Fair Observer Monthly





Fair Observer Monthly



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ABOUT FAIR OBSERVER

Fair Observer is a US-based nonprofit media organization that aims to inform and educate global citizens of today and tomorrow. We publish a crowdsourced multimedia journal that provides a 360° view to help you make sense of the world. We also conduct <u>educational and training programs</u> for students, young professionals and business executives on subjects like journalism, geopolitics, the global economy, diversity and more.

We provide context, analysis and multiple perspectives on world news, politics, economics, business and culture. Our multimedia journal is recognized by the US Library of Congress with International Standard Serial Number (ISSN) 2372-9112.

We have a <u>crowdsourced journalism model</u> that combines a wide funnel with a strong filter. This means that while anyone can write for us, every article we publish has to meet our editorial guidelines. Already, we have more than <u>1,800 contributors</u> from over 70 countries, including former prime ministers and Nobel laureates, leading academics and eminent professionals, journalists and students.

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Fair Observer Monthly

Atul Singh January 31, 2017

In 2016, we launched *Fair Observer Quarterly*. In 2017, we proudly unfurl *Fair Observer Monthly* in response to demand from our readers.

This year marks a watershed in the still young 2017. Barack Obama has departed from the White House as Donald Trump has taken charge of Uncle Sam. A flurry of executive orders have followed and left much of the world in a tizzy.

In fact, the world is confusing these days. At Davos, Chinese President Xi Jinping sounded American when he championed the virtues of trade and globalization. Meanwhile, Trump railed against trade and threatened to levy tariffs against Mexican goods. Clearly, it is "baby bye bye bye" time to a policy Uncle Sam has followed since World War II.

To go back to the Chinese again and use their oft-used proverb, we live in interesting times. Therefore, it is important that all of us at Fair Observer do our job. We have to play the part of the fourth estate with much wit, unremitting vigor and an iron will at a time when there are five jobs in public relations for every job in journalism. This is now an age of spin and truth is at a premium. Simplistic assertions are taking the place of nuanced understanding, with the space for debate and discussion receding fast.

We are increasingly realizing that the internet can be magical but it is not all. At its best, the internet can provide infinite information on our screens. At its worst, this information can prove overwhelming. The deluge of emails, tweets, posts, updates and more can leave the mind in incressant Brownian motion. To echo the words of William Wordsworth, "the world is too much with us" and "we lay waste our powers."

Wordsworth might well have been writing about the "Facebook effect." Social media has changed the way people interact with each other and consume information. Far too many are spread a mile wide but only an inch thick. It is this phenomenon that enabled the fake news phenomenon that might have contributed to Trump's victory in the presidential election. In this world, we have set out to focus on substantive issues and provide deep insights from around the world. Few who visit our website realize that we have more than 1,800 contributors from over 70 countries. Even fewer realize the volume of content we have published over the last six years. For instance, we have produced many 360° series with perspectives cutting across borders, backgrounds and beliefs on issues such as water, health, poverty eradication, climate change and refugees. It is this rich material that our readers want to read and we have a duty to disseminate.

Fair Observer Monthly is a chance for us to sit down, look back, breathe in and think about the month past. A month lasts 28 to 31 days, a suitably appropriate time to take stock of the world. We publish daily on our website and, from now on, we will publish some of our best articles every month in *Fair Observer Monthly*. We will give you context and multiple perspectives on issues that matter. We will inform and educate you. *Fair Observer Monthly* will do what we promise: make sense of the world.

Atul Singh is the founder, CEO and editor-in-chief of Fair Observer.

Solving Mexico's Oil Crisis

Maria Fernanda Tapia Cortes January 6, 2017

An increase in gasoline prices is causing havoc in Mexico. Maria Fernanda Tapia Cortes reports.

Mexico starts 2017 with two trending topics: the announcement of new gasoline prices to the market, and multiple protests inspired by the adjustment period in the form of a 20% price hike. But while Mexicans are filled with outrage, moguls around the world anticipate the potential earnings that this represents. The big question is: Who will the energy reform benefit?

On December 20, 2013, President Enrique Peña Nieto approved the <u>energy</u> <u>reform</u> that aimed to solve a series of conflicts over fuel that Mexicans had been suffering from for decades, including the bankruptcy of the national oil company, Pemex.

Since 1938, when President Lázaro Cárdenas nationalized the oil industry, Pemex had held the monopoly over the resource, bringing in a hefty proportion of the national income. However, poor management, high spending and corruption prevented necessary investment for decades. Lacking technology and infrastructure, the company became less and less productive, to the point that it could no longer manage the abundant Mexican oil nor cover the country's demand.

In just 11 years, Pemex went from being the third largest gas producer in the world to being <u>15th in 2015</u>. By then, 62% of the gasoline it sold had to be <u>imported</u> from eight different countries: the United States, the Netherlands, Spain, India, the Bahamas, Antilles, France, and Trinidad and Tobago. This caused earnings to decrease and spending to grow even more, perpetuating a vicious cycle.

Over the years, Mexican pockets were protected from feeling the effects of Pemex's decline, as the government controlled gas prices and kept them artificially low. The so-called Special Tax On Products And Services (IEPS) took the US Gulf coast as a reference for prices and adjusted accordingly. When these were higher than the official cost of oil in Mexico, taxes over fuel sales could be levied. But when they were lower

(which is what usually happened), it had a negative rate that needed to be subsidized through public financing.

The system costs grew along with oil prices and there was a point, in 2008, when <u>energy subsidies accounted for more than all the health spending</u> and doubled the budget for the government program to combat poverty, dubbed Oportunidades.

This was unacceptable in a country with 48 million poor people, especially because the main benefits were received by the middle and upper class. For every 12 pesos that someone on a low-income used of this support, someone in a higher tax bracket would get 36, due to the number of cars he or she owned.

That was the time when the *gasolinazos* started—monthly increases in the official price of gasoline designed to equate and eventually overcome the one in the US Gulf as the treasury sought to recover the incomes of a positive IEPS. The measures were in place from 2008 until 2014. By then, <u>gasoline prices</u> had almost doubled. During that time, Pemex remained the only company allowed to import and sell gasoline, so Mexicans had no choice but to buy at whatever price or quality the company offered.

ATTEMPTING REFORM

What the <u>2014 energy reform</u> did, among other things, was open the field for the exploitation, transformation and commerce of oil-based fuels. This would supposedly allow better resource utilization and commercial growth through shared technology, private investment and competition. However, the transition process into this scheme has been slow and harsh, due to scheduling changes and steep rises in the national costs of gasoline as they were brought in line with the international market.

In 2015, the government applied a single annual rise of 1.8% over the fuel prices instead of monthly increases, and in 2016 the formula to determine that IEPS changed, turning it into a fixed-rate cost. This was included in a range of minimum and maximum prices, calculated on the basis of international conditions with a 3% price difference at the beginning of the year. If the real price exceeded that maximum ban, citizens could claim the tax back—a non-feasible option for the <u>60% of Mexicans living on informal commerce</u>.

However, although the price per barrel reached its lowest in decades, gasoline prices did not fall. This is partly explained by the strengthening of the US dollar, which <u>increased by 79%</u> in relation to the peso <u>in only 12 months</u>. Since barrels are bought in dollars, the difference was offset by the exchange rate.

In addition, until the middle of the year, Pemex continued to hold the monopoly on importing or refining gasoline, so there wasn't a real competition among gas stations run by various companies that were starting to appear in the northern states, as they all sold the same product at nearly the same price.

The increase between 14% and 20% that took place on the first day of 2017—<u>the highest in 18 years</u>—is the result of adding logistic costs to the maximum range. This also explains why, for the first time in decades, there will not be a standard price for the whole country, but that it would vary from region to region according to transportation logistics and quality standards set by local environmental policy.

It is only a temporal measure. From February onward, costs will change every day until they are released in each state. By the end of the year, prices will only be determined by that invisible hand Adam Smith talked about: the market.

The energy reform is a great incentive for foreign companies to invest in the country. Today, 22 companies have <u>permission to import diesel and gasoline</u>, and it is expected that there will be 15 <u>providers offering their services</u> in 2018, including the Mexican companies Oxxo and Hidrosina, and the American <u>Gulf</u> and <u>Texaco</u>.

This is also a powerful reason for the United States to strengthen its relationship with Mexico, despite President-Elect Donald Trump's threats. His own secretary of state and current CEO of ExxonMobil, <u>Rex Tillerson</u>, agrees—his eyes have been set on the potential benefits of doing business with the southern neighbor.

COMPETING FOR MORE OPTIONS

For Pemex, on the other hand, this means difficulties. Competition against other gas producers and their cutting-edge technology will be fierce—a hard blow for a company that is currently in free fall. Even with the new private finance scheme and attempts to compensate for decades of neglect with modernization projects on four of the most important refineries in Mexico, it might not suffice to face companies like the energy giant Gulf.

Moreover, the necessary pauses in construction caused by a lack of supplies have led to a dramatic <u>decrease in production</u> over recent years. With development projects expected <u>to last until 2019</u> and a growing debt that already <u>amounts to \$100 billion</u>, the once-great national company will have a hard time catching up.

The Mexican government aims to compensate the gap from Pemex contributions with a gasoline tax and the new companies arriving in the country. Without a subsidy to pay, there will be about 400 billion extra pesos to invest in social programs. The question is whether this money will be correctly managed or if it will be lost on salary bonuses, debt payments and corruption that costs the country about <u>9% of its gross</u> domestic product (GDP) every year.

On the other hand, with more options on the market, there will not only be a wider range of prices, but also of quality. This is important because the better the quality of fuel, the less polluting it is. In places such as Mexico City, air pollution levels are so high that special regulations for the use of transport had to be created. New rules regarding fuel will finally be introduced, although prices might be slightly higher than in other places.

However, many Mexican consumers prefer low costs, even if it means giving up better quality. The 20% increase in prices this January, even if temporary, will have a direct impact on their finances. If the cost of fuel rises, transport fees will grow and inflation will peak. <u>Banxico estimates</u> suggest it will rise to 4.8%—the highest number in years.

The truth is that even with the increase, Mexican gasoline is cheap compared to the rest of the world. In countries like Denmark, France and Canada, <u>people pay up to two</u> <u>times more</u>. The difference, however, relies on purchasing power. While a Canadian citizen earns an average of \$7.18 dollars per hour, a Mexican worker with minimum wage gets only \$1.01, which is not enough to cover the costs of a basic food basket.

The working class will be the more damaged by this situation, as salaries will not have an equal increase to prices nor to the new costs of driving to work. Using public transport is not a good choice either. First of all, because with the increase in gas prices, <u>fees will increase too</u> and, second, because in most cities it is inefficient and cannot cover the population's needs.

Furthermore, even if prices are being determined by the market by the end of 2017, it will take at least three years to actually see the benefits, as new companies arrive and build the necessary infrastructure to operate. Meanwhile, the economy will be <u>destabilized</u>.

There are many other problems related to these issues that will affect Mexicans in the short term. The president's popularity hit rock bottom with <u>several protests</u> this week demanding prices to be brought down. There is a <u>shortage of fuel</u> in 13 states caused by the insufficient production, damaged ducts and panic shopping, and <u>criminal groups</u> reselling stolen gasoline on the black market at lower prices are gaining ground.

Only time will tell if Mexico's energy reform will bring more benefits than perils—and for whom.

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Turkey Must Come to Terms With All its Terrorists

Edward Marsh January 7, 2017

The coming year may well prove to be the bloodiest yet in Turkey.

The figures for terrorist attacks and those <u>killed in Turkey</u> as a result in 2016 are staggering as the death toll reaches 300 with seemingly no respite from the relentless killings in sight. In the early hours of 2017, the attack on a New Year's party at the Reina nightclub seemed to signify that the bloodshed on the streets of Turkey will continue.

