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Article 1.	<p>Bloomberg</p> <p><u>Iran-Israel History Suggests a Different Future</u></p> <p>Pankaj Mishra</p>
Article 2.	<p>Carnegie Endowment for International Peace</p> <p><u>The Generals' Secret: Egypt's Ambivalent Market</u></p> <p>Zeinab Abul-Magd</p>
Article 3.	<p>Los Angeles Times</p> <p><u>Turkey struggles in the role of Mideast power during Syria crisis</u></p> <p>J. Michael Kennedy</p>
Article 4.	<p>The Daily Beast</p> <p><u>The British Prime Minister Is Coming to America</u></p>

	Niall Ferguson
<u>Article 5.</u>	NYT <u>What Greece Means</u> <u>Paul Krugman</u>
<u>Article 6.</u>	The Moscow Times <u>Jews in Russia</u> <u>Alexei Bayer</u>

Article 1.

Bloomberg

Iran-Israel History Suggests a Different Future

Pankaj Mishra

Mar 11, 2012 -- Apparently, it is reckless to think that India could bring about a rapprochement between Iran and the U.S.

That, at least, is the view of some readers of my last column on India's lenient attitude toward Iran's nuclear program. They

reprimanded me for being naive. For Iran, run by Islamic fundamentalists committed to the destruction of Israel, desires no such reconciliation with the country Ayatollah Ruhollah Khomeini indelibly called the “Great Satan.”

Alas, such a view, which sees fixed essences where there is movement and change, will always grievously misread geopolitical situations.

True, a regime such as Iran’s, which is discredited in the eyes of its people, will stoke internal and foreign animosities in order to survive; it can no more abandon such tendencies than a leopard can change its spots. And Mahmoud Ahmadinejad has taken such strategic zealotry to an obscene level -- to the point where his oft-expressed desire to see Zionism wiped off the map makes it seem as though Iran has a foreign policy committed to genocide (and suicide).

But Ahmadinejad’s position, as recent elections in Iran reveal, is far from secure among even hardliners. Syria, Iran’s closest ally, is beset by civil war; Hamas, a crucial Iranian client, seems to be breaking away from its patron.

Friends Become Enemies

It is also true that in 2003, Iran’s apparently intransigent ayatollahs considered a “Grand Bargain” -- a proposal to restart relations that was rejected out of hand by the drum majors in George W. Bush’s administration who initiated what are now increasingly loud beats of war. Recent history furnishes an even more complex picture of a country, which, according to Benjamin Netanyahu, is run by a “messianic, apocalyptic cult.” It shows that Iran’s motivations can only be adequately assessed

in the context of its longstanding ambitions as a regional power. Certainly, they cannot be reduced to the fantasies of a crude populist like Ahmadinejad.

To take an even moderately long view of geopolitical tensions is to recognize how quickly friends turn into enemies and vice versa. For many Indians in the 1970s and 1980s, there was no meaner or more resourceful international adversary than the U.S.; Prime Minister Indira Gandhi ranted then as frequently, if less intensely, than Ahmadinejad now about the CIA's conspiracies against her. But within two decades, and over the course of several different governments, India agreed to be adopted by the U.S. as a strategic counterweight to China in Asia.

The example of Iran, too, reveals how ambitions for regional and international eminence can outlast change of regimes and ruling ideologies. For much of his long reign, the Shah of Iran maintained cordial relations with Israel, buying arms from and selling oil to a country that much of the Muslim world shunned.

This might seem unexceptional. After all, the shah was a close U.S. friend and military client; Iran's nuclear energy program, started in the 1970s, received U.S. support.

But even the shah, as he developed grandiose visions of himself and Iran's leadership of the Islamic world in the 1970s, knew that he could not woo the Arabs, traditional rivals of the Persians, without distancing himself from Israel. He backed Arab nations in their war with Israel in 1973, and denounced Israel's occupation of the West Bank. In 1975, Iran voted in favor of an Arab resolution at the United Nations that declared

Zionism to be a form of racism. The shah even came to oppose the U.S. military presence in the Persian Gulf.

Neighborhood Hegemony

Iran in the last years of the shah manifested a striving for local hegemony that transcended the country's strongest alliances with the U.S. and Israel. Khomeini's regime went on to reveal how even messianic ideologies can bow to long-established imperatives and dramatically different security environments. Intoxicated with anti-Westernism, Iran's Islamic revolutionaries initially junked the shah's expensive armory and closed down his nuclear program, deeming both to be excrescences of the Great Satan. But Saddam Hussein's brutal and initially successful assault on Iran soon brought them back to the real world.

The ayatollahs turned to those they condemned as irrevocably evil: In another example of the ever-shifting sands of international relations, an increasingly Likudnik Israel came to the rescue of the beleaguered Islamic Republic of Iran. An agreement signed between the two countries in Paris in 1980 ensured Israeli arms for Iran at market prices while guaranteeing the safety and emigration rights of the tens of thousands of Jews residing in Iran. Despite U.S. protests, Israel remained Iran's most reliable arms supplier for much of the 1980s -- the time when the West was supporting Iraq.

