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NYT

Focusing America's Attention on Asia

Carol Giacomo

April 20, 2014 -- Sydney, Australia — Raise the subject of President Obama's Asia policy here and an American can expect to be bombarded with questions.

With the slowdown in Pentagon spending, and dysfunction in Congress, will the United States really put 60 percent of its defense assets in the Asia-

Pacific region by 2020, as promised? Can Mr. Obama afford to invest more time in Asia when he is bogged down with crises in Ukraine and Syria? Can the United States be counted on to defend its allies if China becomes a real threat? What does Mr. Obama's idea to "rebalance" America's Asia policy, announced in 2011, really mean?

It's important that Mr. Obama's trip to Japan, South Korea, the Philippines and Malaysia this week clarify his plans for greater engagement with Asia. The policy was initially oversold by the White House and, as a result, is often misunderstood in the region as a zero-sum shift rather than a more nuanced calibration. The United States, a longstanding power in the Asia-Pacific region, cannot plausibly abandon its interests in the Middle East, even after withdrawing troops from Iraq and Afghanistan. And America could never disengage from Europe even if Mr. Obama is sometimes accused of being neglectful of allies there.

Still, focusing more attention on Asia has long made sense, given the region's growing economic importance and the rise of a more assertive China, which has propelled many Asian nations to seek closer cooperation with America.

Mr. Obama's approach has been criticized by many experts, in Asia and at home, who see the rebalance as over-militarized. Examples include the promised shift of more American defense assets to the region; a new base-sharing agreement with the Philippines; rotating deployments of United States marines in Darwin, Australia; a reassertion of America's alliance with Japan in the context of Japan's maritime dispute with China; and expanding arms purchases by the United States' regional allies and partners.

Security among Asian nations is a top concern. The Ukraine crisis — and Mr. Obama's response to it — is being [watched closely](#) in Asia. The Japanese, particularly, are nervous that the United States is under congressional pressure to slow military spending, and have questioned whether America will deploy its forces should there be conflict with China. A challenge for Mr. Obama is managing the deepening relationships with Asian allies to enhance stability and freedom of the seas in their region without exacerbating tensions with China. For example, China's defense minister asserted "[indisputable sovereignty](#)" over disputed islands in the East China Sea, in an exchange with Defense Secretary Chuck Hagel, who

was in China earlier this month. Yet there were also signs of cooperation when Mr. Hagel was invited to tour the country's lone [aircraft carrier](#) and the two sides agreed to hold regular high-level talks on regional security and their armies.

But the rebalance has to be broader than defense, starting with a robust economic component. The one recurring theme was the importance of achieving the Trans-Pacific Partnership trade pact being negotiated among the United States, Japan and 10 other nations. The Japanese and Americans have been working to resolve differences on agricultural issues so a breakthrough could be announced when Mr. Obama is in Tokyo. Gaps are said to be narrowing, but the outcome is in doubt.

Beyond that are other steps that the administration is pursuing to bind countries in ways that are intended to make conflict less likely and improve economic growth. These include strengthening regional institutions like the Association of Southeast Asian Nations (Asean) and the East Asian Summit meeting, which Mr. Obama will attend later this year; developing partnerships on energy, oceans and climate change with nations like India and Vietnam; and being the host of the first ever meeting of [Asean defense ministers](#) earlier this month in Hawaii to discuss humanitarian assistance and disaster relief procedures.

The administration has also been more active in nudging Japan and South Korea, the two nations that are integral to Mr. Obama's Asia policy, to ease their corrosive animosity, including over Japan's use of South Korean women as sex slaves for the Japanese Army during World War II.

Asia is a major engine of world economic growth, and rising tensions — between Japan and China, Japan and South Korea, China and some of the smaller maritime countries — could put that at risk. A volatile and chaotic world will continue to demand America's attention, but Asia is the future and warrants being a top priority.

Carol Giacomo, a former diplomatic correspondent for Reuters in Washington, covered foreign policy for the international wire service for more than two decades before joining The Times editorial board in August 2007.

The Washington Post

Obama is on the right course with his reorientation toward Asia

Tom Donilon

April 20, 2014 -- Questions have arisen in recent months about the sustainability of the United States' rebalance toward Asia. The costly [cancellation of President Obama's trip to the region](#) during the U.S. government shutdown last fall fueled that skepticism, which has only grown as urgent foreign policy challenges have required U.S. leadership in the Middle East and Europe.

Yet the rebalancing of U.S. priorities and resources toward Asia remains the right strategy. This reorientation does not imply a turn away from allies in other regions or an abandonment of our commitments elsewhere. It represents a shift away from the war efforts in the Middle East and South Asia that have dominated U.S. national security policy and resources for the past decade and a shift toward the region that presents the most significant opportunity for the United States.

Every U.S. administration must ensure that the inevitable cascade of crises does not crowd out the development of long-term strategies. So at the outset of his first term, Obama directed his national security team to assess the projection and focus of U.S. power around the world.

The administration concluded that the United States had become substantially underinvested in the Asia-Pacific region — diplomatically, militarily, commercially and in terms of policymaker attention. We began implementing the rebalance from the very start: [Secretary of State Hillary Clinton's first trip in office was to Asia, something no secretary of state had done since 1961.](#)

The decision to rebalance stemmed from a recognition of the United States' crucial role in supporting Asia's social and economic development. Were it not for 70 years of U.S. investment in the unimpeded flow of commerce and the preservation of peace, Asia would be less secure, less prosperous and less free. Today, territorial disputes, nationalism, changing power dynamics and the North Korean threat make the U.S. presence all the more essential.

The administration also determined that the futures of the United States and Asia are increasingly linked. The Asia-Pacific region includes [more than half of the world's people](#), [produces half of the world's economic output](#), is the [top destination for U.S. exports](#) and is home to many of the world's fastest-growing economies.