The turbulence of 2016 has in no way given signs of an optimistic future for Turkey in its fight against either domestic terrorism in the form of Kurdish militants or indeed the continued threat of the so-called Islamic State (IS) as the authoritarian stance of President Erdogan looms large.

The July coup attempt was quashed quickly and the extent to which Erdogan went to consolidate his power was extraordinary, ruthless and capricious in nature as judges, soldiers, clerics and even teachers were incarcerated. The president has been quick to remove those who insult or criticize: In April he summoned the German ambassador to explain why a <u>satirical poem</u> could circulate in the public domain and demanded prosecution while closing scores of media outlets within Turkey and jailing scores of journalists.

While his grip on power may be strong, his ability to deal with the escalating terrorism threats has been calamitous. Within Erdogan's dogmatic, aggressive approach to the Kurds is buried his fear of Kurdish nationalism and the potential drain on centralized power, heightened by the war in Syria and the Kurdish momentum. In recent months Turkey has softened its stance on President Bashar al-Assad in Syria as it has aligned itself closer with Russia, leaving rebels it had previously backed to overthrow the Assad regime stunned by the change in political course.

LACK OF DIRECTION

From a counterterrorism point of view, there is a clear lack of policy direction with little or no unified strategy to defeat terrorism, and there are several key components of the stance that resonate both historically and with the modern authoritarian nature of the government and President Recep Tayyip Erdogan.

Firstly, there is the tradition of the Turkish military (TSK) being heavily involved with domestic counterterrorism operations, and in turn being central to the development and conceptualization of a national security strategy. In recent years there have been increasing powers sanctioned to allow greater surveillance and detention ability—the <u>internal security package</u>.

This connection with the military and counterterrorism today lies at the door of the current attitude toward terrorism, particularly the prioritized fight against the Kurdistan Workers' Party (PKK). Turkey believes the PKK poses a credible and real threat to a

loss of power and separation of territory—a direct threat to the state itself and its secular nature.

Thus, the PKK, despite its claims and previous involvement in peace talks, is not afforded political footing such as the Irish Republican Party (IRA) in Britain or Euskadi Ta Askatasuna (ETA) in Spain.

Its political claim to independence is ignored entirely—there is only a hard line against its position and no room, currently, to find a solution of inclusion, hence the militarization against the Kurds and the divisive language from both the central government and Erdogan in particular. The decision has been taken to defend the state from Kurdish independence at all cost. In doing so, the Turkish government has adopted a repressive formula, a concept of "us versus them"—a securitized approach to the PKK that has only intensified fighting and no doubt increased the resolve and determination of the Kurds who have continued to unleash deadly attacks.

NO KURDISH INDEPENDENCE

With the emphasis firmly focused on defeating the PKK, countering external international threats such as that posed by IS had taken a back seat. Because of the ambivalence shown to the regional defeat of IS by the Turkish authorities, the group has managed countless ruthless attacks that have claimed hundreds of lives, most notably the October 2015 attack at a peace rally in Ankara, the June 28 attack at Istanbul Airport and now the New Year's Day 2017 shooting in Istanbul.

However, over the last 15 months there have been efforts made to collaborate with the international community, particularly considering some truly horrifying attacks by the group and the enormous problem Turkey faces with refugees fleeing the civil war in Syria and indeed the rule of IS.

There are even arguments that fighting IS could be detrimental to the security of the state as initially IS posed a real threat to the removal of President Assad while maintaining a grip over large sways of Syrian Kurds in the border towns with Turkey. Curbing any fresh momentum by not actively fighting IS, Turkey believed it was aiding the battle against the PKK and protecting the power of the state.

The openly robust approach to defeating terrorism in Turkey may well be entering a new phase as there is now a clear vision by the government and Erdogan that state security is imperative and intrinsically intertwined with government legacy, even if it means the dilution of civil liberties and the isolation of political ideas. There are early indications in America that securitization does not work with countering radicalization, as well as lessons from Europe on a more pragmatic approach to brokering peace—but only once a genuine understanding of a group's political ambitions are understood and accepted.

2017 may well prove to be the bloodiest yet in Turkey as the alienation of the Kurds from society and their claim for independence is further ignored and fought against while IS continues to cast a long shadow of violence as it slowly dies in the region.

*Edward Marsh is a London-based security analyst.

Humanitarian Access More Than "Necessary" in Myanmar

Daniel Sullivan January 9, 2017

The international community must continue to demand access and not accept simple ambiguous statements from the Myanmar government.

A new dangerous dynamic has been unleashed in western Myanmar since the October 2016 attack by a group of Rohingya militants and the subsequent Burmese army crackdown on the general Rohingya population in northern Rakhine State. While the causes and consequences are complex, there is one move that the government of Myanmar can do to address growing international criticisms and mitigate the immediate emergency: grant full and unfettered humanitarian access to the tens of thousands in dire need.

The United Nations Refugee Agency (UNHCR) estimates that some <u>160,000</u> <u>civilians</u> in northern Rakhine State who had been dependent on humanitarian aid were cut off as of October 9, 2016. Some 27,000 Rohingya have been displaced internally and at <u>least 65,000 have fled</u> the country for Bangladesh, according to the United Nations. UN officials have warned of <u>ethnic cleansing</u> and other <u>crimes against</u> <u>humanity</u>.

The heavy-handed army response was precipitated by an attack by Rohingya militants on border guard stations in which nine officers were killed and several weapons stolen. The search for the perpetrators and attempts to retrieve the stolen weapons quickly escalated to a blanket response with disproportionately negative consequences for the broader Rohingya Muslim population.

Thousands of Rohingya homes have been burned, almost certainly by the Tatmadaw, as recorded by <u>Human Rights Watch</u> via satellite photographs. Helicopter gunships have been unleashed on Rohingya villages. And there has been a steady stream of <u>reports</u> of rapes, beatings and extra-judicial executions. The government's response has been a disappointing blocking of access to outside observers and of much needed international humanitarian assistance.

HUMANITARIAN ACCESS TO RAKHINE STATE IN MYANMAR

On December 19, 2016, in response to rising regional criticism, Myanmar's effective leader Aung San Suu Kyi met with foreign ministers from neighboring countries and vowed to allow "<u>necessary humanitarian access</u>." But the statement was short on details and mixed with a plea for time and space for Myanmar to address the challenges. The tens of thousands of Rohingya who remain without aid have no such luxury and such ambiguous statements are clearly insufficient.

The granting of full and unfettered humanitarian access would provide the government of Myanmar an opportunity to answer its critics and prove that Suu Kyi and her government are truly different from the previous military-dominated government.

One need not look back very far for a contrast. In March 2014, the previous government expelled the group Doctors Without Borders from Rakhine State for several months, and even when allowed back it was nowhere near the level of aid it had previously provided. In the first few weeks, it was estimated that <u>some 150 of the most vulnerable people had died</u> due to lack of access to medical care. The number of unnecessary deaths from a lack of medical attention and food since October is

unknown as the government continues to restrict outside access to Rakhine State, but so far the response has been in lockstep with the previous government.

In some ways this is unsurprising, as the military continues to wield tremendous influence, particularly on security matters. But Suu Kyi has failed to invoke even the limited influence she has, choosing instead to back the military's position. But doubling down on the army's <u>denial of abuses</u> and restriction of much needed aid will only erode international goodwill and encourage further abuses.

The international community and Myanmar's neighbors in particular, for its part, must continue to demand access and not accept simple ambiguous statements. New pledges to allow aid into northern Rakhine State in Myanmar are welcome, but must be seen through and sustained. In other words, just how much time and space should be allotted to the government of Myanmar should come in direct proportion to just how "necessary" Myanmar determines humanitarian access and an end to egregious abuses to be.

*Daniel Sullivan is the senior advocate for human rights at Refugees International.

Time is Running Out for The Gambia's President

Hugo Norton January 16, 2017

Will there be a peaceful transition of power in The Gambia?

It's clear that Adama Barrow, the president-elect of The Gambia, has the support of most African nations and the wider international community. His inauguration—scheduled for January 19—marks a watershed moment for the Gambian people and the nation's democratic future, one that some <u>pro-reform analysts</u> see as a harbinger of hope for other African nations too.

There's just one problem: The Gambia's outgoing president, Yahya Jammeh, won't leave.

Barrow attended the 2017 Africa-France Summit in Mali on January 14, where he had the chance to provide an update on the Gambian impasse to more than 30 African heads of state, primarily from Francophone nations. He left Banjul with the unsuccessful Economic Community of West African States (ECOWAS) mediation team, led by Nigerian President Muhammadu Buhari, who had hoped to persuade Jammeh to honor the vote for the second time. "We have made a strong gesture. First, we have received the president," Malian President Ibrahim Boubacar Keita told reporters, referring to Barrow, who was an unexpected but welcome summit guest.

Keita said much of the summit's focus was on Barrow's tiny West African nation, and leaders expressed hope that Jammeh will at last step aside in a peaceful transition, avoiding what Keita called a bloodbath. They have been waiting for Jammeh to do so since December 1, 2016, when The Gambia held elections that gave Barrow the win with 43.3% of the vote. At first, the incumbent president conceded the loss and affirmed the will of the Gambian people, but it wasn't long until Jammeh, who has ruled for over 22 years, reversed course and refused to accept the results, demanding a rerun.

DECLARATION OF WAR

In the meantime, Alieu Momarr Njai, the head of the Gambian Independent Electoral Commission, went from praising Jammeh's stepping down as a rare moment in the history of Gambian politics, to <u>seeking asylum</u> in neighboring Senegal, fearing for his life. Gambian diplomats abroad were recalled, with one in the United States <u>publicly</u> <u>stating</u> that he too feared for his safety and wasn't planning on returning until he had considered all of the developments.

Faced with the chaos, Gambian military leaders shrugged and said that Jammeh writes their checks, confirming to media outlets that they intended to take their orders from him, and thereby protect Jammeh as he demands a new election through courts that are themselves wholly dysfunctional and incapable of doing so <u>until spring</u>.

The jubilation of political prisoners released in the immediate wake of Jammeh's defeat was stilled as new rounds of arrests began. Barrow's promise of a free and open society was put on hold, while Jammeh shut down at least three radio stations and

silenced voices opposed to his grip on power. The misty-eyed exiles living in the diaspora who dream of returning home had to put their hopes on pause once more.

Meanwhile, the iron-fisted Jammeh twice went on state-owned television to condemn ECOWAS mediators and challenged those seeking to put an end to his regime. "Who are they to tell me to leave my country?" Jammeh asked during <u>one broadcast</u>, while on New Year's Eve he publicly warned that the threat of any ECOWAS military intervention to ensure that Barrow is securely installed as the democratically elected president would be viewed as aggression.

"Defending our sovereignty and total independence is a sacred duty of all patriotic Gambians," Jammeh said, vowing that there would be no compromise. "It is in effect a declaration of war and an insult to our constitution," he <u>said</u> of the ECOWAS stance. "It is therefore absolutely unacceptable."

BLOODLETTING AND INSTABILITY

On January 13, the African Union (AU) Peace and Security Council met to discuss the political crisis in The Gambia and reiterated its support for ECOWAS authority on intervention. The AU statement commended ECOWAS decisions made at a December 17, 2016, <u>meeting in Abuja</u> that include "the consideration to use all necessary means to ensure the respect of the will of the people of The Gambia."

As important, however, is <u>the announcement</u> that as of January 19—the inauguration date of the legitimately-elected Barrow—the AU will no longer recognize Jammeh as the country's president.

