

From: Office of Terje Rod-Larsen <[REDACTED]>
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Article 1.

The Washington Post

A step forward in Iranian nuclear talks

David Ignatius

June 12 - The Iran nuclear negotiations may not be headed toward a dead end in Moscow next week, as feared. Iran's top negotiator has said he is ready to "engage on the proposal" from Western nations for Iran to export

its supply of 20 percent-enriched uranium as a first step toward a broader nuclear deal. Saeed Jalili, the Iranian chief representative in the talks, made the comment in a phone conversation Monday night with Catherine Ashton, the chief European Union diplomat who heads the “P5+1” negotiating group of major powers. Jalili also dropped Iran’s call for another preliminary meeting to prepare for the Moscow session, which is set for next Monday and Tuesday.

“They backed down,” a European diplomat who is involved in the talks told me Monday. “They had been setting up a failure in Moscow and preparing to blame us for it,” he said, arguing that the renewed agreement to engage, after several weeks of foot-dragging, was “a small diplomatic victory” for Ashton.

“The formula we have agreed is that they will engage in the substance of our proposal,” the diplomat said. “In turn we will think a bit about their ideas.” He added that the Western powers have not yet offered to halt the economic sanctions that will take effect June 28 and July 1, though they have said that Iran’s “steps will be met by reciprocal steps.”

The Iran talks have been a roller coaster of speculation, with hopes rising and falling as each side plays out the game of expectations. The opening meeting in Istanbul, in April, produced a surge of optimism, which plunged to foreboding after the meeting in Baghdad last month. Some have predicted that the talks might collapse altogether after next week’s meetings, given Iran’s behavior in Baghdad and since.

Is this just Tehran’s way of stringing along the talks, while it continues to push ahead with enrichment of uranium that could eventually be used to make a bomb? That’s precisely what some analysts predicted the Iranians would do — show just enough progress at each session to keep the negotiations going, without ever actually getting to yes.

The counterargument is that time is actually working against the Iranians, because the P5+1 have made no promise that they would remove major sanctions if Iran agreed to export its existing stockpile of uranium enriched to 20 percent.

Iranian officials have yet to make their own formal proposal on the nuclear issue, even though Ashton presented them with a written plan in Baghdad. But intriguingly, the Iranians are said to have “left behind” in Baghdad

some documents outlining their positions on Syria and Bahrain, two regional issues where Tehran has major interests.

The possible linkage of the nuclear issue to Iran's broader diplomatic agenda is bound to be controversial. The United States and its allies have wanted to limit conversations to nuclear matters; Iran evidently seeks a diplomatic engagement that addresses a much wider range of security matters in the region.

The encouraging exchange between Ashton and Jalili comes after several weeks of growing pessimism about the negotiations. At the disappointing session in Baghdad late last month, Jalili said that Ashton and her team "must have been mistaken" if they thought the deputy Iranian negotiator, Ali Bagheri, had agreed to discuss details on exporting enriched uranium. In conversations since Baghdad, Bagheri is said to have been less cooperative, sending what the European diplomat described to me as "increasingly acerbic letters" to Ashton's deputy, Helga Schmid.

A skeptic would caution that the Iranians, for all the hints and suggestions about exporting their stock of 20 percent-enriched uranium, haven't yet put a word on paper. In contrast, Ashton's Baghdad proposal was reiterated in letters sent by her deputy June 4 and June 11. In terms of the choreography of the talks, the Western powers appear to be chasing after Iran, which is never a good sign in negotiations.

In the background, as ever, remain the drivers for diplomacy: Economic sanctions have already damaged the Iranian economy and are soon going to get considerably worse; Iran also faces the threat of possible Israeli military action, and the now-confirmed U.S. use of cyberweapons to disrupt the program. There's a lot of theater here, to be sure, but also a danger of significant conflict if progress isn't made soon.

Article 2.

The Washington Post

Iranians know their history

Walter Pincus

June 12, 2012 -- Know your adversary, goes the adage, and that is good advice when it comes to thinking about Iran and its nuclear program. But it is just as important to remember the United States' own history in dealing with Tehran. Iranians do.

"The majority, including the supreme leader, Ali Khamenei, they doubt the real intention of the U.S. Specifically, the leader maintains that the real, the core policy of the U.S. is regime change."

That's Seyed Hossein Mousavian, discussing his new book, "The Iranian Nuclear Crisis: A Memoir," last Tuesday at the Brookings Institution. Iran's former nuclear spokesman and a member of the Iranian nuclear negotiating team from 2003 to 2005, Mousavian was later arrested and tried for espionage by the government of President Mahmoud Ahmadinejad. Today, Mousavian is a research scholar at Princeton University's Program on Science and Global Security.

