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Peace Report 2012 – A Selection of Texts

The Peace Report is the joint yearbook of the institutes for Peace and Conflict Studies in Germany (www.Friedensgutachten.de). It has been published annually since 1987. Researchers from various disciplines examine ongoing international conflicts from the perspective of peace strategy. Their analyses are the basis for the editors' statement which summarizes and assesses the results and formulates recommendations for peace and security policies in Germany and Europe. With the exception of this statement, which has been translated in recent years, the Friedensgutachten has been published only in German. Because quite a few of our recommendations touch on not only German, but also the European policy issues, we have, for the past few years, been presenting our main findings not only in Berlin, but also in Brussels. For this reason, we have translated more texts into English for the first time.

This is a selection of texts from the Peace Report 2012, which is published on behalf of the four institutes by Bruno Schoch, Corinna Hauswedell, Janet Kursawe, and Margret Johannsen. It was presented at the Federal Press Conference, to several parliamentary committees, and to the Ministry of Foreign Affairs in Berlin on May 22, 2012. Following the editors' statement, it consists of five hand-picked articles that are concerned with the most pressing issues of our time: Global power shifts both between states and from states towards different non-state actors, the relationship between the economy and politics, the development of new citizens' movements like the "Arabellion" or Occupy, and the complicated question of a nuclear Iran. The issue concludes with a summary of all the articles in this year's Peace Report.

We would like to thank the German Foundation for Peace Research (Deutsche Stiftung Friedensforschung, DSF). The DSF's support made it possible to translate these texts and to produce this brochure. Thanks also go to Matthew Harris, who translated these texts within an extremely short space of time in spite of a bicycle accident (James K. Galbraith's contribution is originally in English).

Frankfurt, end of May 2012

Bruno Schoch

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Foreword

For months there has been no end to the disturbing reports about the massacres in Syria which have already claimed the lives of 10,000 people – all efforts to stop the bloodshed have so far been unsuccessful. And for months members of the Israeli government have been announcing that Iran's nuclear program will be halted with air strikes. No sane person can want an atomic bomb to fall into the hands of a Mahmoud Ahmadinejad. Yet neither can any sane person want to return to wartime. In a meeting in March Sweden and Finland's foreign ministers stated clearly: "The argument is not only about giving diplomacy a chance. It is a matter of realizing that diplomacy is the only option (...). The other options are prescriptions that lead to a war and, in all probability, to a nuclear-armed Iran afterwards."

Our main focus in this publication is on "global power shifts" – a topic not subject to the hectic rush of daily affairs and *prima facie* also more remote. Yet these are of no less concern for the future of world peace. The relative decline of the West corresponds to the rising powers – an unfamiliar experience. Above all, the People's Republic of China with its breathtaking boom is becoming a visibly more important actor on the international stage – opponent and partner of the US at the same time. Historically, transitions of power have not infrequently caused wars because the great powers regard them as zero-sum games. However, that is not a law of nature. We believe it is wrong to speak of a new antagonism and wanting to contain China according to the old pattern. Rather, it is necessary to integrate the rising powers into the world order in such a way that they do not seek to become an anti-hegemonic counterforce. There is a fair chance of achieving this if the West implements policy wisely. The Western nations must emphasize cooperation and diplomacy without compromising on their democratic values. According to Egon Bahr Barack Obama is "the first US President to reorient foreign and security policy away from confrontation to cooperation" – he should be helped in every conceivable way.

At the Munich Security Conference, Australia's foreign minister asked the Europeans to become more self-assertive in the world. According to Kevin Rudd, the Pacific world with its trouble spots should make use of Europe's wealth of experience in cooperation and disarmament to develop "a feeling for

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joint security across the Asian region”. It is here that our main focus overlaps with last year’s European theme. With James Galbraith’s contribution on the euro zone crisis a critical transatlantic voice is heard that sheds light on the hidden workings of unbridled financial capitalism. More than previously, our main focus is on foreign policy and social processes and insecurities.

The State of Peace Report with its proposals and recommendations is aimed at political practices at the “uppermost” and “grassroots” levels. We are presenting it at the Federal Press Conference, to ministries and committees of the German Parliament, to NGOs, and also in Brussels.

On this occasion the Institute for Development and Peace in Duisburg (INEF) is not among the editors. Successful acquisition of third-party funding in a large cooperation project led to a shortage of personnel, so that the INEF was not part of the joint editorial team.

Our thanks are due to the publisher, above all Frank Weber, for the trouble-free collaboration under considerable time pressure. The individual analyses were concluded at the end of March and the editors’ statement completed on May 8, 2012. Using our rotation principle, project management was in the hands of the HSFK in Frankfurt.

As part of their traineeships at the FEST institute, Franziska Wehinger and Andreas Auer were actively involved, as was Christoph Renken at the HSFK, who as a smart digital native together with Lisa Fischer ensured that the editor in charge kept things well in hand. With her experience Cornelia Heß contributed a great deal to the success of the undertaking. This time with the help of a soldering iron HSFK’s IT department also valiantly saved information believed to have been lost. Heartfelt thanks are due to all of them.

Thanks are also due to the German Foundation for Peace Research (DSF) who gave further support to the project. This has enabled us to present selected texts in English for the first time. In addition, we have placed the public relations work, the homepage (www.friedensgutachten.de), as well as coordination of Berlin and Brussels appointments in the hands of Christiane Fröhlich – a stroke of luck in terms of personnel since, as a former co-editor, she is very well acquainted with the way in which each year’s report is prepared. Heartfelt thanks are also due to her.

Frankfurt, Bonn, Heidelberg, Hamburg
May 22, 2012
The Editors

1. Power shifts in a context of global acceleration

The neoconservative hubris according to which the US could shape the world after its own image by military means has subsided. The Atlantic Alliance has also been weakened, and in Afghanistan is in the process of losing its first war. Economic crisis is shaking the West while ambitious new powers are becoming more and more confident, especially China. Relationships between the New World and the Middle Kingdom are now the most relevant bilateral factor in the world of states: G-2. They are setting the tone. The US and China, principle debtor and principle creditor – the global shift in power cannot be reduced to more concise terms.

G-2 is setting the tone

It is difficult to express what power entails. In the international system it is mostly measured through the indicators of population, surface area, geographical location, economic performance, technology, and military strength. The influence of the social world is increasing, as well as the significance of the cultural charisma emanating from a certain way of life and intellectual traditions, i.e., soft power. China's government has recognized that and is seeking to offer some opposition to the Western way of life and its basis in individualistic, human rights through the establishment of Confucius Institutes throughout the world. We must reconcile ourselves to the fact that, in the future, rising powers – for which the acronym BRICS (Brazil, Russia, India, China, South Africa) has established itself – will play a more important role on the world stage.

BRICS on the rise

State sovereignty challenged

The shifts in power have yet another dimension: the increasing significance of non-state actors. Speculators in banks and hedge funds are being saved from ruin at the expense of the state, and then shamelessly expect that states will make their citizens pay up in order to deal with the consequences. "The markets" appear as the originator of all policy, and ratings agencies, with political backing, are able to lead entire countries by the nose. In addi-

markets as subject

tion, cross-border organized crime is claiming growing numbers of victims and transnational terrorism is far from at an end.

**power shifts
create
uncertainty**

The ability of politicians to control events is also being challenged by the new information and communications media, which are penetrating more and more areas of life. Both dimensions of the power shift interact with one another. On the horizontal plane the balance of power between states and between states and transnational actors is shifting, while vertically civil societies are gaining ground vis-à-vis countries. Both developments are accompanied by massive uncertainty.

**self-
confident
civil society**

At the same time protests are occurring. The Occupy movement is articulating unease about unbridled financial capitalism, and has gained considerable support. Online platforms such as Avaaz are organizing transnational campaigns for human rights, protection of the environment, and combating poverty. In a manner similar to existing “new social movements” such as Attac or Greenpeace they are displaying civil self-confidence and giving expression to demands to take politics into one’s own hands.

The rise of the BRICS nations

**China
ahead of US
by 2030**

Militarily and politically little has changed in the US dominance of the international system. But economically and also socially and culturally the shift in power is accelerating. The biggest country in the world and the two most highly populated belong to the BRICS countries, together comprising almost 30 percent of the world’s surface and more than 40 percent of its population. In 2000 the BRICS nations’ share of global economic activity was eight percent; ten years later it had already more than doubled. According to estimates by Goldman Sachs, US output – in absolute terms, not per capita – will be overtaken by the BRICS countries before 2020 and by the People’s Republic of China on its own before 2030.

There is not much linking the BRICS countries politically and economically; three democracies alongside one authoritarian “guided democracy” and a Communist party dictatorship, and only China and India are enjoying disproportionately high growth rates. However, apparently their anti-hegemonic struggle is enough to forge them into a group: Their heads of state have been meeting every year since 2009. They accuse the West of

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having thrown the world economy into a crisis and demand more of a say in international financial institutions. At the end of March 2012 they resolved to found their own Development Bank. By doing so, China, which holds a substantial portion of international foreign reserves, could establish the Yuan as the third global currency.

The relative decline of the West corresponds to the economic rise of the BRICS countries. How can it react to this? Whereas one side emphasizes the political dangers and loudly demands that the Chinese “dragon” must be tamed and that preparations should be made for the unavoidable confrontation, the other side senses unlimited economic opportunities and demands appropriate adjustments. Alarmism is kept alive by the fact that previous power shifts in history have set off conflicts between rivals and, not infrequently, wars. That Sparta laughs when Athens weeps is an old pattern of events to be sure – but it is not a law of nature. Just how shifts in power will be carried out depends on the political system of the powers involved and the international system, not to mention clever policy by the West.

confrontation not a law of nature

well-considered policies needed

Multi-polar entanglement

Until now the international system, whether it has been the UN or the IMF, or the G-7, G-8, or G-20 too, has displayed excellent ability to integrate. The BRICS countries vary: On the one hand, the dominance of the old powers limits their demands for the freedom to shape their own societies, something which invites opposition and obstruction; on the other hand they owe their continuing boom, which in the space of a few decades has helped to lift hundreds of millions of people from bitter poverty, to the existing world economic order – why would they want to eliminate this? Europe and the US are very important economic partners of China and the other BRICS countries. This mutual dependency gives rise to their need to have more of a say in the international system. But until now at least, China's willingness to become more actively involved in international institutions has remained limited. A short time ago, Vice-President Xi Jinping stated that it is already difficult enough to improve the lot of 1.3 billion people. The country where anti-Western feeling is stronger than in India

integrate BRICS in world market

and China is Russia, which derives its claim to be an opposing power from its past as an equal-status nuclear power.

**not a
zero-sum
game

act in spirit
of
partnership**

Regarding the essence of politics as based on the difference between friend and foe has always been problematic – in the age of globalization it is totally obsolete. The economies of the rising East and the weakening West are so closely linked to each other that power shifts can no longer be a zero-sum game. Instead of preserving old and new images of the enemy or calling for containment, what is needed is to develop partnerships in jointly identified areas of policy. This is the correct core idea in the Foreign Office’s new concept of the “agenda-setting powers”. This includes avoiding paternalism in dealing with the new players as well as dependability in the proven cooperation with Europe and the US.

**cooperation
without an
alternative**

It is also up to the West whether the BRICS countries are willing to assume greater responsibility for the functioning of the international system of order. They will be all the more willing to do this the less the leading Western powers insist on retaining their accustomed privileges. After all, there is no alternative to cooperation based on economic interdependence. “How do you talk tough to your banker?” asked Hillary Clinton with China in mind, according to Wikileaks. Anyone who stirs up new antagonisms along the lines of the East-West conflict is failing to recognize this dependency. Globalization is generating uncertainty on all sides, but international opening up to China’s political order is a much greater challenge. There is thus no reason for restricting your own democratic values or to be fearful about the growing influence of the BRICS countries. We are calling for more responsibility to demonstrated by the BRICS countries, whether in the UN, in the International Monetary Fund, or in informal groups such as the G20.

**give BRICS
greater re-
sponsibility**

The rise of the BRICS countries provides the opportunity to exercise global responsibility with others instead of developing power and influence against others in the future. What counts in the knowledge and information society are the power to define and sovereignty in formulating. Soft power is the ability to influence others through co-opting, agenda setting, persuading, and positive incentives in such a way that agreement is achieved – Jonathan Schell called this cooperative power. What is required

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to do this is to make use of the fields where greater international control is urgently needed, from energy and environmental policy, global resource management, and a new international legal system all the way to the overdue debate on the worldwide obligation to establish minimum social standards.

**develop
cooperative
power**

A new concept in international law: The responsibility to protect

The changing power relationships after 1989 were reflected in the increase in so-called humanitarian interventions and in the emerging international security and human rights norm, Responsibility to Protect (R2P), which was resolved by the UN General Assembly in 2005. The community of states is thereby seeking at last to fulfill its responsibility to prevent genocide and war crimes as enshrined in the Genocide Convention of 1948 and humanitarian international law. Crimes against humanity and “ethnic cleansing” also fall under this responsibility to protect. R2P – which some people already regard as a “second transformation” of international law – consists of three elements: First, the sovereignty of states per se is no longer sacrosanct; rather, it is re-defined as a responsibility at the center of which stands the protection of its citizens; second, the community of states assists states in fulfilling this responsibility, including prevention and assistance with rebuilding; third, if a state does not fulfill its responsibilities the community of states assumes responsibility for the state's citizens, if necessary through the ultimate means of intervention.

**protect
people**

Russia and China, as well as India, continue to have reservations. They place great emphasis on state sovereignty and non-intervention, and suspect – sometimes not without reason – that the US and the West may use R2P to justify a new interventionism and hegemonic goals. This necessitates a difficult balancing act between conflicting goals: not tolerating war crimes other than Rwanda or Srebrenica, without alienating China and Russia which possess UN veto power. It is not just the confrontations over North Korea, Iran, and Syria that have shown that their cooperation is necessary.

**balance
divergent
goals**

Germany, which has pinned its hopes on expansion of the

reconcile R2P with obligation to keep the peace

UN systems and has made constitutionalization of international politics its cause should support the efforts of the UN General Secretary, Ban Ki Moon, to further institutionalize R2P and to define criteria through which the concept of a responsibility to protect can be made compatible with its UN Charter obligation to keep the peace. Further development of a global rule of law must be in the interests of the Western democracies; after all, it offers an opportunity to normatively integrate the rising powers. The price for this is committing themselves to general rules and norms. When these are broken by the dominant powers in the West, as in the Iraq War in 2003, it damages efforts to strengthen the protection of people and their rights against state sovereignty. Much the same is true of the US's refusal to ratify the Statute establishing the International Criminal Court.

Balance of interests and respect instead of opposing force and the export of fear

negotiating with actors who use force

Cooperative power calls for a new kind of diplomacy. It requires knowledge of the history of the particular conflict and empathy for the interests and perceptions of others. This also includes, as we have repeatedly called for in recent years, willingness to negotiate with actors who use force. State diplomacy should make use of the experience gained in numerous conflict mediations which give greater weight to civil society. The Norwegian and Swiss foreign ministries are doing pioneering work in this area. For peace-building we need experts in conflict counseling all the way to the UN. We regard the Center for International Peace Operations (ZIF) and the institutions of the Civil Peace Service (ZFD) as exemplary in this regard; they deserve to be expanded at European and UN levels.

develop ZIF and ZFD further

The European Union – failing to keep up

EU as role model for civilian power

As a result of efforts to overcome former enmities and to ensure peace also through voluntarily relinquishing sovereignty, the EU could assume a leadership role in the new “positive sum game” of global civilian crafting of power. This assumes that it can overcome its crisis and its nationalist regressions.

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In the turbulence of the financial markets, errors of economic construction and political half-heartedness have been revealed in the European project. Since the introduction of the internal market and the euro, Germany's export strength has further increased. But Germany's balance of trade surpluses correspond to huge deficits in other EU members. In the competition between regions northern Europe has outdistanced the south economically and European solidarity is lacking.

**a lack of
European
solidarity**

In actual fact the sovereign debt crisis is a crisis of the global financial system. When the US speculative real estate bubble burst, the basis for confidence in private as well as public credit was removed worldwide, affecting, above all, the European banks. Unlike in the US, where payment of debts by Washington prevented speculation against the highly indebted US states, there were no European institutions which could have restored confidence in financial markets. Effective regulation of the entire financial market is urgently needed to prevent the next financial bubble from bursting. But even regulation of the banks is not occurring, although convincing suggestions for how to do this are on the table. Instead, under pressure from the German federal government, the whole of Europe is being subjected to a drastic savings regime, which is driving weaker economies into recession and further eroding the social state. Certainly, savings programs and structural reforms are unavoidable, but we repeat our position as stated last year: Some are committing themselves to solidity, others to European solidarity.

**regulation
of banks**

For acceptance of Europe to increase again it must grow economically and offer its citizens social security. This applies above all to the countries that have been especially hard hit by the crisis. All growth policies must be implemented in a way that is consistent with the goals of ecological sustainability and social justice. In the long term, a common currency can only be sustained through the instrument of Europe-wide burden-sharing. The European Central Bank must not restrict itself to control of the money supply and combating inflation, and must be able to grant credits to countries in need independently of the private financial system, to make investment there easier. Politically, this can only be achieved through load-sharing, i.e., the conversion of

**growth an
social
security**

part of the debts of every member of the euro area into European debt securities (Eurobonds).

**a New Deal
for Europe**

In order to make the crisis countries solvent once again, we recommend an investment program under the auspices of the European Investment Bank. This ecologically oriented “new deal for Europe” could be financed by a mix of its own bonds and the newly-created Eurobonds. In this way, the European Investment Bank would become a recycling mechanism for balance of trade surpluses, without which a currency union cannot survive.

**opposing
withdrawal
from EU**

The European social state – which seeks to link civil liberties, the market, and calls for fairness – is under threat of complete destruction as a result of years of neoliberal deregulation and increased international competition. Governments only half-heartedly support the European vision and serve national sentiments. Consequently, resentments and antipathies are returning with an intensity that people thought had long been overcome. In the countries particularly affected by the crisis, anger against the German “hatchet woman” evokes references to the Nazis, and in Germany itself the cliché about “lazy southerners” is making the rounds. Eight governments have already been shattered by the consequences of the crisis. The head of the Allensbach Institute warned that it is quite possible that through the crisis of the Euro zone “the ax has been applied to the roots of European unity”.

Cooperative power has to be learned

**take re-
sponsibility
for Europe**

Awareness that Germany is one of the countries which benefits the most from the euro is still not widespread. But Germany’s export strength and the relative weakness of many other EU countries go hand in hand. For Germany, the pressure towards greater integration arising from the euro crisis means a substantial financial burden and forces the economic heavyweight to accept responsibility for European leadership *nolens volens*. The calls for this are becoming louder, but at the same time so is the fear of an over-powerful Berlin.

Leadership responsibility is different from domination: It does not command but thrives on organizing consensus. This will only be the case if Germany takes the interests of the others into account in the EU. That will require a great deal of skill, for in the EU almost everything is worked out in a complicated, consensus-

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building procedure among member states which in the formal sense are equal. The historical experience of the EU in building peace not through strength, policies of equality, or military superiority but through cooperation among states and doing without sovereignty is a success story. We advise Berlin to bring its influence to bear on other countries, despite the financial crisis. In its own interests Germany must drive European integration forward. Voices saying that a world champion or deputy world champion exporter no longer needs partners to the same extent as it used to are singing a dangerous siren song.

**utilize EU
success
story**

The end of the arms race?

Global power shifts are undermining the leadership role of the US. The US dollar is no longer undisputed as the world's leading currency and it is one of history's ironies that the War on Terror, hastily launched from a position of overwhelming power, has permanently weakened this position. While the US was conducting two expensive wars which cannot be won, China, India, and Brazil developed their economies.

Between 2002 and 2011 the US increased its expenditure on armaments by 60 percent, while worldwide they grew by 43 percent. But this arms build-up did not make the US any more secure. It is true that gigantic military superiority was able to overthrow the regimes in Iraq and Afghanistan, but it could not bring peace to these societies. A large number of civilian victims and appalling misbehavior by soldiers undermined the legitimacy of the missions. For this reason President Obama ordered withdrawal – the error of the neo-conservatives in thinking that they could improve the world by force of arms was too clearly obvious.

**arms
build-up
does not
enhance
security**

Obama's change of course is being overshadowed by the fact that in recent years drones have become the weapon of choice. They are not subject to the cutbacks that have been announced in the US military budget. These high-tech weapons separate war from one's own society and make it invisible and cheaper. This creeping change in the form of war gives grounds for concern: War is turning into the extralegal killing of suspects that is both soundless and free of casualties to your own side, and circumvents all definitions laid down by international law. Not only is

**drones
change war**

**outlaw
armed
drones**

the German federal government keeping silent about this – it is explicitly keeping open the possibility of acquiring armed drones. A fatal development. We call on the Germany’s government to take a stand on the inclusion of armed drones in the UN Register of Conventional Arms as an independent category, and to insist on arms controls with the goal of outlawing these weapons.

**raise status
of regional
organiza-
tions**

Instead of new weapons the world needs a political-strategic diplomacy offensive. What is needed is to convince the rising powers that instead of joining in the spiral of a new arms race they should rely on the building of trust and joint security, and support civil capacity for peace-building. Among others, regional security organizations ranging from the African Union and Mercosur to ASEAN, as well as the BRICS meetings are appropriate as forums for such a discussion. In this way power politics-oriented competition can be reduced and subjected to jointly agreed upon rules. Raising the status of these regional security organizations is in Europe’s interest and in addition EU institutions can make their experience available. It was with good reason that at the Munich Security Conference the Australian Foreign Minister appealed to Europeans, instead of indulging in self-centered introspection, to help the Pacific world develop “a sense of shared security” throughout Asia.

**put arms
conversion
on agenda**

The financial crisis could lead to reductions in military spending. This is being seen above all in Europe, where expenditure on weapons purchases sank by 1.9 percent from 2010 to 2011. Against the background of falling domestic demand, armaments industry lobbyists are calling loudly for more state support of weapons exports to non-European foreign countries. The tank deal with Saudi Arabia was not only a breach of a taboo but also a lucrative foot in the door. From the peace policy perspective, however, it is not export but conversion that offers an adequate answer to the alleged crisis of the arms industry.

Instead of further weakening export guidelines which are in any case non-binding in view of the crisis, the “political principles” must be reformed: The state of human rights in the recipient country must become the decisive criterion, and in addition binding laws are needed for applying sanctions against violations. As the first step we suggest banning the export of small caliber weapons, which are least susceptible to control and claim

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the most victims worldwide – in Germany's case the G36 assault rifle and the MP5 submachine gun – and the sale of licenses for their production in foreign countries. We need to find the courage for a new conversion debate with the powerful weapons industry lobby and to include the unions in this too: What we are demanding from the German Army through closing of garrisons can also be expected of Germany's corporations, which are in any case highly capable of diversification.

**ban sale of
small-
caliber
weapons**

Social fragmentation and separation anxiety

We are witnessing a comprehensive economization of our entire social reality. Categories such as efficiency and exploitability are not only typical of global relationships, but are taking over in all areas of life. In almost all OECD countries income inequality increased in the last decade; this social division increased to the greatest extent in Germany. Social insecurity has become the new status quo; a loss of solidarity towards and the exclusion of those who are allegedly socially "useless" are spreading; fears of losing status are creating a favorable climate for a "uncaring attitude in the public" and aversion to those who are different or foreign. Hostility to Islam has increased alarmingly – something that is a breeding ground for right wing populist mobilization, and not only in Germany. Growing social division is eating away at democratic legitimacy and endangering social peace. Racist murders such as those carried out by the terrorist group "National Socialist Underground" and the massacre perpetrated by the Norwegian Anders Breivik are the writing on the wall. Vigilance by the constitutional state and the media, but also courageous engagement by the citizenry must oppose increasing disintegration and renationalization.

**social
division a
threat to
peace**

Stagnating and falling middle-class incomes in the Western industrialized nations are the flipside of the fact that millions of low-paid workers have entered the global economy. The middle class in the US and Europe are benefiting far less from globalization than those who are currently successful in China. A new discussion of universal social standards and norms and their implementation – analogous to the upgrading of human rights in the UN system – seems to us to be urgently needed. It is high time that an institution such as the International Labour Organi-

**universal
social
standards**

zation was heeded more closely. The welfare state can no longer be guaranteed within a national framework, so that unions and social interest groups need to develop more initiatives and greater engagement.

Time for outrage!

Criticism of globalization is now manifesting itself as a worldwide call for justice and participation. With Occupy, a movement has come into existence that has as many aspects as the crisis that brought it into existence. Its moral message against inhumane marginalization and above all its courage in transforming insecurity into action are finding worldwide support. In the US the popular urban sociologist and socialist, Mike Davis, reminds people of the Economic Bill of Rights once advocated by Franklin D. Roosevelt with the basic demand: "It is all about economic democracy." This is extremely up to date. The lesson of the 1930s, that democracy can fail, must not be forgotten.