Multiple reports in recent days indicate that Nigeria has at least <u>800 troops</u> at the ready in the event that an emergency military intervention is necessary. Senegal, a nation whose border completely envelops The Gambia, is set to lead any <u>ECOWAS military</u> <u>response</u> if all diplomatic efforts prove unfruitful.

Instead of intervening militarily, some voices have argued for sanctions. "From Liberia to Sierra Leone, Cote D'Ivoire, among others, West Africa has seen so much bloodletting and political instability," <u>pleaded lke Ekweremadu</u>, former speaker of ECOWAS parliament and current deputy president of the senate.

"We must all acknowledge the fact that Gambia is a sovereign state," he said, warning this week against military action, adding that Gambian legal processes for challenging the election should first be allowed to proceed. "We must take all necessary steps as a sub-region to steer the West African nation and indeed the entire community away from any looming bloodshed and monumental destruction."

Yet there's still just one problem: The Gambia's outgoing President Jammeh doesn't seem like he's going anywhere soon, and time is running out for him to finally put the peace and prosperity of his people above personal considerations.

*Hugo Norton is an Africa Policy analyst and advisor at an economic consultancy firm in Brussels.

Demonetization: Modi's Triumph or His Biggest Failure?

Ankita Mukhopadhyay January 16, 2017

Has Narendra Modi succeeded in removing black money from the economy or has he brought India to its knees?

Spending the last day of the year in Udaipur, India, I stumbled upon a street restaurant called Bombay Pav Bhaji. After my meal, I took out Rs300 (\$4.40) to pay the owner. He asked me to pay him digitally through PayTm, an ecommerce startup in which users can make payments online (and this is a street shop, not a restaurant). Five years back, it was unimaginable for a citizen of India to go cashless at such a store. How did this happen? The answer lies in Prime Minister Narendra Modi's sudden decision to remove 86% of cash from the country's economy.

On November 8, 2016, Modi declared that Rs500 (\$7.30) and Rs1,000 notes were no longer legal tender. He hailed demonetization as an iconic move to nip forfeit currency and corruption in the bud.

Before demonetization, more than 2.6 million <u>fake notes of the currency</u> <u>denominations</u> of Rs500 and Rs1,000, with a face value of Rs167 crore (\$24.4 million), had been seized by law enforcement agencies between 2011 and 2015. Fake Indian currency notes in circulation were believed to be around Rs400 crore (\$58.5 million), which was also used in <u>funding terror activities</u> across the India-Pakistan border. Before demonetization, India's "shadow economy" (the untaxed part) was 26% of the country's <u>gross domestic product</u> (GDP).

For many Indians, Modi is a beacon of nationalism—a man who binds the country together through his iconic speeches. But for the opposition, he is an authoritarian figure who has made the honest Indian suffer through his sudden decision to remove cash from the economy.

Manmohan Singh, India's former prime minister, called the move "<u>organized loot</u>, <u>legalized plunder</u>." As a renowned economist, Singh said the premise of the move was on a flawed <u>assumption</u> that "all cash is black money and all black money is in cash."

Hoarding cash at home is common in most Indian households. But the fact that cash kept at home by honest Indians will never be expected to range in the millions cannot be discounted either. An "honest" middle-class Indian citizen would keep that money as gold in his bank's safety deposit box, rather than at home, for fear of it being stolen. The intention here is to not support demonetization without reason or in blinded faith toward the Modi government. The aim is to understand the decision and the great Indian *tamasha* (facade) that arose out of it, so we can gain a perspective on where this scheme succeeded and how large the magnitude of its failure really is.

DEMONETIZATION IN INDIA: WHAT HAPPENED?

Let us rewind to day one and see the developments that followed the announcement. November 8: Modi declares that Rs500 and Rs1,000 notes are no longer legal tender. Pharmacies, shops, hospitals, petrol pumps and other essential goods operators will continue to transact on old notes. If someone wants to convert more than Rs250,000 (3,600), they will have to provide an explanation for why they have so much cash and prove they have paid tax on it. If they don't, they are expected to pay a fine of 200% of the tax they owe. November 9-10: Banks remain closed as preparation for the new Rs500 and Rs2000 notes are done across the country.

November 11: People start queuing up in large numbers outside banks to exchange their void notes for new ones; panic ensues as banks run out of money.

November 12-16: Dozens of deaths are reported across the country, partly because of standing in long queues or because ambulances refuse to offer services on old notes. A month after demonetization: The unorganized sector is believed to have been the worst-hit by this scheme, especially those workers who received their income in cash.

OPPOSITION TO DEMONETIZATION

Mamata Banerjee, Rahul Gandhi and Arvind Kejriwal were some politicians who stood together in unison, opposing the move.

For Banerjee, demonetization was an <u>assault</u> on the "*lakshmir jhapi*"—the vegetable vendor or tea garden worker who sustains his/her family on their daily income. However, the fact that Banerjee's state is home to Kaliachawk, the <u>center of the fake currency network</u> in eastern India, cannot be discounted. In 2015, the National Investigation Agency (NIA) estimated that 80% of fake currencies were smuggled into Kaliachawk through Bangladesh. The industry has now been hit hard by this sudden move.

Kejriwal, once a hope for a "reformed" India due to his "anti-corruption" stance that propelled him to win the Delhi elections in 2015, termed Modi's decision as a "<u>Tughlaki</u> <u>farman</u>"—referring to the medieval emperor Muhammad Bin Tughlaq, a man driven by hasty decisions that cost his supporters more than him. Kejriwal also stated that the move was to save those big businessmen who hold big money. But the fact that the big businessmen who are being "protected" are not really the people who hoard large sums of cash at their homes has been forgotten. The target audience of demonetization was someone else.

India is also a country that houses Rahul Gandhi, the current scion of the Gandhi family and the Congress party, who passes blanket statements like "<u>demonetization is</u> <u>a 'Modi-made disaster</u>'" and "the scheme was launched to 'repay' 50 super rich families which helped Modi become the Prime Minister of India."

Let us suppose that Rs50,000 crore (\$7.3 billion) came into India's exchequer postdemonetization and the government decided to transfer a thousand crore (\$146 million) each to 50 families. Wouldn't the transactions of \$146 million into 50 accounts (or in cash) come under scrutiny by income tax authorities?

Opposition to the demonetization scheme needs to have a logical reasoning behind it. The fundamental argument being presented against demonetization is that the laborer and the farmer—people reliant on cash as their sole source of income—have been severely affected by the scheme. To understand the plight of people living below the poverty line who can be potentially affected by such a scheme, we need to take a look at the amount a person from the unorganized sector in India earns.

According to a 2014 <u>report</u> in *The Hindu*, an average farmer earns Rs6,426 (\$94) a month. And that's not just from farming—it's from a host of other activities. Growing sugarcane, a profitable crop, can fetch Rs30,000 (\$440), but not many farmers have access to more than half an acre of land in India. The actual farmer subsists on less than Rs100 (\$1.50) a day. Indeed, it can be presumed that a laborer in the suburbs of an urban city in India may have kept Rs500 notes in bulk at home to send to his village. But does he use those notes on a daily basis?

For Manu Sharma, editor at CVoter, an international polling agency, the argument is simple. What people are overlooking is the fact that the prime minister and finance minister have repeatedly said they will not "replace" the cash within the economy. Rather, they want less cash to flow within the economy.

By December 19, 2016, about Rs13 lakh crore (\$190 billion) of the Rs15 lakh crore (\$219.5 billion) of demonetized currency notes was deposited to bank counters. The government needs to print Rs15 lakh crore to get cash flowing in the same amount into the economy as it was before demonetization. Former Finance Minister P. Chidambaram has said that it will take a minimum of six months to get cash flowing into the economy at the same rate, given the printing capacity of the note presses of the Reserve Bank of India (RBI). However, do we really need that much money in the economy now?

A less cash economy means that money can finally flow into bank accounts, heralding a new era where subsidies can directly be deposited into the bank accounts of the poor. In 1978, when then-Prime Minister Morarji Desai decided to <u>ban high-value</u> <u>currency</u>, his move failed because very few people belonged to the upper classes that could hoard such high-value notes. The objective of demonetization back then was also very different, so comparing then to now is illogical.

BLACK MONEY IN INDIA

One needs to understand and answer a basic and very fundamental question: Who generates black money in India? The answer is: real estate moguls, private educational societies, nongovernmental organizations (NGO) and cooperative banks, which do not fall under the purview of the RBI.

There are other arguments against the scheme, such as the <u>postponement</u> of weddings, which have caused thousands of dollars in losses for middle-class Indian families. The movement of a celestial object can also delay or postpone a wedding in India, a country highly reliant on religious values. Right now, the cancellation of weddings is not the "biggest problem" arising because of demonetization.

On January 5, after nearly 60 days of the scheme's implementation, President Pranab Mukherjee said demonetization will lead to a "<u>temporary slowdown</u>" of the economy. We need to read between the lines here. Goldman Sachs, a reputed finance firm, has <u>said</u> that GDP growth for the fiscal year would fall from 7.6% in 2016 to 6.8% in 2017. The company also said, "Eventually, the currency reform should help to move economic activity into formal channels, accelerate financial inclusion, and increase government revenue," something very conveniently <u>left out</u> in news pieces on the scheme.

Jayant Member of Parliament Sinha, an ardent spokesperson the on scheme, explained the cash crunch from the administrator's point of view. When Rs2,000 notes were circulated into the economy to fill in the cash void from Rs1,000 notes, the Rs2,000 notes were expected to fill the gap faster as it is double the amount. However, the combination was left incomplete because Rs500 notes were not circulated, therefore, people could withdraw notes but not exchange them as they had no change. Hence, the government began circulating Rs500 notes into the economy to fit the combination.

The reason for withholding the Rs500 notes was to prevent further counterfeiting. Those in the counterfeiting business could print the Rs2,000 notes, but they were unable to use them anywhere because they couldn't exchange them until the Rs500 came into circulation. The measures being taken by the government need to be understood in the larger framework of what is really happening both within and outside the country.

No decision can be "perfect" in a nation with over a billion people, and what cannot be denied is that there were constant changes in policy by the government almost every week after demonetization, which confused the common Indian and caused chaos. The plan was a failure from the start because it was discreet, abrupt and had to be changed at every step for the government to outwit tax evaders and black money hoarders.

Jan Dhan bank accounts—a financial inclusion scheme under the Modi government reported a whopping Rs21,000 crore (\$3.1 billion) deposit following the implementation of the scheme, whereas only 3.5 million accounts had been opened under the initiative. Then came the question of someone siphoning the money off someone else. Again, the government had to bring out a circular stating that those depositing money for others would also fall under the income tax bureau's notice.

An <u>article published</u> by *Vox* highlights the absurdity of the criticism: "Property sales, which typically require huge cash investments, are slowing." Firstly, property sales in cash mean it is being done in black money. That laundering has been stopped by demonetization.

LOOKING AHEAD

The aim of demonetization is to protect the common man. It is to put those who are laundering money in real estate, NGOs and educational institutions into a tight spot so they can transact only through one method: online. The average Indian is not being forced to go online—the money launderer is. Those inconvenienced by less cash within the economy have their reasons to oppose the scheme, but the larger picture cannot be evaded and the necessity for the implementation of demonetization cannot be denied, either.

Today, more than 60 days after the scheme, cities like Udaipur in the state of Rajasthan, Gwalior in Madhya Pradesh and Durgapur in West Bengal have cash at

their ATMs and few people wait in line. Mobile traffic has been diverted from Facebook to online payment websites in India.

