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Article 1.

The Washington Post

## **Davos and disconnected elites**

[David Ignatius](#)

January 28 -- DAVOS, Switzerland -- The organizers of the [World Economic Forum](#) were self-critical enough to organize panels this year on such dark topics as “Is Capitalism Failing?” and “Global Risks 2012: The

Seeds of Dystopia.” And these were just the latest in a series of annual ruminations here on the troubles of the globalization movement the conference symbolizes.

It’s hard to be a convincing Spenglerian amid so much good food and drink, not to mention money. But let’s ponder one aspect of what might be called the “Davos Dystopia” — namely, the way in which the elite networking it represents has unintentionally worked to undermine social cohesion in the larger world. Even as the elites have become better connected, resentment toward them has seemed to grow back home — fueling discontent.

The gloomy Davos sessions were a recognition that 2011 was the year of the protester — from Occupy Wall Street and the Tea Party to the [Arab Spring](#) to riots in London and Greece.

So how does it work, this cycle of simultaneous globalization and disconnect? What you see here are some of the smartest business and political leaders in the world gathering to discuss common problems. It’s a heady feeling, to see so much global talent in one place. And increasingly, this elite shares connections with great global institutions — universities such as Harvard and Stanford, companies like Google and Microsoft, global financial giants like Goldman Sachs.

It’s an inclusive elitism: The magnet draws the rising tycoons from developing countries and fuses them with the once-dominant Americans, British, Germans and French. That’s the most likable feature of the forum, the way you see Chinese and Indians and Egyptians and Pakistanis shuffling down the streets in their snow boots, along with the Swiss hosts. They are part of the connected world, just as much as the old-line bankers and CEOs from the West.

But let’s think for a moment about the flip side of this process. As the “best and brightest” from the developing world plug into the global grid, they inevitably unplug from their local political, business and cultural networks. It’s a subtler version of what used to be called the “brain drain.” The entrepreneurs keep their businesses at home, where they are making their money, but they and their children join the global elite in a web of Four Seasons hotels and Ivy League tuition bills.

And back home? The anger begins to boil. Rage against the elites is a global phenomenon these days — as powerful in America as it is in

Egypt. People resent a system that offers increasing returns to power and privilege, and they take to the streets in protest. In regions such as the Arab world, where the elites have been especially disconnected from the masses, the rage can explode into revolution.

Why do you think Chinese leaders are so nervous? They know that a billion people out in the hinterlands are watching elite Chinese on television and envying the newly rich from Shanghai and Guangzhou who buy Louis Vuitton luggage for their trips abroad. That's why the Chinese talk so much about "balanced growth" — to spread some of the new wealth and ease resentments against the rich in the coastal cities.

The people filling the power vacuum, as the corrupt local elites fall in Egypt and Tunisia, are the ones who would never have been invited to Davos before. They are from excluded organizations, such as the Muslim Brotherhood. But their very separation from the global elite was one reason the insurgents could ally so effectively with the public: They never disconnected from the local grid; they remained in the mosques and souks among the masses.

But here's the most interesting part — and the reason why the globalization process retains its dynamism. It happens that some of the leading revolutionaries of 2011 were at Davos last week, too, as if to claim their seats. Among the most interesting discussions here was one that included [Abdel Moneim Aboul Fotouh](#), a former member of the Muslim Brotherhood now running for president of Egypt, and [Rached Ghannouchi](#), co-founder of the al-Nahda movement that won power in Tunisia.

It's this process of self-renewal that allows a system to survive. The old Egyptian crony capitalists with their big cigars were gone from Davos this year, replaced by Muslim Brothers. And their message to the bankers and tycoons was that the new Egypt and Tunisia welcome foreign investment. Hopefully, the insurgents can find a way to be plugged into two grids at once.

# **Made in the World**

[Thomas L. Friedman](#)

January 28, 2012 -- THE Associated Press reported last week that Fidel Castro, the former president of Cuba, wrote an opinion piece on a Cuban Web site, following a Republican Party presidential candidates' debate in Florida, in which he argued that the "selection of a Republican candidate for the presidency of this globalized and expansive empire is — and I mean this seriously — the greatest competition of idiocy and ignorance that has ever been."

When Marxists are complaining that your party's candidates are disconnected from today's global realities, it's generally not a good sign. But they're not alone.

There is today an enormous gap between the way many C.E.O.'s in America — not Wall Street-types, but the people who lead premier companies that make things and create real jobs — look at the world and how the average congressman, senator or president looks at the world. They are literally looking at two different worlds — and this applies to both parties.

