Second Battle of Qadisiyah"

Prior to 1973, the "broader…Arab struggle" that Saddam Hussein spoke of in his rallying speeches focused almost exclusively on the Arab-Israeli conflict, with Iraq traditionally supporting the Palestinian Liberation Organization and any Arab nation at war with Israel. In 1979, the locus of the Iraqi pan-Arab struggle was redirected towards the danger of the Islamic Revolution in Iran[21]. There are several different, yet overlapping theories to explain Iraq's rationale for beginning the Iran-Iraq War. From the beginning of his revolutionary drive in the early 1960's, Ayatollah Ruhollah Khomeini articulated that "the revolution was to go beyond Iran's borders" in order to create a universal Islamic state.[22] Clearly Saddam Hussein was concerned over the inflammatory speeches and overtures that Ayatollah Khomeini was making in his drive to topple the Shah. The rhetoric was a direct challenge to Saddam Hussein and to his secular Ba'thist government. The Iraqi President reconsidered Iraq's lax measures in dealing with the pro-Khomeini rebellions among the Shi'a. This reorientation in policy led to the arrest of several Shi'a clerics, including the prominent ayatollah in Iraq, Mohammad Baqr al-Sadr.[23]

In maintaining national stability, however, Saddam Hussein did not stop at eliminating insurgents within Iraqi borders. This was a time of both danger and opportunity. The tinderbox atmosphere required the Iraqi President to

save his own country from a foreign-funded rebellion. Because the Iranian Revolution threatened to spread through Iraq and into other parts of the Arab world, Saddam Hussein could assert himself and his Iraqi nation as the defender of the Arab world. The Iranian dark cloud encouraged him to begin an ambitious ideology of Iraqo-centric Pan-Arabism. Promoting the cause in this fashion also served to redirect Iraqi Shi'a from supporting the Ayatollah by rallying them to a more glorious Arab future. Saddam Hussein thus billed the new war as, "The Second Battle of Qadisiyah" (the first battle being when the Arabs defeated the Persians in 636/637 A.D.). Furthermore, he identified himself as not only the protector of his own country's national cohesion, but as "the defender of (all) Arabs against the Persian peril."[24] To this end, Saddam Hussein deliberately started the war by invading the southwestern province of Khuzistan. He justified the invasion by calling himself the "liberator" of the province's ethnic Arabs (though less than half of Khuzistan was of Arab lineage).[25]

As the defender of his own country's rickety stability, Saddam Hussein fought the Iran-Iraq War with the loyalty and financial support of Kuwait, the United Arab Emirates, Saudi Arabia, Egypt, Yemen, and Jordan.[26] Although the monarchies of the Persian Gulf donated funds to Iraq during the war, they were, as the war progressed with impressive Iraqi victories, afraid of Saddam Hussein's potential as much as the Ayatollah's. The leaders supported Iraq not out of "sympathy but of fear of the much more dangerous revolution of Khomeini."[27] As such, when Saudi Arabia, Kuwait, and other Gulf States formed the Gulf Cooperation Council in 1981, both Iran and Iraq were excluded. The founding governments knew that the combination of Iraq's military strength in 1988, coupled with the danger of demobilizing a million-man army and demilitarizing Iraqi society were ripe ingredients for another attempt at Iraqi hegemony in the region. Given Saddam Hussein's propensity for war to deflect the country away from internal cleavages and problems, small monarchies like Kuwait were rightfully afraid.

New Leadership on the Road to the Second Gulf War

Although the first Gulf War essentially ended in a stalemate, Iraq emerged from the war stronger than it had started. Iraq's military had undergone expansion and modernization thereby becoming the strongest in the Arab world.

The Iraqi army, the world's fourth largest in size consumed 30 percent of the country's Gross National Product.[28] After eight years of battle, however, Iraq had the opportunity to demilitarize and perhaps resume a program of national development similar to that in the mid-1970's. It chose not to exercise that option, instead resuming an ambitious program of arms procurement and modernization. It is important to keep in mind that Iran's regime, strengthened by the war, continued to pose a threat. Iraq's will to achieve military parity with Israel, which had humiliated Baghdad by its 1981 bombing of Iraqi nuclear reactors, constituted another reason for rearmament. Saddam Hussein proved to be reluctanct to abandon his relatively successful technique of using external aggression to bring about cohesion and obedience. Finally, it would be difficult to change the nation's war mentality after such a costly and all-encompassing conflict.

By the end of the 1980's, Iraq's two regional competitors were Syria and Israel. (Kuwait, ironically, was not the pointed victim of Iraqi vituperation until the months just prior to Iraq's invasion in August 1990.) Despite attempts at warm relations and even economic unification, Syria and Iraq both actively struggled against one another for regional influence. Competition for Middle East leadership in the post-Nasser era, combined with Iraq's bitterness over Syria's support of Iran in the first Gulf war, were enough to justify battle, such as a proxy war in Lebanon. A direct war between the two nations would have been costly. Even if each government would have taken advantage of local Kurdish hostilities, the outcome would have still been undesirable. Saddam Hussein learned such a lesson in his war against Iran. Under Khomeini's leadership, Iran broke the Algiers Agreement and resumed arming the Kurds in northern Iraq. Teheran's aid quelling Kurdish riots at the end of the Iran-Iraq War and the Second Gulf War proved to be more difficult.

Iraq manipulated the ostensible threat of the Jewish state to divert its own nation's attention from its internal problems. Iraqi foreign policy changed dramatically during the course of the 1980's. In 1982, when all attention in Iraq was directed to the front with Iran, Iraqi foreign minister Tariq Aziz "indicated that Iraq might accept a peaceful settlement" with Israel.[29] This was a virtually complete change-of-face from Iraqi policy before the war, when Baghdad "had not even been prepared to accept UN Resolution 242" (recognizing Israel's right to live within its pre-June 1967

boundaries).[30] In other words, when Iraqis were diverted by battle, Baghdad could make policy decisions based on a realist framework. When not engaged in battle, Saddam Hussein felt the need to utilize pan-Arab sentiment not only to bolster his and his state's power, but also to begin another round of military attempts at regional leadership to shore up his own support.

Based upon the severity of the problems Iraq faced at the end of the first war in the Persian Gulf, it is clear why Saddam Hussein rekindled his anti-Zionist propaganda. Iraq, at the beginning of the 1990's, was in the midst of a major recession. Its industries were badly damaged during the war, its credit ratings low, its inflation levels hovering between 25 to 40 percent, and unemployment was high.[31] Iraq owed $40 billion to non-Arab states and an additional $40 billion to Arab states in war debt.[32] Iraq had defended the Arab world against Iran, to the relief of the international community. But it was now the target of those same states' debt collectors. Without the money to pay, Saddam Hussein's Iraq once again faced a quagmire of epic proportions. He needed to either create another major diversion or risk losing his office and perhaps his own life.[33]

As in other cases, most perpetrators of the post-war rebellion were Shi'a and Kurds. By the time the war with Iran was ending, both the Shi'a, under the umbrella organization Supreme Assembly for the Islamic Revolution of Iraq, and the Kurds, under the Iraq Kurdistan Front, argued for either greater rights within the Ba'thist framework, a total restructuring of the government, or their own autonomy. While the Shi'a movement was at times violently suppressed, the insurgence in the south did not command nearly as much of Saddam Hussein's attention as the Kurdish mutinies in the north. In combating those rebellions, Saddam Hussein's so-called "Operation Anfals" (translated as Spoils), resulted in the deaths of more than 100,000 Kurds.[34]

Admittedly, Saddam Hussein did attempt to correct some of the problems plaguing Iraq at the end of the 1980's. In November 1988, he allowed other political parties to compete in Iraqi elections (although with strong barriers that hindered them from assuming any real power) and began a modest demilitarization program. There still, however, remained major issues confronting the Ba'th regime. Saddam Hussein had two options in

handling them: addressing the issues directly or diverting the population's attention away from them. He made his decision clear in a conversation with Prince Bandar, the Saudi Ambassador to the United States: "I must whip them (the Iraqis) into a sort of frenzy or emotional mobilization, so that they will be ready for whatever may happen."[35] The focus of Saddam Hussein's diversion? The "lost nineteenth province of Iraq:" Kuwait.

Israel, Oil, and the Ruse of the Gulf War

In the months preceding Desert Storm, the focus of Iraqi antagonism was not on Kuwait, but Israel. Not only did the anti-Zionist rhetoric divert Iraq's attention away from its own problems but, by being the first Arab leader since Nasser to stand up to Israel and threaten it with annihilation, Hussein was raised in ideological terms to the level of a pan-Arab hero.[36] The bombast of his attacks fulfilled their purpose, but when Tel Aviv responded by assuring that it would only attack if Baghdad directly challenged it, Saddam Hussein was forced to back down. Thus, still facing the same chaotic internal problems, Saddam Hussein focused Iraqi belligerence to the south, "blaming (Iraqi) suffering on the rich Arabs" of Saudi Arabia and Kuwait.[37]

Iraq and Kuwait had previously contested over Kuwait's oil-rich territory. In 1961, Iraq mobilized to take over the Emirate, only to be repelled by British forces. The cause of war in the Persian Gulf in 1990 was directly related to Iraq's need to create itself as the leader in the Arab World, and deflect its citizens' attention away from Iraq's own chaos. Iraq needed wealth that could be easily attained by taking over Kuwait's oil supply. With such a procurement, Iraq would control 20 percent of the world's oil and find itself in an intimidating position vis-à-vis its neighbors.[38] Such a drive would camouflage Iraq's internal problems.

In the months preceding the August invasion, Saddam Hussein engaged Kuwait in a bitter war of words, accusing the Emirate of flooding the market with oil and thus driving down oil prices. Knowing Saddam Hussein's tendencies, Kuwait hardly wanted to provoke Iraq.[39] Kuwait motioned that they understood Saddam Hussein's issues and began to observe the OPEC regulations so that, "by mid-July 1990, only one country was cheating, exceeding its OPEC quota…Iraq."[40]

New Forms of Iraqi Aggression in the post-Gulf War Era

Despite the pervasive chaos in Iraq at the end of the Gulf War, manifested by bloody uprisings in both the Shi'a south and Kurdish north, Saddam Hussein remains in power today.[41] Saddam Hussein's control of the armed forces as compared with his opposition's relative military weakness, allows him to hold the reigns of power. His internal enemies' disunity, and the raw force with which he is willing to silence any opposition, thereby undermining any attempt to depose him. Nevertheless, in a new era of international isolation and constant surveillance, Saddam Hussein must rethink his options as diversionary theory becomes increasingly difficult to carry out. Past policy has, for the most part, been represented by limited concessions to opposition groups and major military repression of insurgency. However, as is evident in Iraq within the last five years, Saddam Hussein has not only defied the constraints put upon him by the international community but has utilized these restrictions to rally his people once again to a battle requiring unity and subservience.

Due to their strength and inopportune timing, Saddam Hussein was forced to combat the violent uprisings among the Shi'a and Kurds with brutal force. To deflect the cries of disunity, he repeated his former denunciations of the West and their puppet regimes in the Middle East, while secretly petitioning the United States to use helicopters to quell the Kurdish riots.[42] Fearful of what could follow Saddam Hussein's government should the Kurds succeed in toppling it – especially if Iran decided to influence a new political structure – Washington tacitly agreed to the force used against the Kurds in the early 1990's.[43] It changed its course in 1996, however, after Saddam Hussein used ground troops to attack what had previously been a U.S.-guaranteed safe-haven for Iraqi Kurds.[44]

Saddam Hussein did not wait long to return to his old tactics of responding to internal unrest by focusing his country on foreign ventures. From late December to early January 1992-1993, when Iraqi troops could again be mobilized after the war with the Kurds, Iraq launched another operation on the Kuwaiti border.[45] This maneuver was repeated in 1994, despite a prior vow of cooperation with UN restrictions.[46] Saddam Hussein again put the international community on alert in the fall of 1997, when on 29 October Iraq threatened to expel all American members of the United Nations Special Commission

(UNSCOM) and shoot down any American U-2 spy planes flying over Iraqi territory under the auspices of UNSCOM.[47] He claimed that both the inspectors and the planes were agents of the United States Defense Department.[48]

The international community simultaneously cooperated with and worked to destroy opposition groups to Saddam Hussein's regime. While the United States in particular is concerned over Saddam Hussein's possible forays into Kuwait, its stockpiling of chemical weapons and its desire to build nuclear capabilities, it is concerned over the power vacuum that will exist in Iraq after Suddam Hussein is gone. This vacuum could potentially be filled by other enemy states, like Iran, or by another autocrat just like Saddam Hussein.

The question remains whether Saddam Hussein's belligerent foreign policy could have been avoided and whether a cohesive Iraq, under any leader, will carry out a similarly aggressive policy in the future. Any future leader of Iraq would also face the colossal burden of unifying a state whose borders are not reflective of the region's ethnic and religious divisions. Though Iraq under Saddam Hussein was hardly solid, Iraq's history was fraught with countless coups, a major revolution, a civil war, and years of instability. Saddam Hussein has been the longest ruling leader in independent Iraq. While this feat may be a function of his use of ruthless force in dealing with insurgency in country, it should be noted that Iraqi foreign wars have not only involved all segments of the Iraqi community, but were often popularly supported by the Iraqi people. They have served to both galvanize the population and unify it as well, erasing, or perhaps only hiding the country's internal differences.

Based upon the anti-government rallies that are largely the work of parties separated by ethnic lines, it seems that Iraq still lacks the democratic foundation and unified opposition to enable a leader markedly different than Saddam Hussein to assume power when after he is no longer in office. Unless there is massive progress in the socialization and not merely mobilization of Iraq towards democracy and away from ethnic loyalty, the country, for the foreseeable future, will again be governed by an autocratic leader like Saddam Hussein.

Bibliography

Ahmad Yousef Ahmad, "The Dialectics of Domestic Environment and Role Performance: The Foreign Policy of Iraq," The Foreign Policies of Arab States: The Challenge of Change, eds. Bahgat Korany and Ali E. Hillal Dessouki (Boulder: Westview Press, 1991) .

Amatzia Baram, "The Iraqi Invasion of Kuwait: Decision Making in Baghdad," Iraq's Road to War, eds. Amatzia Baram and Barry Rubin (New York: St. Martin's Press, 1993) .

Ofra Bengio, "Iraq's Shi'a and Kurdish Communities: From Resentment to Revolt," Iraq's Road to War, eds. Amatzia Baram and Barry Rubin (New York: St. Martin's Press, 1993) .

Rachel Bronson, "Elite Insecurity, International Options, and Foreign Policy: The Case of Syria, 1958-1967," unpublished paper, .

May Chartouni-Dubarry, "The Development of Internal Politics in Iraq from 1958 to the Present Day," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) .

Michel Chatelus, "Iraq and its Oil: Sixty Five Years of Ambition and Frustration," Iraq: Power and Society, eds. Derek Hopwood, Habib Ishow, and Thomas Koszinowski (Reading, UK: Ithaca Press, 1993) .

William L. Cleveland, A History of the Modern Middle East, (Boulder: Westview Press, 1994) .

Anthony Coresman and Ahmed S. Hashim, Iraq: Sanctions and Beyond. A CSIS Middle East Dynamic Net Assessment, (Boulder, CO: Westview Press, 1997) .

Barbara Crossette, "U.S. Envoys Fail to Budge the Iraqis on Inspection Issues," The New York Times, 8 November 1997: A1.

Daniel C. Diller, ed., The Middle East, 8th Edition. (Washington DC: Congressional Quarterly, Inc., 1994) .

Samir Khalil, Republic of Fear: The Politics of Modern Iraq, (Berkeley: University of California Press, 1989) .

Thomas Koszinowski, "Iraq as a Regional Power," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) .

David McDowall, A Modern History of the Kurds, (London: I.B. Tauris, 1996) .

Manssor Moaddel, Class, Politics, and Ideology in the Iranian Revolution, (New York: Columbia University Press, 1993).

Steven Lee Myers, "U.S. Attacks Military Targets in Iraq," The New York Times, 3 Sep. 1996: A1.

Charles Tripp, "The Iran-Iraq War and the Iraqi State," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) .

Stephen M. Walt, The Origins of Alliances, (Ithaca, NY: Cornell University Press, 1987) .

Daniel Yergin, The Prize: The Epic Quest for Oil, Money, and Power, (New York: Simon and Schuster, 1992) .

Notes

[1] Michel Chatelus, "Iraq and its Oil: Sixty Five Years of Ambition and Frustration," Iraq: Power and Society, eds. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Ithaca Press (Reading, UK, 1993) 99.

[2] Ahmad Yousef Ahmad, "The Dialectics of Domestic Environment and Role Performance: The Foreign Policy of Iraq," The Foreign Policies of Arab States: The Challenge of Change, eds. Bahgat Korany and Ali E. Hillal Dessouki (Boulder: Westview Press, 1991) 188.[95% of the total population is composed of: Shi'a Arabs, Sunni Arabs, and Kurdish Muslims. Iraq's Kurds, who make up 15 to 20 percent of the Iraqi population, live in the north-northeast of the country, forming a larger community with other Kurds that transcends Iraq's borders with Syria, Turkey and Iran. Iraq's Shi'ites, numbering 55 to 60 percent of the population, live in southern Iraq and in Baghdad; The Sunnis, approximately 25 to 30 percent of the population, live in Baghdad and in the central areas between the Shi'a and Kurdish peoples.]

[3] May Chartouni-Dubarry, "The Development of Internal Politics in Iraq from 1958 to the Present Day," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 34.

[4] ibid.

[5] ibid. 31[Saddam Hussein usurped power as early as the mid-1970's, but did not assume the office of the president until 1979]

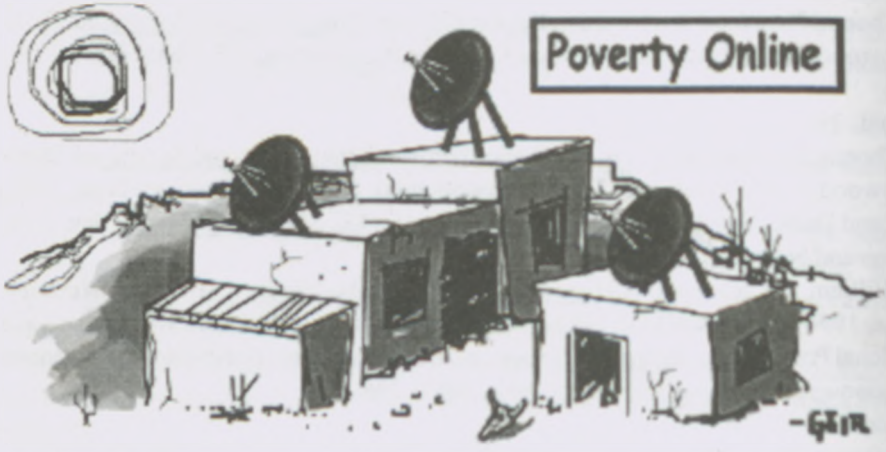
[6] Daniel Yergin, The Prize: The Epic Quest for Oil, Money, and Power, (New York: Simon and Schuster, 1992) 707 and Charles Tripp, "The Iran-Iraq War and the Iraqi State," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 101.[Iran's coastline is over 1400 miles.]

[7] Charles Tripp, "The Iran-Iraq War and the Iraqi State," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 102.

[8] William L. Cleveland, A History of the Modern Middle East, (Boulder: Westview Press, 1994) 367.

[9]David McDowall, A Modern History of the Kurds, (London: I.B. Tauris, 1996) 326.
[10] William L. Cleveland, A History of the Modern Middle East, (Boulder: Westview Press, 1994) 366.
[11] Charles Tripp, "The Iran-Iraq War and the Iraqi State," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 98
[12] ibid.
[13] ibid.
[14] ibid.
[15] ibid. 102.
[16] ibid. 103.
[17] Rachel Bronson, "Elite Insecurity, International Options, and Foreign Policy: The Case of Syria, 1958-1967," unpublished paper, 1.
[18] Thomas Koszinowski, "Iraq as a Regional Power," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 290.
[19] ibid. 288.
[20] ibid. 290.
[21] ibid. 289.
[22] Manssor Moaddel, Class, Politics, and Ideology in the Iranian Revolution, (New York: Columbia University Press, 1993) 221.
[23]Daniel Yergin, The Prize: The Epic Quest for Oil, Money, and Power, (New York: Simon and Schuster, 1992) 709.
[24]Thomas Koszinowski, "Iraq as a Regional Power," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 289.
[25] Daniel Yergin, The Prize: The Epic Quest for Oil, Money, and Power, (New York: Simon and Schuster, 1992) 710.
[26] Thomas Koszinowski, "Iraq as a Regional Power," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 298.
[27] ibid. 291.
[28] Thomas Koszinowski, "Iraq as a Regional Power," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 292 and Daniel Yergin, The Prize: The Epic Quest for Oil, Money, and Power, (New York: Simon and Schuster, 1992) 771.
[29] William L. Cleveland, A History of the Modern Middle East, (Boulder: Westview Press, 1994) 322 and MECS 1982-1983 p.584-585 in Thomas Koszinowski, "Iraq as a Regional Power," Iraq: Power and Society, ed. Derek Hopwood, Habib Ishow, and Thomas Koszinowski, (Reading, UK: Ithaca Press, 1993) 296.
[30] ibid.
[31] Amatzia Baram, "The Iraqi Invasion of Kuwait: Decision Making in Baghdad," Iraq's Road to War, eds. Amatzia Baram and Barry Rubin (New York: St. Martin's Press, 1993) 7-8.

[32] ibid.
[33] Anthony Coresman and Ahmed S. Hashim, Iraq: Sanctions and Beyond. A CSIS Middle East Dynamic Net Assessment, (Boulder, CO: Westview Press, 1997) 74.
[34] ibid. 75.
[35] Amatzia Baram, "The Iraqi Invasion of Kuwait: Decision Making in Baghdad," Iraq's Road to War, eds. Amatzia Baram and Barry Rubin (New York: St. Martin's Press, 1993) 13.
[36] ibid.
[37] ibid. 16.
[38] Daniel Yergin, The Prize: The Epic Quest for Oil, Money, and Power, (New York: Simon and Schuster, 1992) 773.
[39] ibid. 771.
[40] ibid.
[41] Ofra Bengio, "Iraq's Shi¢a and Kurdish Communities: From Resentment to Revolt," Iraq's Road to War, eds. Amatzia Baram and Barry Rubin (New York: St. Martin's Press, 1993) 58.
[42] ibid. 61.
[43] ibid.
[44] Steven Lee Myers, "U.S. Attacks Military Targets in Iraq," The New York Times, 3 Sep. 1996: A1.
[45] Daniel C. Diller, ed., The Middle East, 8th Edition. (Washington DC: Congressional Quarterly, Inc., 1994) 238.
[46] ibid.
[47] Barbara Crossette, "U.S. Envoys Fail to Budge the Iraqis on Inspection Issues," The New York Times, 8 November 1997: A1.
[48] ibid.



NATO Enlargement and the Have-Nots

Linda Bentley

NATO is at an extremely critical juncture in its development. It is currently in the process of reinventing itself to secure an important role in the post-Cold War order. NATO must define a strategy that goes beyond first round membership into the Alliance and will thus ensure security in Europe during the critical years of transformation and beyond. This security strategy will have to be applicable for alliance members as well as for Russia and the countries left out of first round NATO expansion, the so-called have-nots.[1] No easy task, NATO must walk a policy tightrope, precariously balancing the security needs of its current members, those of the three new members, and those of the have-nots and Russia. At the same time NATO, while undertaking expansion and extended commitments, will have to ensure the continued effectiveness of the Alliance, whose post-Cold War efficacy has been called into question. NATO needs to go beyond first round membership and adopt a policy that will balance the security needs of both the have-nots and Russia.

Linda Bentley will graduate from Tufts University in 1998 with a degree in International Relations.

This need not be a zero-sum game. NATO should not rush into extending second round membership offers to the have-nots, but it does need to make substantial security commitments to them. This strategy is especially vital in regards to Ukraine and the Baltic States. Full membership and Article Five guarantees, could however, be perceived by Russia as a threat and exacerbate nationalist tendencies within Russia. This position, while precarious, makes them that much more vital to Western security and regional stability. Building Ukraine into a strong and independent participant in Europe is a key security factor in NATO's expansion strategy.

More dangerously, a half-hearted commitment to the have-nots could feed into new Russian expansionist tendencies and to the regeneration of Cold War Russian and Western spheres of influence. NATO needs to be certain that its policies do not exacerbate resurgent nationalist tendencies in Russia and throw its reform movement off course. This might mean providing for a gap between first and second round membership. Russia cannot be given a veto or a strong voice in NATO decision making; it also cannot be made to feel ostracized in the new European security order. NATO and the West need to engage Russia constructively to quell its fears of new lines being drawn, but at the same time the West needs to deal firmly with Russia based on a realistic understanding of mutual interests and concerns.[2]

Balancing each side's needs, those of Russia and those of the have-nots, which seem innately and irreconcilably conflicting, is the most important task for NATO, and will ensure European stability. If NATO is able to successfully accomplish this balancing act, the prospects for long-term peace and security in the region will be greatly increased.

NATO and the Post-Cold War Geopolitical Landscape

NATO was created in 1949 in response to a perceived military and ideological threat from the Soviet Union. As a collective security organization, NATO became an important fixture in the U.S.' containment policy of the Soviet Union. NATO, backed by U.S. nuclear power, became an important security umbrella for Western Europe. With the collapse of the Soviet Union and the fragmentation of the Warsaw Pact, NATO's role has been called into question.

With the dissolution of the Iron Curtain, European states that had been incorporated into the Soviet bloc for 40 or more years gained unprecedented freedom. Many of these states immediately turned to the West in the hopes of being incorporated into Western institutions, in order to secure and guarantee their newfound sovereignty. Although the West was eager to aid these states in their transformation from centrally planned economies to democratic, free market systems, many security issues, remained.

After much debate regarding the Alliance's future, the decision for preliminary and limited NATO expansion was officially announced in Madrid in July 1997 at the NATO Alliance meeting. Three invitations were issued to former members of the Warsaw Pact: Poland, the Czech Republic and Hungary. Their inclusion into the Alliance and the possibility of further NATO expansion will have far-reaching ramifications for the security and geopolitical stability of the region, as well as for the security mechanisms and the foreign policy concerns of Western Europe and the United States. The direction that NATO expansion pursues will affect the relationships between Russia and the states of Eastern and Central Europe, as well as Russia and its former adversaries in the West. The end of the Cold War left many unsettled issues concerning this region, and the post-Cold War geopolitical landscape is still unclear.

Although the die has been cast by NATO's decision to expand in a limited fashion, many questions remain unanswered. What effect will first round expansion have on the security and domestic situations of the have-nots, especially Ukraine and the Baltic States? What policies and strategies should NATO pursue beyond first round membership to ensure its own efficacy, the security of the entire region, and especially the security of the have-nots? Finally, how should NATO, in its current and future expansions, deal with Russia to anchor it firmly to the West, and incorporate it into European security mechanisms?

NATO Expansion and Ukrainian Security: Ukraine's Geopolitical Standing

Security concerns regarding Ukraine are the most precarious among the have-nots. The Ukraine is the linchpin of security in the region, and therefore its independence is of vital strategic interest for the United States.[3] A sovereign and independent Ukraine is vital for the emerging security architecture to maintain

stability. A politically and economically weak Ukraine would play into the hands of aggressive Russian nationalist tendencies and bring destabilization and insecurity to the region. Ukraine is a strategic barrier between Russia and the West, and NATO defense planning would have to be significantly altered were Russia to reassert its former hegemonic relationship with Ukraine. [4]

The United States first recognized the strategic importance of Ukraine in mid-1993.[5] Between 1992 and 1993, U.S. policy in the region was dominated by its concerns for Russia, causing Ukrainian foreign policy and security concerns to be virtually ignored. The relationship between the U.S. and Ukraine was dominated by Ukraine's possession of a substantial nuclear weapons arsenal inherited from the former USSR.[6] During this period the Bush administration's foreign policy was focused almost exclusively on Russia. The West's "Russocentric" focus added to Ukrainian disillusionment, prompting Kiev to publicly complain that its strategic importance was not being recognized. This sense of marginalization fed Ukraine's pro-nuclear lobby and poses a grave risk to stability in the region.[7]

However, by mid-1993, the U.S. finally realized that it was in its interest to strengthen its relationship with Ukraine. US foreign policy aimed therefore, to prevent Ukraine from becoming a full-fledged nuclear power, without it feeling marginalized. As Ukraine ratified START 1 in early 1994, improving its relations with the U.S., events in Russia began to deeply concern Western policymakers and security analysts. Resurgent Russian nationalism manifested in the December 1993 elections, along with the Chechen imbroglio, soured relations between the two Superpowers.

Upon its independence in 1991, Ukraine declared a policy of neutrality. However, such a policy has been difficult to maintain in the light of pro-expansionist rhetoric from Russia. Despite its fears concerning Moscow, Ukraine is caught between two conflicting pressures: a Westward pull to join European security and economic institutions, and an Eastward pull due to its economic dependence on Russia.[8] Between 1993-1994, Russia began its efforts to dominate the Commonwealth of Independent States (CIS) and pressured Ukraine to join as a full member. Eventually, Ukraine joined the Western-backed Economic Union of the CIS, but has subsequently withdrawn.[9]

Ukraine views Russia as its primary external threat.[10] These views are complemented by those of the Russian elite, who view Ukrainian independence as temporary, and believe that Ukraine is a fundamental part of Russia. Furthermore, this view is also shared by two of the main Russian political parties and by high-ranking officials such as former Foreign Minister Kozyrev.[11] Since gaining its independence, Ukraine has had numerous disputes with Russia over borders and territory, the Russian national minority in Ukraine, nuclear weapons, the Black Sea Fleet, and its dependency on Russian energy supplies. The inimical relations between the two states since the disintegration of the Soviet Union can rightfully be characterized as a "cold war."[12]

During the December 1993 elections, Russia demanded a peacekeeping role under the UN and OSCE to protect the 25 million Russians living outside of the Russian Federation. This demand heightened Ukraine's sense of insecurity, because almost half of those Russians live in Ukraine.[13] Ukraine views Russia's motive for a peacekeeping role in the region as a thinly veiled attempt to tighten its control over the former Soviet republics and to reintegrate them into the CIS. A peacekeeping role mandated by Western security institutions would therefore legitimize Russian internal interference in the former republics. Ukraine is also increasingly alarmed by Russian nationalist calls for military intervention on behalf of ethnic Russians. In 1994, the protection of these Russian nationals became one of Russia's foreign policy priorities in 1994. Some nationalists in Russia argue that the Crimea, with its large Russian population, should be annexed. Such inflammatory statements regarding the Crimean situation are made even more contentious by the presence of the Black Sea Fleet, a former asset of the Soviet Union that both Ukraine and Russia have claimed.

Russia has used economic and political pressure to reintegrate Ukraine economically, politically and militarily into a Russian dominated CIS. Russian control over all the oil flowing into Ukraine would give it a stranglehold over the Ukrainian economy. An economically weak Ukraine would more easily succumb to Russian pressures towards reintegration[14] The West, led by the United States, has recognized this danger and has undertaken measures to strengthen Ukraine economically. This assistance policy is reflected by the fact that Ukraine is currently one of the top three recipients of U.S. aid.

The Effects of First Round NATO Expansion on Ukraine

The first round of NATO expansion that includes the Czech Republic, Hungary and Poland can potentially have negative consequences for Ukrainian security. It could heighten Ukrainian feelings of isolation from Western security structures, causing a reversal in its nuclear disarmament progress supported by the West. The first round of NATO expansion, which Russia has found itself unable to block, could also potentially lead to increased pressure from Russia. Ukrainians have rightfully feared that these new stresses might lead to new dividing lines in Europe.[15] Leonid Kuchma, the Ukrainian President, cautioned against "a quick NATO expansion because it would trigger a Russian counteraction that would place Border States like the Ukraine in a precarious position."[16] Unable to block the accession to NATO of three former members of the Warsaw Pact, the Russian elite might feel propelled to demonstrate Russian power and influence over Ukraine. The Ukraine would then be left in a precarious security vacuum.

Despite this dangerous scenario, Ukraine seems to be avoiding the potential backlash that might possibly result from the first round of NATO expansion. Whereas in 1993-1994 grave uncertainty abounded regarding Ukraine's ability to survive as an independent state, in 1995, it came to be recognized as a "linchpin of regional security."[17] Ukraine's avid participation in NATO's Partnership for Peace Program (PFP) and its stronger relationship with Western security institutions have also added to an increased feeling of security in Kiev. It has so far been able to avoid being drawn into Russian dominated CIS security structures. Such independence from Moscow is unlike other former republics, such as Belarus, who have acceded to increased Russian pressure.

Recently, Ukrainian policy makers have changed their stance towards NATO enlargement; no longer opposing enlargement altogether, but still desirous of gradual NATO expansion that takes into account the security interests of other non-member states. This seems to be a sign that they are more comfortable with their geopolitical position than they were three years ago.[18] This new level of comfort seems to indicate that the security vacuum that existed in The Ukraine before 1994 has been gradually eased by its improvement in relations with the West. The sense of crisis that existed three or four years ago has abated, and The Ukraine's security situation has not been altered dramatically since the Alliance's announcement to enlarge was made at the July summit in

Madrid.[19] However, despite this progress, its external security and independence is far from guaranteed, as is its internal stability.[20] The current political uncertainty in Moscow is an independent variable that is crucial and omnipresent. Ukraine is still economically dependent on Russia, and Russia has been increasing pressure on Ukraine to integrate into a CIS security system. In addition, Ukraine still lacks strong security guarantees from the West, such as the ones being offered to the Czech Republic, Poland and Hungary on their ascension to NATO. One significant question that demonstrates Ukraine's longstanding and rightful sense of insecurity is will the West ever intervene militarily on its behalf to defend it from Russian aggression?

Ukraine's Security Post NATO Enlargement

Ukraine has thus far, not asked to join NATO as a full partner. Kiev realizes that it cannot afford to alienate Moscow and the CIS altogether due to its need for their economic cooperation. Such a move might lead to increased Russian pressure on Ukraine. Ukraine needs Russia and the other members of the CIS for trade and for energy supplies, and it would therefore be unrealistic to turn its back on the region in favor of exclusive trade with the West. Also, NATO has not expressed any desire to offer Ukraine full membership at this time. The United Nations has been very reluctant to send peacekeeping forces into the former USSR, and would probably be even more opposed to using NATO troops to intervene in Ukraine and defend it against Russia in a showdown over the Crimea.[21] Ukraine's Ambassador to NATO, As Tarasyuk said, "Seeking membership now would just devalue our position in Europe: the door is not opening, so why should we lose respect for ourselves and ask for membership?"[22] Offering Title Five guarantees to Ukraine at this time, or even hinting at them, might very well produce the severe nationalist backlash in Moscow that Yeltsin threatened would happen after first round expansion.[23]

Russia seems to be slowly coming to terms with first round NATO expansion. Its impotence to halt the expansion despite numerous threats, is a huge blow to its prestige.[24] Many in Russia want to believe that Russia is still a military and political superpower. Moscow vehemently protested first round expansion. Presently, it doesn't seem to have much choice but to accept it. Nevertheless, serious talk of second round expansion to states such as Ukraine would be pushing Moscow too far, and might prompt the reaction that it has threatened for so long.

There are ways to further stabilize Ukrainian sovereignty and increase its security without full NATO membership. By integrating itself economically and militarily into both the CIS and Europe, Ukraine will be promoting its own interest while at the same time reducing the probability that a new dividing line will be drawn between East and West. However, such a scenario is currently unlikely due to the aggressive nature of Russian policy towards the region. A new security structure for the region will neither be complete nor functional unless it deals with both perceived Russian and Ukrainian threats.[25] The first strategy is to continually strengthen Ukrainian security so that it will be less susceptible to Russian integrationist policy. Ukraine is one of the most active participants in PFP, and it has continually sought to deepen its relations with NATO. Progress was made on this account in July 1997 at the NATO Madrid Summit. At this time the "Charter for a Distinctive Partnership Between NATO and Ukraine" was signed, in which NATO allies reaffirmed their support for Ukrainian sovereignty and independence, and territorial integrity.[26] A mechanism that will promote a NATO-Ukraine dialogue was established called the NATO-Ukraine Commission, which will meet no less than twice a year. In addition, the NATO Information and Documentation Center in Kiev was also established. In order to promote both their interests, NATO and Ukraine must strive to go beyond these measures and their relationship must be constantly enhanced and deepened.

The overriding goal of the NATO-Ukraine relationship should be to display the West's tremendous interest in an independent and sovereign Ukraine. This would send a clear message to Moscow regarding the high risks of Russian aggression in Ukraine. It would also serve the further step of meeting Ukrainian security needs without Title Five guarantees. NATO members need also to continually seek to strengthen The Ukraine economically by expanding trade relationships, thus easing Ukrainian dependency on Russian energy supplies. The US, or another third party state, must act as a moderator between Russia and Ukraine to work out the many unresolved issues between them.

The security relationship between the West and Ukraine needs to be continually strengthened, and the most efficient way to accomplish this is through existing NATO mechanisms. A second round of NATO expansion that would include Ukraine is a possibility further down the road, at a time when the geopolitical situation might be more stable. Thus, Ukrainian security can be achieved without full membership and Title Five guarantees.

NATO Expansion and the Baltics: The Baltics in the New Geopolitical Order

Estonia, Latvia, and Lithuania are three other have-nots that were not included in first round expansion. Unlike Ukraine, the Baltic States have forgone any diplomatic declarations of neutrality by announcing their shared goal to become full members of NATO. Although the realization of this goal in the short term is an unrealistic expectation, security for these three states is nevertheless a possibility. It will be a difficult task, but the Baltic States can be effectively tied to Western security mechanisms without full membership in NATO, and without exacerbating their already strained relations with Russia. The West will have to pursue a policy that balances the security needs of the Baltic States on one hand, with the need to maintain productive working relations with Russia on the other. An Eastern and Central European security structure that neglects the three Baltic States might prove to be ineffective for the entire region.

The relationship between the Baltics and Russia is extremely delicate. Nationalist members of the Russian political elite have found it difficult to accept Baltic independence, and there have even been calls in the Russian nationalist press to re-annex them.[27] Upon Baltic independence, Russia lost a highly strategic region along the Baltic Sea. The Baltic people see themselves as Europeans and after five decades of integration into the USSR, are ready to join the West. In addition, there are many unresolved security issues between the states, which further exacerbate tensions. The existence of Russian minorities in the Baltics is an issue that is especially heated, since Russian foreign policy has made the protection of these minorities a priority.[28] Moreover, Russian transit rights to Kaliningrad, constitute a long-standing dispute between Russia and Lithuania. Kaliningrad, which is physically separated from the rest of Russia by Lithuania, houses Russian troops and military equipment, and is a strategic Russian access point to the Baltic Sea. The notion that the Baltic States might someday be incorporated into Western security institutions is an extremely threatening one to Russia. Keeping the Baltics in its own sphere of influence is therefore a key national interest for Russia.

US State Department Deputy Assistant Secretary at the UN, Ronald Asmus called the Baltic Region the "ultimate test" of NATO's efforts to extend security in Europe.[29] If the new Western security architecture is to remain effective, NATO, while currently undertaking first round expansion, cannot ignore the many security issues that confront the Alliance regarding the Baltics states.

The Effects of First Round NATO Expansion on Estonia, Latvia, & Lithuania

The security problems facing the Baltic States are clearly more acute than those facing the Czech Republic, Poland and Hungary.[30] The Baltic States do not constitute a primary strategic interest to NATO. In addition, after five decades of integration with the USSR the Baltic States lack security policies and defense establishments. The NATO alliance cannot take on the responsibility of defending a state that has little or no ability to defend itself. Such a quixotic notion runs counter to the purpose of NATO. Most importantly, Baltic accession would be too antagonistic towards Russia. Russia has unambiguously maintained that it will oppose full NATO membership for the Baltics, and any move in this direction would be perceived as a direct threat to Russian national security. If the Baltics had been invited to become full NATO members in the first round of expansion, Russia would suddenly feel itself surrounded by hostile powers and excluded from European security structures. This might have resulted in a domestic nationalist backlash in Russia and in an aggressive and imperialistic Russian foreign policy.

NATO's decision at the Madrid summit to extend membership to the Czech Republic, Poland and Hungary can therefore potentially harm the security situation in the Baltics, as well as the stability of the entire region if not handled properly. If the Baltic States feel marginalized, a destabilizing backlash while unlikely given antipathy towards Russia, could conceivably occur and undercut pro-Western reform movements.[31] In addition, if first round expansion is handled poorly, or if Russia feels threatened, Moscow can increase its pressure on the Baltics economically, politically, or militarily.

However, the Russian reaction has thus far not been that drastic, perhaps demonstrating its reluctant acceptance of first round expansion, its inability to stop it, as well as its need and desire for constructive relations with the West. In September of 1997, seemingly in reaction to the inclusion of three former Warsaw Pact countries in the first round of NATO expansion, Moscow offered unilateral security guarantees to the three Baltic States in an attempt to dissuade them from pursuing NATO membership. The three Baltic States, which viewed the offer as a Russian tool to reintegrate them into its sphere of influence, declined. This weak attempt to pull the Baltics back into its control and away from NATO demonstrates Russia's inability to respond in a more forceful

manner. One Russian analyst even went so far as to say publicly that Russia cannot prevent the three Baltic States from joining NATO, and will have to grudgingly accept it.[32] Russia will surely not give the Baltics up that easily, but the remark is indicative that Russia is in fact running out of coercive tools short of military force to prevent NATO expansion. However, this does not mean that the security of the Baltics is guaranteed in any real or permanent sense, and Russia will most likely continue to vocally oppose further NATO expansion.

Security in the Baltic Region Post-NATO Enlargement

The West is currently taking limited steps to increase the security of the three Baltic States. However, these measures are not sufficient and the West must take further steps to ensure the security of the Baltics. Recently, the West has stepped up its efforts to promote Baltic security by such measures as the U.S.-Baltic charter, which is aimed at promoting "mutual cooperation".[33] Also, the Alliance's decision to leave an "open door" to future expansion is a helpful step towards promoting greater security in the Baltics. Keeping the door open to future membership keeps candidates' reform movements on track, and keeps the Baltic States focused westward.

Nevertheless, the West needs to go beyond these measures and take other steps that will promote the security of the Baltic States while not exacerbating poor relations with Russia. The overriding goal of the NATO relationship with the Baltic States should be to display the West's tremendous interests in the Baltics as independent and sovereign states. The West needs to declare that the three Baltic States are a primary strategic interest. This would send a clear message to Russia regarding the high risks of interference, and also meet the security needs of the Baltics without Title Five guarantees and full NATO membership. Encouraging increased cooperation between NATO and the Baltics in the PFP would achieve this goal. Military interoperability would facilitate Baltic integration into NATO on short notice in case of an emergency.[34] Russia could not object since it too is a member of Partnership for Peace. NATO should also encourage the Baltic States to expand their existing security and military cooperation so that they may pose a stronger collective front.[35]

In addition, the West needs to modify parts of its policy regarding the extremely complicated minority issue. Currently, the West has made the resolution of the minority issue a precondition for Western political support and assistance.[36] This

policy leaves the Baltics vulnerable to Russian manipulation. Russia can take advantage of this weakness by pressing minority issues to deter Western cooperation with the Baltics. This policy is counterproductive and needs to be changed. Also, the Baltic States cannot resolve the many issues in its relations with Russia alone. A third party needs to play the role as a mediator to work out these issues; the Council of Europe has already begun to assume this role and would ease much of the pressure that Russia is currently able to put on the Baltics. Presently, the European Union has taken the initiative by inviting Estonia to begin accession talks.

All of the policies recommended above will increase the security of the Baltic States without threatening Russia to the point of war and thereby destabilizing the entire region. Thus, this strategy represents a means to increase security without extending full membership and Title Five guarantees. In order to implement these policies, NATO will have to recognize the strategic importance of the Baltic States on security and stability issues in the region.

Russia in the Emerging Security Order

For the emerging post-Cold War order to be stable, it is vital that Russia be incorporated into the new, post-Cold War security alignment. Without Russia in a close relationship with NATO following enlargement, it would be difficult for the Alliance to sustain its claim that it wants to prevent new divisions in Europe.[37] Productive cooperation between Russia and the West is necessary for European and American security, and especially for the security of the have-nots. NATO enlargement is an example of the ultimate security dilemma, in which, defensive action by one state is perceived as an offensive and aggressive action by another, in this case Russia.

Russia's Orientation and its Foreign Policy

Russia is currently at a crossroads, choosing between being pro-Western or isolationist.[38] This choice will dramatically affect the emerging European security structure as well as NATO's future. It is clearly in Russia's national interest to choose a pro-Western stance, which would mean greater integration into the world economy,[39] yet Russia's current foreign policy reflects this ambivalence. It has expressed interest to become a part of the emerging European security order, but it has also shown signs of nationalist, expansionist tendencies. Thus, NATO can have a potentially vital role in helping Russia choose the pro-

Western alignment. One of Moscow's greatest fears is being marginalized by NATO and being left out of European security structures. The West and NATO have made certain gestures, but need to go much further in order to ensure that Russia does not feel threatened and isolated.