The deed is done. What we can do is look ahead and see the future in front of us. No scheme can be implemented perfectly in India, one of the most diverse and populated countries in the world. Modi's government may have stifled voices of protest, <u>engaged</u> in intolerable debates, and taken little or no action when a man was killed by a mob for allegedly possessing beef, but for once the prime minister deserves our attention for the right reasons. When Modi pulled the brakes, he threw the infinitesimally small measures taken by the previous government out of the window too. It's time that we take notice.

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How to Salvage US Interests in Syria

Robert Ford January 17, 2017

Short of a full military victory by one side or the other, there is no prospect of Syria being stitched back together soon.

When it started in 2011, the Syrian protest movement against the government of Bashar al-Assad in Syria was entirely domestic and mostly peaceful. I was there and observed up close—so close, in fact, that the Syrian government was furious with me. Those marching wanted a government that accepted accountability and respect for basic human rights. Some—not all—wanted democracy, but few understood what the word meant.

Now, nearly six years after the revolution started, the Syrian government and the Syrian opposition demonize each other as terrorists, rapists and child-killers, exploiting sectarian fears and grievances constantly. Politically, it no longer matters that the <u>Syrian government</u> has killed far more than the <u>Syrian opposition</u> has, or even the <u>Islamic State</u> (IS). Damaged by internal divisions, short-sighted support for jihadists that has returned to haunt them and, above all, the lack of a coherent political vision,

the Syrian opposition doesn't mobilize enough Syrians to prevail over what is essentially a minority government, weakened as it is.

Moreover, the Syrian conflict has developed into multiple struggles heavily influenced by regional powers and Moscow. The war in Syria is not only a humanitarian catastrophe, but it is also destabilizing the region, aggravating a difficult US-Turkey relationship, and now refugee flows have stirred <u>political turbulence</u> among allies in Europe as well.

WHAT CAN THE US DO NOW?

Historians will debate whether the United States could have made much of a difference to resolve the Syrian conflict in its early years or whether the limited US help to the opposition <u>prolonged the fighting</u>. History will show that American help to the opposition was quite limited and often disjointed. In any case, a real political transition to resolve the conflict is impossible. A different and harder question is: What can the US do now to secure its interests in Syria?

The US could begin by limiting the damage of the Syrian conflict to its wider regional stability and counterterrorism goals. These realities would mean supporting the <u>Russian-Turkish ceasefire</u> effort as a means of easing refugee outflows and restraining Iranian gains, even if a Syrian political solution is far off.

A sustainable strategy to contain IS and undermine its recruitment efforts requires reorienting US policy away from the minority Syrian Kurdish Democratic Union Party (PYD) militia as the spearhead against IS and working more like the US successfully did with local Arab forces in Iraq in 2007-10.

That must be done in coordination with Turkey and Russia. Many observers will howl against working with Russia, but Russia will have to shoulder the onerous task of reconciling the Syrian government to those local Arab fighters who boot IS out of its capital in Raqqa and other towns in eastern Syria. Thus, Russia needs to be part of the future solution, even though it helped <u>block the political transition</u> that the US had sought earlier.

BEST ALLIES IN SYRIA

The Obama administration can take some credit in Syria for using fighters from the Syrian Kurdish PYD party's militia to eject IS from strongholds in northeastern Syria and to deny IS oil revenues from those strongholds. Impressed by the PYD militia's courageous stand against IS at the town of Kobani in late 2014, US policy has been to provide military assistance against IS and thus direct support also for the PYD's goal of an autonomous region.

The PYD fighters are courageous and capable; they are also the only Syrian militia to receive constant US combat air support and help from US special operations forces. This direct US military support has made them the best ally against IS, but they are not the only potential ally to whom the US could provide such support.

The history of Turks and Kurds in Syria matters when thinking about the best ally. Prior to the 1921 border deal between Turkey and France (that held the post-World War I Syria mandate), the Kurdish communities in this region were not separated. Unlike Kurds in Iraq, Turkish and Syrian Kurdish communities share historic tribal, linguistic and cultural ties. This is why the Kurds on the north side of the border in Turkey rioted when the Turkish government declined to help the Kurds on the south side of the border in Kobani in 2014; the communities retain links.

The Syrian PYD party has the strongest Kurdish militia and <u>harasses</u> other Syrian Kurdish parties, although the PYD is nowhere near as bad as IS or the Assad government. The PYD ideology, like that of the Kurdish Workers' Party (PKK) in Turkey from which it descends, rejects both the Turkish and the Syrian states. Given the close ties between the Syrian Kurdish PYD party and its militia with the PKK, Turkey perceives that the PYD's autonomous Syrian Kurdish region will give the PKK strategic depth in the renewed PKK battle against the Turkish state.

There is little in the relationship between the PYD and mother PKK party or in the direct ties between PYD militia fighters and PKK fighters that shows the Turks are wrong. The vicious battle underway in southeastern Turkey between the PKK and the Turkish government, as well as <u>multiple bombings elsewhere in Turkey</u> blamed on the PKK, add to Turkish sensitivities. Their sensitivities are so great that, finally, the cautious <u>Turkish Army deployed</u> into north-central Syria in an operation called Euphrates Shield last year to forestall expansion of the PYD autonomous zone and to hinder IS access to Turkish territory.

Helping the PYD against IS carries a high regional price; it is not the same as helping Iraqi Kurds against IS. And US strategic gains from further degradation of IS at the hands of PYD fighters will be offset substantially if NATO ally Turkey's own stability is further weakened in the process.

STIRRING UP NEW CONFLICTS

Beyond the Turkish angle, there is another reason to rethink the alliance with the PYD to take Raqqa. Because IS gained strength largely due to political grievances against the Damascus and Baghdad governments, undercutting IS recruitment is as much a political as a military challenge. Jihadi recruitment must be slowed to make the gains sustainable over the long term. As the PYD militia cautiously advances into mainly Arab regions, the leftist PYD ideology, which rejects the centralized Syrian state, will not sit well with the very conservative Arab culture of Raqqa.

Moreover, longstanding ethnic rivalries are simmering, to the benefit of IS recruitment. The PYD and the Americans are trying to build up enough <u>local Syrian Arab forces</u> to provide some cover for the PYD militia to keep advancing. However, other Syrian rebels, as well as IS, are labeling those pro-PYD local Arabs as traitors or Kurdish stooges. (Given the PYD's control over the local Arabs, they are not all wrong.)

Not surprisingly, we have seen the incoherence of CIA-backed Syrian rebels who oppose Assad also fighting against Pentagon-backed PYD and Arab fighters in between Raqqa and Aleppo because the CIA-backed fighters reject the PYD plan for an autonomous region.

It is well-past time to resolve this strategic incoherence by removing the PYD from the Raqqa picture. This could delay the recapture of Raqqa by a few months, but the outcome would be more sustainable in terms of helping Turkey manage the Kurdish challenge and in terms of undercutting local Arab radicalization and IS recruitment. The new US administration should halt assistance to the Syrian Kurdish PYD's militia and detach local Arab forces near Raqqa from the PYD. The Americans need to encourage Russia and Turkey to determine how to involve, perhaps indirectly at first, the PYD in talks about Syria's political future.

There needs to be a build-up of local Arab forces not tainted with the PYD brand to recapture Raqqa, recognizing this will take longer but, ultimately, will more durably

undercut IS recruitment. A six-month delay is better than still confronting a powerful IS insurgency two years from now. Backing the Turkish Euphrates Shield drive against IS in al-Bab in north-central Syria, perhaps in cooperation with the Russians, and support its further operations against IS might also prove useful.

Furthermore, the US needs to stop any local Syrian Arab forces fighting against Euphrates Shield operations from receiving US aid. The local Arab fighters aimed at Raqqa should focus on that, and perhaps later with other local forces target IS positions in Deir Zour and Albu Kamel in southeastern Syria near Iraq (a topic for discussion with Russia, Turkey and perhaps even Iraq, Iran and the Syrian government).

In turn, the Turks must agree that as part of this American reorientation they will stop any further cross-border transport and trafficking by the al-Qaida affiliate, the Sham Liberation Front (SLF), in northwestern Syria and instead bolster anti-al-Qaida groups to remove al-Qaida from the Turkish-Syrian border where it has imposed taxes, skimmed supplies coming from Turkey, and financed recruitment of new fighters. The US should also support the Turkish and Qatari effort to forestall a merger between mainstream Islamist fighters and the extremist SLF in order to further restrain its <u>recruitment of new fighters</u>.

LET THE LOCALS SETTLE LOCAL QUESTIONS

As local Syrian fighters drive toward Raqqa, the issue of political control of the town will arise. The US military must avoid the temptation to choose the new leadership of Raqqa or involve itself in the political contestation for leadership in towns like al-Bab and Manbij. The administration must not empower a single rebel faction to assume short-term leadership. We learned from the Iraq War that local people who suffered under grotesque tyranny can bitterly resent carpetbaggers, even if the carpetbaggers have local roots. Another lesson is that there will be a rush to dominate and scoresettle that will facilitate an IS insurgency recruitment effort.

To steady security post-IS, American military personnel and diplomats, along with Turkey and Russia, should help local communities and fighters come together to identify and implement processes by which local leaderships, including local security leaderships, are selected. They cannot choose winners; they have to focus on a process achieved by consensus. This effort needs to start immediately—well before towns like al-Bab and Raqqa are freed of IS control—even if the process will not end until IS is booted out of the towns.

POWER POLITICS

Further progress against IS in eastern Syria does not translate into progress in the much broader Syrian Civil War, and the Obama administration for the past three years has carefully avoided getting more involved in the conflict. President Barack Obama, in his April 2016 interview with <u>The Atlantic</u>, ascribed much of the conflict in Syria and Iraq to what he thought is ages-old warring between Shia and Sunni Muslims that Americans couldn't resolve. Better, he decided, for the Iranians and the Saudis to "share" the Middle East and for the Americans to stand back.

During my decades in the region, Iraqis, Lebanese and Bahrainis all highlighted to me that the two Muslim sects for most of the past 13 centuries have lived together peacefully. (There are <u>photos</u> you can easily find with mixed couples holding signs saying they are "Su-Shi.") There is, of course, competition and discrimination in some locales, but the Obama administration's perception that Syria was the latest clash in a 1,300-year-old conflict focused on the trees and missed the Redwood forest.

Turkey, Gulf Cooperation Council (GCC) states and Syrian rebels are not pushing back against Iran and its Syrian ally because they cannot abide by the different Shia inheritance laws. Nor are the Iranians driving forward in Iraq, Syria and Lebanon because they cannot stand the Sunni modalities of daily prayer that differ slightly from their own. The very real battle is, instead, about power politics, regional leadership, and destabilization of opponents.

Essentially, Turkey and the Gulf are status quo powers—they have for the past 10 years determined responses to outside powers, to Israel and to intra-regional conflicts; the Gulf has largely set OPEC oil policy as well. Iran now seeks to seize regional leadership. It aims to poke Saudi Arabia in places like the Eastern Province of Saudi Arabia.

Saudi <u>execution of dissident cleric Nimr al-Nimr</u> a year ago was cruel, but Iran's vigorous reaction to the execution was out of proportion to Nimr's importance in the Gulf Shia religious hierarchy and aimed at undermining Saudi legitimacy more broadly.

Iran is also poking Saudi Arabia through Bahrain and Yemen; the Iranian armed forces chief of staff has even spoken of <u>building bases in Yemen and Syria</u>.

IRAN'S GOAL IN SYRIA

Iran is moving to dominate Syria and Lebanon because its strategy to secure regional leadership includes confrontation with Israel, rightly or wrongly estimating that Arab populations will drop their concerns about Iran to rally behind Muslims, like Hezbollah and the Iranian Revolutionary Guard Corps (IRGC), against Israel. Some <u>analysts</u> perceive the Iranian goal as essentially defensive: use Hezbollah to deter an Israeli first strike against Iran over, for example, its nuclear program.