Everyone recalls that regime change was the stated U.S. policy for most of the eight years of President George W. Bush's administration, but few Americans realize that the younger Bush was a latecomer to American attempts to control Iran's government.

Recall the August 1953 military coup that overthrew the elected government of Prime Minister Mohammad Mosaddeq, an event that led to the 25-year autocratic rule of Shah Mohammad Reza Pahlavi.

That coup was largely the result of a joint covert operation run by the CIA and its British equivalent, MI6. Within the United States, the overthrow was hailed the end of a potential pro-communist regime; for Iranians it ended the country's drive to assert sovereign control over its own resources, primarily oil. It also smothered the country's nascent nationalist movement and restored to power a monarch reliant on the West.

The 1953 coup "changed the course of democracy [in Iran] and led to dictatorships," Mousavian said Monday in a telephone interview. But even more present in the minds of today's Iranians, according to Mousavian, was Washington's bias in the 1980s toward Saddam Hussein's Iraq after it invaded Iran.

Mousavian said that some 300,000 Iranians were killed or injured in the eight years of war that ensued and that U.S. policies in that era have had a profound impact on "the families of those who died or were wounded."

Of course the United States was not acting in a political vacuum. The November 1979 seizure of the U.S. Embassy in Tehran by Islamist student and militants and the holding of 52 Americans as hostages for 444 days has permanently remained as a symbol of the radical nature of the regime guided by Ayatollah Ruhollah Khomeini.

Though Americans saw the embassy seizure as a strike against the United States, within Iranian political circles it was seen as a clever step by Khomeini and his fellow mullahs to get rid of the Iranian exiles who had taken over the Iranian government in the wake of the 1979 revolution. There is another bit of history that Iranians remember and Americans don't. In 1976, President Gerald Ford signed a directive allowing the shah's government in Tehran to buy and operate a U.S.-built reprocessing facility for extracting plutonium from used nuclear reactor fuel as part of a multibillion-dollar deal to purchase American nuclear power plants. After 1979, according to Mousavian, the Khomeini revolutionary government decided against many power plants and the enrichment facility. The Bushehr nuclear power plant, which was begun in 1975 with German help, was halted in 1979, but restarted with the Russians in 1995 despite U.S. objections.

It was at this time, Mousavian said, that Iran, now under Khamenei, decided "to go for self-sufficiency for fuel." The reason, he said at Brookings, was that the French halted a prior enrichment agreement. Under that plan, Iran paid \$1.2 billion for a joint facility inside France. But technical issues, delays in restarting Bushehr and U.S. pressure helped end the joint project, according to Mousavian.

Against that background, consider these other factors on the Iranian side as the current struggle over Iran's nuclear program plays out.

Iranians in general support their right under the Non-Proliferation Treaty to enrich uranium. As Mousavian put it: "Regardless of who is ruling Iran . . . no one would make concession on the rights of Iran for enrichment."

On sanctions, Mousavian said, "I'm 100 percent sure if even they [the United States and others] go for further crippling sanctions, Iranians, they would not change their nuclear policy. When I say nuclear policy, the core issue is the rights under NPT. This is the core issue. They would not give it up."

Towards a new Arab cultural revolution

Alastair Crooke

12/6/12 - The "Awakening" is taking a turn, very different to the excitement and promise with which it was hailed at the outset. Sired from an initial, broad popular impulse, it is becoming increasingly understood, and feared, as a nascent counter-revolutionary "cultural revolution" - a reculturation of the region in the direction of a prescriptive canon that is emptying out those early high expectations, and which makes a mockery of the West's continuing characterization of it as somehow a project of reform and democracy. Instead of yielding hope, its subsequent metamorphosis now gives rise to a mood of uncertainty and desperation - particularly among what are increasingly termed "the minorities" - the non-Sunnis, in other words. This chill of apprehension takes its grip from certain Gulf States' fervor for the restitution of a Sunni regional primacy - even, perhaps, of hegemony - to be attained through fanning rising Sunni militancy [1] and Salafist acculturation. At least seven Middle Eastern states are now beset by bitter, and increasingly violent, power struggles; states such as Lebanon, Egypt, Libya, Bahrain and Yemen are dismantling. Western states no longer trouble to conceal their aim of regime change in Syria, following Libya and the "non-regime-change" change in Yemen. The region already exists in a state of low intensity war: Saudi Arabia and Qatar, bolstered by Turkey and the West, seem ready to stop at nothing to violently overthrow a fellow Arab head of state, President Bashar al-Assad - and to do whatever they can to hurt Iran. Iranians increasingly interpret Saudi Arabia's mood as a hungering for war; and Gulf statements do often have that edge of hysteria and aggression: a recent editorial in the Saudi-owned al-Hayat stated: "The climate in the GCC [Gulf Cooperation Council] indicates that matters are heading towards a GCC-Iranian-Russian confrontation on Syrian soil, similar to what took place in Afghanistan during the Cold War. To be sure, the decision has been taken to overthrow the Syrian regime, seeing as it is vital to the regional influence and hegemony of the Islamic Republic of Iran." [2]