Russia currently regards any former Soviet republic as being within its sphere of interest and this perspective is reflected in its foreign policy. Over the past five years Moscow has made several attempts to economically, politically, and militarily integrate the former Soviet republics into the CIS. In 1992, Moscow tried to insist that CIS members sign a security treaty, which in effect entrusted their defense to the Russian army since they themselves lacked a strong military establishment. To Russian dismay, many states, including The Ukraine, refused to sign the treaty.[40] In 1994 therefore, Russia adopted a tough, new foreign policy, which emphasized the protection of Russian speaking peoples, and in 1995, Yeltsin signed a decree calling for closer cooperation within the CIS, especially in the field of defense. In 1996, Belarus signed an agreement with Russia that binds the two closely together and created supranational political institutions.

Although Russian foreign policy is currently focused towards reintegrating the former Soviet republics into a Russian-dominated CIS, Moscow will most likely not be able to accomplish this goal via the military sphere. The Russian military is currently "destitute and fractured" and it has been estimated that it will not be able to launch a full-scale attack on its neighbors, including The Ukraine, for the next ten years.[41] However, due to their size, a Russian attack against the Baltic States is possible although unlikely. Russia may not presently be capable of employing military force to integrate the CIS, but this does not preclude it from using other coercive measures to achieve its goals. Economic measures, such as using Russian energy supplies to The Ukraine as political leverage, may prove to be more effective, as they would attract a much less hostile reaction from the West.

Russia is currently run by a pro-Western faction led by Yeltsin, who, despite authoritarian tendencies, is still seemingly committed to democracy and capitalism. The Yeltsin government has at times sought to distance itself from Russian nationalism by not raising territorial claims against The Ukraine nor by encouraging Russian minority separatism in the former Soviet Republics.[42] Yeltsin did not lend his approval to the Duma's 1993 declaration that the

Crimean city of Sevastopol, be a Russian possession. Yeltsin seems more willing to negotiate with The Ukraine than do some of his counterparts.[43] He is also willing to work with the West, and wants Russia to become a more fully integrated member of the international economic community. However, this could easily change in the next Russian election if a nationalist president were to succeed Yeltsin. At the end of his term, Yeltsin is constitutionally mandated to step down. However, political positioning and power-broking still seem to be the dominant form of succession in Moscow. Thus, it is still unclear where Russia will move towards in the post-Yeltsin 21st century.

Russia and NATO Expansion

Russia opposed NATO expansion from the beginning and will vehemently oppose any suggestion of second round expansion as well. Russia's primary goal in its dealings with NATO over the past four years has been to secure itself a voice in European security matters. It has pursued this goal in numerous ways, including during its PFP negotiations. The PFP, which extended cooperation between NATO and potential members into the military realm, was formed in 1994. The Alliance did not want to undertake expansion for fear of the Russian reaction, and the program was a means to reduce the disappointments felt by some of the potential East European partners.[44] For several months Russia postponed signing the PFP agreement in hopes of securing some recognition from NATO of its special status. Russia eventually did join the PFP without having obtained recognition of special status as a way to avoid isolation and to frustrate the efforts of the former Warsaw Pact countries. By including itself it would ensure that the program was not a direct springboard to full membership.[45] Another reason Russia eventually signed onto the program was because it realized it was in its own interest to cooperate in the formation of the new European security structure, and to ensure that it would have an equal voice in this system. The Russians envisioned a security order dominated by the OSCE, and Russia, a full member with veto power, would thus like NATO to play a subordinate role.

NATO's decision to enlarge could have negative implications for Russia, which have yet to surface. The Duma may refuse to ratify the START II Treaty or may obstruct cooperation with the West on nuclear arms reduction.[46] Russia might also respond aggressively by stepping up its efforts to reintegrate the

CIS and secure its sphere of influence, which would result in increased pressure on the have-nots. Instability and a more aggressive, nationalist leader capturing power in Moscow, could also be the results of NATO expansion. However, these scenarios have thus far not come to pass and it is unlikely that they will occur due to recent steps the Alliance has taken.

The Founding Act on Mutual Relations, Cooperation and Security between NATO and the Russian Federation signed in May 1997, provides for a NATO-Russia Permanent Joint Council. This Act appeased Moscow by granting it the special status outside of PFP for which it had been searching. In addition, the Act gave Moscow "permanent mechanisms of consultation" that it wanted. However, the Founding Act does not provide Russia with a veto over NATO's actions. This attempt at engagement was accomplished just in time for the July announcement of enlargement by the Alliance. The Founding Act was an effort to mitigate the Russian reaction to enlargement, and thus far it seems successful since none of the scenarios described above have come to pass. The signing of this Act is evidence that Russia realizes that cooperation with NATO is in its strategic interest. There have even been recent statements by Russian officials that suggest that Russia may be accepting the idea that the Czech Republic, Poland and Hungry will join NATO as full members.[47] NATO expansion hardly constituted an important topic in the last Russian Presidential Election. Two years ago, NATO expansion was seen as a very large gamble, but the gamble seems to have worked. Nevertheless, Moscow will most likely do everything in its power to prevent the alliance from expanding further.

NATO's Changing Role: The Current and Future State of the Alliance

The original role of the alliance was to contain the Soviet Union and to keep the U.S. involved in European security issues, as well as to contain Germany. With the collapse of the Soviet Union the Alliance has been forced to reevaluate its purpose. Although, its purpose has been reevaluated, the actual Treaty hasn't been altered. Title Five of the Treaty, which provides that "an armed attack against one or more [partners] in Europe or North America shall be considered an attack against them all, is at the heart of the Treaty and it, has not been altered. Due to this clause, NATO retains its unique collective defense mission.

Although the structure of the Alliance has not changed, NATO has had to adapt to new threats to European security in order to keep itself relevant in the post-Cold War order. At a meeting of the NATO Defense Ministers in the beginning of December 1997, an agreement was finally reached which reformed the command structure of the Alliance. The new command structure has been adapted to meet new threats and challenges. Peacekeeping and crisis prevention are at the core of NATO's new mission.

Furthermore, NATO has agreed to consider participating in out of area peace operations, but only when authorized by the OSCE or the UN. By doing so, NATO has become a "subcontractor" for the UN.[48] NATO has evolved into a pan-European collective security alliance while at the same time maintaining its collective defense guarantees for its members.

Critics, including Russia, have charged that NATO's collective defense mission to protect its members from attack is a conflict of interest with its new goal of pan-European conflict prevention and collective security.[49] Russia, in its desire to build a new European collective security organization wanted NATO to do away with its collective defense mission because its original purpose was to protect its members from the Soviet Union. Russia wanted to make the OSCE the dominant collective security alliance in Europe. The West rejected this idea, but has taken many steps to ease Russia's perception of NATO as a threat to its security. NATO has reduced force levels dramatically in Europe and has moved away from a massive forward deployment along the old East-West dividing line with the goal of easing Russia's sense of beleaguerment.[50] In addition, NATO's ability to take on OSCE and UN mandated missions might also help to break down Russia's opposition to the Alliance, since Russia has some control over the actions of both organizations.

NATO Expansion and the Have-nots

East Central European states seek to join NATO because it is the first step in joining the West. NATO's ability to project stability into this region is partly due to psychological perception. The Alliance offers a "climate of confidence" for these states so that they may follow through on their reforms.[51] Many members of the political elite in these states want NATO membership not because they fear an outright Russian military attack, but

rather because they have staked their legitimacy on joining the West.[52] Membership in the Alliance casts an aura of stability onto its new members. If the Alliance does not follow through and reach out to the have-nots that have expressed so much interest in becoming part of the organization, then its plan for securing European stability may backfire as these states turn away from the West or feel isolated.

To secure post-Cold War European security, the West also needs to deal firmly with Russia. Not extending NATO because of fears regarding Russia's internal situation would be a sign of weakness that could be interpreted by Russia as an invitation to extend its own sphere of influence.

A Policy Recommendation: NATO's Balancing Act

Now that the West has decided to chance the resurgence of Russian nationalist tendencies by expanding NATO to Poland, the Czech Republic, and Hungary, it is vital that the Alliance takes precautions to increase the security of the have-nots. Hesitating to safeguard the have-nots would be a sign of weakness that could backfire. First round expansion that results in a security vacuum for the have-nots would be catastrophic for regional stability.

This does not mean however, that NATO should seek to expand again too rapidly. A second round of admission that followed too closely would unnecessarily exacerbate relations between Russia and the West. However, NATO must seek to continue the balancing act that it has already begun. The security needs of the have-nots have to be balanced with Russia's need to be included in the emerging European security structure. The West should continue its efforts to secure the have-nots under NATO's security umbrella short of Title Five guarantees. This needs to be one of NATO's highest priorities. A buffer zone between Russia and the Alliance would actually be beneficial in that Russia would not feel categorically excluded from the West.[53]

Since the end of the 1991 Gulf War, the security relationships between the United States and the individual states of the Gulf Cooperation Council have evolved tenuously. The receding perception in the Gulf states of a threat from Iran and Iraq, as well as doubts over U.S. intentions in the Gulf and intra-G.C.C. confliucts, have all contributed to an air of uncertainty surrounding the future of the security relationships. While the economic aspect of the

relationships is likely to remain unchanged, the coalition of the Gulf states that assisted the U.S.-led war effort is unlikely to continue their roles as unquestioning allied. The best hope for maintaining the status quo and preventing the unravelling of the alliance, then, is for provocations by a state outside of the G.C.C. that would project a sense of threat to the leaders of the Gulf states.

Thus far, the Alliance has decided to keep the door open to all would be members; it has not precluded any state at this stage including Russia. Much debate surrounds the questions of Russia possibly becoming a full member of the Alliance. Although Russia has currently shown no interest in joining the Alliance, some critics have argued that Russian membership would defeat the purpose of NATO and that it would turn the Alliance into another OSCE. Russian membership would also raise the prospect that NATO troops would have to intervene along the Russian-Chinese border.[54]

To ensure its efficacy NATO will have to continue its policy of engaging Russia while it expands its security umbrella to Eastern and Central Europe. Engaging Russia does mean the positions of the have-nots will eventually be compromised. Since the announcement of NATO enlargement to include the Czech Republic, Poland and Hungary in July of 1997, the security situation of the have-nots has remained fairly stable. This could still change. Nevertheless, the Alliance, despite many negative predictions, seems to have successfully balanced the security needs of the have-nots with those of Russia during this period of initial expansion. Experiences over the last year have proved that NATO can provide stability and security for the region, although it will be a long and arduous process that might require a great deal of patience and forethought.

Notes

[1]Asmus, Ronald D. & Larrabee, Stephen "NATO and the Have-nots," *Foreign Affairs*, Vol. 75, No. 6, November/December, 1996, pp. 13. The have-nots include Ukraine, Estonia, Latvia, Lithuania, Slovakia, Slovenia, Romania, and Bulgaria.

[2]Allin, Dana H. "Can Containment Work Again?," *Survival*, Vol. 37, no. 1, Spring 1995, pp. 63.

[3]Kuzio, Raza Ukrainian Security Policy, CSIS/Washington Papers, 1995, pp. 140.

[4]Larrabee, Stephen F. "Ukraine's Balancing Act," *Survival*, Summer, 1996, pp. 145.

[5]Kuzio, pp. 129.
[6]Ibid, pp. 58.
[7]Ibid, pp. 58.
[8]Larrabee, pp. 143.
[9]Kuzio, pp. 64.
[10]Ibid, pp. 65.
[11]Ibid, pp. 67.
[12]Kuzio writes, "the continuation of these disputes and mutual mudslinging has produced a de facto cold war between both republics," pp. 66.
[13]Ibid, pp. 68.
[14]Ibid, pp. 71.
[15]Larrabee, pp. 146.
[16]Chayes, Antonia Handler & Weitz, Richard *The Military Perspective on Conflict Prevention: NATO,* Preventing Conflict in the Post Communist World: Mobilizing International and Regional Organizations, The Brookings Institute, Washington, D.C., 1996. pp. 400.
[17]Ibid, pp. 140.
[18]Larrabee, pp. 146.
[19]Ibid, pp. 159.
[20]Ibid, pp. 144.
[21]Ibid, pp. 131.
[22]Ibid, pp. 147.
[23]Title Five will be defined by the author under the section labeled "NATO's Changing Role"
[24]Asmus, Ronald D. & Larrabee, Stephen F. "NATO and the Have-Nots," *Foreign Affairs*, Vol. 75 No. 6, 1996, pp. 19.
[25]Ibid, pp. 133.
[26]Press Info, "The Development of NATO's Partnership with Ukraine," Madrid Summit, July, 8-9, 1997.
[27]Asmus, Ronald D. & Nurick, Robert C. "NATO Enlargement and the Baltic States," *Survival*, Summer, 1996, pp. 123.
[28]Ibid, pp. 124.
[29]McIvor, Greg "Baltic Eyes Turn Westwards," *Financial Times*, Nov. 10, 1997.
[30]Ibid, pp. 123.
[31]Asmus & Larrabee, pp. 13.
[32]"Moscow Can't Stop Baltic NATO Entry—Russian Expert," *Reuters*, Nov. 9, 1997.
[33]McIvor.
[34]Asmus & Nurick, pp. 131.
[35]Ibid, pp. 131.
[36]Ibid, pp. 130.
[37]Williams, Nick "Partnership for Peace: Permanent Fixture or Declining Asset?" *Survival*, Vol. 38, No. 1 Spring, 1996, pp. 107.

[38]Pipes, Richard "Is Russia still an Enemy," *Foreign Affairs, Volume 76, No. 5, Sept./ Oct. 1997, pp. 71.*

[39]Ibid, pp. 77.

[40]Ibid, pp. 71.

[41]Ibid, pp. 65.

[42]Larrabee, pp. 150.

[43]Ibid, pp. 150.

[44]Terry, Sarah M. "Beyond the Cold War: Prospects for Central European Security and Cooperation in a Post-Communist World," in S.R. Lieberman, et al., eds., The Soviet Empire Reconsidered, Westview Press, Oxford, 1994, pp. 254.

[45]Mihalka, Michael "*European-Russian Security and NATO's Partnership for Peace,*" *RFE/RL Research Report*, Vol. 3, No. 33, Aug. 26, 1994.

46Chayes, Antonia H. & Weitz, Richard "The Military Perspective on Conflict Prevention: NATO," Preventing Conflict in the Post Communist World: Mobilizing International and Regional Organizations, The Brookings Institute, Washington, D.C., 1996.

47Asmus & Larrabee, pp. 19.

48Ibid, pp. 396.

49Ibid, pp. 399.

50The Bureau of European and Canadian Affairs, "Questions and Answers about NATO Enlargement," Aug. 15, 1997.

51Allin, pp. 54.

52Ibid, pp. 54.

53 Pipes, pp. 78.

54Asmus, Ronald D., Kugler, Richard L., & Larrabee, Stephen "NATO Expansion: The Next Steps," *Survival*, 1996, pp. 22.

Ideology, Insurgency, and Civil War

Assessing the Sudanese Threat to U.S. Interests

Dan Schwartz

When, in August 1993, the U.S. State department placed Sudan on its list of states sponsoring international terrorism, it expressed explicitly the belief that Sudan poses a threat. Most of the concern has been addressed at Sudan's involvement in acts of terrorism inside both the United States and the borders of U.S. allies in the Middle East. There are other clearly intertwined factors, however, that could potentially be detrimental to U.S. interests in the Middle East and the Horn of Africa. The ideology that causes Sudan to engage in acts of terror, Sudan's strained foreign relations with its neighbors, and its destabilizing civil war all have the capacity to damage U.S. interests. Sudan's will to harm those interests, however, is not a reflection of anti-U.S. ideology or sentiment, and its ability to threaten U.S. concerns is constrained by several factors.

In order to determine the manner in which Sudan imperils U.S. concerns, it is necessary to clarify which interests Sudan has the potential to affect. The Commission on America's National Interests, a bipartisan body comprised of foreign policy experts from various think tanks and members of the United

Dan Schwartz will graduate from Tufts University in 1998 with a degree in International Relations.

States Congress, has identified a hierarchy of interests, several of which Sudan could potentially undermine. The commission identifies continued access to energy supplies as a vital interest. In addition, the adoption or maintenance of moderate forms of government by the states of the Middle East, and the reining in of regional terrorism constitute important U.S. interests.[1] In testimony to the United States House of Representatives Committee on International Relations on March 22, 1995, Acting Assistant Secretary of State for African Affairs Edward Brynn explicitly stated U.S. interests regarding Sudan. In addition to deterring terrorism and regional extremism, they include a peaceful resolution to Sudan's civil war and ending the humanitarian crisis in the south of the country.[2] Two years later, U.S. interests in Sudan remain virtually unchanged, with the addition only of enhanced concern for regional stability.[3] These interests are generally accepted across the ranks of government and academia. Dr. John Voll, of Georgetown University's Center for Muslim-Christian Understanding, believes, however, that the U.S. government has taken interest in Sudan only to the extent that Sudanese actions have affected the Arab-Israeli peace process.[4]

One of the factors that could cause Sudan to undertake actions in opposition to U.S. interests is the ideological composition of the government. While the *de facto* ruling party of Sudan, the National Islamic Front (NIF), is Islamic fundamentalist, it has not declared itself to be an exporter of Islamic revolution, as opposed to the ruling mullahs in Iran after the fall of the Shah. The NIF has, however, portrayed itself as a regional superpower, and has denounced the United States as pursuing anti-Sudanese and anti-Islamic policies, often in conspiracy with Israel. The leader of the NIF, Hasan al-Turabi, has publicly reveled in his defiant attitude towards the United States. Speaking of his adversarial relationship with the United States, he once declared, "Without challenges, history cannot move . . . If we are challenged militarily, unfortunately we will have to fight back. Even if we are like the Vietnamese. Or like the Somalis."[5]

Rather than using direct methods to pursue its Islamic agenda, Sudan has condoned and supported subversive activities. Sudan has attempted to export terrorism to the United States: a Sudanese citizen who was convicted in connection with the plot to bomb buildings and landmarks in New York City has testified that a member of Sudan's United Nations mission offered assistance in the complicity. Khartoum also provides safe haven to a number of radical

groups that are known to advocate and use terrorist methods to advance their Islamic agenda, including Hezbollah, Hamas, the Abu Nidal Organization, Palestine Islamic Jihad, and Egypt's Gama'a Islamiya. Iran's activities have received approval and support by Sudan's government. Moreover, in an action that resulted in multilateral sanctions by the United Nations, Sudan has refused to extradite three men in connection with a 1995 assassination attempt on Egyptian President Hosni Mubarak in Addis Ababa, Ethiopia.

After the placement of Sudan on the State Department's international sponsors of terrorism list, bilateral U.S.-Sudanese relations deteriorated drastically. Sudan believed it was being unfairly targeted as a sponsor of terrorism by the United States. When challenged to verify its allegations that terrorists were being harbored within Sudan's borders, however, the United States provided "incontrovertible information" of the existence of a terrorist training facility north of Khartoum.[6] Thus, while Sudan may not avowedly seek to export its brand of radical Islam, it has, through more furtive methods, sought to influence other states. Its rationale and justification for doing so, and for the groups it chooses to support, would seem to be derived from the NIF's ideology.

Partly as a result of ideological convictions, relations between Sudan and the surrounding states have become strained. While Egypt recognized the current government in Khartoum immediately after the coup that brought the new leaders to power, bilateral relations have deteriorated markedly since the assassination attempt on Mubarak. Furthermore, Sudan alienated itself from many Arab states as a result of its actions during the 1991 Gulf War. While Khartoum at first denounced Iraq's invasion of Kuwait, it drifted to the side of Iraq following the introduction of "infidel" U.N. forces to Saudi Arabian territory. As the Gulf crisis wore on, rumors abounded that Iraqi Scud missiles were positioned in Sudan, targeting Egypt's Aswan Dam and Saudi ports on the Red Sea.[7] Even fellow pariah state Libya accused Sudan of harboring twelve Libyans implicated in a plot to assassinate Colonel Muammar al-Qaddafi.

Sudan's relations with its neighbors in the Horn of Africa are equally strained. Many of those with whom tension has occurred have close relations with the United States. Accusations of subversion have been traded between Sudan and the governments of Eritrea, Ethiopia, and Uganda. Eritrea claims that Sudan supports the insurgent group Eritrean Islamic Jihad, while Ethiopia has accused Sudan of supporting a separate Islamic Jihad group in Somalia to

destabilize Ethiopia. Uganda has leveled similar accusations at Khartoum. As a result, in 1994, Eritrea broke diplomatic relations with Sudan, while Ethiopian-Sudanese relations continue in a highly charged environment. Sudan, for its part, has accused Eritrea of providing a base of operations for the Sudanese dissident coalition, the National Democratic Alliance (NDA).[8] As a result of Sudanese hostility towards its neighbors, the United States has begun funneling military assistance to Eritrea, Ethiopia, and Uganda. While the United States claims this aid is for defense purposes, it has been interpreted as a signal of support for active foreign opposition to the NIF regime, and to contain Sudan.[9] Thus the United States has taken an active, if indirect, interest in the relations between Sudan and its neighbors.

A third factor that could potentially involve U.S. interests is Sudan's ongoing civil war. While the war has been fought continuously since 1983, it has been considered a low-level conflict and has not generated overwhelming international attention despite its intensity. However, beginning in January 1997, the major southern Sudanese rebel force, the Sudanese People's Liberation Army (SPLA), in alliance with the NDA, began a major offensive. This new offensive concerned the government sufficiently to ask the Organization of African Unity to intervene to stop the war's spread. The recent outburst of fighting has forced hundreds of Sudanese to flee to Ethiopia. As a result of the war, there are more than 500,000 Sudanese refugees in neighboring countries. Continued warfare will only multiply this number. Thus, in addition to the humanitarian crisis within Sudan's borders as a result of the war, ongoing fighting threatens to exacerbate and enlarge the refugee crisis.

The civil war also has an international dimension. After the rebel offensive captured the eastern Sudanese towns of Kurmuk and Gasin, Sudanese President Omar Hassan al-Bashir publicly blamed the United States, Israel, Eritrea, and Ethiopia for alleged involvement in a war aimed against Sudan, and the Islamic faith itself.[10] Sudan furthermore asserts that government forces of both Eritrea and Ethiopia were involved in the rebel offensive. There is substantial confusion over this last claim. The U.S. Embassy in Sudan, now operating from Nairobi, Kenya, claims that the conflict is domestic and that Sudan only attempts to portray it as a foreign intervention. However, on January 23, 1997, State Department spokesman Nicholas

Burns appealed for an end to the fighting and implored the other countries of the region not to involve themselves.[11] Clearly, the United States believes it has an interest in preventing the Sudanese civil war from spreading to other African Horn states.

The civil war also could potentially spread to both U.S. allies and enemies in the Middle East. In January 1997, both the government and the NDA sent emissaries on diplomatic missions to other Middle Eastern states to garner support for their respective sides in the war. Both Qatar and Iraq have publicly pledged their support to help Sudan combat "foreign aggression" within its borders.[12] Furthermore, the conflict risks drawing Egyptian intervention. Mubarak has proclaimed that the war is a domestic matter of Sudan, but some Arab commentators have suggested that he would intervene were the current regime about to fall. This would be to avoid the partition of Sudan and the endangerment of Nile water allocation to Egypt.[13] Hence, the potential exists for the war to expand to the Middle East as well.

Although when considering Sudan, the United States has scrutinized most carefully Khartoum's involvement in terrorist activities, clearly Sudan has the potential to harm U.S. interests on other fronts. The ideology that causes Sudan to engage in terrorist activities, its strained foreign relations, and the threat of its civil war expanding all pose possible threats. These factors also have a cumulative effect; that is, the expansion of the civil war would be less likely if Sudan maintained more cordial relations with Eritrea and Ethiopia, and these poor relations result from Sudan's support of the various insurgent organizations. It is unclear, however, whether Sudan has the desire or the wherewithal to endanger U.S. interests in the Middle East and sub-Saharan Africa.

The Roots of the Civil War and the Rise of Islamism

Several of the factors that potentially threaten U.S. interests today have their roots in Sudan's colonial period. The ongoing civil war that could potentially destabilize the region has been fought almost continuously since Sudan's independence. The underlying causes of the war, which until recently had been waged between the Animist and Christian south against the dominant Muslim Arab north, were in fact a result of British colonial policy dating from the 1920's. In an effort to keep Islam from spreading and to encourage

southerners to convert to Christianity in the south, the British erected administrative boundaries between the northern and southern provinces of Sudan. Initially, southern provincial governors were empowered to declare their districts "closed," barring all travel between the provinces and the north. The long-term goal of the British administration partition was to eventually politically link southern Sudan with the colonies of Uganda and Kenya.

The British attempt to culturally and linguistically isolate the south had repercussions well beyond the presence of the United Kingdom in Sudan. After Sudan won its independence in 1956, the government had little popular support and neglected the south, despite having promised it a federal solution. After a military coup on November 17, 1958 installed General Ibrahim Abboud in power, a program of Arabization and Islamization was introduced, in an attempt to forcibly integrate north and south. The first guerrilla groups, the Anya Nya, began forcibly resisting the northern-dominated government at this time. As the drain of the civil war led to massive public unrest, the ruling junta was forced out of power in 1964, and civilian government was restored. The coalition that took power, however, was highly factionalized and unstable, and was hence unable to address the pressing issue of the south.[14]

It was in this atmosphere of general governmental paralysis that Colonel Jafar Nimeiri staged a military coup. Although Nimeiri initially allied himself with the Sudanese Communist Party, tensions between the two led to the Communists being purged from the government in 1971. Having lost his allies, and facing the continued insurrection by the Anya Nya, Nimeiri felt it necessary to negotiate an end to the civil war. Thus, in 1972, a negotiated settlement was reached in Addis Ababa, Ethiopia. The agreement provided for the incorporation of the three southern provinces into one democratic, autonomous entity.[15] This was to prove, however, a brief respite in the conflict, and not a comprehensive solution.

As opposition and instability grew over the next decade, an increasingly erratic Nimeiri searched for ways to assuage his opponents. Thus, in September 1983, in an effort to appease Islamist elements in Sudan, Nimeiri decreed the imposition of Shari'a (Islamic law). By applying Shari'a to the entire country, the Addis Ababa Agreement, and therefore the autonomy

of the south, was violated. Outraged southerners began defecting from the army, and the SPLA recommenced the armed struggle against the government. Their initial attacks were successful enough to force the regime's abandonment of southern oil fields.

By early 1985, the situation in Sudan resembled that of the 1960s. The government had a small political base and was all but paralyzed; moreover, the resurgent civil war was draining the Sudanese treasury at the average rate of $300,000 a day.[16] It was therefore unsurprising that one of Nimeiri's army officers staged a successful coup on April 6 of that year. Power was relinquished to civilians, but the same factionalized political parties and leaders reentered the government, preventing the adoption of any meaningful reforms. The political bickering prevented the adoption of the necessary acts to end the civil war, namely the repeal of shari'a. Despite efforts in 1986 by then-Prime Minister Sadiq el-Mahdi to enter into negotiations with the SPLA in 1986, the war continued to escalate.[17]

After several more years of governmental mismanagement, Sudan experienced yet another coup on June 30, 1989, led by Brigadier General Omar Hassan al-Bashir. While military allies of Bashir filled the bulk of the top government posts, most of the new legislators were drawn from the hitherto fringe Islamist party, the National Islamic Front (NIF). After having alternated between proscription and co-optation in several administrations throughout the 1980s, the NIF had infiltrated both the military and government. Thus, although the official position of the leader of the NIF, Hasan al-Turabi, is only speaker of Parliament, many observers believe him to be the true center of power in Bashir's Sudan.

The NIF's commitment to Islam made it hesitant to renounce shari'a in the south. The conflict soon escalated to the point where it cost Khartoum $1 million a day to wage.[18] While the war continued to sap the Sudanese economy, the regime attacked with renewed zeal, pursuing outright military victory. Allegations of human rights abuses have continually been leveled at all warring parties.

Beyond advocating Shari'a, the NIF also supported Islamic programs outside Sudan's borders. The regime allegedly supported Islamist insurgent groups in neighboring countries, and was furthermore accused of harboring Islamic terrorist organizations. Although the United States was slow to pass judgment

on the new rulers of its former ally, bilateral relations became progressively more tense. After the United States placed Sudan on its list of states sponsoring international terrorism in 1993, the relationship crumbled.[19] Since that time, several actions sanctioned by Sudan have severely antagonized the United States. The most prominent case involved several Sudanese nationals arrested in the plot to destroy New York City landmarks naming officials at the Sudanese U.N. Mission as co-conspirators.

Recently, events have altered the status quo in the Sudanese civil war. First, in 1992, the SPLA fractured into several antagonistic factions. Khartoum initially used the turmoil among the rebels to retake the offensive in the conflict. In 1995, however, in an unprecedented act, the SPLA allied itself with the major northern Arab opposition parties in the umbrella NDA. Thus for the first time Khartoum faced coordinated opposition comprised of both northerners and southerners. In an attempt to nullify this, the NIF in early 1996 reconciled with one of the SPLA splinter factions, Riak Machar's Southern Sudan Independence Movement (SSIM).[20] Since its accommodation with the Sudanese government, the SSIM has been openly fighting the SPLA, as a proxy for Khartoum. Finally, in January 1997, the NDA launched an offensive in east Sudan. Within only weeks, the rebels had captured several towns in the east, and approached a key hydroelectric dam that supplies a large portion of Khartoum's electricity.[21] The regime on the defensive escalated its militant rhetoric and claimed the complicity of outside powers in the assault. While it appeared that none of Sudan's neighbors with which it has poor relations were involved, tensions in the region remain high.

Therefore, the legacy of British colonialism has been ever present in the history of independent Sudan. While at several points in Sudanese history, it seemed that resolution of the conflict was possible, internal political factors and inter-Arab rivalries acted as an obstacle to obtaining a lasting peace. In the early 1990's, the regime appeared to have succeeded in containing the civil war, the unprecedented north-south alliance had clearly changed the balance of power. The formation of the NDA and realignment of the southern rebel groups may ultimately affect Khartoum's foreign policies, in addition to events in the civil war.

The Paradox of U.S. Policy and Islamic Pragmatism

Of all the reasons for which Sudan has been hailed as a threat to U.S. interests, Khartoum's alleged support for terrorism has received the most scrutiny. When questioned about U.S. interests in Sudan, a U.S. State Department official identified the containment, reduction, and elimination of terrorism as a primary U.S. objective.[22] Therefore, much of U.S. policy has been formulated with the explicit goal of hindering terrorist activity in Sudan. To further this end, the United States erected economic barriers, barring a large portion of trade between the two countries, after Sudan's inclusion on the list of states sponsoring international terrorism. The government also banned any financial transactions which had "an impact on any potential act of terrorism or to fund any group that supports terrorism."[23]

On the surface, the State Department's policies are seemingly a reaction to the subversive actions approved by Sudan. Despite Sudan's denial, it has been confirmed that it is providing refuge to the participants in the attempted assassination of Hosni Mubarak. Several Sudanese arrested in connection with terrorist conspiracies have accused Sudanese officials of complicity in planned terrorist attacks in the United States. It therefore seems logical that the United States pursue a retaliatory policy designed to extinguish the threat of Sudanese-sponsored terrorism.

Dr. John Voll, however, has identified a paradox in the articulation of the Sudanese policy of the United States.[24] Implicit in the U.S. policy is an assumption of Khartoum's strength and ability to adversely affect other countries through terrorist activities. This supposed strength necessitates the imposition of sanctions and other measures, such as the cessation of bilateral aid, as a deterrent against hostile activities. Nonetheless, many indications exist that suggest the strength of the regime is illusory: it has recently been on the defensive in the civil war, is increasingly unpopular even among Sudanese Arabs, and has had difficulty mobilizing its population in demonstrations of solidarity and to prosecute the war. Furthermore, Sudan is deeply in debt as the civil war continues its daily drain on the treasury. Khartoum's finances are in such disarray that the International Monetary Fund has threatened Sudan with expulsion if it does not begin to repay its arrears of $1.7 billion.[25] It is therefore unlikely that Sudan has the ability to maintain an extensive terrorist network,

or to even heavily finance individual terrorist organizations. A more realistic scenario is that Sudan provides only haven to terrorist organizations between operations.

Voll further posits that factors not directly related to Sudan may be partially accountable for the U.S. policy stand. Sudan is of little importance to the United States as it neither possesses substantial natural resources nor occupies a geopolitically important location, and furthermore has ties with U.S. enemies and subversive groups, it presents an opportune and virtually cost-free target for U.S. ire.[26] Sudan's relative unimportance and weakness make it an ideal country out of which to make an example.

Sudanese Policy as an Extension of Domestic Affairs

Interrelated with terrorism emanating from Sudan is the ideology that lends the justification sanctioning such acts. As the NIF has not proclaimed itself dedicated to the export of Islamist policies, Sudan's support for terrorism cannot be predicated upon ideology alone. Often, achieving power causes the moderation and selective application of even the most extreme rhetoric. This appears to be the case in Sudan.[27] As the ideals of Nasserist Pan-Arabism were in decline during the early 1980s when the NIF was a fringe party in Sudan, it shifted the political debate toward Islam through its vehement advocacy of shari'a. Thus the major opposition parties at the end of Nimeiri's reign were constrained to endorse the idea of an Islamic state to cement their credibility as alternatives to the ruling junta. Nimeiri himself introduced shari'a in an effort to coopt the Islamists. When civilian-led liberal democracy returned to Sudan following Nimeiri's overthrow, none of the political parties commanded enough strength in the government to attempt to abrogate shari'a, despite the code of law playing a central factor in the continuation of the debilitating civil war.

In fact, since attaining power, the NIF has often pursued policies incompatible with the ideology it espoused when in the opposition. In the 1970s, Turabi authored numerous quasi-liberal tracts, which attempted to demonstrate the compatibility of modern states and Islamic government. In particular he advocated women's and minority rights in a manner similar to that of Western norms. He also proclaimed that pluralism and Islamic governance could coexist within a single state. Moreover, as a result of the predominance of Sufism

(Islamic mysticism) in Sudan, the prospect of successfully exporting the NIF's brand of Islam to more mainstream Sunni countries or the conservative Islamic states of the Persian Gulf seemed unlikely. Thus, if the NIF were to govern in accordance with Turabi's rhetoric, it would not appear to pose an ideological threat or be particularly militant.

It is often noted, however, that Turabi has a moderate "export" persona for world audiences, and a fiery, Islamically charged domestic personality.[28] While the NIF seems intent on instituting portions of its Islamic program in Sudan, it has done so in a way to perpetuate its hold on power. Women do in fact receive better treatment in Sudan than in other conservative Islamic countries, such as Saudi Arabia. The southern minorities, however, found that any promised rights or protections were not forthcoming from the regime; indeed, no previous government in Khartoum has prosecuted the civil war with such zeal. Furthermore, the existence of "ghost houses," detention centers used to indoctrinate political detainees and captured southern children with Islam, demonstrates the NIF's lack of commitment to any manner of religious freedom and tolerance. The regime has also stifled every manifestation of political opposition to its rule. It therefore appears that Turabi's proclamations that Islam and pluralism could coexist under his leadership are hollow promises. Hence, it is likely that the regime will institute programs based on its ideology when they serve to increase the NIF's monopoly on power, but will disregard those portions of ideology that would weaken government control if instituted.

Furthermore, the government has proved willing to moderate some of its Islamic policies in order to increase its power or popularity. As the NIF began the economic transformation to a free trade system, it removed all socialist and protectionist characteristics from economic policy. By the early 1990's, however, the Sudanese economy was in shambles; the NIF thus abandoned the most drastic of its free market reforms. Khartoum also reached a peace agreement with one of its former nemeses, SSIM leader Riak Machar. While Sudan certainly had self-interested reasons for doing so, this signaled the regime's willingness to temporarily halt its program of Islamization of the south. Thus, although the NIF may publicly affirm its commitment to Islam, it has sometimes moderated its policies to consolidate its power.

Recently, though, there are signs of both growing discontent and a weakening of the power of the NIF, even among its main northern constituencies. Since the Islamic and Arab chauvinism espoused by the NIF appealed to the fears and beliefs of many northerners in a multiethnic and multi-religious country, many northerners were willing to accept the NIF government when it first seized power. Now, however, more and more northerners have become disaffected as the promises the NIF made have failed to materialize. This trend can be exemplified by the self-imposed exile and accession to the NDA of Sadiq al-Mahdi, the opposition Prime Minister toppled in the 1989 coup, who had lived relatively unmolested during the first eight years of the NIF's tenure. Moreover, rebel advances in the civil war and Sudan's increased international isolation suggest that the power of the NIF may be in decline. While radical Islam was a sufficient ideology with which to garner support while in opposition, the NIF's ideological mixture of repression and co-optation have proven less effective as a long-term method with which to govern.

It is therefore a distinct possibility that factors other than pure ideology have induced Sudan to advocate militant Islamic causes in the Middle East and the Horn of Africa. Francis M. Deng, a former Sudanese minister of state and ambassador, suggests that Sudan's domestic situation strongly affects and is reflected in its foreign policy. He maintains that Sudan's foreign policy is a direct reflection of the unique threat posed to the regime by the rebellious south. Khartoum fears that Western Christendom might identify with and support these insurgents, the majority of whom are Christian themselves. Moreover, the regime believes that the West is more likely to empathize with and support the southern ethnic groups, with whom colonial ties once existed, to the detriment of the Muslim Arabs, against whose expansion much of British colonial policy was aimed. Therefore, to bolster its own strength, the NIF searches for allies and supporters in the Islamic Arab world by emphasizing its ethnic and religious solidarity to the Muslim Arab countries of the region. Hence Sudan's foreign policy is intended to garner support and friendship from the more radical Islamic and Arab elements in the Middle East. This in turn reflects the insecurity the Sudanese insurgents cause the government.[29]

Historical precedents exist to support this hypothesis. For example, in 1967, during the Arab-Israeli Six Day War, Sudan strongly identified with and supported the Arab states involved in the conflict. It took the position of Arab solidarity not only to emphasize Sudan's cultural and religious identification

with those countries, but also to affirm the Arabic identity of Sudan. After Nimeiri abrogated the civil war in 1972 with the Addis Ababa accords, however, it became less vital to Sudan's government to demonstrate its Arab characteristics. The return of southern, non-Arab influences to the government, albeit greatly in the minority, also served to moderate foreign manifestations of Arab radicalism. Though Sudan's first instinct was to embrace the rejectionist stance that most other Arab states adopted when the Camp David accords were signed between Egypt and Israel, Nimeiri came to realize that rejection of the accords would have produced negative effects, including alienating the United States as a benefactor.[30] Camp David was thus not ultimately rejected by Sudan, even if it was not warmly embraced.

Sudan sanctions terrorist activities not only for purely ideological Islamic reasons. While the regime often seems intransigent and selective in implementing Islamic policies, in practice it has sometimes moderated its domestic policies. Furthermore, its foreign policies are not predicated on Islamic precepts alone, but are also formulated for more pragmatic reasons, in an attempt to seek sympathy and friendship in the Arab world.

The Bad Neighbor:Sudan's Support for Regional Insurgents and Ties with U.S. Enemies

Just as U.S.-Sudanese relations have deteriorated markedly since the 1989 coup, relations between Sudan and the states surrounding it experienced flagging relations throughout the 1990's. In both the Arab world and sub-Saharan Africa, Sudan has alienated and enraged its neighbors, with many of whom Sudan had previously enjoyed warm relationships. The longer the NIF remained in power, the less sympathy it was able to find in other states. At the present time, within the region only Kenya's Daniel Arap Moi retains a cordial relationship with Khartoum. Furthermore, the United States maintains good relations with many of the states that Sudan has been accused of trying to undermine.

Many of the grievances against Sudan are from the governments that terrorist groups receiving safe haven in Sudan are attempting to overthrow. For example, Egypt formed ties with the NIF government immediately after the coup that brought it to power, as it had suffered through several years of poor relations with the civilian coalition governments. The relationship soon soured. As

Egypt faced a serious challenge from radical Islamists in the early 1990's, evidence mounted that Sudan was harboring the most notorious of these groups, Gama'a Islamiya. Relations deteriorated when Sudan was accused of harboring the three suspects in the Mubarak assassination attempt.

The Sudanese-Egyptian relationship is extremely complex. Egypt coadministered Sudan with the British until Sudanese independence in 1956, and Sudan still controls the allocation of Egypt's most vital natural resource, Nile River water. Despite the tensions, Egypt has proved tolerant of the NIF, as the alternatives to power are equally or more unattractive. A rebel victory carrying SPLA leader John Garang to power would likely fail to provide unity and might in the long-run result in partition, thus endangering Egypt's allocation of water. The opposition Arab politicians have proven ineffective in their previous attempts at governing, and a military officer installed in a new coup could behave erratically.[31] Hence, the low-level chaos that exists under the present regime is preferable to the unknown quantities that could succeed it. Mubarak has, however, opened contacts with members of the opposition, in an attempt to create the framework for better relations with Sudan's new rulers, should the regime be overthrown.[32]

Additionally, Egypt retains somewhat of a colonial outlook towards Sudan stemming from the era of the Anglo-Egyptian condominium. Egypt still views Sudan on some levels as part of "Greater Egypt," and therefore attempts to keep it in the Egyptian sphere of influence. Hence, Mubarak might be willing to defend Sudan's territorial integrity in the event that outside powers attempt to involve themselves physically in the resolution of the Sudanese conflict, despite Egypt's antipathy towards the NIF.[33] If the United States were to enact stronger measures in its attempts to deter Sudanese aggression, Cairo might be tempted to preserve its own influence in the region by defending Sudanese sovereignty. Furthermore, the threat posed by Sudan may be overstated by Middle Eastern states receiving bilateral aid from the United States, such as Egypt and Israel, in an attempt to demonstrate their importance to the United States as a bulwark against fundamentalism.[34]

Sudan supports insurgent groups that are actively rebelling against their own governments. Most of these rebellions are located in sub-Saharan Africa or the Horn region. Sudan actively supports indigenous organizations seeking the overthrow of Eritrea, Ethiopia, and Uganda. Khartoum claims that its

sponsorship is merely retaliation for those countries' harboring of Sudanese rebels. Accusations on both sides mounted during the January 1997 NDA offensive. Sudan denounced Ethiopia for allegedly invading the eastern Sudanese border towns of Kirmuk and Qissan with 3,000 troops on January 12, 1997, although Khartoum was unable to provide proof of such involvement.[35] Uganda claimed that Sudanese bombers had attacked the northern town of Moyo on February 13, 1997. While Khartoum denied this assertion, it threatened to declare northern Uganda a "colonized area" if President Yoweri Museveni did not "take his hands off" the civil war in Sudan.[36] Sudan has also leveled accusations at Eritrea, which provides the base of operations for the NDA.

The hypothesis that Sudan's support for insurgent groups is threatening to the African countries is again predicated upon the supposition of the regime's strength. In reality, however, the same factors that prevent Khartoum from acting as a major provider and sponsor of terrorist groups hinders Sudan from actively supporting the insurgents. Just as Sudan is realistically only able to provide haven for terrorist organizations, it is likely able to do only the same for the insurgent groups. The African states have similar reasons as the Middle Eastern allies of the United States for overstating the threat posed by Sudan to them. In an attempt to curry favor with the United States and thus make themselves indispensable strategic partners, Uganda, Ethiopia, and Eritrea exaggerate the "green peril" that Sudan poses to them.[37] Eritrea, in particular, uses the Sudanese threat as a crutch to distract its population from its slow reconstruction after a devastating war of independence.[38] By maintaining that they face an existential threat from Sudan, the relatively new governments of Eritrea and Ethiopia have created a rationale for delaying the political liberalization of their countries.

In fact, as the NDA is based in Asmara, Eritrea, and the SPLA operates from northern Uganda with the permission of Kampala, Sudan is justified in its claims. Similarly, Sudan does provide a base of operations for insurgent groups in sub-Saharan Africa. The war of accusations has degenerated to the point that both sides claim to be supporting insurgents for retaliatory purposes. The major difference between the Sudanese rebel groups and the insurgents sponsored by Khartoum is that the SPLA/NDA alliance seems to be the only one that enjoys any broad popular support, and hence poses a credible threat to the regime against which it rebels.