While Iranian officials have <u>publicly warned</u> the Israelis about Hezbollah's thousands of missiles to deter Israel, the supreme leader and the predominant IRGC speak of a larger fight against Israel. If they only sought deterrence, Hezbollah has long been well-enough armed to give the Israelis pause. Moreover, the July 2015 nuclear deal would have diminished their concerns about an Israeli (or American) first strike.

Instead, Iran doubled down in Syria, sending more militia fighters and even convincing Russia to intervene directly as Assad's army wobbled in the summer of 2015. Iran is building a controlled corridor from Iraq through Syria to Lebanon that will provide direct access to the Israeli border; for this reason <u>Iranian-backed Iraqi militias</u> are pledging to <u>deploy into Syria</u>.

How and when Iran and its allies will challenge Israel depends on Iranian government judgments. Hezbollah has suffered greatly in the Syrian fighting and its leaders would likely welcome time to rest and refit. What is certain is that with Iran prodding Israel's Lebanese border, and now its Golan border, the situation will become active again at some point.

Consolidation of an Iranian presence and influence is not a Russian goal. There are signs of tension and disagreement between Moscow and Tehran about the endgame in Syria. Both want the survival of the Assad government, but the Russians are more enthusiastic about a ceasefire, while Iran backs the Syrian government's quest for military victory. It is significant that <u>Russia has provided air support</u> to those Turkish forces against the Islamic State stronghold of al-Bab even though the Syrian government always denounces Turkish aid to the rebels and calls the Turkish

presence in Syria illegal. Russia has influence but doesn't control the Syrian government or Iran. Indeed, there is a longstanding regional rivalry between Persia and Russia.

To pursue its ceasefire idea, Russia opened talks with rebel groups in Ankara and eventually worked an agreement with Turkey to evacuate fighters and civilians from east Aleppo and move to a <u>national ceasefire</u>. The Turks do not want Iranian or pro-Iranian forces aligned along their southern border. The Turkish foreign minister in late December 2016 <u>said that Hezbollah should withdraw</u> from Syria as part of a peace deal. Iran notably swatted the idea down the next day.

Turkish troops in north-central Syria will represent one check, however imperfect, to the Iranian consolidation in Syria. Moreover, the Turks have long supported Syrian rebel groups that are adamantly anti-Iranian. These Syrian rebels cannot overthrow Assad. However, whether because Moscow wants to avoid deeper military involvement in Syria or because it wishes to maintain some future leverage over Assad, the Russians have proposed a ceasefire that will leave the non-extremist rebels in place. The Russians even <u>accepted</u> hardline Islamist groups like Ahrar al-Sham and Jaysh al-Islam as moderate groups admitted within the ceasefire—a dramatic reversal from the public Russian stance during the long talks with John Kerry.

A CEASEFIRE COULD BE USEFUL

The Russian/Turkish proposal for a ceasefire, if respected, would slow the flow of refugees into neighboring countries, easing pressure on those countries and even pressure on Europe. A few refugees might even return to Syria if the ceasefire holds. Moreover, a viable ceasefire would help an American policy of slowing Iranian consolidation in Syria.

A ceasefire would leave in place anti-Iranian, anti-Assad rebels in locales such as the Damascus suburbs, southern Syria near the Jordanian border, and in Homs and Hama provinces near the Lebanese border; the Russians apparently are even testing the idea of a local government in these non-al-Qaida/IS-held rebel locales. A ceasefire would in the short and into the medium term legitimate the presence on Syrian soil of a small number of Turkish troops. The eventual withdrawal of those Turkish troops could be useful as leverage in an eventual negotiation about withdrawal of other foreign forces from Syria.

Fighting in the northwest and east of Damascus, as well as in Homs and Hama, driven by the Syrian government with Iranian support, may make a mockery of the new Russian-Turkish ceasefire proposal. One result of the Obama administration's heavy focus on the battle against IS and the erratic military support to the rebels is that Washington has little leverage in the broader conflict even though there are almost daily US combat operations in Syria. Although the US has little leverage in the larger Syrian conflict, the new administration should consider serious requests from Moscow or Ankara that would help make the ceasefire hold if asked.

This could conceivably mean some kind of American representation at the political talks scheduled for January 23 in Astana, Kazakhstan, under Russian patronage. Any political deal involving the Syrian government will affect jihadi recruitment in Syria and thus will affect the ongoing US military operations in Syria.

Supporting the ceasefire and political talks in Kazakhstan or Geneva should not extend to trying to help rebuild Syria's shattered economy. Russia's Foreign Minister <u>Sergei</u> <u>Lavrov in November urged the West</u> to establish a Marshall Plan for Syria, and some Syrian government supporters want the tough US sanctions on the Syrian government eased. The new administration should make plain that cannot happen. Politically the US Congress won't agree to it.

Moreover, it would be abhorrent after the atrocities committed by an unrepentant and unreformed Syrian government. Lastly, even if the US tried, US trade and/or aid would be ineffective in rebuilding Syria. While Kuwait probably would pitch in some funds, Saudi Arabia and Qatar are highly unlikely to join the effort and overall the money will be inadequate given the scale of destruction which, we should remember, is mainly the doing of the Syrian government and its Russian and Iranian allies who possess the heaviest weaponry.

This Syria government, overseeing an economy with a state socialist overhang and mostly under the domination of three ruling families, made a <u>corrupt</u> mess of the economy <u>prior to the 2011 revolution</u>. There are numerous indications, starting with its manipulation of UN relief funds, that the Syrian government will operate in an eventual postwar period very much as it has always operated.

NO EASY OR QUICK FIX

The Russians are also dangling the idea of settling the conflict by <u>enabling local</u> <u>government</u> in place of the centralized Syrian state. We have learned in Afghanistan and Iraq how hard it is to decentralize or empower local government. During my five years in Iraq we threw gigantic resources into the effort to build capable local institutions: Billions of US dollars went to training, construction, and funding of local projects in Iraq's provinces. We came out with precious little to show for the funds even though the US military was heavily present in half of the provinces where we worked. We shouldn't entertain the notion that we would try again.

The Russians will find that building local government in Syria would be even harder. Like Iraqis in 2003-2005, the vast majority of Syrians have no concept of what local government means or how it should operate. Local governments have few skilled cadres, no budget resources and no agreed manner of choosing leaders. In Iraq, at least, the central government nominally was supportive of building local governments.

In Syria, the Assad Baathist regime rejects the idea. There are small amounts of US aid entering into some opposition-held districts in Syria now, but even in these districts rebel factions squabble about how to use foreign monies and who should manage them.

None of the proposals above resolve the Syrian conflict or forestalls an IS insurgency in eastern Syria. Short of a full military victory by one side or the other, there is no prospect of Syria being stitched back together soon.

In the unlikely event that Astana or Geneva talks evolve into a serious political negotiation, the steps proposed above would give Turkey—an American ally against Iran—greater leverage in those talks. Nonetheless, the rebels and the Syrian government haven't shown much inclination to compromise, and the prospects of a negotiated deal are dim.

In the absence of that compromise, the Syrian government will keep testing the edge of every ceasefire envelope and gradually, over the course of years, recapture additional parts of the country with Iranian help. And the relentless Syrian government drive, backed by Iran, will likely confront a longer-term Sunni Arab insurgency in wide expanses of Syria where the weakened Syrian government's writ won't run deep.
The steps above would help reduce the size of the insurgency by undercutting recruitment, somewhat. It might even be possible to substitute local Arab forces for Iranian-backed Iraqi militias and Syrian government forces as the spearhead against that insurgency. Just getting that far would be an achievement in Syria.

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Obama Leaves No Legacy in the Middle East

Gary Grappo January 18, 2017

President Obama has joined a long list of US presidents who failed in their Middle East policy.

The Middle East may be where grandiose policies by well-intentioned but naive US presidents run aground. Despite some success, American presidents since Jimmy Carter have been known more for their failures in the troubled region—in Carter's case, his handling of Iran's Islamic Revolution and subsequent hostage crisis—than their successes (Carter's signature Camp David Accord between Egypt and Israel).

With the possible exception of George H.W. Bush, whose one term in office perhaps rescued him from a failure that might have tainted his leadership of the historic coalition that ousted Saddam Hussein from Kuwait in 1991, US presidents have met with disappointment, defeat and sometimes outright humiliation. Barack Obama now joins that distinguished line of presidents who failed to bring peace to the Middle East.

When he took office eight years ago, President Obama set lofty goals for US foreign policy. His <u>2009 Cairo speech</u> took an odd—for a US president—twist by offering a *mea culpa* for America's faulty record in the Middle East. But the soaring rhetoric of that speech was hardly matched by action. As viewed by many in and outside the region, America's 44th president followed a well-trodden path.

With little experience in either foreign policy or national security, Obama laid out goals that tended to be values-driven. That is often the case with newly inaugurated presidents lacking the real-world experience in which America's interests more typically trump its values. Critics of Obama's foreign policy record point out that he failed on both counts, most especially when viewed through the lens of the Middle East.

IRAN, IRAQ AND THE HOLY LAND

Three top-level objectives that President Obama set out to achieve were the withdrawal of US forces from Iraq, a war then approaching its sixth year; resolution of the region's most enduring conflict between the Israelis and Palestinians; and a solution to the Iranian nuclear challenge.

Only the latter can be considered an achievement, but even so one harshly criticized by many. Nevertheless, it succeeded in avoiding what might easily have escalated into a military confrontation between the United States and Iran. The accord, negotiated over a protracted period with the other P5 members and Germany, at the very least postpones an Iranian effort to develop nuclear weapons. It does not, however, prevent Iran from ever developing such weapons—a potential challenge that Obama's successors are left to confront.

Both of Obama's efforts to address the <u>Israeli-Palestinian conflict</u>—a first led by the much respected Senator George Mitchell from 2009-11 and a second by a newly installed Secretary of State John Kerry from 2013-14—failed to make progress and may even have set the process back. Israelis remain determined to proceed with settlement expansion in the West Bank, and Palestinians equally adamantly refuse to come to the negotiating table.

Additionally, there is increased talk of a one-state solution, in contravention to more than 40 years of US policy, several United Nations Security Council (UNSC) resolutions and the view of mostly everyone in the international community. Obama's fit of pique in <u>abstaining from the UNSC resolution</u> in December 2016 condemning Israel's West Bank settlement activity, and <u>Secretary Kerry's subsequent rant</u> largely blaming Israel for failures to resolve differences, did little to advance the process. The two sides remain as far apart as they have ever been.

President Obama managed to withdraw US forces from Iraq by the end of 2011, but against the counsel of many of his military and diplomatic advisers, who preferred a residual force of 5,000 to 10,000 troops to advise the Iraqis and serve as a bulwark against Iranian intervention and terrorist reemergence. As a result of the Islamic State's (IS) insertion in Iraq in late 2013, the US now has some 5,000 troops deployed there. Now remobilized, Iranian-supported—and often Iranian-led—Shia militias also threaten Iraq's long-term stability and democratic evolution.

OBAMA'S RED LINE IN SYRIA

Obama is also blamed for allowing the <u>Syrian Civil War</u> to reach tragic proportions and for failing to respond to the "responsibility to protect" Syria's hundreds of thousands of civilians killed or injured and millions forced to flee their homes. While the president may wish to take credit for "keeping America out of another Middle East war," the consequences of Washington's inaction and ultimate inability to end the nearly six-year conflict must weigh on the nation's conscience (and most certainly his) and reverberated within the region and into Europe.

The brutal Syrian regime and its titular head, Bashar al-Assad, whose demise Obama predicted back in 2012, seem set for the long haul. They may thank the scorched earth strategy of their Russian and Iranian backers.

