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Article 1.

TIME

## **Mossad Cutting Back on Covert Operations Inside Iran, Officials Say**

[Karl Vick](#)

March 30, 2012 -- Israel's intelligence services have scaled back covert operations inside Iran, ratcheting down by "dozens of percent" in recent months secret efforts to disable or delay the enemy state's nuclear program, senior Israeli security officials tell TIME. The reduction runs across a wide spectrum of operations, cutting back not only alleged high-profile missions such as assassinations and detonations at Iranian missile bases, but also efforts to gather firsthand on-the-ground intelligence and recruit spies inside the Iranian program, according to the officials.

The new hesitancy has caused "increasing dissatisfaction" inside Mossad, Israel's overseas spy agency, says one official. Another senior security officer attributes the reluctance to Prime Minister Benjamin Netanyahu, who the official describes as worried about the consequences of a covert operation being discovered or going awry. Netanyahu was Prime Minister in 1997 when a Mossad attempt to assassinate senior Hamas official Khaled Meshaal in Amman Jordan ended in fiasco. Two Mossad operatives were captured after applying a poison to Meshaal's skin, and returned to Israel only after Netanyahu ordered the release of the antidote. The Prime Minister also was forced to release Hamas' spiritual leader Sheik Ahmed Yassin from an Israeli prison, dramatically boosting the fortunes of the religious militant movement.

"Bibi is traumatized from the Meshaal incident," the official says. "He is afraid of another failure, that something will blow up in his face."

Iranian intelligence already has cracked one cell trained and equipped by Mossad, Western intelligence officials [earlier confirmed to TIME](#). The detailed confession on Iranian state television last year by Majid Jamali Fashid for the January 2010 assassination by motorcycle bomb of nuclear scientist Massoud Ali Mohmmadi was genuine, those officials said, blaming a third country for exposing the cell.

In that case, the public damage to Israel was circumscribed by the limits of Iran's credibility: Officials in Tehran routinely blame setbacks of all stripes on the "Zionists" and "global arrogance," their labels for Israel and the United States. But that could change if the Islamic Republic produced a captured Israeli national or other direct evidence – something on the lines of the closed circuit video footage and false passports that recorded the presence of Mossad agents in the Dubai hotel where Hamas arms runner Mahmoud al-Mabhouh was found dead in his room in January

2010. Difficult-to-deny evidence of Israeli involvement trickled out for weeks; Netanyahu was Prime Minister then as well.

The stakes are higher now. With the Iranian issue at the forefront of the international agenda, a similar embarrassment could undo the impressive global front Washington has assembled against the mullahs — perhaps by allowing Iran to cast itself as victim, or simply by recasting the nuclear issue itself, from one of overarching global concern into a contest confined to a pair of longtime enemies.

Some warn that the assassinations already run that risk. After the most recent killing, of nuclear scientist Mostafa Ahmadi-Roshan in January, the United States “categorically” denied involvement in the death and issued a condemnation. Western intelligence officials say he was at least the third Iranian scientist killed by Mossad operatives, who lately are running short of new targets, according to Israeli officials.

“It undercuts the consensus, the international consensus on sanctions,” says Mark Fitzpatrick, a former State Department nuclear proliferation specialist who opposes the assassinations.

The covert campaign also invites retribution from Iran’s own far-reaching underground. In the space of just days last month, alleged Iranian plots against Israeli targets in Thailand, Azerbaijan, Singapore and Georgia were announced as thwarted, and Indian officials blamed Iran for a nearly fatal attack that went forward in New Delhi. The wife of an Israeli diplomat was injured by a magnetic bomb attached to her car by a passing motorcyclist, the precise method Israeli agents are alleged to have used repeatedly on the crowded streets of Tehran.