What genuine popular impulse there was at the outset of the "Awakening" has now been subsumed and absorbed into three major political projects associated with this push to reassert primacy: a Muslim Brotherhood project, a Saudi-Qatari-Salafist project, and a militant Salafist project. No one really knows the nature of the Brotherhood project, whether it is that of a sect, or if it is truly mainstream [3]; and this opacity is giving rise to real fears.

At times, the Brotherhood presents a pragmatic, even an uncomfortably accommodationist, face to the world, but other voices from the movement, more discretely evoke the air of something akin to the rhetoric of literal, intolerant and hegemonic Salafism. What is clear however is that the Brotherhood tone everywhere is increasingly one of militant sectarian grievance. And the shrill of this is heard plainly from Syria.

The joint Saudi-Salafist project was conceived as a direct counter to the Brotherhood project: the Saudi aim in liberally funding and supporting Saudi-orientated Salafists throughout the region has been precisely to contain and counter the influence of the Brotherhood [4] (eg in Egypt) and to undermine this strand of reformist Islamism, which is seen to constitute an existential threat to Gulf state autocracy: a reformism that precisely threatens the authority of those absolute monarchs.

Qatar pursues a somewhat different line to Saudi Arabia. Whilst it too is firing-up, arming and funding militant Sunni movements [5], it is not so much attempting to contain and circumscribe the Brotherhood, Saudi-style, but rather to co-opt it with money; and to align it into the Saudi-Qatari aspiration for a Sunni power block that can contain Iran.

Plainly the Brotherhood needs Gulf funding to pursue its aim of acquiring the prime seat at the region's table of power; and therefore the more explicitly sectarian, aggrieved discourse from the Brotherhood perhaps is a case of "he who pays the piper" ... Qatar and Saudi Arabia are both Wahhabi Salafist states.

The third "project", also highly funded and armed by Saudi Arabia and Qatar - uncompromising Sunni radicalism - forms the vanguard of this new "Cultural Revolution": It aims however not to contain, but simply to displace traditional Sunnism with the culture of Salafism. Unlike the Brotherhood, this element, whose influence is growing exponentially -

thanks to a flood of Gulf dollars - has no political ambitions within the nation-state, per se.

It abhors conventional politics, but it is nonetheless radically political: Its aim, no less, is to displace traditional Sunnism, with the narrow, black and white, right and wrong, certitude embedded in Wahhabi Salafism - including its particular emphasis on fealty to established authority and Sharia. More radical elements go further, and envision a subsequent stage of seizing and holding of territory for the establishment of true Islamic Emirates [6] and ultimately a Kalifa.

A huge cultural and political shift is underway: the "Salafisation" of traditional Sunni Islam: the sheering-away of traditional Islam from heterogeneity, and its old established co-habitation with other sects and ethnicities. It is a narrowing-down, an introversion into a more rigid clutching to the certainties of right and wrong, and to the imposition of these "truths" on society: it is no coincidence that those movements which do seek political office, at this time, are demanding the culture and education portfolios, rather than those of justice or security. [7] These Gulf States' motives are plain: Qatari and Saudi dollars, coupled with the Saudi claim to be the legitimate successors to the Quraysh (the Prophet's tribe), is intended to steer the Sunni "stirrings" in such a way that the absolute monarchies of the Gulf acquire their "re-legitimation" and can reassert a leadership through the spread of Salafist culture - with its obeisance towards established authority: specifically the Saudi king.

Historically some of the radical Sunni recipients of Saudi financial largesse however have also proved to be some of the most violent, literalist, intolerant and dangerous groups - both to other Muslims, as well as to all those who do not hold to their particular 'truth'. The last such substantive firing-up of such auxiliaries occurred at the time of the Soviet occupation of Afghanistan - the consequences of which are still with us decades later today.

But all these projects, whilst they may overlap in some parts, are in a fundamental way, competitors with each other. And they are all essentially "power" projects - projects intended to take power. Ultimately they will clash: Sunni on Sunni. This has already begun in the Levant - violently. Salafism both of the Saudi, and the of radical, orientation are being fired-up in Yemen, Iraq, Syria, Lebanon [8], Egypt, north Africa, the Sahara,

Nigeria, and the horn of Africa. No wonder Russia is concerned: Central Asia [9] is unlikely to prove immune either. Its leaders do recall, only too well, the impact on Russia's backyard, of that earlier "stirring" associated with Afghanistan.