In the 1980s, Saddam's chemical warfare against Iranians, mostly overlooked by Western countries, convinced the Iranians that they had to build a nuclear deterrent. Over those years, radicals within the regime also sought to revive the shah's plan

for Iranian leadership of the Islamic world; they ratcheted up the anti-Zionist rhetoric and built such proxies as Hezbollah and Hamas. Finding an opportunity in Saddam's fall, they created a political bastion for themselves in their once vicious rival Iraq.

But these plans for exporting Iran's essentially Shiite revolution have run into the complications of the Arab Spring. Emboldened by the fall of the pro-American Hosni Mubarak in Egypt, Tehran has subsequently watched with disquiet the isolation of Syria's Bashar al-Assad and the potential loss of Hamas, not to mention the rise of the Taliban in Afghanistan.

Liberation Mythology

Presumably, the Iranian regime can already go some way toward wiping Zionism off the map by launching missiles loaded with biological and chemical weapons at Israeli cities. Such an attack would cause extensive devastation, including among the Palestinians whose cause Tehran stridently advocates. Israel's response would be swift and terrible, more than fulfilling any craving for a grand self-immolation nursed by the messianic, apocalyptic mullahs.

But the Iranian regime is struggling to regain its geopolitical advantages in what it sees, correctly, as a multipolar world -- one in which the U.S. and its allies will have limited influence. This is hardly the time for the outside world to misread Iran's strengths and weaknesses, or to ignore the link between its quest for nuclear capability and the larger Iranian quest for regional pre-eminence, a realization of national and civilizational destiny.

Loose talk in the U.S. of "regime change," accompanied as usual by circa 1945 visions of cheery flower-laden Iranians greeting

American tanks in Tehran, ignores the continuity of aims between the shah and the Islamic governments. Iran would give them up only when the country itself, as we know it, ceases to exist -- an unconscionable idea that cannot be separated from visions of a wider apocalypse in the region.

Any rapprochement between Iran and the U.S. will have to acknowledge Iran's centrality in its region -- just as the U.S. eventually recognized India's in South Asia after a series of futile alliances with Pakistan. But the U.S. has never been further away from this possibility, as Republican candidates line up to prove themselves more trigger-happy than the next. Suddenly, entire countries, indeed civilizations, with complex histories are being depicted as potentially uncomplaining, even grateful, victims of aerial bombing.

Last week President Barack Obama rightly expressed alarm over the bizarre "casualness" of this bellicosity, which stands to doom tens of millions of lives. More such urgent injections of sanity may be needed to counter the Ahmadinejad-ization of foreign policy discourse, and to prevent the world from lurching, while still stumbling out of two unfinished wars, into a third and probably most disastrous conflict.

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Carnegie Endowment for International Peace

The Generals' Secret: Egypt's Ambivalent Market

Zeinab Abul-Magd

February 9, 2012 -- Egypt's generals have a big secret: they own at least 35 factories and companies—and they refuse to privatize them. These factories are not engaged in defense activities; they produce non-military goods and services. Despite the policy of economic liberalization asserted before and after the revolution, the military's civil enterprises remain untouched. This economic empire situates Egypt in neither a socialist economy nor a neo-liberal one: it is an “ambivalent market.”

Mubarak's regime purposely created ambiguity in the country's economy. On the one hand, it attempted to abide by the 1992 agreement with its creditors to liberalize the economy under a World Bank plan and privatize state-owned enterprises. On the other hand, the regime did not want to risk angering the military elite who controlled a good portion of the public sector in various forms. Thus, when Mubarak (a military man himself) privatized more than three hundred state-owned factories and companies, the army's holdings remained intact and run in an archaic, non-competitive Soviet manner. Furthermore, the retired generals and colonels proved inexperienced and

inefficient managers of these enterprises and created corrupt, patron-client business networks with government and private beneficiaries.

There are three major military bodies engaged in civil production: the Ministry of Military Production, the Arab Organization for Industrialization, and the National Service Products Organization. According to the official numbers published by the company managers in national newspapers, the first owns eight manufacturing plants and 40% of their production is geared toward civilian markets, while the second owns eleven factories and companies, with 70% of their production going to civilian markets. The third, the National Service Products Organization, is engaged in civil manufacturing and service industries, producing a wide variety of goods: luxury jeeps, infant incubators, butane gas cylinders, and even food stuffs (pasta and poultry products). They also provide services such as domestic cleaning and gas station management.

Because of the lack of public accountability and transparency, determining the annual income of military businesses is almost impossible. Experts estimate that the military controls about one third of the Egyptian economy, but interestingly, it is the non-defense activities that we know least about. Whereas official statements suggest they make a total of \$750 million a year, workers have claimed higher figures—as much as \$5 billion from only one company.