But scaling back covert operations against Iran also carries costs, especially as Iran hurries to disperse its centrifuges, some into facilities deep underground. Quoting an intelligence finding, one Israeli official says Iran itself estimates that sabotage to date has set back its centrifuge program by two full years. The computer virus known as Stuxnet — a joint effort by intelligence services in Israel and a European nation, Western intelligence officials say — is only the best known of a series of efforts to slow the Iranian program, dating back years. That alleged effort involves a variety of governments besides Israel, involving equipment made to purposely malfunction after being tampered with before it physically entered Iran. The resulting setbacks prompted Iran to announce

it would manufacture all components of its nuclear program itself – something outside experts are highly skeptical Tehran has the ability to actually do.

“Iran has said for some time that they’re self-sufficient, but that’s a bag of wind,” says Fitzpatrick, now at London’s International Institute for Strategic Studies. For example, Iranian President Mahmoud Ahmedinejad in February announced that Iran had perfected a far more efficient centrifuge — a “fourth-generation” machine, three levels beyond its original centrifuges, made from designs purchased from Pakistan’s A.Q. Khan. Fitzpatrick has his doubts. “They haven’t been able to get the second generation to work over the last ten years,” he says.

The alternative is importing equipment, which leaves the product vulnerable to continued tampering — especially in the shadowy markets of front companies where Iran has been forced by U.S. and international sanctions to do much of its business. It can be almost impossible to know whom you’re actually doing business with, a circumstance that favors Western intelligence agencies.

“The easiest way to sabotage is to introduce faulty parts into the inventory from abroad,” says Fitzpatrick.

Between assassination and silent sabotage lies another covert option: Very loud sabotage. Recent years have brought a series of mysterious explosions at complexes associated with Iran’s nuclear program. [TIME has reported](#) Western sources saying that Israel was responsible for the massive November blast at a Revolutionary Guard missile base outside Tehran, which by dumb luck also claimed the life of the godfather of Iran’s missile program.

But other blasts remain genuine mysteries. Weeks after a huge explosion darkened the sky over a uranium enrichment site in Isfahan, in central Iran, Israeli officials appeared eager to see what had actually happened. “I’m not sure what,” a retired senior intelligence official said two weeks afterward, then offered an analysis based on open-source [satellite photos](#) available to anyone with an internet connection.

# Obama Finds Oil in Markets Is Sufficient to Sideline Iran

[Annie Lowrey](#)

March 30, 2012 — After careful analysis of [oil](#) prices and months of negotiations, President Obama on Friday determined that there was sufficient oil in world markets to allow countries to significantly reduce their Iranian imports, clearing the way for Washington to impose severe new sanctions intended to slash [Iran](#)'s oil revenue and press Tehran to abandon its nuclear ambitions.

The White House announcement comes after months of back-channel talks to prepare the global energy market to cut Iran out — but without raising the price of oil, which would benefit Iran and harm the economies of the United States and Europe.

Since the sanctions became law in December, administration officials have encouraged oil exporters with spare capacity, particularly Saudi Arabia, to increase their production. They have discussed with Britain and France releasing their oil reserves in the event of a supply disruption. And they have conducted a high-level campaign of shuttle diplomacy to try to persuade other countries, like China, Japan and South Korea, to buy less oil and demand discounts from Iran, in compliance with the sanctions.

The goal is to sap the Iranian government of oil revenue that might go to finance the country's [nuclear program](#). Already, the pending sanctions have led to a decrease in oil exports and a [sharp decline](#) in the value of the country's currency, the rial, against [the dollar](#) and euro.

Administration officials described the Saudis as willing and eager, at least since talks started last fall, to undercut the Iranians.

One senior official who had met with the Saudi leadership, said: "There was no resistance. They are more worried about a nuclear Iran than the Israelis are."

Still officials said, the administration wanted to be sure that the Saudis were not talking a bigger game than they could deliver. The Saudis received a parade of visitors, including some from the Energy

Department, to make the case that they had the technical capacity to pump out significantly more oil.