They find it difficult to understand how Europeans can again "look aside" from what is occurring for the transient domestic "pleasures" of been seen to "take-down dictators", when this new radical stirring across the Middle East, Africa and tentatively Central Asia, is happening right on Europe's own doorstep - just across the Mediterranean.

The evolving cultural shift has another dimension - one first pinpointed by the Turkish foreign minister more than a year ago: The "Awakening", the minister said, marks the end of a historical chapter of the divisions imposed on Muslims by the great powers when they fragmented, and divided up the old provinces of [Sunni] Ottoman rule. Ahmet Davutoglu saw the "Awakening" principally as a "coming together" again of Muslims - an "undoing" of an historic fragmentation.

Not surprisingly, this theme of a pan-Muslim community, and the reclaiming of the Sunni sphere, is increasingly heard today. [10] Davutoglu did not mention the word umma ; or community of believers, but many now are. And it is a discourse that greatly frightens the many in the region , who do not want to be labelled or treated as "minorities"; and thus forfeit their self-identity as equal citizens - with all its eerie echoes of the Ottoman Sunni Muslim hegemony. [11]

This cultural shift toward re-imagining a wider Muslim polity (no one for now is suggesting dissolving their own nation-states, although the prime minister of Tunisia has suggested he anticipates the beginning of the Fourth Caliphate) holds important implications for the Palestinian-Israeli conflict too.

Over recent years we have heard the Israelis emphasize their demand for recognition of a specifically Jewish nation-state, rather than for an Israeli State, per se. A Jewish state that in principle would remain open to any Jew seeking to return: a creation of a Jewish umma, as it were. Now it seems we have, in the western half of the Middle East, at least, a mirror trend, asking for the re-instatement of a wider Sunni nation - representing the 'undoing' of the last remnants of the colonial era. What will this mean for Palestine? Will the demand for Palestinians' legal rights to a nation-state,

be affected too by this cultural impulse towards a wider Islamic nation and polity? Will we see Palestinian rights, grounded in the nation-state concept gradually metamorphosize into a more explicit, meta-national Islamic aspiration? Will we see the struggle increasing epitomized as a primordial struggle between Jewish and Islamic religious symbols - between al-Aqsa and the Temple Mount?

It seems that both Israel and its surrounding terrain are marching in step toward language which takes them far away from the underlying, largely secular concepts by which this conflict traditionally has been conceptualized. What will be the consequence as the conflict, by its own logic, becomes a clash of religious poles?

This prospect may sound gloomy to some - perhaps even a little threatening - but this is largely because the Middle East is so often approached without any real homework being done; without regard for international law; without regard for the UN charter, and without regard for the rights of nations to be themselves in their own way.

Inherently unsound and inflated Western expectations - when they implode - always have resulted in the ubiquitous call for "something to be done" which now has come to mean "something being done" through by-passing international law, sovereignty and the UN, and dictated by an Orwellian, self-selecting, "Friends of ..." grouping - however disastrous the consequences of "that something" may turn out to be.

Syria has become the crucible of these external coercions; with events in Syria [12] being defined by this hugely potent deployed Gulf power for the purpose of building their "new Middle East"; rather than being defined by some over-simplistic narrative of reform versus repression, which sheers Syria away from its all-important context.

Many Syrians see the struggle now not so much as one of reform - though all Syrians want that - but now as a more primordial, elemental fight to preserve the notion of Syria itself, a deep-rooted self-identity amidst fears that touch on the most sensitive, inflamed nerves within the Islamic world. Not surprisingly for many, security now trumps reform.

Undoubtedly the region is entering a profound and turbulent struggle to define its future, and that of Islam. But this phase may not prove as defining as some may think (or hope): Whilst the Gulf has pursued its objectives a outrance, it is also vulnerable.

The Saudi king may aspire to unify the Sunni world to his vision, but he is unlikely to succeed in this way: his harsh vendetta towards Assad is not unifying the region, it is souring it; and the recourse to militant Sunnism is fomenting civil, violent struggle in many states: in the Levant, and beyond, it is already pitting Sunni against Sunni.

Syrian self-identity, as for many others in the region, was never a sectarian one, but was rooted in a belonging to one of the great nations of the region with a "model of society" which had "more religious freedom and tolerance ... than in any other Arab country".