Similar to that for Khartoum's links with terrorist organizations, one rationale for Sudan's support of insurgent groups derives from the Sudanese domestic situation. Just as the regime uses its support for Islamic causes as a means to find friendship in the Islamic world, so Sudan attempts to use insurgent groups to achieve policy ends. As the British policies during the colonial period were meant to marginalize Muslims, Sudan now seeks to empower Muslims in neighboring states through Islamic insurgent groups. Not only would the establishment of Islamic governments in Sudan's neighbors be ideologically pleasing, they would also undercut the sympathy for the rebellious non-Muslim southern Sudanese by many of the neighboring states.[39] Sudan now feels vindicated in its belief that the West sympathizes with the southern rebels and the surrounding states: the United States recently donated a total of $20 million in military aid to Uganda, Eritrea, and Ethiopia. The Department of State emphasized that all contributions were non-lethal, and meant to provide defensive capability in the case of Sudanese incursions into the recipients' territory to strike at the rebels based there.[40] From the regime's perspective, however, the United States granted Sudan's neighbors $20 million to invade Sudanese territory in collusion with the NDA and SPLA.[41]

Not only does Sudan have poor relationships with many states with which the United States is friendly or allied, but evidence also points to ties between Sudan and declared U.S. enemies. Iraq and Sudan intensified contacts as the international isolation of both states increased. Sudan was one of the few states in the Arab world to support Iraq in the 1991 Gulf War. The NDA insists that Saddam Hussein is now backing Sudan similarly in its civil war by providing Khartoum with Iraqi arms.[42] The Sudanese government spokesman, Al-Tayeb Mohammed Kheir, vehemently denied the charge, and called the press reports "disgusting."[43] John Voll notes that because the rebels have become identified with the United States after the aid transfer, Baghdad inevitably will increase its rhetorical support of Khartoum, as Iraq discerned an opportunity to wage a war by proxy against its greatest enemy. He adds, however, that because of the stranglehold on the Iraqi economy by international sanctions, Iraq is not in the financial position to directly aid Sudan. Both Khartoum and Baghdad realize the futility of direct Iraqi involvement, as any Iraqi presence in Sudan would likely draw heightened attention, and perhaps reaction, from the United States.[44]

Of greater concern to the United States are possible links between the Islamic Republic of Iran and Sudan. Given Iran's stated objective of exporting Islamic revolution, it would seem logical that Teheran would welcome the ascent to power of the NIF. Indeed, it seems that the two states have developed close relations. U.S. intelligence has detected the presence of several hundred Iranian Revolutionary Guards in Sudan, and several NIF government ministers have received training in Teheran. Additionally, Iranian President Ali Akbar Hashemi Rafsanjani has visited Khartoum several times.[45] Several terrorist organizations that are known to have ties with Iran operate headquarters in Khartoum. Moreover, during the January 1997 rebel offensive, Sadiq al-Madhi claimed that the Iranian government had provided the regime with 60 tanks, six aircraft, and the personnel to operate the machinery.[46] Iranian President Rafsanjani denied providing any military or financial assistance to Sudan, but added that he would consider contributing aid if asked.[47] The assertion by the NDA does indeed seem to be a propaganda ploy, as the State Department stated that it would be concerned by a direct Iranian presence in the Sudanese civil war, but has yet to receive any evidence of such an occurrence.[48]

Islamic solidarity, however, has not always provided united stands on issues. The event over which the two differed most was the 1991 Gulf War. While Sudan sided with Iraq, Iran evinced no desire to see Iraq emerge victorious after having fought the 1980-1988 war. The majority of Iran's Muslims are Shi'a, while Sudan is composed mostly of Sufi Sunni Muslims. Historical tensions between the major branches of the faith could further hinder relations between the two countries.[49] Sudan should also not be considered a proxy for Iran in its sponsorship of terrorism. In fact, in early 1996, Hasan Turabi asked several Iranian-linked terrorist organizations with headquarters in Khartoum to leave the country, in an effort to stave off pressure from the United Nations.[50]

Therefore, Sudan's support of regional insurgent groups is constrained by the same limitations that restrain its support of terrorist organizations. Just as Khartoum's policy of supporting terrorism reflects the domestic situation in Sudan, so does its attitude towards its neighbors. The neighboring states furthermore have their own reasons for overstating the threat posed by Sudan. Khartoum's relations with enemies of the United States is similarly exaggerated; Iraq is largely unable to effectively provide assistance to Sudan, and complete Iranian-Sudanese Islamic solidarity has yet to materialize.

The Road to Implosion: Sudan's Civil War

While it has historically received little international attention, Sudan's civil war has been particularly devastating. Over one million people have been killed since the war's onset in the 1950's, and another two million have been displaced within and outside Sudan.[51] The war has not been traditionally viewed as a threat to U.S. strategic interests, but has been seen in terms of humanitarian concerns. Because of the great human suffering in Sudan as a result of the war, since 1988 the U.S. has contributed over $600 million in relief assistance to areas stricken by the war.[52] The U.S. has always advocated a political settlement to the war, but has done little to facilitate this with actual policy.

In 1995, however, a slow shift in the nature of the war began. In June 1995, the NDA was formed, joining the Arab opposition for the first time with the southern rebels. This also marked the first time that Arab groups were fighting in open opposition to the present regime. The southern rebels began to reverse the territorial losses sustained in the early 1990s, when Khartoum took advantage of the SPLA fracture into warring factions to go on the offensive. In 1996, Sudan's government allied itself with the SSIM, and began using it as a proxy in the war against the SPLA. This was another precedent, as the regime had never before allied itself with any of the southern rebels.

Since both the NDA and SPLA are based in neighboring countries, when the NDA and SPLA launched their January 1997 offensive and were remarkably successful in capturing territory, Khartoum began shrilly denouncing the campaign as being abetted by the forces of the neighboring states. There is, however, no proof to buttress Sudan's claims of the war being widened by the sub-Saharan states. In particular, Khartoum was unable to support its contention that Ethiopian regular forces contributed to the campaign in the east. Despite the accusations emanating from Sudan, the conflict has continued to remain largely domestic.[53]

It is unlikely that foreign intervention will transform the conflict from a civil to a regional affair in the near future. The blustery accusations of foreign involvement by the NIF increased commensurately with rebel gains, strengthening the notion that the regime was seeking to disguise its weakness by blaming its losses on a foreign conspiracy. The scope of the accusations even extended beyond Sudan's sub-Saharan neighbors, as vice-president Al-Zubeir Mohammed Salih

declared in January 1997 that Sudan's "Islamic system . . . has forced the United States and Israel to create the present crisis in Sudan."[54] The states accused by Sudan of interfering in the war do not stand to gain by involving themselves in the conflict unprovoked. Indeed, it would be a major propaganda victory for Khartoum if it could produce soldiers from another country captured in an attack on Sudanese territory.[55]

The greatest possibility for an explosive regionalization of the war is the presence of an estimated one million Eritrean and Ethiopian refugees on Sudanese soil. Hasan Turabi has threatened to "allow" the refugees to attack their home countries if Khartoum failed to retake the territory seized in the NDA offensive.[56] While the likelihood of Ethiopia and Eritrea facing a challenge from their disaffected refugees based in Sudan does not appear high in the immediate future, this could become a credible threat if Khartoum began to feel its situation was desperate.[57] The Sudanese-Ethiopian border has historically been a zone of conflict between dissident refugees and their country of origin, dating back to the Nimeiri regime in Sudan and the Mengistu Communist government in Ethiopia. Unleashing the refugees would likely be the most attractive option to Khartoum in the event that it believed it had to retaliate against its neighbors, as it is doubtful that Sudan has the ability to seriously challenge Eritrea or Ethiopia, though it dwarfs both in physical size.[58]

The most significant factor that has changed in the civil war is the recent realignment between warring factions. What had previously been a north versus south, Muslim Arab versus Christian/Animist conflict has taken on additional dimensions as an intra-north and intra-south conflict as well. The success of the NDA-SPLA alliance in seizing territory has made it apparent that the regime may no longer possess the strength to relegate the conflict to fringe areas of the south. Although it appears that there is no imminent victor in the conflict, both sides now believe that outright military victory is possible in the long run. Thus, the prerequisite "mutually hurting stalemate" does not exist for the resolution of the conflict. The regime's 1997 proposal for a regional council was not accepted by the SPLA, as it would have required a cease-fire during the rebels' moment of military ascendancy. Moreover, the proposal was accepted by Riak Machar, with whom John Garang has a personal vendetta, and might have served to reemphasize long-standing ethnic divisions in the south.[59] Therefore, it seems likely that the fighting will continue for the time being.

Thus, several likely scenarios emerge from the inevitability of continued fighting. In the first, the war is internationalized through the aggression of Sudan or its neighbors. This is not likely. Another possibility is a continuation of the present power realities, and the perpetuation of the status quo. The failure by Khartoum to diplomatically engage the NDA/SPLA following the rebel advances suggests that the regime will take no measures to halt the war in the foreseeable future. Furthermore, the Sudanese economy would be drained further, thus making its eventual resuscitation more difficult while also perpetuating the humanitarian crisis. Khartoum would likely find itself increasingly isolated internationally, and the radicalism of the regime might increase.

In the event of a long-term continuation of hostilities, with no diplomatic attempts at reconciliation, a third scenario, that of a war of attrition leading to a de facto partition of Sudan, emerges. The situation could very much resemble the breakdown of Somalia, in which the NIF would retain control of Khartoum and its environs, with the NDA controlling a swath of territory in the east, and the SSIM and SPLA dominant within enclaves in the south.[60] The NDA does not possess sufficient military credibility to retain control over the east on its own and the SPLA's main ambition lies in the south. Thus, it is also possible that the regime could regain control over the east, were the NDA-SPLA alliance to disintegrate.[61] The possibility of the breakdown of the state, however, does not seem likely in the immediate future, but could occur after continued heavy warfare weakens all state apparati. A Sudanese breakdown would probably not be as complete or disastrous as the implosion of Somalia.[62]

The realization of this scenario would not portend well for any of the parties involved. The regime would likely become more radicalized, finding itself increasingly threatened by the rebel coalition. It might in turn increase its repression of Sudanese under its jurisdiction. The existential threat to the NIF might, however, induce it to reconcile with some of the northern elements of the opposition.[63] While the major southern rebel groups would finally achieve their objective of the abolition of shari'a, both would have to contend with major difficulties. The war has devastated the south, and the general squalor of the multiethnic region might spill over into fighting between the ethnicities for control of resources. Moreover, as there is considerable ethnic overlap between areas of Sudan with Ethiopia and Eritrea, pressures might increase on those states to intervene as the fighting transgresses their borders.[64] The

greatest losers, however, should the Somalization of Sudan and the Horn of Africa occur, would be the noncombatant population. For them the humanitarian suffering would undoubtedly multiply.

Conclusions

In the attempt to assess the threat posed by Sudan to U.S. interests in the Middle East and Horn of Africa, it is necessary to differentiate between any desire Sudan might have to harm those interests and its actual ability to do so. Although the ideology of the regime, its foreign relations, and the civil war have all been examined separately, all three are clearly intertwined, and any threat from Sudan would involve all of them.

Sudan harbors and provides haven for terrorist organizations. Although most of these groups have an Islamist element involved, it is not for ideological reasons alone that Sudan supports them. Khartoum's sponsorship of terrorism must be considered in the context of its quest for friendship in the Arab and Islamic worlds. Therefore, Sudan does not seek to harm U.S. interests per se, but instead poses a threat because of the nature of the U.S. presence in the Middle East. So long as the U.S. supports causes that are the antithesis of Arab nationalism and radical Islam, such as Israel, Sudan will pose somewhat of a threat. Should the factors that cause Sudan to espouse radical policies be eliminated, namely Sudan's domestic problems, the threat should be diminished, if not abated entirely. Khartoum might prove willing to moderate its policies if the United States becomes involved in resolving Sudan's civil conflict.

Although the United States possesses interests against which Sudan might wish to strike, Khartoum's wherewithal to do so is highly questionable. Given the state of the Sudanese economy, it seems unlikely that Sudan can do more than allow terrorists to be based on its territory in between operations. While this may be detrimental to U.S. interests on a certain level, current U.S. policy may actually be exacerbating hostile Sudanese policy. Attempts by the U.S. to contain Sudan and its support for terrorism may lend credibility to the NIF's fear that the West sympathizes with the Sudanese rebels; hence, the regime might increase its efforts to seek allies in the Islamic world. A U.S. policy aimed at addressing the pragmatic reasons for which the NIF supports terrorism might prove more helpful in reducing the actual threat of terrorist acts emanating from Sudan.

Similarly, regional insurgent groups have received support from Khartoum. Just as Sudan supports terrorist groups for self-interested reasons, it does likewise with insurgents. Indeed, as the NDA is based in Asmara, Eritrea, and the SPLA operates out of northern Uganda, the regime has cause to feel threatened by the foreign-backed rebels. Moreover, the U.S. aid transfer to those countries is likely to strengthen the impression that the West prefers a rebel victory in the civil war. Thus, Sudan is not likely to forsake its backing of regional insurgents. This indirectly threatens U.S. interests as the United States enjoys warm, but minor, relations with the sub-Saharan states surrounding Sudan. The major U.S. concern, namely that the insurgencies might further destabilize the Horn of Africa, is unlikely to be realized. Just as Sudan possesses little physical and financial ability to provide for terrorists, neither can it support the insurgents; hence, the major asset Sudan is able to provide these groups is a base between operations.

While Egyptian-Sudanese relations have grown tenser throughout the tenure of the NIF, Sudan does not currently appear to present a major threat to Egyptian security. Khartoum is likely to attempt to repair relations with Egypt in the event that it fears rebel victory is imminent. The threat posed by Sudan seems to be overstated by U.S. allies, including Egypt, in the Middle East and Africa to assure the United States of the importance of their friendship. Thus, while at one time Khartoum may have sought to subvert Egypt through its support of Islamist groups, it is unlikely to seriously threaten Egyptian security.

Similarly, the threat posed to U.S. interests by Sudanese alliances with enemies of the United States is overstated. While Iraq might view the NDA as a proxy of the United States, and wish to see it defeated, international sanctions leave Baghdad with few resources with which to assist Khartoum. Neither Iraq nor Sudan would welcome the international attention, and perhaps reaction, were Iraq to become more heavily involved in Sudan. While amity between Sudan and Iran might be more worrisome, the friendship between the two states is questionable. Sudan is more than simply Iran's proxy in Africa; the expulsion from Khartoum of terrorist groups demonstrated that Sudan will pursue policies different from those of Iran when it stands to benefit from such actions. Major policy breaks, as in the Gulf War, could reoccur, and Sunni-Shi'a tensions in the Islamic world could further undermine their relationship. The Iranian-Sudanese partnership could prove damaging to U.S. interests, however, if Iran diverts large amounts of funds to terrorist and insurgent groups on Sudanese soil.

U.S. attention to Sudan's civil conflict has traditionally focused on humanitarian concerns. The recent realignment, however, could result in a shift of the nature of the war. Continued fighting and possible attrition loom in the future. The likelihood that a destabilizing regional war will ensue, with heightening humanitarian crises and pressure for international intervention, is small. Yet the potential for a breakdown of the Sudanese state is more likely. The negative ramifications of this would affect the United States. The humanitarian crisis would doubtless multiply, ethnic overlap could provoke border skirmishes and growing regional destabilization, and the loss of control by the NIF could engender further radicalization. These possible outcomes are not a foregone conclusion, as ethnic conflict will not necessarily occur and a breakdown could induce the NIF to moderate its policies and seek reconciliation with some elements of the opposition. However, past intransigence on all sides of the conflict point more to a Somali-style outcome; in fact, the regime may assist in producing this result, as its recent proposal for a southern provisional council reemphasizes long-standing ethnic divisions.[65] The proposal appears to be more of a tactic with which to further divide the antagonistic rebel factions and is unlikely to effect the creation of a federal solution to the conflict.

A de facto partition is antithetical to U.S. interests. The United States might be constrained to intervene should ethnic fighting spiral out of control, and furthermore be forced to contend with increased radicalism from Khartoum and urgent humanitarian crises. Thus it is in the interest of the United States to ensure that this eventuality does not occur. A negotiated solution to the conflict would present the optimal solution to avoid a breakdown of the state, however unlikely that possibility might seem after continuous warfare since 1983. A peace settlement would not only be a step towards ending the humanitarian crisis, but might even indirectly reduce the threats of terrorism, insurgency, and alliances with U.S. enemies in Sudan; this might, in the long run best protect U.S. interests from any potential Sudanese threat.

Bibliography and Works Cited

ARTICLES

Ali, Taisier Mohamed Ahmed. "Roots of War in Sudan: A Revisionist Perspective." In Sudan: The Forgotten Tragedy, pp. 49-59. Washington: United States Institute of Peace, 1994.

Bol, Nhial. "Egypt and Sudan: History and Politics Flow Down the Nile." Arab American News, August 11, 1995. Available from the Electric Library: http://www.elibrary.com; keyword "Sudan." Internet.

Bol, Nhial. "Sudan-Politics: Country Prepares for War With its Neighbors." Inter Press Service English News Wire, January 13, 1997. Available from the Electric Library: http://www.elibrary.com; keyword "Sudan." Internet.

Bol, Nhial. "Sudan-Uganda: Khartoum Denies Air Attack on Ugandan Town." Inter Press Service English News Wire, February 17, 1997. Available from the Electric Library:http://www.elibrary.com; keyword "Sudan." Internet.

Cantori, Louis J., and Arthur Lowrie. "Islam, Democracy, the State, and the West." Middle East Policy 1, no. 3 (1992): pp. 49-61.

Carlson, Alver. "IMF board may recommend expulsion of Sudan." Reuters Business Report, January 23, 1997. Available from the Electric Library: http:// www.elibrary.com; keyword "Sudan." Internet.

Daniszewski, John. "Sudan Rebels Battling Islamic Regime Claim to Be 40 Miles From Key Dam." Los Angeles Times, January 22, 1997, p. A4

Fahmy, Miral. "Sudan rebels say Iran gave state army weapons." Reuters, January 27, 1997. Available from the Electric Library; on-line library; http://www.elibrary.com; keyword "Sudan." Internet.

Gertz, Bill. "Sudan gets Iran's support to shield terrorists." The Washington Times, March 18, 1996, p. 18.

Giacomo, Carol. "U.S. says Sudan, Syria deals within the law." Reuters, January 23, 1997. Available from the Electric Library: http://www2.elibrary.com; keyword "Sudan." Internet.

Hackel, Joyce. "Sudan Plays 'David' to US 'Goliath'." Christian Science Monitor, July 9, 1995, pp. 1, 7.

Hassan, Fareed Mohamed Ahmed. "Sudan." In The Oxford Companion to Politics of the World, ed. Joel Krieger, pp. 885-886. New York: Oxford University Press, 1993.

"Iran Denies Arm Shipment To Sudan." Xinhua News Agency, February 12, 1997. Available from the Electric Library; on-line library; http://www.elibrary.com; keyword "Sudan." Internet.

Lancaster, John. "Decades of Death on the Nile." Washington Post, February 6, 1997. p. A25.

Lief, Louise, Gabriella Gamini, and Bruce B. Auster. "Iran's new offensive." U.S. News & World Report, March 30, 1992, pp. 40-42.

Mayo, David Nailo N. "Beyond Peace Talks in Sudan: Strategies for Ending the Thirteen-Year Conflict." Ethiopian Review, October 31, 1996. Available from the Electric Library: http://www2.elibrary.com; keyword "Sudan." Internet.

Nduru, Moziga and Nhial Bol. "Sudanese-Politics: Sudanese Foes Go On Diplomatic Offensive." Inter Press Service English News Wire, January 21, 1997. Available from the Electric Library: http://www2.elibrary.com; "keyword "Sudan." Internet.

"New US Foreign Policy Team Could Be More Proactive Towards NIF." Africa News Service, January 21, 1997. Available from the Electric Library: http://www2.elibrary.com; keyword "Sudan." Internet.

Ottaway, David B. "Exemption granted despite terror links." Newsday, January 24, 1997. Available from the Electric Library: http://www2.elibrary.com; keyword "Sudan." Internet.

Salih, Kamal Osman. "Sudan's Communal Conflict: Background, Causes, and Prospects for Reconciliation." In Sudan: The Forgotten Tragedy, pp. 19-27. Washington: United States Institute of Peace, 1994.

"Sudan accuses Ethiopia of atrocities." Reuters, February 26, 1997. Available from the Electric Library: http://www.elibrary.com; keyword "Sudan." Internet.

"Sudan Accuses U.S., Israel of Plotting Against." Xinhua News Agency, January 29, 1997. Available from the Electric Library; on-line library; http://www.elibrary.com; keyword "Sudan." Internet.

"Sudan Denies Receiving Iraqi Arms." Xinhua News Agency, March 2, 1997. Available from the Electric Library: http://www.elibrary.com; keyword "Sudan." Internet.

"Sudan rebels say Khartoum receiving Iraqi arms." Reuters, February 28, 1997. Available from the Electric Library: http://www.elibrary.com; keyword "Sudan." Internet.

"Uganda-Politics: Army Fails to Crush Northern Rebellion." Inter Press Service English News Wire, January 3, 1997. Available from the Electric Library; online library; http://www.elibrary.com; keyword "Sudan." Internet.

Viorst, Milton. "Sudan's Islamic Experiment." Foreign Affairs, 74, no.3 (May/June 1995): 45-58.

Worsiz, Patrick. "U.S. wants more sanctions on Sudan, Albright says." Reuters, January 24, 1997. Available from the Electric Library; online library; http://www.elibrary.com; keyword "Sudan." Internet.

BOOKS

Commission on America's National Interests. America's National Interests. Cambridge, MA: Commission on America's National Interests, 1996.

Miller, Judith. God Has Ninety-Nine Names: Reporting from a Militant Middle East. New York: Simon and Schuster, 1996.

GOVERNMENT DOCUMENTS

Brynn, Edward. United States Department of State. "U.S. Policy Toward Sudan." March 22, 1995. Available from Department of State Gopher: gopher://gopher.state.gov:70/11ftp%3ADOSfan%3AGopher%3A04%20Geographic%20Bureaus%3A03%20Africa%3A01%20Releases%20-%20Statements%3A950322%20Brynn%20-%20Sudan. Internet.

United States Department of State. Country Background Notes. Eritrea. 1995. Washington, D.C. Available from Department of State Gopher: gopher://gopher.state.gov:70/00ftp%3ADOSFan%3AGopher%3A03%20Publications%20%20Major%20Reports%3ABackground%20Notes%20Series%3AAfrica%3AEritrea%2C%201995. Internet.

United States Department of State. Country Background Notes. Ethiopia. 1996. Washington, D.C. Available from: http://www.state.gov/www/background-notes/ethiopia_0796_bgn.htm. Internet..

United States Department of State. Department of Counterterrorism. 1995 Patterns of Global Terrorism. 1996. Washington, D.C. Available from Department of State Gopher: gopher://gopher.state.gov:70DOSftp%3ADOSFan%3AGopher%3A03%20Publications%20%20Major%20Reports%3APatterns%20of%20Global%20Terrorism%3A1995%20PGT%Report. Internet.

INTERVIEWS

Booker, Salih, senior fellow, Africa Studies program, Council on Foreign Relations. Interview by author, April 15, 1997. Washington, D.C.

Deng, Francis M., senior fellow, Africa Studies program, Brookings Institution. Telephone interview by author, March 5, 1997. Washington, D.C.

Hibbard, Scott W., program officer, Religion, Ethics and Human Rights, United States Institute of Peace. Interview by author, March 4, 1997. Washington, D.C.

Mufti, Malik, assistant professor of political science, Tufts University. Interview by author, March 11, 1997. Medford, MA.

United States Department of State official (anonymous). Telephone interview by author, March 3, 1997. Washington, D.C.

Voll, John O., professor of Islamic history, Center for Muslim-Christian Understanding, Georgetown University. Interview by author, February 27, 1997. Washington, D.C.

Notes

[1] Commission on America's National Interests, *America's National Interests* (Cambridge, MA: Commission on America's National Interest, 1996), pp. 39-40.
[2] Edward Brynn, "US Policy Toward Sudan," United States Department of State, testimony to United States House of Representatives Committee on International Relations, given 22 March 1995; available from gopher://gopher.state.gov; Internet, accessed February 2, 1997.
[3] Telephone interview with a United States Department of State official (anonymous), Washington D.C., March 3, 1997
[4] Interview with Dr. John Voll, professor of Islamic history, Center for Muslim-Christian Understanding, Georgetown University, Washington, D.C., February 27, 1997.
[5] Joyce Hackel, "Sudan Plays 'David' to US 'Goliath'," *Christian Science Monitor*, July 9, 1995, p.7.
[6] Brynn, "US Policy Toward Sudan."
[7] Nhial Bol, "Egypt and Sudan: History and Politics Flow Down the Nile," *Arab American News*, August 11, 1995; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet, accessed February 2, 1997.
[8] John Daniszewski, "Sudan Rebels Battling Islamic Regime Claim to be 40 Miles From Key Dam," *Los Angeles Times*, January 22, 1997, p. A4.
[9] "New US Foreign Policy Team Could Be More Proactive Towards NIF," *Africa News Service*, January 21, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; Internet; accessed February 2, 1997.
[10] Daniszewski, "Sudan Rebels Battling Islamic Regime Claim to be 40 Miles From Key Dam,"
p. A4.
[11] Carol Giacomo, "US says Sudan, Syria deals within the law," *Reuters*, January 23, 1997, available from the *Electric Library*; online library; http://www.elibrary.com; Internet; accessed February 2, 1997.
[12] Monziga Nduru and Nihal Bol, "Sudan-Politics: Sudanese Foes Go on Diplomatic Offensive," *Inter Press Service English News Wire*, January 21, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed February 2, 1997.

[13] Daniszewski, "Sudan Rebels Battling Islamic Regime Claim to be 40 Miles from Key Dam," p. A4.
[14] Fareed Mohamed Ahmed Hassan, "Sudan," in *The Oxford Companion to Politics of the World*, ed. Joel Krieger, (New York: Oxford University Press, 1993), pp. 885-886.
[15] Taisier Mohamed Ahmed Ali, "Roots of War in Sudan: A Revisionist Perspective," in *Sudan: The Forgotten Tragedy* (Washington: United States Institute of Peace, 1994), pp. 51-52.
[16] Judith Miller, *God Has Ninety-Nine Names* (New York: Simon and Schuster, 1996), p. 145.
[17] Salih, *Sudan*, p.21.
[18] Miller, *God Has Ninety-Nine Names*, p.145.
[19] Brynn, "U.S. Policy Towards Sudan".
[20] David Nailo N. Mayo, "Beyond Peace Talks in Sudan: Strategies for Ending the Thirteen-Year Conflict," *Ethiopian Review*, October 31, 1986. Available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed February 2, 1997.
[21] Daniszewski, "Sudan Rebels Battling Islamic Regime Claim to Be 40 Miles From Key Dam," p.A4.
[22] Interview with U.S. Department of State Official (anonymous).
[23] Giacomo, "U.S. says Sudan, Syria deals within the law."
[24] Interview with John Voll.
[25] Alver Carlson, "IMF gives Sudan last chance to deal with arrears," *Reuters*, February 13, 1997; available from the *Electric Library*; online library; keyword "Sudan"; Internet. Accessed February 27, 1997.
[26] Interview with Voll.
[27] Interview with Scott Hibbard, religion, ethics, and human rights program officer, United States Institute of Peace, Washington, D.C., March 4, 1997.
[28] Milton Viorst, "Sudan's Islamic Experiment," *Foreign Affairs* 74, no. 3 (May/June 1995): 53.
[29] Telephone interview with Francis M. Deng, senior fellow, Africa Studies program, Brookings Institution, Washington, D.C., March 5, 1997.
[30] Ibid.
[31] Interview with Voll.
[32] Interview with United States Department of State official.
[33] Interview with Malik Mufti, assistant professor of political science, Tufts University, Medford, MA, March 11, 1997; Interview with Hibbard.
[34] Interview with Voll.
[35] "Sudan accuses Ethiopia of atrocities," *Reuters*, February 26, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed March 7, 1997.
[36] Nihial Bol, "Sudan-Uganda: Khartoum Denies Air Attack on Ugandan Town," *Inter Press Service English News Wire*, February 17, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed March 7, 1997.

[37] Interview with Salih Booker, senior fellow, African studies program, Council on Foreign Relations, Washington, D.C., April 15, 1997.
[38] Interview with Voll.
[39] Interview with Deng.
[40] Interview with United States Department of State official.
[41] Interview with Voll.
[42] "Sudan officials say Khartoum receiving Iraqi arms," *Reuters*, February 28, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed March 7, 1997.
[43] "Sudan denies receiving Iraqi arms," *Xinhua News Agency*, March 2, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed March 7, 1997.
[44] Interview with Voll.
[45] Interview with Mufti.
[46] Miral Fahmy, "Sudan rebels say Iran gave state army weapons", *Reuters*, January 27, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed April 11, 1997.
[47] "Iran Denies Arm Shipment to Sudan", *Xinhua News Agency*, February 12, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed April 11, 1997.
[48] Interview with United States Department of State official.
[49] Interview with Hibbard.
[50] Bill Gertz, "Sudan gets Iran's support to shield terrorists," *The Washington Times*, March 18, 1996, p. 18.
[51] John Lancaster, "Decades of Death on the Nile," *Washington Post*, February 6, 1997, p A25.
[52] Interview with United States Department of State official.
[53] Ibid.
[54] "Sudan Accuses U.S., Israel of Plotting Against," *Xinhua News Agency*, January 29, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed March 7, 1997.
[55] Interview with Voll.
[56] "Uganda-Politics: Army Fails to Crush Northern Rebellion," *Inter Press Service English News Wire*, January 3, 1997; available from the *Electric Library*; online library; http://www.elibrary.com; keyword "Sudan"; Internet; accessed February 14, 1997.
[57] Interview with Booker.
[58] Interview with Voll.
[59] Ibid.; Interview with United States Department of State official.
[60] Interview with Hibbard.
[61] Interview with Deng.
[62] Interview with Booker.
[63] Ibid.; Interview with Mufti.
[64] Interview with Voll.
[65] Ibid.

The Persistence of Crises in Emerging Market Banking Sectors

An Analysis of the Role of the International Monetary Fund In the 1994 Mexican Peso Crisis and the 1997 Thai Baht Crisis

Aaron Tibor Ratner

1. Introduction

Over the past twenty years more than one hundred developing countries have experienced a serious economic crisis that originated in their domestic banking sector.[1] In many of these emerging markets, years of progress towards successful growth have been destroyed by capital flight as international investors have withdrawn funds, resulting in subsequent government default on foreign debt and virtual economic collapse. In each of these instances, insufficient banking regulation combined with factors such as poor macroeconomic policy, political self-interest, financial liberalization and increased competition combined to expose the underlying economic problems troubling these countries.

Aaron Tibor Ratner graduated from the University of Pennslyvania in 1997 with a degree in International Relations.

Banking crises have also occurred in developed countries; however, the ramifications have been far less severe. In recent years Germany's Deutsche Bank, NatWest Markets of Britain, Drexall Burnham in the United States and Japan's Daiwa Bank and Nippon Credit Bank have all been forced to deal with a sharp decline in the value of their assets resulting from banking practices that slipped by the attention of government and corporate regulators.[2] Yet experience has shown that recovery from such downturns has been swift, albeit painful to a certain degree, and economic activity resumed to its previous pace rather quickly. Moreover, since levels of general economic welfare are much higher in the First World, these crises never resulted in famine or marginalization.[3]

For developing countries, increased international capital flows place considerable strain on insufficient banking systems.[4] The relationship between an unsound banking system and potential crisis is far more important for emerging economies. Banks form the core of domestic financial systems. Therefore, a country's financial well being is directly dependent on the stability of its banking system.[5] For the developing countries of the world, access to international capital remains the primary means of financing growth. Often it is the only means of paying for the infrastructure development that leads to higher living standards and improved economic welfare. It is widely acknowledged that free capital flows are a crucial component of successful globalization, and that emerging economies benefit immensely from economic liberalization.[6]

An opposite outcome is equally problematic. As Charles Dallara of the Institute for International Finance (IIF) stated, "countries that try to protect their banking systems too much will end up protecting a shell of a financial institution."[7] Providing support for emerging market banking institutions through consultation and monitoring, as well as through rescue programs designed for periods of crisis, is a role for which the International Monetary Fund (IMF) has long assumed responsibility. Clearly someone has to carry out this role. The cost of cleaning up defunct banking sectors, estimated to be over US$250 billion since 1980[8], is alarming.

2. Current Issues

In December of 1994, an accumulation of unfortunate events led the Mexican government to devalue the peso. The decision exposed serious economic problems within Mexico that had been avoided for years and created what IMF Managing Director Michael Camdessus called the "first crisis of the 21st

Century."[9] What followed was a chain-reaction of crises throughout Latin America and other emerging market regions (though to a far less severe degree) that led to massive capital flight and ultimately forced Mexican officials to ask the IMF for assistance in stabilizing its currency and supporting its foreign reserves. Even Chile, who maintained a strong macroeconomic environment and stable fiscal balance, experienced a 12% decline in the value of its stock market in the first quarter of 1995.[10]

Following Mexico's collapse, international financial support was coordinated in the form of an IMF loan. The United States, the Bank of International Settlements (BIS), and the IMF contributed massive amounts of capital support to the US$40 billion rescue package managed by the Fund. The loan was not made without serious opposition within the U.S. and the BIS, yet in the end the capital was granted in a quantity sufficient enough to bring stability not only to Mexico but to all of Latin America as well.

The Fund barely had time to recover from its management of Mexico's banking disaster when crisis struck Thailand in June, 1997, sending shockwaves throughout South-East Asia's emerging markets. Thailand, long recognized as a leader among developing economies for its record rate of growth over the past two decades, devalued the baht after unsuccessfully attempting to defend its fixed exchange rate policy in the international currency market. The dramatic devaluation that occurred on June 2, 1997, and the crisis that immediately followed has left the international financial and political community searching for answers and someone to blame.

Mr.Camdessus and his First Deputy Managing Director, Stanley Fischer, claimed to have warned Thailand of the dangers of sustaining its large current account deficit as early as July, 1996 when the Fund called attention to the issue in the executive board meeting with the Thai government under its annual Article IV consultation. The validity of this assertion will be assessed in further detail later in this thesis. Specific mention of Thailand's high current account deficit does appear in official IMF documents published before the crisis began. Yet this is not a problem unique to Thailand, and most certainly not a sufficient source in itself to cause a crisis. The IMF even admits that there have been cases when it has secretly warned a country of impending crisis, however, crisis was ultimately avoided.[11]

Criticism of the IMF comes from several camps. The Fund's surveillance mechanisms have fallen under severe scrutiny by many in the international financial community for failing to correct unsustainable macroeconomic and financial conditions before they led to crisis. According to the IMF, the "Fund has the mandate under its Articles to exercise firm surveillance over the exchange rate policies of members in order to oversee the international monetary system and ensure its effective operation. To this end the Fund assesses the appropriateness of each member's economic and financial policies in achieving the objectives of orderly economic growth with reasonable price stability. This involves promoting stable underlying economic and financial conditions and a non-volatile monetary system, and subsequently adopting exchange rate policies compatible with these undertakings. Surveillance thus combines the analysis of individual country policies with an examination of the consequences of these policies for the global economic system."[12] The Mexican peso crisis has led to increased discussion on whether the IMF is appropriately equipped to confront modern financial distortions. In the wake of the Thai crisis this debate has become one of the most important international issues of the decade.

The majority of the international financial community is also challenging the effectiveness of the IMF. Thailand's economic crisis, claim the Fund's critics, is a failure on the part of the IMF to learn from the Mexican crisis. Non-performing loans of South-East Asian banks are estimated at US$73 billion, a figure that represents over 13% of the region's GDP.[13] How could a situation this problematic develop under international supervision? Rogelio Ramirez de la O, an economic analyst in Mexico City, claims that "in a world of flexible policies and ad hoc, short-term rules, there is little room for the Bretton Woods institutions, except for some lending by the World Bank."[14]

The Economist, a British publication with a long history of encouraging liberalization and free-market reform, has voiced support for the IMF. However, it should be noted that *The Economist* sees no other alternative to the Fund, and that crises of this kind are in many ways not predictable. Other support for the Fund rests on the fact that it is "the only international agency designed to help countries overcome their immediate financial problems."[15]

The Association of South-East Asian Nations's (ASEAN), view of the crisis was noted in a July joint communiqué, which placed the blame on "well coordinated efforts to destabilize ASEAN currencies for self-serving purposes." More

specifically, officials of the Bank of Thailand, the country's central bank, blamed American billionaire investor George Soros for forcing them to float the baht on July 2, 1997.[16]

3. Questioning the Role of the IMF

Five months after the Thai devaluation, as South-East Asian currencies continue to reach new lows, the IMF is being asked if, in its current form and nature, it is capable of preventing and dealing with future economic crises. Though it is impossible to predict with perfect accuracy just who will be the next victim of economic crisis, it is certain that the problem will surface again. The IMF has consistently voiced its opinion regarding the inevitable occurrence of financial crises in the future.[17]

This thesis examines the behavior of the International Monetary Fund in the 1990's in Mexico and Thailand in order to address the following questions. First, are the two economic crises under analysis qualitatively similar? Second, in light of the lessons learned from the Mexican experience and the subsequent internal reforms instituted within the IMF, could the Fund have prevented Thailand's current financial crisis? Finally, is the IMF still the most properly structured international organization that should be given the responsibility it claims to possess?

The answers to these questions may provide insight into the relationship between the IMF's intentions and its actions. The study of economic crises is particularly useful in providing a perspective for analyzing policies and institutions that in 'normal' times remain hidden. It also provides a means of ascertaining whether not the Fund is capable of adapting to changes in the global economy such that it can retain its viability as a means of resolving future crises. Mr. Camdessus claims that the Fund is "the central institution of international monetary cooperation.[18] The currency crises in Mexico and Thailand are putting his assertion to the test.

4. The Mexican Peso Crisis

4.a. The IMF and Latin America

When the United States abandoned the gold exchange standard in 1971, the Fund lost its role as a regulator of international foreign exchange practices. Developing countries quickly realized that it was easier to borrow from commercial banks than it was to submit to IMF austerity measures and

stabilization programs. After the Mexican debt crisis in 1982, Latin American governments experienced a backlash against financial globalization. This backlash was led by Mexican President Jose Lopez Portillo's drive to nationalize the private banking sector to defend against financial speculators, whom he referred to as "vultures".[19] In order to restore confidence in these countries' commitment to the process of globalization, the IMF maintained what has been termed a "tradition of close association" with Latin America.[20]

In Argentina, the IMF's principle concern has traditionally been to curb rapid inflation. This is a difficult policy to enforce domestically. Austerity programs result in a suppression of real wages, which is often opposed by labor movements. During the administration of President Arturo Frondizi (1958-1962), the IMF's influence was thought to be disastrous.[21]

In recent years, Argentina has increased its ties to the IMF, signing a three-year Extended Fund Facility agreement with the Fund in 1992. At the beginning of 1995, "the official stance was that Argentina did not need IMF support and that there were 'fundamental' differences with IMF officials over the most appropriate policy approach."[22] The resistance was, however, short-lived, and a one-year extension of the 1992 agreement was signed. This time the IMF's terms were more severe, with Argentina "bowing" to the conditions of the IMF's loans.[23]

A similar situation occurred in Bolivia. In 1985, presidential candidate Paz Estensoro submitted to pressure from the IMF and agreed to an austerity program that included: reductions in government subsidies for food and basic services, a 1000% devaluation of the currency, complete removal of restrictions on foreign investment, and a resumption of payments on foreign debt. The program was not sustainable, and ultimately had to be abandoned.[24]

Brazil and Ecuador have been more defiant towards the IMF's demands. In a 1985 speech to the United Nations General Assembly, Brazilian President Sarney announced his intention to "no longer pay [Brazil's] foreign debt with recession nor with unemployment."[25] Refusal to meet interest obligations on its foreign debt to private banks lasted until February of 1988, when the government was forced to resume payment under heavy pressure from the IMF. Brazil's reaction to the Fund's involvement in the Mexican crisis was

equally disenchanted. Celso L. Martone, a senior researcher at the Fundacao Instituto de Pesquias Economicas in Brazil, commented that "from a political or ideological standpoint, Brazilian socialists, nationalists and conservatives alike have interpreted the Mexican collapse as a failure of the 'neoliberal' model of development so long preached by the [IMF]."[26]

Similar to the Brazilian case, Ecuadorian President Rodrigo Borja Cevallos won a 1988 election on a platform that emphasized greater independence from the international influence and priority of social needs over debt interest payments to foreign banks. Within months the country fell into its worst recession in history. Facing a potential economic collapse, Cevallos submitted to IMF conditions under a much needed aid package.

Venezuelan President Rafael Caldera's IMF influenced decision in August of 1997, to increase petrol prices by 23% was opposed by labor strikes that cost private businesses an estimated US$300 million.[27] Caldera's decision was politically risky, since the last IMF program under President Carlos Andres Perez, later known as the "great betrayal", resulted in riots and hundreds of deaths.[28] This time there were no riots, but there does remain lingering resentment towards the Fund.

Although the circumstances that led to IMF involvement have varied between the major economies of Latin America, the outcomes have generally been the same. In asking for IMF assistance, these governments were forced to comply with what they felt were "colonial recipes" of the Fund's conditionality agreement. The results were fiscal policies that reduced government expenditures and ran counter to popular sentiment.

4.b. The IMF in the 1990's: Challenges of Globalization

Earlier in this decade the IMF realized that it needed to adapt to the rapid developments taking place in the world economy as well as to the trend of globalization that was spreading through developing countries. In a report by the IMF and the U.S. Federal Reserve that studied the causes of financial crises in the 1980's and early 1990's, 72% of the countries under analysis had liberalized their financial sector in the five years leading up to the crisis.[29] With regards to its own tasks, the IMF believed itself to be "at a juncture that [offered] a unique opportunity to demonstrate that a constructive international

consensus can also be gathered without the impetus of a global crisis."[30] In a 1992 internal report titled The Unique Nature of the Responsibilities of the International Monetary Fund, the IMF reviewed its strategy for the 21st Century. Commenting on the objective of the Fund, the report admitted that the "nature of its practical implementation [had] changed and [was] likely continue to do so over time."[31] The implications for the responsibilities of the IMF were clear; they had shifted "from those of a guardian of member countries' observance of exchange rate rules to those of an overseer of individual country economic policy."[32]

The report claimed its members had long endorsed the need for the Fund, its surveillance, and its approval of their domestic fiscal and monetary policies. The IMF believed that balance of payments equilibrium was fundamental to a country's wellbeing and its "appropriate" degree of participation in the global economy.[33] Thus arose the need for increased surveillance in order to insure that all member countries were maintaining stable macroeconomic systems in which there would be no abrupt changes in the perception of a country's economic environment on the part of the international community; and therefore no external shock.

According to the report, the most important role of the Fund, that of surveillance, was also its greatest limitation. Improvement was necessary, it argued, because there was "so far little strength behind the IMF's exercise of international surveillance, and hence it is often perceived as helpless."[34] The Fund maintains a position of political neutrality as one of its core principles. Due to this lack of influence the Fund's recommendations are "frequently replaced by the sheer weight of the strongest (from an economic standpoint) members of the community."[35] In concluding the report, the Fund stated that its greatest challenge was to establish a universally acceptable rule of law. The IMF's attempt to resolve the 1995 Mexican crisis challenged the Fund's policies, and ultimately forced it to move from internal review to more tangible changes in its nature and structure.

4.c. The IMF and Mexico Prior to the Peso Crisis

The IMF never claimed to have known that Mexico's devaluation would occur, though on several occasions it did make note of specific problems that could lead to crisis. A 1992 IMF occasional paper titled, Mexico: The Strategy to

Achieve Sustained Economic Growth, makes no mention of impending troubles, stating that with the support of the Fund "the country [was] now poised to enter a new phase of sustained economic growth and financial stability."[36] The Fund remained confident in the policies it had helped the government to devise and in the current economic environment.

According to the occasional paper, the IMF played an active role in determining Mexico's fiscal and credit policies. The IMF's stance on Mexico's current account was that despite the risks associated with the deficit, the private sector had invested wisely, with "no government guarantees on commercial or exchange rate risk."[37] As will be pointed out later, two of the most important characteristics that drove the Mexican economy into crisis were the large current account deficit and overextended bank lending for property development.

Inaccuracy in the Fund's surveillance is evident in a comment on Mexico's success in the early 1990's, in which it stressed the importance of achieving sustainable economic growth through "financial policies...structural reforms...and measures to protect the economy from adverse shocks."[38] The Fund was optimistic in its assessment of the Mexican economy and signed an extended arrangement for the period 1989 to 1992 in order to protect the country's progress from future external shocks. In concluding the occasional paper, the IMF stated that in light of Mexico's medium-term economic policy for the period 1989 to 1994 that "ensured success", private sector access to capital and macroeconomic objectives supported conditions favorable "for the achievement of sustainable economic growth in the medium-term."[39]

4.d. Economic Context of the Peso Crisis

There were several reasons why Mexican crisis came as a shock to almost everyone in the international financial community.[40] Government reforms in the late 1980's, the 1989 U.S. led Brady Plan, and the signing of the North American Free Trade Agreement (NAFTA) caused a resurgence in optimism regarding Mexico's economic prospects.[41] During the first half of the 1990's, the Mexican stock market realized a 50% average annual gain for foreign investors. The majority of the international political community had little reason, if any, to believe that Mexico was headed for a crisis of such magnitude. In fact, from 1990 to 1993, Mexico had received US$93 billion in net capital

flows, almost 20% of all capital movements into developing countries. Even with the benefit of hindsight, Mexico was the premier emerging market.[42] On December 20, 1994, these same investors lost US$10 billion in peso-denominated stocks.[43] Over the next twelve months the stock market lost US$70 billion in value, resulting in numerous bankruptcies and almost one million more unemployed Mexican citizens.[44]

By the end of 1994, despite record international reserves of US$24.5 billion (up 25% from 1993), an inflation rate around 8% and economic forecasts on Wall Street that estimated 3% growth rates for 1995, a combination of economic and political events began to undermine Mexico's economic stability. Several reasons contributed to the government's inability to maintain the fixed peso/dollar exchange rate. An armed rebellion in the southern state of Chiapas by the Zapatista National Liberation Army' and the assassination of both the candidate of the ruling Partido Revolucionario Institucional (PRI) and the party's secretary general brought economic activity in Mexico to a halt.[45] The situation was further compounded by trends in global capital markets, particularly the decision by US Federal Reserve to raise interest rates, which resulted in a 14% decline in capital flows to Latin America in 1994.[46]

The policy source of the crisis within Mexico began with a prolonged defense of the peso's value in international currency markets. Confronted with declining net inflows of portfolio investment and unwilling to change its economic policies before a critical presidential election, the government issued *tesebonos,* short-term debt securities denominated in pesos but indexed to the US dollar. Rather than devalue the peso and deal with the criticism from international investors, the government depleted its foreign exchange reserves in order to maintain the fixed exchange rate; "the symbol of [Mexico's] economic and political strength."[47]

By December of 1994, the effects of delaying economic reform were not sustainable. Interest rates soared, stock prices fell dramatically and international investors began a speculative attack on the peso in anticipation of an official devaluation of the currency. In response to rapid capital outflow (US$1.7 billion in the previous week) and to the "uncertainties that [had] been generated by the conflict in Chiapas, the government depreciated the peso on December 20 1994, widening to 15% the band within which the peso was allowed to float.[48]

The central problem was that the move came later than it should have, after the government had already unsuccessfully spent billions of US dollars attempting to support its fixed exchange rate policy. The effect of the decision was a farther exacerbation of the lack of confidence among investors. During the following two days over US$4.5 billion was transferred out of the country, leaving the central bank with a meager US $6 billion in foreign reserves.[49] Finally, after avoiding the inevitable, the administration of President Ernesto Zedillo was forced to devalue and float the currency. The immediate crisis also put pressure on equity markets and currencies in other major Latin American economies, most notably in Brazil and Argentina, which led to the belief on the part of international investors that the entire region was experiencing a systemic crisis.