But some American officials remain skeptical. That is one reason Mr. Obama left open the option of reviewing this decision every few months. “We won’t know what the Saudis can do until we test it, and we’re about to,” the official said.

Worldwide demand for oil was another critical element of the equation that led to the White House decision on sanctions. Now, projections for demand are lower than expected because of the combination of rising oil prices, the [European financial crisis](#) and a modest slowdown in growth in China.

As one official said, “No one wants to wish for slowdown, but demand may be the most important factor.”

Nonetheless, the sanctions pose a serious challenge for the United States. Already, concerns over a confrontation with Iran and the loss of its oil — Iran was the third-biggest exporter of crude in 2010 — have driven oil prices up about 20 percent this year.

A gallon of gas currently costs \$3.92, on average, up from about \$3.20 a gallon in December. The rising prices have weighed on economic confidence and cut into household budgets, a concern for an Obama administration seeking re-election.

On Friday afternoon, oil prices on commodity markets closed at \$103.02 a barrel, up 24 cents for the day.

Moreover, the new sanctions — which effectively force countries to choose between doing business with the United States and buying oil from Iran — threaten to fray diplomatic relationships with close allies that buy some of their crude from Tehran, like South Korea.

But in a conference call with reporters, senior administration officials said they were confident that they could put the sanctions in effect without damaging the global economy.

Iran currently exports about 2.2 million barrels of crude oil a day, according to the economic analysis company IHS Global Insight, and other oil producers will look to make up much of that capacity, as countries buy less and less oil from Iran. A number of countries are producing more petroleum, including the United States itself, which should help to make up the gap.

Most notably, Saudi Arabia, the world's single biggest producer, has promised to pump more oil to bring prices down.

"There is no rational reason why oil prices are continuing to remain at these high levels," the Saudi oil minister, Ali Naimi, wrote in an [opinion article](#) in The Financial Times this week. "I hope by speaking out on the issue that our intentions — and capabilities — are clear," he said. "We want to see stronger European growth and realize that reasonable crude oil prices are key to this."

By certifying that there is enough supply available, the administration is also trying to gain some leverage over Iran before a resumption of negotiations, expected on April 14.

The suggestion that Saudi Arabia is prepared to make up for any lost Iranian production is intended to remove Iran's ability to threaten a major disruption in the world oil supply if it does not cede to Western and United Nations demands to halt uranium enrichment.

However, administration officials concede that it is unclear how the oil markets will react to Iranian threats even with the president's latest certification that there is sufficient oil to fill the gap. "We just don't know how much negotiating advantage we have gained," said one senior administration official who has been involved in developing the policy. In a statement, Jay Carney, the White House press secretary, said the administration acknowledged that the oil market had become increasingly tight, with output just besting demand.

"Nonetheless, there currently appears to be sufficient supply of non-Iranian oil to permit foreign countries" to cut imports, he said.

American officials have also discussed a coordinated release of oil from the national strategic reserves with French and British officials.

Some energy experts question whether Saudi Arabia really has enough spare capacity to make up for the loss of Iran's oil. But the determination of the United States and Europe to combat high prices might be enough to quiet the markets.

The White House "can have a very limited material impact on the size of supplies," said David J. Rothkopf, the president of Garten Rothkopf, a Washington-based consultancy. "But they can have a much larger impact on perceptions. In this case, it's not so much the producers as the energy

traders who are moving market prices — and that’s where the White House wants to play a role.”

Additionally, the White House has the ability under the law to waive the new sanctions if they threaten national security or if oil prices spurt, increasing the flow of money to Iran’s government.

Article 3.