Syrians did not view themselves as primarily identified by sect. Wahhabi-style sectarian intolerance is foreign to the Levant, even to Levant Sunnism. We are already witnessing, in Egypt, for example, push-back against movements seen to be motivated primarily by considerations of sect - even from those who see themselves as Islamist. They seek not another type of strait-jacket. The question is being asked: has the Brotherhood switched from "patience" to "domination"? There is a sense now of something fundamentally lost: with this authoritarian re-culturization - where now is any real reforming, revolutionary zeal?

Alastair Crooke is founder and director of Conflicts Forum and is a former adviser to the former European Union foreign policy chief Javier Solana from 1997-2003.

Article 4.

The Daily Star

Egypt faces hard economic challenges

Mohammed Samhuri

12/06/2012 -- Regardless of who is elected, one of the toughest challenges the new president of Egypt will face is to secure the hefty \$22.5 billion needed to finance the deficit of the recently released state budget for the fiscal year 2012-2013. Given the sorry state of the post-Mubarak economy and the deep financial woes of the past 16 months – compounded by the political unrest and uncertainty likely to persist even after the inauguration – this will be a daunting task. On June 4, the government finally submitted

its new FY 2012-2013 budget to Parliament for ratification – two months past the April 1 deadline. The interim Cabinet had endorsed the budget on May 17 and presented it to the ruling Supreme Council of the Armed Forces for approval. As in the recent past, most expenditures (78 percent of the new budget) will finance three major items: salaries for an estimated 6 million state employees, subsidies for energy and basic foodstuffs, and service payments for domestic and foreign debt – which is fast approaching the size of Egypt’s economy. This time, however, finding the resources to bridge the financing gap of the new budget will prove much more challenging.

Post-revolution fiscal troubles started with the present FY 2011-2012 budget – the first one put together after Mubarak was overthrown. Its estimated funding gap was \$23 billion – about 10 percent of Egypt’s gross domestic product – and was mostly financed through two main sources: domestic borrowing and Egypt’s foreign exchange reserves.

Neither of these is likely to be available to finance next year’s deficit. Official foreign reserves have been depleting at an average rate of \$1.4 billion a month and are now down to less than 40 percent of their January 2011 level. At \$15.2 billion, this is barely enough to cover three months’ worth of imports.

Likewise, the Egyptian banking sector has been weakened by extensive government borrowing: 50 percent of banks’ total deposits are presently in treasury bills and state bonds, and 75 percent of all new deposits go to finance the state’s recurrent expenditures – leaving little overall to the private sector. This has resulted in a record 16 percent interest rate – not to mention the high (and rising) exposure of the financial industry to sovereign debt.

Worse still, the Central Bank of Egypt has lowered the required reserve ratio twice this year – on March 20 from 14 to 12 percent, then once more on May 28 to 10 percent – to provide local banks with excess liquidity to buy treasury bills. Yet this will further increase banks’ exposure to state debt. Desperate for cash, the government issued “diaspora bonds” last March in an attempt to tap into the savings of the Egyptian expats in the Arab Gulf region. Though no official figures have been released, proceeds from the sales so far seem to fall very short of the \$2 billion the government had projected. Two external factors could add to the fiscal

predicament in the next year. Sluggish growth in Europe (projected at near zero in 2012) could pinch Egypt's prime export market (36 percent in 2010) and the source of much of its foreign investment (61 percent in 2010). Additionally, Egypt remains very vulnerable to world food and fuel prices – it imports 60 percent and 40 percent of both commodities respectively. Price spikes could further complicate fiscal management. With current sources of finance becoming either unattainable or insufficient – and barring banknote printing or politically risky budget cuts – one option remains to finance the next year's deficit: foreign borrowing. Egypt's current external debt, at \$33.7 billion, is relatively low to its overall debt and GDP, constituting 15 percent and 13 percent respectively. But accruing foreign debt may prove problematic for a variety of reasons. For one, the country's global credit rating has slid as a result of continued political unrest, growing fiscal deficit, and declining foreign reserves. Over the span of just four months (October 2011 to February 2012), Standard & Poor's downgraded Egypt's long-term foreign-currency sovereign credit rating three separate times: from BB to BB-, later to B+, and then to B. This makes borrowing from international financial markets much more costly, as demonstrated earlier this year when negotiations broke down between the Egyptian General Petroleum Company and Morgan Stanley over a billion-dollar loan because of the restrictive terms. Borrowing from international organizations may not come easy either. For the past six months, Egypt has negotiated with the International Monetary Fund for a \$3.2 billion loan without being able to close the deal. Lack of internal political consensus over the loan (a condition set by the IMF) is said to be delaying the final approval. The inability to arrive at an agreement seems to be a result of party politics rather than of divergent views on the nature of the constraints facing the country's public finances. Apparently, the Islamist Freedom and Justice Party did not want an interim government to negotiate a loan deal.