The dynamics of political turmoil that occurred before the devaluation highlight the lack of control that Mexico had over its own economy. The government's decision to devalue was based on the incorrect assumption that structural changes in the private and public sectors had created an economic base for rapid improvement in productivity, which would eventually lead to more favorable conditions for exports, growth and employment.[50] More problematic still were the close ties between business and government in Mexico. In the days preceding the devaluation Mexican officials held secret policy discussions with the country's most powerful corporate and labor sector leaders. The result was that powerful Mexican business interests were provided with the opportunity to transfer their assets out of Mexican banks and into dollar denominated holdings in anticipation of devaluation. Within the Mexican Government the opinion was that a grave error had occurred. Mexico's ambassador to the United States, Jesus Silva Herzog, publicly admitted that "there is no question that the whole thing was mishandled."[51]

The initial rescue package designed by the US Government and the IMF in January, 1995, amounted to roughly US$10 billion. The support, which arrived a month after the crisis began, was not sufficient enough to restore investor confidence, and the peso continued to depreciate.[52] Eventually the international community realized that the crisis was not a short-term problem. On January 30, 1995, President Clinton announced a US$50 billion emergency loan package for Mexico that was to be managed by the IMF.[53] By the end of

1995,the financial environment had almost returned to its previous levels of activity. As well, the success of the IMF's program in Mexico helped bring stabilization to the crises in Argentina and Brazil.[54]

4.e. The Role of the United States

In light of the fact that certain critics of the NAFTA have argued that Mexico's economic policy over the past three years has been formulated by the U.S. Government, it is necessary to analyze the role that the United States played in helping to restore its southern neighbor's economic well-being.[55] The signing of the NAFTA in 1994 was not in the least bit an uncontroversial issue, especially among labor and business leaders in Washington. President Clinton had effectively staked his reputation on the success of the agreement, and he was well aware that the health of the Mexican economy would have a significant impact on his chances for re-election. Only two weeks before the devaluation, at the Summit of the Americas in Miami, Mr. Clinton had praised Mexico as a "model of economic development" and had suggested that other countries in the region look to Mexico as a role-model for macro-economic policy.[56]

The probability of a Mexican peso crisis was debated in Congress for over a year before it materialized. Ross Perot, in a testimony before a House of Representatives panel on March 24, 1993, commented in reference to the Mexican Government that "these guys are just playing poker with us, and they are going to devalue the peso."[57] Economist Paul Krugman made a similar assertion in a speech delivered in Mexico City on March 25, 1993, when he warned that investor euphoria could lead to a situation in which a peso crisis would arrive almost completely without noticed.[58] Krugman has often noted, anyone who tried to express skepticism regarding the prospects for developing countries in the early 1990's found it almost impossible to impress the idea upon politicians and business leaders.[59] Investor optimism ultimately prevailed, and caution regarding Mexico's financial activity was overshadowed by a push to implement the NAFTA.

The Clinton Administration did not respond immediately to the devaluation. Riordan Roett, an advisor to the World Economic Forum in Davos, points out that the first reaction of the White House "was in terms of domestic politics."[60] Newly appointed Treasury Secretary Robert Rubin had not yet taken office and Congress was in recess for the Christmas season. It was not long before

the Clinton Administration began to feel intense pressure from investment bankers, who were losing billions of dollars each week land American manufacturers, who stood to lose much of their competitiveness against a devalued peso. The government finally began to deal with the crisis following Mexican Secretary of Finance Jaime Serra Puche's unsuccessful attempt at the Federal Reserve Bank of New York to convince over seventy top money managers and bank directors to keep their investments in his country.[61]

After the initial package (organized by the IMF and funded by the U.S., the BIS and several commercial banks) failed to restore investor confidence it became clear that Mexico would need an unprecedented loan if the crisis was to be corrected in the near future. The Clinton Administration received approval from a Republican dominated Congress and promptly assembled a US$50 billion package, composed of US$20 billion in loans and guarantees by the United States, US$10 billion from the BIS, US$17.8 billion from the IMF and US$3 billion from commercial banks.[62] Regardless of whether or not the United States was acting in its own self-interest, the role of the U.S. Assistance and support for the IMF was instrumental in resolving the crisis at an early date. Furthermore, it is believed that US financial support helped Latin America avoid the potential need for assistance elsewhere in the region.[63]

4.f. International Opinions Regarding the Causes of Crisis

Although the crisis came as an abrupt shock to global financial markets, there were signs that devaluation, rather than a mild depreciation, might have been unavoidable. First, export growth, fueled by the NAFTA, was not keeping pace with imports. From 1987 to 1994 exports grew at an annual rate of 11.9%, while imports increased annually by over 22%.[64] Second, the real exchange rate had been appreciating dramatically from 1988 to 1994, and was putting pressure on exporters who saw their goods losing competitiveness overseas. Third, while a 1994 World Bank report pointed to gains in productivity, most of this was achieved in the manufacturing sector. Mexico's growth was pro-cyclical, and would ultimately face a capitalist downturn.[65] Despite its impressive economic progress, the country remained highly vulnerable to external shock, most importantly reversals of capital flows.

There exist several schools of thought regarding the Mexican crisis, all of which point to flaws in the country's economic policy. From the Mexican perspective it is clear that the responsibility the government's. In the early 1990's structural "inadequacies" were covered up by massive foreign investment that allowed the Salinas administration to delay policyreform.[66] Despite the claim by the Mexican business community that rising US interest rates diverted investment out of the country, it was "nevertheless ultimately policy errors that drove the economy from a problematic situation to a crisis."[67] The relationship between government policy and the exchange rate have been equally dubious. Mexico has a long history of abrupt and disruptive peso fluctuations that have tended to follow the political cycle.[68]

One analysis is that the Mexican Government was not being honest with the international financial community. On December 8, 1994, Serra Puche, who had worked as Secretary of Trade and Industry during the NAFTA negotiation, publicly stated that "the exchange rate policy will maintain the established floatation band, which gives the financial authorities a maneuvering margin to confront transitory problems."[69] Less than two weeks later, on December 20, Serra Puche announced that the band within which the value of the peso was allowed to trade in international currency markets would be widened to 15%.

This abrupt process of making policy intentions public knowledge led to external shock. On December 21, Serra Puche revised the government's policy and announced the devaluation: "financial authorities have decided that supply and demand will freely determine the rate of exchange until the currency markets show signs of stability."[70] Even President Zedillo was caught off-guard by this decision. After the depreciation, Zedillo had assumed that there was no longer a current account adjustment problem."[71] On December 29, Serra Puche was replaced by Guillermo Ortiz, a former Undersecretary of Finance and then Secretary of Telecommunications. By then the peso had already lost 50% of its value.[72] Clearly a lack of coordinated policy formation created a situation within the government that led to further instability in the financial markets. The fact that the government was not prepared to deal with the devaluation is in fact surprising, given the fact that every President since Luis Echeverria (1970-1976) had implemented a large devaluation in his last year before leaving office.[73]

Another analysis of the crisis points to poor commercial lending practices and a serious lack of government policy cohesiveness, officially and through internal policy disagreement, that created a fragile financial situation. The flawed macroeconomic policies of the Salinas de Gortari administration that held office from 1990 to 1994 created a foundation for the crisis long before it materialized. By 1994 the devaluation "was not only foreseeable but also inevitable."[74]

Mexico had successfully controlled inflation in the early 1990's by eliminating the fiscal deficit, establishing monetary restraints, and liberalizing its trade policy. The stress on inflation has been of primary importance in Latin America since the debt crisis in 1982, when inflation became a benchmark indicator of the region's economic well being. However, at the same time, commercial bank lending for consumption rose by 457.7% from 1987 to 1994, while that for housing increased by 966.4%.[75] Ramirez de la O contends that close ties between government and the private sector facilitated the property bubble. The major problem lay in the failure of massive capital inflows to generate growth, as was occurring in the emerging economies of Southeast Asia.

Ramirez de la O's second point is that a lack of unity within the government can be seen in the drastic changes in official economic forecasts during December 1994. Early in the month Serra Puche presented his program to the Mexican Congress, which established a targeted 5% inflation rate, a 4% GDP growth rate for 1995 and no change in the exchange rate policy. The second program of the Zedillo Administration, this time under Guillermo Ortiz, set the inflation target at 19.5%, GDP growth at 1.5% and a reduction in the current account deficit from US$29 billion to US$14 billion. The program, endorsed by the IMF, did not mention any possible change in the exchange rate policy.[76] These inconsistencies enhanced the degree of instability for the peso in international markets, as they do for any globally traded currency.

Popular sentiment seems to agree that the first blow to Mexico's economic and welfare in the 1990's, therefore serving as the first source of the crisis, was the violent uprising in the state of Chiapas."[77] Regardless of the initial source of the crisis, several identifiable trends emerged; overextended property loans, a high current account deficit, lack of policy coordination and an attempt to delay devaluation by spending crucial foreign reserves rather than face currency crisis. The leaders of Latin America were, according to many, wise

enough not to look for someone to blame. They adhered to the advice of the IMF and began a process of painful, though ultimately successful, economic reform.[78]

4.g. The IMF and the Mexican Rescue Package

The Mexican Government, under the conditions demanded by the IMF, maintained the floating exchange rate and instituted a series of policies to effectively reduce government expenditures. Among the most dramatic changes were a 9.8% reduction in the fiscal budget, an increase in the prices of goods and services provided by the government (primarily utilities and gasoline), an increase in the minimum wage and an increase in the value added tax from 10% to 15%.[79]

Opinion has been mixed with regard to the policy reforms enforced by the IMF. Both inflation and the trade balance were swiftly corrected following the initiation of the rescue package. The trade balance improved from a US$18.4 billion deficit in 1994 to a US$7 billion surplus in 1995. At the end of 1995, inflation was down to 52%. Although this rate is high by international standards, the rate of inflation would have skyrocketed to much higher levels had the crisis been prolonged any longer.[80] The most noticeable side effects of these policy changes were an increase in unemployment and a decline in output. In 1995 the economy contracted by 6.9%, the largest one-year decline in modern Mexican history.[81]

Devaluation of the peso placed the country's financial sector under severe strain by doubling the costs of dollar denominated foreign loans taken out by domestic banks. As a result of the drastic decline in the value of the peso, many banks were unable to maintain adequate reserves in order to protect themselves against the rising number of bankruptcies. Ultimately the government intervened, bailing out ten small banks and repurchasing approximately 135 billion pesos of bad loans in an effort to stabilize the national banking system.[82]

Critics of the Fund's behavior assert that the effects of the IMF-imposed austerity program have had disastrous economic consequences for Mexico. The neoliberal economic model of development, imposed by the IMF and World Bank, was deemed responsible for enhanced economic, social and

political problems and a general increase in the region's dependency on developed country policy interests.[83] This model, embodied in the NAFTA, "deepened the recessive tendencies of the Mexican economy" by deliberately leading to an overvalued peso.[84] The results were a flood of imports, a growing trade deficit, and a decline in the value of the peso against the US dollar and subsequent large-scale capital flight.

These arguments prove to be overly critical for two reasons. First, given that Mexico entered into a recession immediately following the devaluation, the assistance of the IMF was most likely beneficial to the economy since it slowed capital flight and did in fact stabilize the currency. According to Mr. Camdessus, the "exceptional action was taken with a view to providing an adequate international response to Mexico's financial crisis and giving confidence to the international financial system."[85] Furthermore, certain structural changes enforced by the IMF were in many ways inevitable. The Mexican government had postponed dealing with these problems, while foreign investors had given them only minor notice.[86]

On June 30, 1995, the Fund announced that the Mexican economy was showing signs of recovery. Trade and current account balances had improved, the peso had recovered from its low in early March, foreign reserves had risen, interest rates were down, the value if the stock market had been increasing, and most importantly the budget surplus had exceeded the IMF's own forecasts.[87] By any standards the six months required for partial recovery were exceptional considering the severity of the crisis at the beginning of the year.

5. The IMF Between Crises: Learning from Mexico

Even before the Mexican crisis showed tangible signs of resolution, Mr. Camdessus found his organization the subject of both numerous inquiries regarding blame for the crisis, and also questions of what the Fund had learned about its mistakes. Although the nature of the IMF is such that it will always be susceptible to blame in the instance of crises, the scale of Mexico's problems and the importance of emerging market macroeconomic stability necessitated that the Fund respond to these accusations in a manner that would allow it to

complete its management of the Mexican program. In his first defense, presented at a commerce and trade speech on February 2, 1995, the Managing Director claimed to have gained insight into the sources of the crisis.

Mr. Camdessus cited first the importance of willful pursuit of sound macroeconomic policies on the part of member countries. Second, the point was made that members need to "ensure that full and timely information is provided to markets."[88] Finally, the crisis highlighted the importance of strengthening the Fund's surveillance methods. Moreover, in order to maintain a global defense against new forms of crisis that would most certainly emerge in the future, it was the responsibility of the Fund to ensure that its structure was such that it would continue to be capable of managing economic crises.[89] Mr. Camdessus concluded that all of these lessons were reasons for the Fund's "paying close attention to the best ways of responding" to the persistence of crises. The IMF's failure to mention the excessive optimism of its analysis in the years leading up to the crisis did not slip by reporters.

Almost immediately following Mr. Camdessus' opening dialogue a journalist from an Italian financial newspaper questioned the Fund's actions regarding an apparent IMF warning issued in January 1993, to the Salinas government that the foreign exchange rate was slightly overvalued. The question centered around the fact that the Fund failed to mention this caution in its 1993 annual report on Mexico. The IMF's defense of this question began with the reminder that it is not the nature of its policy to publicly demand that a country devalues its exchange rate. The Fund, it was asserted, was not in a program with Mexico after 1992 and therefore lacked the necessary "leverage" required to impose such a recommendation.[90] The result, according to the IMF, was that although it did make mention of "serious reasons for concern, and in particular [Mexico's]...large current account deficit," the attention of international investors was focused on the country's booming equities market and went largely unnoticed by the financial community.[91]

In relation to the Fund's statement in 1992 that economic policy surveillance was a central activity of the organization, Mr. Camdessus' defense appears somewhat insufficient. Since the IMF was involved with Mexico's policy coordination throughout the early 1990's, it could be the case that it was responsible to a certain extent for the foundations of the crisis. Moreover, with such a close relationship to Mexican officials, the Fund's surveillance

methods fell short of their duties by merely "inviting" Mexico "to focus on [its] current account deficit."[92] Mr. Camdessus stated the true role of the IMF in the Mexican crisis: "What we are doing here is just fulfilling our role of the institution available to provide to the world this last resort financial safety net."[93]

Over the next year the lessons learned by the IMF can be traced through series addresses by Mr. Camdessus. Speaking at the 25th Washington Conference of the Council of the Americas in May 1995, the Managing Director attempted to define the Fund's analysis of the factors of the Mexican crisis. This time the current account deficit was stated as a major cause for alarm. The deficit, which was 6.5% in 1993, "contained the seeds of the crisis that eventually occurred."[94] The resolve was that the Fund needed to increase the effectiveness of its surveillance of member countries through stricter data requirements, continuous policy dialogue, and more focussed and candid surveillance. The IMF's policy was to be "even more critical and demanding than in the past."[95]

By November 1995, the IMF began making public statements regarding the effects of globalization on financial markets and the risks involved for developing countries that expose themselves to exchange rate fluctuations. Causes of the Mexican crisis that had scarcely been mentioned only nine months earlier were, with the benefit of hindsight, being highlighted as fundamental to the events of December 1994. Aside from a large current account deficit financed by short-term capital inflows (at this point widely recognized as an obvious indicator of vulnerability to external shock), the Fund pointed to the "dubious policy choices" of the Mexican authorities in their attempt to manage the crisis.[96] The irreversible disenchantment on the part of the market that followed Mexico's devaluation of the peso and subsequent abandonment of a managed exchange rate policy had catalyzed the crisis and exposed Mexico's underlying policy weaknesses.[97]

A November 1995, IMF Working Paper titled Speculative Attacks and Currency Crisis: The Mexican Experience attempted to identify the role of economic fundamentals as an early warning sign of a potential currency crisis.[98] Three conclusions were arrived at regarding economic trends that could serve as indicators of potential attack by currency speculators, all of which had been pointed to in the past as characteristics of potential crises. According to the report, sharp losses in foreign reserves, a high current account deficit and

a real appreciation of a national currency to a level where it becomes overvalued would provide, in the future, a better means for the IMF to detect potential crises in its surveillance activities.[99]

The IMF was also being forced to confront the criticism that it had created a moral hazard in bailing out foreign investors who had allocated significant percentages of their portfolios to peso denominated assets. To the question of whether or not the size of the bailout was merited, Mr. Camdessus gave an emphatic 'yes'. According to the Fund, had the IMF not intervened "a decade of unstinting international efforts to open up markets and liberalize emerging economies would have been at risk," as Mexico would have been forced to impose exchange controls and a debt moratorium that "would have certainly been followed for precautionary reasons by similar moves in almost all Latin American countries."[100] Fund supporters echoed this approach. According to Ethan Kapstein, "in the case of Mexico, extraordinary action was...appropriate."[101]

At the Inter-American Development Bank on September 26, 1996, the Fund claimed to have observed several common themes among the factors that led to currency crises in the past decade. In many cases, banking sector problems had originated in lax management within individual banks. Although the Fund noted that this problem was not specific to emerging markets, it did comment that "lapses in sound banking practices appear to be pervasive in developing countries".[102] The first conclusion was that a lack of legal and jurisdictional infrastructures was a catalyst for a breakdown in efficient lending practices by banks.

The second common threat to the stability of emerging markets was insufficient transparency regarding the reality of financial conditions within domestic banks. Neither markets nor bank supervisors (among which the IMF claimed to be) were capable of ascertaining which banks might be overextending their credit capabilities.[103] Clearly an increase in the Fund's surveillance capabilities was needed.

The final characteristic within many countries that experienced financial crises was a distortion of incentives created by government involvement in the banking sector, "especially when the normal profit-making objectives of banks take a back seat to political goals."[104] This was perhaps the most problematic observation from the standpoint of the IMF. In many countries, ties between

government officials and private banks are difficult to assess. Moreover, any demand by the Fund that a member country release more information would be a violation of the country's sovereignty. Regardless of the complications in resolving this problem, the IMF concluded that it would enhance its communication with government officials in an effort to stem such problems before they led to crisis.[105]

During the first meeting of the G-7 nations after the Mexican crisis, the organization agreed upon several policy recommendations for the IMF. First and of primary importance was the need for the Fund to strengthen its surveillance over member countries' economic policies in order to "be in a better position to identify and address emerging imbalances before they become major problems."[106] A complication to this arose because the Fund had to address the need to avoid a potential nationalist backlash in response to its involvement in the policy formation of its member countries. Surveillance of macroeconomic conditions was deemed to be an optimal method for assessing the effectiveness of domestic economic policy decisions.

The second recommendation by the G-7 was for the Fund to encourage transparency via the markets "so as to avoid the erratic, and always excessive bandwagon movements" characteristic of market reactions to surprises.[107] In order to adjust to the increasingly rapid shifts in global capital allocation, the third recommendation was to specify a code of procedures to allow the Fund to respond "quickly and boldly, as it did in the case of Mexico."[108] The IMF was instructed to secure the necessary financial resources for supporting adjustment processes such that its policy reforms would not fall under international criticism. This last recommendation, though most member countries supported it, took a second currency crisis (the Thai baht devaluation) to gain the momentum necessary for enactment.[109] According to the Fund, these recommendations were responded to successfully, albeit to varying degrees and substantial progress was achieved in reducing the risk of potential crises.[110]

Within a year of the Mexican peso crisis the IMF was beginning to show signs that it had learned from the events of late 1994 and early 1995. Indeed, by many standards the macroeconomic reforms instated in Mexico as part of the Fund s conditional agreement seem to have succeeded. On January 15, 1997, Mexico announced that it would make in advance a

repayment to the IMF for the equivalent of US$1.5 billion and to pay the United States the remaining US$3.5 billion owed under the rescue package.[111] Improved surveillance, a better understanding of the causes of the first crisis of a new century and a revised approach to its own behavior in light of the Funds mandate became the immediate focus of attention for Mr. Camdessus and his colleagues.

Meanwhile, across the Pacific Ocean, the Southeast Asian emerging markets that had been leading the world in economic growth rates for the past thirty years were beginning to show signs of a slowdown.

6. Origins of Pessimism Regarding East-Asia's Future Economic Growth

At the time of the Mexican crisis, Southeast Asian markets were enjoying a tradition of record economic performance. In 1993 the World Bank published a policy research report titled The East Asian Miracle: Economic Growth and Public Policy."[112] In the report the Bank outlined the policies and structures of the *High Performing Asian Economies* (HPAE's), of which in particularly the *Four Tigers* (Hong Kong, the Republic of Korea, Singapore and Taiwan, and China), had achieved record rates of increased economic welfare due to successful growth oriented macroeconomic policies.[113] The Bank concluded that these economies would grow well into the next century, due mostly to government intervention that properly "fostered development."[114]

With regard to the crisis that spread to various degrees throughout the developing world, the minor effects experienced in Southeast Asia were only temporary. The economic strength of the region sustained the shock without significant recession. The IMF did make public mention that "some of the strongest performing [South-East Asian] countries now must guard against overheating with an appropriate use of exchange rate and monetary policy", however, the focus of reform remained on Latin America.[115]

In an effort to control any potential side effects of the Mexican devaluation, the President of the Asian Development Bank (ADB), Mituo Sato, made a public statement highlighting "fundamental differences" between Mexico and Asia's high performing economies. Siting a trend of sustained economic

growth since 1980 and high levels of foreign direct investment, the ADB reassured investors in the region that the developing economies of South-East Asia were unlikely to experience a financial crisis similar to that in Mexico.[116] The IMF supported this opinion, stating that the short-lived setbacks experienced in the region reflected "their continued strong economic performance.[117] Thus, as Latin America began a process of reassessing its economic policies, Southeast Asia continued to enjoy the praise of the international financial community.

While the IMF remained preoccupied by resolving the origins of the Mexican crisis, a few economists began cautioning the international financial community of the increasing risks associated with high growth rates in Southeast Asian markets. "Popular enthusiasm about East Asia's boom," asserted Paul Krugman, "deserves to have some cold water thrown on it."[118] Krugman's belief that the future prospects for East Asia's growth were more limited than the markets realized was based on his hypothesis that this growth resulted from a successful mobilization of factor input resources, as opposed to improvements in production efficiency. Krugman admitted that, barring a major political upheaval, the growth in East Asia would continue to outpace growth in the West for at least a decade. Yet he remained cautious that an overheating would occur if governments in Southeast Asia failed to maintain stable macroeconomic fundamentals in the short-run.

Similar sentiment was expressed in a survey of emerging market banking sectors published by *The Economist* in April 1997. Problems that had been associated with protectionism, corruption and lax financial regulation in Latin America just a few years earlier were beginning to surface within Southeast Asia's most successful economies.[119] Throughout decades of sustained macroeconomic growth, banks in the region had failed to increase their regulatory framework, and were now overextended by approximately US$200 billion in bad non-performing debt.[120] Because of factors such as poor governance and bad loans totaling 14% of outstanding credit, Thailand stood out as source' for potential crisis. Yet despite all of the warnings, *The Economist* could not predict the disastrous chain of events that were to take place only a few months later.

7. The Thai Baht Crisis

7.a. The IMF and South-East Asia

Mr. Camdessus made an address to prominent financial and business leaders in July 1996 that was indicative of the Fund's policy regarding Southeast Asia prior to the eruption of the Thai baht crisis. The IMF claimed to have contributed "in no small measure of success" to the "high quality growth" of the region.[121] Such growth, unique for an entire region of developing countries, was based on sound macroeconomic stability, outward-oriented and market friendly policies and cooperation between the IMF and central banks. As well, because of the secrecy of the IMF's annual consultations with its Southeast Asian members (typically restricted to finance ministers and central bank officials), the Fund never became a scapegoat during previously difficult structural reforms.[122] There were, however, several reasons for caution.

One of the lessons learned from the Mexican crisis was the risk of exposure to shifts in market sentiment. As well, demand pressure from increased consumption and investment was showing up in rising current account deficits: both Malaysia and Thailand experienced a 100% increase in their current account deficit from 1993 to 1996.[123] Nevertheless, Mr. Camdessus concluded that he had "every confidence that the region [would] rise to this challenge, as it [had] to previous ones."[124]

In recent years, the IMF and World Bank pointed to the Southeast Asian emerging markets as models for maintaining sustainable economic growth. Speaking at a conference with ASEAN leaders in November 1996, Mr. Camdessus again complimented the region on its "high quality growth", with particular emphasis on the role that prudent fiscal policy had played in bringing about macroeconomic stability.[125] Certain challenges were clearly evident.

The first area of potential problem was the issue of current account stability in the majority of the region's countries. This was one of the crucial lessons learned after the Mexican crisis. The Fund cautioned that the large private capital inflows can be immediately reversed by a change in investor sentiment, and suggested that countries in this situation pay close attention to their exposure to global financial markets.[126]

Second, the Fund reminded ASEAN's leaders that globalization presented increased risks for domestic financial systems. Large capital inflows had to be responded to with increased transparency and regulation on the part of recipient governments. More specifically problematic was the fact that increased capital inflows had stimulated excessive lending for real estate.[127] These were familiar sources of problems to the Fund and its members, as was stated earlier. Despite the need for prompt and universal reform, the IMF concluded that the region could expect to see strong short-run growth.

7.b. The IMF and Thailand Prior to the Baht Crisis

In December 1996, the IMF published an Occasional Paper titled Thailand: The Road to Sustained Growth, in which it outlined the successful strategies pursued in cooperation with Fund officials over the past 15 years.[128] According to the paper, the most striking feature of Thailand's policy environment was its record of macroeconomic stability. As for the Fund's analysis of the role of the state, it claimed that the dominant opinion amongst policy makers was that the government should refrain from intervention in the economy and that the private sector should be the foundation of growth.[129] Inconsistent with this observation was the comment that the government's Board of Investment remained the most powerful factor of industrial policy for its system of incentives directed at promoting particular industries.

In the IMF's most recent World Economic Outlook, published in May, 1997, the Fund made note of two disturbing trends in the international economy that were of particular importance to developing countries. The first was the nature and magnitude of capital flows into emerging markets, which reflected a general trend towards a more globalized financial system. Caution was "warranted", since countries that were relying too much on capital inflows were positioning themselves to be increasingly vulnerable to external shocks.[130] The second observation by the Fund was the existence of fragile banking systems stemming from over-extension of credit allocation under conditions of inadequate prudential supervision.[131]

As for Thailand, the IMF has made passing mention of potential short-run problems. Investor concerns regarding the large current account deficit and the unstable financial system were creating currency market pressures. Despite this caution, the report predicted an estimate of 8% growth for Asia in 1998.[132]

7.c. Economic Context of the Baht Crisis

Following a nine-month 18.4% drop in the Stock Exchange of Thailand and the July resignation of Vijit Supinit, the Governor of the Bank of Thailand (Thailand's central bank), the IMF made a public statement, "according to standard indicators...the situation for Thai banks is likely to become more difficult."[133] Mr. Vijit had bowed down from his post on July 3 under accusations of improper handling of the Bangkok Bank of Commerce (BBC) scandal, in which the ailing bank was bailed out at a cost of US$1.6 billion.[134] Rumors of an official devaluation (the current account deficit was above 8.1% of GDP) led to brief speculative attack on the baht, forcing the government to pump crucial foreign reserves into the currency market in order to support its fixed exchange rate policy.[135] Foreign reserves remained high, however, and it was generally concluded that crisis had been successfully avoided.

Growth in Southeast Asia was beginning to enter a cyclical downturn, when a series of events began in February 1997, ultimately led to crisis. The first sign of instability was the speculative attack on the baht. This resulted when the Attorney-General was forced to drop the prosecution's case against the former head of the BBC and two of his top officials (one of which was concurrently the secretary-general of the Securities Exchange Commission) because the one year statute of limitations had expired on the case.[136] To alleviate pressure on the baht, the central bank announced that none of the financial institutions under its supervision were facing liquidity problems.

A government rescue package was implemented on March 3 by the Bank of Thailand to support ten ailing banks and finance companies whose bad debt in the property sector left them unable to meet demands for withdraw. Speculative pressure resumed on the baht, once again forcing the government to spend foreign reserves in order to stabilize the currency. After the month of May, during which Thailand lost US$4 billion (over 11% of its foreign-exchange reserves) defending its currency, the government instructed banks not to provide baht to currency speculators. The government also responded by tightening its fiscal budget and initiating reforms of the financial sector. The central bank had, for the time being, convinced foreign investors that it did not intend to devalue the baht.[137]

By July 1997, there were signs that devaluation might be inevitable. The baht had hit a seven-year low as a result of currency speculation and an increase in U.S. Interest rates. Thailand, like Mexico a few years earlier, was being forced to confront a fixed exchange rate pegged to the U.S. dollar, an overextended financial system, and a current account deficit above 8%.[138] In late June 1997, the Finance Minister, Ampuay Viravan, resigned, claiming that his efforts to make changes to the economy were being obstructed.[139] When other central banks in Southeast Asia began intervening in the currency market to support the baht, the question of crisis shifted from one of potential to one of timing. US$25billion in private foreign debt was maturing in the next few months, and the Bank of Thailand's US$33 billion in reserves was certainly insufficient to sustain the pressures of payment. On July 2, 1997, the Bank of Thailand officially allowed the baht to float unprotected in global currency markets.

7.d. The IMF and the Thai Rescue Package

Thailand first called upon the IMF for technical assistance in stabilizing its economy.[140] The Fund's lack of involvement is somewhat surprising, given that it had advised the central bank of the Philippines to allow greater flexibility of the exchange rate only eight days after the Thai devaluation.[141] Thailand exacerbated the situation by delaying devaluation, and despite the announcement of IMF participation the markets indicated that only a large-scale bailout would protect the currency from further depreciation. In order to send a clear signal to the currency markets that the Fund intended to resolve the crisis, Mr. Camdessus publicly stated that he had confidence in the "strong actions taken by Thailand and [that] the financial support that could be extended to it [would] decisively contribute to stability in financial markets in Asia."[142]

In light of the minor magnitude of the crisis so far, there remained little sign that a rescue package comparable in size to that of Mexico's would be forthcoming. One reason for this was the Fund's decision to make public the knowledge that it had warned Thailand of the risks associated with maintaining a large current account deficit. In its defense the IMF says that it had issued strong warnings to Thai officials, while providing "more

tepid caution" in public documents.[143] This warning bears a striking similarity those issued by the Fund to all emerging markets over the past few years, and only amounted to strong recommendations and a suggestion to act decisively.

The crisis faced further delays because the IMF continued to defend its surveillance prior to the crisis in order to maintain credibility for its policy reform demands. Speaking at a news conference on September 11, 1997, Stanley Fischer claimed that the IMF had warned Thai authorities as early as June 1996 that the inflexible exchange-rate system and large current account deficit could cause problems.[144] According to the Fund, the early warning surveillance mechanisms had worked properly, and the Thai government had been made aware of the problems well before the crisis materialized.

The text of the IMF's Annual Article IV consultation with Thailand, concluded in early 1997, shows signs of both caution and praise. There is mention of the current account deficit, at that point well over 8%, but the problem "was more than covered by capital inflows."[145] True to their claim, the Fund did comment that the recent increase in the current account deficit had also increased the country's vulnerability to external shocks. This caution was overshadowed, however, by the IMF's strong praise for "Thailand's remarkable economic performance and the authorities' consistent record of sound macroeconomic performance."[146] Apparently the Fund was not aware of the banking sector crisis that had caused minor currency shocks earlier that year.

As the crisis spread throughout Southeast Asia, political turmoil began to take its toll on the reform process. Within Southeast Asia, Thailand had been among the most politically unstable during the 1990's.[147] The events that followed the IMF's October 14, 1997, agreement with Thailand suggested that the government was unwilling and unable to recognize the scale of the country's financial problems. The first signs of instability in Thailand were the July 17 decisions by Prime Minister Chavalit Yongchaiyudh to revoke the agreement with the IMF and to dismiss five cabinet ministers in order to improve the image of his ten-month old administration. The Prime Minister soon faced parliamentary censure and an accusation of presiding over corruption and inefficiency that had cost the country over US$54.8 billion.[148] Of particular concern to international investors were accusations that the Prime Minister had tipped off business elites to the devaluation, and the new Deputy Finance Minister's call to ease the rules of reform for the 58 suspended finance companies.[149]

The IMF was dealt a major blow when Thanong Bidaya, the Finance Minister who had led the government in its negotiations with the Fund, resigned because he lacked the power and seniority to implement the reforms necessary to resolve his country's economic and financial crisis.[150] One of his chief complaints was the government's decision to rescind on its agreement with the IMF to raise the oil tax due to public protest. Nine days earlier, Amaret Sila-on, chairman of the committee that was formed to implement the reform process, had also resigned, stating that the issue had become one of "political football."[151] Public resentment of the government's dealings with the IMF eventually forced Prime Minister Chavalit out of office in early November. Thailand was not prepared to deal with the reforms demanded by the Fund.

While the situation bordered on political chaos in Thailand, Malaysian Prime Minister Mahathir Mohamad's xenophobia regarding foreign investors was shaking markets throughout the region. At the beginning of October 1997, it was evident that the crisis was spreading. The Indonesian Stock Exchange Composite Index had lost 50% of its value since peaking in early March. In Malaysia, Dr. Mahathir's public accusations against the immoral practice of currency trading compounded the declining ringgit, which had already lost 20% of its value since the Thai devaluation.[152] It can be assumed that Malaysia's, and for that matter, the region's troubles would have persisted despite Dr. Mahathir's comments. However, the extent of the damage would most likely have been less severe.

One of the interesting points regarding the Thai crisis is that, unlike Mexico, the Thai government had to institute significant reforms before the financial rescue package was provided by the IMF. On August 5, 1997, the Thai government announced its compliance with the Fund's demands. The Bank of Thailand officially revealed the extent of the crisis when it admitted to lending more than US $19 billion (over 10% of its GDP) to support the country's 91 ailing finance companies.[153] The first response by the government was to add 42 finance companies to the list of 16 that were already suspended. Almost every one of the closed firms' problems stemmed from bad debt associated with property loans. Other government reforms included reducing the 1998 fiscal spending budget by US $3 billion, raising the value-added tax from 7% to 10% and terminating official subsidies of government provided utilities.[154] The similarity of the conditions tied to the rescue packages in Mexico and Thailand reveal the similarities of the crises.

On August 20, 1997, the IMF announced its approval of Thailand's reforms and a subsequent US$17.2 billion rescue package, of which US$1.6 billion was made immediately available. Further financial assistance would be available by November 30, provided that the performance targets had been sufficiently met by that time.[155] Reforms ultimately proved slow in coming, and on October 15 Thailand was forced to accelerate its restructuring in order to keep the baht from further depreciation.[156]

Another major difference in the IMF managed Thai rescue package was the participation of the United States. U.S. Treasury Secretary Robert Rubin stated that he had decided months before that there would be no support from the U.S. for a large-scale bailout.[157] Although U.S. Treasury officials were involved in the design of the rescue package; Washington did not directly contribute capital to the bailout. Thailand's response to this was expectedly critical. An English-language daily newspaper in Bangkok declared the IMF's reform strategy to be a "Pox Americana."[158]

In July 1997, *The Economist* questioned whether Thailand was suffering from economic problems that were typical of the region, noting that the Philippines, Indonesia and Malaysia might contain similar characteristics.[159] Just as the markets had overlooked Thailand's economic troubles in favor of a booming investment climate, they had failed to look beyond the immediate crisis for signs of potential contagion. In September 1997, Thailand's total debt as a percentage of GDP was 197.9%, while Malaysia's was 175.1%, the Philippines' 129.6% and Indonesia's 109.5%.[160] Disturbances in the implementation of the IMF's reform policy had failed to contain the effects of what had become a Southeast Asian economic and financial crisis.

8. Conclusion

There are several issues that ought to be addressed in order to complete an analysis of the present state of the IMF. The Fund is criticized for its role in the Thai baht crisis for two reasons. First, the US$17.2 billion bailout did not succeed in stabilizing the currency before the effects of contagion spread throughout the region. A faster response, claims the *Economist,* could have prevented Thailand's woes from effecting its neighbors. The problem is that, as recent events have shown, "the defenses the region put in place in response to Mexico's peso crisis do not work."[161]

Second, the initial conditions insisted on by the Fund were outdated. Hindsight has revealed that they appear to be based on excessively optimistic predictions regarding next year's growth and a price at which the baht would stabilize in the currency market.[162] The Clinton Administration has been particularly critical of the Fund's behavior, describing it as "mindless cheerleading for Thailand and other Asian nations, repeatedly declaring that stability was just around the corner."[163]

Another problem that the IMF is now forced to confront is the claim that the Fund is no longer capable, or willing, to refuse a request for financial support.[164] The argument that this behavior creates a moral hazard is actually overstated. Governments who request an IMF loan face severe austerity measures that often create pressure from domestic interest groups. But there is an increasing possibility of moral hazard on the part of international investors, particularly those who have sufficient influence within their own governments so as to affect the activities of the IMF. Since the Fund strives to play an active role in the economic policy formation of its members, critics say the rationale behind its loans could have more to do with establishing institutional and political ties than resolving crisis.[165]

In response to the globalization of asset allocation and capital movements, the IMF has shown signs in recent years that it is beginning to understand the influence of international financial markets on developing countries. Private capital inflows to emerging economies grew from US$50 billion in 1990 to over US$336 billion in 1996.[166] As early as 1995, the Fund noted that "while market sentiment is supposed to be determined by underlying fundamentals, it is sometimes more volatile than the underlying economic fundamentals suggest. We have not found a satisfactory way to deal with this problem."[167] Mr. Camdessus has requested that member countries give him a mandate to manage the removal of capital controls. According to Stanley Fischer, "the old rules do not apply in an environment in which there are large transfers of capital."[168]

The IMF was also challenged by the suggestion of a US$100 billion Asia-only bailout fund to act as a regional counterpart to the ADB. Asian government finance officials claim that the Fund is too far away from East Asia and that its agenda is too close to that of the United States. The notion was met with strong criticism by the U.S., several European nations, and the IMF. In September 1997, Stanley Fischer warned, "it is rarely the case that what is needed is more

money without an adjustment policy."[169] The Fund, the ADB and the World Bank eventually expressed support for the regional initiative; however, the idea was abandoned after an ASEAN meeting on December 1.[170]

Recent behavior outside of Thailand and Mexico suggests that the IMF is adopting new policies regarding its involvement in member countries. On August 1, 1997, the Fund suspended its loan program with Kenya, worth US$220 million a year.[171] Kenyan President Daniel Arap Moi had dismissed his head of customs and excise, Samuel Chebii, for putting pressure on a group of traders who refused to pay import and export taxes. These businessmen had, in the past, made significant contributions to President Moi's party. The president also failed to comply with the IMF's list of "good governance" demands as a condition for continued financial support.[172] The decision marks a first step towards greater intervention in government affairs by the Fund. But how will the IMF do in a country with far greater economic and political clout?

On November 5, 1997, the IMF approved a US$41 billion financial support program for Indonesia.[173] After consultation with Fund officials, the government had allowed its currency, the rupiah, to float in the international currency market. The importance of the Fund's decision, with regard to this paper, is the nature of the rescue package. By most standards, Indonesia did not need to be 'rescued'; its current account deficit was 3.3% in 1995-6. In light of the contagion effects that Thailand's crisis was having on the region, the IMF had executed its first large-scale preemptive strike against a potential economic and financial crisis. Indonesia is of far more importance from a geopolitical perspective than Thailand, especially for the West, and it remains to be seen as to whether or not the Fund will repeat its preemptive actions.[174]

The Mexican peso crisis and the Thai baht crisis appear to be qualitatively similar. At the time of the peso crisis in 1994, Mexico had a large current account deficit, an overvalued exchange rate, economically inefficient ties between government and business, lack of policy coordination and a loosely regulated financial sector. Devaluation was essentially ineffective because action was taken too late in the process. When the extent of the fragility of the banking sector, due to a high percentage of non-performing loans and exposure to external shocks, was exposed, a crisis ensued that drove these countries into severe recession. All of these symptoms were equally responsible for undermining the stability in Thailand that ultimately forced the government to devalue the baht in July 1997. Thailand's

experience has been worse, if only because it's rescue has been prolonged by the government's inability to institute the reforms demanded by the IMF. Certainly the Fund was aware of these structural deficiencies, but it did fail to make mention of a potential crisis similar to that in Mexico. What then, can be said of the Fund's surveillance capabilities in recognizing these remarkable similarities before the Thai crisis erupted?

This paper has shown that there was a continued dialogue between IMF officials and the Thai government in the years leading up to the crisis. Yet, Thailand failed to implement the necessary reforms in time, and it is doubtful that it ever intended to do so. The Fund's improvement in surveillance, though it sounds good on paper, is ultimately of little use if it can not be enforced beyond a degree of suggestion. So while the IMF is busy enhancing its surveillance capabilities in order to meet the challenges of the 21st Century, these changes will remain ineffective unless the Fund is permitted to play a greater role in the economic policy formation of its members during times of non-crisis. This is unlikely, especially in light of the anti-Western sentiment left over from the Thai crisis, and also the fact that such intervention would represent a violation of member states' sovereign rights.

There is also the issue of information bias, which has come to light on several occasions in the past few years. The IMF's objectives, although varied, can be briefly be stated as follows: 1) to monitor international capital transactions and promote their liberalization; 2) to monitor member countries' macroeconomic policies (including exchange rate), fiscal and monetary policies (so as to be capable of assisting in the aversion of crisis) to promote free trade; and 3) to respond rapidly and sufficiently in the instance of crisis. Under a closer examination, however, the IMF's focus of concern in recent years has varied between Latin America and Southeast Asia.

Ever since the Mexican peso crisis, the Fund has maintained that its principal regional emphasis should be on strengthening internal bank governance.[175] As for Southeast Asia, recent emphasis has focussed on growth policies and free trade.[176] This is perhaps one of the reasons why Thailand's large current account deficit was overshadowed by strong growth prospects. The Thai baht crisis has demonstrated that, while the two regions are

markedly different in many respects, they are equally vulnerable to the same policy errors and the degree of exposure to the international currency market. "High-quality growth", no matter where it is achieved, can no longer be assumed to be a sufficient barrier against the external shocks of an increasingly globalized economy.

Despite its many shortcomings in preventing and dealing with the baht crisis, the IMF is still the organization most properly suited to play the role of economic watchdog. The Fund's track record is rather impressive when looking back beyond recent events. After all, not a single crisis has been resolved in the last twenty-five years without some form of IMF assistance. More importantly, the Fund has achieved many successes throughout its history, although these have tended to go unnoticed by the international financial community. As Mr. Camdessus is fond of saying, "crises prevented are crises unseen."[177] At the annual meeting of the IMF and the World Bank held in Hong Kong in September 1997, the Fund's 181 members agreed to increase its capital base by 45%.[178] With an additional US$285 billion in reserves, the Fund must now decide how it will reform its policy for loan support to countries in time of crisis.

The IMF may want to consider dividing its reserves into two separate accounts. The first could support the traditional activities of the Fund, namely the provision of capital to stabilize an economy during a period of favorable economic policy reform. A second account could be maintained solely for use in the instance of serious currency crisis and macroeconomic shock. This would allow the Fund to establish a foundation of short-run economic and financial stability, and possibly prevent regional contagion. As well, rapidly responding with tangible support for a faltering economy may very well reduce the costs of a longer-term rescue package. This is perhaps the best the IMP can do, given the current state of the global economy. And for this, it seems likely that Mr. Camdessus' organization will retain its role. Ultimately, to blame the International Monetary Fund for a member country's economic crisis would be presumptuous by any measure. After all, only hindsight is correct all of the time.

Bibliography

BOOKS

Abel, Andrew and Ben S. Bernanke. *Macroeconomics.* Third Edition. New York: Addison-Wesley, 1998.

Bannister, Geoffrey. *Economic Context of the Mexican Crisis.* Albuquerque: Latin American Institute, 1996.

Dornbusch, Rudiger, and Stanley Fischer. *Macroeconomics.* Sixth Edition. London: McGraw-Hill, Inc., 1978.

Esser, Klaus. *International Competitiveness in Latin America and East Asia.* London: Frank Cass Publisher, in association with the German Development Institute, Berlin, 1993.

