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Article 1.	The Washington Institute **Hizballah's Calculus Following a Strike on Iran** David Schenker
Article 2.	Foreign Policy **Iran's War in Gaza** Jonathan Schanzer
Article 3.	Bloomberg **In Iran Standoff, Netanyahu Could Be Bluffing** Jeffrey Goldberg
Article 4.	Le Monde Diplomatique **Saudi Arabia's free pass** Serge Halimi

Article 5.	NYT **Capitalism, Version 2012** Thomas L. Friedman
Article 6.	Foreign Policy **Shalom, Beijing** Oren Kessler
Article 7.	Project Syndicate **Whose Sovereignty?** Javier Solana

Article 1.

The Washington Institute

To Retaliate or Not: Hizballah's Calculus Following a Strike on Iran

David Schenker

March 14, 2012 -- The potential consequences of an American or Israeli preemptive strike against Iranian nuclear weapons sites are legion. For example, Tehran might fire missiles in

retaliation, launch terrorist attacks, or attempt to disrupt oil flows through the Persian Gulf. Until recently, conventional wisdom also held that the Iranian-backed Lebanese Shiite militia Hizballah would unleash its rockets on Israel in response to such an attack on Iran. Yet despite continued claims by senior Hizballah officials that an assault on the Islamic Republic "means the whole region will be set alight," other statements by Hassan Nasrallah, the organization's secretary-general, have raised doubts about whether the militia would in fact respond.

Background

Hizballah was established in Lebanon in the early 1980s with Iranian political and financial support. During the 1982 Israeli invasion, Tehran dispatched 1,500 Revolutionary Guards to the Beqa Valley to help organize a resistance force.

Today, unlike the majority of Lebanon's historically Iraq-oriented Shiite population, Hizballah members are required to embrace the doctrine of velayat-e faqih, which puts an Iranian mullah at the pinnacle of Shiite theology and politics. Critics point to this, along with the organization's professed goal in the early 1980s of transforming Lebanon into an Islamic state, as evidence that Hizballah is an agent of Iran.

Taking Orders?

Many in Israel and among Lebanon's pro-Western, anti-Syrian "March 14 coalition" believe that Hizballah takes strategic guidance, if not direct orders, from Tehran. Traditionally, Hizballah officials have not discussed the chain-of-command issue. In early February, however, after Iranian Supreme Leader Ali Khamenei broke a longstanding taboo and spoke openly

about his regime's support for Hizballah, Nasrallah commented on the organization's relationship with Tehran. In discussing whether Hizballah would attack Israel in response to a strike on Iranian nuclear facilities, he said that Tehran had not made such a request and "would not ask anything of Hizballah." And if Khamenei were to ask, he said, Hizballah leaders would "sit down, think, and decide what to do." Nasrallah's statement seems to suggest that calmer heads could prevail following an attack on Iran. As one article in the Hizballah-friendly Lebanese daily al-Safir noted last week, however, the key question is not what Iran asks of the organization, but what the group's "duty" is as "resisters in this battle." The answer is that Hizballah's spiritual obligations to Iran and the Supreme Leader are enormous. As Nasrallah deputy Naim Qassam once wrote, "The ultimate command in this Islamic path emanates from the Jurist-Theologian," that is, Khamenei. In deciding how to respond to a strike against its Iranian patrons, however, the militia would consider factors beyond the spiritual realm.

Material Costs

Over the past three decades, Hizballah has acquired significant material assets in Lebanon, including a massive arsenal and miles of sophisticated underground tunnel and bunker systems. These assets could be depleted or destroyed if the group opened a new conflict with Israel. In its thirty-four-day war against Israel in 2006 -- which the group sparked in July by launching a cross-border kidnapping operation -- Hizballah used and lost much of its arsenal and infrastructure, requiring years of rebuilding. Although the militia clearly took pride in its 2006 performance, famously describing it as a "divine victory," Nasrallah also expressed regret at the escalation. "If I had

known...that the operation would lead to such a war," he said in August of that year, "would I do it? I say no, absolutely not." Such sentiments reflect the significant downsides associated with this "victory." The war was extremely costly -- physical damage to Lebanon alone exceeded $6 billion, with Shiite areas being hit the hardest. And in addition to providing no strategic gain to Hizballah, the fighting ended with much of the organization's stocks exhausted, along with its tunnel systems destroyed and marginally more difficult to rebuild given the augmented presence of UN troops per Security Council Resolution 1701. With Iranian and Syrian support, Hizballah rebuilt and retrenched, and the group now holds unprecedented quantities of even more advanced equipment that could carry it through several more rounds with Israel. Yet it is also aware that rearming in the future could prove challenging, particularly if Bashar al-Assad's embattled regime in Syria is toppled. The nominally secular Alawite regime in Damascus has been a strategic ally of theocratic Iran for more than thirty years, but if it should fall, it would undoubtedly be replaced by a Sunni regime that is unfriendly to the Shiite leadership in Tehran and Hizballah. Losing Damascus as a supplier and leading transshipment hub for Iranian weapons would likely compel Hizballah to rearm by sea, a more time-consuming and risky endeavor. Further complicating matters, Assad's fall could reinvigorate implementation of Resolution 1701's maritime interdiction component.