The rebalance is a comprehensive effort incorporating all elements of U.S. national power. It entails strengthening alliances and partnerships, building an economic architecture that can sustain Asia's growing prosperity, supporting democratic reforms and maintaining productive relations with China. And the United States is making steady progress along each of these fronts.

The U.S. commitment to Asia's security is substantial and deepening. The United States is modernizing its alliances and strengthening the region's capacity to ensure the safety of navigation and respond to humanitarian disasters. Even amid uncertainty over its defense budget, the United States is set to expand the share of its [naval assets in the Pacific to 60 percent of the global fleet by 2020](#).

[The president's trip to the region this week](#) will reinforce the key elements of the rebalance. In Northeast Asia, it will reaffirm the importance of our core alliances with Japan and South Korea; in Malaysia and the Philippines, it will underscore the renewed U.S. focus on Southeast Asia, [an economically dynamic bloc of 600 million people](#).

When in Japan and South Korea, the president should follow up on his recent efforts to mitigate long-standing tensions between the two countries. Discord hampers our countries' abilities to address trilateral security challenges including the threat from North Korea.

But the rebalance is about more than military assets; it places an even greater emphasis on diplomacy and trade. The centerpiece of the economic rebalancing is the [Trans-Pacific Partnership \(TPP\)](#), the most important trade deal under negotiation today.

By eliminating trade barriers and harmonizing regulations, the TPP would connect a dozen Asia-Pacific economies in a massive trade and investment framework covering 40 percent of global gross domestic product. It would directly provide the United States with some \$78 billion in annual income. The TPP's most important aims, however, are strategic. A deal would solidify U.S. leadership in Asia and, together with the negotiations over a

free trade pact in Europe, put the United States at the center of a great project: writing the rules that will govern the global economy for the next century. An open platform that countries can sign onto provided they commit to its high standards, the TPP would incentivize the spread of free markets and liberal economic principles.

Finally, the United States must continue to seek constructive relations with China. Some have caricatured the rebalance as a strategy to contain China. The United States has a good deal of experience with containment — and a [\\$500 billion annual economic relationship](#) does not resemble that strategy. In fact, the U.S. vision for Asia — an order rooted in stability, economic openness, the peaceful resolution of disputes and respect for human rights — presents the right environment for China's rise. Sustaining that environment requires the United States to maintain a strong presence and the necessary capabilities to meet its obligations to allies, constantly engage with Beijing and make clear that it rejects and will oppose the use of force, intimidation and coercion in territorial disputes. By upholding these principles, the United States can help ensure that the 21st century in Asia will be defined not by conflict but by security and prosperity.

Tom Donilon is a distinguished fellow at the Council on Foreign Relations and a senior fellow at Harvard's Belfer Center. He was national security adviser from 2010 to 2013.

[Article 3.](#)

Al Monitor

Hard choices for Erdogan as he mulls candidacy for president

Semih Idiz

April 20, 2014 -- You have to hand it to Prime Minister Recep Tayyip Erdogan. He is not one to mince his words whether he is hurling invective at his enemies or laying his future political intentions on the line. [He reportedly told deputies](#) from his Justice and Development Party (AKP) last week, during a meeting convened at the party's headquarters to discuss the upcoming presidential elections, that the future system of government

in Turkey was, “de facto,” a presidential one where the president enjoys executive powers.

He is said to have based his argument on the fact that the president will be elected by the public for the first time. Previously presidents in Turkey were elected by parliament. On Aug. 10, a president is to be elected to a five-year term as the result of a constitutional amendment accepted in 2007.

Erdogan, whose remarks were widely quoted in the media, reportedly added that he would use his constitutional powers to the limit if elected president, even though he has not decided yet whether to run for the presidency or not.

Erdogan’s remarks were said to have been met with surprise by some AKP deputies in part because the 2007 amendment to the constitution did not alter the existing powers of the president, only the way he or she is elected. Aware that there would be questions as to what Erdogan based his contention about a “de facto presidential system” on, Nurettin Canikli, the deputy head of the AKP’s parliamentary group reportedly stepped in to clarify the matter for AKP deputies. Addressing them immediately after Erdogan, [Canikli maintained](#) that the existing 1982 constitution would permit a popularly elected president to exercise executive powers.

That constitution was drawn up under the military junta led by Kenan Evren, the chief of the general staff who toppled the democratically elected government of the day in 1980 and later became president. Despite his advanced years, Evren is currently facing legal proceedings over the coup he headed.

Many articles of the 1982 constitution remain in force today and continue to be criticized as undemocratic, despite amendments introduced under the AKP after it came to power in 2002, and by the coalition government that was in power before that.

Pointing out that the 1982 constitution gave Evren wide-ranging authority to use as president, Canikli reportedly said this authority could also be used by a president elected by the people. The risk in saying this at a time when Erdogan is already being accused of being authoritarian apparently did not bother Canikli.

Not surprisingly, the opposition was quick to react to Erdogan's and Canikli’s reported remarks, which have not been officially denied. Kemal

Kilicdaroglu, the leader of the main opposition Republican Peoples' Party (CHP), was curt when responding to a question by reporters on the topic, merely saying, "[We do not need a new Kenan Evren.](#)"

Devlet Bahceli, the leader of the Nationalist Movement Party (MHP), for his part said Erdogan was dreaming of becoming president and added, "He is already keen on using illegal authority [should he become president.](#)"

Erdogan's remarks were generally taken as a further indication that he wants to become a strong president. His declaration of war on the Constitutional Court, as [Cengiz Candar explains](#) in his Apr. 16 post for Al-Monitor, for overturning government legislation that limits the authority the judiciary is being pointed to as a clear sign that he wants to be a president unencumbered by any checks or balances.