Gereffi and Wyman. *Manufacturing Miracles: Paths of Industrialization in Latin America and East Asia.* Princeton: Princeton University Press, 1990.

Ghai, Dharam, editor. *The IMF and the South: The Social Impact of Crisis and Adjustment.* London: Zed Books Ltd., 1991.

Giron, Alicia. *Mexico y America: Fin de Siglo y Deuda External* Mexico, D.F.: Universidad Nacional Autonima de Mexico, 1996.

Hart, Jeffrey A. and Joan E. Spero. *The Politics of International Economic Relations.* Fifth Edition. New York: St. Martin's Press, 1997.

Kagami, Mitsuhiro. *The Voice of East Asia: Development Implications for Latin America.* Tokyo: Institute of Developing Economies, 1995.

Keen, Benjamin. *A History of Latin America. Vol.* 3, ed. 5. Boston: Houghton Mifflin Company, 1996.

Krugman, Paul R., and Maurice Obstfeld. *International Economics: Theory and Practice.* Third Edition. New York: Harper Collins Publishers, 1994.

Kucynski, Pedro-Pablo. *Latin American Debt.* A Twentieth Century Fund Book. Baltimore: Johns Hopkins University Press, 1988.

Lin, Ching-Yuan. *Latin America vs. East Asia: A Comparative Development Perspective.* London: East Gate Books, 1989.

Modigliani, Franco, and Frank Fabozzi. *Capital Markets.* Second Edition. New Jersey: Prentice-Hall, Inc., 1996.

Muscat, Robert. *The Fifth Tiger.* New York: United Nations University Press, M.E. Sharpe Inc., 1994.

Oppenheimer, Andres. *Bordering On Chaos: Guerillas, Stockbrokers, Politicians, and Mexico 's Road to Prosperity.* Boston: Little, Brown and Company, 1996.

Roett, Riordan. *The Mexican Peso Crisis: International Perspectives.* Boulder: Lynne Reinner Publishers, 1996.

Smith, Peter. *Talons of the Eagle, Dynamics of U.S.-Latin American Relations.* London: Oxford University Press, 1996.

Salda, Anne C.M., compiler. *The International Monetary Fund.* London: Transaction Publishers, 1992.

Teillery, Juan Castaingts. *Mexico: Economia, Mito y Poder.* Mexico, D.F.: Universidad Autonima Metropolitana, 1994.

Woods, Ngaire. *The International Financial Institutions and the Politics of the Mexican Crisis.* London: Oxford University Press, 1996.

JOURNALS

Campos, Jose Edgardo and Hilton L. Root. "The Key to the Asian Miracle: Making Shared Growth Credible." *Brookings Insutahon,* 1996.

Guillen, Arturo. "Mexico: crisis, industria y restructuacion del sistema productivo." *Economies at Societes,* 20(5), May 1986.

Krugman, Paul. "Dutch Tulips and Emerging Markets." *Foreign Affairs,* July/August, 1995.

Krugman, Paul. "The Myth of East Asia's Miracle." *Foreign Affairs,* November/ December, 1994.

Naim, Moises. "Latin America the Morning After." *Foreign Affairs,* July/August, 1995.

Rogers, John H. "Temporary Foreign Exchange Subsidies, Anticipated Development: Mexican Dollar Anomaly." *Economics Letters,* 45(1), May, 1994.

Sachs, Jeffrey and Steven Radelet. "Asia's Reemergence." *Foreign Affairs,* November/December, 1997.

OTHER

"ADB says Asian developing countries not like Mexico." *Deutsche Presse-Augentur,* April 6, 1995.

Andrews, David and Shogo Ishii. *The Mexican Financial Crisis: A Test of the Resilience of the Markets for Developing Country Securities.* Washington, DC: Policy Development and Review Department, International Monetary Fund, Working Paper 95/132, December, 1995.

"Asia should give up the blame game." *Business Week International Editions; Editorials; Number 3544.* The McGraw-Hill Companies, September 15, 1997.

"Asian tigers catch a virus." *The Financial Times,* July 17, 1997.

Bardackej Ted. "Thailand: 'Powerless' frnance minister to go." *The Financial Times,* October 20, 1997.

"Beggars and choosers." *The Economist,* December 6, 1997.

"The big squeeze." *The Economist,* August 9, 1997.

"Bigger, Richer IMF Needed to Play Bailout Cop Role?" *American Banker-Bond Buyer,* May 1, 1995.

"Camdessus Welcomes Advance Repayment of Loans by Mexico, Positive Developments in Mexican Economy." Washington, DC: International Monetary Fund, News Brief No. 91/1, January 15, 1997.

"Camdessus Welcomes Announcement by the Philippines." Washington, DC: International Monetary Fund, News Brief No. 91/13, July 10, 1997.

"Camdessus Welcome Thailand's Policy Package." Washington, DC: International Monetary Fund, News Brief No. 97/16, August 5, 1997.

"Can the risks be seen?" *Banker,* May 1997.

"Capital Goes Brief." *The Economist,* October 25, 1997.

"The case for mild repression." *The Economist,* September 20, 1997.

Case, Brendad M. "The Challenges." *Latin Trade,* October, 1997.

"Challenges Facing the IMF and Malaysia." Address by Michel Camdessus, Managing Director of the International Monetary Fund, at a meeting of financial and business leaders, Malaysia, July 15, 1996.

"Communique of the Interim Committee of the Board of Governors of the International Monetary Fund." International Monetary Fund, Press Release No. 95/51, October 8, 1995.

Dombey, Daniel. "US warns Mexico over budget." *The Financial Times,* August 6, 1997.

"Drawing Lessons from the Mexican Crisis: Preventing and Resolving Financial Crises-The Role of the IMF." Address by Michel Camdessus, Managing Director of the International Monetary Fund, at the 25~ Washington Conference of the Council of the Americas, May 22, 1995.

Economist Intelligence Unit. *Mexico 1996-97.* London: Economist Intelligence Unit Ltd., 1996.

Economist Intelligence Unit. *Thailand 1996-97.* London: Economist Intelligence Unit Ltd., 1996.

Economist Intelligence Unit. *Thailand* 2nd *Quarter 1997.* London: Economist Intelligence Unit Ltd., 1997.

Elliot, Robert S. "Zedillo's 6-point survival plan." *Business Mexico,* July 1995.

"Floating baht." *The Financial Times,* July 4, 1997.

"Fragile, handle with care." *The Economist,* April 12, 1997.

Glain, Steve. "Asians Blame Foreigners for Their Woes." *The Wall Street Journal,* December 2, 1997.

Goldsbrough, David. *Reinvigorating Growth in Developing Countries: Lessons from Adjustment Policies in Eight Economies.* Washington, DC: The International Monetary Fund, Occasional Paper 139, July, 1996.

"High interest rates needed—Mexico: Learning from an IMF loan survivor." *The Financial Times Asia Intelligence Wire,* July 30, 1997.

"How far is down?" *The Economist,* November 15, 1997.

"The IMF and Asia." *The Economist,* November 22, 1997.

"The IMF and South-East Asia; The risk of a rescue too far." *The Economist,* October 25, 1997.

"The IMF and the Challenges of Globalization-The Fund's Approach to Its Constant Mission: The Case of Mexico." Address by Michel Camdessus, Managing Director of the International Monetary Fund, at the Zurich Economics Society, November 14, 1995.

"IMF Again Mulls Surveillance." *American Banker-Bond Buyer,* September 15, 1997.

"IMF Annual Report." Washington, DC: International Monetary Fund, 1997.

"IMF Approves Stand-By Credit for Thailand." Washington, DC: International Monetary Fund, Press Release No. 97/37,August20, 1997.

"IMF Approves US$ 17.8 Billion Stand-By Credit for Mexico" Washington, DC: International Monetary Fund News Brief No. 95/10, February 1, 1995.

"IMF go home." *The Economist,* August 9, 1997.

"IMF Board Releases US$2 Billion for Mexico." Washington, DC: International Monetary Fund News brief No. 95/16, June 30, 1995.

"IMF says it warned Thais on Baht Crisis: Defending the System, Aide Discloses Advice Year Before Crisis." *International Herald Tribune,* September 11, 1997.

"Invest in growth." *Asiaweek,* November 24, 1995, p. 12.

Kochhar, Kalpana, et al. "Thailand: The Road To sustained Growth." Washington, DC: International Monetary Fund, Occasional Paper 146, and December, 1996.

"Latin Lessons for East Asia." *Far Eastern Economic Review,* September 25, 1997.

Loser, Claudio, et al. *Mexico: Strategy to Achieve Sustained Economic Growth.* Washington, DC: International Monetary Fund, Occasional Paper 99, 1992.

"Mahathir, Soros and the currency markets." *The Economist,* September 27, 1997.

"Manning the lifeboats." *The Economist,* November 15, 1997.

McDermott, Darren. "Asia-Only Bailout Plan Provokes Praise, Fears." *The Wall Street Journal,* September 24, 1997.

"New Thai official calls for relaxation of rules on finance fines." *Agence France Presse,* October 28, 1997.

"Of crashes and conspirators." *The Economist,* August 2, 1997.

Organization for Economic Cooperation and Development. *The Benefits of Free Trade: East Asia and Latin America.* Paris,1994.

Pennington, Mathew. "Bank of Thailand faces credibility test after governor quits." *Agence France Presse,* July 3, 1996.

"Press Conference with Michel Camdessus, Managing Director of the International Monetary Fund." Federal News Service, February 2, 1997.

"Promoting safe and Sound Banking Systems: AN IMP Perspective." Remarks by Michel Camdessus, Managing Director of the International Monetary Fund, at a Conference on "Safe and Sound Financial Systems: What Works for Latin America." Inter-American Development Bank, September 28, 1996.

Randall, Laura. *Changing Structure of Mexico: Political, Social and Economic Prospects.* New York: Columbia University Seminar Series, Armonk, 1996.

"Remaking Kenya." *The Economist,* August 9, 1997.

"Rubin defends capital market liberalization." *Agence France Presse,* September 21, 1997.

Sanger, David. "Debating Whether Crisis Had to Be." *The New York Times,* October 29, 1997.

Sender, Henry. "Now for the Hard Part." *Far Eastern Economic Review,* September 25, 1997.

"Speculative Attacks and Currency Crisis: The Mexican Experience." Washington, DC: International Monetary Fund, Working Paper No. 95/112, November, 1995.

Suebpong, Unarat. "BBC scandal-police and central bank are to blame." *The Bangkok Post,* February 28, 1997.

Sugawara, Sandra. "Thailand's Tiger Economy Loses Its Roar: Stock, Currency Slide, Raising Fears of Mexico Style Crisis." *Washington Post Foreign Service,* June 24, 1997.

"Survey of Banking in Emerging Markets." *The Economist,* April 12, 1997.

"Sustaining Macroeconomic Performance in the ASEAN Countries." Address by Michel Camdessus, Managing Director of the International Monetary Fund, at a Conference on "Macroeconomic Issues Facing ASEAN Countries." Indonesia, November 7, 1996.

"Thaied up in knots." *The Economist,* July 5, 1997.

"Thailand." *Asia Money,* December 1996/January 1997.

Thanaporn, Promyamyai. "Heated censure debate against Thai PM enters second day." *Agence France Presse,* September25, 1997.

"The Unique Nature of the Responsibilities of the International Monetary Fund." Washington, DC: International Monetary Fund, 1992.

"Unpegged." *The Economist,* July 19, 1997.

Vatikiotis, Michael. "Face the Music." *Far Eastern Economic Review,* September 25, 1997.

Wessel, David. "IMF's Capital Base to Be Boosted By 45%." *The Wan Street Journal,* September 29, 1997.

"What the doctor ordered." *The Economist,* August 9, 1997.

World Bank. *The EastAsian Miracle: Economic Growth and Public Policy.* World Bank Policy Research Report.. :,~ New York: Oxford University Press, 1993.

"World's bankers urge East Asia to stay on course." *Deutsche Presse Augentur,* September 13, 1997.

Yee, Chan May. "Mahathir Speech Roils Malaysian Markets." *The Wall Street Journal,* September 23, 1997

Notes

[1] "Fragile, handle with care." *The Economist,* April 12, 1997, "Survey of Banking in Emerging Markets," p. 5.

[2] "Can the risks be seen?" *Banker,* May, 1997, p. 3.

[3] Marginalization is a term used by the IMP to describe the problems associated with prolonged economic recession in the least developed countries that are creating what some economists define as a class of Fourth World countries.

[4] International Monetary Fund. *Promoting Safe and Sound Banking Systems: An IMF Perspective.* Remarks by Michel Camdessus, Managing Director of the International Monetary Fund at a Conference on "Safe and Sound Financial Systems: What Works for Latin America." Inter-American Development Bank, September 28, 1996.

[5] Ibid.

[6] "The case for mild repression." *The Economist*, September 20, 1997, p. 81.

[7] Ibid., p. 81.

[8] "Unpegged." *The Economist*, July 19, 1997, p. 36.

[9] "Press Conference with Michael Camdessus, Managing Director of the International Monetary Fund." Federal News Service, February 2, 1995.

[10] Naim, Moises. "Latin America the Morning After." *Foreign Affairs*, July/August, 1995, p. 49.

[11] "IMF Again Mulls Surveillance." *American Banker-Bond Buyer*, September 15, 1997. No page number available from Lexis/Nexis.

[12] International Monetary Fund. *IMF Annual Report, 1997*. Washington, DC: 1997, p. 1.

[13] "How far is down?" *The Economist*, November 15, 1997, p. 19.

[14] Ramirez de la O, Rogelio. *The Mexican Peso Crisis and Recession of 1994-5: Preventable Then, Avoidable in the Future?* In Roett, *The Mexican Peso Crisis, International Perspectives*. London: Lynne Rienned Publishers, 1996, p. 30.

[15] Kuczynski, Pedro-Pablo, *Latin American Debt*. A Twentieth Century Fund Book. Baltimore: Johns Hopkins University Press, 1988, p. 123.

[16] "Of crashes and conspirators." *The Economist*, August 2, 1997, p. 57.

[17] "Press Conference with Michel Camdessus, Managing Director of the International Monetary." p. 5.

[18] Guitian, Manuel. *The Unique Nature of the Responsibilities of the International Monetary Fund.* Washington, DC: The International Monetary Fund, 1992, p. 5.

[19] Smith, Peter. *Talons of the Eagle, Dynamics of U.S.-Latin American Relations*. New York: Oxford University Press, 1996, p. 238.

[20] Kuczynski, Pedro-Pablo, p. 123.

[21] Keen, Benjamin. *A History of Latin America*. Fifth edition. Boston: Houghton Mifflin Company, 1996, p. 319.

[22] Bouzas, Roberto. *The Mexican Peso Crisis, International Perspectives*. p. 80.

[23] Bouzas, Roberto. *The Mexican Peso Crisis and Argentina's Convertibility Plan: Monetary Virtue or Monetary Impotence*, p. 80.

[24] Keen, p. 381.

[25] Ibid., p. 369.

[26] Martone, Celso L. *Recent Economic Policy in Brazil Before and After the Mexican Peso Crisis*. In Roett, *The Mexican Peso Crisis, International Perspectives*, p. 53.
[27] "IMF go home." *The Economist*, August 9, 1997, p. 28.
[28] Keen, Benjamin, p. 482.
[29] "The four to fear." *The Economist*, "Survey of Banking in Emerging Markets." p. 11.
[30] Guitian, Manuel, p. 1.
[31] Ibid., p. 2.
[32] Ibid., p. 2.
[33] Guitian, Manuel, p. 5.
[34] Ibid., p. 8.
[35] Guitian, Manuel, p. 6.
[36] Loser, Claudio and Eliot Kalter. *Mexico: Strategy to Achieve Sustained Economic Growth*. IMF Occasional Paper 99. Washington, DC: The International Monetary Fund, 1992, p. 1.
[37] Ibid., p. 1.
[38] Loser, Claudio and Eliot Kalter, p. 2.
[39] Ibid., p. 2.
[40] Woods, Ngaire. *The International Financial Institutions and the International Politics of the Mexican Crisis*. London: Oxford University Press, 1996, p. 5. To their credit, economists Rudiger Dorncusch and Guillermo Calvo had made predictions of a devaluation prior to the crisis.
[41] Abel, Andrew and Ben S. Bernanke. *Macroeconomics*. Third edition. New York: Addison-Wesley, 1998. P. 165.
[42] Hart, Jeffrey A. and Joan E. Spero. *The Politics of International Economic Relations*. Fifth edition. New York: St. Martin's Press, 1997, p. 203.
[43] Oppenheimer, Andres. *Bordering on Chaos: Guerrillas, Stockbrokers, Politicians, and Mexico's Road to Prosperity*. New York: Little, Brown, and Company, 1996, p. 3.
[44] Ibid., p. 5.
[45] Ibid., p. 13.
[46] Naim, Moises. *Latin America the Monring After*, p. 52.
[47] Hart, Jeffrey. A. and Joan E. Spero, p. 204.
[48] Oppenheimer, Andres, p. 221. According to standard economic theory a *de facto* devaluation of this magnitude does not in itself constitute a radical decision.
[49] Bannister, Geoffrey J. *The Economic Context of the Mexican Crisis*. Latin American Institute, University of New Mexico, Albuquerque, Research Paper Series No. 29, September, 1996, p. 15.
[50] Bannister, Geoffrey J. *The Economic Context of the Mexican Crisis*, p. 13.
[51] Oppenheimer, Andres, p. 219.
[52] Bannister, Geoffrey J., p. 16.
[53] Oppenheimer, Andres, p. 219.
[54] Spero, Joan E. and Jeffrey A. Hart, p. 205.
[55] Bannister, Geoffrey J., p. 20.
[56] Oppenheimer, Andres, p. 6.

[57] Roett, Riordan, p. 34. Perot estimated a 20-30% devaluation, which at the time seemed immensly over-exaggerated.
[58] Krugman, Paul. "Dutch Tulips and Emerging Markets." *Foreign Affairs*, July/August, 1995, p. 30.
[59] Ibid., p. 36.
[60] Roett, Riordan. *The Mexican Devaluation and the U.S. Response: Potomac Politics, 1995-Style*. In Roett, *The Mexican Peso Crisis: International Perspectives*, p. 35.
[61] Ibid., p. 34.
[62] Spero, Joan E. and Jeffrey A. Hart, p. 205.
[63] Roett, Riordan editor. "The Mexican Peso Crisis, International Perspectives." London: Lynne Rienned Publishers, 1996, p. ix.
[64] Bannister, Geoffrey J., p.13
[65] Ibid., p. 15. The World Bank failed to make a more noticeable mention of the fact that growth in the service sector was zero, even negative by certain maeasurements, which should have indicated that Mexico's overall productivity was not creating a more dynamic economy, but rather relying on an increase of factor inputs. See Paul Krgman's analysis of the South-East Asian growth for a more detailed explanation of the problems associated with this type of growth.
[66] Teillery, Juan Castaingts. *Mexico: Economia, Mito y Poder*. Mexico, D.F.: Universidad Autonima Metropolitana, 1994, p. 61. The quote is translated from Spanish.
[67] Giron, Alicia. *Mexico y America: Fin de Siglo y Deuda External* Mexico, D.F.: Universidad Nacional Autonirna de Mexico, 1996, p. 179. The quote is translated from Spanish.
[68] Case, Brendan M. "The Challenges." *Latin Trade,* October, 1997, p. 39.
[69] Roett, Riordan, *The Mexican Peso Crisis, International Perspectives, p.* 2. Internal documents released by the Mexican Government show that in November, 1994, a group led by then president-elect Zedillo secretly asked President Salinas to devalue the peso. The importance of the suggestion to Zedillo's economic team is unknown, and it may in fact have been nothing more than a minor suggestion.
[70] Ibid., p. 2.
[71] Ramirez de la 0, Rogelio, p. 11.
[72] Smith, Clint. International Perspectives on the Mexican Peso Crisis: An Introduction. In Roett, The Mexican Peso Crisis, International Perspectives, p. 3.
[73] Bannister, Goeffrey J., p. 15.
[74] Ranurez de la 0, Rogelio, p. 12.
[75] Rarnirez de la 0, Rogelio, p. 12.
[76] Ramirez de la O. Rogelio, p. 24.
[77] Oppenheimer, Andres, p. 6.
[78] Krugman, Paul. "Latin Lessons for Asia." *Far Eastern Economic Review,* September 25, 1997, p. 34
[79] Bannister, Geoffrey J., p. 19
[80] Ibid., p. 18

[81] Ibid., p. 18. The drop in GDP presented a serious problem for the IMF's publicity, as it was far greater than the 4.3% and 3.1% declines experienced following the 1982 debt crisis.

[82] Bannister, Geoffrey J., p. 18

[83] Keen, Benjamin, p. 296. The IMF has also come under criticism from the Whittome Report, an internal evaluation by retired IMF European Director Alan Whittome that faults the Fund's surveillance in Mexico for being concentrated too heavily on members' current account deficits. The Fund refuses to release the report to the public. ("Bigger, Richer IMF Needed To Play Bailout Cop Role?" *American Banker-Bond Buyer,* May 1, 1995. No page number available from Lexis/Nexis.)

[84] Ibid., p. 304.

[85] International Monetary Fund. *IMF Approves US$17. 8 Billion Stand-By Credit for Mexico.* International Monetary Fund News Brief No. 95/10, February 1, 1995.

[86] Naim, Moises. p. 46.

[87] International Monetary Fund. *IMF Board Releases US$2 Billion for Mexico.* International Monetary Fund News Brief No. 95/16, June 30, 1995.

[88] "Press Conference with Michel Camdessus." Federal News Service, p.5

[89] "Press Conference with Michel Camdessus." Federal News Service, p.5

[90] Ibid., p. 8.

[91] Ibid., p. 8.

[92] Ibid., p. 8.

[93] "Press Conference with Michel Camdessus." Federal News Service, p.5

[94] International Monetary Fund. "Drawing Lessons from the Mexican Crisis: Preventing and Resolving Financial Crises-The Role of the IMF." Address by Michel Camdessus, Managing Director of the International Monetary Fund, at the 25th Washington Conference of the Council of the Americas. Washington, DC: May 22, 1995, p.3.

[95] International Monetary Fund. "Drawing Lessons from the Mexican Crisis: Preventing and Resolving Financial Crises-The Role of the IMF." p. 7.

[96] International Monetary Fund. "The IMF and the Challenges of Globalization-The Fund's Approach to its Constant Mission: The Case of Mexico." Address by Michel Camdessus, Managing Director of the International Monetary Fund, at the Zurich Economics Society. Zurich: November 14, 1995, p. 4.

[97] Ibid., p. 4.

[98] Alexander, William E. and Orlando Roncesvalles. *Speculative Attacks and Currency Crisis: The Mexican Experience.* The International Monetary Fund, Working Paper No. 95/112. Washington, DC: November, 1995, p. 1.

[99] Ibid., p. 3.

[100] International Monetary Fund. "The IMF and the Challenges of Globalization-The Fund's Approach to its Constant Mission: The Case of Mexico." p. 6.

[101] ' Kapstein, Ethan B. "Shockproof: The End of the Financial Crisis." *Foreign Affairs,* January/February, 1996, p. 7.

[102] International Monetary Fund. "Promoting Safe and Sound Banking Systems: An IMF Perspective." p. 2.

[103] Ibid., p. 2

[104] Ibid., p. 2.
[105] International Monetary Fund. "Promoting Safe and Sound Banking Systems: An IMF Perspective." p. 2. Ibid., p. 3.
[106] International Monetary Fund. "The G-7 in 1996: What is at Stake?" p. 3.
[107] Ibid., p. 3
[108] Ibid., p. 3.
[109] When the IMF and World Bank gathered at their annual meeting (this time in Hong Kong) in September, 1997, it was agreed that a 45% increase in capital holdings would be put into effect almost immediately. See the press conference by Michael Camdessus, Managing Director, International Monetary Fund, September 10, 1997,9:00 a.m.
[110] International Monetary Fund. "The G-7 in 1996: What is at Stake?" p. 4.
[111] International Monetary Fund. *Camdessus Welcomes Advance Repayment of Loans by Mexico, Positive developments in Mexican Economy.* IMF News Brief No. 91/1, January 15, 1997.
[112] World Bank. *The East Asian Miracle: Economic Growth and Public Policy. A* World Bank Policy Research Report. Washington, DC: Oxford University Press, 1993.
[113] World Bank. *The East Asian Miracle: Economic Growth and Public Policy.* In addition to the *Four Tigers* the rest of the HPAE's are Japan, Indonesia, Malaysia and Thailand.
[114] Ibid., p. 5.
[115] International Monetary Fund. "Communique of the Interim Cornrnittee of the Board of Governors of the
International Monetary Fund." International Monetary Fund, Press Release No. 95/51. Washington, DC: October 8, 1995, p.1.
[116] "ADB says Asian developing economies not like Mexico." *Deutsche Presse-Agentur,* April 6, 1995.
[117]Andrews, David and Shogo Ishii. *The Mexican Financial Crisis. A Test of the Resilience of the Markets for Developing Country Securities.* Washington, DC: Policy Development and review Department, International Monetary Fund, Working Paper 95/ 132, December, 1995, p. 21.
[118] Krugman, Paul. "The Myth of East Asia's Miracle." Foreign Affairs, November/ December 1994, p. 64.
[119] "Asia's fall from grace." *The Economist,* Survey of Barking in Emerging Markets, April 12, 1997, p. 26.
[120] Ibid., p. 29.
[121] International Monetary Fund. "Challenges Facing the IMF and Malaysia." Address by Michel Camdessus, Managing Director of the IMF at a meeting of financial and business leaders, Kuala Lumpur, Malaysia, July 15, 1996, p. 4.
[122] Muscat, Robert J. *The Fifth Tiger.* New York: United Nations University Press, M.E.Sharpe Inc., 1994, p. 186. Thailand experienced a minor shock in 1984-5, but with the help of the IMF the problem was quickly corrected.
[123] Economist Intelligence Unit. *Thailand, Country Profile, 1996-7.* London: Economist Intelligence Unit, 1997, p.49. Data for Malaysia taken from "Challenges Facing the IMF and Malaysia." p. 5.

[124] "Challenges Facing the IMF and Malaysia." p. 5.
[125] International Monetary Fund. "Sustaining Macroeconomic Performance in the ASEAN Countries." Address by Michel Camdessus, Managing Director of the International Monetary Fund at a Conference on "Macroeconomic Issues Facing ASEAN Countries", Jakarta, November 7, 1996, p. 1.
[126] Ibid., p. 2.
[127] Ibid., p. 3.
[128] Kochhar, Kalpana et al. *Thailand: The Road To Sustained Growth.* International Monetary Fund Occasional Paper 146. Washington, DC: International Monetary Fund, December, 1996.
[129] Ibid., p. 2.
[130] International Monetary Fund. *World Economic Outlook, May, 1997.* Washington, DC: International Monetary Fund World Economic and Financial Surveys, May, 1997, p. 2.
[131] Ibid., p. 2.
[132] International Monetary Fund. *World Economic Outlook, May, 1997, p. 31.*
[133] "Thai stocks in a political grip." *The Financial Times,* September *23, 1996, p. 27.*
[134] Pennington, Matthew. "Bank of Thailand faces credibility test after governor quits." *Agence France Presse, July 3,* 1996.
[135] "Thailand: A special report by Finance One Public Company Limited." *Asia Money,* December 1 996/January 1997, p. 15.
[136] Suebpong, Unarat. "BBC scandal-police and central bank are to blame." *The Bangkok Post,* February 28, 1997. Page number not available through Lexis/Nexis download. Interestingly, the Thai government later issued a warrant for the arrest of international arms dealer Adnan Kashoggi, who was charged with embezzling approximately US$64 million from the BBC prior to its near collapse in early 1996.
[137] Economist Intelligence Unit. *Country Report: Thailand,* 2nd *Quarter,* 1997. London: Economist Intelligence Unit, p.17.
[138]"Floating baht." *The Financial Times, July* 4, 1997, p. 23
[139] Sugawara, Sandra. "Thailand's Tiger Economy Loses Its Roar; Stocks, Currency Slide, Raising Fears of a MexicoStyle Crisis." *Washington Post Foreign Service,* June 24, 1997,p. Al.
[140]"Thaied up in knots." *The Economist,* July 5,1997,p.71. In the experience of the IMF, Thailand's devaluation of the baht in the mid-l980's resulted in a noticeable improvement in competitiveness.
[141]International Monetary Fund. *Camdessus Welcomes Announcement by the Philippines.* Washington, DC: International Monetary Fund News Brief No. 91/13, July 10, 1997,p.1.
[142] International Monetary Fund. *Camdessus Welcomes Thailand's Policy Package.* Washington, DC: International Monetary Fund News Brief No. 97/16, August 5,1997,p.1.
[143] "IMF Again Mulls Surveillance." *American Banker-Bond Buyer,* September 15, 1997. No page number available from Lexis/Nexis.
[144]Friedman, Alan. "IMF Says It Warned Thais on Baht Crisis; Defending the System, Aide Discloses Advice Year Before Crisis." *International Herald Tribune.* Paris: September 11, 1997.

[145] International Monetary Fund. *Thailand, Annual Report* 1996-7. Washington, DC: International Monetary Fund Annual Report, 1997.
[146] International Monetary Fund. *Thailand, Annual Report 1996-7.*
[147] Campos, Jose Edgardo and Hilton L. Root. *The Key to the Asian Miracle: Making Shared Growth Credible.* Washington, DC: The Brookings Institution, 1996, p.41.
[148] Thanaporn, Promyamyai. "Heated censure debate against Thai PM enters second day." *Agence France Presse,* September 25, 1997. No page number available from Lexis/Nexis.
[149] "New Thai of ficial calls for relaxation of rules on finance firms." *Agence France Presse,* October 28, 1997. No page available from LexisfNexis.
[150] The role of the state in Thailand's banking sector has traditionally been to maintain a constant presence to insure the representation of its interests. Significant linkages between government of finials and the capitalist upper class have existed for years. The Bank of Thailand is subject to political will because the bank's governor can be instantly dismissed by the finance minister.
[151] Bardacke, Ted. "Thailand: 'Powerless' finance minister to go." *The Financial Times,* October 20, 1997. No page number available from Lexis/Nexis.
[152] Vatikiotis, Michael. "Face the Music." *Far Eastern Economic Review,* September 25, 1997, p. 90.
[153] "What the doctor ordered." *The Economist,* August 9, 1997, p. 32.
[154] "What the doctor ordered." *The Economist, p. 32.*
[155] International Monetary Fund. *IMF Approves Stand-by Creditfor Thailand.* Washington, D.C.: International Monetary Fund Press Release No. 97/37, August 20, 1997, p. 1.
[156] Yee, Chen May. "Mahathir Speech Roils Malaysian Markets." *The Wall Street Journal,* September 23, 1997, p. A18.
[157] Sanger, David. "Debating Whether Crisis Had to Be." *The New York Times,* October 29, 1997, p. D1.
[158] Glain, Steve. "Asians Blame Foreigners for Their Woes." *The wan Street Journal,* Tuesday, December 2, 1997, p. A17.
[159] "Unpegged." *The Economist, p. 36.*
[160] Sender, Henry. "Now for the Hard Part." *Far Eastern Economic Review,* September 25, 1997,p.42.
[161] "Unpegged." *The Economist, July 19,* 1997,p. *36.*
[162] "Manning the lifeboats." *The Economist,* November 1 5,1997,p.41.
[163] Sanger, David. "Debating Whether Crisis Had to Be." *The New York Times,* October 29, 1997,p. D1.
[164] "The IMF and Asia." *The Economist,* November 22, 1997, p. 21.
[165] "The IMF and South-East Asia; The risk of a rescue too far." *The Economist,* October 25, 1997, p. 80.
[166] "Capital goes brief." *The Economist,* October 25, 1997, p. 87. The capital controls index ranges from 1.00 (tight controls) to 0.00 (no controls). Indeed, the growth of foreign currency trading is astonishing. In 1995 an average US$ 1.2 trillion was transacted

daily in international currency markets, a figure roughly equivalent to 50 times the value of world trade in goods and services at that time.(Source: "Mahathir, Soros and the currency markets." *The Economist,* September 27, 1997, p. 87.)

[167] International Monetary Fund. "The IMF and the Challenges of Globalization-The Fund's Evolving Approach to its Constant Mission: The Case of Mexico." p. 8.

[168] "World's bankers to urge East Asia to stay on course." *Deutsche Presse Agentur,* September 13, 1997. No page number available from Lexis/Nexis.

[169] McDermott, Darren. "Asia-Only Bailout Plan Provokes Praise, Fears." *The Wall Street Journal,* September 24, 1997, p. A15.

[170] "Beggars and choosers." *The Economist,* December 6, 1997, p. 43.

[171] "The big squeeze." *The Economist,* August 9, 1997, p. 38.

[172] "Remaking Kenya." *The Economist,* August 9, 1997, p. 15.

[173] "IMF Approves Stand-By Credit for Indonesia." Washington, DC: International Monetary Fund, Press Release No. 97/50, November 5, 1997.

[174] As this thesis went to print the Fund announced a US$55 billion stand-by credit program for South Korea. Several obstacles will have to be overcome before the rescue package is put into effect, namely the government's refusal toadmit that its financial structure is about to collapse.

[175] International Monetary Fund. "Promoting Safe and Sound Banking Systems: An IMF Perspective."

[176] International Monetary Fund. "Promoting Freer Trade: The IMF's Perspective.", p. 1

177 International Monetary Fund. "The IMF in a Globalized World Economy."

[178] Wessel, David. "IMF's Capital Base to Be Boosted by *45%. "The Wall Street Journal,* September 29, 1997, p. A2.

Balance of Power and External Influence Vulnerabilities

Saudi Arabian-Yemeni Relations 1970-74 and 1988-90

Andrew Galliker

Balance of power theory is one of neorealism's most distinct contributions to the study of international relations. Based upon the logic of *Realpolitik*, where state actions are motivated by self-interest, balance of power contends that in a system of three or more states, the weaker ones will align to neutralize the power of the stronger. The interstate system of the South Arabian peninsula from 1970-74 and 1988-90, which involves Saudi Arabia, the Yemen Arab Republic (YAR), and the People's Democratic Republic of Yemen (PDRY), provides a model case study for this theory. According to the dictums of balance of power, the interaction of hegemonic Saudi Arabia and its weaker neighbors should have resulted in the smaller states' alliance against Riyadh. Instead, the YAR was a close ally of the Saudis (who had sponsored a civil war against the YAR government years before) and its alliance with the PDRY only occurred *de facto* when the Yemens unified in May 1990. Though balance of power theory is vindicated by this outcome, the question remains as to why this alliance did not happen sooner.

Andrew Galliker is graduating from Tufts University in 1998 with a degree in Political Science

On the surface, the ideological clash between the conservative YAR and the Marxist PDRY seems like a sufficient explanation, but it does not account for why Sanaa remained under Saudi influence during periods of moderation in the PDRY leadership nor why unification still occurred without Aden's complete revocation of socialism. Instead, the answer seems to lie within Saudi Arabian foreign policy, which was able to preempt the Yemenis' natural tendency for alliance by exerting pressure upon structural weaknesses within the YAR. The Yemen Arab Republic was a state with "external influence vulnerabilities," a lack of economic resources which created a dependence on foreign aid and trade, and the presence of armed political units that were autonomous of the central government. The YAR's discovery of oil in 1984 and its steady strengthening as a state made the weaknesses which Saudi Arabia could exploit less significant. The result was an increasing freedom of maneuver for the YAR and its ultimate decision for unification with the PDRY. Such an outcome demonstrates that the "natural" equilibrium of a balance of power system can be disrupted by the presence of a state with external influence vulnerabilities and that a potential hegemon can preempt balancing against it by manipulating these weaknesses.

Balance of Power Theory and External Influence Vulnerabilities

The balance of power theory is built upon the concept of *Realpolitik,* a paradigm which emphasizes that state interests are the "spring of action" within the international system and that each state is forced to act for its own best interests because there is no higher authority to arbitrate conflict between them.[1] These "best interests" are defined as policy which strengthens or preserves the state itself and their pursuit can be manifest through self-preservation at minimum and global domination at maximum.

Balance of power theory contends that within a system of three or more states adhering to *Realpolitik,* their individual pursuit of self-interest will cause the weaker members to work together against the strongest, (and according to Stephen Walt) most threatening state in the system.[2] As capabilities change, alliances will be restructured appropriately so that the strongest member is always offset by the others. This equilibrium is the "natural outcome" of a balance of power system. According to Kenneth Waltz, this result can and

does occur without the conscious effort of the balancers: "Balance of power theory claims to explain a result (the recurrent formation of balances of power), which may not accord with the intentions of any of the units whose actions combine to produce that result."[3] In other words, the theory holds that states which ground their policies in the logic of acting for their own self-interests will almost inevitably engage in alliances with the intention of countering the strength of the most powerful member of their system, regardless of whether or not policy makers have the *specific* intent of balancing.

Though this theory is logical and eloquent, the outcome which it predicts does not appear to be inevitable when applied to actual history. The progression towards equilibrium that Balance of Power predicts can sometimes be derailed, resulting in an arrangement which actually favors the most powerful state. "External influence vulnerabilities," defined as structural weaknesses within a state which can be pressured by other actors in the system in order to influence its foreign policy, can have this disruptive effect. If such vulnerabilities exist within one of the weaker members of an interstate system while the dominant member possesses the tools to pressure those weaknesses, then balancing can be preempted if the stronger state chooses to force the weaker one into its orbit by exploiting those vulnerabilities.

One external influence vulnerability which frequently appears in the developing world is the presence of armed political units which operate independently of their government's control. Such groups exist with frequency in the Middle East, examples being the Kurdish guerrilla movements in Turkey and Iraq, Hizbullah in Lebanon, the Palestinian Liberation Organization in Jordan (until 1970), and the Bakil and Hashid tribal confederations of the Yemen Arab Republic. These groups tend to be drawn from indigenous populations and develop a hierarchy of administration that is independent from their state's while simultaneously overseeing a substantial portion of their state's population. The self-contained nature of the leadership of these units and the fact that they often provide services or pursue agendas similar to that of actual states is what makes them "political." The greatest complication these groups create is that by virtue of the fact they are armed and often have their own paramilitary formations. This simultaneously creates a challenge to the legitimacy of the state in which they exist and a deterrent against interfering in the affairs of this unit. Such groups, which often pursue agendas antithetical to that of the states in which they inhabit, are ideal targets targets for manipulation by outside

powers. Such groups can be provided with arms and funding in order to subvert the state in which they exist or, are incorporated in that state's political structure, they can be used as a conduit for directly influencing that government.

Another, more straightforward external influence vulnerability is a lack of economic resources, which creates dependence on foreign trade and aid from another member of the system. The state which provides these benefits possesses considerable influence over its partner, depending on the percentage of revenues that such inputs make up. Threats to reduce aid or cut off trade can be used to alter the behavior of a dependent beneficiary and the promise of increases can be done in a similar way. Similarly, budgetary limitations on a government can restrict its ability to invest in projects or simply distribute patronage among its communities. If this problem is combined with the first external influence vulnerability, then outside powers can literally "buy off" groups that exist in a state, purchasing their support with subsidies and other benefits that the home government cannot provide.

There is no reason why states which possess these weaknesses will act with motivations different from any other *Realpolitik* state: they will all pursue a policy designed to preserve and strengthen themselves. Despite this, the existence of these external influence vulnerabilities can cause a state to act in a deviant manner within a balance of power system. This is because the pressure of an outside power upon these weaknesses can cause the target to see its most beneficial policy as aligning with the manipulator instead of against it. If this vulnerable state is in need of foreign aid that is being threatened to be revoked or has a political structure that has been penetrated by groups which are the beneficiaries of an outside power, then what that state perceives to be in its best interests is unlikely to be accomplished by opposing the government which is exerting pressure on it, regardless of whether or not that state is the strongest member in the system.

Background: YAR, PDRY and Saudi Arabia

Saudi Arabia's ability to prevent Yemeni unification for twenty years is illustrative of how external influence vulnerabilities can disrupt the "natural outcome" of a balance of power system. By examining the development of the states in the YAR and PDRY, and the structural factors within these countries, insight can be shed on why these vulnerabilities exist.

Demographics and Terrain

The country that is currently know as the United Yemen Republic lies at the Southern tip of the Arabian peninsula and forms one side of the strategic Bab al-Mandib straits with Africa. Before its unification in 1990, the Yemen Republic was split into two countries: the Yemen Arab Republic (also known as North Yemen) and the People's Democratic Republic of Yemen (also referred to as South Yemen). North Yemen occupies the Western portion of what is currently the united state and consists of rugged, mountainous terrain that has hindered the emergence of a truly centralized state in the area for centuries. South Yemen lies in the Eastern portion of the country and has less rugged, more hospitable terrain, particularly in the area of the Hadramaut wadi, where much of the population lives.

North Yemen is the most populous of the two: in 1970 it had a population of 6.47 million compared to South Yemen's 1.59 million.[4] One of the most recent censuses in North Yemen was in 1986, when the population was 8.97 million and in 1988 in South Yemen, with 1.83 million.[5] Both countries are made up almost entirely of Arab Muslims but North Yemen has a large population of Zaydis, which is a sect of Shi'ism. The Zaydis mostly live in tribal confederations located in the mountainous North, and once ruled Yemen for a thousand years under the leadership of a lineage of Imams. The largest and most influential of these tribes are the Hashid and the smaller Bakil confederations. The southern portion of what was the YAR and virtually all of South Yemen consists of Shafii, which is branch of Sunnism. In these areas tribal affiliations are very weak.

With the exception of South Yemen's one hundred and fifty mile border with Oman, Saudi Arabia is the only state which borders the Yemens, sharing a frontier of roughly seven hundred miles. The Saudi Arabian conquest of the provinces of Jizan, Asir, and Najran in 1934 occurred at the expense of the North Yemeni Imamate and resulted in the treaty of Taif, which ceded these lands to the Saudis but is renegotiable every twenty years. Though Riyadh's grip on the provinces has never wavered, the remainder of Saudi Arabia's border with Yemen has remained undefined until today. Saudi Arabia's current population is officially stated at 18.73 million, but there is a widely held opinion that the Saudis inflate this number in order to increase the regional importance of their kingdom.[6] It is believed that roughly 30% of the population is not

native and that the number of full citizens living in the country is closer to only ten million. This means that the YAR alone is home to a population that is at least approaching Saudi Arabia's. For Riyadh, which must be simultaneously looking to the north for threats from Iraq and Iran, the size of the YAR or a unified Yemen is itself a security concern.

History of the Yemens Prior to 1970

The ancient Imamate of North Yemen was overthrown by a *coup d'etat* of Arab nationalist military officers in 1962. As the family of the Imam Hamid al-Din fled north into the mountains in order to rally a countercoup, the newly declared Yemen Arab Republic requested military aid from Nasserist Egypt. In the midst of an ideological struggle with Saudi Arabia for control of the Middle East, Nasser seized the opportunity to develop an ally on the Arabian peninsula. As Saudi Arabia armed and funded the Imam's tribes, Egypt committed troops to protect the regime in Sanaa and the result was a proxy war that lasted until 1970. Both sides fought inconclusively until the Egyptian defeat in the Six Day War, which forced Cairo to withdraw its troops in that year. The YAR seemed doomed without its ally, but Soviet, Syrian and South Yemeni support in the form of supplies, air power, and "volunteers" helped fight the monarchists to a standstill. Frustrated by its inability to uproot the YAR militarily, Saudi Arabia chose to negotiate with Sanaa after an internal coup in North Yemen led to a purge of the regime's Leftists by the more conservative, tribal elements of its leadership. The result was the National Reconciliation of 1970, when Saudi Arabia secured a compromise that gave a set number of positions in the government to former monarchists. Riyadh recognized the YAR later that year.

South Yemen was also undergoing a period of turbulence during the YAR's civil war, but this was in the form of a nationalist uprising against British rule. South Yemen's capital city of Aden had been an English colony since 1839.

In 1963, amidst the environment of Arab nationalism that was pervading the region and the civil war being fought in the north, a revolutionary uprising began against the colonial state. Marxist organizations such as the National Liberation Front (NLF), sponsored by Egypt and the YAR, waged a guerrilla campaign which toppled the government in 1967. This was facilitated by the British announcement to withdraw from the country in 1966, the costs of their

empire being too great. After defeating its Marxist rival, the Front for the Liberation of Occupied South Yemen (FLOSY), the NLF assumed control of the state and established the People's Republic of South Yemen in 1967. An internal coup within the government consolidated the grip of the Leftist radicals of the NLF and the country changed its name to the People's Democratic Republic of Yemen (PDRY) in 1970 in order to emphasize its commitment to Marxist ideology.

The Existence of External Influence Vulnerabilities in the YAR and PDRY

The end of the civil war in 1970 did not herald the end of all problems for the YAR. This new state now had control over country that had few profitable natural resources and was largely populated by tribal confederations that had been evading centralized government for centuries. Both of these structural complications created the external influence vulnerabilities which would keep the government in Sanaa within Saudi Arabia's orbit for the next twenty years.