In 2007, after fifteen years of neoliberal transformations, Mubarak amended the constitution to remove Gamal Abdel Nasser's socialist articles. References to socialism, the leading

role of the public sector in development, and the alliance of the working forces were eliminated to “achieve compatibility between constitutional provisions and existing economic conditions and modern requirements” (according to Mubarak’s request addressed to the parliament).

Even so, the wording of the new constitution was ambiguous. Mentions of the public sector, to which the military enterprises belong, were mixed with the new language on privatization. Article 4 in the 2007 constitution stated: “The national economy is based on free economic activity, social justice, the protection of various forms of property, and workers’ rights.” The same document later added that the state should protect the public sector and national co-operatives, as well as regulate the activities of the private sector towards a greater national good (“al-khayr al-‘am lil-sha‘b”). Meanwhile, between 2004 and 2011, the “government of businessmen” formed by Gamal Mubarak’s close circle of tycoons privatized dozens of state-owned enterprises. None of the military businesses were among them. Moreover, retired army officers were placed in prestigious positions (as high administrators and board members) in the privatized companies and factories.

When the Supreme Council of the Armed Forces (SCAF) drafted a post-revolutionary constitutional declaration last March, it copied Mubarak’s amended constitution verbatim, thus ensuring that military properties would remain safe. Article 5 of the SCAF’s constitutional declaration was an exact copy of Mubarak’s Article 4. In addition, an influential incumbent in the former cabinet, Deputy Prime Minister Ali al-Silmi, attempted to pass a supraconstitutional document with articles keeping the army’s budget secret and out of parliamentary supervision.

Ironically, under a legally mixed status, the two appointed cabinets of the SCAF and their ministers of finance repeatedly assured US officials that post-revolutionary Egypt shall continue to abide by the rules of a market economy. They promised they would not reverse any of the measures the deposed regime took in transforming to neo-liberalism. In response to several court decisions that have recently annulled corrupt sale contracts of state-owned factories, minister of international cooperation Fayza Abul-Naga affirmed that no privatization deals would be cancelled and the state would not reclaim industries already sold.

Two 2008 Wikileaks cables emerged that indicated Field Marshal Tantawi and the Egyptian military hierarchy were largely critical of economic liberalization because it undermined state control. Said Margaret Scobey, the former US ambassador to Egypt: "The military views the G.O.E.'s privatization efforts as a threat to its economic position, and therefore generally opposes economic reforms. We see the military's role in the economy as a force that generally stifles free market reform by increasing direct government involvement in the markets." Tantawi's skepticism of neoliberal economics has little to do with his loyalty to the socialist model of the Soviet Union, where he received his training as a young officer. Rather, he resents the potential of privatization to encroach on the military's vast economic empire.

In Upper Egypt, the manner in which the military benefits from its ambiguous economic position becomes more conspicuous. While in Cairo the civilian parliament closely follows a checklist of economic liberalization, including eliminating farmers' subsidies and selling state factories, the appointed governors in

Upper Egypt—for the most part retired army generals—maintain major industries as state monopolies after eliminating subsidies. This creates a crisis with suppliers, who are forced to sell to a state source with none of the benefits or windfall of a controlled economy. For example, southern sugarcane cultivators have to submit their harvest every season to the state-owned sugar factories—the sole producer of Egypt’s sugar—but no longer have access to subsidization for seeds, fertilizers, or machinery. Farmers are forced to sell unfairly at prices set decades ago, leading to protests and strikes even after the January revolution.

At the same time, the ruling generals in Upper Egypt allow USAID developmental programs to open offices and fund local NGOs that help farmers adopt a market-oriented mode of production and ethics and export their produce. While these “market missionaries” share success stories and claim a great impact, under a monopolistic military regime, Upper Egyptian peasants view the effects of this work as trivial. They assert that they barely see even minor economic transformations in their villages as a result of USAID agricultural programs.

The revolution overthrew Mubarak, but it has yet to overthrow the military ruling elite and its economic monopolies. Maintaining the army’s unaccountable businesses and rendering them immune to privatization, whilst keeping an arbitrarily mixed system in the country, severely hurts the Egyptian economy at this critical moment. It forces the revolutionaries to continue to fight for social justice against the SCAF.

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Article 3.

Los Angeles Times

Turkey struggles in the role of Mideast power during Syria crisis

J. Michael Kennedy

March 11, 2012 -- Turkey envisions itself as a Middle East power, a dynamic Islamic democracy with a thriving economy that can help guide the region through the turmoil of the "Arab Spring." But it has stumbled in its efforts to stop the violence and repression in its neighbor and onetime ally Syria.

Although Turkish officials have harshly criticized President Bashar Assad's response to a yearlong uprising that is increasingly taking on the character of a civil war, they have not budged the Syrian leader. And they are aware that a tougher stance could backfire.

The harder they squeeze Syria, the more likely they are to anger the other non-Arab power with regional ambitions, Iran, which remains loyal to Assad. And Assad could retaliate by fomenting unrest within Turkey's borders.