It is of course still an open question as to whether Erdogan will run for president, even though all signs indicate this is where his heart lies. Twenty of the 24 deputies who delivered an address during last week's AKP meeting, convened to discuss this matter, are said to have insisted that Erdogan be a candidate in August.

An unofficial sounding out of AKP deputies present during the meeting is said to have also revealed a majority in favor of Erdogan's becoming president.

Those who opposed this, [on the other hand](#), reportedly did so not out of any opposition to Erdogan, but because they are concerned about the fate of the AKP should Erdogan, as its charismatic leader, leave the helm. Aware of these concerns, Erdogan reportedly told his deputies during last week's meeting that the future of the party would not be in danger should someone else take its leadership.

"The party is an institutional structure. To say it will be finished if this person goes, or that person comes is wrong. What is important here is not this or that individual but the institution. There will be no flood with me or without me," [Erdogan reportedly said](#), throwing in for good measure that he has not decided yet about his candidacy for president.

The general formula bandied around AKP circles to date has been that President Abdullah Gul, who is a co-founder of the AKP, would take over the party leadership after Erdogan in order to maintain its cohesion and lead it to success in the 2015 general elections. Gul, however, threw a

wrench into the works as far as this expectation is concerned when he suggested on April 18 that he has no political plans for the future.

“I see a lot of debate and speculation. I have served the state at every level with great honor, and there can be no greater source of pride than this. [I would like to share with you](#) here that under conditions that are prevailing today I have no political plans concerning the future,” Gul said in response to questions from reporters during a visit to Kutahya in western Turkey. If Gul’s remarks mean that he will withdraw from active politics after his term as president ends, this will be a disappointment to different quarters for fundamentally different reasons.

First, there are those within the AKP who want to see Erdogan as president and believe Gul must head the AKP to keep it together. Then there are those in the AKP who want to see Gul re-elected as president to keep Erdogan at the head of the party. Finally, there are those outside the AKP who either want Gul to run in order to spoil Erdogan’s presidential ambitions, or who want Gul to become prime minister in order to check Erdogan should he start exceeding his powers as president. There is speculation that Gul arrived at a decision not to run for president or become prime minister in order not to obstruct Erdogan’s presidential path and also not to end up in a position of having to check Erdogan’s once he becomes president, now that Erdogan has indicated his intention to be a strong president.

Cemil Cicek, who is the speaker of parliament and a prominent AKP figure, [pointed recently to the clash](#) of authority that will emerge in the event that Turkey has an elected president with executive ambitions, and an elected prime minister who is constitutionally vested with executive powers. Turning Erdogan’s “de facto” presidential system into a “de jure” one in order to overcome the kinds of difficulties that Cicek is warning about will, however, require a change to the constitution. But the AKP cannot do this on its own without support from other parties in parliament, and that is a highly unlikely prospect given the tense political atmosphere in Turkey. This, however, is not the only difficulty facing Erdogan should he make a bid for the presidency. The general assumption based on the AKP’s recent success in the municipal elections is that Erdogan will win. But presidential elections based on the popular vote remain uncharted territory for Turkey. If the opposition can get together to produce a

credible and popular candidate, this could upset Erdogan's plan to become "the president of the people," as he puts it, whose power is based on a strong public mandate. Otherwise it will be difficult for him to allay heated arguments about his legitimacy as he uses the executive powers he is promising to use if elected president. A credible opponent could eat away at his voter base and weaken his position even if he ends up winning the presidency in a second round of voting. There are also those, of course, who argue that Erdogan may not win the elections, given his abrasive manners, which many people do not want to see in a head of state. Those who argue this also point to the fact that the majority did not vote for the AKP in the municipal elections on March 30, even if it came out with nearly 45% of the vote. AKP circles, of course, argue that that vote will translate into a 60% vote for Erdogan in August. But this is not certain. Erdogan clearly has a lot on his mind as the day nears when he will have to take the risk and decide for sure whether he will run for president or not.

[Semih Idiz](#) is a journalist who has been covering diplomacy and foreign policy issues for major Turkish newspapers for 30 years.

[Article 4](#)

Al-Jazeera

Israel Responsible for Death of Peace Process with Palestinians Because of Continuous Breaking of Agreements

Uri Avnery

April 21, 2014

An Oslo Criminal

THE DEATH of Ron Pundak, one of the original Israeli architects of the 1993 Oslo agreement, brought that historic event back into the public eye. Gideon Levy reminded us that the Rightist rabble-rousers, in their furious onslaught on the agreement, called the initiators "Oslo criminals" – a

conscious echo of one of Adolf Hitler's main slogans on his way to power. Nazi propaganda applied the term "November criminals" to the German statesmen who signed the 1918 armistice agreement that put an end to World War I – by the way, at the request of the army General Staff who had lost the war.

In his book, *Mein Kampf* (which is about to lose its copyright, so that anyone can print it again) Hitler also revealed another insight: that a lie will be believed if it is big enough, and if it is repeated often enough. That, too, applies to the Oslo agreement. For more than 20 years now the Israel right-wing has relentlessly repeated the lie that the Oslo agreement was not only an act of treason, but also a total failure. Oslo is dead, we are told. It actually died at birth. And by extension, this will be the lot of every peace agreement in the future. A large part of the Israeli public has come to believe this.

THE MAIN achievement of the Oslo agreement, an act of history-changing dimensions, bears the date of September 13, 1993 – which happened to be (three days after) my 70th birthday.

On that day, the Chairman of the Palestinian Liberation Organization and the Prime Minister of the State of Israel exchanged letters of mutual recognition. Yasser Arafat recognized Israel, Yitzhak Rabin recognized the PLO as the representative of the Palestinian people.