Symbolic Costs

For years, Hizballah carefully cultivated its image as the defender of Lebanon and the leader of regional "resistance" against Israel. After the 2006 war, Nasrallah -- a Shiite --

became the most popular leader in the largely Sunni Arab world. Since then, however, a series of miscues has undermined the group's image in the region.

First came the 2008 armed takeover of Beirut in which Hizballah turned its weapons on the Lebanese people. Then the organization was implicated in the 2005 murder of former Lebanese premier Rafiq Hariri, the leader of the country's Sunni community. More recently, Nasrallah's frequent and impassioned apologia on behalf of the atrocity-perpetrating Assad regime have gutted what remained of the organization's popularity abroad. Although there is little Hizballah can do about its diminished stature in the region, the militia requires continued support at home. Notwithstanding Nasrallah's oft-quoted claim that "we are going to win because [the Israelis] love life and we love death," most of his constituents do not want to die. Consider the aftermath of Hizballah military chief Imad Mughniyah's 2008 assassination in Damascus. Days afterward, Nasrallah made a fiery speech in which he threatened to attack Israelis at home and abroad. Subsequently, war-weary and nervous Shiites in southern Lebanon stopped rebuilding homes damaged by the 2006 war and flocked to the passport office in Tyre in preparation for another mass exodus.

Most Lebanese also realize that the next tangle with Israel will be even more costly than the previous one. Both sides have had ample time to plan and prepare, and Israel has repeatedly pledged to institute its "Dahiya Doctrine" in any future conflict, targeting not only Hizballah assets, but also the entirety of Lebanese civilian infrastructure. While few Lebanese would concede that Israel's 2006 operations were restrained, any future war promises to be much more destructive. Should Hizballah --

an organization desperately trying to assert its Lebanese identity -- retaliate, it will risk being held responsible for initiating another war with Israel on Iran's behalf.

Conclusion

It is difficult to assess how Hizballah will weigh each of these factors in its decisionmaking. Tehran no doubt hopes that the threat posed by the militia will deter an Israeli or American attack, but once such a strike has been undertaken, the value of covering Israel with missiles would be more symbolic than strategic. According to former Mossad chief Meir Dagan, Hizballah retaliation would have a "devastating impact" on daily life throughout Israel, but the assured physical devastation of Lebanon could convince both Tehran and Hizballah that the cost to the militia's capabilities and local standing is too high.

Despite the potential aftermath of retaliation, Hizballah could nevertheless find itself unable to remain completely on the sidelines. Instead of going all in, the militia might attempt to calibrate its response to elicit a more proportional Israeli reprisal. For example, rather than targeting the Israeli Defense Ministry in Tel Aviv with longer-range missiles, it could rain Katyushas on the north and dare Israel to escalate. After miscalculating in 2006, Nasrallah may or may not wish to test the tides again. In any event, Israel could help avoid this dynamic by publicly signaling the consequences of any Hizballah reprisal. With Assad on the ropes, Hizballah faces unprecedented constraints and pressures that will only increase if he is toppled. From a strict cost-benefit perspective, then, the militia could determine that attacking Israel in response to a strike on Iran would be counterproductive. In the end, however,

the decision might be predicated not on rationality, but on the higher authority of Hizballah's perceived obligation to defend its chief religious authority in Tehran.

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Article 2.

Foreign Policy

Iran's War in Gaza

Jonathan Schanzer

March 13, 2012 -- Israeli jets pounded the Gaza Strip on March 12 in the latest volley of fire since violence broke out late last week. But they were not fighting Hamas, Israel's traditional bête noire in Gaza. Though radical factions have now fired more than 200 rockets into Israel, the self-described Islamic Resistance Movement has yet to claim responsibility for a single attack. It may be the first time the organization has refused to lead the charge to battle against Israel.

Hamas has a different fight on its hands. Iran, through the use of its proxies, is fomenting instability in Gaza that it is ill-equipped to handle. Indeed, Tehran is punishing Gaza's de facto rulers for

leaving their long-standing alliance.