**defend
democracy**

In the catalog of human security standards fair use of scarce resources, social justice, and acknowledgement of cultural differences must be given higher status if peaceful coexistence is to succeed in the long term. A critical analysis of capitalism which poses the "social question" beyond national and cultural borders is still struggling. As the protest movements have shown, new possibilities for media networking can be employed. They support each other with resistance and rebellion concepts as well as software for, for instance, anonymous communication. "Revolution via Facebook" is a media exaggeration, to be sure; movements among people continue to rely on the "face to face" of actual contact. Nonetheless, the social media have created a new dimension for communication and mobilization whose possibilities have not yet been fully worked out.

**mobiliza-
tion with
social
media**

Through the Internet a new kind of world public has come into existence. Information technology offers a space for action outside state and international control from which new possibilities for political protest are emerging, but new dangers too. The legitimization and control of digital campaigns is becoming a democratic challenge which social media activists as well as a new party like Germany's "Pirates" will have to contend with.

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Social media activists ought to seize the initiative and promote broad discussion of digital ethics.

Cyberspace – Cyber War?

Not only critics of globalization are calling the state's monopoly on force into question; criminals are also at work in cyberspace. They are using the net for illegal financial transactions, drug and human trafficking, spying, and covert attacks that are the equivalent of military actions. Concepts borrowed from the Cold War such as "logic bombs", "digital first strike", and "cyber war" imply possibilities for using the Internet for warlike purposes. The STUXNET worm, which in 2009 and 2010 infested among others Iranian Siemens systems for process control, drew worldwide attention. The newly formed US Cyber Command refers to virtual space as the new arena of war. In addition to the US, up until now a further eleven countries have set up cyber commands, while 33 are already incorporating cyber activities into their military planning. In Germany, until now the emphasis has been on the civilian side. The government has had a cyber security strategy since February 2011, with a national cyber defense center and strengthened protection of critical infrastructure.

So far, there is no set of international rules governing cyber space. What is needed are trust and security-building measures such as exchange of information, early warning systems, or additional communications channels, in order to eliminate mistrust between countries and to prevent armed conflicts. The first step in a verifiable regulatory contract should be a code of conduct which would regulate the behavior of states in cyber space in the event of attacks.

**international rules
for
cyberspace**

2. The "South" as the subject and object of global power shifts

The majority of BRICS countries and emerging nations such as Indonesia or Turkey come from the "center of the South". They are gradually advancing from the periphery to the center of world politics, are gaining political and economic influence, and want to participate in discussions in a self-confident way. At the same

**the South
remains an
object**

time, the South still largely forms the arena where the old and new great and middle powers are competing for influence – thus it continues to be the object of global political desires.

Changes in the world order and power politics could open up new room for the South to maneuver; initially, however, they are generating new potential for conflict, at the core of which lie population growth, climate change, and resources that are growing scarcer. At present seven billion people live on the Earth; by 2020 it will be nine billion. What will it mean when the populations with the highest growth rates in Asia and Africa adapt their lifestyle to match that of the West? Transforming the global economy so that it is ecologically sustainable and includes fair distribution is one of the greatest challenges in dealing with food supplies and land, water, and energy resources. It is not possible to “carry on as usual!” We are standing at the crossroads. What is needed is to make the social, economic, and ecological aspects of sustainability the decisive developmental criteria and to move away from one-sided growth. Sustainability means ensuring human wellbeing in the long term, creating greater global justice, advancing gender equality, and maintaining the Earth’s eco-system in such a way that it will continue to be habitable for future generations.

**no
“carrying
on as usual”**

**keep the
Earth
habitable**

Rio plus 20: The imperative of sustainability remains important

The core topics of the Rio plus 20 Summit are: Development of a green economy, combating poverty, and an institutional framework for sustainable development. The international community had already agreed on sustainability as the guiding principle for the world economy and the world’s civil society in 1992. The Rio Declaration and Agenda 21 have been regarded until now as milestones in international environmental policy. They called for production and consumption in the highly industrialized countries to be re-oriented and for combating poverty in the developing countries. However, the change of orientation did not occur. “Networked thinking” has remained a paper tiger. While worldwide gross domestic product has grown by 75 percent since 1992, global inequality has continued to increase. Twenty seven percent

**not delay a
change in
orientation
any longer**

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of the world's population still lives in absolute poverty. The Millennium Development Goals will presumably not be achieved, above all in Africa. Especially dire is the fact that there was no success in combating hunger. Since 2005, the number of starving people has again been growing faster than the world's population.

Today, 884 million people do not have access to clean drinking water. Twenty percent of the world's population is without electricity and 2.6 billion people lack basic sanitation. Between 1990 and 2009 worldwide carbon dioxide emissions increased by 38 percent. Forest resources are dwindling rapidly. Every year 5.2 million hectares of forest are lost. Eighty five percent of all fish stocks are threatened by over-fishing. In short: The OECD world development model is neither sustainable nor suitable for the future.

Even though we do not like to repeat it again and again: The guiding principle of sustainable development must finally be anchored in the internal policy of UN member states. Germany ought to lead the way as the global initiator of an energy realignment towards renewability and ecological transformation of the economy, and should not only publish this development agenda, along with related strategies for its implementation, in its renewability strategy every two years, but should make it the priority of its day-to-day policy.

**put
sustainable
develop-
ment into
practice**

Agricultural land as the arena for new actors and interests

Direct foreign investment in agricultural land, also called "land grabbing", often works against the goal of sustainability. Buying up and leasing farmland has become a popular investment on financial markets, yet the speculators are also being matched in their efforts to find investment opportunities by other private and state actors from existing and ascendant powers.

The practice of private investors and state institutions buying or leasing large areas of arable land on a long term basis is concentrated in the South. The providers of capital mainly come from the BRICS countries (with the exception of Russia), the Gulf States, and the North. According to estimates, investors from the highly industrialized nations have bought or leased 10 to 30 percent of the total arable land available worldwide. The German Federal Ministry for Economic Cooperation estimates

**stop land
grabbing**

that foreign investors have acquired about 200 million hectares of land, of which more than 130 million hectares are in Africa. The countries investing are no longer interested in merely securing their food supplies, but increasingly also in producing biofuels. The acquisition of land can have devastating effects on the local population. Marginalized groups such as nomads maintaining a traditional way of life, whose claim to grazing land and water sources has not been legally codified, are being particularly affected. The basis of their way of life is under threat. In addition, conflicts between farmers and nomads are becoming more acute, because land is deteriorating while the number of grazing animals is increasing. There is an urgent need for new international agreements on land use.

**regulate
land use**

NGOs can make a valuable contribution in this context and take part in monitoring processes in order to establish the economic, social, and ecological consequences of foreign direct investment in the farming sector. And they can conduct information campaigns in countries that carry on large-scale land grabbing to make the public aware of the problems of the people affected. A set of negotiations on voluntary standards currently in progress in the UN Committee on World Food Security is pointing in the right direction. The German federal government should support these guidelines. However, they should not be allowed to remain optional. Germany should lead the way in implementing them and seek to obtain support at the EU level. We need regulatory instruments at a national, European, and international level in order to hold land grabbers in check.

**make the
public
aware**

*External state-building as the magnifying glass of
North-South relationships*

Since the end of the Cold War the international community has undertaken a growing number of military actions on “humanitarian” grounds. Since then approaches to and instruments of state-building and preservation of peace have changed frequently. Somalia is a dramatic example of the changing agendas. It shows how counter-productive military interventions can be and how much the West overestimates its powers of influence.

This is also our finding in connection with operation ATA-

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LANTA. The militarily supported EU Mission NAVFOR Somalia to combat piracy along the Somalian coast had its mandate extended in March 2012. If the German parliament assents to the government's proposal, in the future it will be possible to destroy the pirates' logistical base – e.g., boats, weapons stores or fuel supplies – from the air within two kilometers inland from the coast. We regard this expansion as wrong because the risk of military escalation is greater on land. The EU would increasingly be seen as a party to war, which would be inconsistent with its efforts to find political solutions. Above all, however, we criticize the fact that the entire mission does not attack the causes, the precarious political and economic conditions in this area of humanitarian crisis and this war-devastated country.

risk of escalation is growing

address the causes of piracy

Little account is taken of local traditions for solving conflicts and instead the West carries out state-building according to its own pattern. To avoid making the situation even worse, however, traditional actors and decentrally organized societies must become involved. Only then can functioning governance structures supported by the populace be established. For this reason, local actors should be integrated by working out compromises. Guarantees of security and incentives can reintegrate earlier opponents. Good knowledge of the context of local conflict is an indispensable prerequisite for removing the causes of war and violence and strengthening opportunities for participation. Peace building and the building up of states require a great deal of strategic patience.

include local actors

With its concept of civilian conflict management, German policy has developed an array of instruments that are exemplary from several points of view. But it is threatening to collapse through bureaucratic overload and wrangling over finances, as well as through the lack of a strategic orientation. Civilian conflict management is not first and foremost development policy, but must become the priority of an overall peace-oriented foreign policy. If it were located in the Foreign Office many advisory committees could be reduced and the capacities of the Federal Ministry for Economic Cooperation and those of the Foreign Office combined.

strengthen civilian conflict management

Migration – A change of perspective instead of emotional debate

**the EU
needs immi-
gration**

Migration is a reaction to population growth, poverty, climate-induced environmental change, and overexploitation of resources, but also to violent conflicts and wars. Refugee and immigration policy thus needs a high level of flexibility in order to guide state and human interests productively at the interface with global change. Migration involves positive outcomes for the regions of origin and destination: Funds sent back to their countries of origin and the commitment of many migrants foster the ability of people in the regions where they came from to adapt, for instance, to climate change; in the case of the country migrated to, migrants introduce economic stimulus. The EU Commission leaves no doubt that the Union needs “significant net immigration”.

**manage
rather than
resist immi-
gration**

And yet public debate is distorted by irrational alarmism and false forecasts of millions of refugees. Innate fear of immigrants, who are obliged to be the object of populist projections, cause security policy-related defense, dealing with symptoms, and emergency reactions. What is required is a change of perspective that sees migration not as mainly a threat but as a resource with potential for the country of origin. As far as this change of perspective is concerned, differentiation between desirable (highly qualified people, business people, contract laborers/workers) and undesirable immigrants achieves little; a blue card to relieve the shortage of skilled workers sidesteps the real problems: While the majority of people who want to migrate remain shut out, special programs are activated for people who are only mildly interested in the EU and whose education was financed by the mainly poor countries of origin. Promotion of development potential through, for instance, educational migration is quite another thing.

The Arab Spring also offered an opportunity for a new orientation of European Mediterranean policy, but the EU, as Cecilia Malmström, Commissioner for Home Affairs, bitterly concluded, is failing in the area of refugee policy too. Of the 8,000 people classified by the UN as in particular need as a result of the war in Libya, EU countries accepted fewer than 400. About 2,000 people drowned in 2011 while trying to cross the Mediterranean. Since the beginning of 2012, 600 refugees, mainly from Eritrea,

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Ethiopia, and Somalia have landed in Lampedusa, where there is no appropriate reception facility. The proportions do not add up: In 2011 the EU invested over 400 million euros in securing its external borders – this same amount could prepare 23,000 refugees per year for the job market.

**qualify
refugees for
labor
market**

The “fortress”: A twofold rejection of solidarity

We renew our 2011 criticism of the border system of the EU, which is aimed at isolation, and the practices of the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union, Frontex, which make a mockery of all political norms connected with the European dream of being “a domain of freedom, security, and the rule of law” both domestically and externally. Increasingly, “border protection” takes place in the countries of origin and transit countries, in international waters and those of third countries, in digital databases and from space. Beyond the EU’s borders exterritorialization and technologization through expensive projects such as “Eurosir” or “Indect”, which also envisage the use of drones for information gathering, send a signal to people who want to immigrate. And this signal is “You are not welcome”.

The economically weaker states in the south of the EU are condemned to serving as “Fortress Europe’s” barrier to the external world; in 2011 they turned away nearly 100,000 immigrants, mainly from Afghanistan and Pakistan, at the border between Greece and Turkey.

**relieve
burden on
southern
EU
countries**

The German and French Ministers of the Interior want to go even further with their initiative of April 2012 and close the inner circle of fortifications again through national border controls. By doing this they would abolish freedom of movement, a European achievement. Reform of Schengen must go in the opposite direction: easier visa conditions for immigrants and reform of their distribution (Dublin II), in order to take the load off the economically weaker EU countries.

Basic reform of EU border protection and right of asylum

**create
European
asylum
procedure**

From the point of view of human rights the EU is circumventing the international prohibition against refoulement, which specifies that people may not be returned to countries in which they run the risk of being tortured or may be threatened by other serious breaches of human rights. In order to end this practice a common EU asylum system is overdue. It would have to bring the EU's migration policy into agreement with human rights norms and eliminate the contradictions that exist between basic EU law and secondary treaties. The fact that the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union has had a fundamental rights officer since summer 2011 is not enough. Frontex and activities at EU borders must be made subject to comprehensive accountability to the EU Parliament.

3. After the Arab Spring – where do we go from here?

**overthrow
of regime
emboldens**

In the second year of the Arab Spring it has become clear that the revolutionary system changes that we celebrated a year ago will require a lot of stamina. The common thread in the uprisings was the call for freedom, dignity, and bread. The protest movements and revolts brought down autocrats, and forced monarchs to agree to constitutions and constitutional reforms – or they led to civil wars. It is unlikely that current reforms will lead rapidly to developed democracies, but rather in all probability to authoritarian mixed systems, in which confrontations over democratic freedoms will then continue. The experience that the people can drive out a dictator does not, of course, offer any guarantees against a reversion to despotism. But it gives the courage and strength to resist it.

Tunisia and Egypt: Transformation under difficult circumstances

In Tunisia and Egypt the military withdrew its support from the rulers and brought about their downfall. But no organized oppo-

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sitional power which could have opposed the powers of inertia backed up the rebels' demands. In Tunisia the army went back to its barracks; in Egypt, on the other hand, it is not yet clear whether the governing Supreme Council of the Armed Forces will be content to leave politics to freely elected representatives. In Tunisia the disastrous economic and social consequences of the kleptocracy and the dependency of the economy on external factors are becoming more and more apparent, and even in Egypt the social question represents a heavy burden for democratization of the country. How much freedom, dignity, and bread the protesting people can gain depends on how the pro-Islamic parties, which won the elections in both countries, deal with the economic crisis and whether in taking over political responsibility they set out on the path to a constitutional state and pluralism. We warn against setting the bar too high. Liberalization and democratization take time, and exaggerated expectations can lead to relapses instead of the desired democratic transformations.

The European Union can make a contribution to improving the economic situation by creating fair trade conditions in the agricultural sector and not ruining local markets by providing subsidies to its own agricultural products. Higher quotas for the import of agricultural products from North Africa mainly benefit local agribusinesses linked to multinational concerns and consumers in the northern EU countries. The victims are producers in the southern EU countries, who are already suffering severely in the euro crisis, especially in Spain. The EU's new mobility partnerships can relieve job markets in transitional countries if EU countries, as announced, allow temporary and circular migration. In the environmental area the UN Climate Conference in Qatar at the end of 2012 offers an incentive for NGOs or political foundations to cooperate with local partners. In this region, which is being strongly affected by climate change, it is not only a matter of replacing oil with solar energy in the long term, but also of which technical solutions will be beneficial to the population.

People must win their own freedom; possibilities for external influence are limited. But it is precisely in Tunisia and Egypt where there is no lack of politically sophisticated people who can conceptualize and shape reform. In Egypt women are threatened with being the first victims of a possible rollback. Demands for

**finally
reform
EU's
agricultural
policy**

**strengthen
rights of
women**

their legal equality in the constitution and in family law are the key to social and political modernization, as the Arab Human Development Report already stated in 2005. They deserve the full support of NGOs and politicians. But they must be linked to the social question. For neoliberal politics increased social inequality and poverty, and undermined the rights and freedom of action of many women. Cooperation with civil society organizations in which women's rights activists, whether secular, Islamic, or Coptic, are working together for women's rights and social justice, is the correct approach. But even here it is uncertain what time frame is involved. Until now the scope available for democratic engagement has not grown wider, and many partners in political foundations are being subjected to repression.

Libya: A change of regime brought about by NATO – What now?

In Libya military intervention by the West helped the rebels vanquish the tyrant. Civil war and intervention have left behind a country threatened by collapse, in which arbitrary arrest, torture, and racism against Africans from beyond the Sahara are part of daily events. The unintended effects of this war, which was conducted in the name of Responsibility to Protect, and regime change, go beyond Libya. The return of heavily armed mercenaries to their homelands is destabilizing the poverty stricken countries in the Sahel region, and in Mali has already led to the renewed outbreak of an old secession conflict. The West should support demobilization and reintegration of returning fighters, because with the loss of their sponsor, Gaddafi, countries like Mali or Niger cannot finance such measures.

**support
demobiliza-
tion**

Authoritarian stabilization in the Gulf States

The wealthy monarchies of the Cooperation Council for the Arab States of the Gulf were scarcely affected by the protests – with the exception of Bahrain, where it was mainly the disadvantaged Shiite majority that took to the streets. Through financial inducements the rulers succeeded in placating potential unrest in the population and stifling protest. The Kingdom of Saudi Arabia, which sees itself as the regional power and dominates the monar-

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chic “Club of the Rich” helped Bahrain to put down the opposition with soldiers and tanks. It will not tolerate a Shiite uprising or even an end to absolute rule, which could spread to other monarchies in a domino effect. The West accepted all this without protest: on the one hand because it is concerned about the unhindered flow of oil and on the other because it sees a counterweight to Shiite Iran in the supposedly moderate Sunni states. Banning the export of tanks to Saudi Arabia is the least that could be done to achieve the German government’s stated goal: supporting the desire for freedom in Arab countries by all available means.

**not ignore
repression
in Gulf
region**

Bloody civil war in Syria

In Syria, whose repressive regime will celebrate its 50th anniversary next year, there is civil war. When the Assad government allowed peacefully demonstrating citizens to be massacred, sections of the opposition were radicalized. With the escalation of violence, Syria is also placing its neighbors under pressure. The floods of refugees are not diminishing, and the military confrontation is threatening to involve Turkey.

Since 1974, Syria has played the role of the leader of the so-called “refusal front” opposing the Israeli occupation. In this role it is allied with Iran, supports Hezbollah and, until a short time ago, was making an office available in Damascus to the external leadership of the Palestinian Hamas. If the regime falls, Hezbollah loses the safe entry route by which it is resupplied with weapons from Iran. If the crisis over the Iranian nuclear program were to lead to a military strike against Iran, Hezbollah would be restricted in its ability to carry out military retaliation as the representative of its Iranian patron. Thus, there are also strategic grounds for the opponents of the Assad regime to desire its end. On the other hand, until now Syria has been a factor in keeping order in the region, to the extent that things have been quiet for decades on the border to the Israeli-occupied Syrian Golan Heights.

Until now NATO countries have shied away from mounting a military invasion or even military enforcement of no-fly zones or restricted air raids against the Assad regime. Not only because there is no mandate for this from the UN Security Council. Syria is not Libya, neither geographically nor politically – the dan-

state disintegration would destabilize region

ger of being drawn into a protracted war, which over and above this could scarcely be restricted to Syria, seems too great. Overthrow of the regime in favor of fundamentalist Sunni actors, a religious civil war, or even a breakup into ethnically based small states would completely destabilize the region. Kurdish demands voiced with renewed vigor for autonomy would have effects on Kurdish areas in Turkey, in Iraq, and in Iran. Increases in power for Salafist forces could strengthen similar groups in neighboring Jordan and other Arab countries. This would in turn have far-reaching consequences for Iraq and Lebanon, where Shiite parties are currently dominant.

intervention poses risk of escalation

At the beginning of March the former UN Secretary-General Kofi Annan put it well: In Syria, military measures would be “a cure that is worse than the disease”. Radicalization of the civil war through intervention would completely isolate those groups which continue to advocate non-violence, and would further narrow the scope available for compromises, quite apart from the danger of regional escalation. One alternative could be arming the opposition which is hopelessly inferior in military terms. Weapons are already flowing into Syria in large quantities: Russia is supplying the Assad regime while Saudi Arabia and Qatar are supplying the opposition.

not supplying weapons

Germany is keeping a low profile in this respect. This is – unlike the export to Israel of submarines which could serve as platforms for nuclear weapons – a rare sign of forward-thinking foreign policy, and we recommend sticking to it. No-one can say with certainty into whose hands these weapons, which usually last longer than governments, will fall.

Until now sanctions have had no visible effect. For this reason, the mediation initiative of the special envoy of the UN and the Arab League, Kofi Annan, resembles the proverbial straw at which everybody is grasping. His six point plan rejects military intervention and does not make regime change a necessary condition. This is supposed to make it possible for Russia and China to participate in the negotiations and exert pressure on the Assad regime. Perhaps it is too late for that. However, one lesson can already be drawn: Anyone who will not or cannot intervene should not create the impression that all the blame is due to Rus-

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sia and China's blockade, but should take pains to secure their cooperation in the crisis management process.

The central dispute is whether the regime – or if necessary a part of it – can still be regarded as a negotiating partner. If the ruling élite surrounding the Assad family is excluded, it would have no way out except to keep on fighting, since it would be forced to fear revenge at the hands of the rebels. This would perpetuate the civil war. We draw attention to what happened in the neighboring country, Lebanon, where another path was taken. There, after a 15-year civil war that neither side could win, the antagonists agreed on a peace treaty in 1989/1990. With the slogan “No winners, no losers” the perpetrators of violence agreed to share power and integrated themselves into the post-war system: Leaders of militias became ministers, party militias became parliamentary parties, and militia men and soldiers became party functionaries. The precarious balance among the three groups has somehow held since then, for good or evil. From this we conclude: A “dirty peace” in Syria would be better than an endless civil war. In Lebanon civil war claimed 100,000 lives.

Quite apart from this, the international community should offer humanitarian aid in Syria wherever this is possible. This also includes supporting neighboring countries in providing shelter and food for refugees.

Is war looming? Calls for diplomacy with Iran

The war drums in favor of a military strike against Iran's nuclear plants are getting louder. The US Government still rejects it. But the Israeli government's rhetoric is fueling escalation. It places Iran's nuclear program at the center of Israel's fears for the security of its existence, and in doing so successfully distracts attention from the diplomatic impasse in the conflict with the Palestinians and its accelerated building of settlements in the occupied areas. The Iranian President's hateful tirades against the “Zionist occupiers” fan the flames of military threats. Iran sees the US military presence in the region as an encirclement which serves the old purpose of bringing down the regime. In such a climate diplomacy is in a difficult position.

But what is the truth behind the assertion that Iran is seeking nuclear weapons? The country has been in possession of the

**involve
Russia and
China**

**the positive
example of
Lebanon**

**providing
humanitarian
aid**

necessary basic nuclear materials for years. That Iran is working on their high-grade enrichment and the development of a nuclear warhead is conjecture. The estimate of the former General Secretary of the IAEA, Mohammed el-Baradei, seems realistic: Iran could, like Brazil or Japan, seek the status of a technological power which is keeping open the option of building nuclear weapons in an unfavorable security policy situation.

**the right to
peaceful use**

The strategy of motivating Iran to back down through isolation and sanctions has been unsuccessful so far. Political isolation, the pressure of sanctions, and the threat of military action have strengthened the conservative establishment, which appeals to the patriotism of the populace. Even after the 2013 presidential election, in which the current office holder is not permitted to participate, Iran will assert its legal right anchored in the Nuclear Non-Proliferation Treaty to peaceful use of nuclear energy and the enrichment of uranium. On this point, there is broad agreement among hardliners, pragmatic conservatives, and reformers.

**an attack
would be
fateful**

There are no good arguments in favor of a pre-emptive military strike against Iranian nuclear plants. This would be against international law and could at best delay the Iranian nuclear program, but not stop it. The consequences in terms of security policy for the entire region, including Israel, are incalculable. Yuval Diskin, until 2011 the head of the Israeli domestic intelligence service Shin Bet, criticized the “misleading” rhetoric of the Netanyahu government that stated Israel could prevent development of an Iranian nuclear bomb through a military strike, and expressed concern that – on the contrary – “an Israeli attack would accelerate the Iranian nuclear program”. Indeed, an Israeli attack could generate a dynamic which would result more than ever in a real threat. An Iranian atomic bomb would be a predictable outcome.