The result has been a diplomatic and public relations nightmare for Turkey.

"I think in a way Turkey has become a victim of its own self-

image," said Soli Ozel, an international relations expert at Istanbul's Kadir Has University. "For six or seven months, Turkey tried its best to get Assad to change, and the allies waited for Turkey to deliver."

Prime Minister Recep Tayyip Erdogan last week renewed his criticism of Syria and those countries that stand by as the bloodshed continues.

"I am addressing the entire world, and countries that remain silent and indifferent and ignore or tolerate the massacre in Syria," he told deputies of his Justice and Development Party in parliament. "I am also addressing international organizations, which cannot produce solutions to this crisis and which encourage its continuation."

Erdogan suggested that humanitarian corridors be opened immediately to provide assistance to Syrians suffering because of the fighting. Turkey harbors an estimated 11,000 refugees who have fled Syria.

That is a huge change from just a year ago, when Syria was one of Turkey's best friends and trading partners.

Turkey, proud of its growing status in the region and the world, was in the enviable position of having good relations with not just one but three difficult neighbors: Syria, Iran and Iraq. But those good relations came at a price, as does changing them.

Gokhan Bacik, director of the Middle East Strategic Research Center at Zirve University in Gaziantep, Turkey, near the Syrian border, said Turkey didn't really understand the complicated dynamics of the Arab world. The government had turned a blind eye toward Syria's ironfisted regime in exchange for peace along the 500-mile border, lucrative trade and a safe transit corridor to deliver millions of dollars' worth of goods to the prosperous Persian Gulf.

"The strategy was successful as long as they did not look into the problems," Bacik said. "Many people believed the agenda was very easy. Now it's not like that."

He said Turkey's hardening policy against Syria came too early, in effect shutting down any room for diplomatic maneuvering.

"Turkey was very quick to finalize its position on Syria," he said. "It was a mistake."

Although Erdogan talks tough, Turkey has been neutralized, at least for now.

Turkey has one of the world's largest standing armies and is experienced in peacekeeping missions, but there is little appetite for intervention. U.S. officials have said they are unlikely to take military action. And vetoes by Russia and China of U.N.

Security Council resolutions critical of Syria indicate that the United Nations is not likely to provide an umbrella for an international military mission.

Assad is playing a tactical game in which he calculates how far he can go each day without incurring the collective wrath of the international community, said Peter Harling of the International Crisis Group, a Brussels-based think tank. More than 7,500 people have been killed in the uprising.

Turkey also must weigh other issues, including the fact that a major intervention in Syria could cause Assad to arm the insurgent Kurdish population on both sides of the border, intensifying Turkey's long-standing struggle with that ethnic group.

Kurds make up about 10% of the Syrian population, with most of them living in the northern part of the country next to Turkey. During his long rule, Assad's father rallied Syrian Kurds behind him by arming the Kurdish rebellion movement in Turkey. But that assistance subsided with warming relations between Ankara

and Damascus in recent years.

In the meantime, the region is looking much less hospitable to Turkey than it did two years ago. The Kurdish issue also comes into play in relations with Iraq. Turkey is currying favor with Kurds in northern Iraq, who control vast oil reserves, and it has sided with a mostly Sunni Muslim political coalition that is at odds with the Shiite prime minister, Nouri Maliki.

Iran has sided with the Assad regime and the Maliki government, setting the stage for an Iran-Turkey influence contest, including the threat of proxy wars in the region.

Turkey and Iran have a long history of vying for influence. Iran is particularly keen on maintaining its sway in Syria because of that country's strategic location neighboring Lebanon and Israel. And although Turkey and Iran are major trading partners, they keep a wary eye on each other.

"They dance together with poison daggers in their hands," said Ozel of Kadir Has University.

Political analyst Saban Kardas said it was up to Turkey to thread the diplomatic needle on Syria. Sometimes, such challenges provide an opportunity, he said, but it is far from clear whether things will fall its way.

Article 4.

The Daily Beast

The British Prime Minister Is Coming to America

Niall Ferguson

March 12, 2012 -- Reading David Cameron's biography prepares you for a character out of Downton Abbey. His paternal grandmother was a direct descendant of King William IV, so technically he is a fifth cousin of the queen. His maternal grandfather was a baronet. His father's ancestral home is Blairmore House in Aberdeenshire. He was educated at Eton and Bwrasenose College, Oxford, where he was a member of the notoriously toffee-nosed Bullingdon Club. His father-in-law is another baronet.

Yet when you actually meet Cameron he's anything but a throwback to the Edwardian era. Disarmingly free of snobbery, he is Dave to his inner circle, hates wearing a suit and tie, and is as happy watching 30 Rock as Downton Abbey on TV. The only clue that Cameron is to the manner born is the seemingly effortless way he shoulders the burdens of power. He must be the first prime minister in history to look younger after nearly two years in office.