Rocket fire out of Gaza is rather common, of course. Before the current spasm of violence, the Israelis had reported more than 50 attacks this year. This latest round began on March 9 after an Israeli airstrike killed Zuhair al-Qaissi, the head of the Popular Resistance Committees (PRC), a group with deep ties to the Iran-backed Hezbollah. Israeli sources commonly report that the two groups share a financial and logistical relationship. Tellingly, the PRC's logo -- featuring an arm brandishing an automatic weapon -- borrows liberally from the Hezbollah flag (which in turns borrows from the Islamic Revolutionary Guard Corps). Qaissi, according to the IDF, was on his way into Israel to carry out a terrorist attack.

Hezbollah condemned the attack from Lebanon, while Iran-backed factions in Gaza fired rockets in retribution. The PRC launched at least 85, by their own (perhaps inflated) count. Palestinian Islamic Jihad -- whose primary patron is also Iran, according to the U.S. intelligence committee -- reportedly launched more than 185. Groups without ties to Iran accounted for a measly eight rockets fired on Israel, according to Israeli government sources.

One Israeli outlet reported that Hamas has allowed other jihadi groups to fire rockets with a wink and a nod. This is difficult to confirm. Meanwhile, Maan News Agency, an independent Palestinian news source, reported that Hamas leader Ismail Haniyeh engaged in intense talks brokered by Egypt to bring a halt to the violence. Those negotiations resulted in a cease-fire that went into effect Monday night, although several rockets have already reportedly been fired since.

In fact, the last thing Hamas needs is a war. The militant faction faces its greatest challenge since its creation in 1987: While it has the hardware necessary to fight Israel, it lacks the foreign backing to mount a sustained campaign.

Years of financial sanctions have hammered Tehran for pursuing its illicit nuclear program, denying Iran the cash that it has long provided to Hamas. And after a year of violence in Syria, Hamas's external leaders had no choice but to leave its longtime safe haven, while Haniyeh denounced the regime of President Bashar al-Assad. After all, it's hard to present yourself as a group fighting for justice while your patron slaughters thousands of civilians in the streets.

Numerous reports now indicate that Hamas is drifting from the Iran-Syria axis. While Hamas has not ruptured its relations with Tehran in the same manner that it abandoned Damascus, Iranian leaders are clearly irked that the Palestinian faction has refused to stand by Assad, a key strategic figure for Tehran in the region.

Whereas Iran once respected Hamas's wishes and helped maintain a modicum of calm inside Gaza, the gloves are now off. Iran is using its smaller and less-expensive proxies, the PRC and PIJ, to create unrest on Hamas's turf.

As the Iranians see it, Hamas has outlived its usefulness. In the aftermath of Operation Cast Lead in late 2008 and early 2009, during which Israel delivered punishing blows to Hamas in retaliation for rocket fire into southern Israel, the group has become more cautious. Ideologically, it has not changed. But practically, it seeks less to destroy Israel than to preserve its own existence.

The Iranian leadership also has its own reasons for wreaking havoc in Gaza now. For starters, it deflects international attention from Tehran's nuclear activities. With Israel on the brink of war with the Palestinians, the international community's Pavlovian response is to rein Israel in and call for calm on both sides. The United Nations is now rushing to avert a war in Gaza instead of looking at new ways to halt Iran's nuclear drive.

Moreover, any unrest in the region reverberates in the oil markets. Traders don't like to see violence near their energy sources -- just look at the 2006 war between Israel and Lebanon, which drove oil prices up almost 15 percent, despite the fact that Lebanon is not an oil exporter. Causing spikes in oil prices is the easiest way for Iran to circumvent sanctions: The more oil costs, the more cash Tehran can raise as it takes those last fateful steps toward the nuclear threshold.

The current crisis reveals that, for Iran, Hamas is expendable. But even after the alliance has frayed, Iran has maintained influence in Gaza thanks to a "martyrdom" culture it helped cultivate, weapons tunnels it helped build and maintain, and small but lethal terrorist groups it continues to finance. These groups now tempt Israel into another war from which only Iran will gain.

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Article 3.

Bloomberg

In Iran Standoff, Netanyahu Could Be Bluffing

Jeffrey Goldberg

Mar 12, 2012 -- Whenever I'm in the Middle East, I find myself, sometimes within hours of arrival, more susceptible to the appeal of elaborate conspiracy theories.

Perhaps it's the air, or the (lack of) water, but what sounds outlandish in the U.S. doesn't seem nearly so far-fetched here. I'm not referring to conspiracy theories drawn from the swamps of Sept. 11 delusion-mongering, or from the "Protocols of the Elders of Zion" or, alternatively, from the "Protocols of the Lunatics Who Believe Barack Obama Is a Muslim."

I'm talking about the belief, advanced to me by a former senior Israeli military official, and echoed by other non-insane people, that Israeli Prime Minister Benjamin Netanyahu is bluffing: He has never had any intention of launching air and missile strikes against Iran's nuclear program, and is working behind the scenes with Obama to stop Iran through sanctions.