**take a stand
against war**

Together with its European partners, Germany should speak out against a military strike. Political and diplomatic measures alone are capable of showing the way out of the situation which is becoming more and more precarious. Political and diplomatic action will have to be linked with a comprehensive de-escalation strategy with security guarantees for Israel and Iran. We recommend abandoning the demand that Iran cease enriching uranium. The withdrawal of sanctions in exchange for Iranian concessions

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should be offered: Ratification and application of the subsidiary protocol of the IAEA, which specifies more comprehensive control and inspection rights, should be demanded from Iran. The German government should take a stand in favor of processing all of Iran's material into nuclear fuel rods.

In the medium term the danger of nuclear weapons proliferation in the region can only be eliminated through negotiation of a nuclear weapon-free zone in which the nuclear arsenal of Israel, itself not a member of the Nuclear Non-Proliferation Treaty, would be included. The UN conference planned for this year deserves every imaginable support. The world of the 21st century, which is bringing countries closer and closer together, needs to put an end to the proliferation of nuclear weapons and take plausible steps towards Global Zero.

Bruno Schoch

Corinna Hauswedell

Janet Kursawe

Margret Johannsen

Translation by Matthew Harris

**support
Middle East
conference**

1.1. The demise of politics? The high degree of uncertainty among the powerful and the powerless

Corinna Hauswedell and Janet Kursawe

We are experiencing a change in the global political and economic system which is dizzying in its pervasiveness and seems in every respect to leave scarcely any time for deeper reflection and sustainable action. The insecurity caused by global power shifts is extensive and diffuse; it is affecting states in dealings with each other but also internal cohesion within societies. The discourse on these developments and networking through new social media have also generated a dynamic and volatility of their own, which has penetrated deep into the private lives of many people.

“The world is going off the rails”

This is the succinct diagnosis of the chief correspondent of *Tagesspiegel*, Tissy Bruns, in one of the most penetrating essays of the past year. Monetary capitalism has paralyzed politics’ claim to primacy – with wide-ranging consequences for the ability to make critical analyses and, even worse, for democracy as a whole. Hardly anyone still believes “that in cases of doubt legitimate politics can give priority to the general good ahead of special interests of any kind.”¹ And how could that be otherwise when private rating agencies such as Standard & Poor’s can downgrade the credit worthiness of major Western leading nations literally overnight! It seems as though credibility and trust can only be thought of in the economic categories of those who have been skimming off the cream for years, the speculators in banks and *hedge funds*, who lined their pockets by means of naked short selling, plundered national budgets, and now expect governments to ask their citizens to pay up. The so-called markets, which can rightly be referred to as “the parallel society of the 21st century”,² lay claim to being supposedly sensitive seismographs of a global heart rhythm that has lost its beat, whereas they themselves are the source of destabilization.

1 Tissy Bruns: Die Welt ist aus den Fugen, in: Der Tagesspiegel, August 28, 2011, <http://www.tagesspiegel.de/meinung/die-welt-ist-aus-den-fugen/4523422.html>.

2 Ibid.

The real “debt”

But the problem goes deeper than that: Even though hardly anyone (including members of the academic disciplines trained for that purpose) can understand all the mechanisms of global financial transactions – the convulsions that this capitalism gone wild causes did not come out of the blue. It is a matter of products from the centers of the Western democracies delivered *franco domicile* over a longer period of time.

With the credo of cost reductions at home and competitiveness abroad, three decades of brazen neoliberal deregulation and privatization – as exemplified in Europe by the British model – have brought about a shift in the basic thrust: away from state responsibility for future-oriented resource allocation and sustainable development and in the direction of the ‘markets,’ where all those (who can) want to help themselves. Numerous new actors from regions which used to be referred to as the ‘periphery’ in the old terminology can now participate in these markets: Latin America, with a strong Brazil at the forefront, is reshaping itself economically and in terms of social politics; with China and India two giants have awoken in Asia which are impressing the world with their own models for regulating capitalist accumulation. In the Near East, since the Arab Spring there have been both a few hopeful and several deeply depressing state and social developments. Furthermore states such as Turkey, with dream growth rates, are assuming a self-assured role as shapers of events in the region.

The Western states are thus substantially to blame for their own uncertainty, which is, however, mainly perceived as a threat to spheres of influence and the loss of former loyalties. This reversal in perspective is a side effect of loss of control that is well known in psychology. The more imperial the old expectations, the more painful the perception of downfall. When US President Barack Obama and China’s State President Hu Jintao appear together, the question arises of who is calling the shots now: The world’s largest debtor and its largest creditor – the great power shift, including its internal economic ramifications, cannot be put any more pointedly than that.

Europe – which was the focus of last year’s report – also continues to suffer from its ‘debt’ load; in this context, the crisis-stricken EU sees itself confronted with other rising centers of power represented above all by the BRICS countries. Whereas Brazil, Russia, India, China, and South Africa, even if not without rivalry, negotiate self-confidently on exchange of knowledge, balancing of economic interests, and regional ambitions, there is massive grinding of the gears in Brussels and the shine is threatening to vanish from the regional model of order of the 27 EU states. Around the never-ending rescue saga of

Greece everything focused more and more on the duo 'Merkozy.' The attempt to guide the European core as a German-French tandem could not hide the fact that the balance has also shifted rapidly within the EU and national self-importance is visibly distorting the view of a community-building development of the Union.

The permanence of the Euro crisis has led to the calls for 'Germany's leadership responsibility' as the economic motor of the Union becoming ever louder. Who would have thought it possible a year ago that, of all things, a Polish foreign minister would state: "I fear German power less than German inaction."³ But the voices which warn of a warlike subjugation to German national interests are also increasing in number. The 'taskmaster' of compulsory cost-cutting is not winning any friends among the élites or among the citizenry in the weaker EU states. Does the German Chancellor, who on her visit to China was flattered as 'big sister' and who still does not have the courage to say that the export giant Germany is the number one profiteer from the euro, know what she is doing? The immense economic differences among the EU states cannot be reduced by means of austerity policies. Are there really no alternatives? In February 2012 German exports passed the trillion euro mark. That calls for new responsibility and solidarity!

Something is brewing

En route to the 'markets' the capitalist states have destroyed the ferment of social justice which holds societies together to varying degrees according to political culture and tradition and was a trademark of the northern democracies in particular. The gap between rich and poor has widened in a scandalous way. The economically powerless have begun to express their frustration and uncertainty in their own way and with the help of networks of virtual power. The Arab Spring, with its revolutionary capacity for communication through the social media, served as a model. That this led to massive violence in the London suburb of Tottenham because there has long been no hope any more for the ghettoized youth there should not come as a surprise. Rather, that uproar was necessary to expose the bitter heritage of neoliberalism – no future for up to 30 percent of young adults in many European states. With Occupy, a movement has come into existence that is as many-faceted as the crisis which gave rise to it. The attempt to occupy spaces you do not own can be trivial-

³ Radoslaw Sikorski: „Ich fürchte die deutsche Untätigkeit“: Europa erlebt gerade seinen beängstigendsten Moment. Nur Berlin kann den Niedergang abwenden (I fear German inaction: Europe is experiencing its most anxious moments right now. Only Berlin can prevent collapse), in: *Die Zeit*, December 1, 2011, <http://www.zeit.de/2011/49/P-Europa>.

ized as children's games of powerlessness and lack of any program, but the fundamental moral message of the movement against inhumane discrimination through globalization and above all the courage to convert insecurity into action, is apparently enjoying worldwide support from a large majority.

It is not only critics of globalization who are attacking the state's monopoly on force; provocateurs with criminal motives and highly varied agendas are also using international wireless connections: Financial sharks, drug barons, cyber warriors. They are declaring war on states and corporations, but are also having a destructive effect on social relations. There is no remedy against that yet – on the basis of a new, internationally recognized system of law. Thus, it may be premature to see “the age of the second Enlightenment”⁴ emerging.

What needs to happen that is mentally and politically practicable so that destructive force does not emerge from the destabilization of the old powers or the fears of the powerless? What implications for peace and security policy do the shifts in power among the states have, and what significance do they have for the (internal) social changes and transnational discourse associated with them?

Power shifts in the structure of states

Initially celebrated by the West as a chance to shape the world according to its own interests and ideas, in the last 20 years globalization has brought about power shifts which are not only welcomed by the West. A world that is networked by communications and transport technology has produced substantial new transnational actors. Starting with changes in the international system, a field of action has formed beyond external control by the state, from which not only new opportunities for action but also new danger zones at state, sub-state, and international level could emerge.

On the other hand, developments indicate that the increasingly multipolar structure of world order will continue to be characterized in the future too by states contending for regional dominance and global hegemony. A global power shift in favor of Asian leading powers has been visible for a few years, and a conflict between the US and China in the 21st century is predicted as unavoidable by many analysts.⁵

4 Stefan Kornelius: Die zweite Aufklärung (The second Enlightenment), in: *Süddeutsche Zeitung*, February 2, 2012, special supplement on the 48th Munich Security Conference, p. 11.

5 Detlef Nolte: Macht und Machthierarchien in den internationalen Beziehungen: Ein Analysekonzept für die Forschung über regionale Führungsmächte. GIGA Working Pa-

Future demographic developments in the established industrial countries and an economic tug-of-war, as we have been experiencing again and again in crises since 2008, indicate major shifts between rising and stagnating economic powers. In seeking to comprehend current and future distributions of power, economic growth, population size, and access to new technologies and military resources are the decisive parameters for rating a country as a rising power.⁶ According to these indicators, it is above all the so-called BRICS that are regarded as rising powers (see chapter 1.5).

Originally led by economic interests, at first globalization was a deliberate strategy of Western industrialized nations. As a consequence, the industrialized nations also laid down the ground rules and in doing so set up the framework in such a way that globalization was favorable to their interests. In the economic field there were large imbalances between globalization's winners and losers.⁷ The newly emerging powers and many newly industrializing countries such as Indonesia or Turkey are now turning the tables by beginning to profit from globalization and gain in influence. The financial crisis of 2008 showed that it was principally the Western industrialized nations who were hit by the economic turbulence on the markets, whereas the 'upstarts' by contrast profited.

Rating instead of governance

Uncertainty has become the central factor on the trading floors of international financial markets, and has penetrated deep into political operations. States have become refugees from the overheated, almost neurotically nervous 'markets.' The role of the rating agencies in this is of decisive significance. The three majors, Standard & Poor's, Fitch, and Moody's, assess the creditworthiness of companies and states. The worse their rating the higher the interest investors can demand.

That the political and economic trustworthiness of companies and entire economies can be assessed by a private-enterprise actor not only undermines the authority of the state but can also compel far-reaching policy decisions. The rating agencies have developed into a new kind of opponent of politics; in doing this, they are more directly and comprehensively dependent upon media

pers, Nr. 29, Hamburg 2006, http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/wp29_nolte.pdf.

6 Ibid. p. 6f.

7 Alexander Wolf: Die Auswirkungen der Globalisierung auf die Sicherheitspolitik, in: Reinhard Meier-Walser/Alexander Wolf (eds.): Neue Dimensionen internationaler Sicherheitspolitik, Munich 2011, p. 38.

democracy than other private-enterprise actors. Public attention gives life to their business.

The increasingly loud call for the supremacy of politics ignores that fact that Western political élites themselves promoted the emergence of their current opponents to the predominance they have today by making ratings the basis of equity capital regulations and by accumulating debt for years.

However, recurrent highs and lows on financial markets and in connection with the upgrading and downgrading of states not only undermine the trustworthiness of states but also trust in the financial and economic system in general and in the ability of politicians to take effective action to counter these crises. Fluctuations in financial market parameters and interest rates have a broad impact within the political and social arena. Financial markets have become an instrument for redistributing wealth in favor of those already possessing it, and in the ‘markets’ the power of ‘investors’ is becoming apparent, according to the social scientist and publicist Herbert Hönigsberger.⁸ A study by the Swiss Federal Institute of Technology Zurich (ETH Zürich) supports this thesis. According to the study a major share of the world economy is controlled by only 147 corporations – primarily banks, insurance companies, and financial institutions.⁹

The new multipolar links

It is an irony of history that in the crisis none other than post-communist Beijing is now backing up the capitalist states and providing financial support in, for instance, Europe’s financial crisis. In terms of development policy China is the foremost nation, albeit one which is being seen by many in the West as a new rival. The West’s competition with China rests, however, on mutual dependency. Europe is, like the US, more than anything an important partner for China. At the same time, China is the largest creditor of the United States and consequently China is concerned about the security and stability of the world economy. On closer examination, the destinies of the economically weakened West and the rising East are too closely linked to each other for them to be conceived of in terms of rivalry or even enmity. The directness of communication and the real-time speed of financial transactions underline the feeling that the

⁸ Herbert Hönigsberger: Die große Verunsicherung, in: Kommune (2011): 6.

⁹ Stefania Vitali/James B. Glattfelder/Stefano Battiston: The network of global corporate control, in: PLoS ONE 6 (2010): 10, osone.org/article/info%3Adoi%2F10.1371%2Fjournal.pone.0025995.

weal and woe of most parts of the earth are increasingly linked to each other – according to ‘the security Nestor’ of the US, Zbigniew Brzezinski.¹⁰

A study by the National Intelligence Council on global development trends and the emerging powers emphasizes their significance for the shaping of international relations. According to this, the new (and in some cases old) players will not only be sitting with the others at the ‘high table’ of international politics, but they will also bring new shares and stakes, create new rules for the ‘game’ and set new limits for the West.¹¹

When it comes to important questions about the world order their views diverge, sometimes markedly, from Western interests. For instance, one area affected is the composition of the UN Security Council. With its five permanent members it reflects past geopolitical power relationships and is regarded among the new emerging powers as a project of the old élites. The prerogative on atomic weapons, which the five permanent members claim for themselves, also falls within this category. The recent arrivals do not regard themselves as adequately represented and increasingly doubt the legitimacy of this special status. The universal validity of Western conceptualizations of democracy and human rights, including spreading democracy through intervention in other states, is being subjected to examination by the new powers. New, democratic big and medium powers such as Brazil, India, or South Africa enter into completely pragmatic alliances with non-democratic countries whenever such alliances seem useful regionally or in terms of world politics. What they give the highest priority to is, most of all, the principle of non-intervention. They thus regard with mistrust and suspicion attempts by the West to introduce democracy and human rights into other countries. In the future, differing priorities in values will be part of the realities of the increasingly multipolar world order. For its part, the West regards these differences with suspicion and outrage; its “discursive hegemony”¹² is being questioned by the new emerging powers. Examples of this could be found in the recent G20 summits on topics such as climate, energy, and security policy. Conflicts of interest between the new powers and the ‘establishment’ – above all the US and the EU – can also be seen in dealings with authoritarian regimes such as Syria or Iran and the policy of sanctions in connection with them. That the new powers will increasingly

10 Zbigniew Brzezinski: Balancing the East, Upgrading the West, in: *Foreign Affairs* 91 (2012): 1, pp. 97-104.

11 National Intelligence Council (ed.): *Mapping the Global Future*. Report of the National Intelligence Council’s 2020 Project, 2004, <http://www.foia.cia.gov/2020/2020.pdf>.

12 Dirk Nabers: Power, Leadership and Hegemony in International Politics, in: Daniel Flemes (ed.): *Regional Leadership in the Global System*. Ideas, Interests and Strategies of Regional Powers, Ashgate 2010, pp. 60-64.

pursue their own opposing political approaches to the established great powers will cause differences at the level of international politics to grow even larger and make necessary a new transnational discussion culture oriented to balancing of interests and a ‘contest of ideas.’

Do armed forces mean strength?

Shifts in political and economic axes in recent years have placed the established powers, the US and the EU, under considerable pressure to act. Whereas because of its present economic crisis and its lack of political coherence the EU is threatened with a loss of face and importance in its capacity as a soft power, with the US dollar’s loss of status as the world’s reserve currency and the experience of two quasi-lost wars, the US is faced with the loss of its position as *the* world power.¹³ The US administration is reacting to this pressure by countering the power shift to the new center of gravity in the Asia-Pacific region with new economic policy and military initiatives. In his speech in the Australian city of Canberra on November 17, 2011, US President Obama officially heralded the “century of the Pacific” and in this way symbolically reinforced the change of course already started in US foreign policy. In his speech he announced the stationing of 2,500 US Marines on the north coast of Australia and a reinforced military presence in the South China Sea. These initiatives are based on the assumption that in the last ten years, during which the US intervened in Afghanistan and Iraq in the name of the war on terror, China has substantially weakened the hegemonic influence of the US in Southeast Asia. In its efforts to build up opposing power, Washington is relying on its military strength and at the same time has signed new regional trade agreements which deliberately exclude China.¹⁴

The redeployment of US military capacity from the northwest Pacific to the southwest Pacific and the South China Sea have the foreign policy goal of bringing China’s neighboring states together in an anti-Chinese bloc and hedging in Chinese efforts to form a hegemony. These attempts by the US to limit China’s influence, while parallel to this Chinese efforts to arm itself are progressing – with average annual growth of about 12.5 percent in the military

13 Robert Kappel: Deutschland und die neuen Gestaltungsmächte. GIGA Focus Global, 2012, S. 2, http://www.giga-hamburg.de/dl/download.php?d=/content/publikationen/pdf/gf_global_1202.pdf.

14 Michael T. Klare: Obamas China-Syndrom, in: Blätter für deutsche und internationale Politik, Berlin (2012): 1, p. 35f.

budget in the period 2001 to 2010¹⁵ – are cause for concern that old reflexes and patterns of behavior from the Cold War which were considered to have been surmounted, such as thinking in terms of blocs and militarization, for instance, in the form of an arms race between the two adversaries the US and China, could break out.

The withdrawal of the US army from Iraq and the gradual reduction in NATO troops in Afghanistan are not identical with the military's decreasing significance in the strategic options of the 'old Western supremacy.' For, as the current escalation between Iran on the one side and Israel and the US on the other shows, the significance of the military as a threat and as a realistic option is increasing again, especially in the highly involved power politics of the Near and Middle East regions. It almost seems as though the old Western supremacy is trying to compensate for destabilization in the economic and political spheres by falling back on the military as the last bastion of former strength. Developments in the armaments spending of the US in the last ten years confirm the assumption that military strength is seen as *the* decisive power resource of the US. In the period from 2001 to 2010 US armaments expenditures rose by 81 percent, whereas worldwide they increased by 32 percent. The 1.3 percent growth in global armaments spending in the year 2010 is almost completely attributable to the US (by comparison, military expenditures worldwide grew by 0.1 percent).¹⁶

In Europe, military budgets are decreasing further, which is mainly connected with spending restrictions resulting from the economic crisis. In view of shrinking populations, falling shares in world trade, and scarce energy resources, it would be advisable for the EU to focus on its political, economic, and cultural strengths and use these as the starting point for cooperation with the newly emerging powers.

'Insecure' societies and transnational discourse

We are witnesses to an economization of politics, not only in international relations. In domestic life too, the social fabric of societies, categories stemming from economics such as efficiency, exploitability, and usefulness are visibly dominating. The radical economization of social relationships questions the equal worth of people (groups of people) and their psychological and physical integrity. 'Insecurity,' loss of orientation, and instability have become the new

15 SIPRI (ed.): Yearbook 2011. Armaments, Disarmament and International Security, Stockholm 2011, S. 159, <http://www.sipri.org/yearbook/2011/files/SIPRIYB1104-04A-04B.pdf>.

16 Ibid. p. 157f.

normality, and are producing, among other things in the form of an ‘uncaring attitude in the public,’ massive tendencies to loss of solidarity and respect for the allegedly ‘useless.’¹⁷ Fears of loss of status or privileges lead to marginalization and reinforce racist attitudes to the strange ‘others,’ manifested, for the most part in recent years, as an alarming increase in prejudice against Islam. Here there is a dangerous hotbed of right wing populist mobilization – not only in Germany. Charles Kupchan describes the stagnation or reduction in incomes in the West, especially with regard to the middle class, in the last ten years as the other side of the integration of millions of low-wage workers into the global economy, but also as “the democratic malaise”.¹⁸ The politically relevant middle class, for example in the US, benefited much less from globalization than those who, for example in China, are successful now – global imbalances are transported into societies as gain or loss of existence (work, accommodation, status) and are viewed as an injustice, for the most part in the West. The growing social gap presents itself as ‘de-democratization,’ and the loss of norms related to human rights connected with it is a peace-endangering tendency. Racist violence emanating from society’s center, as has been practiced in Germany by the right wing extremist terror cell ‘National Socialist Underground,’ or the cold-blooded massacre by the Norwegian Anders Breivik are serious warning signals. The decision by states to ignore or downplay them is calculated to underestimate or even support the great perils of far-reaching disintegration and renationalization becoming visible in the EU crisis.

As a countering trend there is a worldwide call for justice and participation being articulated. Through the information networks spanning the globe a kind of new world public has come into existence, which on the one hand makes it possible for people to come together and for discourse to emerge on an international scale. Often, however, a ‘translation’ is missing in the real-time transmission of religious-cultural differences, and careless play with stereotypes leads to misunderstandings. The potential for escalation of hidden ideational and cultural lines of conflict has thus also become greater.¹⁹ In addition, information technology opens the doorway to people’s perception of their own marginalization or their consciousness of inequality, which can lead to political, ideological, or religious radicalization. The Janus-like nature of the poten-

17 Wilhelm Heitmeyer: Gruppenbezogene Menschenfeindlichkeit in einem entsicherten Jahrzehnt, in: Idem (ed.): Deutsche Zustände, Folge 10, Berlin 2012, pp. 15-41; see also section 1.10.

18 Charles A. Kupchan: The Democratic Malaise, Globalization and the Threat to the West, in: Foreign Affairs, New York, January/February 2012, pp. 62-67.

19 Alexander Wolf, loc. cit., p. 39f.

tial of global communication needs to be taken more seriously as a reality and taken more strongly into account in the mobilization of emancipatory contents.

In international discourse the insecurities have not yet been linked to a strengthening of left-wing positions; it is much more the case that, in view of the crisis of neoliberal capitalism, a surprisingly profound dominance of conservative political concepts is occurring, as the Irish publicist Fintan O'Toole pointed out.²⁰ At the same time, not only in Europe, most citizens wish for the abandonment of the one-dimensional and oppressive compulsory austerity of monetarism. How do social debates need to be organized as a transnational counter-balance to conservatism, which has plunged us into the deepest crisis since the Great Depression? The ideas propagated at the beginning of the millennium by New Labour in Great Britain or also in the German 'Agenda 2010' that all that is needed is better distribution and regulation were the wrong approach. The crisis shows that it is about more than better 'distribution' or 'participation.' Systemic change in dealing with the mechanisms of globalization would mean determining the categories of sustainability from economic and ecological perspectives in a new way: Fair distribution of scarce resources and social justice while simultaneously acknowledging cultural differences must receive a new stature in the catalog of norms of human security, if peaceful coexistence is to succeed in the long term.

Western societies with their tradition of critical social sciences could play an important role in the concert of global discourse, if they were successfully "(re)discovering the capacity for critically examining bourgeois society"²¹, in their own societies, as Frank Schirrmacher formulated it for Germany. In view of the engagement of numerous 'outraged citizens' in various social-cultural contexts, the prerequisites for this exist, it is true, but doubts are also permitted about whether for the well-to-do protection of vested interests presents a more significant motive than commitment to a common good yet to be defined anew. A critical examination of capitalism which for the first time links the 'social question' with that of cultural identity, and examines the issues both within and beyond national boundaries is still experiencing difficulty, but will be a central challenge for the coming years.

20 Fintan O'Toole: Disarray of the left has spared the right its due, in: Irish Times, 21.2.2012, <http://www.irishtimes.com/newspaper/opinion/2012/0221/1224312113141.html>.

21 Frank Schirrmacher: Ich beginne zu glauben, dass die Linke recht hat, in: Frankfurter Allgemeine Sonntagszeitung, 15.8.2011, <http://www.faz.net/aktuell/feuilleton/buergerliche-werte-ich-beginne-zu-glauben-dass-die-linke-recht-hat-11106162.html>.

Balance of interests and respect instead of opposition and export of fear

Power shifts do not need to be regarded *per se* as threats. The crisis of global capitalism and the insecurities associated with it can also be seen as an opportunity. At the end of the Cold War it was the defeated Soviet power in the form of its president, Mikhail Gorbachev, that, in view of global challenges such as poverty, hunger, scarcity of resources, and destruction of the environment becoming apparent at that time, called for ‘new thinking’ in the sense of the common good. To think of power as a ‘positive sum game,’ to exercise intelligent power with others instead of over others, is also the suggestion today of the respected political scientist and former US Deputy Defense Secretary, Joseph Nye. His conclusions sound prudent in a pragmatic way and are definitely not just intended as balm for the wounded souls of the Western leading power: In the globalized world, even the strongest power cannot achieve its goals without the help of others. This is not an expression of the decline in power, but of the application of ‘context-sensitive intelligence’; we need a “more sophisticated narrative than the classical stories of the rise and fall of great powers.”²² Now Nye is, without doubt, more of an adviser to the powerful (states) than to the powerless (citizenry), and the mix he suggests of hard power including military resources and the soft power of civil cooperation may well provoke many an objection from the perspective of peace and conflict research.