Cameron is in fact five years younger than his American counterpart. But when he meets President Obama in Washington this week, the age difference will look more like 10 years. Power has visibly aged Barack Obama. It has rejuvenated Cameron.

When I meet him in 10 Downing Street shortly before his U.S. trip, he is looking fit and relaxed—the very antithesis of the man whose portrait glares down from his office wall. Winston Churchill overate, guzzled champagne and brandy, smoked Cuban cigars, and liked nothing better than to work into the

small hours of the morning. Cameron's lifestyle could hardly be more different.

"I go to bed quite early, and I get up quite early," he says. "I'm at my kitchen table doing my box [of official papers] at 5:45 a.m. My grandmother always said it's the hours before midnight that count. My hours are completely the opposite of Churchill's." He plays tennis every Sunday and goes for a run through Hyde Park once a week. Only rarely do the pressures of the job disturb his sleep.

And yet, for all their differences in temperament and lifestyle, Cameron clearly identifies strongly with Churchill. "It does still thrill me when I walk in and see the Cabinet Room [which adjoins his office] and think of the days in 1940 when Britain stood alone against Hitler." Last December, when Cameron refused to sign on to the latest European plan to rescue the euro, many Conservatives saw it as an act of Churchillian defiance. The parallel is not one Cameron disavows.

In another respect, too, he and Churchill are kindred spirits. It is often forgotten that Churchill began his career as a Conservative, switched to the Liberals in 1904, then returned to the Conservatives in 1925. Cameron has often described himself—in a phrase that sounds oxymoronic to American ears—as a "liberal conservative." (Think Rockefeller Republican.)

Revealingly, Cameron defines his version in terms of foreign policy (though he could equally well reference the fact that he leads a Conservative-Liberal coalition): "You get the instincts of a conservative—skeptical and worried about grand plans to

remake the world—but [you are] liberal in that you want to see the spread of democracy and rights and freedoms that we enjoy here.”

It is in the realm of foreign policy that Cameron is most obviously Churchillian. Like Tony Blair, he is drawn to the idea of military intervention where human rights as well as national interest are at stake. It was he, not President Obama, who pressed for military intervention in Libya last year. And while Obama was careful to occupy the back seat during the NATO air campaign that helped topple the dictator Muammar Gaddafi, Cameron was up front, fighting with Nicolas Sarkozy for control of the steering wheel and gas pedal.

I ask Cameron why he is not pushing equally hard for military intervention in Syria. After all, the regime of Bashar al-Assad has now killed significantly more of its people than Gaddafi killed of his. Cameron acknowledges that he is “immensely frustrated that we can’t do more in Syria.” True, “in Libya there was a United Nations resolution and support from the Arab League for action,” whereas in the Syrian case there is neither. But he doesn’t sound wholly persuaded by these arguments for nonintervention. “My impulse is that I want us to do more,” he says emphatically. “I think we need to...shake the system...We need to help the opposition more”—and in particular the Free Syrian Army, which is now fighting a civil war against the far-better-armed forces loyal to Assad.

When I ask if he thinks a “coalition of the willing” could act in Syria without a U.N. resolution, his reply is remarkably forceful. “I think Kosovo proved that there are occasions when your responsibility to protect...to save lives, to stop slaughter, to act

in a way that is both morally right but also in your own national interest—that there are occasions when you can do that without a U.N. resolution...I've always thought it odd the argument that because there's a Russian veto [at the U.N.], suddenly all the other moral arguments are washed away. I don't believe that."

That sounds to me a lot like an argument for intervention in Syria, even without U.N. authorization.

On the question of Iran's ambition to become a nuclear-armed power, Cameron is less hawkish. He is opposed to unilateral Israeli airstrikes against Iran's suspected nuclear facilities. "I count myself a good friend of Israel," he says, "but good friends should be candid." His preference is to go further down "the road of sanctions and pressure." But if the Iranians persist with their efforts to acquire a nuclear weapon, then "nothing is off the table."

Repeatedly since Churchill's day, British prime ministers have pressed American presidents to take military action, like the pugnacious little brother, egging on the more laidback big brother. Churchill did it to Roosevelt. Thatcher famously did it to a "wobbly" George H.W. Bush. His son didn't need much encouragement from Tony Blair, but he got it. Is it now David Cameron's turn to goad Barack Obama onto the warpath?

If so, Cameron may have an ally in Hillary Clinton. The day before our meeting, the two had been attending a summit on Somalia. Ever since the debacle of 1993—immortalized in *Black Hawk Down*—the U.S. has been acutely nervous about Somalia. As Cameron acknowledges, the war-torn, famine-ravaged country is like "the jigsaw puzzle where somebody's

lost the box and thrown away some of the pieces.” Yet he believes that he and Clinton are now in agreement about the need for an international effort to stabilize Somalia. (As he puts it: “We could have written each other’s speeches” on the subject.) In true liberal-conservative fashion, the case for intervention is both humanitarian and self-interested. Left to its fate, Somalia is not only a deathtrap for its people but a breeding ground for Islamist terrorism.