In this interpretation, what Netanyahu has been doing -- for the past 15 years, in and out of office -- is creating conditions in which U.S., Western and Arab leaders believe that they must deny Iran its dream of nuclear weapons or else suffer the chaotic fallout of a precipitous, paranoia-driven Israeli attack.

An Attractive Theory

The theory has its attractions. For one, Israel hasn't yet attacked Iran, though its leaders, going back to Yitzhak Rabin, have all stressed the danger an Iranian nuclear program would pose to Israel's existence. For at least the past two years, experts have argued that an Israeli strike is highly likely, yet it hasn't happened.

Another attraction has to do with the personality of the man himself: Netanyahu is much better at talking than doing. Despite his reputation in some circles as a trigger-happy extremist, Netanyahu has, when compared with his recent predecessors, only sparingly used force against foes such as Hezbollah and Hamas. What he does deploy, daily, are words -- huge gusts of words infused with drama and portents of catastrophe.

His speech on March 5 to the American Israel Public Affairs Committee convention in Washington is a case in point. Before an audience of 13,000, mainly Jews attuned to threats against their people, Netanyahu drew a direct line between Auschwitz in 1944 and Iran's nuclear facilities today. If indeed the Iranian nuclear program is a physical manifestation of the Auschwitz spirit, then shouldn't Netanyahu have ordered airstrikes from the stage? Yet he didn't.

The former Israeli military official I spoke with Sunday in Tel Aviv suggested three possible explanations for Netanyahu's lack of action: 1) He is paralyzed and won't act, no matter what he believes the threat to be; 2) He fears he would risk a serious rupture in his country's alliance with the U.S. if he attacked Iran unilaterally; and 3) It's all part of a game, one he has tacitly engineered with Obama.

I remain fairly confident that Netanyahu means it when he says that Israel would strike Iran to prevent it from going nuclear, but this third option is an interesting one, mainly because the game -- a sustained Israeli bluff -- would seem to be working so well.

Obama and Netanyahu don't like each other very much. When I asked Obama if he and Netanyahu are friends, he said, in essence, "Well, we're all so busy with our jobs." It certainly seems clear from the outside that the two men don't have a trusting relationship.

Extraordinary Accomplishment

But they have accomplished something extraordinary together over the past two years. The sanctions Obama has placed on Iran are some of the toughest ever placed on any country. Even some hardliners now believe that they just might force a change in Iran's nuclear calculus. And how has Obama convinced the world that these sanctions are necessary? By pointing to Netanyahu and saying, "If you don't cooperate with me on sanctions, this guy is going to blow up the Middle East."

Obama's good-cop routine is then aided immeasurably by the world's willingness to believe that Netanyahu is the bad cop.

No one fully understands the dynamic between Obama and Netanyahu, apart from the men themselves. And no one, maybe not even their closest advisers, knows what they said to each other when they met alone March 5 in the White House. I recognize the suggestion that the two men are deliberately tag-teaming Iran is a bit much to swallow, and I recognize, too, that believing Netanyahu never intends to attack Iran by himself is dangerous.

But, if true, Netanyahu is proving himself to be an adept poker player. Obama told me in an interview that, "as president of the United States, I don't bluff." Whether Netanyahu bluffs is perhaps the more important question.

Jeffrey Goldberg is a Bloomberg View columnist and a national correspondent for The Atlantic.

Article 4.

Le Monde Diplomatique

Saudi Arabia's free pass

Serge Halimi

March 2012 -- Saudi Arabia's record is no better than Iran's when it comes to respect for human rights. Yet the international community always manages to overlook the Wahhabi monarchy. Could this be connected with Saudi Arabia's status as top oil-producing country and trusted ally of the US? Saudi Arabia can intervene in Bahrain, crush democratic protests there, execute 76 people in 2011 (including a woman accused of "sorcery"), threaten to execute a blogger who posted an imaginary conversation with the Prophet on Twitter, sentence thieves to amputation, announce that rape, sodomy, adultery, homosexuality, drug trafficking and apostasy are to carry the death penalty, and nobody except the Office of the UN High

Commissioner for Human Rights seems to care. The UN Security Council, the G20 (of which Saudi Arabia is a member), the International Monetary Fund, whose director recently visited Riyadh and expressed her appreciation of the kingdom's "important role" in supporting the global economy: none of them care.

This monarchy still refuses to allow women to travel by car unless accompanied by husband or chauffeur, or to participate in the Olympic Games. Although the latest breach of at least two principles of the Olympic charter (1) hasn't caused much of a fuss. If Iran had been guilty of such sexual apartheid, international protests would have been organised and widely reported.