Even the \$20 billion promised a year ago by the G-8 nations in the "Deauville Partnership" – reaffirmed last month at the G-8 Camp David Summit – to assist reform in the countries of the Arab Awakening (mainly Egypt and Tunisia) seems out of reach. This financial assistance was intended to support these nations' efforts to (among other things) improve governance, increase economic and social inclusion, and modernize their

economies. In the midst of Egypt's bumpy transitional period, little was done to reform these areas and, as a result, money for support has not been forthcoming. Given the stunning outcome of the first round of presidential elections and the largely problematic choice of candidates presented to voters in the runoff, it is highly doubtful that post-election Egypt will, at least in the short term, be any different.

But the money has to come from somewhere if Egypt is to avoid an economic calamity that could be triggered by a sharp fall of the Egyptian pound – which many analysts have been predicting for more than six months. With domestic financing no longer available at an acceptable cost to the economy, the resort to the increasingly hard-to-get external support has quickly become the only option.

Whoever the new president of Egypt will be, he has a tough sale to make. Two audiences are critical to his success in defusing the ticking fiscal time bomb. He must convince a newly empowered constituency of the urgent need for outside aid, including debt – something they have resented of late. Second, he must show Egypt's prospective donors and lenders (both in the region and outside) a workable plan to stabilize the country in two crucial areas: internal security and economic reforms. Given the political complexities surrounding the runoff to come, this “sale” could very well be close to impossible.

So forget the promises made during the presidential election campaign season; they all pale in comparison to the enormous and much more immediate fiscal challenges the new president will face when he takes his office on July 1 – not just inauguration day, but the beginning of the new fiscal year.

Mohammed Samhuri is a senior economist at the Cairo-based Regional Center for Strategic Studies, and a former senior fellow and lecturer at Brandeis University's Crown Center for Middle East Studies in Boston.

The Salafi Question: Egypt's Constitutional Moment

Amitai Etzioni

[JUNE 11, 2012](#) -- After the Muslim Brotherhood gained 40 percent of the vote and the Salafis 25 percent in the [first round of Egypt's parliamentary elections](#), Rana Abdelhai, a student, [told New York Times columnist Nicholas Kristof](#) that while she would never vote for a Muslim Brotherhood or Salafi candidate, "This is democracy now. We have to respect who other people choose, even if they make the wrong choice." A few days earlier, Dalia Zaida, a young activist, made a similar [comment to an NPR reporter](#), saying, "I'm worried, but you know, as someone who really believes in democracy, I have to respect people's choice." Many others seem to share this view. Kristof considered Abdelhai's observation "wise."

Such observations represent a very basic but surprisingly common misunderstanding about democracy, namely that it is the rule of the majority. According to this view, if a majority voted that boys can go to school but girls cannot, one must accept this ruling because it was determined in a legitimate way—and to contest it would be to undermine democracy. One may, of course, seek to convince the majority of voters to support equal rights for women or generally respect individual rights—but for now, whatever the majority enacts is to be considered legitimate. True, even among those who hold this very truncated view of democracy, there are some who recognize that if a party seeks to use its majority to destroy the democratic process, it may be excluded from participating in the elections and from being represented in the legislature. Thus, some political scientists argue that when the Nazis were on the rise in Germany in the 1920s and clearly sought to establish a tyranny, they should not have been allowed to gain legitimacy by winning elections to the Parliament and, ultimately, having their leader named Chancellor of Germany. Indeed, post-WWII Germany [outlawed the Nazi Party](#). And decades later, German interior ministers are attempting to [exclude the far-right National Democratic Party](#) from elections. Other countries, like Belgium and Spain,

have similarly [sought to ban parties](#) that pose threats to national security, resulting in racist and secessionist parties like Vlaams Blok and Batasuna being forbidden from competing in elections. These nations have banned select political parties, [citing](#) “the need of democratic states to be vigilant and aggressive in defending themselves against antidemocratic threats from within—particularly the threat posed in the electoral arena by antidemocratic parties using democratic elections to assume power.” The Salafis, however, do not hold that they would end the democratic process. They mainly seek to use it to enact laws that will [make their literalist interpretation of Islam and Sharia the law of the land](#). As Ed Husain, a Senior Fellow at the Council on Foreign Relations, [put it](#): “Egypt’s Salafis are trying to create the caliphate via the ballot box.” Kristof [suggests](#) that one should not be too troubled just because “some Salafi leaders have made extremist statements such as suggesting that women and Christians are unfit to be leaders, raising questions about the peace treaty with Israel, and denouncing the great Egyptian Nobel laureate in literature, Naguib Mahfouz, for sacrilege.” These statements can be viewed as merely symbolic, “a bit like ‘In God We Trust’ on American coins.” Actually, Salafi activists favor [stoning of adulterers](#) and [cutting off the hands of thieves](#). They [advocate](#) gender segregation in the workplace, outlawing public displays of affection, and excluding women and non-Muslims from holding executive positions. Moreover, “almost all Salafis [believe and constantly remind each other](#) of the need to be loyal only to Muslims, and to hate, be suspicious of, not work in alliance with, and ensure only minimal/necessary interaction with non-Muslims.” And Salafis justify violence against Muslims they consider apostates (for example, those who have converted to other religions). If such positions are not deeply troubling, one wonders what is.