If Cameron is eager to deepen Britain’s “special relationship” with the United States, his approach to the European Union is almost exactly the opposite. At the end of last year, he left other European leaders thunderstruck with his dramatic refusal to agree to their proposed new treaty, designed to end the crisis in the European Monetary Union.

In some ways, Cameron’s Euro-skepticism is nothing new. Ever since British entry into what was then the European Common Market 40 years ago, London has had an ambivalent relationship to Brussels. Typically, Britain opted not to give up the pound when the euro was created.

Yet the novelty about Cameron is that he does not pretend, as his predecessors did, that Britain can be out of the euro but still “at the heart of Europe.” For Cameron and Chancellor of the Exchequer George Osborne, there is a “remorseless logic” to the continental European predicament: having created a monetary union, the continentals now have little option but to set up a federal fiscal system, complete with pooled revenues, transfers between states, and jointly issued euro bonds. Fine, say the Brits. Have your Federal Republic of Europe. But count us out.

At Davos in January, German Chancellor Angela Merkel defined her vision of Europe's future in classically federal terms. Does Cameron have an alternative vision? "My vision," he replies, "is of a Europe that stretches from the Atlantic to the Urals, that includes Turkey, that is a vital, thriving single market of innovation and invention...A continent of great political will...But it wouldn't be a federal state. It wouldn't be a country called 'Europe.'"

I ask him if he can imagine the U.K. ultimately leaving the EU. He bristles: "I don't think that will happen, because Britain has already made its choice"—meaning the choice to be an active member of the European Union but not of the European Monetary Union, playing a role in decisions about foreign and trade policy but leaving monetary and fiscal policy to the others. Whether the continental Europeans will tolerate that semidetached status remains to be seen.

The last time a man as young as Cameron became prime minister was in 1812. The Earl of Liverpool is not fondly remembered in the history books. After Napoleon's defeat in 1815, he presided over a period of painful spending cuts that were associated with high unemployment and popular unrest.

Some might say Cameron is in danger of repeating history. While American politicians merely talk about deficit reduction, Cameron's government has already raised taxes and is poised to make drastic reductions in public spending. According to the nonpartisan Institute of Fiscal Studies, the planned cuts are on a scale not seen in the U.K. since World War II.

Even before most of the cuts take effect, however, the British

economy looks to be in trouble. The GDP shrank by 0.2 percent in the last quarter of 2011; the unemployment rate is now 8.4 percent—the highest rate in more than 15 years. With the economy in a double-dip recession, tax revenues are down and spending on welfare is up. Result: progress on reducing the deficit has been negligible. Last month Moody's threatened to strip the U.K. of its AAA status.

From an American vantage point, this is worrying. For regardless of who wins the presidential election in November, the nation is on course for comparably sweeping budget cuts in 2013. If Britain has been test-driving austerity for us, we have a bumpy ride ahead.

Cameron is unfazed. Given the parlous fiscal position he inherited, fiscal stimulus was not an option. Indeed, any policy short of austerity would have risked the kind of bond-market revolt that has sunk continental economies like Greece and Portugal. "The idea that the answer to a debt crisis is more debt," Cameron insists, "is wrong."

The gentleman is not for turning. "It is a difficult path, but a path the country has to take...We have a very clear multiannual plan to get on top of debt, deficit, and public spending...But we've accompanied that with an independent and very active monetary policy. We are fiscal conservatives but monetary activists. I think that is the right way round."

Besides hoping that the independent Bank of England will continue to print money, does he have any other options to boost growth? The most he will concede is tax reform—but responsible tax reform, not reckless tax cuts. As he puts it: "I

want to see where the money's coming from" to pay for any reductions in tax.

Perhaps the really remarkable thing about Cameronian austerity is that he and his government still remain relatively popular despite it. I ask how he explains this. "We have a mandate for taking tough decisions," he replies. "You've got to convince people that it's necessary, that it's fair, and that at the end of it...it's worthwhile." His aim is to rebalance the finance-dominated U.K. economy, and, in particular, to see a revival of British manufacturing. "We're not just a bunch of accountants getting the books right."

With the next general election not due until 2015, Cameron is confident not just of winning, but of increasing the Conservative vote by enough to dispense with his Liberal coalition partners. Given that the economy is forecast to improve after this year, that is far from unrealistic.

So if the U.K. is doing today what the U.S. will have to do tomorrow, does Cameron have any advice for the president? "What we've found here is that having a [multiyear] plan is right...but also there are some elements of public spending that are so large, like public-sector pay pensions and welfare, that you have to address those." In other words, don't imagine you can solve the deficit problem without tackling big-ticket items, which in the U.S. means Medicare and Social Security.

But Cameron is not in Washington to lecture Obama on the costs and benefits of fiscal austerity. The main purpose of this trip is clearly to ensure that the U.S. and the U.K. are singing from the same hymn sheet on the Middle East.