The Tunisian prime minister Hamadi Jebali has provided another example of the preferential treatment automatically accorded to the Saudi monarchy. Jebali, who belongs to a movement savagely repressed by former president Zine el-Abidine Ben Ali, praised his Saudi hosts on one of his first official visits abroad. Yet Riyadh, which supported the Ben Ali clan to the bitter end, refuses to extradite them and provides a safe haven for their finances. Gulf money also helps encourage the Salafists' provocative behaviour in Tunisia, funding TV channels that spread their medieval interpretation of Islam.

In January 2008 French president Nicolas Sarkozy claimed that Saudi Arabia, "encouraged by His Majesty King Abdullah", was promoting a "policy of civilisation". Four years on, this country riddled with corruption is the Arab world's foremost proponent of ultra-conservative Sunni Islam. Riyadh's elders, who see the protests of young Saudis as a "new form of terrorism", only care

about peoples' rights when they can be used as a weapon against the "radical" or Shia regimes of their regional rivals. The kingdom thinks it will be shielded from popular protests by spending a drop of its oil revenues on social services, by its Sunni majority's contempt for the 10% to 20% of Shia nursing their grievances in the eastern part of the kingdom, and by the fear of Iran. The international indulgence of the Saudi monarchy is an added comfort.

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(1) Principle 4 of the Fundamental Principles of Olympism states: "Every individual must have the possibility of practising sport, without discrimination of any kind." Principle 6 says: "Any form of discrimination with regard to a country or a person on grounds of race, religion, politics, gender or otherwise is incompatible with belonging to the Olympic Movement."

Article 5.

NYT

Capitalism, Version 2012

Thomas L. Friedman

March 13, 2012 -- David Rothkopf, the chief executive and editor-at-large of Foreign Policy magazine, has a smart new book out, entitled “Power, Inc.,” about the epic rivalry between big business and government that captures, in many ways, what the 2012 election should be about — and it’s not “contraception,” although the word does begin with a “C.” It’s the future of “capitalism” and whether it will be shaped in America or somewhere else.

Rothkopf argues that while for much of the 20th century the great struggle on the world stage was between capitalism and communism, which capitalism won, the great struggle in the 21st century will be about which version of capitalism will win, which one will prove the most effective at generating growth and become the most emulated.

“Will it be Beijing’s capitalism with Chinese characteristics?” asks Rothkopf. “Will it be the democratic development capitalism of India and Brazil? Will it be entrepreneurial small-state capitalism of Singapore and Israel? Will it be European safety-net capitalism? Or will it be American capitalism?” It is an intriguing question, which raises another: What is American capitalism today, and what will enable it to thrive in the 21st century?

Rothkopf’s view, which I share, is that the thing others have most admired and tried to emulate about American capitalism is precisely what we’ve been ignoring: America’s success for over 200 years was largely due to its healthy, balanced public-private partnership — where government provided the institutions,

rules, safety nets, education, research and infrastructure to empower the private sector to innovate, invest and take the risks that promote growth and jobs.

When the private sector overwhelms the public, you get the 2008 subprime crisis. When the public overwhelms the private, you get choking regulations. You need a balance, which is why we have to get past this cartoonish "argument that the choice is either all government or all the market," argues Rothkopf. The lesson of history, he adds, is that capitalism thrives best when you have this balance, and "when you lose the balance, you get in trouble."

For that reason, the ideal 2012 election would be one that offered the public competing conservative and liberal versions of the key grand bargains, the key balances, that America needs to forge to adapt its capitalism to this century.

The first is a grand bargain to fix our long-term structural deficit by phasing in $1 in tax increases, via tax reform, for every $3 to $4 in cuts to entitlements and defense over the next decade. If the Republican Party continues to take the view that there must be no tax increases, we're stuck. Capitalism can't work without safety nets or fiscal prudence, and we need both in a sustainable balance.

As part of this, we will need an intergenerational grand bargain so we don't end up in an intergenerational civil war. We need a proper balance between government spending on nursing homes and nursery schools — on the last six months of life and the first six months of life.

Another grand bargain we need is between the environmental

community and the oil and gas industry over how to do two things at once: safely exploit America's newfound riches in natural gas, while simultaneously building a bridge to a low-carbon energy economy, with greater emphasis on energy efficiency.

Another grand bargain we need is on infrastructure. We have more than a $2 trillion deficit in bridges, roads, airports, ports and bandwidth, and the government doesn't have the money to make it up. We need a bargain that enables the government to both enlist and partner with the private sector to unleash private investments in infrastructure that will serve the public and offer investors appropriate returns.

Within both education and health care, we need grand bargains that better allocate resources between remediation and prevention. In both health and education, we spend more than anyone else in the world — without better outcomes. We waste too much money treating people for preventable diseases and reteaching students in college what they should have learned in high school. Modern capitalism requires skilled workers and workers with portable health care that allows them to move for any job.

We also need a grand bargain between employers, employees and government — à la Germany — where government provides the incentives for employers to hire, train and retrain labor.