The National Interest

## **The Increasingly Transparent U.S.-Israeli Conflict of Interest**

[Paul R. Pillar](#)

March 29, 2012 -- We have a comparative lull at the moment in what has been saturation attention to Iran and its nuclear program. The lull comes after the concentrated warmongering rhetoric associated with the recent visit of Israeli Prime Minister Benjamin Netanyahu and the AIPAC conference in Washington, and before the opening in mid-April of the only channel offering a way out of the impasse associated with the Iranian nuclear issue: direct negotiations between Iran and the powers known as the P5+1. It is a good time to reflect on how much the handling of this issue underscores the gulf between Israeli policies and U.S. interests. The gulf exists for two reasons. One is that the Netanyahu government's policies reflect only a Rightist slice of the Israeli political spectrum, with which many Israelis disagree and which is contrary to broader and longer-term interests of Israel itself. The other reason is that even broadly defined Israeli interests will never be congruent with U.S. interests. This should hardly be surprising. There is no reason to expect the interests of the world superpower to align with those of any of the parties to a regional dispute involving old ethnically or religiously based claims to land.

An [article this week by Ethan Bronner](#) [3] in the New York Times addresses one of the drivers behind the Israeli policy: a historically based obsession of Mr. Netanyahu, for whom an Iranian nuclear weapon would be, as Bronner puts it, “the 21st-century equivalent of the Nazi war machine and the Spanish Inquisition.” The extent to which the issue is a personal compulsion of Netanyahu is reflected in estimates that even within his own cabinet (and even with the support of Defense Minister

Ehud Barak), a vote in favor of war with Iran might be as close as eight to six. A former Likud activist who has become a critic of Netanyahu explains, "Bibi is a messianist. He believes with all his soul and every last molecule of his being that he—I don't quite know how to express it—is King David." It is not in a superpower's interest to get sucked into projects of someone with a King David complex.

Given—as several Israelis who have been senior figures in the country's security establishment have noted—that an Iranian nuclear weapon would not pose an existential threat to Israel, one has to look to other reasons for the Israeli agitation about the Iranian nuclear program. Besides Netanyahu's personal obsession, there are the broader Israeli fears and emotions, the desire to maintain a regional nuclear-weapons monopoly and the distraction that the Iran issue provides from outside attention to the Palestinians' lack of popular sovereignty. Columnist Richard Cohen, in [a piece last week](#) [4] that is clearly sympathetic to Israel, mentions one more reason: a desire to stem a brain drain to the United States of Israelis who would rather live in a more secure place. Clearly there is no congruence with U.S. interests here. In fact, taking in the talent that is found among the Israeli émigrés is a net plus for the United States and the U.S. economy.

The Iranian nuclear issue only reconfirms the noncongruence of U.S. and Israeli interests that should have been apparent from other issues. Most of those issues revolve around the continued Israeli occupation and colonization of disputed land inhabited by Palestinians. The United States has no positive interest in Israel clinging to that land—only the negative interest involving the opprobrium and anger directed at it for being so closely associated with Israeli policies and actions. Another reminder of the lonely position in which the United States finds itself almost every time it automatically condones Israeli behavior came last week, when [the United Nations Human Rights Council voted](#) [5] for an inquiry into how Israeli settlements in the occupied territories affect the rights of Palestinians. Initiation of the inquiry was approved with thirty-six votes in favor, ten abstentions and a single no vote by the United States. If the United States escapes a war with Iran by achieving success in negotiations (which Netanyahu and his government have in effect denounced and have helped to subvert by waging a covert war against

Iran), Americans ought to reflect on how close they came to disaster by following the man who thinks he is King David. If it does not escape a war, it will be hard to find any silver lining in the consequences. But perhaps one would be that Americans would then be more likely to understand how contrary to their own interests it has been to follow the preferences of the Israeli government. Perhaps that could be a first step toward a more normal—and more beneficial for the United States—U.S. relationship with Israel.

*Paul R. Pillar served for twenty-eight years in the U.S. intelligence community, including as deputy chief of the Counterterrorist Center at the Central Intelligence Agency. He retired in 2005.*

Article 4.