Syria now joins Cambodia, Rwanda and Srebrenica as a colossal humanitarian catastrophe and appalling human slaughter, which the rest of the world stood and watched from the sidelines, including the lone superpower and its values-driven president.

ARAB SPRING

Then there was the so-called <u>Arab Spring</u>. When it first blossomed, it seemed to promise an outbreak of reform and even democratization throughout a region historically bound by the chains of authoritarianism and state repression.

America was forced to choose between its deepest democratic values and its interests in states and allies in a vital and distressed region. While President Obama cannot be held responsible for the disappointments of the Arab Spring—Egypt remains in the grip of even harsher military rule (with the apparent support of the Egyptian public) and Libya, Yemen and Syria have become failed states undergoing varying degrees of civil war—one must ask: Could America and its valued-driven president have done more to bring about the changes sought by all those courageous demonstrators in the spring of 2011?

Perhaps not, but absenting itself as it has done in the latter three cases and acquiescing in Egypt seem to be a surrender of America's near-50-year record of often criticized but mostly welcomed leadership in the Middle East.

And that may be the ultimate legacy of Obama in the Middle East and perhaps even around the world. The president submitted the noble American Gulliver to the Lilliputians for binding by the cords of diminished stature, presence and effectiveness amidst continuing challenges to its interests and those of the world. The country's credibility in and commitment to this vital region are now openly questioned, including by its closest allies such as Israel, Saudi Arabia, Jordan and the Gulf Cooperation Council.

If leaving a legacy means that the outgoing president sets America on a path that successors will follow, then in the Middle East, President Obama leaves no legacy.

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Obama Out, Trump In

Peter Isackson January 19, 2017

As Donald Trump becomes president, it must be remembered: We are all observers of history.

On January 20, the United States enters a new era. It will no longer be the same country. It will be different from what it has been for the past eight years under Barack Obama. It will also be different from the previous eight years under George W. Bush. Not, as many believe, because Donald Trump is unlike any previous leader or because he isn't qualified to be president. A similar case could be made for Bush and even

Ronald Reagan. No, this time something has radically shifted in the basic paradigm of American democracy. The script has been rewritten. Where it will lead no one can reasonably predict. The suspense begins. In more than a metaphorical sense, the world of American politics has become an extravagant TV reality show, with a cast of millions.

In the coming months we can count on President Trump—simultaneously assuming the roles of tragic hero and <u>Greek chorus</u>—to guide us through the experience with his usual deluge of tweets intended, in his mind, to function rather like the subtitles on a foreign film. We will never be expected to understand the actual text, but by paying attention to his tone we may hope to get the drift of his and the other actors' intentions. Then we will simply have to follow the twists and turns of the plot as the different characters—Democrats and Republicans—step up to challenge the new leader and bend him to their will.

Whether the model is reality TV or Greek tragedy (some have suggested comedy), we need to acknowledge that the barrier between fiction and historical reality has at least momentarily dissolved. This is hyperreality at its purest. Think of it as a combination of a classic Hollywood catastrophe film—about a massive earthquake, for example—and a play by Samuel Beckett. The title of the piece might be, *Waiting for the Big One*.

The seismic shock in November 2016 stunned the entire world. The professional pundits and political scientists are now monitoring the region around the epicenter for the arrival of a tsunami as Trump settles in to the Oval Office. We know there will be damage to the political foundations that have been in place since the end of the Second World War. And we know it will be massive. It remains to be seen whether the mainstream media, who will be tasked with interpreting the data, manage to make sense of it, or whether the politicians who will be required to act can find the means to adjust to the new reality, repair the damage and rebuild the structure. Bad habits, artificial loyalties, complacency and ingrained ignorance die hard. The myths we formerly lived by tend to endure, long after their sell-by date.

By the time the dust settles and Trump's new team is installed in Washington, lucid observers will have noticed two essential things about American civic culture that only became obvious in the wake of the 2016 election. They concern the media and the political system.

MEDIA AND POLITICS

The popular media in the United States have clearly lost their bearings to the point that they can no longer distinguish between reality and the hyperreality they have themselves created—between reporting based on verifiable information subjected to critical reasoning, on one hand, and the fake news that's so much easier to sell to a willing public, on the other. Fake news has become an object of public debate, but to some extent the debate itself is a fake debate. That is a characteristic of hyperreality.

The motor that everyone counts on to power the system of government is clearly out of order. The stability of the two-party system that has been operative since the late 19th century is seriously compromised. Both parties are now acting like wounded beasts, bellowing wildly and struggling to find their footing. It requires superhuman optimism to believe that the storm will soon be over and that the experienced managers who have kept things ticking over for so long will in due time be able to get everything back in order.

If the picture the media paint of today's world is hyperreal, the current political landscape has become simply surreal. When a president-elect preparing his inauguration—traditionally a moment of glorious triumph in Act I of his heroic play—lashes out at the entire political establishment, sounding more like Richard III at the battle of Bosworth in Act V, it becomes clear that what we are witnessing resembles more the end of an unraveling story than the beginning of a new one. Here is a <u>sample</u> of Trump's recent tweets: "Totally made up facts by sleazebag political operatives, both Democrats and Republicans – FAKE NEWS! Russia says nothing exists. Probably..."

Reading this we can easily imagine the next scene when Trump will be shouting, "a horse, a horse my presidency for a horse."

Well over a million people—some estimate close to 2 million—attended President Obama's first inauguration in 2009. On January 20, 2017, the numbers are <u>expected to</u> <u>be significantly lower</u>. On the other hand, some estimate that <u>more than 100,000</u> <u>people</u> will be on hand to protest at the inauguration, refusing to acknowledge Trump as their legitimate president. And they won't be Democrats only. Fellow Republican and former presidential candidate John McCain is the designated "sleazebag" who

supplied the Federal Bureau of Investigation (FBI) with the <u>dossier on Trump's ties to</u> <u>Russia</u>.

On the Democratic side, the struggle for control of the party is just getting underway, but the battle lines are beginning to appear between the Bernie Sanders and Elizabeth Warren wing and whoever manages to step up to mobilize the traditionalists from the Hillary Clinton, Barack Obama and Joe Biden side of the party. The first skirmish has begun over the election of the chairman of the Democratic National Committee (DNC). For the moment, both sides are gathering arms as they wait to see the lay of the land once Trump takes office.

As 2017 begins, the nation faces a paradox. The Republicans have won everything but are in total disarray, reduced to a state of aggravated agitation. The Democrats are still too stunned to realize that they have nothing other than their hatred of a few chosen villains to guide them. Those villains have names: Donald Trump, Vladimir Putin, James Comey, Julian Assange. Declaring war on any or all of them seems to make them feel better about their own sense of failure and miscalculation. The Russian bugbear they find particularly pleasing, since it places the blame for their own failures on the other side of the world in a place Americans have long been conditioned to think of as a den of evil.

Something essential in the system is clearly broken. For any reasonable person, once the effect of the November shock subsides, this should be the time for reflection that seeks a deepened understanding of what is clearly a complex and historically unique situation. It's too early to expect it from the politicians lost in their world of woe or from the mainstream media, committed to perpetuating their hyperreal universe.

SEARCHING FOR CLUES

Popular political culture in the US has always been too close to entertainment culture to have cultivated or developed a taste for systemic analysis, even in moments like this where a previously stable system is clearly in peril. Reactions and reflections abound, but for the moment, predictably enough, all eyes are focused not on the system itself, but on the personalities. After all, personality is what the media does best. Look at the headlines of any newspaper or news service and the subjects of the articles will jump from Barack Obama to Kim Kardashian or Taylor Swift, from Paul Ryan to Justin Bieber or LeBron James. All are on an equal footing in a celebrity culture. Hyperreality at its most concentrated.

Consequently, the final phase of this transitional post-election/pre-inauguration period has assigned two jobs to be done by the media: assess Obama's legacy and anticipate the effects of Trump's unpredictable, unconventional personality. As the Democrats shed copious tears over the departure of their dignified African American president—who from the start made history in a way that always impresses the American public, simply by being different—they fail to notice the historical reality that Obama was more an exotic symbol than a leader. Symbols are easier for the public to identify with than political leaders, whose job it is to weigh options and make decisions.

In contrast, the Republicans find themselves with a symbol they didn't really invent and which they do not quite understand. Instead of savoring their victory, the "true" Republicans—the Ryans, McConnels, McCains—find themselves gesticulating erratically in all directions as they attempt to understand and clarify their relationship with the man who has replaced President Obama, more a sinister gargoyle than the kind of noble figurehead Obama turned out to be.

TAKING STOCK OF OBAMA

The disturbing truth behind the current confusion is the realization that Obama may well be the last of his kind. For the mainstream media, presidents are public personalities who should be admired even when criticized or gently derided. Fox News tirelessly complained about Obama's policies but did so with a measure of respect for the man. The tradition always sought to elevate presidents and place them on a pedestal of respectable celebrity, however virulent the criticism of their policies. The mainstream media realized it was essential that political leaders retain the real or artificial dignity of their celebrity status, even when denigrated in the most outrageous and insulting terms by the pundits of talk radio or late night TV satirists. It's an integral part of the law of celebrity. In some sense, the true proof of political stardom is the privilege of being "roasted" in public, by friends and foes alike.

As a celebrity president, Obama invited and responded masterfully to the initiatives of the media, playing his role with the brio of a celebrity chef, never forgetting to toss in the additional spice of his personal story—the one that launched him as a future star at the Democratic convention in 2004. He created and then embodied the perfect

21st century Democratic Party leader, no longer a pure white establishment figure like John Edwards or John Kerry, but rather an exotic outsider who is nevertheless at ease in establishment culture. The Harvard credentials and a law degree of course helped.

Above all, Obama had the look, the voice, the style and the speech cadences of a political celebrity. He was young and energetic, represented the advantages of diversity, and was particularly skilled at reformulating the party's Jeffersonian ideals in the form of simplified resonant slogans ("yes we can", "change you can believe in"). With his daring rhetoric and sonorous voice, none better than he could appeal to those who identified with the Democrats' traditional progressivist ideology—however compromised and diluted by the "realism" of Bill Clinton's New Democrat worldview.

Over two terms and eight years, President Obama has consistently demonstrated the celebrity's skill of keeping his image intact, not an easy task for a president who is continually faced with complex foreign policy dilemmas, an undisciplined and frankly obstructive legislature and multiple forms of civil unrest. In the final weeks of his presidency, Obama, alongside his co-star Michelle, was shown all the honors by his fans and supporters and showered with tributes in the mainstream and social media. None of them greater than the privilege of leaving office to the resounding echo of his public vociferously chanting, "four more years." Just as he received the Nobel Peace Prize mainly for not being George W. Bush, his status as a great president has been sealed by the comparison with his unworthy and unpopular successor.

DRAMATIC ARTS

The artist formerly known as President Barack Obama has always understood how to play his part. In 2008, his performance was so consummate he stole the show from the top-billed Hillary Clinton at the precise moment when she had put on her Annie Oakley gear and mounted her steed, on cue to ride into glory as the first female president. Her clear path to victory seemed assured as she advanced on the not yet frayed coattails of her husband—a man remembered by the public as the last president to ensure peace and prosperity.

To Hillary's surprise and chagrin, she found herself facing a young, sassy, inexperienced Obama, whose profile just happened to be that of the ideal post-Bush, 21st century Democratic candidate. He not only spoke with the voice of the party, pushing the themes of peace and economic justice further than the more calculating

Clinton, but as the first black candidate nominated by a major party, presenting himself as an anti-war militant after two terms of Bush, he had everything required to motivate a new generation of voters.