We can't have any of these bargains, though, without a more informed public debate. The "big thing that's missing" in U.S. politics today, Bill Gates said to me in a recent interview, "is this technocratic understanding of the facts and where things are

working and where they're not working," so the debate can be driven by data, not ideology.

Capitalism and political systems — like companies — must constantly evolve to stay vital. People are watching how we evolve and whether our version of democratic capitalism can continue to thrive. A lot is at stake here. But if "we continue to treat politics as a reality show played for cheap theatrics," argues Rothkopf, "we increase the likelihood that the next chapter in the ongoing story of capitalism is going to be written somewhere else."

Article 6.

Foreign Policy

Shalom, Beijing

Oren Kessler

March 13, 2012 -- It's no secret that Israeli-American relations are under strain. Israeli Prime Minister Benjamin Netanyahu's visit to Barack Obama's Oval Office last week may not have been as tense as last year's, but the two leaders' uneasy body language and discordant messaging have made it clear their

relations remain, at best, professional.

But while Israel's relationship with its longtime squeeze may have turned chilly, the Jewish state has discovered an unlikely candidate with which to forge a new special relationship: China.

Netanyahu may have needed a few takes to nail down his Mandarin delivery, but there he was, in late January, wishing the Chinese people a happy Year of the Dragon. "We are two ancient peoples whose values and traditions have left an indelible mark on humanity," he gushed. "But we are also two peoples embracing modernity, two dynamic civilizations transforming the world."

The message was promptly mirrored on the other side. "As two ancient civilizations, we have a great deal in common. Both of us enjoy profound histories and splendid cultures," Gao Yanping, China's ambassador to Israel, told an Israeli newspaper a few days later.

Gao was even more poetic on the Chinese Embassy's website. "Our relations are shining with new luster in the new era," she wrote. "It is my firm belief that, through our joint efforts, Sino-Israeli relations will enjoy wider and greater prospects!"

As they mark 20 years of diplomatic relations, China and Israel are exchanging far more than florid praise. Bilateral trade stands at almost $10 billion, a 200-fold rise in two decades. China is Israel's third-largest export market, buying everything from telecommunications and information technology to agricultural hardware, solar energy equipment, and pharmaceuticals.

At least 1,000 Israeli firms now operate in China, home to a

massive $10 billion kosher food industry that sends much of its output to Israel. Last September, the Israeli government announced Chinese participation in a rail project that would allow overland cargo transport through Israel's Negev desert, bypassing the Suez Canal. Two months later, the Chinese vice minister of commerce announced the two countries were mulling a free trade agreement.

China's links with the Jews stretch back at least a millennium. The central city of Kaifeng retains a tiny Jewish community, the remnant of merchants from Persia and India who passed through around the 10th century. In the 1930s and 1940s, China was a safe haven for nearly 20,000 Jews fleeing Europe from the Nazi menace -- a shared history Chinese and Israeli officials often cite with pride. China's Jewish population swelled to almost 40,000 by the end of World War II, though most left after the war for Israel or the West.

Israel and China are almost the same age: The Jewish state was born in 1948, the People's Republic a year later. But though Israel was one of the first countries to recognize Mao Zedong's communist regime, it would take more than four decades for the favor to be returned. That lag stemmed not from any ideological opposition to Israel (both Mao and his nationalist predecessor, Sun Yat-sen, were favorably disposed to Zionism), but the calculation that China had more to gain from friendly ties with Arab and Islamic states than with an embattled and economically feeble Jewish enclave.

Relations started to warm in the late 1970s, however, when -- following China's rupture with the Soviet Union and its establishment of ties with the United States -- Beijing started

cultivating secret links with the Israeli military. Israel had routed the Arab armies in the 1967 Six-Day War and suddenly found itself with enormous stockpiles of Soviet weaponry seized from its enemies. China's weapons were also Soviet-made, and Israeli technicians quietly helped Beijing modernize thousands of its rusting tanks.

The secret partnership grew throughout the 1980s -- extending beyond military ties into agriculture and high technology. The 1991 Madrid peace conference launched the peace process between Israel and its neighbors and provided the push for China's establishment of official relations with Israel a year later.

Since then, Hebrew-language and Jewish studies centers have sprung up in universities nationwide. Indeed, one of the more curious elements in the Israel-China alliance is the latter's widespread fascination with Jews. Albert Einstein, Karl Marx, and Sigmund Freud are iconic figures in the country, and in the 1950s the Chinese communist government issued a postage stamp bearing the visage of the Yiddish writer Sholem Aleichem.