The relative autonomy of the Bakil and Hashid tribal confederations, the strength of the identity through which people associated with them, and the degree of influence which the tribal sheiks exerted over their own villages were formidable obstacles to state-building in the YAR.[7] The tribal background of many of the military officers and officials within the government ensured that the interests of these communities would be primary in the new regime.[8] At the same time, the large quantity of arms and funding which the Saudi Arabians provided to the tribes during the civil war, as well as the subsidies provided by the Egyptians and YAR in order to compete with Saudi favors, increased the sense of autonomy felt by these groups and their capability to resist state coercion. The almost cavalier attitude towards the possession of weaponry in Yemeni culture made this situation more intractable. The central government's hesitation, even in 1993, to limit the brandishing of Saudi provided machine guns by local tribesmen is indicative of this.[9]

Thus, Saudi Arabia's patronage gave it a direct conduit into the political order of the YAR. As long as tribal influence was directed towards the government, Riyadh could be sure that it had some say in YAR decision-making. Though the relations between Saudi Arabia and the Zaydi tribes were (and continue to be) close, it is not apparent that many of these tribes have any sort of special

loyalty for Saudi Arabia *per se*. The statement Faysal gave to Nasser in 1969 that "the Hamid al-Din family has been my enemy for forty years, not yours..." is indicative of the lack of cooperative history Saudi Arabia had with the rulers of the area before the civil war.[10] Instead, it seems more likely that the motivation behind many of the Yemeni tribes' good relations with the Saudis were mostly mercenary. This was still not a great complication for the Saudis, for their vast oil fortune could allow them to easily outbid any subsidies that the impoverished YAR government might offer. At the same time, the conservative ideology of these groups was much closer to Saudi Islamism than the Marxism of the neighboring PDRY, allowing their common beliefs to unite them against a mutually disagreeable enemy.

The second vulnerability of the Yemen Arab Republic was its economic weakness. Being one of the least developed countries in the world prior to unification, the YAR possessed almost no valuable resources before the discovery of oil in 1984. Before this blessing, the economy was primarily agrarian, making up three-fifths of the gross domestic product in 1970.[11] This created a severe dependency on foreign aid, so much that in 1975 the entirety of the YAR's budget deficit was financed by foreign loans and grants.[12] The majority of this funding came from Saudi Arabia and continued up until the Gulf War. In 1990, Riyadh was providing $600 million dollars in aid to the government in Sanaa while Yemenis living in Saudi Arabia brought back $1.2 billion annually to their home country, its largest source of revenue.[13] This economic reliance on Saudi Arabia was the second channel through which Riyadh could influence the foreign policy of the YAR.

The People's Democratic Republic of Yemen was, in contrast, a state which lacked external influence vulnerabilities of the severity which existed in the YAR. Tribal affiliations within the PDRY were not nearly as strong as they were in Northern Yemen. This is primarily due to the legacy of British colonialism in the area, which established close ties with local tribal leaders and incorporated them into the local government, which in turn collapsed when the colonizers left.[14] Disruptive modernization efforts, the introduction of private property, and the creation of a labor class due to the establishment of an oil refinery in Aden all contributed to the development of a Marxist ideology within the country.[15] This revolutionary political culture is directly opposed to the one in Saudi Arabia and left few openings which Riyadh could exploit to find allies. Because of these circumstances, one of the major external influence

vulnerabilities which existed in the YAR was not present in the Saudi-Yemeni system with regards to the PDRY. The PDRY was also relatively freer of the second vulnerability which was present in the YAR: lack of natural resources which creates a need for economic reliance on another state in the system. The existence of oil in the PDRY and the refinery which the British had built to exploit it helped provide the state with an alternative source of income to support itself.

Case One: Saudi Arabian Foreign Policy in the Yemens, 1970-1974

The Yemeni Threat to Saudi Arabia: Subversion and Unification

The major threat that originated from the Yemens during this period was from the PDRY and its commitment to the spread of Marxist revolution throughout the Gulf. Aden's first official statement on foreign policy outlined its goal to further "natural Yemen unity" and bring about the "liberation of Arab lands still under foreign rule."[16] From the PDRY's standpoint, this unity would no doubt occur at the expense of the conservative republicans in the YAR. This was a view that was confirmed by the PDRY's sponsorship of leftist elements in the Sanaa government in the aftermath of the civil war.[17]

More directly unsettling was the PDRY's sponsorship of the rebellious tribes in Oman. The Dhofar area, located in the southern portion of the country bordering the PDRY, was plunged into a civil war from 1963-1975 as indigenous tribes rose up against the rule of the Omani Sultan. These rebels began to include an increasing number of Marxist radicals and soon became organized into the Popular Front for the Liberation of the Occupied Arab Gulf (PFLOAG). The PDRY provided training camps, arms, and staging bases for this movement, as well as helping facilitate the transfer of arms from the Soviet Union and China into Dhofar.[18] The urgency of this situation was heightened by the British withdrawal from the Trucial Gulf States in 1968, worsening Saudi fears that international circumstances could be leading to its encirclement by communist states.

The Saudi Response

In order to confront this threat, Riyadh embarked on a policy designed to overthrow the PDRY government as early as 1968. The Saudis first assisted deposed tribal leaders who had served in the collapsed British state of South Yemen and then a resistance movement against called the Organization of South Yemeni Nationalist Forces (OSYNF). Exiles from FLOSY, dissidents from the PDRY government and tribal leaders from the North were armed and organized by Riyadh in the YAR. The smaller offensives launched by the South Yemeni tribesmen were unsuccessful and it was not until 1972 that a major offensive was launched by the OSYNF, resulting in the first Yemeni war. It was a disaster for the Saudis, for PDRY forces not only ejected the invaders from their territory, but went on to invade the OSYNF areas in the YAR itself. The fighting was resolved with a unity agreement that was launched by YAR prime minister Muhsin al-Ayni and mediated by the Arab League, which was an even further setback for Saudi Arabia. Negotiations between the Yemens led to the establishment of technical committees to work out a constitution, the nature of the state and other details.[19]

The agreement for unity was partially a YAR push to absorb the much smaller South and a PDRY effort to buy time in order to regroup its forces.[20] The lull in the fighting and the Saudi loss of initiative allowed the PDRY to go on the offensive, supporting leftist dissidents in the North in the hopes of creating a political base that would be more favorable to their interests when unity occurred.[21] A unified Yemen which incorporated and therefore solidified the Marxist government of the South was a dire scenario for the Saudis. Riyadh's response was to rally the tribal shayks of the YAR (who were also nervous about the prospects of Marxism spreading in Yemen, which would demolish their legitimacy) and military officers who were disaffected by the current regime in Sanaa. Generous funding for these groups and the withdrawal of Saudi foreign assistance created enough pressure to force al-Ayni to step down and be replaced by the pro-Saudi Abdullah Hajri.[22] Hajri's pro-Saudi sentiments were so strong that he was willing to declare the Taif treaty permanently binding.[23] This did not last however; the current president of the YAR, Abd al-Karim al-Iryani, forced Hajri to step down as part of an ongoing power struggle in the government between tribal conservatives and "modernists" over the prospects of unity. The Saudis got their way again in 1974 with the bloodless

coup d'etat of Colonel Ibrahim Muhammad al-Hamdi, a man of tribal background who effectively shelved unification efforts.[24] Though there is little evidence that Saudi Arabia directly participated in the placing al-Hamdi in power, they were supportive of the outcome.[25]

Saudi Policy and External Influence Vulnerabilities: 1970-74

In order to execute its strategy of overthrowing the PDRY government, Saudi Arabia needed to work closely with the YAR. The presence of the desolate Rub al-Khali (Empty Quarter) on the Saudi side of the PDRY border makes it unlikely that any sort of dissident army could be effectively organized in that area. YAR population centers close to the PDRY border would make effective supply sources for the developing forces and it seems reasonable that Riyadh may have also been hoping to drag the YAR's regular army into its war against South Yemen.[26]

Part of the reason why Saudi Arabia's efforts to overthrow Aden failed in this period were because of distrust between the YAR and OSYNF, which the former saw as a threat to state stability. The small size and poor equipment of the YAR armed forces, especially when compared to the Saudi backed irregulars, made the OSYNF even more unwelcome.[27] This distrust manifested itself through a lack of cooperation between these two forces, as evidenced by the YAR's refusal to participate in the OSYNF offensive that triggered the 1972 border war.[28]

This lack of cooperation is indicative of the YAR government's reluctance to pursue a violently hostile relationship with its neighbor. When both Yemens achieved their independence in the 1960s, the prospect for warm relations between them was good, as demonstrated by Aden's support for the Republic government during the civil war and widespread optimism in both countries about unification.[29] It was not until ideological shifts occurred in both governments during the 1970s that real hostility emerged. Since one of the primary factors behind this radicalization was Saudi involvement in the affairs of both these states, this seems to indicate that Riyadh's foreign policy played a significant role in overcoming what could have been alliance or even unification between the two Yemens.

It seems likely that the growing strength of a conservative, tribal based regime in the YAR was partially the result of the Saudi brokered National Reconciliation, which allowed former royalists to play a role in the government. The positioning of these tribal leaders, who continued to be heavily subsidized by Riyadh[30], diminished the power of less traditional elements who were not disposed towards Saudi Arabia's intrusive role.[31] This also allowed the armed forces of the YAR to become highly "tribalized" and made up to a large extent of men from the Hashid and Bakil confederations.[32] These circumstances kept the state in perpetual weakness, depriving it of the will or the means to deny Saudi Arabian use of the YAR as a base for dealing with the PDRY.

Not only did Riyadh's strategy alter the nature of the government in Sanaa, but it also had a direct impact on the regime in Aden. In the late 1960s, the National Front of the PDRY was in the midst of a major power struggle between radical and moderate Socialist factions. The moderates, under President Qahtan al-Shabi, were on the verge of beating ultra-leftist forces when Saudi sponsored insurgents began organizing a series of uprisings in the PDRY. The radicals were immediately reincorporated into the government so that both sides of the National Front could stop fighting long enough to crush the rebellions. This gave the opportunity for the radical faction, under the leadership of Colonel Salim Rubayya Ali, to launch a *coup d'etat* that swept away the al-Shabi government.[33] This event marked a significant change in the foreign policy of the country, as signified by its name change to the more appropriately Marxist "People's Democratic Republic of Yemen" instead of the "People's Republic of South Yemen." The PDRY government also initiated closer ties with the Soviet Union and Syria, as well as calling for the overthrow of the Saudi Arabian monarchy, intensifying their demand for revolution throughout the Gulf, and suspicion towards the YAR's close relationship with Riyadh.[34]

The impact of Saudi Arabian policy towards the Yemens in this period is clearly a disruptive one. The staging of PDRY resistance movements from the YAR was an indirect cause of radicalization in Aden's government while Saudi Arabia's involvement in North Yemen's domestic politics tilted the balance of power towards tribal elements that would be (as discussed in the previous section) staunch opponents of unification. This does not mean that Saudi Arabia was the sole cause for friction between the two Yemens or that unification would have been inevitable if Riyadh had not pursued its policies. Such an assertion overlooks the significance of the ideological rifts that were developing

in the late 1960s and assumes that the tribal elements of the YAR would have acquiesced to close relations with the PDRY without Saudi incitement. The Hashid and Bakil did not need foreign convincing to notice the destruction of tribal power bases in the South Yemen and be concerned about what unification with such a state would mean for them. At the same time, it seems likely that relations between the two Yemens could have developed along a more normal route if Saudi Arabia had not been able to exert such strong influence over the YAR. Had the tribal confederations not been armed and supplied to such an extent that they could challenge the state, "modernists" in the regime could likely have pursued their own agenda, which included better relations with the PDRY.

Because of the extent to which Saudi Arabia negatively influenced relations between the two Yemens, it seems that Riyadh was able to sabotage what could likely have been a developing relationship between them. This occurred both inadvertently, by facilitating a *coup* in the PDRY and intentionally, by helping bring about a succession of YAR leaders opposed to unification. In this manner Saudi Arabia can be said to have prevented an alliance between two countries that would have likely worked together against it. In the vacuum of balance of power theory, it seems extremely likely that both of the Yemens would have developed some sort of accommodation in order to balance their larger neighbor. Saudi Arabia's meddling in the internal affairs of the YAR, its previous sponsorship of an insurgency that was determined to overthrow the government and its efforts to incorporate that movement into the regime would seem to be reason enough for Sanaa to be wary of Riyadh. Saudi efforts to overthrow the PDRY's Marxist government were an obvious justification for South Yemen to align with the YAR. This did not happen, however, and while a significant cause for it was Saudi strategy in the area, the reason it had such an impact was because of an external influence vulnerabilities in the YAR. If the tribal confederations did not have such a high level of autonomy, then it seems likely that the YAR state would have been a stronger institution and much less tolerant of foreign involvement in tribal affairs. Such circumstances would not have allowed Riyadh to pursue its policy of attempting to subvert the PDRY or keeping the YAR government within its sphere of influence. Likewise, the economic aid that Saudi Arabia provided to the YAR was a tool which proved useful in forcing al-Ayni to step down in favor of a more pro-Saudi leader. Even more importantly, Saudi Arabia's enormous financial

resources allowed it to easily outbid the YAR for tribal support. Thus, Saudi Arabian foreign policy was able to circumvent the rules of balance of power theory by exploiting the external influence vulnerabilities of a potential adversary in the system.

Case Two: Saudi Arabian Foreign Policy in the Yemens: 1988-1990

The Yemeni Threat to Saudi Arabia: Oil and Unification

By 1988, Saudi Arabia had continued to have close relations with the YAR. Tensions with the PDRY continued from 1975-1988, but the end of the Dhofar rebellion in 1975 and the YAR's gradual strengthening of the state had ended the possibilities for Aden's sponsorship of insurgency. As the PDRY gravitated towards an alliance with the Soviet Union, signing a twenty year Treaty of Friendship and Cooperation in 1979, Saudi Arabia's policy of subverting Aden's regime was replaced by unsuccessful attempts to lure it away from the Soviets with the promise of foreign aid. Twice, in 1979 and 1986, officials in the PDRY began to gravitate towards Riyadh and each time they were eliminated in an internal *coup*. Despite this, the PDRY's relationship with its patron became jeopardized as the Soviet Union began the *glasnost* and *perestroika* reforms in the late 1980s, cutting and then canceling the $400 million in annual aid that it had been providing.[35]

The PDRY's increasingly desperate economic situation was juxtaposed by the YAR's discovery of oil in 1984 near its border with the PDRY. Pumping of the YAR's oil began in 1988, producing 175,000 b/d out an estimated reserve of one billion barrels.[36] Though increased prospecting efforts lead a brief massing of troops between the Yemens in the potentially oil rich, disputed area between the Marib-Jawf and Shabwa provinces[37], after months of negotiation both countries agreed to withdraw their forces, remove border posts at the area and establish a joint oil exploration company.[38] The degree of this cooperation was significant enough to cause a previous, ongoing crisis between the Yemens about the extradition of an exiled PDRY president from the YAR to abate almost immediately and be resolved in the next year.

This swift *rapproachment* was a potential nightmare for Saudi Arabia, for unification of the Yemens with plentiful supplies of oil would mean increased independence from Saudi foreign aid, as well as the capability to purchase better weaponry and dispense patronage to the tribal confederations. Though the decline of Communism and collapse of the Soviet Union removed concerns about a Marxist state developing on Saudi borders, the prospects of an independent, populous Yemen was not comforting.

In 1989, Saudi fears became manifest, as relations gradually improved between the Yemens and "perestroika-esque" reforms were undertaken in the PDRY.[39] In November of that year, an agreement for unification was signed by the Presidents of both countries and a draft constitution was approved for the new Yemen Republic, effectively thwarting decades of Saudi Arabian foreign policy.

The Saudi Response

Saudi Arabia's response to the emerging prospect of Yemeni unification in the late 1980s was done through a three pronged policy. The first element was to again rally the traditional elements of YAR society which had close ties to Saudi Arabia and were opposed to unification. The second aspect called for the use of military and diplomatic intimidation in order to deter the YAR and foreign oil companies from drilling in areas along the undemarcated border. The final prong attempted to strengthen Saudi economic relations with both of the Yemens in order to increase the interdependence of their relationship with Riyadh.

On the surface, opposition to unification did not seem to publicly manifest itself from the groups that traditionally opposed it. King Fahd's statement that "I personally...bless the unity that actually is in the interests of one homeland...We now support this unity more and more because it benefits Islam..."[40] and the comment made by Hashid tribal leader Shaykh Abdullah bin Hussain al-Ahmar that all tribes supported the unification were indicative of such a development.[41]

Though it seems unlikely that Shaykh Abdullah's statement represented the unanimous opinion of the YAR tribal confederations, his comment did represent a shift in opinion held by some of the more traditional elements. This was because of the increasing penetration by the YAR government over the past

decade into the territory of the tribal confederations. The growth of regional development projects in tribal areas and enlargement of the state bureaucracy meant that the government's control was slowly increasing.[42] The introduction of general conscription enlarged the military and prevented it from becoming a proxy of the Hashid and the Bakil. Tribal elements were also incorporated into the government through the YAR's first free parliamentary elections in 1988, which were accepted as legitimate by the confederations and included many of their number.[43]

In order to compensate for its increasing loss of influence among the tribes, it seems that Saudi Arabia turned to another segment of Yemeni society which opposed unification: Islamic extremists. The close connections between Riyadh and the Yemeni Muslim Brotherhood's leader, Shaikh Zandani, as well as the group's active lobbying against the unification efforts demonstrates this. A bombing by Muslim Brotherhood members in May 1990 and an assassination campaign by Muslim extremists against Yemeni socialists from 1990-94 are possible routes through which Saudi Arabia attempted to disrupt unification. The statement by Ali Abdullah Salih, president of the unified Yemen, that it is the "riyal that pays the hands which stage the incidents...[and] It is not the Yemeni riyal" shows that Sanaa holds Saudi Arabia responsible for the violence.[44]

Despite the dampening of tribal autonomy, Saudi Arabia still maintained close ties with some of the tribes in the YAR, as shown by a communique sent out by six tribes in the YAR expressing their support for the Kingdom in its war with Iraq in 1990 and their opposition to the Yemeni stand to remain "neutral" in the conflict.[45] Not coincidentally, these tribes have been disruptive of oil drilling operations by the Hunt oil company, kidnapping and ransoming the employees of the U.S. firm which had signed a concession with Sanaa for development of the area. The territory which was signed off is close to the Saudi-Yemeni border, which is undemarcated, allowing Riyadh to claim that the property signed in the concession and the oil within is its own.

In working to curtail Yemeni power, Saudi Arabia also employed direct measures in order to disrupt Yemeni oil exploration. A letter from the Saudi Arabian government was sent in 1992 to oil firms that held concessions along the disputed border, informing them that they were trespassing and that the Kingdom would take whatever steps were necessary in order to protect its

sovereignty.[46] Saudi Arabian armed forces and pro-Saudi tribes also periodically skirmished with YAR and PDRY troops in potentially oil rich areas from 1987-90 and a military city was constructed by the Saudis at the border province of Jizan in 1990.[47] Though border negotiations between the Yemenis and Saudi Arabia have been conducted since 1988, virtually no progress has been made, even by 1997. Instead, it seems that the Saudi strategy in this area has had nothing to do with sincere negotiation and instead focused on interdicting Yemeni oil development of the area.

Curiously, while Saudi Arabia and the Yemens clashed over the undemarcated border, Riyadh also attempted to foster closer economic ties with the Yemens. Agreements for closer trade, investment and technical cooperation were signed by the Saudis with both Yemens in 1988.[48] Even after unification, Saudi Arabia continued to supply $600 million in foreign aid and Yemeni citizens were allowed to work in the Kingdom without a visa, a favor which allowed the migrant workers to return $1.2 billion to their home country annually, its largest source of revenues.[49] It seems improbable that Saudi Arabia, a country whose primary export is petroleum and has gross national product over thirty-two times that of unified Yemen[50], would feel the need to establish closer economic ties with Sanaa. Likewise, Yemeni labor could (and has been) easily replaced by workers from other countries such as Pakistan and India. What seems more feasible is that the Riyadh established these ties in order to increase the dependence of the Yemenis upon the Kingdom in spite of their new found oil. The impact that these ties allowed Saudi Arabia to have on the Yemeni economy was demonstrated in the Gulf War, when Sanaa tacitly sided in favor of the Iraqi invasion of Kuwait. In retaliation, over 800,000 Yemeni workers were ejected from the Kingdom and all aid was cut, creating severe economic dislocation.

Saudi Policy and External Influence Vulnerabilities: 1988-1990

Saudi Arabian foreign policy during this period was ineffectual in achieving its goals. Riyadh was unable to prevent the PDRY and YAR from unifying, owing to its declining influence among the tribal confederations, which were being rapidly coopted by the YAR government. Saudi Arabia was also unable to deter foreign investment and Yemeni exploitation of its oil reserves. By late 1990, eleven new concessions were signed with international firms for the

development of oil and natural gas reserves.[51] Saudi attempts to intimidate companies that were drilling in what it considered its own territory and harassment of oil workers by local tribesmen all failed to prevent the development of these areas. Furthermore, Saudi instigated border clashes did little to push the ongoing border negotiations in its favor other than help renew the border established by the Taif treaty, which will be reopened in 2014.

Saudi Arabia's closer economic ties also failed to have any significant influence on Yemeni behavior, either before or after unification. The prospect of losing Saudi aid and returned revenues was not even enough to deter Yemen from siding with Baghdad in the Gulf War. Using its temporary seat on the United Nations Security Council, Yemen refused to support sanctions or the use of force against Iraq and attempted to push through a resolution calling for the protection of Palestinians in the Occupied Territories. Had such a resolution passed, it might have forced the United States to veto it and risk splintering the anti-Iraq coalition.[52] Yemen was also accused by Saudi Arabia of airlifting food to Iraqi troops in defiance of the U.N. sanctions. Sanaa's intransigence on its support for Iraq was summarized by President Salih's statement in 1991 that the "Yemeni position on the Gulf Crisis was clear and principled and we were content to endure its consequences."[53] This resoluteness further illustrates how much Saudi control over the YAR had deteriorated since the 1970s and the degree of independence through which the newly unified Yemen was acting.

Ultimately, its seems that the principle reason why Saudi foreign policy was ineffective during this period was because the very things it had relied on to influence Yemeni politics were weakening in severity. The external influence vulnerabilities of the YAR were overcome by its government because of the regime's increasing centralization and its discovery of oil reserves. The growth of state influence throughout the country, the cooptation of the tribes into the regime and the introduction of general conscription helped break the autonomy of the confederations. At the same time, the discovery of oil provided an economic resource which could break Sanaa's reliance on foreign aid and provide revenues which could be used to develop and provide subsidies for tribal areas that were not fully under the government's control. It is also significant that the renewed effort for unification was facilitated by YAR-PDRY cooperation on oil development issues, for it was the potential economic benefits of joint development that helped these states to overcome their ideological

differences and work together. This is especially true for the PDRY, for its socialist economy was badly mismanaged and its leadership, in light of the collapse of the Eastern Bloc in Europe, was concerned about its viability.

As the YAR's external influence vulnerabilities weakened, Sanaa gravitated farther away from the influence of Saudi Arabia, allowing it to pursue policies which it would have been unable to in the 1970s. It seems very likely that a renewed pursuit of unification or the decision to side with the Iraqis in 1990 would have been allowed by Saudi Arabia if the YAR remained as decentralized or economically dependent as it was twenty years ago. Therefore, it is apparent that the dampening of external influence vulnerabilities allows the balance of power system to return to its natural state, just as the presence of these vulnerabilities can allow a hegemon to preempt it. As YAR overcame its weaknesses, it moved closer to the PDRY, allowing the both of them to engage in the ultimate sort of alliance against Saudi Arabia: unification.

Conclusion

Balance of Power theory concludes that in a system of three or more states, the weaker members will ally against the strongest. The system of the South Arabian peninsula, involving the Yemen Arab Republic, the People's Democratic Republic of Yemen, and Saudi Arabia was one system where such rules should have held, but for twenty years they did not. The reason why the YAR aligned with Saudi Arabia and not with the PDRY, the other "weaker member," was because of the existence of external influence vulnerabilities within the YAR state. Lack of control over the autonomous tribes within its territory and economic dependency on foreign aid were weaknesses through which Saudi Arabia could manipulate YAR policy and keep it within its sphere of influence. As the government in Sanaa grew in strength and achieved greater economic independence with its discovery of oil, these vulnerabilities became less prominent and Saudi influence weakened. This weakening resulted in the outcome which balance of power theory would predict for the system of the South Arabian Peninsula, where the YAR and PDRY "allied" against the stronger member through unification.

Bibliography

Books and Articles

Burrowes, Robert D. "Prelude to Unification: The Yemen Arab Republic, 1962-1990." *International Journal of Middle East Studies* 23 (1991): 483-506.

Burrowes, Robert D. *The Yemen Arab Republic: The Politics of Development, 1962-1986*. Boulder, Colorado: Westview Press, 1987.

Cordesman, Anthony. *Saudi Arabia: Guarding the Desert Kingdom*. Boulder, Colorado: Westview Press, 1997

Dunbar, Charles. "The Unification of Yemen: Process, Politics, and Prospects." *Middle East Journal* 46, no. 3 (Summer 1992): 456-476.

Dunn, Michael Collins. "The Wrong Place, The Wrong Time: Why Yemeni Unity Failed." *Middle East Policy* 3, no. 2 (1994): 148-156.

Gause, F. Gregory III. *Saudi-Yemeni Relations: Domestic Structures and Foreign Influence*. New York: Columbia University Press, 1990.

Gause, F. Gregory III. "Yemeni Unity: Past and Future." *Middle East Journal* 42, no. 1 (Winter 1988): 33-47.

Halliday, Fred. *Revolution and Foreign Policy: The Case of South Yemen, 1967-1987*. Cambridge, U.K.: Cambridge University Press, 1990.

Katz, Mark N. "Yemeni Unity and Saudi Security." *Middle East Policy* 1, no. 1 (1992): 117-135.

Keohane, Robert O., ed. *Neorealism and Its Critics*. New York: Columbia University Press, 1986.

Kostiner, Joseph. *Yemen: The Tortuous Quest for Unity, 1990-94*. London: Chatham House Papers, 1996.

Nyrop, Richard F. et. al. *Area Handbook for the Yemens*. Washington, D.C.: GPO, 1977.

Pelletiere, Stephen C. *Yemen and Stability in the Persian Gulf: Confronting the Threat from Within*. Washington, D.C.: Strategic Studies Institute, 1996.

Safran, Nadav. *Saudi Arabia: The Ceaseless Quest for Security*. Cambridge, Massachusetts and London: The Belknap Press of Harvard University Press, 1985.

Stookey, Robert W., ed. *The Arabian Peninsula: Zone of Ferment*. Stanford, California: Hoover Institution Press, 1984.

Walt, Stephen M. *The Origins of Alliances*. Ithaca and London: Cornell University Press, 1987.

Periodicals

Country Report: The Economist Intelligence Unit

Foreign Broadcast Information Service

Middle East Economic Digest

Middle East Economic Survey

Notes

[1]Kenneth N. Waltz, "Anarchic Orders and Balances of Power," in *Neorealism and Its Critics* (New York: Columbia University Press, 1986), 116.
[2] see Stephen M. Walt, *The Origins of Alliances* (Ithaca and London: Cornell University Press, 1987), 165-72.
[3] Ibid, 118-19.
[4] Richard F. Nyrop, et. al, *Area Handbook for the Yemens* (Washington, D.C.: GPO, 1977), 170, 92.
[5] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* EIU Country Profile 1994-95, 1994, 42-43.
[6] Anthony Cordesman, *Saudi Arabia: Guarding the Desert Kingdom* (Boulder, Colorado: Westview Press, 1997): 9.
[7] Robert D. Burrowes, "Prelude to Unification: The Yemen Arab Republic, 1962-1990," *International Journal of Middle East Studies* 23 (1991): 484.
[8] Robert D. Burrowes, *The Yemen Arab Republic: The Politics of Development, 1962-1986* (Boulder, Colorado: Westview Press, 1987), 29-30.
[9] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* 3rd quarter (1993): 36.
[10] Gause, *Saudi-Temeni Relations,* 71.
[11] Nyrop, *Area Handbook,* 187.
[12] Ibid, 198.
[13] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 3, 1991, 20.
[14] Gause, *Saudi-Yemeni Relations,* 36-37.
[15] Fred Halliday, *Revolution and Foreign Policy: The Case of South Yemen 1967-1987* (Cambridge: Cambridge University Press, 1990), 8-9.
[16] Halliday, *Revolution and Foreign Policy,* 21.
[17] F. Gregory Gause III, "Yemeni Unity: Past and Future," *Middle East Journal* 42, no. 1 (Winter 1988): 36.
[18] Halliday, *Revolution and Foreign Policy,* 145.
[19] Charles Dunbar, "The Unification of Yemen: Process, Politics, and Prospects," *Middle East Journal* 46, no. 3 (Summer 1992): 458.
[20] Gause, *Saudi-Yemeni Relations,* 101-102.
[21] Robert W. Stookey, "Yemen: Revolution Versus Tradition," in *The Arabian Peninsula: Zone of Ferment* (Stanford, California: Hoover Institution Press, 1984): 100.
[22] Nadav Safran, *Saudi Arabia: The Ceaseless Quest for Security* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 1985): 132; Gause, "Yemeni Unity," 39.
[23] Gause, *Saudi-Yemeni Relations,* 105-106.
[24] Gause, "Yemeni Unity," 39.
[25] Burrowes, *The Yemen Arab Republic,* 58.
[26] Safran, *Saudi Arabia,* 130.
[27] Ibid., 51.

[28] Gause, *Saudi-Yemeni Relations,* 98.
[29] Dunbar, "The Unification of Yemen," 457-58.
[30] Burrowes, *The Yemen Arab Republic,* 32.
[31] Burrowes, "Prelude to Unification," 486.
[32] Ibid., 486.
[33] Gause, *Saudi-Yemeni Relations,* 88-89.
[34] Halliday, *Revolution and Foreign Policy,* 25, 114.
[35] Mark N. Katz, "Yemeni Unity and Saudi Security," *Middle East Policy* 1, no.1 (1992): 123.
[36] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 1 (1988): 27.
[37] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 2 (1988): 27.
[38] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 3 (1988): 24.
[39] "Oman and Yemen," *Country-Report: The Economist Intelligence Unit,* no. 3 (1989): 41.
[40] FBIS-NES-90-040, 25 February 1990.
[41] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 2 (1990): 42.
[42] Burrowes, "Prelude to Unification," 488.
[43] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 3 (1988): 24.
[44] FBIS-NES-92-191, 28 September 1992.
[45] FBIS-NES-90-184, 20 September 1990
[46] "Yemen Calls Upon Foreign Powers to Mediate Border Dispute with Saudi Arabia," *Middle East Economic Digest* 35, no. 32 (11 May 1992): A5.
[47] see "Saudi Arabia," *Country Report: The Economist Intelligence Unit,* no. 1 (1987): 7-8. "Saudia Arabia," *Country Report: The Economist Intelligence Unit,* no. 4 (1988): 7. FBIS-NES-89-111. "Saudi Arabia," *Country Report: The Economist Intelligence Unit,* no. 4 (1990): 10. "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 4 (1991): 22.
[48] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 2 (1988): 27, "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 3 (1988): 31.
[49] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 2 (1991): 20.
[50] Anthony Cordesman, *Bahrain, Oman, Qatar, and the UAE: Challenges of Security* (Boulder, Colorado: Westview Press, 1997): 7.
[51] Walid Khadduri, "Big Exploration Drive in Yemen," *Middle East Economic Survey* 34, no. 28 (15 April 1991): A1.
[52] "Oman and Yemen," *Country Report: The Economist Intelligence Unit,* no. 4 (1990): 39.
[53] FBIS-NES-91-212.

Ethnic Interest Groups and the Incredible Superpower

William R. Cruse

American foreign policy decision-making in the post-Cold War era is not a so much a set of actions formulated upon perceived external threats to the national interest as it is an externalized amalgamation of competing particularistic demands put forth by domestic organized interest groups. The foreign policy decision-making structure of the United States is unique in the world in terms of its openness to domestic particularistic demands. The Constitution's system of checks and balances diffuses decision-making authority between the Executive and Legislative Branches. World War II and the resulting Cold War created a grave need for coherent and decisive foreign policy decision-making on the part of the United States. Until the 1974 War Powers Act, Congress, more subject to domestic pressures and short term political goals, deferred most foreign policy decision-making authority to the Executive, due to the gravity of the external threat and the need for coherent and credible leadership.

William R. Cruse will graduate from Tufts University in 1998 with degrees in International Relations and Spanish. His paper was selected as the winner of the John S. Gibson Award by the faculty of Tufts University's Program in Internalional Relations

In the 1990s, the United States occupies an unprecedented international position. It benefits from having the world's strongest economy in an increasingly globalized market place, while it is also able to defer traditional hegemonic responsibilities and burdens to international organizations of its own creation. Yet the effectiveness of the United State's power in contributing to the formulation of a coherent and credible foreign policy that will ensure further economic growth, peace, and stability is undermined by the return to diffused foreign policy decision-making.

The "uniqueness" of the US foreign policy decision-making structure allows foreign influences, through either foreign governments or organized ethnic interest groups within the American polity, considerable influence on the formulation of US foreign policy. This influence is afforded through the exercise of Constitutionally protected rights to free speech, freedom of assembly, and freedom to petition the government. The United States has become an open arena for competing claims for the use of its power.

The United States' international position and fragmented foreign policy-making structure have been exploited by domestic organized ethnic interest groups in pursuit of their own particularistic demands. Such motivations compromise coherency and credibility in US foreign policy. While multiculturalism is a welcomed extension of the United States' liberal democratic tradition, the particularistic demands of ethnic groups must be placed within the context of a foreign policy that benefits the United States as a collective entity. The United States' ascension to irrefutable economic and military power, relative to other states, has contributed to increased capriciousness in its policies towards both perceived enemies and allies. The United States, under the present administration, has taken it upon itself, in the name of democracy and human rights, to impress its own standards upon other nations through unilateral economic sanctions and secondary sanctions. Unilateral trade sanctions are a favored policy tool due to their illusion of political costlessness in the domestic arena. While these sanctions may seem to be politically cost-less, the reality is that they harm the United States politically and economically, abroad and at home, as well as undermine the United States' credibility in the international arena. The current manner in which the United States applies unilateral economic sanctions gives organized ethnic interest groups the opportunity to exercise influence over foreign policy decision-making structure designs without the necessary consideration of the serious effects these policies might have on

broader US foreign policy goals, as demonstrated by their advocacy of Section 907 of the Freedom Support Act, The Helms-Burton Bill, and the Iran-Libya Sanctions Act.

Multiethnic Interest Groups In US Foreign Policy: The Costs and Benefits of Liberty

> "The distinction must be drawn between ethnicity, which enriches American life and culture, and organized ethnic interest groups, which sometimes press causes that derogate from the national interest."
>
> -Senator Charles Mathias[1]

Since the end of the Cold War, the United States has struggled to define its "national interest." While ethnic interest groups benefit American foreign policy because they are internationalist[2], these same groups often abandon true Wilsonian virtues in order to pursue their own self-interest, neglecting their commitment to the United States. Policy within the multipolar, interdependent world, in which the United States is the most significant actor, necessitates coherence and credibility. The particularism that is inherent in ethnic interest groups sometimes demands that the group advocate specialized policies that do not take into account the larger common interest or the national interest. Ethnic interest groups have obtained a substantial foreign policy role as a consequence of American liberal-democratic ideology, "which enfranchises the individual citizen regardless of origin of birth, as well as the expanded recognition of ethnic diversity; and the institutional reality of a fragmented US foreign policy establishment which empowers individual members of Congress."[3] Samuel Huntington points out that foreign policy, "in the sense of actions consciously designed to promote the interests of the United States as a collective entity in relation to similar entities, is slowly disappearing."[4] A foreign policy absent of conflicting demands and goals, is a credible prescription that will allow the United States to behave in a more effective manner.

Multiculturalism is central to the health of the modern American liberal democracy. Its foundations lie in the belief that people of all races, creeds, and colors can live and prosper together. Multiculturalists believe that diversity

and tolerance foster the emergence of the most favorable aspects of all peoples and cultures. Such rationale can be considered as a progression from liberal individualism because it celebrates the differences between peoples. Due to the fact that American citizenship can be interpreted as "the devotion to liberal-democratic and humane principles and not to an ethnically-based , cultural community,"[5] the identification with and the embracing of peoples and cultures of all ethnic ancestries is considered one of the privileges of the exceptionalist nature of American society. Ironically, many ethnic groups became self-aware within the United States, where they encountered the freedom to "practice customs and religions and even speak languages that had been restricted or suppressed in the immigrant's homeland."[6] The Bill of Rights, under which the celebration of ethnic heritage is protected, represents the cornerstone of American exceptionalism.

The danger is that these same freedoms have the potential to dilute, or even destroy, our effectiveness in the international arena.. The First Amendment protects the right to assemble and "petition the government for a redress of grievances". James Madison, in Federalist Paper Number 10, argued that "the affirmation of a right, and of the dangers of suppressing it, does not, however, in itself assure that the right will be exercised responsibly and for the general good." Madison and the Founding Fathers feared that political factionalism would threaten the stability of their new republic if it was manipulated for the pursuit of narrow interests. Madison used the word "factions" to describe a group of people "who are united and activated by some common impulse of passion or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community."[7] The writers of the Constitution hoped that responsible representative government and the separation of powers would curtail the empowerment of such political factions.

Tony Smith states that both ethnic interest groups and interest groups in general can gain disproportionate influence over American foreign policy. This is a direct consequence of the weakness of the American state and the relatively low cost of gaining political influence in Washington.[8] The ethnic interest groups have emulated the successful practices of commercial interest groups and labor interest groups. The results of such effective

lobbying and the evident power and influence of interest groups have transformed the United States into "less of an actor and more of an arena"[9] in the view of the rest of the world.

The American state is institutionalized in a manner that renders it receptive to particularistic influences. The constitutional system of checks and balances is "not so much a division of power as a sharing or overlap of responsibilities that works to see that no single branch, much less individual, can monopolize power and so convert democracy into tyranny."[10] The Executive possesses nominal control over foreign policy, but the extent to which is not clearly stipulated. Congress retains the power of the purse and the right to ratify treaties and declare war. During the Cold War, the Congress gave the Executive a rather generous input in foreign policy formation. Following the Cuban Missile Crisis however, the fear of imminent nuclear destruction became less evident and Congress began to reassert itself. The War Powers Act of 1974 ended effective Executive autonomy and further reduced state power relative to society due to the more popular nature of the Congress.

Ethnic interest groups have most definitely learned how to successfully influence foreign policy in the age of diffused power, as evidenced by the size of ethnic foreign policy interest-based Congressional Caucuses of the 105th Congress, including 33 members in the Armenian Caucus and 63 members in the Hellenic Caucus.[11] The sizes of these Caucuses are truly astounding relative to the size of their respective communities relative within the greater American community. However, it is less astounding when considering that politics is an expensive endeavor; a Presidential race now costs $600 million to $1billion, a Senate seat $5 to $30 million, and a House seat $2 million.[12] Smith also discusses how ethnic interest groups, despite their relatively small sizes, have exerted significant pressure on politicians through concentrated or strategic voting, targeted campaign contributions, and disciplined interest group organization.

The use of primaries to determine candidates for Congressional races create both weak party discipline and individuals that "are at least as responsive to their constituents as to their party leadership."[13] Smith has determined that any geographically concentrated ethnic group can exert considerable influence over their particular district representatives. He cites how the

Jewish population of the state of New York (9% of the total), through a concentrated Democratic vote and a turnout of almost twice the state average, may have able to account for "30% of all of the votes cast in a Democratic primary in that state."[14]

A key aspect of campaign contribution regulations which enables ethnic interest groups to exert considerable influence results from the stipulation that "individuals from outside a congressional district may make contributions for races in which they are not themselves eligible to vote."[15] The ability of wealthy individuals or interest groups to donate money to political campaigns anywhere in the country produces dubious consequences, demonstrated, for example. by the 1996 senatorial election in South Dakota, which became "a contest between Indians and Pakistanis as well as Republicans and Democrats, with the defeat of Larry Pressler producing elation in Islamabad and dejection in New Delhi."[16]

An ethnic interest group cannot have success in US politics without a highly disciplined interest group organization. Smith points out that there are three "major tasks" of a disciplined interest group organization: 1) unifying the ethnic community itself around the particularistic or single issue cause; 2) creating and managing alliances with other interests to call in unison for government action; and 3) monitoring public officials in order to reward those that adhere to the particular initiative and punish those that do not. The ethnic interest group must present a unified, powerful and informed front in order to maintain continual leverage on the public official by appearing to possess enough power to determine the fate of the candidate's next election attempt. "Maybe I wouldn't have lost my seat over this, but who wants the hassle?," said a Congressman speaking in reference to Greek pressure to pass the Turkish arms embargo on February 5, 1975.[17]

Senator George Mathias points out two major problems which result from overly powerful ethnic group influence on American foreign policy. Firstly, although the United States is steadfast in the presentation of itself as a multicultural society, there is an "imbalance between competing groups so that some exert disproportionate influence at the expense of those who are weaker in numbers, unity and resources."[18] Secondly, a loss of cohesion in American foreign policy is experienced. The strategic, economic and political responsibilities of the United States as the sole superpower are greater than the sum demands of domestic particularistic groups. Echoing such sentiments, Samuel Huntington states that the United States has "less of a foreign policy in a traditional sense of a great power than

we have the stapling together of a series of goals put forth by domestic constituency groups....The result is that American foreign policy is incoherent. It is scarcely what one would expect from the leading world power."[19]

This debate has two extreme sides; Huntington's anti-multiculturalist view and the diasporic communities argument. Huntington advocates a return to intense assimilationism and views multiculturalists as an evil, anti-American group who "deny the existence of a common culture in the United States, denounce assimilation, and promote the primacy of racial, ethnic, and other subnational cultural identities and groupings."[20] His extremist view is fueled by the domestic agenda of arch-multiculturalists who plan to destroy the American creed by "substituting for the rights of individuals, the rights of groups." Yet, Huntington's proposed solution to such a problem would produce a greater evil. As James Madison observed, the only way to stop the "mischiefs of faction" is to tamper with the First Amendment, thereby destroying liberty. Such an action produces consequences and implications far graver than the benefits of eliminating the "occasional excesses" of ethnic interest groups.[21]

Diasporas are defined as a "people with common national origin who reside outside a claimed or an independent home territory who regard themselves, or are regarded by others as members or potential members of their country of origin, a status held regardless of their geographical location and citizenship status outside their home country."[22] One major failing of this "diasporic communities" school is that it too greatly disconnects the interest of the ethnic group from the interest of the resident nation. Such a fallacy constitutes the crux of the oppostion by assimilation extremists like Huntington. Diasporic advocates define themselves too independently from the rise of such forces as nationalism and the role of leading states in international affairs.[23]

A viable alternative to those that either wish to suppress multiculturalism in foreign policy formation, or those that wish to make it the central issue, is what Smith calls "soft-multiculturalism" or what Mathias calls "the reintroduction of civility." Soft-multiculturalism places value on an "individual and a group recognition of a cultural heritage held apart from and in addition to an American identity."[24] It foçuses on the ideological citizenship that is unique to America, and allows the whole of society to be greater than the part. Mathias argues that there is no enforceable legal means for restricting ethnic or interest group activity without destroying liberty. As an alternative, he advocates civilized

discourse in order to reach a solution. Americans must be willing to compromise on their particularistic demands for the benefit of the general good. It is not only the responsibility of the groups themselves to exercise restraint, but also the duty of the public official to resist lobbyist pressures. There is a pressing need for ethnic interest groups to consider both the views of competing ethnic interest groups and the views of competing political and economic interests. Only when such rationale is undertaken can American foreign policy regain coherence and credibility, asserting the United States' position as a leading global actor. The sentiments of early republican thinking must be considered: "A republic demanded virtue of its citizens, for only a people willing to subordinate private gain to the good of the polity could govern itself."[25]

The Illogic of Section 907 of the Freedom Support Act

> "It shows everyone, including our adversaries, that Congress does not give support to Azerbaijan."
>
> -Hafiz Pashayev, Azerbaijan's ambassador to the United States[26]

In 1992, Congress passed the Freedom Support Act, a massive aid package designed to preserve the political independence and economic viability of the former Soviet republics. However, the Republic of Azerbaijan was singled out by Section 907 of the Freedom Support Act, which prohibits direct assistance from United States to the government of Azerbaijan until Azerbaijan ceases blockades and the use of force against Armenia and Ngorno-Karabakh.[27] This restriction includes direct humanitarian assistance and prevents the US Export-Import Bank and the Overseas Private Investment Corporation from extending credits and risk insurance to US companies operating in Azerbaijan.[28]

The diffuse foreign policy decision-making structure of the United States is responsible for the inherent policy contradictions involved in the relations between the United States and Azerbaijan. The Clinton Administration, American corporate interests (namely American oil companies), and the Azeri government all claim that the prohibition of direct humanitarian assistance impedes closer ties between the United States and Azerbaijan. Since former President Bush's initial resistance to Section 907, the Executive branch has recognized the importance of maintaining its role as a peace-broker in the Minsk Group. Another concern is the importance of ensuring Azerbaijan's independence

from regional powers seeking to create a sphere of influence in the area, due to the countries immense energy reserves. These broader concerns have been ignored by the Legislative Branch's pro-Armenian stance. Section 907 is the direct result of Armenian-American exercise of influence over Congress to bring US power and international attention to the regional conflict over Ngorno-Karabakh. The Armenian-American Community is relatively small, numbering around 1.5 million, but it is affluent, with concentrated voting blocs in Massachusetts, California, and New Jersey. The Armenian Congressional Caucus has thirty-three members. Their most loyal Congressional patron, former Senate Majority Leader Bob Dole, who was cared for by an Armenian-American doctor during World War II, ensured the passage of Section 907 and made sure that no anti-Armenian initiatives reached the floor. During his 1996 presidential election campaign, Dole showcased his support for Section 907, as well as the Humanitarian Aid Corridor Act, which limited aid to Turkey. In a further attempt to garner Armenian support, Dole attacked Clinton's waiver of the Humanitarian Aid Corridor Act as an example of his insensitivity to the Armenian cause.