Foreign Policy

## **[Hezbollah's subtle shift on Syria](#)**

Nicholas Noe

March 30, 2012 -- After one year of doubling down on their support for Syrian President Bashar al-Assad, Lebanon's Hezbollah has finally shifted its public position on the regime, albeit with great subtlety and in an extremely measured fashion. The pivot point came during a lengthy, televised speech delivered on March 15 by the party's longstanding secretary-general, Sayyid Hassan Nasrallah. Speaking to hundreds of students mainly on the subject of illiteracy and the dire need for greater access to education in the Arab world, Nasrallah eventually turned to the anti-government protests in Syria that began in March 2011.

Almost from the outset, he was especially frank in equating the opposition and the Assad regime, urging -- even pleading for -- a negotiated political solution where both sides first "simultaneously" lay down their weapons (a call subsequently made by the U.N. Security Council). "These matters cannot be dealt with by fighting, confrontations, wars, or by inviting foreign military intervention," Nasrallah stressed, an intimation that, while some in the opposition should be blamed for calling for external intervention, the regime also bore at least some responsibility, since its actions had (quite obtusely) moved the possibility of intervention to the

forefront of the international discourse. But he had more specific demands of the regime, too.

"All forms of massacres and the targeting of civilians and innocent people are to be condemned," he said. "Now the opposition is accusing the regime and the regime is accusing the opposition. One of the regime's responsibilities today is to present the facts to the people. Those who have the facts should present them. Leveling accusations left and right is an easy thing to do but the main thing is that the massacres deserve to be condemned...All forms of killing must stop [emphasis added]."

What explains his heightened sense of urgency on these matters -- ever a function of the many constituencies that he must constantly juggle?

Nasrallah argued that a great unravelling in the Middle East accompanied by extreme violence is fast coming into focus. "We are apprehensive," he said, "that Syria, and hence the region, might be divided. We are afraid of a civil war, anarchy, and the weakening of Syria and its position as a pan-Arab force in the Arab-Israeli struggle and a genuine backer for the resistance movements in the region [emphasis added]." Of course, Nasrallah has long acknowledged these concerns, and said, during his speech, that he was merely reiterating this specific point of concern.

What was different, however, was that alongside an unmistakable sense of alarm was an acknowledgement that, after months of predicting the regime would get the upper hand, the situation has instead stalled just at the edge of chaos. The critical question that now follows is how will Hezbollah approach a further deterioration in Syria -- a still likely outcome -- in the coming phase?

Unfortunately for proponents of militarizing the situation, and also those hopeful of violently "declawing" Hezbollah, Nasrallah's new rhetoric does not aid the oft-repeated assertion that, in the event of a bloody Syrian regime collapse, Hezbollah would just absorb the major strategic and ideological blow with a minimal (or symbolic) response. (The corollary myth, it should be pointed out, has been that Iran would similarly limit its response in a militarized event and that Assad diehards, for their part, would also not want or be able to do much harm in their waning moments).

Indeed, he suggested that Hezbollah, together with "the part of the Syrian people" who steadfastly reject what the party believes is essentially a pro-

Zionist push for supremacy over the Levant, will necessarily be forced to use counterforce at some point -- the logic of resistance -- to defend mutual interests so clearly threatened by a direct attack on the regime. "We tell our Syrian brothers," Nasrallah clarified, "people, regime, state, army, parties, and political forces -- your blood is our blood, your future is our future, your life is our life, and our security and fate are one." Ironically then, Nasrallah actually ends up where so many regime opponents who believe in a direct confrontation are now: in the absence of a viable political track, the only way to stave off total chaos, massive violence, and a collapse of one's vital interests will be to introduce decisive counter-violence to the picture.