Today's younger generation (on both sides) cannot realize the huge significance of these twin acts.

From its inception almost a hundred years earlier, the Zionist movement had denied the very existence of a Palestinian people. I myself have spent many hundreds of hours of my life in trying to convince Israeli audiences that a Palestinian nation really exists. Golda Meir famously declared: "There is no such thing as a Palestinian people." I am rather proud of my reply to her, in a Knesset debate: "Mrs. Prime Minister, perhaps you are right. Perhaps a Palestinian people really does not exist. But if millions of people mistakenly believe that they are a people and act like a people, they are a people!"

The Zionist denial was not an arbitrary quirk. The basic Zionist aim was to take hold of Palestine, all of it. This necessitated the displacement of the inhabitants of the country. But Zionism was an idealistic movement. Many

of its East European activists were deeply imbued with the ideas of Lev Tolstoy and other utopian moralists. They could not face the fact that their utopia could only be realized on the ruins of another people. Therefore the denial was an absolute moral necessity.

Recognizing the existence of the Palestinian people was, therefore, a revolutionary act.

ON THE other side, recognition was even harder.

From the first day of the conflict, practically all Palestinians, and indeed almost all Arabs, looked upon the Zionists as an invading tribe that was out to rob them of their homeland, drive them out and build a robber-state on their ruins. The aim of the Palestinian national movement was therefore to demolish the Zionist state and throw the Jews into the sea, as their forefathers had thrown the last of the Crusaders quite literally from the quay of Acre.

And here came their revered leader, Yasser Arafat, and recognized the legality of Israel, reversing the ideology of a hundred years of struggle, in which the Palestinian people had lost most of their country and most of their homesteads.

In the Oslo agreement, signed three days later on the White House lawn, Arafat did something else, which has been completely ignored in Israel: he gave up 78% of historical Palestine. The man who actually signed the agreement was Mahmoud Abbas. I wonder if his hand shook when he signed this momentous concession, minutes before Rabin and Arafat shook hands.

Oslo did not die. In spite of the glaring faults of the agreement (“the best possible agreement in the worst possible situation,” as Arafat put it), it changed the nature of the conflict, though it did not change the conflict itself. The Palestinian Authority, the basic structure of the Palestinian State-in-the-Making, is a reality. Palestine is recognized by most countries and, at least partly, by the UN. The Two-State Solution, once the idea of a crazy fringe group, is today a world consensus. A quiet but real cooperation between Israel and Palestine is going on in many fields.

But, of course, all this is far from the reality of peace which many of us, including Ron Pundak, envisioned on that happily optimistic day, September 13, 1993. Just over twenty years later, the flames of conflict are

blazing, and most people don't dare to even utter the word "peace", as if it were a pornographic abomination.

WHAT WENT wrong? Many Palestinians believe that Arafat's historic concessions were premature, that he should not have made them before Israel had recognized the State of Palestine as the final aim.

Rabin changed his whole world-view at the age of 71 and took a historic decision, but he was not the man to follow through. He hesitated, wavered, and famously declared "there are no sacred dates".

This slogan became the umbrella for breaking our obligations. The final agreement should have been signed in 1999. Long before that, four "safe passages" should have been opened between the West Bank and Gaza. By violating this obligation, Israel laid the foundation for the break-away of Gaza.

Israel also violated the obligation to implement the "third stage" of the withdrawal from the West Bank. "Area C" has now become practically a part of Israel, waiting for official annexation, which is demanded by right-wing parties.

There was no obligation under Oslo to release prisoners. But wisdom dictated it. The return of ten thousand prisoners home would have electrified the atmosphere. Instead, successive Israeli governments, both left and right, built settlements on Arab land at a frantic pace and took more prisoners.

The initial violations of the agreement and the dysfunctionality of the entire process encouraged the extremists on both sides. The Israeli extremists assassinated Rabin, and the Palestinian extremists started a campaign of murderous attacks.

LAST WEEK I already commented on our government's habit of abstaining from fulfilling signed obligations, whenever it thought that the national interest demanded it.

As a soldier in the 1948 war, I took part in the great offensive to open the way to the Negev, which had been cut off by the Egyptian army. This was done in violation of the cease-fire arranged by the UN. We used a simple ruse for putting the blame on the enemy.

The same technique was later used by Ariel Sharon to break the armistice on the Syrian front and provoke incidents there, in order to annex the so-

called “demilitarized zones”. Still later, the memory of these incidents was used to annex the Golan Heights.

The start of Lebanon War I was a direct violation of the cease-fire arranged a year earlier by American diplomats. The pretext was flimsy as usual: an anti-PLO terrorist outfit had tried to assassinate the Israeli ambassador in London. When Prime Minister Menachem Begin was told by his Mossad chief that the assassins were enemies of the PLO, Begin famously answered: “For me, they are all PLO!”

As a matter of fact, Arafat had kept the cease-fire meticulously. Since he wanted to avoid an Israeli invasion, he had imposed his authority even on the opposition elements. For 11 months, not a single bullet was fired on that border. Yet when I spoke a few days ago with a former senior security official, he assured me seriously that “they shot at us every day. It was intolerable.”

After six days of war, a cease-fire was agreed. However, at that time our troops had not yet succeeded in surrounding Beirut. So Sharon broke the cease-fire to cut the vital Beirut-Damascus highway.

The present crisis in the “peace process” was caused by the Israeli government’s breaking its agreement to release Palestinian prisoners on a certain day. This violation was so blatant that it could not be hidden or explained away. It caused the famous “poof” of John Kerry.