And though his politics proved far less radical than his campaign discourse suggested—ultimately provoking severe criticism from some of his most enthusiastic supporters (such as <u>Cornel West</u>, who said: "It's like you're looking for John Coltrane and you get Kenny G in brown skin")—and for two full terms he successfully maintained both the rhetoric and the celebrity image, the Democratic faithful see him today as one of the greatest presidents in American history.

Obama's success in building and maintaining his image may have been his finest accomplishment, one that should not be underestimated in a culture that relies heavily on adulation of public personae. But, however impressive, this achievement may already be the relic of a bygone era. Trump's over-the-top narcissistic sociopath persona may not be the new model, but Obama did his part in discrediting the old one by cultivating his image rather than realizing his ideals.

From the very first months of his presidency, Obama's image as a resolute change agent quickly began to tarnish. He continued to speak nobly of peace, but threw himself with very real enthusiasm into the logic of war, eventually promoting and to some <u>extent perfecting the latest form</u> of state-sponsored terrorism: <u>drone warfare</u>. In his public pronouncements, he appealed to the most generous ideals of freedom, honesty and sincerity, but then led an enduring campaign to suppress whistle blowers. He preached respect between peoples and nations while prosecuting multiple wars and military operations conducted through <u>unholy alliances with autocratic regimes</u>. He ever so discreetly engaged in the well-established post-World War II tradition of attempting to overthrow regimes—despotic and democratically elected ones alike—that made the mistake of failing to align with American economic interests. And, of course, the single deed that he and his administration were most proud of—even six years after the fact—was an assassination.

It could be said that like Obama himself, Osama Bin Laden was more a symbol than a leader. And in politics, even in nations that swear by all the political saints that they are wedded to the rule of law, symbols are routinely given more importance than laws. Nevertheless, history and the hope for peace between peoples and nations, to say nothing of the notion of the rule of law, would have been better served by the capture

and trial of Bin Laden than by his illegal and deliberately disrespectful murder by SEAL team 6.

The American media saw it as an act of bravery and efficiency, two key components of US culture. It certainly stood out as a spectacular moment in history, the long awaited coda to 9/11, served up by the media to an avid public. After President Bush's shame at failing even to locate Bin Laden, his assassination shaped up for Obama as the equivalent to a buzzer-beater in his beloved game of basketball. In his <u>farewell</u> <u>speech</u> in Chicago, Obama himself cited with pride the assassination of Bin Laden as one of his four major achievements, alongside Obamacare, the Iran nuclear treaty and renewed relations with Cuba.

"OBAMA OUT"

The election of the sleazy real estate mogul Donald Trump ensures that Obama will be immediately regretted by many. Not only for the professional dignity he exuded compared with Trump's exaggerated vulgarity. He will also be regretted because of the chaos that America will experience in the wake of Trump's inauguration. One of the terrible ironies of history in 2017 is that, in comparison to his successor, President Obama will appear that much greater for having produced his greatest political failure, one that will mark the history of the nation in the 21st century: the failure to secure a stable succession.

Donald Trump represents not just the decline of the American empire—which was already under way despite Obama's concerted effort to maintain it militarily—but also and more significantly, the collapse of American democracy. This starts with the collapse of the belief in American democracy. Elected with nearly 3 million fewer votes than his rival, Trump triumphed thanks to an unusual combination of circumstances. First among them, of course, is the curious relic called the Electoral College, an ad hoc institution designed for the needs of a confederation of disparate states rather than those of a unified nation.

More significantly, Trump profited from the deep contradictions of a political culture nourished for decades by both parties. Democrats and Republicans alike have consistently attempted to justify themselves and build momentum by reciting credos that increasingly diverged from the reality of their policies.

The Republicans <u>maintained</u> the myth of an economy fueled by small entrepreneurs and family businesses while aligning their politics on the needs of multinational companies and global capitalism. The Democrats maintained <u>the myth of caring for the</u> <u>common man</u> while equally aligning their policies on the needs of global capitalism, the inevitable source of finance for their campaigns.

The Republicans proclaimed their active faith in trickledown economics. They did so in the name of absolute liberty, with no channels to ensure that the trickle arrived in any particular place. Nature would do the rest. The Democrats allowed capitalistic greed to seed the clouds of economic success, but promised to build onto the rooftops of businesses the gutters and drainpipes that would send the rainwater into selected irrigation channels that benefit the common man.

Obama's Affordable Care Act exemplified this approach. It started by honoring the capitalist principle of profit for powerful private enterprises, the insurers, and then busied itself by building the drains that would irrigate a greater number of people who could afford and opt for health care.

FATAL TRENDS

Voters lining up with both parties continued to buy into these dogmas, comforted in their choice by the fact that the economy remained globally prosperous, whoever was in power, and that the consumer society continued to deliver the goods they craved. But cracks in the foundation began to appear. The numbers of voters identifying as either Republicans or Democrats fell over time to levels that no longer radiated the effect of moral adhesion to a set of ideals that has always been the key to keeping democratic institutions stable. By 2016, both parties had fallen below 30%, ceding the plurality to independents, people with no fixed dogma or vision of governance.

Bernie Sanders, an independent culturally affiliated with the Democrats, made his move against the would-be Democratic dynasty of the Clintons, while Trump—of no fixed party persuasion—countered and quickly eliminated the designated heir of the Bush dynasty on the Republican side, before side-lining all the others.

One other crucial factor doomed the Democrats: their obstinate belief in the pseudoscience of political marketing and candidate branding. They held the demographics of party loyalty to be an infallible science. The historical trend that resulted in a mathematical weakening of the white majority, a phenomenon that Obama's two elections appeared to conclusively validate, promised a bright future for Democratic organizers. This belief, coupled with the well-honed professional ability to fashion a platform pleasing to the targeted public and model the candidate's discourse around themes identified through "scientific" polling, led not just the Democrats but also the media and the pollsters to believe Hillary Clinton's victory was inevitable.

The icing on the promised cake was their mistaken confidence in the brand value of dynastic names. They should have called this feature of the campaign into question as soon as Jeb Bush faltered in the Republican primaries, fatally wounded by Trump's unscientific but highly effective bandying of the epithet, "low energy."

The year 2016, therefore, became the perfect electoral storm to weaken the foundations of the two parties that had shared power in Washington for more a century and a half. We are now left wondering whether either of them can survive intact. If not, we must ask: What might replace them, and what new source of talent can be identified capable of running a complex global political, economic and military machine?

The obvious answer suggested by Trump's victory and his initial efforts to form a cabinet is business leaders, the captains of finance and industry. This may seem contradictory with Trump's campaign promise to liberate the government from the grip of Wall Street. But it turned out to be a clever strategy on Trump's part. If we go back and <u>listen to what he said at the time</u>, we will notice that he was only promising to liberate campaign financing, not government, from Wall Street—in order for him to ride to victory on his own fortune.

The real question we should ask is not whether the parties can or should survive in their traditional form, but whether the political culture that they thrived on will survive. It was built on two levels of implicit trust: 1) trust in the capacity of the party structures to manage and ensure the legitimacy of a bureaucracy that made things work; 2) trust in a powerful economy to find ways of rewarding the population. Many feel both of those forms of trust have faded beyond redemption. The repeated historic failures in Congress of both parties and the more than apparent disconnect between discourse and reality have pushed distrust to the tipping point. With the impending chaos of a Trump presidency, the moment of paradigm shift may be upon us.

THE WEIGHT OF HISTORY

We are witnessing the accelerated disarray of a political system, one that for several decades had confidently gone about its business of electing parties rather than leaders to its highest office. The logic of the system dates back to the aftermath of World War II, when the US resolutely assumed the role of the leading global power. Given the scope of the organization required to build and run a global political economy, it was no longer physically possible for individual politicians to assume and execute the role of visionary leader and bold decision-maker. Franklin D. Roosevelt was the last one to play that kind of role, which had previously suited George Washington, Thomas Jefferson, Andrew Jackson, Abraham Lincoln, Theodore Roosevelt and Woodrow Wilson. John F. Kennedy was the first post-war president to understand the attraction of that role for the public. He was also the first to turn it into a public spectacle focused as much on his lifestyle as it was on pragmatic political programs.

Even if Kennedy had wanted to, he couldn't have succeeded because the system had matured to the point of governing itself. Presidential politics could henceforth be defined, in electoral terms, as a popularity contest for political celebrities, while in the background a system of complex interests with global implications held the reins over government organization and action.

This reflected an approach to the political economy and organization that had first successfully developed by none other than Adolf Hitler, who had benefited from the assistance and complicity of top American industrialists and bankers in the 1930s. The great German novelist, Thomas Mann, who fled Hitler's Germany in 1938 to become an American citizen, was one of the first to notice the resemblance in the years following the Allied victory. His observations were not well received. In 1952, after brushes with <u>HUAC</u>, Mann moved back to Europe, disillusioned to the point of claiming that Hitler had won the war, not for the Third Reich but for the type of powerful military-industrial system he had created. Thomas Mann died in 1955.

The public first learned about the American version of a system with German design when outgoing President Dwight Eisenhower described the all-powerful militaryindustrial complex days before leaving office.

Despite Eisenhower's warnings, the trend continued for decades. Every president since Eisenhower has found the means to hide the reality from view. To clarify how far

we have come since 1961, <u>Glenn Greenwald reminds us</u> of the current state of play: "The threat of being ruled by unaccountable and unelected entities is self-evident and grave. That's especially true when the entity behind which so many are rallying is one with a long and deliberate history of lying, propaganda, war crimes, torture, and the worst atrocities imaginable."

The deep state now includes the formidable information gathering capacity of the National Security Agency (NSA), exposed by Edward Snowden, capable of accessing nearly everything that circulates on the internet. In 1961, the internet hadn't even been imagined yet. The power of the military-industrial complex has grown incomparably since Eisenhower's warning.

WHO CALLED THE SHOTS?

During Obama's eight years in office, the public had the opportunity to appreciate the tepid efforts he made to scale down the wars in the Middle East and applaud his intentions.

Many who appreciate his personality and style have, nevertheless, blamed him for betraying his early campaign promises. He not only failed to end those wars, but engaged in new ones (Libya, Syria, Yemen). He never closed Guantanamo. He refused to take the opportunity to defend civil liberties by challenging the overreach of the security state when its abuses were revealed by Snowden. He never punished or reformed Wall Street, but he did take measures to stabilize the economy, thereby forestalling a citizens' revolt against Wall Street. He continued a foreign policy of interference and intervention in the politics of other nations—from Honduras to Somalia and beyond.

For his critics on the Democratic side aware of these issues, Obama was acknowledged as a great communicator but an ineffective president.

One can draw one of three obvious conclusions and mention for the record a supplementary delusional one, popular in some channels. Most Democrats affirm that Obama had nothing but good intentions but was thwarted by Congress on every initiative he took. The minority of cynics on the Democratic side will say that he had no wish to change anything, but was content to be a "good guy" president and represent the ideals of the Democratic Party. Critics on the Republican side saw him as a typical

naive Democrat, ignorant of the laws of the marketplace and, therefore, incapable of getting any serious business done. Cynics on the Republican side, who have the occasional platform on Fox News, continue to believe that he wanted to install a socialist regime under Islamic law, abolish the Second Amendment and that it was only the patriotic obstruction of the Republicans in Congress that prevented him from succeeding.

The most rational explanation is the one for which President Eisenhower provided the clue. Whatever he knew, thought or had the intention to do, Obama was a prisoner of what today we call the deep state: the nebulous entity Eisenhower termed the military-industrial complex. He was its spokesman, its political press secretary, or rather the talented actor who could learn the script and play the role. Or perhaps less like a player on the stage and more like a player of video games, he had choices to make but they were circumscribed by the algorithms fabricated by the deep state.