US foreign policy interests in the region Republic of Azerbaijan are substantial. In traditional liberal-democratic terms, it is in the long-term interest of the United States to promote democratic and market oriented reforms, regional stability and cooperation, and political independence from the imperial designs of the regional powers (i.e. Russia, Iran, and Turkey). In humanitarian terms, it is in the long-term interest of the United States to consolidate a meaningful peace between Azerbaijan and Armenia and to aid the 1.5 million refugees displaced by the still-unresolved conflict over the Ngorno-Karabakh region. Due to the surging international competition for the rights to explore, produce and transport Azerbaijan's vast oil wealth, there is an urgency to end the nine year conflict in the area and establish regional stability and cooperation. While the exact amount of Azerbaijan's energy reserves is unknown, they currently have proven reserves of over thirty million barrels, with an estimated potential of over two hundred million barrels.[29] The world's major powers have come to consider Azerbaijan as crucial in controlling the world's second-largest oil supplies in the next century.

The conflict over the Ngorno-Karabakh region is a part of the series of conflicts between Orthodox Christian Armenians and Turkic peoples. The atrocities of centuries of conflict reached their apex in the 1915 Armenian Genocide by the Ottoman Turks. The Ngorno-Karabakh conflict began in 1988 with the weakening of Soviet control over the area. The secessionist movement begun

by the Armenian majority of the region, lasted until the May,1994 cease-fire brokered by the Organization for Security and Cooperation in Europe (OSCE) Minsk Group countries: Belarus, Finland, Germany, Hungary, Italy, Russia, Sweden, Switzerland, Turkey and the United States. The war was characterized by ethnically-motivated atrocities committed by both sides. During the war, Azerbaijan upheld an embargo against Armenia, which was later reinforced by Turkey in 1993 after a destructive Armenian offensive. Clearly, the war had enormous human and economic costs.

Of the seventeen million people who occupy the Armenia-Azerbaijan region, 1.3 million are refugees. Armenia is burdened with the influx of over 300,000 ethnic Armenians who fled Azerbaijan at the beginning of the conflict in 1988. Azerbaijan, however, struggles with over 900,000 refugees, which include refugees from Armenia, Ngorno-Karabakh and the 20 percent of Azerbaijan now occupied by Armenian forces. Armenia benefits as the fourth highest per-capita recipient of direct humanitarian aid from the United States. Armenians also benefit from a twenty-five year military basing agreement with Moscow that deflects the responsibility for the security of Armenia's border with Turkey to Russia.[30]

While the Azeris benefit from American humanitarian aid that is distributed through non-governmental organizations, they are not able to receive direct assistance from the United States unless, according to Section 907, the President can prove to Congress that the aid distributed by NGOs "is not adequately addressing the suffering of refugees and displaced persons."[31] Azerbaijan also faces the security dilemma of having twenty percent of its territory under occupation, an oil-hungry Russia with imperialist designs to the North, and Iran to the South, which is infuriated by ethnic Azeri secularism. Beyond historical injustices, reality dictates that the United States is "punishing the loser and comforting the conqueror, occupier and evident winner of the war."[32] It is not in the interest of the United States to deny or restrict humanitarian assistance to a small, poor country, especially when that country is critical to the political and economic stability of the region.

Beyond the humanitarian critiques of Section 907, its effects on the relations between the United States and its oil companies, and the government of Azerbaijan are detrimental to the long-term shared-interests of ensuring the free movement to international markets of oil and gas from the Caspian Sea

and Central Asia.[33] While the American oil companies participating in the International Oil Consortium in Azerbaijan -Amoco, Unocal, Exxon, and Penzoil- are able to freely invest in Azerbaijan, they suffer from anti-American sentiment in Azerbaijan's government and the lack of support in the form of credits and risk insurance from home. Section 907's stipulations regulating aid from the US Export-Import Bank and the Overseas Private Investment Corporation give foreign competitors of American corporations a competitive advantage because they are able to "benefit significantly from unrestricted political and financial support from their governments."[34] The continued involvement of American oil companies in the Caspian region is not only necessary for the viability of the both the companies and the American economy, but also necessary for the maintenance of the political independence of Azerbaijan and its oil reserves vis-a-vis its powerful neighbors.

American oil companies, backed by key members of the American foreign policy establishment, such as former Secretaries of State Henry Kissenger and James Baker and former National Security Advisors Brent Scowcroft and Zbigniew Brzezinski, have been effectively pressing these long term concerns in their continuing efforts to change US policy towards Azerbaijan. They have pointed to the formation of blocs in the volatile Caucasus. The Russians, who dispute Azerbaijan's claim to Caspian oil, and their new vassal state, Armenia, have gained support from Iran another regional power with imperial designs. In response, Azerbaijan has sought support from its traditional ally and fellow secular Muslim state, Turkey, as well as from Israel. In response to geopolitical maneuvering, the Clinton Administration has taken decisive steps towards ending the United States' discrimination of Azerbaijan, promising aid and defense cooperation, including the possible American training of the Azerbaijan army.

The failure of the United States to act according to its broader interests of maintaining a neutral position as a peace-broker in the Minsk Group and in ensuring the free flow of Caspian oil to international markets is the direct result of the particularistic demands of the more nationalistic elements of the Armenian-American community. United in their goal to weaken US-Turkey relations, the Armenian National Community of America is aided by the larger and more powerful Greek-American community. Congressional support for Section 907 of the Freedom Support Act was based on electoral politics and the fear of the powerful Armenian-American ethnic lobby. The rise of regional

blocs could have been avoided had the United States presented itself as a neutral mediator in promoting regional security and cooperation, instead of emphasizing its role as a nation with a politically well-connected Armenian community. While the economic sanctions involved in Section 907 of the Freedom Support Act are relatively minor, their timeliness and justification are rather consequential due to the serious nature of the conflict in the Caucuses.

The Illogic of the Helms-Burton Bill

> At issue beyond Cuba is Washington's Claim to responsible leadership in the Post-Cold War era. Passage of the Helms-Burton legislation would undermine the claim and depict us as a country prepared to violate international law and precedent in pursuit of what the rest of the world sees as an irrational Cold War obsession.
>
> -Wayne Smith, former head of the US Interest Section in Havana[35]

After the public furor that erupted from the firing on two Brothers to the Rescue planes by Cuban MiGs on February 24, 1996, President Clinton shifted his prior sentiments and endorsed the Helms-Burton Bill or "Cuban Liberty and Democratic Solidarity Act of 1996", establishing a new precedent in the application of American unilateral economic sanctions. Helms-Burton invokes secondary economic sanctions on foreign persons or companies trafficking in property confiscated from American nationals by the Cuban government. Title III of the bill allows US nationals holding claims of over $50,000 in confiscated property to sue those who traffic confiscated property or engage in any commercial activity using or otherwise benefiting from confiscated property in American courts.[36] Title IV of the bill mandates the denial of visas to those who traffic in confiscated property and their immediate families. The bill allows all current US citizens to sue even those Cuban exiles who emigrated after the 1959 revolution and were not citizens at the time of confiscation.

The bill also enters into law the United States embargo of Cuba, which for the past 37 years has been enforced by executive orders. Therefore, the United States cannot change its policy or engage in any form of constructive engagement without the approval of Congress. The bill shifts the entire burden of foreign policy-making with regards to Cuba to the Legislative Branch. By shifting control of the embargo to Congress, Helms-Burton ends the possibility of using the embargo as a tool in negotiations with the Castro regime. The bill

mandates the withholding of all multilateral and bilateral aid until a democratically elected government, which cannot include Fidel or Raul Castro, is elected. The specifications that must be met in order to be labeled "democratic" are so stringent that they reflect the structure of an established democracy, instead of transitional one, which would be the likely intermittent stage following such a drastic regime change.

The Helms-Burton bill signifies the final victory of the Cuban American National Foundation (CANF), and its autocratic leader, Jorge Mas Canosa, over the fragmented foreign policy decision-making structure of the United States government. Since 1981, the CANF and its political action committee, Free Cuba, exploited the power of the United States in support of the particularistic demands of the right-wing elements of the Cuban exile community, which only numbers 1.5 million people. The PAC achieved this result through the effective use of campaign contributions, targeted voting, and strict organizational discipline. The great legislative accomplishments of the CANF include the creation of Radio and TV Marti (under the auspices of the United States Information Agency), the Cuban Democracy Act of 1992, and the Helms-Burton Bill of 1996.

The Cuban American National Foundation is unique among American ethnic interest group organizations in that it was created with the help of the US government in order to support a set of particular policies. During former President Ronald Reagan's 1980 campaign, his future national security advisor, Richard Allen, met with the right-wing leaders of the exile community and veterans of the Bay of Pigs in order to encourage the creation of an organization that would popularize Reagan's anti-communist, interventionist policies in Latin America, and would "appear to speak with one voice" for the Cuban American community.[37] During the Reagan Administration, the CANF had unprecedented access to the oval office and the intelligence community. The CANF was involved in the Reagan Administration's Latin American foreign policy making decisions at all levels. During the Iran-Contra hearings, it was discovered that Colonel Oliver North's notebook contained Jorge Mas Canosa's name, along with five phone numbers where he could be reached.[38]

The power and access which the CANF gained during the Reagan Administration established the organization as a formidable power in Washington. While the exile community has consistently voted Republican,

the CANF has courted legislators on both sides of the political aisle. A very illustrative example of the CANF's political power is Democratic Senator Bob Torricelli's conversion from an advocate for closer ties to Cuba, to the leader of the Cuba hawks in Congress. As a congressman in the 1980s, Torricelli opposed Reagan's policies in Latin America, and in 1989, he sponsored a failed bill that would have partially lifted the embargo for the sale of medicine and medical equipment to Cuba. When Rep. Torricelli became the chairman of the House Subcommittee with jurisdiction over US-Cuba affairs, he became a Castro-hawk and the beneficiary of over $120,000 in campaign contributions from the Free Cuba PAC.[39] After Torricelli's successful Senate campaign of 1996, the Senator, in response to a question from The Washington Post, stated: "Nobody does it [ethnic politics] better than me."[40] The organization has proven its ability to control legislators from Florida and New Jersey, where there are substantial Cuban-American communities, and its ability to court conservative, hard-line, legislators throughout the nation, including Senator Jesse Helms and former Senator Bob Dole. The CANF has also demonstrated its power over presidential politics. In 1992, it gained Bill Clinton's support for the Cuban Democracy Act after a sizable campaign contribution.

In the 1990s, Cuba has ceased to pose a threat to the United States. While the United States government actively engages the communist regimes of China and Vietnam, hoping that increased commercial ties and the creation of a middle class will promote democratic reform, it strangles Cuba. The right wing Cuban exiles that dominate US foreign policy decision-making are single-minded in their relentless pursuit to not only to topple, but punish and humiliate the Castro regime. Their primary concern, and the focus of their efforts is the internal politics of Cuba, not the welfare of the collective groups and interest within the United States.

While opposing the Helms-Burton Bill and the embargo in general, US business interests have not maintained a consistent, energized front against the policy. Business interests have been critical in the passing of the North American Free Trade Agreement and the lifting of the embargo on Vietnam. But their lack of initiative in opposition to the Helms-Burton bill can be explained by many factors. The relative size of the Cuban market, and the opportunities available, are not great. Most foreign investment in Cuba is in the budding tourism sector and the small, underdeveloped mining sector. In fact, the

companies that are seriously protesting the Helms-Burton bill are companies that lost property to confiscation. These companies fear that their chances of ever receiving compensation would be reduced by the deluge of claims that would follow the implementation of Title III of the Helms-Burton bill. One such company, Amstar, which owned sugar refineries in Cuba, wanted to deal directly with the Castro regime, using its claim "as leverage in cutting a deal...to develop a resort area."[41]

The real danger of Helms-Burton lies in its effects on relations between the United States and its allies and trading partners. Under-Secretary of State for Economic Affairs Stuart Eizenstat describes Helms-Burton as "the continuation of [the Clinton Administration's] efforts to build a multilateral approach" towards isolating the Castro regime.[42] In reality, however, Helms-Burton is a coercive measure adopted to force other nations to imitate US law in dealings with Cuba. During a special press briefing on the Helms-Burton Act on July 16, 1997, Eizenstat admitted that while US allies and trading partners may be increasing diplomatic pressures on Cuba, such actions could not be "translated into support for Helms-Burton or for our embargo."[43]

While the Administration seems to support the Helms-Burton Bill, the continued use of presidential waiver authority points to an apparent schism between the interests of the Executive and Congress. The President, who initially threatened to veto Helms-Burton in 1995, has used the two provisions that allow the use of a presidential waiver: first, that a waiver would be in the national security interests of the country, and, second, that by suspending suits, it would expedite the transition to democracy.[44] Eizenstat claims that the waiver has given the Clinton Administration the leverage it needs to put together a multilateral effort, and without the waiver, "these lawsuits, which would amount to hundreds and thousands of certified claimants and literally potentially tens of thousands of non-certified claimants would substantially impede our capacity -if not eliminate it- to organize this multilateral effort and to get other countries engaged."[45] While the Clinton Administration admits the bill would jeopardize US relations with its allies and trading partners, it is simultaneously admitting diplomatic failure, because it needs to present a threat in order to influence its allies.

The central objection to the Helms-Burton Bill and other US extraterritorial legislation is the issue of sovereignty. US allies and trading partners feel that, as a matter of sovereignty and international law, it is the right of national

governments to decide whether their citizens and corporations invest or trade with Cuba or any other nation. They protest US efforts to influence their decisions by imposing a ransom-like contingency on US market access. US hypocrisy in the matter is clearly demonstrated by US opposition to the Arab attempt at a secondary boycott of nations that trade with Israel during the 1970s. Canada, the United States' largest trading partner, has passed blocking legislation that punishes Canadian companies who comply with the Helms-Burton Bill. Canada and Mexico have filed suit against the United States through the institutions of NAFTA. The European Union is in the consultation phase of bringing a suit against the United States in the World Trade Organization. In November, 1997, the United Nations General Assembly voted 143 to 3, condemning the United States' policies towards Cuba. Israel and Uzbekistan were the only countries that supported the US, and now the BM group, an Israeli company, is under investigation for violating the Helms-Burton Act of 1996.

The actions of the United States with regards to Cuba are clearly wrong for a variety of ideological reasons. Allies, trading partners, and the even the US presidential administration recognize the dangerous precedents set forth by this legislation. By violating the very rules and codes of conduct which it helped create, the US government is undermining future international cooperation based on international law and accepted norms. Furthermore, the policy has been proven ineffective within Cuba. The past has shown that unilateral action towards Cuba, and authoritarian regimes in general, only produce heightened nationalism through the "rally-around-the-flag" effect, thereby solidifying Castro's regime. As long as Castro has the "Colossus of the North" to blame for the country's economic hardships and his failed revolution, he will survive. The openness of the United States' democratic institutions to right-wing Cuban-American interests and its apparent lack of self constraint have allowed US policy towards Cuba to be exploited for the good of the few against the good of the many.

The Illogic of the Iran-Libya Sanctions Act of 1996

The United States and the majority of its allies and trading partners agree that Iran is a problematic country, requiring constant monitoring of its confrontational attitude towards the West and its suspected imperialist designs in the Persian

Gulf. However, as in the case with Cuba, the partners and allies disagree with the United States in regards to the appropriate policy course to pursue in order to induce change in Iran. The US advocates supporting Iranian moderates through constructive economic engagement, as opposed to firm, implacable pressure. While Helms-Burton may have been successful in bolstering a rhetorical war against the Castro regime, the ILSA is unlikely to produce a similar outcome. In Cuba, "big principles were at stake, not big money."[46] In Iran, US secondary sanctions policy is unlikely to win even a small rhetorical victory due to the presence of enormous economic stakes. The ILSA is doomed to fail because it will not change Iranian behavior. The globalized market place has decreased Iranian dependence on trade and investment ties with the United States, because other countries have proved willing to replace the US companies. Ultimately, the ILSA is most likely to exacerbate resentment of US extraterritorial behavior. The question, as in the case with Cuba, is not whether the United States and its allies should promote regime-change in Iran, but rather the proper method by which the United States and its allies do so.

On May 6, 1995, President Clinton issued Executive Order No. 12959, an economic sanction against the Islamic Republic of Iran which imposes an absolute embargo on trade with Iran by "US Persons," meaning US citizens, residents, and corporations. The Executive Order was issued in order to impede the development of weapons of mass destruction by Iran, reflected the belief of the United States government that revenue from foreign oil sales was being used to finance weapons programs. Such weapons pose a direct and significant threat to Israel, the United States' chief ally in the region. The development and acquirement of such weapons can also be interpreted as a possible indicator of Iran's desire to become the regional hegemon. The Executive Order blocked Conoco's bid to develop an Iranian oil and gas field. Conoco had recently won a three year bidding war with competitors from other countries and had repeatedly cleared the legality of its bid with the State Department.[47] The French oil company Total, which had originally lost the bid to Conoco and was elated by the Executive Order, and readily assumed the contract to develop the field. In response to this action, the US Congress and the Clinton Administration issued the D'Amato-Kennedy Act, or the Iran-Libya Sanctions Act of 1996, signed on August 5, 1996. The US government claimed that the purpose of the act was to discourage our allies and their companies from investing in Iran. But State Department Spokesman Nicholas

Burns described the goals of the bill in a much more aggressive manner: "Total [a French oil company] took Conoco's place [in Iran] and secured a contract which would have been very profitable for Conoco. We want to punish companies which take this sort of attitude in the future."[48]

The Iran-Libya Sanctions Act applies a variety of sanctions of differing degrees on foreign companies that provide investments for the development of petroleum resources exceeding $20 million in Iran [as of August 1997] and $40 million in Libya. The bill also sanctions companies that violate existing United Nations prohibitions against trade with Libya. According to the White House Press Secretary's Office, in the case of a violation, the President must institute two of the following seven sanctions: (1) denial of Export-Import Bank assistance; (2) denial of export license for exports to the violating company; (3) prohibition on loans or credits from US financial institutions of over $10 million in any 12-month period; (4) prohibition of designation as a primary dealer for US Government debt instruments; (5) prohibition on serving as an agent of the United States or as a repository of US Government funds; (6) denial of US government procurement opportunities; (7) a ban on all or some imports of the violating company.[49]

The American Israeli Public Affairs Committee (AIPAC) is the self-proclaimed and undisputedly "most powerful, best-run, and effective foreign policy interest group in Washington."[50] One of the oldest and most respected organized ethnic interest groups in the United States, it is a chief supporter of the US' hard-line stance toward Iran. The organization uses its power and influence to ensure there is no change in the United States' stance towards Iran until there is a decisive and fundamental change in Iranian behavior towards Israel. AIPAC is a definitive example of a single-issue constituency. The philosophy of AIPAC is "my country [Israel], right or wrong." Its strength lies in its close ties with the Israeli government and in the strong sense of community among American Jews. In the 1980s, AIPAC's ties to the Israeli government grew extremely close under the auspices of the Likud governments. The extent to which AIPAC became a tool of the more hard-line elements in Israeli society became apparent in 1992, when Prime Minister Yitzhak Rabin proclaimed that he would deal with Washington on a state to state basis rather than deal with AIPAC, which he viewed as a puppet of the Likud party.

AIPAC's support for strong action on the part of the United States towards Iran is understandable, and the United States has a vested interest in both the viability of the State of Israel, and against the rise of a hegemon in the Persian Gulf. AIPAC has been a consistent supporter of the ILSA and Sen. Alfonse D'Amato, one of the authors of the bill, is one of the chief beneficiaries of AIPAC campaign contributions and electoral support. AIPAC's major concern is Iran's covert attempts to develop chemical, biological, and nuclear weapons "through open 'peaceful' nuclear development and through a worldwide covert procurement network."[51]

AIPAC, the US government, and the governments of the United States' allies and trading partners all agree that Iran is a problematic nation. The divisive issue, however, is the policy tool that the United States has adopted to achieve the goal of moderating Iranian behavior.

The US government, as in the case with the Helms-Burton Bill, believes that by taking this aggressive stance, it will be able to influence, or, more appropriately, coerce its allies and trading partners into isolating Iran in a similar fashion. However, the European Commission's Ambassador to the United States, Hugo Paemen, made the European Union's position on the ILSA clear on July 23, 1996:

We recognize the need to work together against violence and terrorism. However, this legislation will not contribute to achieving the desired results. Any attempt to impose policy unilaterally, under the threat of trade and investment sanctions, only disturbs international trade and investment relations without bringing us closer to our shared political objectives.[52]

European tolerance of Iranian extremism has abated in the past years. The Mykonos case, named after the Berlin restaurant in which Iranian Kurdish politicians were assassinated on Tehran's order, provoked the temporary withdrawal of European ambassadors to Iran. The European Union, the United States, and Japan are equally dedicated to preventing the rise of a hostile regional hegemon in the Persian Gulf, however the European Union and Japan are more vulnerable to disturbances in the region's oil supply than the United States, because they import the majority of their oil from that region. European Union officials and member governments have begun to question their policy of "critical dialogue" with Iran, however this does not translate into support of the Iran-Libya Sanctions Act.

It is plausible to blame the less aggressive policies of US allies on either commercial concerns or the desire to maintain a certain degree of independence from the perceived increasing demands of the United States. Reservations also stem from the inconsistent manner in which the United States chooses to exercise its "moral authority" to isolate "rogue" states. Syria, which has been actively courted by the State Department, has appeared on the State Department's list of terrorist nations for over a decade. Sudan and Iran were both barred from "financial transactions with US companies; yet Occidental Petroleum was granted a special exemption to enter into a major oil deal" with the Sudanese Islamist regime.[53] Finally, American companies are using foreign companies as proxies for US subsidiaries abroad.[54] While American goods are considered expensive in Iran, they are by no means unattainable. The United States cannot expect other nations to emulate and abide by its high moral standards when instances arise where it does not follow its own strictures.

The extremely aggressive nature of the United States' policy towards Iran has worked against the possibility of moderation within Iran, producing similar effects as the "rally around the flag" phenomenon which occurred in Cuba. The sanctions created a "siege mentality."[55] Over the years, Tehran has shifted its dependence away from the United States and spread its dependency-risks along business relationships with a variety of states in Europe, Latin America, and Asia. While increasing its economic independence from the United States, Iran has gained greater respect in other areas of the world, as evidenced by its invitation to mediate disputes between Azerbaijan and Armenia, and Uganda and the Sudan. In December 1997, Iran hosted the Organization of the Islamic Conference. Moderate Arab states and allies of the United States in the region, such as Egypt and Saudi Arabia, who have feared Iranian extremism in the past, attended the meeting. The cost of the United States' attempt to isolate Iran is increasing as the Iranian regime gains wider recognition in both the Persian Gulf region and the greater international arena.

AIPAC and other anti-Iranian interests are correct in believing that the presidential election of the cleric, Muhammad Khatami, does not indicate a potential moderation in Iranian behavior abroad. If anything, he is a symbol of Iranian social discontent, suggesting that the mass public desires a somewhat looser Islamic social code. Khatami can have only minor influence on Iranian foreign policy, because the Ayatollah Ali Khamenei and the Council, a constitutionally mandated group of conservative clerics, are the final arbiters

of all state decisions. Even if he did have influence, it would not be particularly positive, because Khatami is a conservative cleric. In his first press conference, he stated: "Regarding the regime in Israel, we do believe that this is an occupying and...racist regime and has imposed illegitimate domination upon the people of Palestine, whether Muslims, Palestinians, Jews, or Christians. We have no recognition for the usurper regime of...Israel to have any negotiations or talks with [Israel]"[56]

However dangerous Iran may be, the Iran-Libya Sanctions Act and Executive Order 12959 are not the appropriate tools to pacify relations with Iran. The secondary sanctions involved in the ILSA exacerbate tensions between the United States and its allies, making them appear weak in the face of dangerous aggressors. The ILSA and United States' policy towards Iran also ignore reality. Iran is a large country, in population and territory, with substantial oil and gas reserves and a geostrategic location vis-a-vis Russia. The United States, its allies, and Iran have a shared interest in regional stability, free trade and investment flows, and the free flow of oil through the Persian Gulf. Iran needs the Western industrialized democracies to help to exploit its natural resources. Instead of attacking our allies with sanctions, which can have the negative effect of riling them into making deals that they otherwise would not, it would be better to make an attempt at a true multilateral approach in dealing with Iran, instead of the type of coerced multilateralism which the United States currently seeks.

In recognition of a growing set of shared interests between the United States and Iran, President Khatami, on December 15, 1997, aimed a conciliatory message at the United States:

I hope the American politicians would understand their time better, understand the realities, and move forward. I would hope for a thoughtful dialogue with the American people and through this dialogue we could get closer to peace and security and tranquility.[57]

The announcement is the first overture towards a dialogue offered by the Islamist regime since the Iranian Revolution of 1979. In his speech, the Iranian President discussed the failure of the United States' attempts to isolate his country. Furthermore, he stated that he regretted the stalemate of the past eighteen years and hoped that the United States and Iran would be able to cooperate on energy and regional stability issues in the future. President

Khatemi also stated that the Iranian government opposes terrorism, except in the case of "the legitimate defense of people in occupied land," thereby maintaining Iran's hostile stance towards Israel.[58] The State Department has welcomed the overture and plans to analyze it further, but they remain concerned with Iranian attempts to undermine the Middle East Peace Process.

Since the previous announcement, Iranian President Khatami has appeared on American television (CNN's Larry King Live) and President Clinton has sent a videotaped greeting to the Iranian people. Both leaders have spoken of the need for greater cultural and academic exchange between the two "peoples", but there has yet to be any action on either side to openly address and engage the respective governments. Furthermore, the possibility of a substantial change in US policy towards Iran is unlikely. The American Israeli Public Affairs Committee will vigorously oppose any attempts by US government officials to weaken the policy of isolating Iran. AIPAC is foremost concerned with Israeli security, and Iran still advocates terrorism against Israel and is still developing weapons of mass destruction.

AIPAC's hard-line dedication to Israeli security, coupled with the United States willingness to apply unilateral economic sanctions and secondary sanctions, and the desire of US lawmakers to please their powerful constituents, have muddled US policy towards Iran and decreased the likelihood of a change in the present containment/isolation policy. Presently, Washington is more isolated on this issue than Tehran. Current policy allows no concrete chance for constructive engagement with the Islamist regime and increases the volatile nature of the regime's stance towards the United States and Israel. While condemning Iranian extremism, the United States has engaged in its own extremism by violating international law and risking the future of international economic and trade cooperation. All indicators show that while the ILSA may have damaging effects on the Iranian economy, they will not be substantial enough to provoke a regime change. Meanwhile, the exposure of the US institutional structure to the particularistic demands of the politically powerful Jewish-American community limits the pursuit of less confrontational strategies towards moderating Iranian behavior.

The Logic of Institutional Restraint

Since the end of the Cold War, the United States' sanctions policy has evolved dramatically. During the Cold War, economic sanctions targeted general foreign conduct, rather than specific states. Resulting from the fragility of Cold War bipolar relations, the President had substantial authority over when and how to impose sanctions.[59] In the 1990s, the lack of an external threat coupled with the United States sole-superpower status created a "cost-free" attitude towards the application of unilateral economic sanctions and secondary extraterritorial sanctions. The willingness of the Legislative and Executive Branches to utilize economic sanctions without restraint has contributed to the exploitation of the current situation by organized ethnic interest groups. American foreign policy has lost its coherence because it has become mired in competing and conflicting demands set forth by individual, domestic, single-issue constituencies instead of comprising a set of policies put together to promote the interests of the United States as a unitary actor. To regain coherence in foreign policy and restore America's credibility as a global leader, greater restraint must be exercised in the application of economic sanctions.

Restraint cannot realistically be expected from the organized ethnic interest groups or interest groups in general. However, restraint on the part of the Legislative and Executive Branches is what is necessary and plausible in order to restore the reputation of American foreign policy. The Hamilton-Crane-Lugar Sanctions Reform Bill, which was presented before the House subcommittee on Trade on October 23, 1997, is the first step in the right direction. The bill "seeks a more deliberative and disciplined approach to US sanctions policy, so that such measures are driven by common sense, instead of being pushed to counterproductive ends by politics and emotion."[60] Recognizing that the indiscriminate use of unilateral sanctions is weakening the United States' global competitiveness and leadership, the bill seeks to establish a set of rules and principles that must be adhered to in order to apply unilateral sanctions. The Executive Branch has marked 1998 as the year in which it will attempt reform the American sanctions policy as well.

The Sanctions Reform Bill will mandate greater consultation between the Legislative and Executive Branches and the consideration of policy alternatives, such as multilateral pressure and greater diplomatic efforts. The authors of the bill believe that the indiscriminate use of unilateral sanctions is partially due to

political failure in both the Executive and Legislative Branches. The Executive Branch needs to reinvigorate multilateral diplomacy and the Legislative Branch must adopt greater patience concerning the intricacies of multilateral diplomatic negotiations. The bill would require the creation of a committee of primary jurisdiction in Congress that would include an analysis by the President of the sanction's "impact on a range of US foreign policy, economic, and humanitarian interests" in its report on a sanctions bill [61]

The bill would also require greater research and information exchange in regards to the effects of economic sanctions on the US economy, the target state, and broader foreign policy goals. Before economic sanctions could be approved, the failure of multilateral initiatives and diplomatic efforts must be investigated. The Congressional Budget Office would have to publicly present a detailed report on the effects of the proposed economic sanction on the US private sector before the sanction could be considered in either the House or the Senate. The bill would restore Presidential autonomy in the application of proposed unilateral economic sanctions through a presidential waiver authority. The waiver authority would give the president considerable flexibility to adjust the timing and extent of the proposed sanction. This waiver authority would increase the viability of proposed sanctions and the ability to revoke them, should they prove counterproductive. Finally, the bill would impose a mandatory two year sunset period on all economic sanctions. If a particular sanction proves to be effective in achieving a certain foreign policy goal without a negative backlash, then it can be re-instituted for another two year period. If it proves to be counterproductive, it is automatically revoked, thereby limiting its damaging effects on the US economy and broader foreign policy objectives. In the Executive Branch, Undersecretary of State Stuart Eizenstat has already set up a task-force to study the costs and benefits of current economic sanctions.

Section 907 of the Freedom Support Act, the Helms-Burton Act, and the Iran-Libya Sanctions Act have all been proven to be harmful to broader US political and economic interests. Section 907 has damaged the United States' broader interests in peace in the Caucasus through its maintenance of the independence of Azerbaijan and the free flow of Azerbaijan's oil reserves to international markets. The Helms-Burton Act and the Iran-Libya Sanctions Act, through their use of secondary sanctions, have damaged the United States' relationship with its allies and trading partners; undermined the legitimacy of the World Trade Organization as a viable international institution; decreased

the competitiveness of US companies abroad; and weakened the credibility of the United States as a global leader. Both acts have severely limited the flexibility of the United States to chose other foreign policy approaches towards achieving its goals of democratizing Cuba and moderating Iranian behavior. These policy failures are indicative of the lack of restraint in the United States government and the lack of thorough examinations into the effectiveness of these foreign policy tools.

Through strict organizational discipline, strategic voting, and targeted campaign contributions, organized ethnic interest groups have used their legitimate rights to petition the government in order to pursue their own particularistic demands at the cost of the loss of coherence and credibility in US foreign policy decision-making. The indiscriminate manner in which the US government has applied unilateral economic sanctions in order to please influential domestic constituencies has transformed US foreign policy from a series of thoughtful actions designed to promote the interests of the United States as a collective entity, into the internationalization of a series of competing domestic particularistic demands. While there is a pressing need for influential organized ethnic interest groups to consider the views of competing political and economic interests, there is no legal way of restricting their activities without constraining individual liberty. Responsible decision-making on the part of United States democratic institutions is necessary to restore coherence and credibility to US foreign policy decision-making for the long-term health of the United States as a leading global political and economic power. Institutional reforms, like the Hamilton-Crane-Lugar Sanctions Reform Bill, will create a more responsible and informed US foreign policy decision-making process necessary for the caliber of diplomacy, negotiations, and decision-making necessary in today's complex, multipolar, interdependent world.

Bibliography

American Israeli Public Affairs Committee "Iran Foreign Oil Sanctions Act (HR 3107) Questions and Answers," www.aipac.org, Updated 6/5/96

American Israeli Public Affairs Committee "Interpreting the Iranian Elections," www.aipac.org, Updated 6/5/97

Amuzegar, Jahangir "Adjusting to Sanctions," Foreign Affairs, May/June 1997

Armenian National Committee of America "Dole Statement on Armenian Independence Day," Press Release- 9/17/96

Bardach, Anne Louis "Our Man in Miami," The New Republic, 10/3/94

Center for Security Policy "Caspian Watch: Russian Power-Plays on 'Early Oil'," Decision Brief, No. 95-D71, 10/2/95

Center for Security Policy "Armenia Lobby," Editorial, No. 96-D76 (Attachment), 8/1/96

Center for Security Policy "Caspian Watch #3," Decision Brief, No. 96-D76, 8/1/96

Doherty, Carroll J. "Armenia's Special Relationship with US Is Showing Strain," Congressional Quarterly, May 31, 1997

The European Union Press Releases "EU Reacts to Iran/Libya Legislation," www.eurounion.gov, PR 96-44, 7/23/96

Fried, Frank, Harriss, Shriver, & Jacobson Co. "The War of the Laws: Coping With Helms-Burton, the Iran-Libya Sanctions and Beyond," www.ffhsj.com, 7/31/96

Gleason, Philip. "American Identity and Americanization," Harvard Encyclopedia of American Ethnic Groups, Stephan Thernstrom, Editor, (Harvard University Press: 1980)

Haas, Richard N. "Sanctioning Madness," Foreign Affairs, November-December 1997

Harrington, Mona. "Loyalties: Dual and Divided," Harvard Encyclopedia of American Ethnic Groups, Stephan Thernstrom, Editor, (Harvard University Press: 1980)

Huntington, Samuel P. "The Erosion of American National Interests," Foreign Affairs, The Council on Foreign Relations, September/October 1997

Jehl, Douglas "Iranian President Calls for Opening Dialogue with US," The New York Times, 12/15/97

Kiger, Patrick J. Squeeze Play, The Center for Public Integrity, 1997

Mathias, Charles. "Ethnic Groups and American Foreign Policy," Foreign Affairs, The Council on Foreign Relations, Summer 1981

Migdalovitz, Carol "92109: Armenia-Azerbaijan Conflict," CRS Issue Brief- Foreign Affairs and National Defense Division, Updated 12/3/96

O'Quinn, Robert P. "A Users Guide to Economic Sanctions," The Heritage Foundation Roe Backgrounder, No. 1126, 6/25/97

Rogers, Jim "Sanctionomania," Worth, December/January 1998

Sanger, David E. "Two Edged Sanctions Sword," The New York Times, 9/30/97

Schlesinger, James "Fragmentation and Hubris: A Shaky Basis for American Leadership," The National Interest, No. 49, Fall 1997

Seale, Patrick "Worldwide Angers Erupts Over D'Amato-Kennedy Act," The Washington Report, October 1996

Shain, Yossi. "Ethnic Diasporas and U.S. Foreign Policy," Political Science Quarterly, Vol. 109, No. 5 1994-95

Smith, Tony. Unpublished Essays: "American Multiethnicity A World Historical Perspective" and "American Ethnics and Foreign Policy: Gaining Influence"

Smith, Wayne "Washington's Undying Obsession with Castro," The Los Angeles Times, 3/19/95

Stone, Peter H. "Cuban Clout," National Journal, 2/20/93

USA Engage "Statement of Rep. Lee H. Hamilton Before a Hearing on the Use and Effect of Unilateral Sanctions, Subcommittee on Trade, October 23, 1997," www.usaengage.org

USA Engage "Talking Points: Hamilton-Crane-Lugar Sanctions Reform Bill," www.usaengage.org

United States Department of State "Fiscal Year 1997 Country Commercial Guide," Report prepared by US Embassy Baku, released by the Bureau of Economic and Business Affairs, August 1996

United States Department of State "Special Briefing on the Helms-Burton Act," 7/16/97

United States Department of State "Fact Sheet: Iran-Libya Sanctions Act of !996," Office of the Press Secretary, The White House, August 5, 1996

Notes

[1]Mathias, Charles. "Ethnic Groups and American Foreign Policy," Foreign Affairs Summer 1981, 977

[2]Shain, Yossi. "Ethnic Diasporas and US Foreign Policy," Political Science Quarterly, Vol. 109, No. 5, 1994-95, 813

[3]Shain, 813

[4]Huntington, 42

[5]Shain, 815

[6]Mathias, 977

[7]Mathias, 976

[8]Smith, Tony. Unpublished Essays: "American Multiethnicity: A World Historical Perspective" and "American Ethnics and Foreign Policy: Gaining Influence"
[9]Huntington, 40
[10]Smith, Tony
[11]Smith, Tony
[12]Ibid.
[13]Ibid.
[14]Ibid.
[15]Ibid.
[16]Huntington, 40
[17]Mathias, 990
[18]Ibid., 997
[19]Huntington, 40
[20]Ibid., 34
[21]Mathias, 997
[22]Shain, 814
[23]Smith, Tony
[24]Ibid., 816
[25]Harrington, 678
[26]Doherty, Carroll J. "Armenia's Special Relationship with US is Showing Strain," Congressional Quarterly, 5/31/97, 1271
[27]Migdalovitz, Carol. "92109: Armenia-Azerbaijan Conflict," CRS Issue Brief- Foreign Affairs and National Defense Division, Updated 12/3/96, 10
[28]Doherty, 1271
[29]United States Department of State "Fiscal Year 1997 Country Commercial Guide: Azerbaijan," Report prepared by US Embassy Baku, released by the Bureau of Economic and Business Affairs, August 1996
[30]Center for Security Policy, "Caspian Watch: Russian Power-Plays on 'Early Oil,'" Decision Brief, No. 95-D71, 10/2/95
[31]Migdalovitz, 10
[32]Center for Security Policy, "Armenia Lobby," Editorial, No. 96-D76 (Attachment), 8/1/96
[33]Center for Security Policy, 10/2/95
[34]Doherty, 1271
[35]Smith, Wayne. "Washington's Undying Obsession with Castro," Los Angeles Times 3/19/95
[36]Fried, Frank, Harris, Shriver & Jacobson Co., "The War of the Laws: Coping With Helms-Burton, the Iran-Libya Sanctions and Beyond," www.ffhsj.com, 1
[37]Stone, Peter H. "Cuban Clout," National Journal, 2/20/93, 450
[38]Bardach, Anne Louis, "Our Man in Miami," The New Republic, 10/3/94
[39] Kiger, Patrick J. Squeeze Play, The Center for Public Integrity, 5
[40]Schlesinger, 3
[41]Kiger, Squeeze Play, 4

[42]United States Department of State, Special Briefing on the Helms-Burton Act, 7/16/97, 6
[43]Ibid., 6
[44]Ibid. 4
[45]Ibid.
[46]Sanger, David E. "Two-Edged Sanctions Sword," The New York Times, 9/30/97
[47]Rogers, Jim. "Sanctionomania" Worth Dec/Jan 98, 2
[48]Seale, Patrick. "Worldwide Anger Erupts Over D'Amato-Kennedy Act" The Washington Post, 10/23/96, 23
[49]United States Department of State, White House Office of the Press Secretary, "Fact Sheet: Iran-Libya Sanctions Act of 1996" 8/5/96
[50]Smith, Tony, "American Ethnics and Foreign Policy: Gaining Influence"-unpublished
[51]AIPAC, "Iran Foreign Oil Sanctions Questions and Answers," www.aipac.org 6/5/96
[52]The European Union Press Release, "EU Reacts to Iran/Libya Legislation," No. 44/96, 7/23/96
[53] Amuzegar, Jahangir. "Adjusting to Sanctions," Foreign Affairs, May/June 1997, 37
[54]Ibid., 38
[55]Ibid., 34
[56]AIPAC, "Interpreting the Iranian Elections," www.aipac.org, updated 6/5/97
[57]Jehl, Douglas "Iranian President Calls for Opening of Dialogue With the US," The New York Times, 12/15/97
[58]Ibid.
[59]USA Engage, Statement of Rep. Lee H. Hamilton Before A Hearing on the Use and Effect of Unilateral Sanctions, Subcommittee on Trade, October 23, 1997, www.usaengage.org, 1
[60]USA Engage, "Talking Points: Hamilton-Crane-Lugar Sanctions Reform Bill,"www.usaengage.org, 1
[61]USA Engage, Statement of Rep. Lee H. Hamilton Before A Hearing on the Use and Effect of Unilateral Sanctions, Subcommittee on Trade, October 23, 1997, www.usaengage.org

Interviews

Changing Roles in Humanitarian Crises

An Interview with Anne Willem Bijelevel

Conducted by: Vanessa Hodgkinson, Gavrila Brotz, Geir Gaseidnes, Abdallah Simaika, Austin Putman.

The Efficacy of International Law, Part I

An Interview ith Hurst Hannum

Conducted by Yuhan Vevaina and Robin Regan

The Efficacy of International Law, Part II

An Interview with Alfred Rubin

Conducted by Magnus Briem and William Silverman

Changing Roles in Humanitarian Crises

An Interview with Anne Willem Bijleveld

In most developed nations, refugees have their cases dealt with on an individual basis rather than by creating a refugee camp setup. Why are refugee crises in less developed nations dealt with by creating a camp system?

Sovereignty. I cannot emphasize the problem of sovereignty enough. It's often forgotten in the West. One often talks about how to deal with the refugees as if host governments do not exist. The fact of the matter is that they do exist, they have sovereign rights, and we have to take that into consideration. When refugees cross a border and get into a host country, it is that country, and the government of that country, that is responsible for the refugees. That country will decide whether or not there will be refugee camps. Maybe they don't want refugee camps, maybe they can resettle them in the villages with local people. Maybe the government decides that they want to have a refugee camp, and security

---

Mr. Anne Willem Bijleveld is the Regional Representative of the High Commissioner for Refugees to the US and the Caribbean. With twenty-seven years of humanitarian experience, he has been involved in post-crisis state reconstruction programs such as the Comprehensive Plan of Action in Southeast Asia and the Dayton Peace Accord in the former Yugoslavia.

concerns would determine whether it is an open camp, or a closed camp. UNHCR has nothing to do with that. All we do is advise governments on how to deal with this. We advise them of how best to set up refugee camps if that's what they want. If they want a closed camp, we would definitely counsel against it. But governments will not always heed our advice - for instance the closed camps in South East Asia. What happened there definitely wasn't in line with the principles of UNHCR. That situation was imposed by governments and we had to make the best of it.

Considering that UNHCR recommends that camps be set up at a specified distance from international borders in order to avoid problems like those in Rwanda, why are so many camps set up close to international borders?

The location of the border is key. As far as UNHCR is concerned, we do not want to have camps close to the border. The camps should be a minimum of fifty kilometers from the border. Now, that's very rarely the case. Again, we come back to sovereignty. It's not in our hands. We counsel, we advise, we say whatever we can in order to convince governments that camps should be at least fifty kilometers from the border. But if governments refuse, for whatever political reasons, such as state security, we can't do much about it. A prime example is Zaire. There was nothing we could do in that situation. [The camps] were literally on the border. But the Zairian issue was compounded by the fact that when this mass movement of a million people took place, a cholera epidemic broke out, and that brought it all down. [We were] more concerned with saving lives than being able to push forward the camp issue. The government was opposed [to the issue], because it saw [the camps] as a buffer ... between Zaire and Rwanda even though some forty-thousand people died. We fully agree that the camps should be far from the border but we don't have all the control.

Who is responsible for security within refugee camps? Is there a judicial system for prosecuting crimes?

Security is a matter of governments. The government will have its own police force or army. Each country is different in how it works out who takes care of the policing aspects in each camp. If there are thefts, or rapes, and it has to go through the judicial system, again it's the country

that will provide the necessary law enforcement. Again, it's the host government in charge. Now, you can have a situation whereby you're dealing with a failed state, such as the horrible camps in Zaire. There, no one was really able to help us. After lots of requests from UNHCR we turned to the presidential guards in Zaire, which UNHCR was paying. They were working under our guidance in order to try and get basic law and order in those camps, which were absolutely horrifying. Human rights abuses in those camps were awful. There was a lot of pressure on the people by the leaders. The people simply had to comply with what the local camp leaders wanted them to do, especially during the very difficult period [when the initial mass exodus occurred]. There was a lot of forced prostitution in those camps, for example. With the presidential guards, we tried to create some law and order. The presidential guards provided for a situation that was better than nothing - though not ideal because we cannot control the police of a sovereign nation, even if it's a failed state. We don't know what other orders the presidential guard got from Mobutu. What we really wanted but what was never accomplished, was for someone to separate the bad guys from the good guys, the genocidaires from the innocents. Now, we know the end result. The Rwandans, just in time, from their perspective, took the initiative and overran the camps. Matters became more complex with Kabila and the Mai-Mai and all sorts of other incidents that led to the departure of Mobutu.

Camps have long been used as bases for rebel activity and as targets for retaliation from hostile nations due to the camps' proximity to the border of the hostile nations. What is the UNHCR doing to alleviate the problem of the militarization of refugee camps?