In fact, Binyamin Netanyahu just did not dare to fulfill his obligation after he and his acolytes in the media had for weeks incited the public against the release of “murderers” with “blood on their hands”. Even on the so-called “center-left”, voices were mute.

Now another mendacious narrative is taking shape before our eyes. The large majority in Israel is already totally convinced that the Palestinians had brought about the crisis by joining 15 international conventions. After this flagrant violation of the agreement, the Israeli government was right in its refusal to release the prisoners. The media have repeated this falsification of the course of events so often, that it has by now acquired the status of fact.

BACK TO the Oslo Criminals. I did not belong to them, though I visited Arafat in Tunis while the talks in Oslo were going on (unbeknownst to me), and talked with him about the whole range of possible compromises.

May Ron Pundak rest in peace – even though the peace he was working for still seems far away.

But it will come.

Uri Avnery - peace activist, journalist, writer. Founding member, Gush Shalom (peace bloc), independent peace movement (1993). Former publisher and editor-in-chief, Haolam Hazeh news magazine (1950-1990). Former member of the Knesset (three terms: 1965-1969, 1969-1973, 1979-1981)

[Article 5.](#)

The American Interest

BRIC Bust?

[Michael Mandelbaum](#)

April 20, 2014 -- Once the darlings of the global economy and the brightest hope for economic growth robust enough to lift most if not all boats around the world, the four major emerging-market countries—Brazil, Russia, India and China—have lately fallen from grace. They withstood the global financial meltdown of 2008 far better than the rich countries of Europe and North America, but growth rates in all four countries have declined in the past several years. Goldman Sachs, the company that first coined the term “BRICs” in 2001, issued an analysis at the end of last year whose title summed up its conclusion: “Emerging Markets: As the Tide Goes Out.” Tides also come in, of course, so the important question about the BRICs is whether their poor performance of the past few years stems from cyclical, transient causes or is due to longer-term, more deeply rooted forces that presage stagnation or even decline. This matters for political as well as economic reasons. The rise of the BRICs, and of other emerging-market countries, has been thought in some quarters likely to lead to a shift in their favor in the global balance of power, with profound consequences for all countries, including the United States.

Whether or not the BRICs realize their potential for economic growth, that potential exceeds that of the world’s wealthiest countries because of what some economists call convergence. Rich countries already have in

abundance what produces growth: the most advanced technology and techniques of production. For them, further growth requires inventing new techniques and technologies, a slow, unpredictable process. The BRICs, by contrast, can expand their economies simply by incorporating the technologies and techniques the rich have already invented. Incorporation is a much easier and faster way than invention to mobilize existing but underutilized economic resources—hence the buoyant optimism of recent years. All things being equal, the BRICs should lead the world in growth until they, too, reach the technological frontier.

All other things are not, however, equal. That is the reason for the outgoing tide and the uncertainty over the BRICs' long-term economic prospects, and the political consequences of their growth rates. While certainty about their economic future is not possible, the range of uncertainty can be narrowed with a single observation: The extent to which the BRICs fulfill their considerable economic potential in the years ahead will depend, as do all economic matters, on politics.

Specifically, the economic growth rate for the four BRICs will depend on how well each copes with a feature of its politics that once served to spur economic advance but now hinders it. For Brazil that feature is the political tradition known as populism. For Russia it is the distorting impact of its large reserves of energy. For India and China it is their political systems: democratic and authoritarian, respectively.

Brazil: The Perils of Populism

In Brazil, as elsewhere in Latin America, populism has involved a large economic role for the government, which sought to enhance public welfare by providing financial benefits to many Brazilians, including direct transfers and well-paying jobs in state-managed firms. Brazilian populism's economic record in the years after World War II was eminently respectable. From 1950 to 1975 the country grew at 7 percent per year. Over the next 25 years, however, per capita income hardly grew at all. A major reason was Brazil's continuing and sometimes ruinously high inflation, the result of its populist economic policies. Loans and subsidies to state-owned enterprises, the growing payrolls of government workers, and generous programs of government-provided benefits were expensive. They produced large deficits, which the government funded either by

borrowing, thereby creating steep levels of debt, or by printing money—and sometimes both. As a result, the price level rose sharply.

With the economy teetering on the brink of hyperinflation in 1993, then-Minister of Finance Fernando Henrique Cardoso introduced a plan that succeeded in breaking the inflationary spiral by the summer of 1994.

Cardoso was subsequently twice elected Brazil's President, in 1994 and 1998, and he used his tenure to dismantle part of the structure of economic populism. His two-term successor, Luis Inácio Lula da Silva, continued much of Cardoso's economic strategy despite the ideological differences between the two men.

Even with low inflation, Brazil has grown more slowly than the other BRICs. The main reason, which stands as the chief obstacle to its high growth in the future, is the significant residue of populism that has remained. The country has retained many of the commitments to public expenditure that accumulated over the course of the 20th century, the fulfillment of which made inflation a chronic problem. The government is still obligated to pay generous social welfare benefits; pensions, for example, account for an unusually high 13 percent of GDP. It continues to be responsible for the wages of the many employees of its own bureaucracies and the workers in enterprises that public authorities still own and operate. These wages tend to rise rapidly.

Because of these demands on the public treasury, budget deficits have persisted. The Brazilian government has funded the deficits more extensively through taxation than it did in the past. This has helped to curb inflation, but high taxes and high public spending crowd out private investment, which is a major source of economic growth. Moreover, Brazil's public spending does less than it might to foster growth because populism channels government money to uses that fail to promote growth. The pension benefits, pork-barrel projects, generous public-sector wages, and income-supplement programs mostly support private spending. For growth, however, Brazil also needs public investment—in roads, ports, power plants, and, above all, in education. The shortcomings of its educational system, in particular, cloud the country's long-term economic future.