The trouble is: it's the week after Super Tuesday. The American media are 99.9 percent focused on the Republican Party's struggle to find a presidential candidate. Compared with the likes of Rick Santorum or Newt Gingrich, Cameron's brand of liberal conservatism comes from another planet. The reality is that Cameron probably has more in common with Barack Obama than with any of these guys.

Yet Cameron's visit is far from irrelevant. Because, even as the Republicans limp uncertainly toward the nomination of Mitt Romney, a more deadly race is underway in the Middle East. In part, it is an arms race, with Iran aiming to establish itself as a nuclear-armed power and Israel intent on stopping it. But it is also a race to establish who rules in the region in the wake of the Arab Spring.

Encouraged by the outcome of intervention in Libya, Cameron would like it to be the old firm: America plus Britain. Still smarting from the difficulties of getting out of Iraq, Obama will take some convincing. But if we don't sort out Syria—not to mention Somalia—who will?

Will Americans warm to Cameron the way they did to Blair? Young, bold, and articulate, the two prime ministers have much in common. They also share the handicap that Britain is no longer the economic and military force it once was. In the past 10 years, according to the IMF, the U.K. economy has been overtaken by both China and Brazil. Its defense budget has been slashed.

For many Americans, Britain is a quaint has-been, with a snobbish ruling elite and riotous underclass—not forgetting

rebellious Celts on its periphery. I ask Cameron about his decision to call the Scottish nationalists' bluff by giving Scotland a referendum on independence. Does he fear presiding over the breakup of Britain? "I very much hope not," he says.

"My mother's family were Llewellyns from Wales, my father's family were Camerons from Scotland, I've got a healthy dose of English blood [and] a little bit of Portuguese Jew" (his great-great-grandfather was the Jewish banker Emile Levita). This "good mixture," he says, makes him "a classic citizen of the United Kingdom."

Despite his upper-class origins, then, David Cameron's dream is not a return to the England of Downton Abbey. It's an authentically British dream—of a multiethnic United Kingdom, close to but not subsumed by Europe, allied with but not subservient to the United States.

Churchill would surely have approved.

Article 5.

NYT

What Greece Means

Paul Krugman

March 11, 2012 -- So Greece has officially defaulted on its debt to private lenders. It was an “orderly” default, negotiated rather than simply announced, which I guess is a good thing. Still, the story is far from over. Even with this debt relief, Greece — like other European nations forced to impose austerity in a depressed economy — seems doomed to many more years of suffering.

And that’s a tale that needs telling. For the past two years, the Greek story has, as one recent paper on economic policy put it, been “interpreted as a parable of the risks of fiscal profligacy.” Not a day goes by without some politician or pundit intoning, with the air of a man conveying great wisdom, that we must slash government spending right away or find ourselves turning into Greece, Greece I tell you.

Just to take one recent example, when Mitch Daniels, the governor of Indiana, delivered the Republican reply to the State of the Union address, he insisted that “we’re only a short distance behind Greece, Spain and other European countries now facing economic catastrophe.” By the way, apparently nobody told him that Spain had low government debt and a budget surplus on the eve of the crisis; it’s in trouble thanks to private-sector, not public-sector, excess.

But what Greek experience actually shows is that while running deficits in good times can get you in trouble — which is indeed the story for Greece, although not for Spain — trying to eliminate deficits once you’re already in trouble is a recipe for depression.

These days, austerity-induced depressions are visible all around Europe’s periphery. Greece is the worst case, with

unemployment soaring to 20 percent even as public services, including health care, collapse. But Ireland, which has done everything the austerity crowd wanted, is in terrible shape too, with unemployment near 15 percent and real G.D.P. down by double digits. Portugal and Spain are in similarly dire straits.

And austerity in a slump doesn't just inflict vast suffering. There is growing evidence that it is self-defeating even in purely fiscal terms, as the combination of falling revenues due to a depressed economy and worsened long-term prospects actually reduces market confidence and makes the future debt burden harder to handle. You have to wonder how countries that are systematically denying a future to their young people — youth unemployment in Ireland, which used to be lower than in the United States, is now almost 30 percent, while it's near 50 percent in Greece — are supposed to achieve enough growth to service their debt.

This was not what was supposed to happen. Two years ago, as many policy makers and pundits began calling for a pivot from stimulus to austerity, they promised big gains in return for the pain. "The idea that austerity measures could trigger stagnation is incorrect," Jean-Claude Trichet, then the president of the European Central Bank, declared in June 2010. Instead, he insisted, fiscal discipline would inspire confidence, and this would lead to economic growth.

And every slight uptick in an austerity economy has been hailed as proof that the policy works. Irish austerity has been proclaimed a success story not once but twice, first in the summer of 2010, then again last fall; each time the supposed good news quickly evaporated.

You may ask what alternative countries like Greece and Ireland had, and the answer is that they had and have no good alternatives short of leaving the euro, an extreme step that, realistically, their leaders cannot take until all other options have failed — a state of affairs that, if you ask me, Greece is rapidly approaching.