What then would be the important prerequisites in both transnational dialog and also dialog between states in order to spell out a peace-promoting ‘group mindset’ of the powerful, with each other and with the less powerful in the future? In the first place: A prejudice-free but explicit discourse concerning (differences in) interests, whether of a material, ideational-normative, or cultural nature must be set in motion. Justice in the matter at hand and respect in the approach can serve here as difficult but appropriate guidelines. Second: At the table where these dialogs take place a new balance between state and societal actors must be found. Modern communication and information networks should be more consciously employed as a platform for this. Third: Diplomacy must be freed from the classical insignia of the (superior) power. In contrast, it should be informed by empathy and its protagonists need to set out on an ‘equal footing.’ Fourth: Initiatives in this direction should largely come from the powers who have been made to feel insecure – as a gesture which helps recover lost faith in the political process.

²² Joseph Nye: *The Future of Power: Its Changing Nature and Use in the Twenty-first Century*, New York: Public Affairs, 2011, p. xiv.

THE DEMISE OF POLITICS?

That German government in its foreign policy concept of February 2012 trusted the “newly self-determining powers” to take responsibility for global challenges,²³ can be seen as a step away from fantasies of ‘rivalry’ towards thinking in terms of partners. However, whether this is already based on a new understanding of shared exercise of power liberated from the paternalism of the past and fear of the present remains to be seen. In actual fact, the EU, with its experience of the relative relinquishment of sovereignty by its states within the framework of a regional union and the multicultural structure of its societies, appears to be predestined to be in the vanguard in a new ‘positive sum game’ of global civilian exercise of power. Apparently, it cannot and does not wish to compete militarily with the ambitions of others, for example in the Pacific region. This is fitting and ought to release mental and material resources in order to become active in the sense of the four preconditions for the promotion of peace cited above.

23 German Foreign Office (ed.): Globalisierung gestalten – Partnerschaften ausbauen – Verantwortung teilen. Konzept der Bundesregierung, Berlin 2012, http://www.auswaertiges-amt.de/cae/servlet/contentblob/608384/publicationFile/164370/Gestaltungsmaechte_konzept.pdf.

1.2. The crisis in the Eurozone: cult of the market and power of the banks

James K. Galbraith

The Eurozone crisis is a banking crisis posing as a series of national debt crises and complicated by reactionary economic ideas, a defective financial architecture and a toxic political environment, especially in Germany, in France, in Italy and in Greece. Its major effect is to impose a vast divergence on the patterns of economic performance inside Europe. It is crushing the economies of the European periphery, while having relatively little effect, so far, on Germany and her closest neighbors. It is a crisis which is built out of the inadequacies of the European architecture and the underlying ideology that prevailed at the time that the Eurozone was created, which has been shown to be plainly unable to deal with the debtor creditor relationships that presently exist inside Europe.

Deregulation and fraud

The crisis originated in the United States. Driven by sinking profit rates since the turn of the millennium, the U.S. finance capital sought to tie in with the high rates of return of past decades. And here there was a problem. The U.S. had been developing its housing industry for a very long time – more than two thirds of the U.S. population live in a house of their own – and the market for good loans was largely saturated so there could not be rapid growth to good credits. The market for bad loans, however, is intrinsically unlimited. So what was possible was to have rapid growth of lending to borrowers who would not repay those loans. Loans that will not be repaid will have to be sold to someone else who will eventually take the loss. That's the business model involved here. Since people do not voluntarily assume or make purchases that they know will result in massive financial losses, financial fraud was an intrinsic and essential element of the scheme that provided economic growth to the larger U.S. economy in the last half of the 2000s.

This was facilitated in a very direct way by acts of government:

- in the late 1990s when the Clinton administration repealed the Glass-Steagall Act, which had been separating commercial from investment banking in 2000;
- when the same administration passed and signed the Commodity Futures Modernization Act, which legalized unregulated credit default swaps;

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- and then in 2001, when the Bush administration in the immediate aftermath of 9/11 deactivated the financial police taking 500 FBI agents who were previously assigned to financial fraud, reassigning them to counter terrorism;
- and appointing in the critical regulatory positions in the Office of Thrift Supervision and the Office of Comptroller of the Currency and at the Federal Reserve a body of officials who either ideologically did not believe in the role of government as supervisor and regulator or who were by a personal experience closely tied to the industry in question.

Mortgages by the millions were originated and sold to people who would not pay them back. Documents that were labeled as mortgages were created but they were not in fact mortgages. They were partially documented loans made to people who did not report their incomes, who had bad credit histories or no credit histories, against houses whose values were deliberately inflated by appraisers put under pressure for that purpose. The loans were then bundled, securitized and passed to the ratings agencies, who did not examine the underlying documentation and therefore deliberately did not uncover the fact that the underlying loans were massively fragile. The ratings agencies were in fact engaged in an activity which is known as laundering. They took a corrupt document and presented it to the public as a triple-A security. The banks and the investment banks then sold these securities to an investing public in the United States and around the world, engaging in an activity which is properly known as fencing, selling them to people who had money and who had the misfortune of believing that their counterparties in the United States banking sector and at the ratings agencies were trustworthy.

I don't wish to say quite that fraud caused the crisis. My point is a little broader. It is that fraud was an integral ingredient of the phony boom that preceded the crisis. *Fitch Ratings* in 2007 conducted a small survey of the documents underlying mortgage-backed securities and discovered there was missing documentation, abuse or fraud in practically every file. That was not accidental on anyone's part. The authorities who were charged with stopping it were aware, they were warned, the FBI in 2004 stated publicly that the country was facing an epidemic – that was the agency's term – of mortgage fraud and the officials did nothing. Unlike prior post-war slumps, the U.S. crisis was not due to a policy shock or an external shock. It was instead due to the sudden realization that the entire foundation of trust and trustworthiness on which the financial sector must rely had vanished. That is why the credit markets froze up, why the inter-bank money markets froze up in particular in August of 2007

and why other major markets, the money market funds, commercial paper markets disappeared and had to be nationalized if they were going to survive at all.

The European banking crisis

Like the crisis in the U.S., the European banking crisis is the product of over-lending to weak borrowers, including for housing in Spain, commercial real estate in Ireland and the public sector (partly for infrastructure) in Greece.

The European banks leveraged up to buy toxic American mortgages and when those collapsed they started dumping their weak sovereign bonds to buy strong ones, driving up yields and eventually forcing the whole European periphery into crisis, in spite of the fact that the countries immediately involved – Greece, Portugal, Ireland and Spain – had very different macroeconomic profiles in advance of the crisis. Greece, which was merely the first domino in the line, has always had a deficiency of tax revenue, in Ireland it was a matter of commercial real estate boom largely inflated also by German banks, in Spain a housing boom and in Portugal a structural problem of the industrial sector above all. These were very different things but they became merged in the functioning of the credit system as banks adjusted by selling off the weaker assets in response to the pressure they were under. Greece in particular with the freshly elected socialist government became the convenient symbol and the scapegoat for what was in fact not a Greek crisis and not even a European crisis but the European annex to a global financial crisis.

Of course, a lot of what went wrong did come from the US. We allowed the largest financial fraud in history to develop a housing finance market and allowed the counterfeit mortgages to be laundered and essentially fenced to European investors who were the marks in what was a colossal, an epic scam. I think it's also fair to say that if you look at what was going on in Ireland, there was a qualitatively similar degree of lender irresponsibility, with the underwriting of commercial real estate and shopping mall development. The housing boom in Spain had, at least in macroeconomic terms, a similar characteristic.

In all such crises the banks' first defense is to plead surprise and to blame their clients for recklessness and cheating. This is true but it obscures the fact that the bankers pushed the loans very hard while the fees were fat. The defense works better in Europe than in the U.S. because national boundaries separate creditors from debtors, binding the political leaders in Germany and France to their bankers and fostering a narrative of national-racism ("lazy Greeks", "feckless Italians") whose equivalent in the public discourse of post-civil rights America has been largely suppressed.

Cult of the market

Underpinning banker power in creditor Europe is a Calvinist sensibility that has turned surpluses into a sign of virtue and deficits into a mark of vice, while fetishizing deregulation, privatization and market-driven adjustment.

However, the attempts to solve economic problems with instruments following the credo of market efficiency regularly disappointed expectations. Supply side economics, this principle of lower tax rates was applied and nothing happened. There were no positive effects that have ever been detected from this. And as for privatization and deregulation: This was a scourge which went around the world and from which a great many countries have already recoiled. Certainly if you visit Latin America these days, you will find that with the reestablishment of democratic governments in much of the region, there has been a strong reaction against for example the privatization of water services, which was a way of extracting rents from very poor people at the expense of their health.

Cutting wages is not a formula for increasing employment. The economic textbook takes the view that the problem of unemployment is one of wages being too high. It follows by that logic that if you cut wages there will be fuller employment. It turns out, however, that it's practically never the case. In general the amount of employment is governed by the ability of businesses to sell their products and this depends upon the health of the economy as a whole and not upon the wage rates of individual workers.

In the same vein, the postulate that inequality of wages rewards accomplishment and therefore generates prosperity is misleading. When you examine this relationship across Europe or between Europe and the United States, what you actually find is that countries which have less inequality in their structural pay historically enjoy less unemployment.¹ One clear reason why you would expect this to be the case is that when there are very large differentials between the best paid jobs of which there are not very many and the worst paid jobs which are always very numerous, then people leave the worst paid jobs, are trying to get some better ones and so they end up lining up at the factory gate and filing applications for jobs that are not available in sufficient numbers, and the result is unemployment. It follows that we are better off regulating our societies to enjoy a gradual decline in inequality and gradual bringing up of

1 For more detail, see James K. Galbraith: *Inequality and Economic and Political Change: A Comparative Perspective*, United Nations Research Institute for Social Development, New York 2010; id.: *Inequality and Economic and Political Change: A Comparative Perspective*, *Cambridge Journal of Regions, Economy and Society* 4 (March 2011)1, pp. 13-27, <http://cjres.oxfordjournals.org/content/4/1/13.full.pdf+html>.

those at the bottom and this also will tend to improve the efficiency with which the economy works over time. On the demand side inequality leads to extreme instability.² When there is a tremendous difference of income levels people try to close up their difference in consumption standards by borrowing. And so you end up with greatly increased private debt burdens on low income households. And of course that's intrinsically unsustainable: Interest rates go up as they did in the latter part of the last decade. Then these debt instruments become massively unpayable, and unpayable debts will not be paid.

Similarly, the deregulated financial markets clearly demonstrate the disastrous effects of the market efficiency ideology. It recreated a world in which powerful private institutions could extract a much larger share of total income than had been previously the case, at the expense of greater instability, greater inequality, lower growth and stagnation of living standards for everybody else.

What is important here is to understand what markets are and to remove from the discussion of markets that theological element, the element of omniscience and omnipotence which surrounds this concept. In the world in which we actually live virtually every type of private economic activity that we engage in is embedded in a structure of regulation that comes from the public sphere. It is in fact the effectiveness of that regulation that makes possible the world in which we live. Just to give you three examples: Nobody would get on a modern jet if they weren't confident that the air traffic controllers were fairly competent professionals. Nobody would eat raw vegetables if they weren't confident that the agricultural authorities were doing a reasonably good job of insuring that they were not covered in feces. Only a co-conspirator will do business with a bank if they believe it to be run by crooks. Every aspect of our complex economic lives has an important component of public regulation, and when that regulation is undermined or subverted it's not that business has suddenly become free to do what they want. Rather the markets themselves are going to collapse and we will end up with a much impoverished society if we allow that to happen. Yet it is happening now.

Responsibility of economics?

I think that in important respects the economic doctrines of the early 1980s bear a share of responsibility for what has happened since. Having said that, when I compare that period to the more recent ten or fifteen years, I have a

² For more detail, see id.: *Inequality and Instability: A Study of the World Economy Just Before the Great Crisis*, New York, NY: Oxford University Press, 2012.

certain sympathy for the conservatives of that time – the Reagan period – who were first of all reacting to the difficulties of the broadly social-democratic era that had come before. They were reacting to the instabilities and inflation they faced. And they had to some degree an idealistic approach in that they sincerely hoped their methods and policies would generate an improvement in public welfare. And I think we've seen that element of sincerity disappear, to the point that many people who were conservatives in that period take a very different view of self-described conservatives today.

We've seen sincerity disappear because government, while purporting to pursue a public goal by conservative means, has in fact been largely pursuing a predatory policy, a policy which uses the instruments of state power for the purposes of a very small minority and particularly of the financial elites.³ And this is what led, in the United States beginning under President Clinton but accelerating greatly under George W. Bush, to the desupervision of the financial sector and the very rapid rise of enterprises whose operations were based on financial fraud, who were working to wreck the foundations of trust that a credit economy must have if it is going to function properly.

It is also of course evident that the recipes of supply side economic theory have failed. It seems that they survive now only in the ivory tower of some economic faculties. Certainly you can find many economists who repeat these clichés, these formulas. However, it is not economics as such or the economists who are responsible for this misleading cult of the market. You will also find much work in the published literature in economics which shows what a disaster this experiment has been.

The claim that there is a unified view by economists in favor of these policies has not been true for decades if indeed it ever was true. The views of the self-described leading university departments that they present as the last word on the subject are not at all the last word. These faculties have isolated themselves from any critical perspective; they insist on "consensus" by the simple device of ignoring actual dissent. In doing so, they control gateways to finance and government and thus wield immense power. But if you go out into the broader intellectual community in the United States there are a lot of small colleges and state universities and of course in the universities around the world, you will find free thinking economists who either never accepted these doctrines or who have come around to rejecting them.

Seen in this light, the dogmatic insistence on these failed policies in Europe, on the part of the strong partner, that is the leading countries of the Eu-

3 See id.: *The Predator State: How Conservatives Abandoned the Free Market and Why Liberals Should Too*, New York, NY: Free Press, 2008.

ropean Union and particularly Germany, in their dealings with a weak partner, namely Greece, seems absurd. The Greeks are being told to pursue aggressively the policies of selling off practically all of the state assets, the selling off their electricity systems, privatizing their universities, even eliminating or cutting back on their minimum wage. They are being told so by agents of the creditors, particularly the troika and particularly the advisers from the International Monetary Fund (IMF), who were just repeating the formulas they were taught, and that have failed and have been rejected in many parts of the world over the past twenty years.

As this process unfolds some Germans especially lecture their newly indebted customers to cut wages, sell off assets, and give up their pensions, schools, universities, healthcare – much of which were second-rate to begin with. Recently the lectures have become orders, delivered by the IMF and the European Central Bank (ECB), demonstrating to Europe's new debt peons that they no longer live in democratic states.

European constructional flaw

The European situation has proved actually worse than that in the United States, I think for two main reasons: First, the bad economic ideas and institutions, and second, politics that are toxic even by North American standards, including a lack of trans-European solidarity. On the economic side, Europe had the disastrous misfortune to have its institutions formed under the dominance of neoliberal ideas, that is to say institutions that were essentially created after the decline of the post-war Keynesian consensus. Especially the ECB, the bank regulatory system process that has been undertaken in Basel relies on this “hands-off” mechanism of capital requirements and the absence of automatic fiscal stabilizers that can operate transnationally, at the continental scale. Europe continued to have fiscal stabilization at the national level – in Germany it was very effective – but at the continental level there was none at all. The trans-European transfers that would have been required to offset the divergent balance of payments positions of the debtor countries on the one side and Germany on the other simply did not come into existence. So there was no offset except for unsustainable commercial debt through the German current account surpluses that began to grow rapidly with the introduction of the Euro in the year 2000 and after.

On the political side, North European leaders were all too willing to play to their galleries, to their constituencies who believe, perhaps instinctively – but they also have their somewhat religious element – that surpluses signify virtue

and that deficits signify vice, that those who run surpluses are hard-working, competitive, reaping the rewards of their diligence, but those who run deficits are feckless, lazy-lie-about-in-the-sun types; they were overlooking the fact that Greeks in fact work more hours than Germans do. Those people who hold these views have probably never been taught that neither deficits nor surpluses are possible without the other; one is simply the accounting mirror image of the other in a closed system.

To be fair, even where European leaders may well understand these points – it would not surprise me in the least to discover that Chancellor Merkel understands them – there is no political case for articulating them in public. Spaniards do not vote in Germany. And this is of course a very different situation than we have in the United States where the home owners, the population most hurt by the crisis, are an important force inside the political system. So for basically this reason the United States economy has been stabilized. We have no strategy for a successful economic recovery, the labor force has lost employment permanently and many will rely on public assistance and on whatever remaining assets they have until they reach the age to go into Social Security and Medicare. But this system is approximately stabilized at relatively low levels of activity and employment. This is in part because we do have very large public deficits which are supporting private incomes and so while output and employment fell dramatically incomes did not fall very much and we also have a policy of effectively zero interest rates which provides a very low cost of funds which has been maintaining the banking system in a state of at least suspended animation.

Europe in contrast is in a mode that can reasonably be described as suicidal with each bail-out being perhaps deliberately short of the steps required even to stabilize the banking system who continue to sell off assets driving up yields while the blood price in political terms that is required to justify recycling of funds is a fearsome policy of austerity, of fiscal cut-backs and basically the destruction of the welfare state in the sovereign countries of Europe, countries where the welfare state was never strong by European standards in the first place and where public schools, the public health system, certainly the universities are in the deepest kind of trouble. If you are a professor with let's say thirty years of experience in Greece you have experienced already a forty percent cut in your pay, your pay in Euro terms is comparable to that of someone teaching perhaps high school in the United States at the moment. It's not an environment in which it is possible to maintain institutions of higher learning at a world competitive level and of course anybody in that position who has an exit option is going to take it sooner or later. And we have also seen a what

the Europeans politely refer to as a democratic deficit, a deepening democratic deficit as the governments that were elected have been replaced by governments that were effectively appointed by officials in Brussels in both Athens and Rome. And yet, it continues. European leadership seems unable or unwilling to change direction and each step of the policy seems directed to making things worse. I don't think the European Union is doomed, even though as I understand it a country's exit from the Eurozone would also entail exit from the EU. It's extremely difficult to imagine institutionally or legally how countries would exit the Euro zone if they chose to do it, how they could so successfully without severe transitional problems, and for this reason both the EU and the euro are likely to survive for now. But there are certainly questions now about whether they can hold together in full over the long term and also a question about whether they should. If the purpose of the European Union is not to bring the lower income countries into a closer alignment and greater equality with the higher income countries, if it's not to strengthen institutions but to destroy them, then the question has to be asked: what's the justification for keeping it in place? Certainly some countries will begin to ask themselves that question, if this continues.

Scenarios, short term solutions and lessons to draw

What's the most likely scenario? I think in the U.S. the most likely scenario is a continued stagnation evinced by a slow rate of economic growth and very little improvement in employment although unemployment may fall as people exit the labor force. The substantial risk to that scenario may come after the next presidential election. If those who would cut the remaining bulwarks of North American social insurance, Social Security, Medicare and Medicaid should win complete control then it's possible that the United States would follow Europe into a new wave of self-destruction. In Europe, the most likely scenario seems to me is continued decline with increasing amounts of civic unrest already very evident in Greece and France and Italy.

Technical solutions exist. The most-developed of these is the "Modest Proposal" of Yanis Varoufakis and Stuart Holland⁴, widely backed by older political leaders in Europe. The authors suggest three measures which tackle the crisis in the Eurozone by simultaneously dealing with three fundamental problems – the sovereign debt, the banking system and insufficient investment.

4 Yanis Varoufakis and Stuart Holland: A Modest Proposal for Overcoming the Euro-Crisis. The Levy Economics Institute of Bard College, Annandale-on-Hudson, New York, Policy Note 2011/3, May 2011, <http://www.levyinstitute.org/publications/?docid=1380>.

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1. Convert the first 60 percent of GDP of every Eurozone country's debt to a common European bond, issued by the ECB: To stabilize the debt crisis, Varoufakis and Holland recommend a tranche transfer of the sovereign debt of each EU member-state to the ECB, to be held as ECB bonds. Member-states would continue to service their share of debt, reducing the debt-servicing burden of the most exposed member-states without increasing the debt burden of the others.
2. Recapitalize and Europeanize the banking system, breaking the hammerlock of national banks on national politicians: Rigorous stress testing and recapitalization through the European Financial Stability Facility (EFSF), in exchange for equity, would cleanse the banks of questionable public and private paper assets, allowing them to turn future liquidity into loans to enterprises and households.
3. Fund a New Deal-like program of investment projects through the European Investment Bank (EIB): The EIB would assume the role of effecting a "New Deal" for Europe, drawing upon a mix of its own bonds and the new Eurobonds. In effect, the EIB would graduate into a European surplus-recycling mechanism – a mechanism without which no currency union can survive for long.

Variant proposals include Kunibert Raffer's call for a sovereign insolvency regime modeled on the U.S. municipal bankruptcy statute⁵, Thomas Palley's proposal for a new "government banker"⁶ and Jan Toporowski's proposal for a tax on bank balance sheets to retire excess public debt.⁷

These are the best ideas and none of them will happen. Europe's political classes exist these days in a vise forged by desperate bankers and angry voters, no less in Germany and France than in Greece or Italy. Discourse is sealed off from fresh ideas and political survival depends on kicking cans down roads so that the fact that this is a banking crisis does not have to be faced. The fate of the weak is at best incidental. Thus every meeting of finance ministers and prime ministers yields treacherous half-measures and legal evasions.

Greece and Ireland are being destroyed. Portugal and Spain are in limbo, and the crisis shifts to Italy – truly too big to fail – which has been put into an IMF-dictated receivership and to France which struggled in vain to delay the

5 Kunibert Raffer: Finanzkrise und Staatsinsolvenzen: Marktlösung statt Spekulantensubvention, in: *Zeitschrift für Außen- und Sicherheitspolitik (ZfAS)*, 4 (3. Quartal 2011) 3, S.387-399.

6 Thomas Palley: Euro Bonds Are Not Enough: Eurozone Countries Need a Government Banker, 6. September 2011, <http://www.thomaspalley.com/?p=185#more-185>.

7 Jan Toporowski: Notes on the Eurozone Crisis, 3. November 2011, http://www.utexas.edu/lbj/sites/default/files/file/news/EUROZONECRISIS_JanToporowski.pdf.

inevitable downgrade of its triple A rating by cutting every social and investment program.

But Greece is not Argentina with soybeans and oil for the Chinese market, and under current treaties exit from the Euro means leaving the European Union. It's a choice only Germany can make. For the others, the choice is between cancer and heart attack, barring a transformation in Northern Europe that not even Socialist victories in the next round of French and German elections would bring.

So the cauldrons bubble. Debtor Europe is sliding toward social breakdown, financial panic and ultimately to emigration, once again, as the way out, for some. Yet – and here is another difference with the United States – people there have not entirely forgotten how to fight back. Marches, demonstrations, strikes and general strikes are on the rise. We are at the point where political structures offer no hope, and the baton stands to pass, quite soon, to the hand of resistance. It may not be capable of much – but we shall see.

What lessons should be drawn?

- First, we should be very grateful for comprehensive country-wide continental-scale social insurance schemes that have been a fundamentally important stabilizing force in North America and whose absence in the European periphery has been exceptionally damaging.
- Secondly, we learn again that the financial sector always requires autonomous adult supervision, cannot be allowed to regulate itself any more than any complex system can regulate itself – you can't leave a nuclear reactor without moderators, cooling systems, and you should not leave banks without investigators and regulators and supervisors and prosecutors as necessary.
- Thirdly, countries that have the resource base, the capacity to adopt conservation strategies and to generally make better use of their natural endowments will enjoy a distinct advantage in a resource-short world.
- Fourthly, a system, a social framework that maintains an element of political solidarity stands a much better chance of surviving than one which does not.

I think we need to recognize that the financial markets that existed three years ago no longer exist and will not be recreated. In the U.S. the banks' business model was oriented toward making household loans, mostly mortgages. In Europe banks were more oriented towards company loans but they were also very heavily making loans to countries, sovereign loans. Those markets have been destroyed. They have been destroyed by the collapse of confidence and also by the creation of these elaborate derivatives markets where one does not know

what the true credit condition of a particular counter-party is at any given time. And I don't think that these markets are going to be recreated. That is to say, I don't think we are going to see the American middle class being reconstituted as a credit-worthy entity, as a credit-using entity, any time soon. And I don't think we are going to see European governments of the smaller countries, the weaker countries returning to private credit markets any time soon. So we have to reconstruct the financial sector with a new institutional basis so that the functions that we have lost can resume on some stable and reasonable foundation. This was the problem faced in the thirties, and it was a forty year project to rebuild a financial sector after the collapse of 1929. The mortgage industry that grew up in the United States was substantially a heavily regulated public-private enterprise.