Many Chinese believe Jews to be highly intelligent and possessing an uncanny business sense. The bookshops of Beijing and Shanghai are stacked with titles like Jewish Business Sense and The Ancient and Great Jewish Writings for Getting Rich. Even the Talmud, the ancient text of Rabbinic law and commentary, is widely believed to be a sort of divine business manual. Travelers to Taiwan can stay in the Talmud Business Hotel, where rooms are "named after world famous successful individuals such as [Conrad] Hilton, [John D.] Rockefeller, [Alan] Greenspan, [George] Soros, [Warren]

Buffett and Bill Gates" (only Greenspan and Soros are actually Jewish). Each room boasts a copy of the Talmud-Business Success Bible -- "for anyone who would like to experience the Talmud way of becoming successful."

In China, myths of Jewish wealth and influence have rarely engendered envy or malice. Instead, in a country hurtling toward a market economy, they have forged a uniquely Chinese form of philo-Semitism. The same legends may partly explain China's initial eagerness to court the Jewish state -- a ticket, it believed, to winning over America's supposedly all-powerful "Jewish lobby."

Those illusions began to dissolve in 2000, when U.S. President Bill Clinton's administration put the kibosh on Israel's planned $1 billion sale to Beijing of its Phalcon airborne warning and control system. Washington feared China's acquisition of cutting-edge radar equipment could destabilize the entire Pacific region, and it threatened to downsize its annual aid to Israel if the sale went through. Five years later, George W. Bush's administration pressured Israel to cancel the sale of drone aircraft and surface-to-air missiles to China, prompting furious denunciations from Beijing over American "carping."

Since then, Israel has barred its companies from selling China any kind of high-tech military equipment that might aggravate relations with Washington. Nevertheless, despite the ban, intergovernmental ties and intelligence-sharing have flourished. Ehud Barak visited China in June 2011 -- the first Israeli defense minister to do so in a decade. Gen. Chen Bingde, head of the People's Liberation Army's General Staff, landed in Israel two months later in the first-ever visit of a Chinese military chief

to Israel Defense Forces headquarters in Tel Aviv. The exact purpose of Chen's visit remains unclear; the Chinese Defense Ministry said only that he had arrived to "deepen understanding, enhance friendships, expand consensus and promote cooperation."

As Chinese-Israeli cooperation deepens and expands, one issue is becoming harder to avoid: Iran. China is Iran's largest destination for exports -- it buys 80 percent of Iran's oil -- and its second-largest source of imports (barely edged out by the trade hub of Dubai). Chinese trade with Iran is valued at over $30 billion -- at least three times larger than Chinese trade with Israel -- and is projected to reach $50 billion by 2015. And with sanctions edging Western companies out of Iran, China has rushed in to fill the void: At least 100 state-run companies now operate in the Islamic Republic, many heavily invested in its fuel and infrastructure industries.

The Chinese officially support a peaceful Iranian nuclear program, but have dragged their feet in condemning Tehran's move toward weapons-grade uranium enrichment. They grudgingly voted in favor of all U.N. Security Council resolutions condemning Iran, but each time expressed reservations over the imposition of sanctions and urged more time be given for negotiations.

"China only agreed to sanctions that don't apply real pressure on Iran -- namely, those that don't touch its financial or energy sectors," says Yoram Evron of the University of Haifa and the Institute for National Security Studies. "China's participation might have given the sanctions legitimacy, but it has effectively weakened international pressure."

"The Chinese want to irk the Americans," adds Yitzhak Shichor, also of the University of Haifa. "If, for example, the U.S. says it wants to sell arms to Taiwan, the Chinese can do nothing but weep and wail -- instead they react on the Iranian front."

For years, Israeli officials have attempted to convince Beijing to change course on Tehran. In February 2010, a high-level Israeli delegation again traveled to China, ostensibly to reiterate the dangers posed by a nuclear-armed Iran. This time they tried a different tack: explaining the consequences of an Israeli strike on that program -- a prospect they described as inevitable should sanctions fail. "They really sat up in their chairs when we described what a preemptive attack would do to the region and on oil supplies they have come to depend on," an Israeli official said at the time.

The campaign appears to have paid off, and by mid-2010, China's tone had perceptibly changed. In June of that year, when the Security Council slapped Iran with a fourth round of sanctions, Beijing abandoned its initial opposition and ultimately backed the resolution, saying it supported a "two-way method" of continued talks alongside harder sanctions. This January, Chinese Premier Wen Jiabao issued an unusually blunt warning that his government "adamantly opposes" Iran's nuclear-weapons drive.

China's apparent shift has not gone unnoticed in Tehran. In 2010 Ali Akbar Salehi, then head of Iran's Atomic Energy Organization, cautioned that "Beijing might gradually lose its respectable status in the Islamic world and wake up when it is already too late."

These days, China's diplomatic waltz -- keeping one foot in Tehran and the other in Tel Aviv -- is beginning to look increasingly awkward. As the People's Republic discovers the Jews, it should remember an old Yiddish proverb: You can't dance at two weddings at once.