That future depends on the outcome of the country's ongoing political struggle over economic policy. On one side of this struggle, pressing for

ever-greater public expenditure, stand the forces of populism, with their deep historical roots, their powerful constituencies, and in some cases—efforts to reduce Brazil’s poverty, for example—their strong moral claims. Opposing them are those favoring fiscal prudence and productive public investment. They have global economic history, including the past two decades of Brazilian economic history, on their side, but much less political support throughout the country.

Added to these conflicting forces, a new development is bound to play a large role in determining Brazil’s economic destiny: large, offshore reserves of oil. Oil revenues, if used wisely, can augment the rate of long-term economic growth. But such revenues are not always used wisely, as the experience of Brazil’s fellow BRIC, Russia, vividly demonstrates.

Russia’s Resource Curse

In 2012 energy (natural gas as well as oil) accounted for around 30 percent of Russia’s GDP and approximately two-thirds of its exports. The total value of energy exports, just \$29 billion in 1990, climbed to \$76 billion in 1999 and \$350 billion in 2007. Half the country’s economic growth came not from anything Russians made or did but simply from the rise in the international price of oil. By one estimate a \$10-per-barrel rise in the price of oil boosted Russia’s GDP by about 2 percent.¹

Yet energy reserves have economic drawbacks as well. They can do for economies what steroids do for athletes, enhancing performance in the short term but having deleterious effects in the long run. Energy riches can produce pathologies common enough that a term for those that suffer from them has come into common usage: petro-states. Studies have shown that petro-states have sometimes actually grown more slowly than countries without energy resources. The presence of large energy reserves can retard long-term economic growth in four ways, all of them pertinent to Russia. Demand for its energy has pushed up the value of the Russian currency, injuring import-competing and exporting industries—a syndrome known as the “Dutch disease.” Energy wealth has also increased the size of the Russian government, which diverts money from more productive purposes. Oil revenues support a bloated bureaucracy and a variety of often unproductive government programs. Perhaps most damagingly, because the energy sector alone supplies the revenues that the government needs, oil wealth relieves pressure to devise and implement policies that promote the

development of a robust and broad-based economy. Like other petro-states, Russia has lagged in building the infrastructure and the institutions—legal and financial systems, for example—needed to stimulate productive employment. These countries can get rich without working, and so do not learn to work.

Energy wealth inhibits economic growth in yet another indirect but important way: It discourages the development of democracy. The windfall from oil creates a formidable temptation for rulers to hold on to power indefinitely in order to keep a large share of the wealth for themselves. That is what has happened in Russia. Vladimir Putin has made Russia less democratic, restricting liberties and limiting the Russian public's control over its government. Oil wealth gives Putin not only the incentive but also the means to retain power: He, and others in his position, can bribe the populace with generous welfare benefits in exchange for political passivity. Where they cannot purchase acquiescence, they can fund effective instruments of repression. Putin has done both.

The absence of democracy in energy-rich countries, including Russia, inhibits genuine and broad-based growth because rulers have little incentive to take steps, or spend money, to promote it. They get rich from the proceeds of the country's energy sales, and besides, economic growth might foster political activity that would threaten their monopoly of power. Those outside the ruling circle do have such an incentive, but without channels of political participation they lack the power to press the rulers to undertake growth-promoting policies.

What could lift Russia's oil curse? It could happen through a decline in the global price of energy, because of new discoveries of fossil fuel, new and different sources of energy, and the widespread diffusion of the techniques of conservation combined with a reduction in Russia's energy production. Some of these developments are already taking place.

Falling energy income might put Russia on a more promising economic course by removing the basis for the political support the Putin regime has enjoyed. It might ultimately lead to the replacement of the current regime with one more democratically oriented and more committed to growth-promoting policies. Still, democracy by itself does not guarantee optimal economic performance, as the experience of another BRIC country, India, demonstrates.

India's Dilemma

India has maintained democratic government, with one brief exception, since its independence from Great Britain in 1947. Democracy is one of the country's proudest and most important achievements, and has in fact made a major contribution to the economic progress that it has achieved. Like populism for Brazil and energy for Russia, however, democracy, as practiced in India today, blocks economic progress.

With its various ethnic groups, religions, rigid social categories known as castes, and 17 major languages, India has the diversity of the entire European Union—but with twice as many people. Given this diversity and the conflicts to which it has inevitably given rise, without democracy, with its emphasis on compromise, the peaceful resolution of disputes, and the rights of minorities, a united India within its 21st-century borders would not exist. India qualifies as an economic under-achiever, however. Two features of the Indian economy in particular have kept it from reaching its potential. Both features have roots in India's version of democratic government.

The first of these is the economy's unusual, lopsided configuration. Every modern economy has three sectors: agriculture, industry, and services. As countries become richer, workers move from one sector to another, and almost always in a particular order: from the farm to the factory to the office. India is different. Despite economic growth and the decline of agriculture's share in its total output due to expansion in other sectors, its agricultural workforce has declined only modestly. Its industrial sector has grown relatively slowly, contributing only 27 percent of the country's GDP in 2008, with 17 percent coming from manufacturing. Services in India, especially the country's thriving high-tech sector, have, by contrast, expanded rapidly, but because this sector provides relatively few jobs, its growth has done relatively little to reduce poverty. Only a robust industrial sector with growing manufacturing industries can do that, but Indian manufacturing suffers from a shortage of the industries, and therefore the jobs, that require unskilled labor.

The second feature of India's economy that keeps it from its full potential is the shortage of economically critical assets government ordinarily provides: roads, bridges, ports, and adequate schools, as well as reliable supplies of electricity and clean water. Poor infrastructure constrains the

Indian industrial sector. The shortcomings of Indian education also hold back the country's economy, including its manufacturing sector. Even many unskilled factory jobs require rudimentary literacy, and as jobs become more complex, higher levels of education are needed to perform them. Many villages have only part-time teachers for their young children; some have none at all.