The role for banks in the new world would be very different. Surely there is a role for banks or bankers in the service of companies. Bankers are in principle professionals trained to evaluate business risk and profit potential, and decentralization and competition between them are in principle good things. Unfortunately, that is not a description of the banking system that we have. The problem with the banking system that we have is that it is a compound of regulatory arbitrage, tax avoidance, the packaging and sale of doubtful, and in many cases, fraudulent instruments that originated in the United States and were peddled to European investors in the years before the crash in 2008.

One needs instead to have banks or bankers who act as underwriting agents for companies – that's what bankers are really here to do. If you want to have banks that provide loans to small and medium-sized enterprises you need to have small and medium sized banks to do it. Large banks are not interested in that kind of work. We should have started three years ago by taking control of some of the largest banks and restructure them and bringing the whole industry down in size by – one could easily imagine reducing it by 30% – and reducing the pay of the top officials (the executives of smaller banks earn less anyway), bringing in a new set of officials who were not implicated in the reckless behavior and the fraud of the previous period, and eventually creating new and smaller banks that will compete with each other but will do so within a charter that serves the purposes that society would like to see served. What's essentially important here is that the banks need to be governed by a social framework, by a social contract. They should not be setting the terms of the larger society as they have been doing for the last thirty years.

Rule of law and sustainability

Finally, it is of overall importance that we understand the role of resource costs and environmental constraints in the development of a new economic framework. Just as important is to appreciate the necessity and fragility of coercive codes of ethical behavior, including the application of law and the interaction between social and economic equality and justice in the achievement of legitimacy for the rule of law.

I see two dimensions, one of which moves in the direction of integrating economics with physical phenomena and the other one that moves in the direction of integrating it with the basic principles of effective social governance. To me these two dimensions appear most fundamental because they illustrate

- *first* of all what seems to me is one of the fundamental phenomena of our time, the pressure that rising resource costs or other constraints can place on profitability and therefore on investment and economic growth – there’s a difference in the conditions of growth that have prevailed from the 1930s until the 1970s and the conditions that are likely to prevail in the world economy taken as a whole going forward;
- *second* a tendency to respond to that pressure by cooking the books, and
- *third* the tendency for the system to collapse when the fraud is uncovered because of the collapse of trust and the impotence of a rule of law when it is revealed that the rule of law exists in name but not in fact.

And here we have the most fundamental comprehensive explanation of why the crisis happened and why it will be extraordinarily difficult to resolve it going forward, that is to say we’re facing two problems that we did not face before and haven’t faced in a long time, certainly not since the 1930s. One is a change in our underlying resource conditions and production – a turn toward relative scarcity – and the other is a collapse in the trust reposed in the financial institutions that have allocated capital and investment.

So far as our analytical tools are concerned, we need an economics that is capable of taking this into account. Presently we do not have this, which is why questions relating to resources and to fraud do not get discussed in relation to the crisis. We need an economics that is consistent with the laws that govern all living systems, meaning an economics free of perpetual motion machines and reversible time, that recognizes elements of irreducible uncertainty, diminishing and increasing returns, depletion of non-renewable resources – all these things should be built into the system. Biophysics tells us that institutional structures matter, larger structures, bigger enterprises, bigger countries typically use resources more intensively and generate higher returns and bet-

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ter standards of living; but they are also more fragile, more vulnerable when resource costs rise. This is why large animals tend to face extinction, while small animals often do not – and it may be why big firms and large wealthy countries or integrated groups of countries generally prosper but also why they sometimes fail.

1.5. The West's loss of power: What will come after unipolarity?

Matthias Dembinksi and Hans-Joachim Spanger

It is so easy to get it wrong: In 1990 Charles Krauthammer gave the 'unipolar moment' of America as a superpower 30 to 40 years – an estimate which he later called "rather modest" and qualified by saying that the *moment* had become a *unipolar era*. Its durability, according to Krauthammer, depended not on external developments but solely on the will and capabilities of the US: "The choice is ours."¹ Yet, scarcely ten years after this hype about the hyperpower the world looks completely different. What looked in 1996 like rather ineffective compensation for lost greatness by Russian Foreign Minister Primakov and a little later like no less questionable substitute rhetoric by French President Chirac has today become common knowledge: the world multipolar order. That the erstwhile single pole has mutated into only one among several is less attributable to American inability to defend the preeminent position of the US: Militarily, but also politically, Washington's dominance has changed little. But economically and, as a result, also financially, socially, and culturally, in recent years the balance has shifted visibly and with increasing speed.² At the center of this are the BRICS countries, a group consisting of Brazil, Russia, India and China, as well as, since April 2011, South Africa too, which ten years ago were, taken together, deemed an especially profitable investment vehicle by Jim O'Neill, in the name of his American bank, Goldman Sachs. The way this acronym has established itself economically and politically within a period of a few years is reminiscent of Goethe's sorcerer's apprentice; while the reactions of the 'old' powers to its political appearance are reminiscent of Kafka's *Metamorphosis*.

The BRICS countries ...

Without a doubt the BRICS countries represent a conglomerate that, when viewed externally, is impressive: they include the largest country on earth and the two most populous, together accounting for 29.4 percent of the earth's surface and 42.5 percent of its population. Linked to this is a striking, and

1 Charles Krauthammer: The Unipolar Moment Revisited, in: The National Interest, 70 (2002/2003): A, p. 17.

2 As assessed by Fareed Zakaria: The Post-American World, New York 2008, pp. 40-48.

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in the case of China unparalleled, economic dynamism: Whereas their share of global GDP in 2000 was only eight percent, by 2007 it already amounted to 15 percent. In the same year, O'Neill predicted that by 2027 China would already have passed the US, that India would do so by 2050, and that by 2035 the BRIC states (at that time still without South Africa) together would have a higher domestic product than the G7 (the US, Japan, Germany, France, Great Britain, Italy, and Canada), even if only in absolute terms and not per capita.³

However: Even though the BRICS states have combined to produce 50 percent of global economic growth in recent years, according to the conventional criteria of the International Monetary Fund the gap is still substantial, including the divide between China and the US, as the chart below demonstrates.⁴

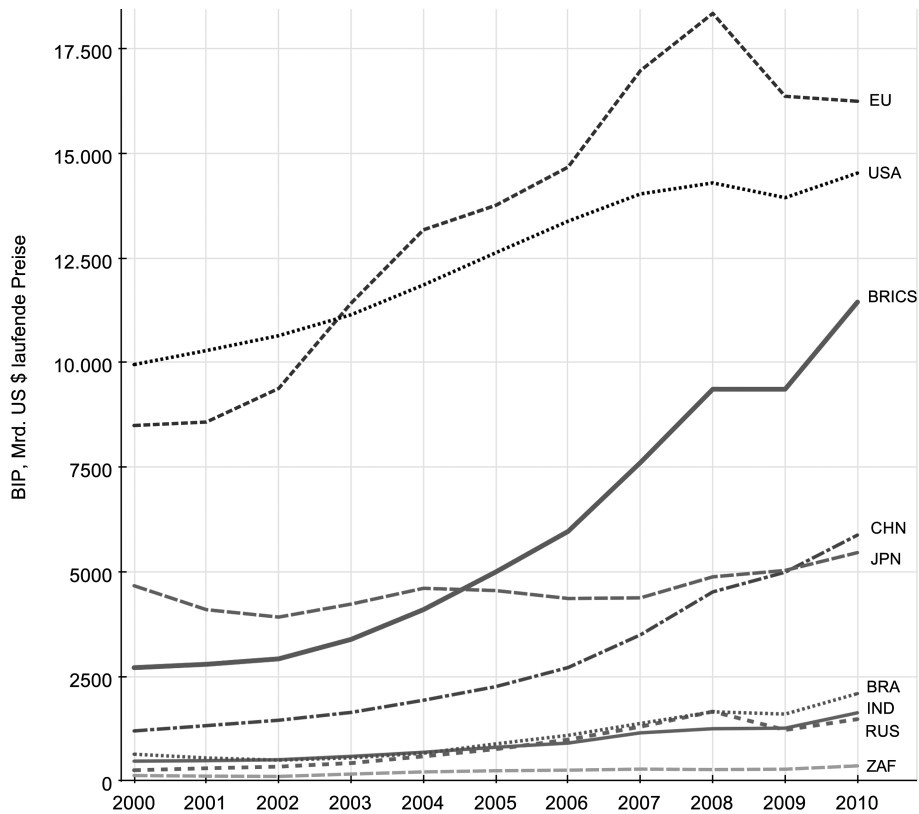
It is also true that the BRICS countries represent anything but a homogeneous group, neither politically – here the spectrum ranges from the world's largest democracy, India, to China, its largest autocracy – nor economically – there are major differences here in both economic power and economic dynamism and above all in economic structures. But the unifying bond, the ability to offer resistance to the *unipolar moment* of the United States and in its wake the West, obviously has enough weight to establish them as an independent group, similar to the G7 in its time.

The official start was the 2009 meeting of the four heads of state of the BRIC group in Yekaterinburg; further meetings in Brasilia (2010) and in the Chinese city of Sanja (2011) followed in a yearly cycle as well as gradual institutionalization and formalization. One example is monetary policy: The general principle of 2009 to seek to develop “a more strongly diversified international monetary system” was followed in 2010 by the concrete attempt to abolish the US dollar as the clearing currency for trade among BRICS member states. This led in 2011 to a ‘detailed road map’ which foresees, among other things, the signing of a treaty whereby the five development banks will use their own national currencies when trading among themselves.

3 Goldman Sachs Global Economics Group: BRICs and Beyond, 2007, <http://www.goldmansachs.com/our-thinking/brics/BRICs-and-Beyond.html>.

4 If the calculations are based on purchasing power the proportions shift in favor of China: According to this calculation GDP in 2010 (in billions of US dollars at current rates) was 15,203,145 for the EU, 14,526,550 for the US and 10,119,896 for China; International Monetary Fund: IMF Data Mapper, <http://www.imf.org/external/datamapper/index.php>.

GDP 2000-2010, rounded in billions of US dollars at current rates



Source: IMF, <http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/weoselgr.aspx>.

... and their effects

Even if much of it still seems to be rudimentary and limited to declarations of intent, it is the dynamism of the economic rise and the potential for coalition building of such political heavyweights that is leaving its mark in an either intimidating or euphoric manner in all quarters. The fact that the West's decline is linked with the rise of the BRICS group and that, as a result, the world is threatened with a new transfer of power is something that is fully expected today, even beyond the popular press and its editorial pages. Although it will take a considerable time yet before the power shifts currently being observed lead to the transfer of power that is presently only an extrapolation, the mere prospect

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has already had enduring political effects and caused some controversies over how to respond to such prospects appropriately.

In the West, debate has seen the camps familiar from other debates squared off against each other, either playing up the (primarily political) dangers and calling for containment while there is still time or, conversely, emphasizing the (primarily economic) opportunities and calling for corresponding adaptation. Alarmism feeds on the experience that, historically, transfers of power are always linked with conflicts and often with wars. This is because, as a rule, rising and declining powers see their changes in position as a zero-sum game. Although critics of this perspective also concede that such strategic rivalries involve a law of nature, power takeovers have taken different forms, depending as much on the regime of the rising power as on the character of the existing international order. Here, as G. John Ikenberry emphasizes, the existing Western-oriented world order displays a singularly high capacity to absorb: “Today’s Western order, in short, is hard to overturn and easy to join.” Through its dense network of rules and institutions and the consultative leadership mechanisms anchored within it, it guarantees that rising powers such as China can pursue their growth goals within the system and are thus not forced into an open challenge.⁵ He attributes this to institutions created towards the end of the Second World War such as the United Nations and the International Monetary Fund, as well as to later informal arrangements in the form of the G7/8 and the G20.

The new superpowers themselves are ostentatiously positioning themselves between the naïveté of institutionalism and the Manichaeism of realism. They call for more “equal rights” and “justice”, as well as “more democracy” in international relations and its organizations. At the same time, they plead for strengthening of “multipolarity, economic globalization”, and for “growing interdependence”.⁶ Over and above that, China and India claim in all innocence, merely in the sense of *great convergence*, to want to occupy their traditional positions as the largest (China) and second largest (India) economies in the world which they occupied until the beginning of the 19th century. In connection with this, it is of considerable significance where they lay the blame for their decline – in the case of India for instance, from 20 percent of world production in 1770 to only three percent 200 years later; on their own failures or on their subjugation by Western colonialism and imperialism. Here,

5 G. John Ikenberry: The Rise of China and the Future of the West, in: *Foreign Affairs* 87 (2008): 1, p. 24.

6 Declaration of the Sanya Summit of BRICS countries on April 14, 2011, in: http://news.xinhuanet.com/english2010/china/2011-04/14/c_13829453_9.htm.

the anti-Western reflex is much less pronounced in China and India than in, for instance, Russia, whose leadership has turned the ‘betrayal’ by the West of all Europe’s hopes after the Cold War into a shibboleth supporting their demands for independent development.

Analogous to the camps sketched out above, two idealized behavioral options are available to the emerging powers: building an opposing power through which the existing order is challenged, or forming an allegiance by supporting the norms and principles on which this order rests as well as the powers which guarantee it. These behavioral options are idealized in that in the real world they are scarcely ever seen in a plain, unvarnished form. It is much more the case that all emerging powers have “multiple identities” according to the issue in question and the addressee.⁷

The fact is that their relationship to the existing order is of necessity ambivalent. On the one hand, the dominance of the old powers is a challenge to the prestige and freedom of action of emerging ones. This invites the formation of opposing powers and demonstrating this primarily through political blockades. On the other hand, however, emerging powers have by definition been exceptionally successful under the old order – why should they want to overthrow it? This justifies allegiance, which is also supported by rational cost-benefit considerations: the need to concentrate on internal development in order to consolidate successes, and reluctance to assume the expensive responsibility of establishing a new order.

In the final analysis, the result of such considerations is determined by the political orders established in individual countries. Here, the BRICS states differ fundamentally. Alongside a mature democracy in India are two young ones in Brazil and South Africa, a severely battered one in Russia, and an autocracy which is still officially based on the dictatorship of the proletariat. The fact that with China and Russia two emerging powers have an “authoritarian” or “illiberal” capitalist order has been the source of particular suspicion. For Robert Kagan, who was responsible for the neoconservative background music during the Bush administration, in the 21st century the line of demarcation is between democracies and autocratic regimes. Even if he himself does not really recognize that the two main representatives of autocracy are “actively exporting” their model, in the search for a new ideological antagonist which will oppose real socialism and the anti-Western “civilizations” he has no doubts: “Forget

7 Randall Schweller: *Emerging Powers in an Age of Disorder*, in: *Global Governance* (Special Issue: *Emerging Powers and Multilateralism in the Twenty-First Century*), Vol. 17, No. 3, July-September 2011, p. 291.

the Islamic threat, the coming battle will be between autocratic nations like Russia and China and the rest.”⁸

Diverging manifestations of the anti-hegemonic principle

The BRICS group does not see itself as an exclusively multi-polar counterweight to uni-polarity, but functions de facto as a concert of powers, and as such as nothing less than a virtual model of a new international order. Its shared *raison d'être* is rejection of any form of hegemony. It is directed primarily at the US, to be sure, but at the same time seeks to prevent hegemonic tendencies in its own members or at least to restrict them. Mainly, this involves China and its two neighbors, Russia and India, whose relationship, going all the way to warlike confrontations in the 1960s, is historically strained, and which even today, regardless of the *détente* between them, fluctuates between the attraction of economic integration and the repulsion of economic dominance. The goal of mutual control through cooperation here is pursued less by the institutionalization of the BRICS group and more by the Shanghai Cooperation Organisation. However, for how long the *external pacifier* in the form of the US will exert an influence is completely undecided.

At least the four original BRIC states are linked by their ambivalence towards the existing international order sketched out above. On the one hand, they have no difficulty agreeing on basic principles which are perceived in the West as a challenge to the political order. This involves the shared demand for democratization of international relations with the goal of equal rights as well as a strict ban on intervention. On the other hand, however, they owe their rise – even if to different extents – to political allegiance: Both China's and Russia's rejection of the centrally administered economy, labeled socialist, as well as India's abandonment of its “third”, state-centered approach and Brazil's lowering economic barriers were prerequisites for a boom more or less along the lines of the otherwise maligned “Washington consensus”. Here the BRIC states are behaving today in a more radically market-oriented way than their former models in the OECD, whose adherence to principles has congealed into lip service under the pressure of real-world competition. What has emerged from this is a singular *mixtum compositum* of political revisionism aimed at guaranteeing unlimited state sovereignty and market economy-oriented orthodoxy to ensure the comparative advantages of global division of labor. This represents

⁸ Robert Kagan: The world divides . . . and democracy is at bay – Forget the Islamic threat, the coming battle will be between autocratic nations like Russia and China and the rest, in: www.thetimes.co.uk, September 2, 2007.

a challenge to international division of power and the special interests linked to them, but not to the international order.

The BRIC states are far less interested in competition in their own regional environment. Specifically Brazil, India, and Russia regard themselves as regional poles, whose weight is based not least on the fact that they have their own exclusive zone of influence. Since the addressees of these efforts in Latin America, South Asia, or the CIS unanimously show little inclination towards integration or subordination, efforts are primarily directed against external influences, especially that of the US. And this characterizes their willingness to challenge the US even in its supposed back yard – this is the source, for instance, of Russia's overtures to Venezuela, Nicaragua, or Bolivia.

However, substantial differences between the four BRIC states become evident in how these fundamental shared characteristics are executed. Russia, for instance, is making particularly conspicuous efforts to establish itself as an 'independent center of power,' but it is widely argued that, apart from its nuclear weapons, it has the worst current and future prospects for this. What it claims is recovery of its former status as a super power in accordance with the 'objective' factors which qualify the country as a great power. The skepticism manifests itself among other things in Moscow's fear of choosing 'the wrong side' in the competition among the great powers. In the case of China it is exactly the other way around. In the sense of Deng Xiaoping's famous *taoguang-yanghui* maxim from 1989, according to which undisturbed internal development and external restraint depend on each other, the main goal of Chinese foreign policy is promotion of its own economic development. However, this evidently 'peaceful progress' seems to many observers to be merely tactical restraint, a pause for breath, which will be followed by a bitter awakening for the rest of the world when the potential of the economic superpower is also realized politically and militarily.

In the case of Brazil, on the other hand, the last ten years have been about emancipation from its long-term position as the closest US ally in Latin America, something which has reinforced the impression of some observers that Brazil is the most intractable of the four powers. In the case of India, by contrast, the situation is exactly reversed: Here it was the US – in particular through the 2008 treaty with the Bush II administration on civilian nuclear cooperation – which India has to thank for admission to the club of the great powers – from the point of view of the US not least as part of its efforts to provide an Indian counterweight to the rise of China. It is no surprise that India – at one time the leader of the non-aligned states – looks most readily like a 'supporter' of the international order in its Western form.

WHAT WILL COME AFTER UNIPOLARITY?

Similar differences exist in the question of regimes. Although all four BRIC states present themselves as demonstratively neutral and reject in principle any interference in the internal affairs of other states, the agreement does not go beyond this procedural common factor, because the political orders of the four differ substantially. Whereas Russia operates primarily in a defensive manner, China is undecided about how it should apply its growing soft power; Brazil on the other hand is, outside its own borders, more a passive supporter of the democratic order, and India is, by comparison, a markedly active one.

It is true that Russia officially sees increasing “competition between differing value systems and development models”,⁹ but this is taking place without Moscow: Apart from its ‘national and unique historical characteristics’ Russia has no model to offer, rejects missionary activities with specific reference to the failed example of the Soviet Union, and insists simply on its own independence – without regard to the regime. Things are different in China because the Chinese development model, simply as a result of its highly successful existence, represents a challenge to the supremacy, undisputed since the end of the Cold War, of Western-liberal universalism. For this reason, in 2007 the CDU/CSU German Federal Parliament party already raised the ‘system issue’ in its Asia strategy. However, this has not been taken up in China as yet. Rather, there is astonishingly open and controversial discussion there – whether China has its own development model at all and whether it is opportune or possible to export the Chinese model to other countries.¹⁰

Brazil, which is, after Russia’s deformed version, one of the youngest democracies, has heavily constrained its own missionary ambitions because political neutrality, namely in the South-South dimension, has shown itself to be particularly conducive to cooperation. This experience also holds true for India which, in its dealings with other states, assigns significantly greater emphasis to its interests than its democratic values. Despite this, unlike Brazil India has been active in the global democracy movement: In 2000 it was among the founding members of the Community of Democracies. In 2005 it joined the bilateral Global Democracy Initiative with the US, and after the US it is the second largest contributor to the UN Democracy Fund.¹¹

9 The Foreign Policy Concept of the Russian Federation. Approved by Dmitry A. Medvedev, President of the Russian Federation, on 12 July 2008, www.mid.ru.

10 See in detail: Isabella Burmann, Nora Glasmeier, Hans-Joachim Spanger: *Made in China: Das chinesische Entwicklungsmodell – noch kein Exportschlager*, Frankfurt/M, HSFK-Standpunkte, No. 8, 2011.

11 Christian Wagner: *India: A New Democratic Great Power?*, Ms. 2010.

The old powers in the new order

The reaction of the old West to the demands of the group of BRIC countries is as heterogeneous as the countries themselves. Brazil, India, and South Africa are regarded as interesting, if difficult democratic partners. As far as Russia is concerned, the Obama government has largely abandoned the conflict fronts of its predecessor regarding zones of influence and questions of dominance and, instead, emphasized common interests. The EU has not, as the new and old rulers in Minsk und Kiev had hoped, entered into geostrategic competition with Moscow over influence in the European border countries, but is orienting its relationship with Belarus and the Ukraine to their willingness to reform. China, by contrast, in the perception of the old West, is playing in a completely different league. The breathtaking rise of China is regarded as both an economic opportunity and as a many-layered threat: not only in terms of security policy, but currently also to a liberal vision of global governance and potentially to their own prosperity. Differences in the reactions of the US and the EU to the new challenges of the BRICS group are particularly striking in the case of China.

The EU and China: Fear of strategic irrelevance

At the latest since China and the US upstaged the EU at the climate negotiations in Copenhagen in 2009 in anticipation of a possible model of bilateral cooperation (keyword: G2), a new specter has been haunting Brussels: the threatened strategic irrelevance of Europe. The perception that the old continent and its formerly world-dominating powers are losing significance has dramatically accelerated and is now being advanced as a decisive (and ultimate) reason for take the leap into political and security policy-oriented integration of the EU. In an interview with six European newspapers, Angela Merkel recently formulated this relationship as follows: "Europe has a mere seven percent of the world's population. If we do not stick together our voice and our point of view will hardly be given any attention."¹²

Beyond appeals for a surge in integration, which in terms of realpolitik is linked with a retreat to national contexts, the EU is observing the phenomenon of shifts in power largely without any concept for dealing with them. Nobody in Brussels wants to be reminded any more of the Lisbon strategy of

12 Süddeutsche Zeitung: Deutschlands Kraft ist nicht unendlich. Interview with Angela Merkel, January 26, 2012, <http://www.sueddeutsche.de/politik/angela-merkel-ueber-die-europaeische-union-deutschlands-kraft-ist-nicht-unendlich-1.1267481>.

March 2000, by which the EU wanted to advance to become the most dynamic knowledge-based economic region in the world by 2010. But the idea accepted until recently that as a post-national power the EU was ideally equipped through its wide variety of instruments of gentle guidance to be able to socialize its neighbors and integrate them into a liberal order has also lost its shine in view of the normative fracture lines between old and new Europeans, the failed showcase project of the Mediterranean partnership, and, not least, the Euro crisis.

This can also be demonstrated through the example of the approach to China. “Europe’s approach to China is stuck in the past” is the bottom line of an audit published in 2009.¹³ Indeed, until a few years ago European policy was based on a concept that was the basis of the first trade and cooperation treaty in 1985. According to this, under European influence China was to liberalize its economy, introduce constitutional state and democratic reforms, and develop into a responsible stakeholder in the existing order. In this sense, until a few years ago the country was regarded by the EU Commission as a partner in the formation of a multilateral world order.¹⁴ Nowadays doubts are increasing about whether China wants to conform to the EU image of fair free market competition, prescribe for itself multilateralism according to the European model, or even take the EU seriously as an equal partner. In this process economic relationships are as important – in 2007 the EU replaced the US as China’s largest trading partner – as they are unbalanced. Only today is it clearer that although the EU is defending its economic interests, it does not care to exert any influence over the direction in which the ever richer and more powerful China is developing.