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Article 7.

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Whose Sovereignty?

Javier Solana

2012-03-13 – Despite the huge sums expended to write down Greece's foreign debt, there has been an outcry of censure against "interference" with the country's national sovereignty. True, in exchange for considerable European aid, Greece's ability to maneuver independently will be limited. But are complaints that Greek sovereignty has been severely impaired justified?

The idea of a nation-state's sovereignty is rooted in the seventeenth-century Treaty of Westphalia, which embraced non-interference by external agents in states' domestic affairs as the

guiding principle of international relations. But, taken to its logical extreme, national sovereignty would require the complete physical and social isolation of states from one another. Indeed, an excessive emphasis on national sovereignty leads to serious problems: after all, any international agreement, whether political or economic, entails a certain transfer of sovereignty.

Europe's aid to Greece is an example of a cooperative agreement whereby the various parties negotiate with the others' interests in mind. Greece asked its fellow European Union members for help, and they have obliged with an enormous amount of aid. In addition to €130 billion in loans (more than 40% of Greek GDP, on top of the €110 billion loaned to Greece in 2010), a 50% "haircut" has been imposed on Greece's private creditors, and the European Central Bank has waived expected returns on its holdings of Greek bonds.

Regardless of whether this is technically and economically the best solution to Greece's problem, it is logical that the EU participated in designing it. Participating in the collective life of the international community of states implies bearing others in mind and, when necessary, giving up certain prerogatives of sovereignty.

For example, when Spain decided to join the World Trade Organization, it ceded sovereignty by accepting the WTO's rules and regulations. It had to abandon commercially preferential treatment to some countries and treat all WTO members alike. Spain accepted this in exchange for being able to trade on equal terms with the rest of the world.

British sociologist Anthony Giddens rightly describes such examples as cases of integration or union in exchange for global influence. States cooperate because it is advantageous for them to do so, but at the same time they lose control over certain internal matters. They shift from unilateral to cooperative decision-making.

Whether this is a violation of sovereignty depends on our conception of sovereignty. As with the concept of individual freedom, national sovereignty depends on how its components are defined. In his classic On Liberty, John Stuart Mill used the "harm principle" to express the view that a person's individual liberty could be limited only in order to protect others and avoid harm. The debate consists in how we define "harm" to others.

In the same way, the debate about the meaning of national sovereignty consists in what we consider "domestic" matters. Depending on where we place the emphasis and how wide our focus is, we prioritize either a "global" (or at least "federal") dimension to sovereignty, or a "national" dimension.

The EU seems to represent a halfway point between these two conceptions of sovereignty. But it is becoming increasingly difficult to determine the difference between purely domestic matters and those that require international collective action.

Globalization has made frontiers more porous. We see how one country's policies, whether pertaining to work, the environment, public health, taxation, or myriad other issues, can have a direct impact on others. And we see such interdependence even more clearly in their economic performance: China's annual GDP growth rate, for example, will slow by two percentage points this year, owing to sluggishness in the United States and the EU.

Likewise, more countries (and more varied in their character and historical trajectory) are emerging strongly on the global scene: Brazil's GDP recently surpassed that of the United Kingdom. Their emergence holds important implications for global governance at a time when the imbalance between existing problems/threats and the means available to states to guarantee their citizens' safety increases.

On a global scale, this complex and interdependent world needs an organization of states and structures of governance oriented towards responsible dialogue, the aim being to mitigate abuses of power and defend global public assets. Without such structures, the world risks a competitive and disorderly race to the bottom among states – as often occurs with taxation – together with a protectionist backlash. History has shown that such developments often lead to disastrous conflicts.

On the European level, legitimacy is essential and – let's be realistic – won't be achieved unless and until Europeans overcome certain antiquated ideas about sovereignty. Paradoxically, when the crisis struck, the EU was criticized for its lack of integration. Now that it seeks to advance in that direction, the Union is accused of crimping national sovereignty.

Citizens must have the feeling that the institutions that govern them account for their interests and make them part of the decision-making process, which implies a union based on rules rather than power. The fact that the EU does not instantly have all of the answers to a problem does not mean that it has no future. The EU is a new and marvellous experiment, which, as with all experiments, entails a degree of uncertainty. But that should not make us ignore the opportunity cost of a more

"national" conception of sovereignty.

Indeed, the dynamics of interdependence have become well established – so much so that they cannot be reversed. To adhere to a narrow Westphalian concept of sovereignty in this world is an unwise anachronism at best, and a dangerous gamble at worst.

The poet Jose Angel Valente might call this a desire "…to wait for History to wind the clocks and return us to the time in which we would wish everything could start." But, in the prosaic world of the here and now, the concept of sovereignty has already moved on.

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