What is perhaps new here -- and more frightening -- is that Nasrallah now also seems publicly concerned that the Assad regime, and not just the opposition and its external allies, are pushing everyone along a path to war, including Hezbollah. The brutal truth then for Nasrallah is that after having so tightly wed his party to Assad, Hezbollah's own agency in these vital matters -- existential matters as he repeatedly declares -- has been severely undercut. This means that even if Hezbollah would prefer to keep relatively quiet in the event of a violent regime collapse, Nasrallah feels he might now have no choice in the matter if things continue as they have. After all, if we only take his suggestion that Assad's forces are killing women and children in cold blood, then the party understands perfectly well that this regime will also have little regard for sucking its ally into a regional conflict whose timing, scope, and terrain the party would realistically prefer to avoid for now.

As if this was not enough, Hezbollah also knows that there are a multitude of ways by which Assad and his minions could go about accomplishing this task with relative ease -- not least by pulling Israel and Hezbollah into yet another conflict which both parties ideologically crave and which both will be enormously hard pressed to limit, given the underlying mechanics of the relationship.

Even so, all may not be lost or given over only to even more violence. Assad's regime has been significantly weakened over the past few months, evidently less as a result of any fighting and external intervention than as a result of its own wanton and strategically stupid actions. It may have the upper hand, at least for the moment, on the field of battle, but it has done

enormous damage to its moral, ideological, economic, political, and diplomatic standing.

Further, Hamas has abandoned Assad. Russia and China have at least some limits to their support, even if these are only slowly coming into focus. And Nasrallah, still one of the most popular leaders in the Middle East, is apparently trying to grab back some leverage over the pace of events by publically rebuking the regime to stop fanning the violence before it's logic overwhelms everyone and Hezbollah is forced, willingly or not, to "resist." Crucially, too, the United States has privately and publically rejected the path of increased militarization of the Syrian conflict and even signaled a willingness to step back from the demand Assad himself must go as a precondition for any political process.

When you add up all of these factors, now might be exactly the time to get the severely wounded regime caught up in a concerted international process that begins protecting Syrians while slowly and steadily draining Assad's ability and desire to exercise violence. This may not be an ideal situation since the regime's brutality will likely continue and the democratic aspirations of Syrians will only be met gradually. But the alternative of full-blown civil war, and quite possibly a regional war, would be far worse.

Hezbollah, for one, now seems ready to succumb to this logic -- and encourage the regime to bend -- if such a process rejects the use and encouragement of more direct violence. Without this key proviso, however, Nasrallah will likely find himself in the distasteful position of going to battle on the side of an ally that has done so much to undermine the party's claim to represent the weak and the oppressed.

*Nicholas Noe is the editor of "Voice of Hezbollah: The Statements of Sayyid Hassan Nasrallah".*

Article 5.

[Los Angeles Times](#)

## **Will The Lady Rule Burma?**

Timothy Garton Ash

March 29, 2012 -- If Aung San Suu Kyi is elected to Burma's parliament on Sunday, the world will inevitably ask: Has Asia's Nelson Mandela finally met her President F.W. de Klerk? Or, if you prefer a European comparison, has Asia's Vaclav Havel met her Mikhail Gorbachev? Cue episode three in the world's prisoner-to-president sagas?

I do believe that day will come, but let us have no illusions: There are still major obstacles ahead. Wisdom and strength, both inside and outside Burma, will be needed to surmount them.

Whatever happens, Suu Kyi has long since earned the Havel and Mandela comparisons. Like Mandela, she has endured decades of imprisonment, emerging with an extraordinary lack of rancor. Like Havel, she has not only been her country's leading dissident but also analyzed its political and social condition in a universal frame. Listen to the first of the two BBC Reith lectures she delivered last year. Read her free-speech manifesto in the magazine *Index on Censorship*. These are classics of modern dissident political writing, with a new dimension because she speaks always as a devout Buddhist.

Intellectually and morally, there is no comparison between her and Burma's (a.k.a. Myanmar's) military leader in a civilian suit, President Thein Sein.