Germany and the European Central Bank could take action to make that extreme step less necessary, both by demanding less austerity and doing more to boost the European economy as a whole. But the main point is that America does have an alternative: we have our own currency, and we can borrow long-term at historically low interest rates, so we don't need to enter a downward spiral of austerity and economic contraction.

So it is time to stop invoking Greece as a cautionary tale about the dangers of deficits; from an American point of view, Greece should instead be seen as a cautionary tale about the dangers of trying to reduce deficits too quickly, while the economy is still deeply depressed. (And yes, despite some better news lately, our economy is still deeply depressed.)

The truth is that if you want to know who is really trying to turn America into Greece, it's not those urging more stimulus for our still-depressed economy; it's the people demanding that we emulate Greek-style austerity even though we don't face Greek-style borrowing constraints, and thereby plunge ourselves into a Greek-style depression.

The Moscow Times

Jews in Russia

Alexei Bayer

12 March 2012 -- After last December's elections to the State Duma, a number of Russian citizens went to the studios of the web TV channel Dozhd to tape a short message explaining why they and their country need free and fair elections. While speaking, each held a handwritten sign with his or her name and occupation.

Recently, someone gathered still photographs of participants with Jewish last names and made a YouTube [video](#), set to a Jewish tune and accompanied by the statement: "We, Russians, don't deceive one another."

The obvious intention of this anti-Semitic prank was to show that the opposition to Prime Minister Vladimir Putin's regime consists mostly of Jews (and a handful of members of other ethnic groups) and that a true Russian patriot should not rock the boat but support the status quo. This, of course, used to be a typical trick of Soviet propaganda, when dissidents' Jewish names were, whenever possible, prominently mentioned. When dissidents were not Jews, as in the case of leaders of the

dissident movement such as writer Alexander Solzhenitsyn and physicist Andrei Sakharov, the KGB spread rumors that they were. Or they said Sakharov, a naive and innocent academician, was under the spell of his devious Jewish wife Yelena Bonner. Then, as now, the implication was that only Jews would want Russia to be free, democratic and join the community of nations on an equal footing, and not as a pariah state.

(A curious variation on this splendid theme is the belief among extreme Russian nationalists that Russia is ruled by the Jews. There used to be murky circles in the Soviet Union of my childhood in which it was held that Leonid Brezhnev and his Politburo were Jews. Today's nationalists, monarchists and other "real Russians" like to point out that Putin's entourage includes people with names like Abramovich, Fridman and Rotenberg and that his first political patron was St. Petersburg Mayor Anatoly Sobchak. Ironically, Sobchak's daughter Ksenia, a television journalist, is also featured prominently in the anti-Semitic video that attacks the pro-democracy movement.)

Officially, Russia has 200,000 Jews, but if children of mixed marriages and those who for one reason or another downplay their Jewish origins are included, the number rises to about 650,000. That's impressive, considering that in recent decades so many have left. Russia's Jewish community is still large and vibrant.

When I was in Moscow in January, I was fortunate enough to be given a private tour of the Museum of the History of Jews in Russia by Hillel Kazovsky, a leading expert in Jewish artistic avant-garde. It is one of Moscow's newest museums, and it

houses the amazing private collection of businessman Sergei Ustinov. Each of its several rooms is devoted to a different aspect of Jewish life, including religion, family, politics, literature and theater. Even funerals are covered, with one of the most stunning artifacts being a horse-drawn hearse set against a panoramic color photograph of a Jewish cemetery in Ukraine.

The collection traces the Jews' 200-year transition from an insular community on the fringes of the empire into its mainstream. Russia and the early Soviet Union saw a flowering of Jewish life and culture. Much of it was in Yiddish and some in Hebrew, but the most important story was the crossing over and melding of Jews into the Russian world. In the late 19th century, musician Anton Rubenshtein and landscape painter Isaac Levitan were purely Russian, not Jewish artists, as were hundreds of Jews who came to prominence in the Silver Age after 1900. They became assimilated, but on their own terms, retaining a separate identity. It was the Russian culture instead that, like all of the world's great cultures, expanded to incorporate other influences.

Numerous Jews who became active in politics (mainly on the left) were Russian politicians, just as businessmen, engineers, scientists and professionals were part of Russia.

The Jewish world shown at the museum gave rise to a remarkable burst of energy across Central and Eastern Europe. This world has now disappeared. In 1939, when the number of Jews worldwide peaked at 16.7 million, fully one half lived in the broad swath running north-south between Berlin and Moscow. Now, hardly any Jews remain in Poland or Romania, while Hungary and Ukraine have about 100,000

between them.

Russia is the only country in this cradle of contemporary Jewish culture where any significant number of Jews remain. The nice thing about the ugly episode with the anti-Semitic video is that it proves that the Jewish community is thriving in the mainstream of Russian society and that it will endure, regardless of what anti-Semites have to say about it.

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