Consider the meeting that this paper reported on from last February between President Obama and the Apple co-founder Steve Jobs, who died in October. The president, understandably, asked Jobs why almost all of the 70 million iPhones, 30 million iPads and 59 million other products Apple sold last year were made overseas. Obama inquired, couldn't that work come back home? "Those jobs aren't coming back," Jobs replied. Politicians see the world as blocs of voters living in specific geographies — and they see their job as maximizing the economic benefits for the voters in their geography. Many C.E.O.'s, though, increasingly see the world as a place where their products can be made anywhere through global supply chains (often assembled with nonunion-protected labor) and sold everywhere.

These C.E.O.'s rarely talk about "outsourcing" these days. Their world is now so integrated that there is no "out" and no "in" anymore. In their businesses, every product and many services now are imagined, designed, marketed and built through global supply chains that seek to access the

best quality talent at the lowest cost, wherever it exists. They see more and more of their products today as “Made in the World” not “Made in America.” Therein lies the tension. So many of “our” companies actually see themselves now as citizens of the world. But Obama is president of the United States.

Victor Fung, the chairman of Li & Fung, one of Hong Kong’s oldest textile manufacturers, remarked to me last year that for many years his company operated on the rule: “You sourced in Asia, and you sold in America and Europe.” Now, said Fung, the rule is: “ ‘Source everywhere, manufacture everywhere, sell everywhere.’ The whole notion of an ‘export’ is really disappearing.”

Mike Splinter, the C.E.O. of Applied Materials, has put it to me this way: “Outsourcing was 10 years ago, where you’d say, ‘Let’s send some software generation overseas.’ This is not the outsourcing we’re doing today. This is just where I am going to get something done. Now you say, ‘Hey, half my Ph.D.’s in my R-and-D department would rather live in Singapore, Taiwan or China because their hometown is there and they can go there and still work for my company.’ This is the next evolution.” He has many more choices.

Added Michael Dell, founder of Dell Inc.: “I always remind people that 96 percent of our potential new customers today live outside of America.” That’s the rest of the world. And if companies like Dell want to sell to them, he added, it needs to design and manufacture some parts of its products in their countries.

This is the world we are living in. It is not going away. But America can thrive in this world, explained Yossi Sheffi, the M.I.T. logistics expert, if it empowers “as many of our workers as possible to participate” in different links of these global supply chains — either imagining products, designing products, marketing products, orchestrating the supply chain for products, manufacturing high-end products and retailing products. If we get our share, we’ll do fine.

And here’s the good news: We have a huge natural advantage to compete in this kind of world, if we just get our act together.

In a world where the biggest returns go to those who imagine and design a product, there is no higher imagination-enabling society than America. In a world where talent is the most important competitive advantage, there is

no country that historically welcomed talented immigrants more than America. In a world in which protection for intellectual property and secure capital markets is highly prized by innovators and investors alike, there is no country safer than America. In a world in which the returns on innovation are staggering, our government funding of bioscience, new technology and clean energy is a great advantage. In a world where logistics will be the source of a huge number of middle-class jobs, we have FedEx and U.P.S.

If only — if only — we could come together on a national strategy to enhance and expand all of our natural advantages: more immigration, most post-secondary education, better infrastructure, more government research, smart incentives for spurring millions of start-ups — and a long-term plan to really fix our long-term debt problems — nobody could touch us. We're that close.

Article 3.

Common Ground

## **The Arab Spring is an opportunity for Israel**

Natalia Simanovsky

28 January 2012 - The Israeli government and security establishment are viewing the sweeping changes in the Middle East and North African region with apprehension. While it is human nature to fear the unknown, the recent developments represent a window of opportunity for reshaping the region.

That is not to say that the dangers facing Israel are imagined; Israel must now contend with the consequences of the removal of its biggest ally in the region, Hosni Mubarak, and face a newly-elected government whose position on matters relating to the Jewish state are uncertain at best.

While not underestimating the challenges facing Israel as it tries to navigate its way through uncharted territory, the new regional order could present Israel with interesting strategic opportunities. Israel, however, has to be cognisant of the nuances being presented.

The Arab Spring and the new landscape that has emerged in its wake have led to a number of developments, including genuine free elections in Tunisia. Yet many in Israel see the rise of the Islamic political party Al

Nahda as the precursor to strong anti-Western and anti-Israel sentiment, viewing Al Nahda as an ideological ally with the Egyptian Muslim Brotherhood. But parties which use Islam as the backdrop to their policies are not monolithic as many incorrectly assume.

In Tunisia, the elections resulted in a majority win for both liberal and moderate Islamic parties. Yes, Al Nahda won 40 per cent of the vote, but it has to share power with secular and centre-left parties. That Tunisia may witness a resurgence of religious values in the public sphere is not an existential threat to Israel.

As for Egypt, its elections have resulte