The US and China: ‘Congagement’

The US is responding more decisively. In its second term of office the Bush II administration had already established China as the focal point of its foreign policy though it had for a time been displaced in importance by the war against terrorism. Bush relied on a two-track policy which combined economic and political links with China with mainly rhetorical elements of containment in terms of power politics to form a strategy of ‘congagement.’ The administration of his successor continued this. On the one hand, representatives of

13 John Fox/Francois Godement: A Power Audit of EU-China Relations, European Center for Foreign Relations, London, 2009.

14 EU Commission: A maturing partnership – shared interests and challenges in EU-China relations, COM(2003)533 final, Brussels, September 10, 2003, p. 7.

the government confirm: Washington “welcomes a strong, prosperous and successful China, which plays a significant role in the world.” On the other hand, they draw attention to the manifold areas of conflict, the mutual distrust, and the dangers which accompany the traditional phases of a transfer of power, and demand strategic reassurance from Peking.¹⁵

At the same time, in the second part of ‘conengagement’ Obama is going beyond Bush and reemphasizing US claims to leadership in the Pacific region: Obama said, “as a Pacific nation, the United States will play a larger and long-term role in shaping this region and its future.”¹⁶ Whereas the “frugal super power” (Michael Mandelbaum) is reducing its forces in Europe and in the future wants to lead here only “from behind”, it is expanding its military presence in the eastern Pacific. During his visit in November Obama reached an agreement with Australia concerning the establishment of a US military base in Darwin, where in the future 2,500 Marines are to be stationed. Even though some of these troops will apparently be withdrawn from Japan and the Obama government is showing restraint over arms deliveries to Taiwan, the significance of the Pacific region to American global military planning has risen substantially. Obama promised Indonesian President Yodhoyono to deliver 24 (used) F-16 warplanes; he also confirmed defense cooperation with Singapore. At the same time, in Manila his foreign minister confirmed the future of the bilateral defense pact of 1952 – with intense symbolism, on the deck of an American frigate. Her subsequent journey onwards to Myanmar in hopes of loosening the country’s one-sided orientation to China, fits into this pattern.

In addition, the US, in a conspicuous departure from its traditional bilateral security arrangements in the east Pacific (San Francisco System), is discovering the attractions of regional organizations and the emerging southeast Pacific security architecture – not least as the arena of American-Chinese rivalry. Already in November 2009 Obama participated in the first US-ASEAN Leaders meeting. In 2011 the US joined the East Asia Summit along with Russia. The way multilateral institutions are used in the competition for influence with China was also demonstrated by the President during his Pacific tour in November 2011. At the summit of the Pacific economic organization APEC in Hawaii at the beginning of his trip Obama obtained the basic agreement of most APEC members to a project involving a trans-Pacific trade treaty, a proposal which Peking sees in a critical light without its own participation. The

15 James B. Steinberg: China’s Arrival: The Long March to Global Power, keynote address to the Center for a New American Security, Washington D.C., September 24, 2009.

16 Remarks by President Obama to the Australian Parliament, November 17, 2011, <http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>.

first ever participation of an American president in the East Asia Summit was the high point of the tour. By underlining American interest in maritime security and calling for a solution to territorial conflicts in the South China Sea, he challenged not only Peking and its basic position of discussing (territorial) disagreements with its neighbors strictly bilaterally. He also united most East Asian heads of state behind this posture and sidelined China. According to the message, the US is part of the security architecture of the region and wants, together with the smaller states, to build up a system of rules which would also commit China.

How to deal with the rise of the BRICS states?

But how should Germany and the EU react to the rise of new powers? In a relaxed way initially, for it is necessary to wait and see whether the heterogeneous club of BRICS countries extends beyond a minimal consensus on defense against American dominance, so that a sustainable strategy for dealing with this group becomes necessary. The phenomenon of power shifts, however, is real and requires answers. These should be specific to the region and should reflect the large differences within the camp of the BRICS group. The German Federal Government has recently at least produced a “concept” for dealing with the “new powers” in the “multipolar order”, which however, in the tradition of partnership-oriented German foreign policy, only lays down basic principles.¹⁷

One of the open questions concerns the distribution of votes and influence in the institutions of global governance. The integration of emerging states into the flexible arrangements, such as the expansion of G7 to G8 and G20, points in the right direction, it is true, but promotes informalization of international politics. For this reason, a reform of formal institutions and especially of the UN Security Council would have to occur. In this process, better representation of the new powers is not simply a good thing in itself, but would improve the prospects of these states really developing into stakeholders in the existing order. However, such a development would also not sell itself. Although the BRICS and other rising states do not promulgate any opposing model to the liberal approach to global order, they share a worldview which is based on state sovereignty and considerations of power politics and thus contradicts trends

¹⁷ German Foreign Office (ed.): Globalisierung gestalten – Partnerschaft ausbauen – Verantwortung teilen. Konzept der Bundesregierung, Berlin 2012.

in regulatory policy in the last two decades, which give greater emphasis to individual rights and shared responsibility.

From a western European perspective, the rise of the BRICS and other states does not constitute a decisive threat to security policy. The necessity of a surge in integration in the EU in security policy, for instance through creation of a European army, cannot be justified through external pressures such as global power shifts or the withdrawal of the US from Europe. To the extent that effective cooperation in foreign policy and security policy is desirable, in organizing unity the variety of national traditions and perspectives should be taken into account.

With regard to China, for the EU the economic policy dimension of the relationship will be at the center simply because it plays no role in security policy in the region. Nonetheless, the European-Chinese relationship also has a security policy dimension, as the intense squabble a few years ago concerning lifting of the European weapons embargo against China shows. As long as the integration of China into a multilateral world order which the Commission hopes for is not reliably achieved, the EU should not call this embargo into question.

It would be just as premature for the EU to interpret the emergence of new powers mainly as a threat to existing spheres of influence. Even if the foreign policy of Russia, China, and the other BRICS states is aimed at reducing Western and especially American influence, the EU would be ill-advised to react for its part with the classic instruments of power politics-related competition. More decisive than power politics-related competition is competition between systems about the best form of organization of political rule which, in an age of open communication, is less and less able to be kept under control by a state's leadership. Germany and the EU would be well advised not to organize their relationship with the Ukraine and Belarus in terms of the logic of geostrategic competition with Russia, but to answer the inadequate or totally lacking willingness of the two countries to reform by freezing the Association Agreement or imposing further sanctions.

The EU should stand by its preference for a multilateral and rule-oriented order, but simultaneously consider new strategies. Inter-regional cooperation offers a starting point, for the talk of the rise of new powers hides another trend in global political changes since the end of the East-West conflict: regionalization and the emergence of regional security organizations. Even if regional arrangements are the focus of conflicts over influence, they contain the potential to mediate competition over power politics and subject it to rules. Enhancing their importance is thus in Europe's interest.

1.11. Politics on the Web and on the street – A movement towards a more democratic and more peaceful world?

Manfred Stenner

In 2011 Arab demonstrators shifted the boundaries of world politics and surprised and alarmed the Western governments in league with autocrats in the Arab-speaking world. An end to the uprisings is by no means in sight. In particular, young educated people – networked by social media – want to free themselves from repression, military rule, and corruption, and are demanding democracy and better opportunities in life. To achieve this they are occupying the central squares of major Arab cities, risking life and limb, and in massive demonstrations defying the police, army, and regime thugs. Ben Ali and Mubarak finally had to resign, and Tunis and Cairo became a model for further resistance movements in the Arab world. In the West, the Arab Spring is also inspiring new protest movements against the consequences of the financial crisis, which are finding strong support under the brand name of ‘Occupy.’

Global disquiet

The supporters of Occupy are angry with the banks, financial managers, and established politics – and regard themselves as ‘the 99 percent.’ In Madrid, Tel Aviv, Santiago de Chile, New York, London, Frankfurt, and many other cities tent cities following the Tahrir model sprang up. As in the Arab countries, social networks such as for example Facebook, Twitter, and YouTube are playing a major role; many of the mostly still young participants are demonstrating for the first time in their lives. Decision-making processes are organized in the form of direct democracy; criticism of the financial markets, opposition to unfair wealth distribution, and the desire for participation and ‘real democracy’ – as is typical of grassroots movements – are not a sophisticated political program. However, outrage over the finance sector has struck a nerve in Western societies. The Occupy movement is being closely watched worldwide, and has met with approval among a wide range of social groups even to the very core of the middle class. Whereas the camps in New York and Los Angeles were brutally cleared away by the police, since his Kansas speech the election campaigner, Barack Obama, has taken over the Occupy movement’s rhetoric

against the unfettered power of the financial markets, introduced the Consumer Privacy Bill of Rights in view of Internet activists' criticism of privacy protection, and in Europe the demand for a financial transactions tax long made in vain by Attac has almost achieved consensus.

Despite all their differences, the new social movements are globally linked with each other. They are the children of globalization, make use of the new possibilities for media networking, and support each other with concepts relating to insurgency and software such as for anonymous communication. They reject as lies any talk of disenchantment with politics or a non-political generation. Nonetheless, there is still doubt about the extent to which they can bring about change in society and in politics, and whether they are a temporary or a lasting phenomenon. Older movements such as Attac, the peace movement, anti-nuclear groups, as well as numerous citizens initiatives and NGOs can tell a tale or two about that.

This essay will pursue the questions: What is inspiring the activists; what 'sources' do they rely on? What role is being played by the new media? What potential do the new movements have for achieving positive change in world society? Do the demands for transparency, participation, and social justice have implications for peace policy?

Sources and communication in the protest

In the case of the uprisings against Arab despots it was and is a matter of life and limb, existential human and civil rights, and the hope of improvement in living conditions. With the protests in the Western-oriented parliamentary democracies, on the other hand, it is "only" a matter of the newly posed social question after the excesses of financial markets, of justice, and the right to participation. In especially hard hit Greece there are uninterrupted strikes and demonstrations, the anger directed at politicians, the troika of EU, European Central Bank (ECB), and the International Monetary Fund (IMF), which are demanding strict austerity measures, is considerable, and Germany as the driving force has become the symbolic enemy for many Greeks threatened by impoverishment. When the austerity measures were passed in the Greek Parliament on February 12, 2012, in addition to non-violent mass demonstrations there were street battles between a minority and the police, looting of businesses, and numerous cases of arson. The state's monopoly on the use of force was challenged.

Such scenarios were anticipated and propagated in the pamphlet "The Coming Insurrection" ("L'insurrection qui vient") by the French "Invisi-

ble Committee” with an eye to unrest in the Parisian council housing estates. Dating from 2007, the elaborate if somewhat narcissistically formulated revolutionary-anarchistic manifesto was widely distributed, initially over the Internet but then also in print, and inspired the protest movement in southern Europe, in particular those from the radical left involved in protest.¹

Time for Outrage! (Indignez-vous!)

However, the exhortation “Indignez-vous!” by Résistance fighter Stéphane Hessel, an essay written as his political legacy at the age of 93, can be regarded as the bestseller of the movement.² For the former diplomat and co-author of the “Universal Declaration of Human Rights” the task passed on by the *résistance* to today’s younger generation is resistance to injustice. In contrast to the Invisible Committee, Hessel propagates a message of hope according to which non-violence is a more efficient means for changing conditions. He too condemns the elitist French education system and its class nature, discrimination against illegal immigrants, and the power of the media, which are allied to the political élite. For Hessel, central challenges are the shocking gap between the very poor and the very rich, violations of human rights, and the state of the planet Earth. He sees the wars in Afghanistan and Iraq after the 2011 attacks as a huge step backwards, and is personally appalled by the injustices to the Palestinians and conditions in the Gaza Strip. The core impulses for many of his readers, however, are probably sentences such as this one: “People in positions of responsibility in politics, business, intellectual life and society as a whole must not lose faith or allow themselves to be intimidated by contemporary dictatorship of the financial markets, which is threatening peace and democracy”. The protest movements in summer 2011 – that is, before Occupy Wall Street – in France, Spain, Portugal, and Greece specifically identified themselves with Hessel’s exhortation.

For Occupy in the US the popular urban sociologist and socialist Mike Davis (“City of Quartz”) reminds us of the Economic Bill of Rights propagated by Franklin D. Roosevelt: “It is not a matter of taxing the rich more highly or regulating the banks better. It is about economic democracy [. . .]”,³ and he places his hopes in a genuine class struggle in an alliance with grassroots union

1 Invisible Committee: *The Coming Insurrection*, France 2009.

2 Stéphane Hessel: *Time for Outrage!*, London 2011.

3 Mike Davis: *Ten Immodest Commandments*, <http://theragblog.blogspot.com/es/2011/11/mike-davis-ten-immodest-commandments.html> German version <http://www.zeit.de/2012/01/Zehn-Gebote>.

groups. In a New Year's speech the veteran of the protest movement of the 1960s also gave practical organizational advice to the new movement, with ten commandments for the revolution, including a warning against personalizing protests, strictly followed by the Occupy movement until now: "Spokespeople should regularly be rotated and when necessary, shot. Just kidding."⁴

Contagious protest . . .

It took a while before the social protest groups that already existed everywhere were able to achieve massive popularity and cross the acceptance threshold of the world press by means of a snowball effect in social networks and spectacular forms of taking action. Initially, on May 15 2011 Spanish *indignados* (outraged) protested in about 50 cities against the crisis measures, forced evictions, corruption, social cuts, and youth unemployment which, after the bursting of the real estate bubble, had reached over 40 percent. Protest camps were set up on Madrid's *Puerta del Sol* and in many other cities, and a short time later in other countries too. For instance in July 2011, with a call for action on Facebook and a tent on Rothschild Boulevard in Tel Aviv, an Israeli film student provided the spark for the first camps in the whole country protesting against rising apartment prices and living costs.

The Spanish protest platform *Democracia Real Ya* (Real Democracy Now) then called for a worldwide day of action against the power of the banks on October 15 2011,⁵ which met with massive support. Hundreds of thousands demonstrated in over 80 countries. Shortly before, on September 17, 2011, the occupation of New York's Wall Street and the erection of a camp in Zuccotti Park received widespread attention. Consequently, October 15 was already perceived as a day of action by the 99 percent acting as part of the Occupy movement, even though it was supported by many organizations that had been active for a long time, and for example in Germany was largely organized by the Attac anti-globalization network.

4 Ibid.

5 Democracia Real Ya: International call to participate on October 15, <http://www.attac.de/aktuell/eurokrise/vergangene-aktionen/aktionstag-1510/aufruf/>, in English <http://15october.net/>.

... and new power from the Net?

Despite the great significance of the Internet as an instrument for communication, ‘revolution via Facebook’ is largely a myth; civil resistance to oppressive conditions has substantially different drivers than the Web. But publicity and communication are increasingly taking place on the Net where there is a transparent ‘sound space’ available which is especially appropriate for the cultural habits of the youth movement. The debates have “become louder because now everybody can have a say”, according to Heinrich Wefing, who ascribes to the Net great potential for shifts in power and legitimacy in the context of future development in democracy.⁶ Political parties and governments, industry associations and conventional media react to it, and no citizens’ initiative can exist while staying offline. Tweets by politicians on Twitter incite ‘shitstorms’, blogs spill over, users make appointments on Facebook, not only for parties but also for flash mobs and demonstrations. The medium’s potential for shaping opinions and decision-making via collective intelligence is most readily explored by Web-savvy groups and bloggers – in Germany including the Pirate Party with its internally practiced ‘liquid democracy’ – which are concerned about Internet policy, freedom of information, exchange of data, or protection of data from state surveillance and retaining telecommunication data. The paradox is that the instruments that are so useful for this, blogs, Facebook, Twitter, YouTube, Google, etc., are themselves the largest data behemoths and completely ignore data protection requirements.

The protest against the long-planned trade agreement on copyright, ACTA, and the revision of the EU directive on enforcement of intellectual property rights (IPRED) enjoyed a widespread positive reception on the Internet (2.5 million online signatures) and on the street too. On February 11, 2012 200,000 mainly young people (half of them in Germany) took to the streets in Europe opposing a scheme that until recently had been considered too complex and inaccessible to be taken from Brussels back room negotiations and put before the ‘nerds’ of the digital citizens movement. The politicians gave in and signing was initially cancelled in the various countries; the EU is now having the work checked by the European Court to determine its compatibility with basic rights.

The Internet offers other strong opportunities for small, knowledgeable groups of activists. Even if the resources of the intelligence agencies and cyber warfare units in armed forces, computer surveillance on the Net, and manipulation of information are disproportionately greater – the irrevocably networked infrastructure has upset the balance. Disclosure platforms such as Wikileaks

⁶ Heinrich Wefing: *Wir!Sind!Wütend!*, in: *Die Zeit*, March 1, 2012, p. 3.

and Openleaks, hacker groups such as Anonymous, and snoopers of the Chaos Computer Club can halfway keep up. And even without attacks on the websites of states, government departments, or corporations, the Internet has made the chance of contributing to published opinions accessible to all. This is reflected in the professionally designed web presentations and blogs of the new social movements.

‘Revolution via Facebook’ is media hype. For the foreseeable future, movements of and by human beings will remain dependent on the face-to-face encounters. But the social media have created a new, not yet fully worked out dimension of communication and mobilization going beyond their instrumental function – for Occupy and others.

The Occupy phenomenon: Yes, we camp

Occupy Wall Street (OWS) only came into existence as a movement on September 17, 2011 with the occupation of Zucotti Park in New York’s financial district, and quickly became a model for thousands of initiatives worldwide – among other things with the aspiration to be a ‘leaderless resistance movement’ and using the form of action of ‘taking possession’ of open areas with relevance for the common good. In Germany, Occupy Frankfurt with its tent city in the banking quarter and Occupy Berlin in the government quarter caused the greatest furor. Since then, all kinds of initiatives are adopting the Occupy label as well as, for the most part, the rules for decision making by means of direct democracy procedures. The actions accompanying the World Economic Forum, which have been taking place for many years, are now called Occupy Davos, and camping takes place in igloos.

The slogan “We are the 99%”, the mainly youthful activists and the fresh, unjaded form of action involving occupation of spaces, holding out for a long time in tent cities and alignment with an international movement under a unified label has received an exceptionally strong and mostly positive reaction from the media. This may stem from the fact that many journalists have been following the turbulence since the Lehman collapse in 2008 and are themselves increasingly shocked by the effects of casino capitalism and political crisis management. The head of the domestic policy department of the *Süddeutsche Zeitung*, Heribert Prantl, even presented a text inspired by the New Testament as an “indictment of capitalism”.⁷

⁷ Heribert Prantl: *Wir sind viele. Eine Anklage gegen den Finanzkapitalismus*, Munich 2011.

In spite of the many groups that came into existence in 2011, in the case of Germany the independent strength of Occupy must be seen in context. In addition to the new, young Facebook activists, initiatives by the long-term unemployed and those receiving unemployment benefits, local Attac groups, youth labor union organizations, or activists in district school students associations are often active in only small groups, without grassroots membership having been substantially enlarged until now. But Occupy Germany too has strengthened its reputation and self-confidence as a result of the worldwide charisma of this model of new social movements – and that counts.

The culture of the grassroots democracy movement

The grassroots democracy aspirations of Occupy are rigorous and the development of programs and demands as often called for externally is not easy. “In general it can be said that we are a community with many different ideas and goals, which is however, in agreement that we want to limit power, the power of capitalism, money, the banks, the markets, and the power of governments.”⁸ A list of specific goals⁹ was removed by Occupy Frankfurt, as it had not been voted on.

According to the model of Occupy Wall Street, decisions are made in the General Assembly (GA), coordination of working groups and operating decisions in the Spokes Council. Proposals for the GA (future proposals, mostly from working groups) are published in advance on the Internet. Strict attention is paid to guaranteeing participation for everybody. The General Assembly is intended to be the instrument by which direct, democratic opinion is formed and the tendency to form oligarchies prevented: “The General Assembly is based on the paradigm of collective intelligence, and sees itself as the opposite of competition-oriented struggle.”¹⁰ Achieving consensus in the assemblies is facilitated by non-verbal signals also employed by non-violent sub-groups and often instead of a loudspeaker the “human mic”: people speak in brief phrases which the others repeat.

With the goal of achieving greater efficiency, however, structures are now being discussed in Occupy. “After the first Occupy forum discussion on Jan-

8 Occupy Frankfurt, Unsere Ziele, <http://www.occupyfrankfurt.de/unsere-ziele/>.

9 Ibid.

10 Open BlogCamp of the Occupy Berlin movement: Debate: The General Assembly as an instrument of direct democracy-oriented opinion formation, <https://www.alex11.org/2011/09/debatte-die-asamblea-als-instrument-basisdemokratischer-meinungsbildung/>.

uary 29, 2012 we have now created the foundation for a restructuring of the assemblies”, reports a seven-member ‘dynamic team’ from Occupy Frankfurt.¹¹

No program?

It is the unconditional, in the case of content universal and in the case of structures direct democracy-oriented aspiration which, in view of the global crisis and power shifts, gives the Occupy movement new significance even in the context of the other social movements which have existed for a long time while also challenging these.

United action alliances with Occupy are difficult. Although they are also engaged in re-discovering the social question, the traditional trade unions and certainly political parties are rejected by the majority of the young activists as “part of the neo-liberal apparatus”. The intense skepticism felt by Occupy adherent about all organizations even extends to anti-globalization NGOs, associations, and initiatives which would have to be natural partners for staging joint protest action. The other way around, the working out of a ‘platform’ and organizational structures for the new movement is expected by older activists with a different background in protest culture. In an interview with the press agency epd, political scientist Peter Grottian, who is sympathetic to Occupy, warned on January 6, 2012: “In the meantime, the spark springing from the protests on October 15 has unfortunately died down, and it is completely uncertain whether it will start to glow again in the spring.”¹² The movement will finally have to formulate contents and network more strongly; more concretely, Grottian complains about the “stubborn non-relationship between the anti-globalization network Attac and the Occupy movement”, the difference between the movement cultures and the self-centeredness of Occupy.¹³

Occupy’s potential for peace politics?

Outrage about the banks, the financial sector, and social inequity does not necessarily lead to rejection of the armed forces and war, nor global network-

11 Occupy Frankfurt: Occupy.Frankfurt invitation to an organizational assembly, <http://www.occupyfrankfurt.de/2012/02/07/occupyfrankfurt-ladt-zur-organisationsversammlung-fotsetzung-occupyforum-1-ein/>.

12 Based on: Jeder fummelt alleine vor sich hin, in: Neues Deutschland, <http://www.neues-deutschland.de/artikel/214826.jeder-fummelt-alleine-vor-sich-hin.html>.

13 Peter Grottian: Bewegungsüberflügelnder Lernprozess, <http://www.taz.de/!80954/>.

ing via Facebook to international solidarity between the North and the South, which would correspond with the goals of the peace and one-world movements and the World Social Forums. In the West, Occupy would still be imaginable in an egoistic form and with silent acceptance of resource wars. And if the loud calls against the financial markets and for social justice and more direct democracy were to be successful, there is not necessarily a direct correlation between the degree of democratization of a society and its peacefulness. In the decades since the victory over Nazi Germany, war or the threat of war has remained a policy measure in the Western democracies too – and has led to major movements, especially in Germany as well, protesting the Vietnam War, nuclear armaments all the way to the military interventions against (the former republics of) Yugoslavia, Afghanistan, or Iraq.

Anti-war or peace policies are not central issues with Occupy. That is not due to the topic. The affinity between criticism of globalization and peace policy is close, and causes of wars over, for example, oil and other resources, have long been attributed by the peace and anti-war movements – sometimes with short, one-dimensional slogans such as “No Blood for Oil” during the Gulf War in 1990/1991 – to be rooted in the capitalist economic order. Only recently the alliance of peace groups, Kooperation für den Frieden (Cooperation for Peace), organized a conference on the topic of “economy and war”. For years a “Globalization and War” working group has been reporting on economic causes of war within Attac, and the World Social Forums too are seeking to identify approaches for global engagement on peace policy.

Stances on war and peace can also be found in the case of Occupy. A draft for a joint declaration between the assemblies of Moscow and New York from January 10, 2012 draws a connection between military expenditures and worldwide arms trading and the global financial crisis and increasing poverty, and calls for negotiations on abolishing nuclear weapons and on conventional disarmament, and expresses its opposition to nuclear power stations: “We envision a world without nuclear weapons, an end to the arms race and an end to war. We will not stop our public assemblies, we will not go home, we will not rest until the world and the power is restored to the people.”¹⁴ As with the German peace movement in the early 1980s (“education instead of armaments”, etc.), the alternatives for which money could be spent are listed in catchphrases: “We don’t need missiles, we need housing. We don’t need bombs,

14 New York City General Assembly: Joint Declaration Between the Assemblies of Moscow and New York Proposal 2.0, Draft, <http://www.nycga.net/groups/antiwar/docs/joint-declaration-between-the-assemblies-of-moscow-and-new-york-proposal-2-0-january-10-2012-draft>.

we need hospitals. We don't need guns, we need schools and text books. We don't need bullets, we need food."¹⁵

On the worldwide day of action, "Global Change", on January 15, 2012 the rally cry at www.occupyberlin.de was: "It is always only a minority which gains from wars – innumerable people pay the price for war with life and limb. Entire regions are destroyed and made uninhabitable, resources plundered [...] German armaments companies supply parties to conflicts worldwide and profit from the suffering of others. We say, bring an end to all wars and all preparations for war!"