These obstacles to growth have their roots in India's democracy. In India, as in other democratic countries, people are free to organize themselves not only on the basis of a common identity—race, religion, ethnicity—but also according to common economic interests. Such groups work politically to bring benefits to their members, but the benefits can come at the expense of the general welfare. India, like other democracies, is susceptible to the formation of these “distributional coalitions”, which tend over time to grow in power and number, to the detriment of a country's economic well-being.² Powerful minorities have helped to create India's two major economic problems—a stymied manufacturing sector and inadequate infrastructure and education—by imposing some policies and blocking others, in both cases harming the interests of the country as a whole. Regulations and laws governing employment make it all but impossible to fire workers. This discourages hiring them in the first place and keeps firms from entering industries that require large workforces. The largest and most efficient Indian companies tend to avoid such industries, which are precisely the ones that could, if established on a large scale, lift millions of Indians out of poverty. Similarly, laws restricting the use of land make it difficult in many places to build facilities such as factories and hotels that could employ large numbers of people.

Unions and other interest groups promote and defend the laws, regulations and restrictions that block employment-generating initiatives. Minorities also inhibit the building of the infrastructure and the development of the educational system that India needs by using the political process to divert resources to themselves, thus making them unavailable for building roads or paying teachers. Subsidies of various kinds, all of them the legislative achievements of interest groups, account for 2.4 percent of the country's GDP. The Indian bureaucracy is itself a large, powerful, and voracious interest group. Its salaries consume resources that would be better devoted to more productive uses. Spending according to the whims of special

interests leads to budget deficits; borrowing to finance these deficits drains yet more money from infrastructure and education.

India has two methods, both consistent with democracy, of dealing with politically imposed obstacles to economic growth: removing them and bypassing them. The country's political system badly needs reform, and the impetus for political reform around the world often comes from the middle class: propertied, salaried people who see government as an impersonal enforcer of the law and a neutral arbiter of disputes rather than as a source of funds and favors. Such a social stratum is growing in India, though it is still a minority of the total population. The victory of the new reformist political party Aam Aadmi ("common man") in the December 2013 elections in the national capital region signaled its rising strength.

Even without serious political reform, Indians have found a way to bypass the government's chronic failure to provide adequate infrastructure and education: privatization. This has involved not only returning to private enterprise tasks that they usually perform in other countries—the production of steel and cement and the management of hotels, for example—but also opening to private participation activities customarily undertaken by the government. Rather than reforming the government, such privatization circumvents it.

India's greatest success with privatization involves communications. The government monopoly in charge of telephone landlines performed poorly. Few Indians were connected to the national system. Once private cellphone companies were permitted to operate, however, access to telephone service mushroomed. In 1991 the country had only 5.1 million phones in aggregate; by November 2006, an average of 5.2 million new telephones were going into service each month. At that point India had 153.3 million of them. By May 2012 there were 960 million telephone subscribers, 929 million of whom used mobile phones, in a population of 1.2 billion.

How far and how quickly reform and privatization proceed will do much to set the rate of Indian economic growth. That, in turn, will determine how rapidly, if at all, India catches up with the country against which it often measures itself—the final member of the BRICs and the largest, fastest-growing, and economically most important one: China. As with the other BRICs, a particular feature of Chinese public life that has enhanced its

economic performance in the past threatens to constrain it in the future. As in the case of India, China's asset-turned-liability is its political system.

The Limitations of Autocracy

Descriptions of China's economic performance invariably feature superlatives, and rightly so. The country has sustained the highest annual economic growth rate of any major country—almost 10 percent—for three decades, which is the best performance in recorded history. In so doing it has lifted more than 500 million people out of poverty. It has become the world's largest exporter, the world's largest emitter of greenhouse gases, the world's largest market for automobiles and the country with the largest store of hard-currency reserves. It has also become the world's second-largest economy and is on course to replace the United States as the global leader in total annual output. Every country's economy will be affected by how well China's performs in future.

China's autocratic government has not only presided over the country's three-decade run of resounding economic success; it has contributed to that success. It has excelled in installing infrastructure. It has managed to give virtually all its citizens a basic education. It has conducted, on the whole, prudent macroeconomic policies. It coped well with the economic crisis of 2008–09. When the recession struck, the regime responded quickly, implementing in November 2008 a stimulus package equal to 14 percent of GDP. This cushioned the impact of the massive global downturn on China. Its autocratic character probably helped the regime to carry out its growth-friendly policies. The fact that Chinese authorities do not have to respect the civil liberties or the political opinions of those they govern made it easier to devote resources to building roads, schools, and power plants, and to respond quickly to economic shocks.

Whatever the economic advantages China has derived from its autocratic political system, however, it has become a wasting asset. Autocracy will retard efforts to do the four key things China must do to succeed: achieve high productivity; add more value to the products that are made in the country; rely less on exports and more on domestic consumption; and maintain a stable political framework. Only a political system that is more democratic—as democracy is properly understood—can deliver these outcomes.

Democracy is a hybrid political form, the product of the merger of two distinct political traditions. One is popular sovereignty—rule by the people through freely elected representatives—which makes the government accountable to the governed. The other is liberty, more commonly called freedom, which includes economic liberty in the form of private property as well as religious liberty and the political liberties embodied in the American Bill of Rights. Whatever they may be called in different democratic political cultures, these liberties are protected in all functioning democracies by the rule of law.