With regard to the camps being used as bases, it's only recently that it has come into the open. But militarization has been going on for quite some time. In the past, when it happened, nobody really made an issue out of it, because it was politically correct. The camps in Pakistan, for example. That situation was politically correct as far as the politicians were concerned. There were activities going on that perhaps would not be considered good and proper, but there were Communists on the other side. The same was true in Cambodia, for instance. Camp B on the Thai border was a Khmer Rouge Camp. If you talk about a camp run by

genocidaires, *that* was a camp run by genocidaires. At the time, though, the Vietnamese were in Cambodia, and they were considered by the US and other countries as a more important enemy than the Khmer Rouge genocidaires. But that was all part of the Cold War. Now that the Cold War is over, all of a sudden people are "surprised." They say "Oh, there are military activities in the camps? I never heard about this." Everyone wonders what the UNHCR will do about this. How is UNHCR going to demilitarize the camps? Well, Ms. Ogata has been to the security council many times, to ask, to beg, the Security Council, explaining that we are a humanitarian agency, we cannot do it alone. You have to help us. Governments have to do it. We cannot do that. There is total lack of political will on behalf of the governments. The humanitarians are being used as a fig leaf for the absence of political will on the international community's behalf. That's our main problem.

Does this lack of political will translate into smaller budgets?

Every country has its own policies towards refugees and has its favored refugees. The donor countries have economic interests and maybe cultural interests with certain refugee groups more than with others and therefore they will relate better to those with whom they share interests than to those with whom they do not share interests. Like in the Netherlands, we would relate more to Suriname, because it used to be our colony, or Indonesia, than other countries. The US has its own interests; Vietnam was really a US issue, and to some extent a French thing.

The UNHCR has to raise its own funds for each program. It is all voluntary, and to raise a billion dollars a year on a yearly basis is not an easy thing. Money always comes from the major donors to UNHCR, which are the Western European countries, the European Union, the United States, Japan, Australia, Canada, and that's it. The rest is not worth mentioning.

Then should the process for funding UNHCR be changed? Perhaps if the agency was funded directly from the UN budget?

That would be worse. You see what's happening with the UN arrears. With the UN arrears we would be the first to be cut. I think that we've always been better off on our own, but we have to work hard at it, and we

are entering a very difficult time period. All the big flagship operations, such as Bosnia and Rwanda, are dwindling. Lots of money came in through those operations, because they were on CNN every day, so you got the CNN factor. Without the publicity, it is becoming more and more difficult to get funds. Even last year, we were not able to raise all the funds needed. In November we had to cut all sort of programs in order to make it to the end of the year... This is a recurrent nightmare for the program officers of UNHCR who are dealing with budget and devising plans... to deal with perpetually unstable situations of cut, cut, cut.

Does the UNHCR currently have any ideas as to what can be done to educate refugees after a crisis to provide them with the necessary skills for assimilation into the job markets of their respective nations after repatriation?

First of all, we are very eager to educate - to have schools in the refugee camps - but that requires a lot of resources. Very often you cannot rely on the host government, because there are different systems of education. If the goal is for the refugees to integrate into the country where they have found asylum, then of course you have to link up with the educational system there. If the idea is that they are going back home, then you have to prepare them for whatever educational system is present in that country. If we talk about resettlement into a third country, then you have to look at what is needed in those job markets. So there are three levels, basically. Let's say the most general level is for the refugees to go back home. For example in Cambodia, in the camps along the Thai border we were very well-financed by the international community, because it was during the Cold War. Money was still available because there was an ideological aspect to it. There were some very good educational programs in those camps, at all levels: teacher training, primary schools, secondary schools, and vocational training. When we were preparing for the return of refugees back to Cambodia, I was myself involved. In Phnom Penh, before their return [the refugees], we had committee meetings with the political parties. We formed an educational committee, basically. Since refugees had been in the camps for ten to fifteen years, and had received their whole education there, we were discussing how we could get to some sort of equivalence degree that they could bring with them from the refugee camps.

You have to keep in mind that funds available for refugee camps at the moment are dwindling. Basically, we have to maintain life-sustaining activities. Everything else that's above the basic level is a luxury. The social and education programs, in my opinion are the most important and unfortunately, are the first ones to be scrapped. This is a problem for us because then you get idleness in the camps. When you have idle people, they get into mischief; they have a chance to commit crimes and create all sorts of other problems. But we haven't been successful in convincing donors that it is absolutely vital that we get funds for social and educational programs.

We did launch a program for resettlement when we were in Southeast Asia, in Malaysia. We were faced with the problem of the long-stayers. The long stayers are the people that nobody wanted. No government wanted to pick them up, but they had to be resettled. I'm talking about the mid-80s period where no one could go back to Vietnam. We had an increasing group of young people whom nobody wanted. So we established a vocational training program, after having discussed it with the countries of resettlement, i.e. Canada, Australia, and the US. I asked the resettlement countries, "Okay, if we, the UNHCR, establish a one-year program for these young people, and teach them English for one year, or we try to teach them certain concepts of auto mechanics, certain basic concepts of electricity, certain basic concepts of radio mechanics, watch repair, or whatever. Will you be willing to look at them positively?"

We're talking about *pre*-primary vocational training - the lowest level. So we made a deal, and it became a compulsory process for the people. They would get beautiful diplomas. We made it attractive, and it had the purpose of getting some discipline in the lives of the younger people. They had to be at school five hours a day, every day, they had to learn English, and they had to learn some kind of trade. Then, after one year, they would pass an exam, they would have a big commencement ceremony, and they would get their wonderful certificate. Then the countries of resettlement would come interview them. And that's how we got them to go. But we had to work hard at that in order to make it happen. So that's an example where we did have the money and we could do it, but in most cases we don't have the money.

How are local economies affected by the presence of the refugee camps? Surplus food given by donor nations is often sold by the refugees in the local markets at far more competitive prices, putting the local farmers out of business. Would buying directly from the local farmers ease this problem?

That would be wonderful if we could get governments to agree with such a policy. But normally governments want to get a cheap deal. They would prefer to give their own surplus food, and they will not provide cash to WFP [World Food Program], which is the organization which deals with the food aspects. So [the governments] will not provide WFP with funds to buy locally. In some cases it's possible, but most of the time it's not. There are two sides of the coin for the neighboring population. You could argue, and we *do* argue, that there are negative aspects for the local farmers and for the people because of the presence of refugees there. On the other hand, it's pouring an awful lot of money into that region as well, with all the international assistance, all the international workers, and NGOs which come in with cars and money. I remember Tanzania. When the Tanzanian government wanted the refugees to go, the local population clearly did not want them to go. They saw a lot of benefits. The same for the Zairians in the Kivu and Goma, where they made a lot of money off of the refugees in the camps. There is always a certain level of discussion among the media and the politicians. They come back and they are always surprised to find that refugees are selling food in the markets. So [they say] that is wrong or unacceptable. Our view is slightly different. People sell food often not because they won't use it, but because they need other things. They may sell food in order to get cash, and to buy the things they consider to be more important. Often, we are imposing a diet on refugees which is not suited, not adapted, to their own tastes. We have to give them what we get, whatever is available at the time. Often the refugees have their own ways of dealing with the market and monetize the assistance we give them so that they can buy the vegetables that the farmers would like to sell. It is rare that [our food assistance] really goes against the farmers, because the farmers normally produce other commodities. We, the international community, never supply vegetables. That's what the farmers produce. So when the refugees monetize rice, or monetize wheat, they take the money and buy vegetables.

Recently, the increasing need for physical protection of refugees and the unwillingness of international actors to send troops into dangerous situations has created a void of security. Has UNHCR considered using private security forces like Executive Outcomes to protect refugees and aid workers?

Last year, I was invited to a conference in Washington on the use of private security forces in sub-Saharan African conflicts. I reluctantly agreed to attend so that I might give a clear message. Under no conditions would the UNHCR deal with private security forces. This stance is based on issues of sovereignty and accountability. UNHCR would back a country, such as the US, sending such a [private] force because then the US would be accountable. In a situation [without an accountable state] involving, for example, Executive Outcomes, UNHCR backing would leave us responsible. We would not, for instance, like to find ourselves responsible for the takeover of a sovereign nation by a private force. The UNHCR has a higher humanitarian concern, and thus would not deal with that issue.

How does the UNHCR plan to deal with the emerging problem of internally displaced, "refugee-like" peoples? Does the agency have the authority to offer assistance?

Now with the end of the Cold War, democracies are flourishing. But there is another side of the problem. Democracy is a process with ups and downs. Many problems masked by the Cold War are just emerging. Civil wars are continually ravaging populations around the world while neighboring countries simply close off their borders to prevent refugees from entering. The post-Cold War situation, with new civil wars and border conflicts, explains why we now have the problem of the 30 to 40 million internally displaced peoples (IDPs).

The UNHCR does not have an expanded mandate to deal with IDPs. Francis Deng (Special Representative of the UN Secretary General for IDPs), in a 1996 report on IDPs, pushed the UNHCR to get such an expanded mandate. However, we are against it, since it would strain UNHCR's resources too much. Furthermore, an expanded mandate would not fit into the overall regional approach of the UNHCR. We have two conditions for involvement: 1) we need authorization by the governmental powers of the state in question,

unless it is a failed state, as in the case of the former Zaire, and 2) we need a specific request to get involved from the UN Secretary General. Without these two conditions, UNHCR involvement is not possible.

In the case of Colombia, UNHCR received requests for assistance from both the government of Colombia and the Secretary General. Consequently, UNHCR is opening up a small (one-person) office to give technical advice on IDP issues within Colombia. The ICRC (International Committee of the Red Cross) is already doing a very good job there. However, other NGO's have requested UNHCR's presence and we have reluctantly accepted. The UNHCR reserves the right to refuse involvement in a region. For example, we see no reason to be involved in the Peruvian situation. The decision of involvement is in the hands of the higher echelons in New York.

As a refugee-assistance organization, how does the UNHCR deal with the moral questions raised by ethnic cleansing ?

Relatively speaking, the Cold War was a simple, peaceful era. Everything was black and white. Now everything is gray. For example, in Bosnia, the UNHCR assisted people fleeing to Croatia. Were we doing the dirty job for the ethnic cleansers? Or were we saving lives? I was involved, and argued strongly that we were saving lives. I would do it again if I had to. Did we prolong the war? Perhaps, but more people would have been killed had we not been involved. When the ultimatum was given to the Rwandan refugees in Tanzania, they did not return in a peaceful manner, and so UNHCR helped. Yet, UNHCR exclusively supports *voluntary* repatriation. What complicates the issue further is that if people are asked to make a decision to return, they must be free to make that decision. In the Rwandan situation, refugees were totally brainwashed by camp leaders. It was in the best interest of the Rwandans to return home at that time. The question was of how to break the grip of the camp leaders. If people started walking back to Rwanda, the grip would be broken. At the time, UNHCR was outsmarted by the Hutu camp leaders, who sent the refugees out into the bush. The people were lost and confused, especially the elderly and the children. The Tanzanian government was right in it's use of military force to stop that. The problem was that the military got a bit heavy-handed. UNHCR could have gotten involved or we could have turned our backs and let people die. We could have at least fed those returning to alleviate their suffering. It was a difficult decision to make. We discussed

it with other NGOs, who agreed that involvement was the better choice. Meanwhile, the UNHCR was thrashed on the BBC and by Amnesty International. I respect both organizations, but having been on-site dealing with the people, the question became, "Am I going to help or not?" It was a controversial matter.

How do you feel about the new immigration policies in the United States?

We are very concerned and we are following it very closely. And we feel that there is almost a whole process of dehumanization of the asylum policy. Europe is the same. It's very bad. And we have to try to turn the trend around, basically, because we are on a downward trend. It's very serious. And the US is moving closer and closer to completely disrespecting these people.

Do you think that these policies are a response to increased opposition by the American public to immigration?

It is a result of confusion by politicians in distinguishing legal immigrants from asylum-seekers. And the people walking in the streets don't understand the difference because the politicians have always confused the two. That is why we have the current problems with the new immigration legislation.

What challenges will the UNHCR face over the next decade?

We have to change. The basis of the UNHCR is protection. Protection of asylum-seekers. And we have to make sure that in a rapidly-evolving world, this will not be sacrificed. There is every possibility that it *is* going to be sacrificed. We must make sure that in a complex world of multiple agencies, the protection aspect remains at the top of our agenda. This will become increasingly more difficult to do, and that will really be the challenge for the UNHCR. We know, we've *proven*, we can do it, assistance-wise. Logistically we can assist over 200,000 people from one day to the other without too many problems.

How are we going to maintain protection of asylum-seekers, and how are we going to reverse the downward trend of governments trying to maintain the lowest common denominator in terms of asylum? These are going to be our biggest challenges for the next ten years.

The Efficacy of International Law

Part One: An Interview with Alfred Rubin

Who has traditionally established the structure and content of international law?

The traditional structure is established by states, and sometimes by states that are not very powerful. For example, the U.S. was a major player in the early 19th century when it refused to join the Holy Alliance, and decided to be just a regional power. In 1823 we issued the Monroe Doctrine, which was a statement of some importance politically, that implies a view of law which we have violated from time to time, but the US was only a small regional power then. People forget that it was little North Korea that caught the Pueblo, and, because of the US or not, the result of the Pueblo incident in 1967-1968 was the US giving up on the 3 mile limit that we had argued publicly was fixed by natural law. I'm not sure we knew what we were doing, but it was North Korea that provoked the incident that created the correspondence. There are lots of incidents where small states that we regard as weak states determine the law. Take Cuba, for example, I think the general condemnation of the Helms-Burton law indicates it's not the US that fixes the law. It's fixed by Cuba and by many

---

Alfred Rubin is a Professor of International Law at the Fletcher School of Law and Diplomacy, Tufts University. He is author of Ethics and Authority in International Law *and "Enforcing the Rules of International Law"* -Harvard International Law Journal

other states, each for its own reasons, reacting in the ways that they find in their own interests and proposing models in the legal order and distribution of authority that can enhance their own position, while supporting their own interests.

Substantive rules of law, then, are decided by practice accepted as law, and if it's to be law it has to apply to the rich as well as the poor. There is a famous quotation, "The majesty of the law or the law in its majesty which would leave rich and poor alike sleeping under the bridges over the Seine, stealing bread or begging in the street." If the US goes to assassination as a legal policy, as has been suggested from time to time, it implies that Quaddafi can go to assassination as a legal policy, he can send his hit squads to the United States to keep us from sending ours to Tripoli. That notion of the sovereign equality of states is widely accepted by everybody, and limits the authority of great powers to determine the substantive rules of law, because whatever they decide as a rule of law for themselves is going to be applied against them by future powers.

The enforcement system is not implemented only by armies, but also by public affairs. The American populace will not stand for its young people to be killed, nor will it stand for its taxpayer money to be spent in ways that lose allies, lose power, lose the support of one's general constituents, and so on. For example, I remember talking to an Israeli friend who said she didn't want her kids to grow up to be in a Gestapo. That meant that within the Israeli public there are people who are really opposed to the occupation policies in the West Bank. They may not like the alternatives, but they realize there are real inhibitions on simply acting the way military power allows you to act. You can conquer, but you can't rule. The bottom line is not force; it's authority. To establish authority you've got to have more than military force. It may be part of the game, but it's not the whole game.

Why is there a growing consensus on the need for greater regulation in international affairs?

My opinion is that it is probably due to the growth of international commerce, and probably the notion that in order for property rights to be safe, in order to encourage investment, states that want investment have to accept a bottom line with regard to the sanctity of property. All states do expropriate from time to time. All contracts have ambiguous qualities that can sometimes raise questions. The issue, then, is if the matter comes before a tribunal or even a national court, what law will that court apply? If it is only the law of its own country, then its

own country might win in a particular case or its own investor might win in a particular case, but at the expense of other investors and other recipients of investments and other situations in which it will lose. The answer which international lawyers came up with one hundred and fifty years ago was the so-called "conflict of laws theory," by which each country decides which aspect of which law should apply to which aspect of which problem. We then cannot agree validly in the United States to violate French law in France and get away with it. The American court is likely to look to French law to determine if the performance in France was a legal obligation. This reference to other systems of law has been the answer now for 150 years.

There is a push now to say that the conflict of law may not be enough. It may be that we have to get together on the actual substantive rules. The ways in which we do that, consistently within the structure of the legal order, involve treaty, or getting together and agreeing on how certain situations should be resolved. All states, so far, still regard their own tribunal as the dominant system, and they're not about to give to any international body or any foreign body the authority to make the law for themselves. The US comes as close as any, by providing in its constitution that treaties are the supreme law of the land. We also, however, have established the notion that you can supersede a treaty and violate a treaty by domestic legislation. Some countries have provisions in their constitution by which international law is part of their law, and they have terrible problems. It just can't work that way. The government that purports to follow international law has to listen to the advice of the international community and then, if they act on that advice and it is not consistent with the will of the people who put the government in power, the government will be thrown out of office if they have a democratic system. The entire notion then, of an international substantive law determined outside the will of the state, fails. What is the push to unify the substantive law? The problem is to figure out whether the conflict of law's theory is enough to get you there, or whether treaties can do it well enough to resolve the problem.

Does adherence to international law presuppose a certain level of economic development? Examples such as the European Union and global environmental issues come to mind.

Bear in mind, the European Union is in fact based on a series of treaties. And any country in Europe has the capacity to drop out. It would be foolish to drop out; they would lose more than they would gain. If the

situation is difficult enough there would be some more of a movement. It depends on the level in which we are addressing international law. It is in the interest of capital importing states to recognize property rights as much as it is in the interest of capital exporting states. What the rules are must be left up to each state. For instance, you could let capital exporting states expropriate from time to time. The US, the UK, and France have all expropriated from time to time, and will continue to do so.
The issue then, is not expropriation but evaluation of expropriated property and the changes of law, which may change the risks of investment. EU legislation changes the existing law. EU legislation that relates to economic matters then changes the risks of previous investments. It sometimes increases the risks and sometimes decreases the risks, depending on the law. It seems to me, therefore, that you can't escape the conclusion that the capital importing states, or the less developed countries, have as much to gain by participating in the evolution of international law as the capital exporting states. The real problem is in the overstatements of capital importing states and the overstatements of capital exporting states, as to what laws are necessary. You will find overstatements all over the place, and you have to look with great skepticism at any huge assertion of where the law must go, or where the law has gone. Normally, those assertions are simply unfounded. They are argumentative assertions made by people with various agendas. I see no alternative but to view all states as legally equal, both rich and poor, that all could sleep under the bridges over the Seine.

With the various processes of globalization creating stress for the nation-state, do you see the framework of international law mitigating or exacerbating these tensions?

I don't see the stresses the same way that the question implies. Nobody has argued that the nation-state is not the ultimate lawmaker within its territory or for its people, or in one way or another a lawmaking actor. Stresses put on by globalization are stresses felt only by those who want to be part of globalization. If a small country prefers not to be part of an investment program, it reduces the capacity of her people to improve their standard of living. There's no way that she can opt out of the total international system. If her people want to fish, they have to be concerned with long-distance fishing fleets coming from elsewhere, depleting the total fish stocks and the capacity of her people to carry on. That forces her into

some degree of international discussion which she may need, not because US or other long-distance fishing fleets are bigger and stronger, but because in the forums in which these issues are discussed there has to be some lawmaking consensus. If she loses the lawmaking consensus she may lose anyhow. But that has always been part of the system. Everything changes. Those who think that the world was perfect and that the great stress of the economy or communications creates new problems are wrong. They create new problems only in a limited sense, but what they do is carry on a struggle that has always existed.

Among nation-states, there seems to be a certain hierarchy of the elements of sovereignty they are willing to relinquish to international legal frameworks. For example, the greatest resistance to the expansion of the authority of international law seems to have traditionally been the military. In what spheres do you see the greatest loss of state-sovereignty occurring?

To enter into a treaty is in fact an act of sovereignty, and states retain the legal authority to violate a treaty even if they enter into it. They may violate the law, but there is very little that anyone can do about it other than present claims that may or may not get settled depending upon the political pressures. It depends upon the normative sphere in which one is acting. The notion that a state which reneges on its debts can then become subject to military pressure from another state hasn't been true since World War I. You can't collect money from a state that doesn't have it, and there is no such thing as the bankruptcy of a state. For example, the Russians had a terrible accident in Chernobyl, which destroyed the utility of a number of crops in Central Europe. There is no way that you could present a bill to the Russians that would approximate the damage they did, because you can't force them into bankruptcy. They simply wouldn't pay. What are you going to do then, invade Russia? We tried to invade South Vietnam, and the Russians tried to invade Afghanistan. It doesn't work. People get killed, property gets destroyed, and you don't collect. Other ways have got to be found that make the system work, and they all rest on willing cooperation. I don't see the erosion of sovereignty that is too frequently spoken of by people who haven't focused on the real world.

Could globalization and the economic integration it implies, allow states to avoid international legal constraints? China is an example that comes to mind.

It depends on what constraints you're talking about. China, among other countries, makes law for China. If China makes law for China, Singapore makes law for Singapore, and Indonesia makes law for Indonesia, then if they make prudish laws the result will be loss of investment and a loss of relationship with their neighbors (who they may regard as important). They don't have to suffer a military defeat on this, the law doesn't operate as a failed criminal law system. There is no way that China, Singapore, and Indonesia can escape the restraints of a global economy, but they can, through their own municipal law, attempt to exempt themselves from those restraints. The result is not that they can act more freely, but that nobody is going to trade with them. That is hardly an advantage to them unless they perceive it as an advantage, which they might temporarily do. In which case fine, that's not inconsistent with the global system; that's the way the global system works.

How well equipped is international law to cope with actors such as multinational corporations and international investors? In regards to the currency crisis in Asia, are there any pre-existing legal mechanisms to address the issue of speculation?

The international system is adequately equipped to deal with multinational corporations and institutions, because everything they do has to be consistent with the law of the place in which they do it. Moreover, every multinational corporation is incorporated under the law of someplace. It may be the Bahamas, but it's incorporated under the law of someplace, and that place has the authority to dissolve the corporation. When there are protests from outside about the activities of that corporation under that particular law, those are protests which might have an impact on the investment policies and the general affairs of places like the Bahamas, which finds itself in a position to license multinational corporations. Then, however, those corporations are not committed to act in the US, Mexico, or anyplace else, and it becomes an empty gesture to have such corporations. Multinational corporations frequently have subsidiaries, but

the way such subsidiaries are organized is also under the law of some other place, which has the power to amend the law, and dissolve and control the activities of the corporation.

I don't think that there is a real legal problem. Economically there may be a real problem. If you want the advantages of someone else's multinational corporation, you're going to have to let that corporation act within your territory, but that's routine. The normal legal mechanisms, in the absence of international institutions, are that Indonesia and other countries simply can't afford to carry on business the way they have been. Their currency drops in value, their exports become supercompetitive with the competition outside, and yet the outsiders retain the capacity to block imports of Indonesian exports. The WTO and other arrangements might impede that, unless Indonesia accepts other restraints on her exports. If Indonesia does not accept those restraints, then she can be suspended from the WTO or the other mechanisms can be put into place. So we have a choice: either to act under the "natural law" mechanisms, in which Indonesian products cheapen in foreign price to the degree that things will balance out to the pain of all of us, or to mitigate that pain and restrict it to Indonesia if possible by utilizing the WTO and the IMF mechanisms, to make Indonesia conform to the system.

We see that working out now, where General Suharto feels he can't suffer the pain in Indonesia and therefore has rejected some of the IMF proposals, creating a crisis in the matter, and blaming who knows whom for the crisis while the rest of the world looks at it and says, "Well, when you come to your senses that's fine, but if you really want to go and blame someone else for your problems we will take care of you by blocking the exports from your country, and forcing you to even greater difficulties, possibly even revolution." Mahathir in Malaysia says, "Well, it's all the Jewish currency speculators." The impact of that reality is the loss of the support of all but the radical nuts in his country.

Malaysia, Singapore, and Indonesia, can control the value of their currency if they like, but what they would have to do then is drop out of the IMF or the WTO, which has, by treaty, a certain degree of authority in this area. Submission to the treaty is a voluntary act made by the governments of Singapore, Malaysia and Indonesia. They can drop out of this sort of arrangement if they like, but that's their decision. It seems that to the

contrary Malaysia has not dropped out. It's not going to help the Malaysian economy, though. The same thing happens for Indonesia, or Singapore, or even the United States.

What types of international organizations are best equipped to implement international law? What legal frameworks have historically proven to be the most successful? What are some of the greatest constraints to the implementation of international law as we near the turn of the century?

Well, the underlying system, or the distribution of authority that is the constitutional aspect of the system as I see it, remains pretty much the same. Within the distribution of authority there are some areas in which they formalized cooperation, which has worked fairly well. For example, the United Nations works well as long as the General Assembly does not have the power to make law, and the Security Council does not have the authority to act if a great power disagrees with the act. Problems can arise when a great power like the US can get the sympathetic non-veto of other great powers, and the appearance of a so-called Chapter 7, an enforcement action we would undertake under the apparent authority of the Security Council, to act, say, against Libya, who repeatedly harbors bombers. In my opinion, it's that sort of exaggerated view of the authority of the Security Council that can create a collapse of the otherwise operating system. What happens in the UN, when the balance of the Security Council is distorted by the United States or any other country, is that the smaller countries will seek protectors, or countries that will veto things. Quaddafi will seek a protector. He may find it in China, he may find it in Russia, he may find it in France. The United States does not have the authority to override the veto of one of the other powers. The problem is that continued anti-Quaddhafi activities by the United States in response to actions that don't really involve threats to the peace or acts of aggression except in the mind of the US, forces other countries to seek protectors. If they can't find protectors, it forces them to reconsider their adherence to the UN charter. People forget that Indonesia actually suspended her membership for several years. Egypt, Jordan, and certainly Libya must consider the same thing. When you come right down to it, the entire Islamic world might feel that it should be considering the same thing, and we tend to forget that the Islamic world represents about one-fifth the population of the world. When you

talk about an international community and the structures set up by the international community, you normally mean things that we like. We forget that the Chinese represent more than one-fifth of the world, that Hindu India represents a little bit less than one-fifth of the world, the Islamic world represents about one-fifth of the world, and the last time I counted, three-fifths was a majority.

It's very hard for you to understand the glib talk about the "world community" meaning what we would like it to mean, and disregard their views. Yet that is what we routinely do. Now, those international organizations that have worked have accepted this orientation, normally without publicizing it, but allowed for the individual sovereignties of states and the leaders of different states to make their decisions based on the perceptions of their own constituents. They allowed them to drop out from time to time, until they could see the advantages to them of moving in this direction. If you press it too far, successful organizations such as the IMF and the WHO tend to collapse. For example, UNESCO, collapsed a long time ago. The United Nations, as a peacekeeping organization, has been threatened with collapse from time to time. In short, the underlying constitutional rules of the system remain in effect, and the superstructure of international organizations never supersedes that. It is built upon it, and therefore I don't see a changed structure based on international organizations.

There are some areas where some international organizations have radically changed the structure of municipal law. For example, the European Human Rights Convention. The willing submission of European powers to a tribunal that will determine that a national court has violated the human rights of, for example, a British national in the UK, is a major factor. Whether that leads to a worldwide acceptance of human rights I doubt very much. The authority of the European court depends upon the evaluation of the nation-states of the Council of Europe, and that it is in their interest to agree to such a system. While that system really deals only with the fringes of authority, if for example they deal with the question of whether L. Ron Hubbard's group is a religious or political group, nobody really cares what their decisions are. If they actually begin to infringe upon the authority structure of the system, you find things like the Greeks dropping out of the Council of Europe system, such as when the colonels dropped out with their authority in Greece. I think you'd find the same thing true if Le Pen turned

out to be a major political actor in France and the French felt that the structure of the system was not going to be consistent with French national policy as determined by a right-wing coalition.

As long, therefore, as the underlying state structure remains the dominant structure, superstructures can be built which might do very well. There are occasional hints that maybe through treaty you can create a new state system or new kind of state, such as the Treaty of Rome and the unification of Europe, which might be irreversible. For example, the Treaty of Rome and the unification of Europe are very nice things, but Switzerland is not part of it and Switzerland is in the heart of Europe. The Swiss have evaluated their national interest and decided that it doesn't require them to join in this system. Moreover, the European Parliament has never played an effective role, and whether it ever will play an effective role depends on an evolution that I can't predict. I know many Europeanists who do predict it, but they have predicted the same thing for many years, and it still hasn't come true. I take their predictions with several grains of salt. It basically has to be a political decision of the German populace to be taxed to support unemployed Frenchmen. That's very hard to predict. Unification may seem wonderful if you're sitting in Brussels; it may seem different if you're sitting in a rural valley and threatened with a loss of a job yourself, and wondering how much of your taxes are going to pay an unemployed Frenchman whose parents were Algerian and who is Muslim.

We would like to focus on Yugoslavia and Rwanda as case studies. What are some of the salient features in these two areas in terms of ethnic self-determination? What are the lessons that have been learned from these two areas? Have any legal pilot projects been attempted or constructed as a result of these conflicts?

With regard to Yugoslavia, there has been a huge legal response that has resulted in the establishment of the tribunal in The Hague, which is supposed to help control the conflict and apply the international law to it. I've written several articles on this, and my opinion is that the solution to Yugoslavia would be a lot easier if they hadn't established the tribunal. I once asked Judge Goldstone, "How can you indict Karadjic but not the head of the Bosnian Serbs, and not indict the head of the Bosnian Muslims?" And he said, "We're working on it." For four years they've been working on it and they have had tremendous problems. I have huge problems with the entire structure of the tribunal. When the tribunal was first proposed the question arose of where it should be set up. A colleague of mine said that the first

choice was Vienna, because there were empty buildings there, it was close to the scene, and so on. I looked with some amazement at him, and in front of an audience of about 200 people said, "has everybody on the planning system forgotten how W.W.I began? Who shot who, where?" It turned out everybody had. The problem, is that international law, however we define it, is so fundamentally inconsistent with the way the system is structured that I have nothing but amazement at the degree to which the international court has managed to achieve some notoriety.

How do you stop an international court from deciding that the structure of the system in the US is so defective, that General Schwartzkopff could not be honestly looked at as a war criminal for bombing what turned out to be a civilian bomb shelter in Baghdad. How could you prevent the international community from determining that the prime minister of Israel is not a major war criminal who should at least be tried. I see no way that you could do that unless you could control the people who make that decision. If we control them, however, three fifths of the world will disagree with us. How do we resist the impulse to label the head of the Chinese state as a war criminal. The notion that we would do so would only unite a fifth of the world against us. And to say we don't care about that would be to say we don't care about oil or Middle East peace. In short, I find the entire proposal so divorced from the structure of the international legal, political, and economic order, that I'm amazed that it's gone as far as it has, and not at all surprised that it's failing. The same thing exists in Rwanda, with Hutus getting killed by Tutsis. What are you going to do, kill half a million Tutsis to make it even? How does that make it even? People talk about justice without having read Aristotle, therefore forgetting that you've got communitive justice, repertory justice, attributive justice, reformatory justice, distributive justice, etc. You've got at least seven or eight different definitions of justice. When I asked Judge Goldstone about this, I said, "What do you mean by justice?" He said, "legal justice." That depends on who's the judge, as we're now seeing in Arkansas. How do you do justice to two kids who are 11 and 13 years old, who have done horrible things? Justice to do what to them: to kill them, to put them away for life? The entire structure involves a kind of thought that nobody seems willing to put into things because it is not acceptable. I look at Rwanda, and decide that the only cure for Rwanda would be a Rwandan cure. If they're not capable of it, I'm sorry, but the situation is not rectifiable by imposition of an international tribunal.

The Efficacy of International Law

Part Two: An Interview with Hurst Hannum

How do you define international law?

Traditionally, international law is the law that governed relations among states, and it is a widely accepted definition. That still serves as the basis of the definition. If we think of international law as anything beyond or above the individual state, then it's a much more complicated definition since international law involves the law of international organizations. Certainly, it involves relations between states and their citizens in terms of human rights, as well as transnational institutions like the European Union. The EU is a unique institution in that it is not a supranational organization, but in my opinion, it is certainly more than a normal international organization. It's law that governs relations that states have, both with other states and with other institutions, affecting to some extent their own citizens.

Hurst Hannum is a Professor of International Law at the Fletcher School of Law and Diplomacy, Tufts University. He is author of International Human Rights Law: Problems of Law, Policy, and Practice *and* Autonomy, Sovereignty, and Self-Determination: The Accomodation of Conflicting Rights.

Who has traditionally established the structure and content of international law?

Ever since the mid-seventeenth century, when we established the notion of equal and independent sovereign states, the theory has been that only those states coming together could create the law between them. That is still largely true today. States are by far the most important creators of international law, but states have also given power to other institutions to make law. To some extent they did this when they created the United Nations by giving the Security Council the power to create binding law for the members of the U N. Certainly, the European Union is another institution that is only created because of states, but nonetheless, has now acquired its own power to create law. Ultimately it's still states, but these days, they have delegated that authority in many instances to a lot of other institutions.

With the various processes of globalization creating stress for the nation-state, do you see the framework of international law mitigating or exacerbating these tensions?

International law can only mitigate them because one of the attractions of international law is that it is very functional. It exists because states need it. It is not simply handed down from on high somehow and imposed on states. As globalization continues, there is the increasing web of connections among states, individuals, corporations, and international organizations. The only purpose of international law is to facilitate this sort of interaction, in order to create more secure, well-defined expectations on the part of all these actors. Therefore, international law will have to become more important if we're going to try to bring a little bit more order to this chaos.

When you speak of bringing order to the chaos, do you think that is the reason for the growing consensus for greater regulation in international affairs?

Well, no. I'm not sure that there is greater consensus on the need for greater regulation. In some areas, obviously there is, but what we've been searching for the last 20 years (I don't date everything from the end of the Cold War), is a better understanding of where we need greater regulation at the international level. Also, we do need to accept that there is simply going to be a large range

of activities left unregulated. There's no consensus that we should move closer to a world government, which would be the ultimate regulation. I think what we are trying to identify is: where more regulation would be needed, where different but not necessarily more regulation is needed, and what areas we basically need to leave alone.

Does adherence to international law presuppose a certain level of economic development? Examples such as the European Union and Global Environmental issues come to mind.

The short answer is no, but it depends on what the law is. Very little international law really does require economic development. The only way in which I'd say that there might be this presupposition is if being a state presupposes a certain degree of control over the territory that's within your state and a certain ability to perform the obligations that you have under international law. So to that extent, I think we are faced with some situations in which there are entities out there that we pretend are states, but that are not capable either of exercising their rights under international law, or of fulfilling their obligations under international law. I'm not sure that's a question of economic development. There are very poor states that fulfill all of their international obligations, and somewhat wealthier ones that do not, because they're in some state of disintegration or they otherwise find it impossible.

Among nation-states, there seems to be a certain general hierarchy of the elements of sovereignty they are willing to relinquish to international legal frameworks. For example, the greatest resistance to the expansion of the authority of international law seems to have traditionally been the military. In what spheres do you see the greatest loss of state sovereignty occurring?

It's a mistake to see state sovereignty as something that is lost. State sovereignty is whatever international law says it is, essentially, and what I think international law has always done is to redefine state sovereignty in various ways. There are some principles that have stayed the same. State sovereignty has never meant that you can cause harm to another state without incurring an obligation or a responsibility to pay for that harm. State sovereignty, or the realm of the freedom of states to act was certainly limited by the UN Charter, which I said earlier, gave certain authority to the Security Council to force

states to do certain things, for instance, to impose embargoes. All of the economic treaties in particular that states have entered into freely, in an exercise of their sovereignty, have the result of limiting the freedom of the state to act after the treaties have been entered into. So you could call that a loss of sovereignty, but what has happened, in fact, is that states in exercising their sovereignty, have agreed to limit the actions that they will take.

Could globalization and the economic integration that it implies allow states to avoid international legal constraints? China for example?

I would not think so. Certainly, economic integration, if anything, would entangle states in more legal constraints, rather than release them from constraints. As to whether or not China's economic power means that it's going to be subjected to less scrutiny on human rights issues, that's a different question and involves the way states react to one another politically, as opposed to changing their legal obligations, but I am not sure there would be much impact.

Does international law presuppose a centralization of power? If so, which legal frameworks or institutions would benefit from this shift of power away from its traditional locus, the nation-state?

International law presupposes a dispersion of power among so-called "nation-states", as opposed to the traditional centralization of power with the Pope, or the Emperor, or whatever force it happened to be historically. What's happened is that power is shifting away in many ways from the nation-state. That's one of the reasons I think that international law is changing, to try to take into account the fact that there are now different centers of power, different international actors that have an impact both on states and on one another. It's one reason international law is becoming a bit more complex. It is not a case of "international law" as this entity benefiting from greater centralization or greater decentralization. Again, international law has no content. It merely tries in some ways to react to the situation that exists based on consensus and previews and not generally on coercion. But the difficulty is that the traditional theory only assumed one important level of actor, and that was the state. Now I think we have a lot more levels of actors whom we must be concerned with.

How well equipped is international law to cope with actors such as multinational corporations and international investors? In regards to the currency crisis in Asia, are there any pre-existing legal mechanisms to address the issue of speculation?

International law is having difficulty dealing with some of these non-state actors because in most cases, it only can act indirectly. For instance, the UN spent 20 years trying to develop a code of conduct for transnational corporations. If it ever did develop such a code, which it didn't, it would be up to states to enforce the code. While transnational corporations may have a lot of power, they do still have legal existence within one state or many states. Individual international investors, again, might be regulated by international law that would simply prohibit certain kinds of transactions and would apply to individuals. In most cases, they are going to be regulated, as are transnational corporations, indirectly through states assuming obligations to control the multinationals that either are based within them or are operating in their territory.

What are some of the greatest constraints to the implementation of international law as we near the turn of the century?

The greatest constraint to international law is that it is still not hierarchical. There is no central authority and ultimately the enforcement and implementation of international law rests on the willingness of states. This doesn't need to be coerced. Most states comply with most international law most of the time because they created it and it's in their interest to do so. International law is so complex that it is difficult to think of one type of international institution that can best enforce it. We think domestically of courts normally, but the role of any international court in the future is likely to be relatively small in the same way that most of us domestically obey most of the laws most of the time because it's in our interest to do so. What we need to do is to try to develop a greater consensus among states so we're not always looking to an international institution to enforce law. We're looking to achieve enough consensuses so states will enforce international law more or less automatically in specific areas, whether it's international crimes or human rights or economic integration or military assistance. Due to these different areas, we might see very different kinds of institutions that will help to enforce each of those different kinds of law.

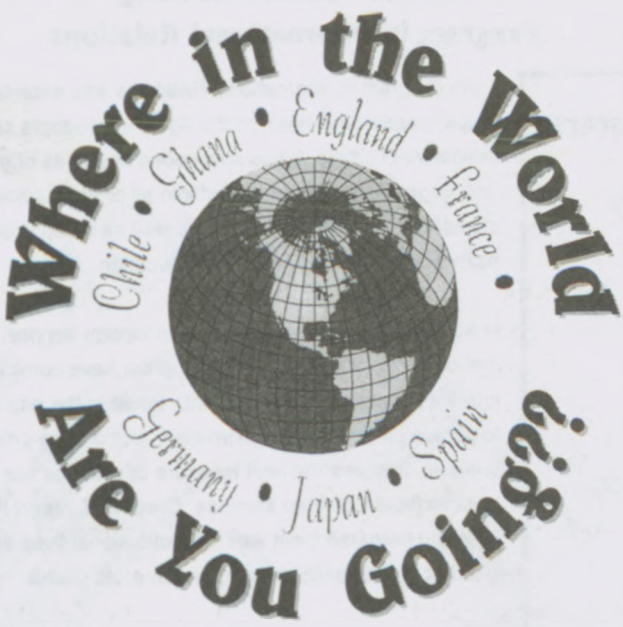
Focusing on Yugoslavia and Rwanda as case studies, what are some of the salient features in the two areas in terms of ethnic self-determination? What are the lessons that have been learned from these two areas? Have any legal pilot projects been attempted or constructed as a result of these conflicts?

The legal pilot projects are the two international tribunals to address violations of international law, criminal law, and humanitarian law in those two cases. They in one sense have not been particularly successful in terms of dealing with very many individuals. On the other hand, they have been very successful in that they created an impetus that is likely to lead to the creation of an international criminal court in June or July in Rome, where a diplomatic conference is likely to adopt the statute for such a court. Its impact will be very small for a number of years to come, but it's likely to come into existence. We don't have enough room on the tape to talk about ethnic self-determination. One distinction though, at least between Yugoslavia and Rwanda, is that Rwanda has nothing to do with ethnic self-determination. It was certainly in part an ethnic conflict, but it wasn't over secession, over one portion of the state trying to secede and re-establish itself on ethnic grounds. It's really a power struggle among two groups that do not even differ ethnically. They have the same culture, the same language, and the same religion. There are some physical differences and certain historical differences, but Hutu and Tutsi are not ethnic groups in the way that most people would define those groups. Yugoslavia had a lot to say about ethnic self-determination, most of which was negative. It's an example of the impossibility of equating every nation with its own state, which any one with any sense has always known was impossible. It also showed us the dangers of confusing political goals, legal norms, and humanitarian goals at the same time and much of the intervention never made the proper distinction among these goals. I think it also showed the mistake of assuming that the only options are total independence and separation or some sort of integration without protection for ethnic groups that might happen to live in the same state. Right now, we're faced with the problem in Kosovo, which, if put in terms of self-determination, probably has very little chance of being resolved. If put in terms of protecting ethnic, cultural, religious identity, ensuring participation in the larger society, ensuring a certain, appropriate degree of self-government, whatever the boundaries of the state happen to be, then I think

we may have a better chance of resolving it. Most of the lessons from Yugoslavia are negative and most of the lessons of Rwanda, in terms of self-determination, are irrelevant.

What is the future of international law? What in your opinion can be done to develop a successful framework within existing constraints?

In some ways, that's like asking what the future of law is, or what the future of culture is. We're forced to have international law, in the same way that we are forced to have traffic laws. No one wants to either go back to a sort of law of the jungle where every state has total power to do anything it wants to do by force and by economic persuasion. Equally, no one wants to go back to the days of the Pope and the Emperor and the hierarchical system of some sort of world government, whether it's based on religion or force or anything else. The future of international law is to grow more important not because of globalization as it's usually understood, but simply the increasing contacts that we're all going to have as individuals, as members of groups, and as states. Its future will be as good or as bad as the future of humanity. International law will not, by itself, make this a better place to live one hundred years from now. International law is a useful tool in the way that domestic law is a useful tool, both to follow consensus and to concretize it as it develops and also, perhaps to set up some principles of agreement that the world can work towards implementing in the future. International law, regarding self-determination, at least as that means decolonization, and international law in the human rights area, and international law in the environmental area, and maybe even international law in the security area have at least set standards upon which there is agreement, and the goal now is work towards achieving those standards. To get there, we probably have to create a bit more international law to fill in a lot of the gaps. But I think it's a mistake to see international law as some alien force, whether it's a benign force or an evil force that is going to somehow affect what happens to the world over the next fifty or one hundred years. It's merely a reflection of who we are, and I think that we need to look to morality and ethics and politics and all sorts of other concerns, rather than merely trying to identify what the law is, or what the law should be.



Tufts Programs Abroad

- semester and year-long options
- direct transfer of grades & credits
- designed for Tufts students
- financial aid available

We are still accepting applications for Paris, Tübingen, Moscow and Kanazawa

Office of Tufts Programs Abroad
Ballou Hall, 1st fl.
(617) 627-3152
www.tufts.edu/as/undergra_edu/sa/studyabroad.html

Tufts University

Program in International Relations

Thematic Clusters:

Foreign Policy Analysis

Regional and Comparative Analysis

Global Conflict, Cooperation, and Justice

International Economics and Environment

Nationalism, Culture, and Identity

Tufts Program in International Relations was established in 1977 to prepare undergraduates for the rigors of graduate school in international affairs. It has succeeded well in its original mission and its graduates are accepted into all of the leading graduate schools of international affairs, as well as to top programs in law, political science, business, and education.

In additional to traditional careers in foreign service, law, business, and banking, graduates of the Program have combined their interest in international affairs with those in the arts and humanities to pursue careers in film, journalism, performing arts, and cultural analysis. Perhaps the best measure of success has been the positive feedback from alumnae. Graduates report that the Program prepared them well for professional lives in global affairs, whether in the public, private, or non-profit sector.

The Program in International Relations delivers the hallmark of a Tufts education – small class sizes allowing for individual faculty attention to students. Drawing on the strengths of 15 departments and five related programs, the IR Program is fully integrated into the broader university mission of providing a liberal arts education. Nearly forty percent of Tufts IR majors pursue a double-major, with languages and economics the leading affiliated concentrations.

The IR Program strongly encourages its majors to supplement their undergraduate experience by participating in both Tufts and non-Tufts overseas studies programs. Study abroad not only facilitates completion of concentration requirements but also helps equip students with the linguistic, cultural, economic, political, and sociological skills necessary to succeed in today's rapidly changing world.

To find out more about Tufts University's Program in International Relations, please contact us at the address below.

IR PROGRAM IN INTERNATIONAL RELATIONS

PROGRAM IN INTERNATIONAL RELATIONS
TUFTS UNIVERSITY
CABOT 605
MEDFORD MA 02155 USA

TEL: 617.628.5000 x2776
FAX: 617.627.3083
WEB: WWW.TUFTS.EDU/AS/IR/IR.HTM
NET: ASAUER@INFONET.TUFTS.EDU