As early as December 6, 2011, Occupy Berlin had passed a 'declaration against war' which warned against plans for a regime change in Syria and Iran and the related preparations for military interventions.¹⁶ As with the established peace organizations, Occupy movement activists combine foreign and domestic policy issues: "In foreign policy we are witnesses to continuously escalating military conflicts and interventions in the name of 'Western democracy', while in domestic policy we are confronted with total surveillance in all areas of life and increasing police brutality. Political decision-making processes become more and intransparent and withdraw themselves from democratic control."¹⁷

Occupy peace?

As a 'one-issue' movement the classic peace movement has lost its attractiveness; the more global approach of the Occupy movement, which with its radically democratic demands questions "the system" in its entirety, could take on greater political dynamic if it succeeded in opening itself reciprocally. In addition to working out its position on current conflicts and issues (Iran, Syria, Near East, arms exports, advertising for the German Army among young people, etc.) the necessary rejuvenation of the peace movement and networking with "fresher" movements is an ongoing subject of internal discussions. Although initiatives and organizations that have in part existed since the 1980s can undoubtedly provide expertise in peace policy and suggestions for handling civil conflicts,¹⁸ on December 3, 2011 only 4,500 people participated in

¹⁵ Ibid.

¹⁶ Occupy: Declaration against War, <https://www.alex11.org/2011/12/occupy-erklarung-gegen-krieg-1/> (English translation here: <http://warisacrime.org/content/occupy-berlin-publishes-declaration-against-war>).

¹⁷ Ibid.

¹⁸ Among other sources, see also the comprehensive dossiers of cooperation for peace re-

an anti-war demonstration at the time of the Afghanistan Conference (“Petersberg II”) in Bonn, although a majority of the German population rejects participation in the war. Actually, the traditional peace movement does not need to hide its head. Many of the attractive forms of taking action still used today by social movements, such as non-violent blockades, discussion groups employing the consensus principle, human chains, etc., were developed in the peace movement. And quite a few activists in the ‘new’ movements can rely on the support of experienced activists from the peace and anti-nuclear power movements. During the protests against the various G7 and G8 summits (among others in Heiligendamm in 2007), many among the organizations opposed to globalization were from the ‘old’ peace movement and were also substantially involved in anti-nuclear power protests from Chernobyl to Fukushima, including the Bonn-based *Netzwerk Friedenskooperative* of many peace activist organizations as well.

Perhaps the demands of Peter Grottian and others really will be met. Despite the fundamental skepticism concerning established organizations, activities are now being conducted together. Occupy Frankfurt and Attac had already called for joint days of action in 2011. In the US talks are taking place between the anti-war organization “United for Peace and Justice” and Occupy to develop a “vision for a peaceful and more just world”. And the social protests in European countries are continuing and directing the spotlight at the German movement. Protests are being planned on joint days of action in the banking metropolis of Frankfurt for May 2012.

A fifth force or a fifth wheel?

Many citizens do not regard democracy as ending with the act of voting. The outrage over ‘politics’ has led in recent years to a new, often very heterogeneous engagement against ‘those at the top’: in the anti-nuclear power movement, already revitalized by the Fukushima catastrophe, in the broad protests against Neo-Nazi marches, in the young people’s ‘education strike’ movement, among the activists against Stuttgart 21, condemned by many as ‘rage citizens,’ in the revolt against restrictions or censorship on the Internet, and even in Occupy.

In German society, the peace movement of the 1980s has contributed to a still detectable critical attitude to war and the armed forces. The anti-nuclear

garding the Turkish-Kurd conflict, Iran, Afghanistan, the Near East, and Syria at <http://www.koop-frieden.de>.

power and environmental movement has virtually achieved social consensus against nuclear energy. This came about through a not always simple mixture of innovative forms of protest, highly focused campaigns and persistence – all the way into established institutions as well. The Occupy movement, protest against financial institutions and the Internet-savvy movements for digital civil rights and greater direct democracy have the potential to have a similar effect deep into society and to challenge the political party-based democracy.

In the introduction to the “Declaration against War” by Occupy Berlin the self-conception and self-awareness of the outraged is expressed: “Starting from Tunisia and Egypt, spreading to Spain, Greece and other European countries and finally to the US in 2011 protest movements developed that work towards a profound political, social, and economic change in the system. We are globally networked people who feel inspired by these international events and who are motivated to join together in order to be politically active. Our main demands are ‘real democracy’ – that is real participation – and thus social justice and peace on Earth! This includes the disbandment of international operating private banks, the disempowerment of the multinational corporations and the military industrial complex, because these three factors largely influence and determine all political decisions in the existing system. [. . .] We demand change! We are change!”¹⁹

Rather than being about revolution in this country it is about the anger of the many bringing about changes of policy and government as well as changes in the party spectrum. The new Federal President, Joachim Gauck, may find Occupy Wall Street “endlessly silly”, but politicians would be well advised to take the outraged seriously in their current cause as well as in their joint call for more participation in decision-making processes. Scientists also failed to anticipate the new dynamics of the global protests. They ought to examine closely which processes lead to which protest potential and place their analytic efforts more strongly in the service of the citizen protests. What for a long time seemed to incessantly protesting groups to have no chance of success (“They protest, we govern”, Chancellor Kohl announced on the occasion of the “re-armament debate” in 1983) and led to resignation among activists, could be possible after all in the 21st century: Social movements as a fifth force in the democratic structure of the Republic and not as an unwanted fifth wheel or deadwood. It would do no harm at all to democracy and internal peace.

¹⁹ Occupy: Declaration against War, <https://www.alex11.org/2011/12/occupy-erklarung-gegen-krieg-1/>, English translation: <http://warisacrime.org/content/occupy-berlin-publi-shes-declaration-against-war>.

3.6. Iran – how can the countdown to war be stopped?

Jerry Sommer

The countdown for a war against Iran seems to be running down faster than ever before. Although US President Barack Obama has made it clear that his government regards such a development as the wrong one at this moment, he has nevertheless shown the Israeli government at best a “yellow” and not a “red traffic light,” and has not ruled out military action against Iran at a later date.

From a legal point of view, Article 2 of the UN Charter prohibits the “threat or use of force.” Article 51 gives the right to self-defense only “if an armed attack occurs.”¹ However, a military attack by Iran is not to be expected. A preventive war by Israel and/or the US against Iran would be – both Sweden and Finland pointed this out unequivocally in a joint public declaration by their foreign ministers in March 2012 – “a clear violation of the charter of the United Nations.”²

The status of the Iranian nuclear program

The Iranian nuclear program is progressing, despite all the resolutions of the UN Security Council and all the UN and unilateral sanctions imposed by individual countries (see Peace Report 2010, Section 3.1.). Even acts of sabotage and the murders of Iranian nuclear scientists thought to have been carried out by Israel or the US have changed nothing. According to the International Atomic Energy Agency (IAEA), by February 2012 the major uranium enrichment plant in Natanz had produced a total of 5,451 kg of 3.5% low-enriched uranium (LEU).³ Low-enriched uranium is needed for the production of nuclear fuel rods used for generating electricity in nuclear power plants. As a result, in terms of nuclear material Iran has already had *nuclear weapons capability* for years. For about 1,200 kg of 3.5% low-enriched uranium is suffi-

1 United Nations Regional Information Centre for Western Europe: Charter of the United Nations and Statute of the International Court of Justice, <http://treaties.un.org/doc/Publication/CTC/uncharter.pdf>.

2 Carl Bildt/Erkki Tuomioja: The Only Option on Iran, in: International Herald Tribune, March 21, 2012, p. 6.

3 IAEA: Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran. Report by the Director General, February 24, 2012. Following data *ibid*.

cient, after further enrichment to over 90 percent, to produce weapons-grade material for one atomic bomb.

In addition, at the beginning of 2010 Iran began further enriching part of its low-enriched uranium to over 20 percent in the pilot fuel enrichment plant in Natanz. This is needed to manufacture fuel rods for a small research reactor in Teheran which produces medical isotopes for the treatment of cancer patients. By February of 2012, Iran had produced about 110 kg of 20 percent enriched uranium. The first fuel element has now been manufactured from a portion of this. The extent to which Teheran has the technological capacity to manufacture complete fuel rods is unclear. In addition to the pilot plant in Natanz, since December 2011 Iran has also been producing 20 percent enriched uranium in the new uranium enrichment facility in Fordow, which is situated 80 meters underground.

All three plants are subject to constant supervision by the IAEA. This agency has confirmed that no nuclear material for military purposes has been siphoned off from the facilities. But it could not exclude the possibility that nuclear material might have been used for non-peaceful purposes in other locations in Iran.

IAEA report is disputed

The most recent report of the IAEA's Director General, Yukiya Amano, has again expressed "serious concerns regarding possible military dimensions to Iran's nuclear programme."⁴ These concerns were spelled out in detail in his preceding report in November 2011. They are based in particular on "information [which] indicates that Iran has carried out activities relevant to the development of a nuclear explosive device."⁵ Apart from the uranium enrichment itself, the construction of a fully operational warhead is the second major technological hurdle in building an atomic bomb.

By concealing its nuclear activities, which contravened the *safeguard* regulations of the IAEA and by not declaring plans for new nuclear installations well in advance, Iran has given cause for lack of trust. The IAEA now supervises all plants with nuclear activities declared by Iran, and has repeatedly been given access and surveillance options going beyond the legal minimum agreed to by Teheran. However, the fact that Iran has not fulfilled all the IAEA's surveillance requirements also awakens mistrust. The indicators of a possible

4 Ibid. § 51.

5 IAEA: Implementation of the NPT Safeguards Agreement and relevant provisions of Security Council resolutions in the Islamic Republic of Iran. Report by the Director General, November 8, 2011, § 53.

military dimension to the Iranian nuclear program presented in the November 2011 IAEA report stem for the most part, according to the IAEA report, from so-called “alleged studies” which are supposed to have been passed to the US intelligence agencies from Iran. They relate exclusively to the period prior to 2004.

Teheran regards these “studies” as forgeries. Doubts about the authenticity of the indices and especially the IAEA’s presentation of them have, however, gained in volume from other quarters, too. Among others, Robert Kelley, who first worked in US atomic weapons research and then in Vienna at the IAEA as a Director, and is now working for the Swedish peace research Institute SIPRI, assessed the IAEA compilation as “amateurish” and not meeting scientific standards. He characterizes some allegations as “absolutely false” and others as “highly misleading.”⁶

Kelley also criticizes the IAEA’s assertion that hydrodynamic explosives experiments which are supposed to have been carried out in a container in the Iranian military research plant in Parchin are a strong indication of possible development of nuclear weapons: “You have to be crazy to do hydrodynamic experiments in a container.”⁷ Experiments of this kind, to the extent that they are relevant for nuclear weapons research, would, according to Kelley, be done outdoors, where they could also be much better evaluated. Russia too has expressed doubts about the sustainability of the IAEA’s accusations. It criticizes the November 2011 IAEA report as “neither professional nor impartial.”⁸

Panetta: “Are they [Iran] trying to develop a nuclear weapon? No.”

In the media the IAEA report was widely interpreted as though it had “practically proven that Teheran has secretly built an atomic bomb.”⁹ But these media reports are misinterpretations.¹⁰ Now, as in the past, there is no unequivocal proof that Iran has had a nuclear weapons program or is conducting one at

6 Former IAEA Inspector: Misleading Iran Report Proves Nothing, in: The Real News, November 15, 2011, http://therealnews.com/t2/index.php?option=com_content&task=view&id=767&Itemid=74&jumival=7594. See also Jerry Sommer: Atomkonflikt Iran: Diplomatische Lösung noch immer möglich?!, in: BICC Focus, Bonn, December 2011, p. 3f. and Julian Borger: Nuclear watchdog chief accused of pro-western bias over Iran, in: The Guardian, London, March 23, 2012, p. 1.

7 The Real News, November 15, 2011, *ibid.*

8 Statement by the Ministry of Foreign Affairs of Russia on the Adoption by IAEA Board of Governors of a Resolution on Iran’s Nuclear Program, Moscow, November 18, 2011.

9 Hubert Wetzel: Beispiellose Isolation, in: Süddeutsche Zeitung, November 11, 2011, p. 4.

10 See Greg Thielmann/Benjamin Loehrke: Chain reaction: How the media has misread the IAEA’s report on Iran. Bulletin of the Atomic Scientists, Chicago, November 23, 2011.

present. US intelligence agencies are standing by their conclusion that Iran ended its structured nuclear weapons program in 2003, and since then has not made any decision to start it up again. In keeping with this, US Defense Secretary Leon Panetta stated at the beginning of this year: “Are they [Iran] trying to develop a nuclear weapon? No.”¹¹

In principle Iran has the technological capacity to build an atom bomb, explained the Director of National Intelligence, James Clapper, on January 31, 2012: “We assess *Iran* is keeping open the option to develop nuclear weapons [...] We do not know, however, if Iran will eventually decide to build nuclear weapons.”¹² Clapper continued by saying that Iran’s rationale is guided by a cost-benefit approach.

The prevailing impression that time is running out and Iran is close to possessing a nuclear weapon also does not stand up to closer examination. Since there are no signs that Teheran possesses any kind of secret enrichment plant, further processing of low-enriched uranium to 90 percent would have to take place in the existing known plants in Natanz or Fordow. But these are continually under supervision by the IAEA. Thus, Iran would have to expel the inspectors, which would give the international community time to react.

Like US national intelligence, in January 2012 Leon Panetta estimated that, if Iran were to make the decision today, “it would probably take them about a year to be able to produce a bomb and then possibly another one to two years in order to put it on a deliverable vehicle of some sort in order to deliver that weapon.”¹³

The Iranian position on nuclear weapons

The *Supreme Leader of the Islamic Republic of Iran*, Ayatollah Ali Khamenei, has repeatedly declared his rejection of nuclear weapons: “from an ideological and fiqhi perspective, we consider developing nuclear weapons as unlawful. We consider using such weapons as a big sin. We also believe that keeping such weapons is futile and dangerous, and we will never go after them.”¹⁴

11 Leon Panetta, on: CBS “Face the Nation”, January 8, 2012; cited from: Kevin Hechtkopf: Panetta: Iran cannot develop nukes, block strait. CBSNews, January 8, 2012.

12 James Clapper: Unclassified Statement for the Record on the Worldwide Threat Assessment of the US Intelligence Community for the Senate Select Committee on Intelligence. Washington, January 31, 2012.

13 Leon Panetta, on: CBS “60 Minutes”: The Defense Secretary: Leon Panetta. January 29, 2012.

14 *Ayatollah Ali Khamenei*: Supreme Leader’s Speech to Nuclear Scientists, February 22, 2012, http://english.khamenei.ir//index.php?option=com_content&task=view&id=1595&Itemid=4.

In addition to religious motives, according to which the killing of innocent people by means of nuclear weapons is judged to be un-Islamic, the Teheran leadership also regards the possession of nuclear weapons as harmful from a political and strategic standpoint. For this would provoke an arms race in the Near East, a development which would be at odds with Iranian security interests.¹⁵

It cannot be ruled out that statements of this kind are propaganda. There is some evidence that Iran possibly began a nuclear weapons program in the 1980s when the country was attacked by Iraq with, among other things, chemical weapons, but discontinued the program in 2003 after the fall of Saddam Hussein. However, there are very strong arguments which speak against the assumption that Iran is still striving for nuclear weapons. For a possible deterrent effect against an attack would be limited. If Iran were to build nuclear weapons it would have to reckon with an immediate military intervention by the vastly superior United States. In addition, Teheran would lose all political and economic support from, among others, Russia, China, India, and Brazil. Furthermore, nuclear weapons are generally inappropriate as military resources. For instance, they neither prevented rocket attacks on Israel nor gave Tel Aviv a military advantage in campaigns in Lebanon or the Gaza Strip, nor did they give the US a military advantage in Iraq and Afghanistan. By contrast, they could strengthen political and military counter-alliances in the region – with the involvement of the US – and thus damage Iran’s regional position. Statements by Iranian leaders show that they are aware of the political-military disadvantages of an Iranian nuclear bomb.

Go the same way as Brazil or Japan?

Interpreting the Iranian nuclear program as an unequivocal pursuit of the bomb is misleading. According to a *Reuters* report “the US, its European allies and even Israel are in agreement: Teheran does not have a bomb, has not decided to build one.”¹⁶ It is however possible that, over and above economic and prestige-related grounds, Iran also connects its nuclear program, which is oriented to possessing an independent fuel cycle, with security issues – albeit without the intention of crossing the “red line.” This is the view held by, among others, the former IAEA general secretary, Mohamed El Baradei: “Iran does not intend to become a second North Korea – an international outcast nuclear weapons state,

15 Ali Laridschani, former secretary of the Iranian National Security Council and current parliamentary speaker, Interview, in: *Süddeutsche Zeitung*, February 12, 2007, p. 3.

16 Tabassum Zakaria and Mark Hosenball: Special Report: Intel shows Iran nuclear threat not imminent. *Reuters*, March 23, 2012.

but rather a second Brazil or Japan, a technological power which keeps open the option of developing nuclear weapons in an unfavorable political situation, but otherwise remains a non-nuclear weapons state.”¹⁷

Current Western strategy has failed

The West’s strategy until now mainly involves forcing Iran to terminate its uranium enrichment program through isolation and the imposition of sanctions. In this way, the intention is to ensure that at least for a lengthy period Teheran does not even theoretically possess the technological capacity to produce weapons-grade uranium.

Although prior to his election Barack Obama had promised to carry on direct and open diplomacy with Iran and later declared he was seeking a new beginning in relations with Teheran, the Obama Administration neither halted secret operations against Iran initiated by ex-president George W. Bush nor did it initiate bilateral talks at a high ranking level, nor – as in the case of North Korea – appoint a special ambassador to Iran.

It is true that the Obama Administration undertook certain course corrections. For instance, it abandoned the demand for a stop to uranium enrichment as a precondition for negotiations. Nevertheless, deep down it was dominated by a policy of containment, as already pursued by George W. Bush. This concentrated on obtaining international agreement to stricter sanctions against Iran within the UN framework and, moreover, organizing a “coalition of the willing” without a UN mandate. Through these measures it was hoped to force Iran into capitulation at the negotiating table. As a result, since 2003 compromises on the limitation of uranium enrichment in Iran have repeatedly failed because they did not satisfy the Western goal of prohibiting any kind of uranium enrichment there.¹⁸ At the end of 2009 an agreement on a confidence-building measure also failed: the export of 1200 kg of low-enriched Iranian uranium in exchange for the delivery from abroad of fuel rods for the Teheran research reactor. Initially it was blocked in Teheran by both conservative and reform-oriented critics of Ahmadinejad, who would not allow him a foreign policy triumph. Then the US refused any supplementary negotiations. When Turkey and Brazil succeeded in obtaining Teheran’s agreement to an appropriate accord in 2010 the US rejected it. Although the plan completely fulfilled the conditions previously laid down by Obama, to Washington the adoption of new

¹⁷ Mohamed El Baradei: *Wächter der Apokalypse. Im Kampf für eine Welt ohne Atomwaffen*, Frankfurt/New York 2011, p. 223.

¹⁸ *Ibid.*, p. 219.

UN sanctions was more important. When in the fall of 2011 Iran's President Ahmadinejad declared: "If you [the United States and Europe] give us uranium grade 20 percent now, we will stop production [of 20 percent-enriched uranium in Iran],"¹⁹ this offer too was not accepted.

Questionable effectiveness of new sanctions

The latest sanctions imposed by the US and the European Union are intended to increase pressure. There is no doubt that they will have stronger negative effects on the Iranian economy than previous ones. US financial sanctions are aimed at cutting banks off from doing business with the US if they carry on oil business transactions with the Iranian Central Bank in order to achieve a reduction in Iranian oil exports. The European Union has decided to prohibit the import of Iranian oil from July 1, 2012. However, it should be kept in mind that major purchasers such as China, India, Pakistan, and Turkey have already announced that they will adhere only to UN sanctions. In addition, Iran is already implementing bypass strategies such as barter trade, trading in the particular national currency or in gold, smuggling of oil into neighboring countries, etc. In addition, oil prices are rising, which lessens the anticipated loss of income for Iran.

All in all, these "crippling" sanctions, which are not *smart* already for a long time but instead drive down living standards in Iran, may not force Teheran to its knees economically. In particular, it is unlikely that these sanctions will cause Iran to cease all uranium enrichment as called for. For there is broad consensus in Iranian society against abandoning this nuclear technology. It is regarded as a symbol of technical progress, national independence, and national prestige – even among the various sections of the reform opposition.

The sanctions may silence temporarily those in the US and Israel who are in favor of war. However, in the medium term their expected lack of success could bring an offensive war as the supposed "final option" nearer – even if Teheran continues, as up to now, not to build an atomic bomb, does not enrich any uranium to 90 percent, and does not resume its nuclear weapons program.

19 Quoted from: Charles Ferguson and Ali Vaez: An Iranian Offer Worth Considering, in: New York Times, November 29, 2011, <http://www.nytimes.com/2011/09/30/opinion/30iht-edvaez30.html>.

Military intervention is dangerous and counter-productive

Any attack on Iran – whether by Israel, the US, or jointly – would have unpredictable, conceivably catastrophic consequences to which even US Defense Secretary, Leon Panetta, draws attention: An escalation would have to be anticipated, “that would not only involve many lives, but I think could consume the Middle East in a confrontation and a conflict that we would regret.”²⁰ An attack would stabilize the present regime in Iran and might postpone the technical prerequisites for the production of an Iranian atomic bomb according to Panetta at best “maybe one, possibly two years”.²¹ A military approach could also lead to Teheran deciding to produce atomic bombs – in secret – as quickly as possible.

In addition, an attack on the Iranian nuclear plants would by no means be a “military strike,” but rather, according to the former US CIA chief, Michael Hayden, the country would then be “pounded [with airstrikes] . . . over a couple of weeks.”²² Despite this, the necessity of an attack is propagated by those in favor of it as an option to which there is no alternative. Unlike the Soviet Union or China, they argue that Iran cannot be deterred.

Would deterrence be possible?

Iranian nuclear weapons would undoubtedly have a destabilizing effect on the region and the Non-Proliferation Treaty regime. The risk of escalation inherent in every deterrence system could be particularly high in the unstable region of the Near East. But the dangers associated with an Iranian nuclear weapon would be less than widely claimed.²³ It is true that support for *Hezbollah* and *Hamas* as well as the anti-Israel polemic of Ahmadinejad awaken fears about the threat in Israel, which are additionally stirred up by the right wing, nationalistic Netanyahu government. But the assertion of an *existential threat* to Israel posed by an Iranian bomb is strongly disputed, even within Israel. For example, the former Israeli chief of staff, Lieutenant General Dan Halutz states that “Iran poses a serious threat, but not an existential one.”²⁴ Even the Israeli

20 Remarks by Secretary of Defense Leon E. Panetta at the Saban Center, Washington, December 2, 2011.

21 Ibid.

22 Michael Hayden, cited in: Josh Rogin. Bush’s CIA Director: We determined that attacking Iran was a bad idea, in: *Foreign Policy* (online edition), January 19, 2012.

23 See Christoph Bertram: Partner nicht Gegner. Für eine andere Iran-Politik. Hamburg, 2008, p. 16ff.

24 Dan Halutz, cited from: Former IDF chief: Iran doesn’t pose existential threat, in: *Israel News*, February 1, 2012.

defense minister Ehud Barak evaluates the situation realistically, in contrast to other members of the government: “I don’t think the Iranians, even if they got the bomb, (would) drop it in the neighborhood. They fully understand what might follow. They are radical but not totally crazy. They have a quite sophisticated decision-making process, and they understand reality”.²⁵

In view of Israeli and US nuclear weapons potential, an Iranian atom bomb attack would be tantamount to collective suicide. But the leaders of Iran are not irrational. For their dominant goal is keeping their system in place. The anti-Israel statements of Ahmadinejad alter nothing about this, especially bearing in mind that, contrary to what is frequently asserted, he has not threatened to eradicate Israel from the map. He repeated a Khomeini statement: “The regime that is occupying Jerusalem must be eliminated from the pages of history.”²⁶ The context made it clear, however, according to Christoph Bertram, “that this should be achieved in the course of history, not through military action.”²⁷

Israeli defense minister Barak described what really causes him concern in January 2012: “Imagine if we enter another military confrontation with Hezbollah ... and a nuclear Iran announces that an attack on Hezbollah is tantamount to an attack on Iran. We would not necessarily give up on it, but it would definitely restrict our range of operations.”²⁸

It is conceivable that an atomic bomb could give Iran a feeling of strength. But military advantages linked to this seem improbable. For the Iranian regime would scarcely be ready to risk its own survival in order to defend, for instance, south Lebanon with nuclear weapons. In the final analysis, Barak’s statements suggest that an Iranian atom bomb would not threaten Israel’s existence but, if at all, Israel’s military hegemony and its freedom of action in future military operations in the region.