Each of these two traditions is relevant to China's economic agenda. Higher productivity, adding more value to what the country produces, and shifting from selling to foreigners to selling to Chinese will require more liberty. Higher domestic consumption will also require wider popular participation in the governance of the country, as will the more purely political task of keeping the country stable enough for productive economic activity to take place.

The greatest potential for enhancing productivity lies in the financial sector. China allocates resources inefficiently because the government directs investment through its control of the country's major banks. It would do better to entrust this task to private, profit-seeking organizations and individuals—private banks and investors—who would do it more effectively. For this purpose China needs more economic liberty—that is, better-defined and more secure property rights, which are crucial for many of a market economy's functions, including the allocation of capital.

To maintain a high rate of economic growth, China will also have to rely less on the kind of unskilled manufacturing that has played a major role in its economy for three decades. It will have to move to more lucrative stages in the production process, such as inventing, designing, financing, packaging, and marketing rather than simply assembling products. This involves participating in the cutting-edge industries of the 21st century—biotechnology, for example—which rely on scientific discovery and technological innovation.

Here, too, economic liberty matters. As important as secure property rights are for improving the financial system, they are also a prerequisite for innovation. Inventors and entrepreneurs spend time and risk their money in search of new processes and devices, and to found new companies, when

they are confident of reaping the financial rewards if they succeed. They cannot have such confidence in China, where businesses must have government approval and give government officials a share of their profits in order to operate.

The Chinese government will have to permit greater liberty in other ways in order to ensure economic growth. The more ingenuity and creativity a job requires, the greater the freedom there must be to do it well. The more ingenuity and creativity a job requires, the greater the freedom there must be to do it well. Factory workers assembling computers need nimble hands and a basic level of literacy, but not broad latitude to experiment and to meet and discuss their work with colleagues. Designers and inventors do. Scientific advances require institutions (in the West, most of them are universities) in which freedom of inquiry is taken for granted.

Along with increasing productivity and contributing more to the overall value of what it makes, China must reduce its reliance on exports to continue its rate of economic growth. Growth will then require greater domestic consumption, and to raise it the country can usefully make two changes, each involving one of democracy's component parts. One change is to establish rural property rights—to extend, that is, this form of liberty to those living outside China's cities. Farmers usually cannot get unrestricted title to the land they work, which means they cannot use it as collateral for borrowing, as do most farmers all over the world. A much-discussed official document issued in November 2013 promised steps in that direction. The other change is the expansion of the social safety net. The more generous social welfare programs become, the greater China's domestic consumption will be and the less the Chinese people will feel they must save. In Western countries, public pressure, the result of democracy's other defining feature, popular sovereignty, led to the programs of social protection that all now enjoy. To be sure, Chinese authorities are already committed to spending more on health care. But if the Chinese people do gain a measure of political power they are likely to use it to press for increased government spending on social welfare programs.

For China to shift its economic policies and modify its institutions to sustain a high rate of growth assumes the maintenance of the stable political framework that all markets—global, national, and local—require.

In the Chinese case, stability cannot be assumed. Economic growth, with its particular Chinese characteristics, has created discontent, public expressions of which have become larger and increasingly frequent, with some demonstrations involving as many as 10,000 people.

A more accountable government is needed to contain and ultimately reduce the rising level of publicly expressed discontent, which, if not checked, has the potential to shake the political foundations of China's economic growth. Accountability comes about through transparency in the conduct of public business, for which a free press is crucial. Accountability also comes about through the power of the people to replace their rulers peacefully through free elections: that is, through the popular sovereignty that is one of democracy's two constituent elements. Accountable government is particularly relevant to dealing with the two problems that have given rise to China's popular protests: pollution and corruption.

China's environmental problems stem ultimately from the country's lack of political accountability. The national government has promulgated laws and regulations to prevent environmental abuse, but local authorities frequently disregard them. These officials allow factories to continue to discharge toxic material into the air and water because to stop them would in many cases forfeit economic growth and thus jobs, tax revenues, and bribes. The absence of accountability in government lies at the heart of corruption as well, and anger at officials who abuse their positions for personal gain has inspired many of China's protests. As with pollution, China's rulers have sought to combat corruption with Communist-style, party-led campaigns, which consist of slogans, exhortations, and a few token punishments to give the impression of seriousness. This approach has done little to solve the problem, even in its recently stepped-up mode. As with pollution, reducing corruption requires generating public pressure on officials who abuse their power. A free press that can bring abuses to light is one source of pressure. Another is vesting the public with the power to remove corrupt officials through free elections.

Will the Chinese political system become more democratic? Most Communist Party officials will oppose both features of democracy—liberty and popular sovereignty—because the more there is of each, the less they will have of what they value most: power. On the other hand, for three decades the party has been willing to do whatever seemed necessary to

secure growth, including relinquishing some of its own prerogatives. If it concludes that only more democratic governance can deliver the growth that will preserve its leadership, then China is likely to become more democratic, with wider liberties available, especially in economic matters, and a greater measure of public participation in public life. Because other countries have come to depend so heavily on Chinese economic growth, the whole world, not only the people of China, has a stake in Chinese democracy. And because the potential contribution of the other three BRICs to global growth is so large, the whole world has a stake as well in the containment of Brazilian populism, the lifting of Russia's energy curse, and the reform of Indian democracy.

*Michael Mandelbaum is the Christian A. Herter Professor of American Foreign Policy at The Johns Hopkins University's School of Advanced International Studies. This essay is adapted from his new book *The Road to Global Prosperity*, published by Simon & Schuster.*

1. See Philip Hanson, "The Sustainability of Russia's Energy Power: Implications for the Russian Economy", UCL Center for the Study of Economic and Social Change in Europe, Economics Working Paper No. 84 (December 2007).
2. "Distributional coalitions" is Mancur Olson's concept, described in *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (Yale University Press, 1982).