One may argue that the Salafis command only about a quarter of the vote. However, policies that violate individual rights on a large scale could be enacted quite readily if the Salafis convinced the Muslim Brotherhood to support key measures they favor in exchange for their support for other agendas of the Muslim Brotherhood. Supporters of Egyptian democracy, therefore, [may legitimately question](#) [PDF] whether the Salafis—and comparable parties in other budding Middle East democracies—should be

denied a place in democratically-elected legislatures, just as Nazi parties were in Germany and fascist parties in Italy, Norway, and the U.K.

The Egyptian electorate was not afforded the opportunity to discuss the kind of government they wanted.

One answer lies in a correct understanding of the foundation of democracy, which of course is not only rule by the majority, but also a form of government in which the policies on which the majority can vote are greatly limited by individual and minority rights, by the constitution.

(Scholars often refer to liberal democracy, although the term “constitutional democracy” may be clearer, especially for those who are not political scientists.) Under such a government, the majority cannot act on many of the key elements of the Salafī agenda. The Salafīs are, in effect, attacking the foundations of democracy—only they are attacking a different pillar: not the institutionalized opportunity to change those in power by via the ballot box nor to pass laws on the basis of a majority vote in the legislature, but individual rights, which are a coequal foundation and an essential element of a true democracy.

There are, however, strong pragmatic reasons for Egypt to tolerate the Salafī party and movement, despite their strong anti-democratic tendencies, as long as they command such a large following. Instead, the writing of the constitution could have been used as an opportunity to share with the Egyptian electorate (and others) the lesson of what democracy entails.

Political scientists use the term “constitutional moment” to refer to a phase that often follows the breakdown of an old regime and the foundation of a new one. People engage in intense dialogue about the nature of the polity they are forming, the kind reflected famously in the Federalist and Anti-Federalist Papers. It is crucial that these deliberations engage the people—and not merely those represented in the committees that write the new constitution. “During constitutional moments,” according to [Mark Tushnet’s summary](#) [PDF] of Bruce Ackerman’s popular view of the concept, “the general public was deeply engaged in deliberation about the public interest, and the people in the aggregate took a relatively impartial view about developing public policy.” It is here that an opportunity to form a new consensus arises—in this case, to decide which rights will be taken as “self-evident” and immune from majority vote. Neil Walker [notes](#), “As well, however, as standing out from what came before and what came after,

the constitutional moment is also characterised by its role in altering the framework within which ordinary politics unfolds.” Caitria O’Neill describes the cost of failing to take advantage of the constitutional moment as “enormous,” [pointing out](#), “The window of opportunity presented by the constitutional moment can easily be lost.” After the fall of communism, Poland had a prolonged and intensive national dialogue about its constitution; this is one reason its transition to democracy has been more successful than that of many other former parts of the Eastern Bloc. This “constitutional moment” was lost in Iraq after the toppling of Saddam and in Afghanistan after the toppling of the Taliban in part because of heavy-handed American drives to shape the constitutions in ways that the U.S. favored. In the process, the United States succeeded in getting the new governments of Iraq and Afghanistan to include in their constitutions several Western, liberal principles alongside several Islamic ones—but ones that were not built on widespread consensus and public support for the framing document.

In Egypt, the writing of the constitution was deferred and elections were rushed. Consequently, the Egyptian electorate was not afforded the opportunity to have a dialogue about the kind of government they wanted and what makes a true democracy; the Salafis were elected, and they will play a role in drafting the constitution and in shaping whatever national dialogue will take place. Consequently, it may take much longer for the Egyptian people to realize that the Salafis are antithetical to a true democratic regime and to curtail support for them, let alone consider banning them from participating in elections. Other nations in the Middle East and elsewhere, where political Islam is on the rise, ought to take note.