It is also unlikely that Iran would supply atom bombs to terrorists. For no-one would leave the decision on the use of nuclear weapons to someone else when there is no doubt that this would trigger the annihilation of one’s own state through a retaliatory attack.

Furthermore, even if Iran had the bomb it is not guaranteed that other states in the region would seek nuclear weapons. North Korea has had the bomb for years – without being copied by South Korea or Japan. Israel has had nuclear

25 Ehud Barak on February 22 2010 in Washington. Cited from: Israeli official doubts Iran would nuke his country, in: US Today, 26.2.2010.

26 See on this Katajun Amirpur: Der iranische Schlüsselsatz, in: Süddeutsche Zeitung, 26.3.2008

27 Christoph Bertram, op cit., p. 19.

28 Quoted from: Ronen Bergman: Will Israel Attack Iran? in: New York Times Magazine, January 25, 2012.

weapons even longer. Yet neither Saudi Arabia nor Egypt has responded with their own nuclear weapons programs. Similar restraint is also possible in the event of an Iranian atom bomb if, for instance, the five nuclear powers jointly or even the US alone were to offer a nuclear umbrella.

Even if deterrence were theoretically imaginable, it is not necessary to adapt to a nuclear-armed Iran right now. For it is by no means clear that Iran intends or ever will intend to build the bomb. However, it is necessary to acknowledge the reality that Iran will not forego uranium enrichment. Instead of continuing to demand this in vain, it would be appropriate to look for the second best solution, which involves a compromise and aims at longer term partnership.

Obstacles along the way

There are obstacles on both sides to policies oriented to mutual understanding. These are caused by the decades-long antagonism between the two main opponents, the Islamic Republic of Iran and the US (among other things the overthrow of the democratically elected Iranian government by the CIA in 1953, US support of the Shah dictatorship, the taking hostage of US diplomats in Teheran in 1979, US support of Iraq in its war against Iran, and Iranian support of Hezbollah and Hamas).

The concept of the US as enemy plays a major role for hardliners in Teheran both in internal politics and in how they project themselves to the rest of the Muslim world. But for the Islamic regime a rapprochement with the US that preserved its interests and allowed it to save face would have substantial advantages for economic development, its legitimate security needs, its political status, and for its acceptance as a regional power. For this reason, in 2003 it offered the US a grand bargain which was rejected at that time by George W. Bush.²⁹

US interests are still blocking a rapprochement today. Important sections of the political class are openly advocating a regime change in Teheran. Since its withdrawal from Iraq and the beginning of the Arab Spring, the dominant role of the US as the military and political hegemon in the Middle East is eroding. This region is of geostrategic significance to the US on account of its strategic partnership with Israel, because of the rich crude oil supplies there, and also because of its proximity to Asia, the world's emerging region. If Iran emerged

²⁹ See Christoph Bertram, *op cit.*, p. 45f.

from its present partial isolation, the security and defense policy influence of the US in the region could decrease even more.

Over and above this, the special economic interests of the “military-industrial complex”³⁰ in the US argue for maintenance of a confrontational path. For without the bogeyman of Iran, for instance, an important justification for the US’s Missile Defense Program as well as for lucrative arms exports in the region would disappear – Saudi Arabia alone signed a weapons purchase contract worth US\$30 billion with the US in 2011. Although such developments would clearly serve the long-term interests of the US, not least because of its budget deficit, it would need to be willing to be satisfied with a more limited role in today’s multipolar world and, in doing this, to rely on military strength as the means for achieving national interests to a lesser degree than up until now.

The courage for effective diplomacy

Germany has a special responsibility in overcoming the obstacles to a paradigm change in Western policy on Iran. It is seated at the negotiating table with the five UN holders of veto power. It is one of the most influential states in the EU, whose High Representative for Foreign Affairs, Catherine Ashton, chairs negotiations among the six powers.

However, a significant course correction is required in current policy on Iran in Germany, which has not moved out of the wake of the US until now. Forming a new policy is quite possible. This is demonstrated by the position stated by the foreign ministers of Sweden and Finland in March 2012, which is based on the following basic insight: “The argument is not only about giving diplomacy a chance. It is about recognizing that diplomacy is the only alternative for those seeking a lasting and sustainable solution to the Iran nuclear issue and peace in the region. The other options are recipes for war and in all probability a nuclear-armed Iran.”³¹ This would involve seeking practicable compromises which build trust and produce greater security for all parties. In connection with the Iranian nuclear program this means finding a resolution according to which Iran can continue enriching uranium while the international community is able to obtain greater security through more comprehensive international controls and agreed upon limits to the Iranian nuclear program, so that Iran does not at some time or other resort to the bomb anyway.

30 Dwight D. Eisenhower: Farewell Address to the Nation. January 17, 1961, <http://mcadams.posc.mu.edu/ike.htm>.

31 Carl Bildt/Erkki Tuomioja., see above.

A decision to build nuclear weapons always depends on a corresponding threat perception. That is why an additional task would be to ease tension in relations with Iran through a fundamental policy change by the West toward Iran, among other things by renunciation of force and security guarantees. The goal would have to be that of finding an all-encompassing *modus vivendi* with the Islamic Republic of Iran, a kind of “peaceful coexistence” and “joint security” of all states in the Middle East, including Israel. Even a “unilateral policy of detente”³² by the West could change the way threats are perceived in Iran and in so doing support the Western goal of more democracy in Iran in the medium term by opening up new perspectives for the democratic opposition there.

Recommendations for a new German policy on Iran

In the sense of such an approach, Germany should, in view of the growing danger of war and the pending new negotiations with Iran, support the following points. It would not be in any way alone in this. Rather, in its basic principles this position would correspond to not only the position of Sweden and Finland,³³ but, among other countries, also to that of Brazil, India, China, Russia, and Turkey.

In order to eliminate the danger of war Berlin should speak out against a military attack on Iran both publicly and also in bilateral talks with Israel and the US. Such an attack would be in contravention of international law and counter-productive (Sweden/Finland).

Germany should speak out in favor of abandoning the current demand that Teheran suspend its uranium enrichment. Both Sweden and Finland no longer make this demand. It cannot be implemented. Insisting on it prevents any negotiated solution. By contrast, acknowledgement of Iran’s right to enrich uranium for civilian purposes, which it already has according to the Non-Proliferation Treaty, would open up possibilities for compromises.

In return, application of the IAEA’s so-called “Additional Protocol” by Iran should be demanded (Sweden/Finland). This contains more comprehensive control and inspection rights for the IAEA. Iran applied this “Additional Protocol” voluntarily between 2003 and 2006. Iranian politicians have repeatedly declared their willingness to implement this protocol again. Inspection rights going beyond this, such as the permanent stationing of IAEA inspectors in Ira-

32 Simon Koschut: Engagement ohne Illusionen? Die Iran-Politik der USA unter Barack Obama. DGAP-Analysen, Berlin, Oktober 2011, p. 22.

33 Ibid.

nian nuclear plants, which Mohammad Javad Laridschani, a high-ranking consultant to the Supreme Leader Ali Khamenei, recently regarded as possible,³⁴ should also be demanded. Even more comprehensive, additional international control would be achieved by internationalization of the uranium enrichment plants in Iran. Iran itself and other politicians and scientists³⁵ have been making suggestions to this effect for years. What would now be needed is to work out their implementation at the negotiating table.

Germany should insist that Iran forego continuation of the enrichment of uranium to 20 percent (Sweden/Finland). Ahmadinejad had already offered this in exchange for Iran receiving deliveries of appropriate material for the Teheran research reactor. Because 20 percent enriched uranium can more rapidly be converted into 90 percent weapons-grade material, any restriction on its further production as well as on the conversion of existing material into fuel rods, which has already begun in Iran, would help to prolong the time needed by Teheran for a ‘break out’ – the building of an atomic bomb – feared by some.

Berlin should urge that all Iran’s material, including the 3.5 percent enriched uranium, should be converted to fuel rods. In connection with this, thought should be given to technological aid for the production of fuel rods in Iran.

Offer to renounce use of force and lift sanctions

Germany should demand that all states participating in the negotiation process, especially the US, renounce the use of force against Iran and also declare that it is not their goal to bring about a regime change in Iran from without (Sweden/Finland). In particular, the US should be encouraged to make a fundamental change in its policy and normalize its diplomatic and economic relations with Iran.

It would also be necessary for Germany to support a negotiating process in which “action in exchange for action”, “step by step”, was implemented; for instance, transparency in exchange for cooperation. Of particular importance would be the offer to cancel or withdraw EU sanctions against Iranian oil imports, which are to come into force on July 1, 2012, in exchange for an agreement like the one described above on the enrichment of uranium to 20 percent.

34 See Christiane Amanpour: Iran Official Offers ‘Permanent Human Monitoring’ of Nuclear Sites, ABC News. March 15, 2012.

35 See BICC Occasional Paper: New Chances for a Compromise in the Nuclear Dispute with Iran?, Bonn, March 2009.

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Finally, Germany should campaign for the success of the planned UN Conference on a Middle East zone free of weapons of mass destruction, and in particular call on Israel and Iran to participate in a constructive way. This could smooth the way for a Conference on Security and Cooperation in the Middle East.

Summaries

1.1. The demise of politics? The high degree of uncertainty among the powerful and the powerless (Corinna Hauswedell and Janet Kursawe)

Since the financial crisis we have been experiencing an accelerated rate of change in the world's political and economic system. Global uncertainty is affecting not only how countries interact but also the internal cohesion of their societies. Political cultures that are historically and geographically separate are communicating across boundaries of time and space as well as competing with and influencing each other at new levels of intensity and speed. International power shifts and the stronger participation of non-state actors draw attention to the increasing interdependence of foreign and domestic policy. This has consequences for actions related to peace policy. States are not simply being driven by the "markets", and new impulses for linking justice, sustainability, and democracy may emerge from social movements.

1.2. The crisis in the Eurozone: cult of the market and power of the banks (James K. Galbraith)

What is being referred to in the eurozone as a sovereign-debt crisis is really a banking crisis. It is aggravated by reactionary theories, errors in the financial system, and a venomous political environment that reveals a striking lack of European solidarity. It is contributing to a widening gap in economic performance within Europe and is destroying the economies on the periphery, whereas it has had only limited effects on Germany and its direct neighbors until now. The crisis derives from errors in the construction of the EU and the neoliberal ideology which is dominant in the eurozone. The eurozone seems incapable of regulating the present creditor-debtor relationship in the interests of Europe's citizens. An alternative would be a fundamentally reformed financial sector, in which the banks were subject to strict controls in their role as service providers for companies.

1.3. Globalization and political violence. Trends and developments since the end of the East-West conflict (Christopher Daase)

Anyone who declares that 2011 was a year of war is creating a false impression. For despite the feeling that they are increasing, wars have been becoming less frequent since 1989. Wars between states have almost completely disappeared, civil wars and violent internal conflicts are less common and the danger of terrorism has not increased since 2004. However, internationalized and non-state conflicts are a matter of concern. Clear trends showing how this development has been affected by globalization cannot be established because of its multi-layered and to some extent contradictory effects. However, in terms of the number of violent conflicts and victims the overall balance seems to be positive. Better use must be made of knowledge about the relationship between globalization and political violence in order to support aspects that promote peace.

SUMMARIES

1.4. The ten-year-long war on terror: Preventive wars and targeted killings (Martin Kahl)

In the last ten years military operations have been an instrument intensively used by the US for fighting terrorist groups and the states thought to be supporting them. In 2002 the George W. Bush administration announced a policy regarding the world order which was supposed to legitimize preemptive military measures through an exaggerated depiction of risks. The highly differentiated and vastly superior US military apparatus made such measures seem very promising. However, after the changes of regime imposed by force in Afghanistan and Iraq the Bush and Obama governments did not succeed in opposing the uprisings in either country with any consistent strategy. Rather, they reacted mainly in an ad hoc manner and with legally and morally questionable means such as the use of armed drones.

1.5. The West's loss of power: What will come after unipolarity? (Matthias Dembinski and Hans-Joachim Spanger)

The rapid rise of the BRICS states (Brazil, Russia, India, China, and South Africa) and the corresponding loss of power experienced by the West pose more problems than those regarding the world order. Rather, both these factors are being linked to new dangers involving security policy. At the same time, the group of BRICS is anything but homogeneous both politically as well as economically. And whether they ever go beyond their minimal commonly-stated goal of wanting to oppose US supremacy, whether actual or perceived, remains to be seen. The shift in global power, however, is real and it demands a response from both Germany and the EU. Instead of assessing the rise of the BRICS countries as a threat to security policy, a reform of the institutions of global governance should be initiated.

1.6. The normative framework of international politics: Responsibility to protect and commitment to peace (Lothar Brock and Nicole Deitelhoff)

The recent controversies concerning the responsibility to protect in the conflicts in Libya and Syria give rise to renewed critical discussion of the formation of a normative regime for the protection of human beings from overwhelming force in the context of imminent shifts in power. After the change from the law of war to the law of peace which took place with the signing of the UN Charter, is a second transformation of international law to a system that goes beyond existing humanitarian international law towards greater protection of the individual occurring? Or is responsibility to protect simply becoming a way of legitimizing intervention in internal state conflicts? Further development of the protective regime seems possible to the extent that finding a balance between existing peace law and the responsibility to protect is successful.

SUMMARIES

1.7. Non-state power and the state: a double power shift (Anja P. Jakobi)

Shifts in power affect states, but also their relationship with non-state actors. These give rise to cooperative relationships but also to new threats. Transnational crime, drug trafficking, money laundering, or trafficking in human beings can no longer be fought with the instruments of nation-states alone. At the international level it is mainly repressive measures such as criminalization that are adopted in the fight against crime, but these are often difficult to control and achieve almost no public support. Other measures such as integrating non-state actors and taking account of social policy issues offer important supportive measures. States and civil society must also resolutely support existing standards of transparency and legitimacy, which have partly been called into question by shifts in power.

1.8. The hypochondriac. The arms industry during times of austerity (Marc von Boemcken and Bernhard Moltmann)

The reorganization of the German Army now underway and the overdue cutbacks in defense spending are a source of distress to the German arms industry. The arms sector is concerned about overcapacity and is therefore applying pressure on the German government to subsidize German arms exports more strongly. The government is giving in to this pressure and softening its stance of deliberately exercising restraint regarding arms transactions. As a result, the risk of previous standards in German foreign, peace, and security policy being undermined is increasing. However, the fears of the arms industry are not based on sound reasoning. There is still considerable untapped potential for European arms cooperation and European arms exports policy. In addition, opportunities for industrial conversion include sufficient options for addressing the purported crisis of the arms industry.

1.9. Cyber war or cyber peace: Is the Internet becoming a war zone? (Götz Neuneck)

New information and communications technologies and the *World Wide Web* are capable of enriching their users' private and professional daily lives while breathing new life into the level of citizen participation and direct democracy in the public domain. However, all-encompassing networking comes at a price: Wherever new social opportunities emerge the danger of misuse and systematic military use also arises. Cyberspace is already being used today for questionable purposes such as sabotage, criminal actions, or propaganda. The Stuxnet computer worm attack on the Iranian uranium enrichment plant in Natanz shows that the use of cyberspace for warlike purposes poses a real danger. Instruments of international law, confidence-building, and arms control are needed to prevent the militarization of cyberspace.

SUMMARIES

1.10. Social division, a coarse middle-class attitude, and the consequences for weak groups (Daniela Krause, Eva Groß, Wilhelm Heitmeyer)

Social cohesion and a nation's domestic peace are endangered by social divisions. Economic conditions and authoritarian capitalism support a tendency toward social disintegration which powerful actors use to impose their own particular interests and secure their status in the hierarchy. This can be clearly demonstrated in the attitudes of higher status groups in Germany. An uncaring middle-class attitude is spreading which regards weak social groups only from the point of view of their economic usefulness to society. This leads to consequences for the integration of weak social groups because emphasis on personal responsibility and the call for greater self-management legitimate a loss of solidarity among higher status groups.

1.11. Politics on the Web and on the street – A movement towards a more democratic and more peaceful world? (Manfred Stenner)

Social protest movements have met with widespread popularity since the financial and euro crisis – inspired by the Arab spring. They give voice to widely felt anger towards banks, financiers, and politicians, demand genuine participation, and feel that they are the '99 percent'. In Madrid, Tel Aviv, New York, London, Frankfurt, and other places tent cities are springing up following the Tahrir Square model. The people taking part are young supporters of direct democracy who coordinate their work through social media. Going by the name "Occupy", they are achieving worldwide recognition. It is still uncertain whether these movements are a flash in the pan or whether they will prove to be long-lasting. What is it that inspires the activists, what 'sources' do they spring from and what role are the new media playing? What potential for positive change in world society do the new movements have? Do they also have implications for peace policy?

2.1. Somalia a 'failed state' as the arena for power shifts (Hans-Georg Ehrhart and Kerstin Petretto)

Somalia is regarded as the prime example of a failed state, perceived in the eyes of the world as a country of starvation and a nest of international terrorists and pirates. That there are regions there where the economy is growing and political institutions are functioning is largely unacknowledged. Efforts to solve the Somalian crisis are not oriented toward successful models based on traditional procedures but on the dominant paradigms of international state-building. Military interventions have not achieved any progress so far other than to intensify conflicts, while the regions which are least under external influence are the most peaceful. Thus, it is high time to clear the way for genuine Somalian solution strategies, in which the word ownership is more than simply a catchword.

SUMMARIES

2.2. Direct foreign investment in farmland and how prices for agricultural products have developed globally (Hans Diefenbacher)

In recent years food production has increasingly been in competition with cultivation of cash crops and biomass resources which are converted to energy. Speculation on international financial markets has made the effects for many countries of the South more acute. Many global players have secured direct access to the means of production by buying up farmland. The extent and development of direct foreign investment in land used for farming are having consequences that are, in some cases, dramatic for the people involved. The increase in the prices of agricultural products on world markets and in the nations of the South is directly related to land grabbing and other factors that increase demand; political suggestions for solutions must take account of developmental conditions in the countries in the Southern hemisphere.

2.3. Migration and climate change: the EU's global responsibility rather than anxious debate (Jürgen Scheffran and Ruth Vollmer)

Climate change will exacerbate forced migration, but predictions of hundreds of millions of “climate refugees” are alarmist speculation. Threat scenarios of this kind encourage behavior which – instead of prevention and political management – is restricted to dealing with symptoms and reacting to emergencies. A responsible approach has the goal of combating the causes of climate change and forced migration as well as strengthening the social resilience of affected communities. Motivated by peace policy, EU climate and migration policy will have to be reformulated to bring migration controls in line with core human rights standards, foster the positive behavioral potential of migration networks, while also emphasizing the effective protection of migrants and their equal treatment under the law.

2.4. Managing civil conflicts: From aspiration to reality (Andreas Heinemann-Grüder)

German development cooperation is aimed at avoiding crises and “managing” conflicts without the use of violence. Nevertheless, there is no strategic discussion of the peace policy intentions of civil conflict management and how these intentions interact with development, foreign, and security policy. What is needed is an infrastructure for civil conflict resolution; mandates are also needed with which political intentions can be discussed and examined between political parties and those who possess the mandates. Long-term strategies require political direction both by the Federal Ministry for Economic Cooperation and Development and also the Foreign Office. This would require reducing the variety of consultative committees, bundling capacities, and assigning state-funded institutes and research funding areas the task of working out political options.

SUMMARIES

3.1. Upheaval in the Near East and North Africa – between democratization and civil war (Jochen Hippler)

The civil wars in Libya and Syria have dampened the hopes for rapid and relatively violence-free change that were awakened by the downfall of the dictators in Tunisia and Egypt. The cohesiveness of the regimes in some countries in the Near East and North Africa as well as religious, ethnic, and tribal fragmentation function as opposing forces. In addition, the development of political Islam is of great significance for social transformation. Much depends on whether political Islam plays a role that is consistent with democracy in terms of political responsibility or whether violent groups gain greater significance as a result of the civil wars. It is highly likely that the present upheavals will lead to developed democracies only in exceptional cases and that, in most cases they will, however, lead to systems that are a mixture of authoritarianism and pluralism within whose framework further conflicts over democratic freedoms will take place.

3.2. Conflict and power sharing in fragmented societies: a comparison of Syria, Bahrain, Lebanon, and Iraq (Stephan Rosiny)

After the swift overthrow of the rulers in Tunisia and Egypt the Arab Spring ground to a halt. Most of the autocrats succeeded in stabilizing their rule through superficial reforms, paternalistic gifts, and repression. This paper analyzes the specific conflict structure in countries that are ethnically and religiously fragmented. In Bahrain and Syria a religious minority has a monopoly on power which has led to political stagnation there and, in the case of Syria, to a massive escalation of violence. By contrast, in Lebanon and Iraq – with their past experience of sectarian-fuelled civil wars – constitutional arrangements for power sharing exist today which are intended to guarantee sub-national communities enhanced participation and protection against being absorbed into the majority. Can these experiences be carried over to other countries?

3.3. From rebellion to rollback? The role of women in the Arab Spring and afterwards – the example of Egypt (Renate Kreile)

In the Arab Spring thousands of women, with and without the veil, took part in the uprisings against authoritarian regimes and fought for freedom, social justice, and personal dignity. As the parliamentary elections in Egypt show, countless women as well as men hope for a “just Islamic order” as an alternative to neoliberal crisis and poverty. Islamists and conservatives also understand the social crisis as a moral crisis which they oppose with the revitalization and politicization of the supposedly divinely-ordained patriarchal system of gender roles. Although Islamic women’s rights advocates are fighting for more rights for women and are questioning the monopoly held by conservative authorities over the interpretation of Islam, the electoral success of the Muslim Brotherhood and the Salafists could lead to the new parliament rolling back the progress made up until now in connection with women’s rights.

SUMMARIES

3.4. *Shelved but not solved: the Israeli-Palestinian conflict* (Claudia Baumgart-Ochse and Margret Johannsen)

After years of fruitless negotiations a state of peacelessness prevails between Israelis and Palestinians, with occasional outbreaks of violence. In the conflict a destructive dynamic is establishing itself which visibly undermines a solution. Israel is promoting the building of settlements in order to create irrevocable facts, while the Palestinian National Authority is working on building up the state of Palestine and is seeking international recognition for it. The abandonment of a policy which sees a partner in the other side goes together with a strong internal orientation which results from unsolved problems on both sides: In Israel, social cohesion and the binding power of democratic norms is becoming weaker while the Palestinian areas are split between *Fatah* on the West Bank and *Hamas* in the Gaza Strip. As a result, the ability of leadership to make compromises is shrinking on both sides.

3.5. *Turkey under the Erdoğan government: a model for the Near East when seen from the European point of view?* (Burak Çopur)

Turkey has the potential to play an exemplary role in the Near East. However, the prerequisites for achieving this status are missing. Two conditions would have to be fulfilled for a Turkish role model according to a European understanding of democracy: a liberal democracy and a peaceful solution to the Kurdish question. The country is a long way away from either. Instead, under Erdoğan Turkey is on the way to becoming an authoritarian regime characterized by an Islam-inspired neo-Kemalist ideology. The alienation that exists between Brussels and Ankara is reinforcing this authoritarianism. This is at precisely the moment when a Turkey oriented to constitutional law could offer guidance in the Middle East. However, revival of a credible EU-entry policy will not be enough for this to succeed. On the contrary, portions of the Turkish opposition and civil society would have to be strengthened by the EU.

3.6. *Iran – how can the countdown to war be stopped?* (Jerry Sommer)

The countdown for a war against Iran seems to be running down faster than ever before. A preventive war would be in contravention of the UN Charter and would have catastrophic consequences for the region. Even according to the US intelligence agencies own estimates Iran is not currently engaged in a nuclear *weapons* program. The previous policy of isolation and sanctions against Iran has failed. A substantial correction is necessary and new diplomacy called for: The demand for a halt to any kind of uranium enrichment in Iran should be abandoned and instead stronger international controls on nuclear programs should be placed at the center of Western goals. In addition, it is necessary to give Iran guarantees of security and to introduce a policy of *détente* aimed at dialog and partnership. Germany has particular responsibility for such a change of paradigm.