Politically, however, the opening he has created is remarkable. Hundreds of political prisoners have been released, including some from the important 88 Generation student movement and monks who were active in the so-called saffron revolution of 2007. The military junta has retreated behind a cloak of civilian politics. Freedom of expression and assembly has exploded, though the legal basis for it is still insecure. Activists have been catapulted from the darkness of a prison cell to the blinding flash of paparazzi bulbs.

Remarkably, Thein Sein has risked the wrath of China, Burma's would-be big brother, by suspending construction of the Chinese-funded Myitsone hydroelectric dam. (The energy would have gone mainly to China, the environmental cost to Burma.) He has sought cease-fires with insurgent minority groups, though some armed conflict continues. Suu Kyi's National League for Democracy has been allowed to register as a party. It

has put up candidates in Sunday's elections for 47 of the 48 available seats in the lower house of parliament. Large crowds hail one of those candidates as a savior wherever she goes.

If you had suggested any of this four years ago, as the saffron revolution was brutally crushed, no one would have believed you. Every velvet revolution, every negotiated transition, requires figures in both the regime and the opposition who are ready to take the risk of engagement. At last, Burma seems to have its two to tango.

Now for the warning notes. Both leaders are indeed taking a big risk. The regime's chief astrologer —Burmese rulers favor astrologers over economists — has reportedly predicted that Thein Sein will fall ill this summer.

That illness may be political, if the grossly self-enriched military feels its vital interests are threatened. Just a few days ago, the head of the army warned that the military's special position, enshrined in the 2008 constitution, must be respected.

For Suu Kyi, the risks are also great. The NLD leader recently had to suspend her campaign, apparently worn out by the heat, crowds and exertion. If some on the regime side add electoral fraud to media manipulation, what will she say? Even if the NLD wins all the seats it is contesting, it will have just over 10% of a lower house dominated by the military-created Union Solidarity and Development Party, with 110 seats (one in four) reserved for military appointees. The next general election is not till 2015.

Popular hopes of her miracle-working powers are exceeded only by the scale of the country's problems. Central to those problems, as in Egypt, are the economic privileges of the military. "I don't want to ask what you need before the election," she told voters at an orphanage, "but I will afterward; I promise to come back soon." But what if she can't, being stuck in parliamentary committees in the remote, artificial government city of Naypyidaw? What if she knows the people's needs but cannot supply them?

Sympathetic observers say she risks exchanging one kind of powerlessness for another.

Then there is the complex relationship with the ethnic minorities that make up about one-third of the country's population. And there is China,

which is hardly going to welcome the emergence of a shining, Western-oriented democracy on its doorstep.

Against this, however, there are grounds for optimism. The NLD may not have the kind of organization the African National Congress had in South Africa, but, as Havel showed in Czechoslovakia, mass organizations can emerge with remarkable speed in velvet revolutionary times. There is the social and moral force of the country's Buddhist monks. (I challenge any Burmese general to sneer, "How many divisions has the Buddha?") The regime is clearly keen to get European and American sanctions lifted, so there is some leverage there.

Then there is the country's other mighty neighbor, India, which might at long last choose to encourage next door what it practices at home: democracy. There is the popular momentum that such processes acquire, once begun. And there is The Lady herself, a treasure without price. Astrologers do, after all, make mistakes. Even political scientists have been known to err in their predictions. On what we know today, it looks as if her road from prison to presidency has difficult turns and harsh gradients ahead; 2015 may be a more realistic target date than 2013. And that end will itself, as Havel and Mandela discovered, only be a beginning.

*Timothy Garton Ash, a contributing writer to Opinion, is a senior fellow at the Hoover Institution and professor of European studies at Oxford University.*

Article 6.