Amitai Etzioni is founder and director of The Institute for Communitarian Policy Studies at George Washington University and author, most recently, of [New Common Ground : A New America, A New World](#).

The Indian Miracle Lives

Shashi Tharoor

11 June 2012 -- New Delhi – To hear some people tell it, the bloom is off the Indian economic rose. Hailed until recently as the next big success story, the country has lately been assailed by bad news.

Tales abound of investor flight (mainly owing to a retrospective tax law enacted this year to collect taxes from Indian companies' foreign transactions); mounting inflation, as food and fuel prices rise; and political infighting, which has delayed a new policy to permit foreign direct investment in India's retail-trade sector. Some have even declared that the "India story" is over. But today's pessimism is as exaggerated as yesterday's optimism was overblown. Even as the world has faced an unprecedented global economic crisis and recession, with most countries suffering negative growth rates in at least one quarter in the last four years, India remains the world's second-fastest-growing major economy, after China. Many reasons have been cited for this success. India's banks and financial institutions were not tempted to buy mortgage-backed securities and engage in the fancy derivatives trading that ruined several Western financial institutions. And, though India's merchandise exports registered declines of about 30%, services exports continued to do well. Moreover, remittances from overseas Indians remain robust, rising from \$46.4 billion in 2008-2009 to \$57.8 billion in 2010-2011, with the bulk coming from the blue-collar Indian expatriate community in the Gulf. Finally, the external sector accounts for only about 20% of India's GDP. Most of the economy is a domestic affair: Indians producing goods and services for other Indians to consume in India. The Indian private sector is efficient and entrepreneurial, and is compensating for the state's inadequacies. (An old joke suggests that the Indian economy grows at night, when the government is asleep.) India is good at channeling domestic savings into productive investments, which is why it has relied so much less on foreign direct investment, and is even exporting capital to OECD countries, where it is well able to control and manage assets in sophisticated financial markets. Indeed, India, home of Asia's oldest stock market and a thriving

democracy, has the basic systems that it needs to operate a twenty-first-century economy in an open and globalizing world.

There are other reasons for confidence that India will weather the storm. Not only does India have considerable resources of its own to put towards investment; as the persistence of global recession drives down returns in the West, foreign investors will look anew at India.

Still, many are inclined to compare India unfavorably with China, so a few macroeconomic numbers are worth considering. Half of India's growth has come from private consumption, and less than 10% from external demand; by contrast, 65% of China's real GDP growth comes from exports, and only 25% from private consumption. China is thus far more vulnerable to external shocks. Moreover, India has the highest household savings rate in Asia, at 32% of disposable income. In fact, households account for 65% of India's national annual savings, compared to under 40% in China. Bad loans account for only 2% of Indian banks' credit portfolios, versus 20% in China. And India's workforce has been growing at nearly 2% annually in the last decade, while China's grew at less than 1%. Putting China aside, India's economy grew by 6.5% in 2011-2012, with services up by 9% and accounting for 58% of India's GDP growth – a stabilizing factor when a world in recession cannot afford to buy more manufactured goods.

McKinsey & Company estimates that the Indian middle class will grow to 525 million by 2025, 1.5 times the projected size of the US middle class. According to last year's census, the country's 247 million households, two-thirds of them rural, reported a rise in the literacy rate to 74%, from 65% in 2001. In just the last two years, 51,000 schools were opened and 680,000 teachers appointed. An impressive 63% of Indians now have phones, up from just 9% a decade ago; 100 million new phone connections were established last year, including 40 million in rural areas; and India now has 943.5 million telephone connections. Nearly 60% of Indians have a bank account (indeed, more than 50 million new bank accounts have been opened in the last three years, mainly in rural India). Some 20,000 MW in additional power-generation capacity was added last year, with 3.5 million new electricity connections in rural India. As a result, 8,000 villages got power for the first time last year, and 93% of Indians in towns and cities now have at least some access to electricity. These trends all augur well for India's economic future. And they aren't slowing: India is looking for \$1

trillion in infrastructure development over the next five years, most of it in the form of public-private partnerships. This offers hugely exciting opportunities to investors.

The real picture of dogged progress is far removed from the perception of a government beset by inaction and policy paralysis. As Prime Minister Manmohan Singh modestly put it: “I will be the first to say we need to do better. But let no one doubt that we have achieved much.”

Shashi Tharoor, a member of India's parliament, was Indian Minister of State for Foreign Affairs from 2009-2010, and served as United Nations Under-Secretary-General from 2001-2007. In addition to his expertise in Indian foreign policy and global affairs, he is an author of literary fiction, whose novels, including Riot, The Great Indian Novel, and Show Business, explore the intricacies of Indian society and the hidden underpinnings of its everyday life.