Council on Foreign Relations

## **Does the BRICS Group Matter?**

Interview with Martin Wolf

March 30, 2012 -- *The group of fast-growing emerging markets known as the BRICS--Brazil, Russia, India, China, and South Africa--held their fourth annual summit this past week in New Delhi. The leaders of the five nations agreed on new measures to facilitate greater trade within the bloc,*

*including a deal to extend credit facilities in the local currencies of other BRICS countries. They also discussed a potential plan to set up a joint BRICS development bank, which would serve as a counterweight to the Western-dominated World Bank and International Monetary Fund. However, the BRICS have not set out a comprehensive long-term agenda because they are hobbled by internal differences and have "nothing in common," argues the Financial Times' Martin Wolf.*

### **What are the prospects for a BRICS development bank?**

It's not completely obvious to me what it could achieve, given that we have the World Bank and a whole network of big regional development banks. There are big questions about the governance of those institutions, and in particular, the continued domination of the developed countries. The BRICS collectively would be able to shake that if they really try to do so. What's not clear to me is whether this is a bank that would operate everywhere using BRICS money in some way, or whether it would be a BRIC bank. We have enough official banks, and it would make far more sense to improve the governance of what we have than to start creating completely new institutions.

### **What is the significance of the fact that the BRICS did not put forward a candidate for the World Bank presidency, and is it clear where they stand vis-à-vis the U.S. nominee?**

The BRICS are not a group. The BRICS were invented by Jim O'Neil [of Goldman Sachs, in 2001]. They added South Africa to the BRICS [last year], which wasn't originally there, to give some representation of Africa. These countries have basically nothing in common whatsoever, except that they are called BRICS and they are quite important. But in all other respects, their interests and values, political systems, and objectives are substantially diverse. So there's no reason whatsoever to expect them to agree on anything substantive in the world, except that the existing dominating powers should cede some of their influence and power. That's the one thing they have in common.

Secondly, the grouping has very specific jealousies within it, particularly the two most powerful members--in terms of their potential, anyway--

China and India. There's a lot of mistrust between the two, and [it would be] very difficult for them to agree on a candidate. Third, at this stage, I don't think they are particularly interested in quixotic battles. They know the U.S. is likely to get European support. They probably don't regard this--none of the countries individually or collectively--as a first-class issue to use their capital on in a big way. In time, voting shares are going to be adjusted, so sooner or later, the big countries are going to get the power that they need. It's a matter of continuous pressure over time, so why fight this battle now when they don't really care what happens in the World Bank? Because these countries are not very dependent on the World Bank.

There's no reason to expect them to agree on anything substantive in the world, except that the existing dominating powers should cede some of their influence and power.

**What are some objectives that the BRICS agree upon, besides getting the West to cede power?**

Quite a number of them tend to complain about Western protectionism. They obviously are interested in developing trade amongst themselves; that's a potential area of cooperation. But I don't regard the BRICS as a grouping of natural fellows. They are very, very different politically, in terms of their development potential, in terms of the economic fundamentals they have--and they have quite a few conflicts among them.

**There's also been criticism by the BRICS that Western monetary policy has been too loose, and has hurt developing countries. What do you make of that?**

I should have added that as one of the complaints. The answer to that is: "Who the hell cares?" Western policy is made in light of what the Western countries see as their interests. And these countries make their monetary policy in light of their interests. There is no global monetary system at all, of any kind, that disciplines this. So the reality is [that] we live in monetary policy anarchy, from a global point of view, in which each country pursues its own interest. So I regard these as completely fruitless complaints, unless we start thinking about a total reordering of the global

monetary system, which these countries don't want any more than the developed countries want because they would all lose sovereignty.

I think the developed countries' monetary policies are reasonable, given their circumstances. At least implicitly, there's actually some concern about the monetary policies of some BRICS among other BRICS. For example, it's pretty clear Brazil is concerned about Chinese currency intervention. Finally, part of this is scapegoating--unpleasant things happen to you, your exchange rate appreciates too much, there's some inflation in the world, you have to find someone to blame--it's very convenient to blame the monetary policy of the developed world. In most of these cases, the connection is really not that o

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