Government has itself become a video game, designed and produced by an industrialmilitary-financial conglomerate. The man or woman we like to call the most "powerful in the world" is simply a skilled user of complex piece of interactive software produced by a largely anonymous team of designers.

Obama was perfect for the role. The question now is, what about Trump? On the surface, he doesn't seem to suspect that that's what it's all about. Will he be the unwitting agent of change who exposes the sham, like Dorothy in the *Wizard of Oz*? Or will he be eliminated through impeachment or some other procedure of neutralization? Once in office, will he learn the skills and adapt? Or will the deep state find the means of physically or morally lobotomizing him?

WHAT NEXT?

The show is about to begin. History has led us to a turning point. This is the question we need to ask and reflect on: Will we see emerging a new art of government, kinder, gentler or more sinister?

It has become standard discourse among those who were stunned by the result of November's election to speculate on whether Trump will attempt to impose a neofascist regime because of his apparent narcissistic, solipsistic, xenophobic and racist instincts. At the moment the new administration takes over, the real questions we need to ask ourselves are these: Will Trump's ham-handed style and Twitter addiction end up exposing the whole charade of politics programmed by the deep state? Or in the event that the political status quo of electoral politics traditionally guaranteed by the "good" Republicans and the "good" Democrats actually does implode beyond recognition, should we expect that a cabal composed of military-industrial personalities may come to the fore to re-establish order as in a banana republic?

It actually did nearly happen in 1933 with <u>the Business Plot</u>. Today, it seems a more likely scenario than that of Trump establishing a fascist regime under his personal control. He simply lacks the leadership skills.

We are all observers of history. But with the means of communication that exist today and the weakening of traditional political power networks, we may also become actors in a new form of democracy whose architecture is yet to be defined. American citizens have been used to the routine of calling themselves Democrats or Republicans and showing up to vote (or simply watch on the sidelines) every four years. The system of calling the population to vote in pre-programmed elections, first within primaries and then in a general election, has failed. It is no longer a viable model for democracy. We need to acknowledge the opportunity this represents to become engaged in the model that will replace it.

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Are Theresa May's Brexit Hopes Farfetched?

Polina Popova January 23, 2017

In a sudden move to pin all of the UK's post-Brexit hopes on America's mercurial strongman, does Theresa May know what she is getting herself into?

In her long-awaited speech on January 17, British Prime Minister Theresa May finally clarified the phrase "Brexit means Brexit." Despite previous assurances that the

Conservative government would pursue "a mature cooperative relationship with the EU [European Union]," <u>the prime minister's plan</u> now unequivocally point toward a "hard Brexit" that will see the United Kingdom opt out of free movement of people, leave the single market and seek a new arrangement for the customs union. In doing so, May is not just jeopardizing Britain's economic prosperity. She is also betraying the silent majority that most definitely did not vote for this kind of extreme rupture.

In the referendum's aftermath, a narrow victory for the Leave campaign has somehow been recast as a clear, unambiguous demand from the British people for slash-andburn Brexit that will see us cut off from Europe entirely. Regardless of the how the government or the tabloids try to rewrite the events of 2016, the Leave campaign was a broad coalition: It comprised the anti-immigrant disciples of Nigel Farage but also free-trade enthusiasts like Boris Johnson and Daniel Hannan. The latter <u>assured the public</u> on multiple occasions that "absolutely nobody is talking about threatening our place in the single market." What a difference seven months make.

Considering she herself opposed leaving Europe, May could have compellingly argued for a moderate, low-impact separation to minimize some of the wounds the polarizing campaign inflicted on the country. Instead, she has launched the country hurtling down the path hawked by Farage and his ilk. Needless to say, this is not the mandate the British public gave her government in June 2016.

MAY'S GAMBLE

How could this happen? May's gamble has less to do with a calculated view of what is best for Britain and more to do with appeasing the Conservative and United Kingdom Independence Party (UKIP) hardliners who <u>want to see</u> this approach. This is becoming a trend in the party: Just as former British Prime Minister <u>David Cameron</u> was pressured by a cabal of backbenchers into holding the referendum in the first place, <u>May has now succumbed</u> to the same forces. Even better, these forces are now bolstered by yet another extremist from across the Atlantic: US President Donald Trump.

May's grand plan to make Britain the "biggest global advocate for free trade" seems to rely almost exclusively on Trump's promise that a UK-US free trade agreement will be struck in double quick time, and <u>May's visit to the White House</u> on January 27 will feature the proposition high on her agenda. The tenor coming from Trump's camp is

that this can be achieved <u>within a year</u>, and Brexiteers like Boris Johnson trumpeted the "<u>huge fund of goodwill</u>" that legislators in Washington supposedly feel toward the UK. The man who traveled to Trump Tower to obtain these choice quotes from the Donald was none other than <u>Michael Gove</u>.

HIGH HOPES

This sudden move to pin all of the UK's hopes on America's mercurial strongman ignores the fact nothing is stopping Britain from opting for a European Free Trade Agreement-like arrangement with the EU, which would secure access to the single market while also allowing London to pursue trade deals with other countries. In economic terms, that type of pragmatic approach would be far better for the British economy than amputating ourselves from our most important trading partners, empowering Downing Street to pursue new markets while maintaining the solid foundation Europe has given us for decades. It could also save Britain the headache of renegotiating the World Trade Organization (WTO) regimes and <u>submitting new rules</u> to all 162 WTO members for approval.

Nor is this just wishful thinking. As it happens, May's campaign to pitch Britain abroad has actually been going rather well. Liam Fox's post-referendum assertions that the UK had prospects for 10 trade deals, including with China and Japan, but also with Commonwealth nations has started to pan out: a joint <u>Trade Working Group</u> has already been established with Australia to broker an agreement as quickly as possible. Australia's former prime minister, Tony Abbott, even suggested a <u>"one page" free trade deal</u> between the countries.

That trend has been reinforced by the positive reception May received on a visit to the Gulf Cooperation Council (GCC) in December 2016, where she promoted Britain's economic links to the Arabian Peninsula. That trip represents her most successful diplomatic sortie to date, as Britain's push for trade coincides with market reforms in Saudi Arabia, the region's largest economy.

The Saudis are keen to court British investment and advice within the framework of their <u>Vision 2030</u> plan, and the country's program to <u>diversify its economy</u> away from oil is designed to open the country to new opportunities. May used her trip to extend the good relations the Gulf states established with <u>previous Conservative</u> <u>governments</u> and used her speech to point to the Saudi plans in particular as one area

where she saw a major British role. Whether the Persian Gulf monarchies would pull back from the UK was a major question after the referendum, and the response thus far seems to be no.

Unfortunately, the US-UK trade pact Trump is promising Downing Street is far less likely to turn out as well as these other overtures. Lest we forget, Trump's entire policy platform is built on ideas of protectionism and, notably, the mantra that free trade deals like the Trans-Pacific Partnership (TPP) are "raping" the United States. He has consistently promised voters that he would revive American manufacturing by declaring war on global commerce.

Telling Michael Gove he loves Britain is one thing; telling his anti-trade, populist base that he wants to negotiate and sign one of the trade deals he just spent 18 months maligning, having just <u>scrapped the deal with 11 Pacific countries</u>, is quite another. Then again, it would hardly be the first time the new president has reversed himself without missing a beat. Our prime minister may think she has found the answer to her problems in Trump, but does she really know what she's getting herself into?

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US-Russian Relations in an Uncomfortable World Order

Ghoncheh Tazmini January 30, 2017

There is a failure in the West to understand how the Kremlin interprets Washington's basic foreign policy aims and intentions.

The telephone call between Russian President Vladimir Putin and US President Donald Trump on January 29 was the first official contact between the two leaders since Trump's investiture. The Kremlin has welcomed Trump's promises to mend ties with Moscow, which have been strained by the Ukrainian crisis, the war in Syria and allegations of Russian meddling in the US elections. All of these points of contention to one side, one of the key objectives behind Trump's outreach to Moscow is whether he can persuade Russia to turn away from Iran. In an article for <u>Bloomberg</u>, Eli Lake states: "The Romanovs humiliated Iran in the 19th century with punitive treaties. Last summer tensions rose briefly when the Russians acknowledged they were flying air missions out of Iran into Syria. Iranian mistrust of Russia can be exploited with deft diplomacy."

While Iranian-Russian interests often diverge, this scenario is highly unlikely. It is true that Iran and Russia are strange bedfellows. Indeed, their cooperation can at best be qualified as a tactical short-term alliance, which manifests in fits and spurts where strategic interests converge. However, what binds them together in the long term is a shared perception of the contemporary world order. While both countries oppose a US-dominated post-Cold War set-up in the Middle East, which played out in the coordinated military campaign to prop up the regime of Bashar al-Assad, they are aligned on deeper historical, ideological and identity-related issues that trump (pardon the pun) geopolitical dynamics.

No degree of "deft diplomacy" can significantly alter Russia and Iran's shared view that the Atlantic community seeks to impose a global monoculture, and to write a universal history à la Francis Fukuyama's "end of history." Both Russia and Iran reject the record of American hegemonic unilateralism and ethnocentrism that buttresses Samuel Huntington's "clash of civilizations" thesis. The fact is that while geopolitical and strategic interests are clashing, civilizations are not, history is not ending, and there is very little universalism or homogenization in sight.

AGENTS OF SUBVERSION

Thus, while there may be concessions of a tactical or transactional nature in the future—such as the lifting of sanctions imposed after Russia's annexation of Crimea or new arms-control agreements—it is unlikely that there will be a substantive breakthrough in Russia-US relations.

So where does the blockage lie? Following US policy in what Zbigniew Brzezinski termed the "global Balkans" in *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*, Russia has accused the US of fomenting velvet revolutions under the guise of promoting democracy in order to install Western-friendly leaders

and restore American global preeminence. The Arab Spring and the unceremonious removal of former US ally Egyptian President Hosni Mubarak fueled the conviction that the US was a global agent of subversion. As a result, Russia's bond with Iran, China and its Central Asian allies was strengthened.

The Kremlin also maintains that the West operates under the Eurocentric assumption that there is some sort of historical inevitability to a liberal society, grounded solely in European historical experience. Development and modernity are situated in a Western frame of reference, with a Western governing center. Putin rejects this and has reiterated that the country is pursuing an indigenous developmental trajectory—one that accommodates historical, national, revolutionary and local experience.

The West's perceived homogenization campaign is ultimately interpreted by the Kremlin as a smokescreen for subtle forms of neo-colonial domination kick-started through the remote-controlled color revolutions—such as the Orange Revolution in Ukraine, Rose Revolution in Georgia and the Tulip Revolution in Kyrgyzstan—in Russia's former sphere of influence.

IMMINENT IMPASSE

To this day, the Kremlin frames and perceives world conflicts as struggles between sovereignty and foreign intervention. This perception was made clear with <u>Sergei</u> <u>Lavrov's appearance before the United Nations General Assembly</u> in 2105, when the Russian foreign minister asked for a declaration "on the inadmissibility of interference into domestic affairs of sovereign states and the non-recognition of coups d'état as a method for changing governments."

Iran harbors a very similar perception. No stranger to the threat of regime change, Iran maintains that Washington's ultimate goal is to unseat the Islamic regime. The Obama administration allayed some of these fears with the watershed nuclear deal in 2015 but, prior to this, the Bush administration's neoconservative agenda heightened Iran's suspicions.

The imminent impasse in a substantive Russian-American reset does not stem from the United States' alleged refusal to take Moscow's legitimate interests seriously. Rather it reflects a failure to understand how the Kremlin, in line with Iran and much of the rest of the world, interprets Washington's basic foreign policy aims and intentions. Neither Russia nor Iran, for that matter, have been accommodated in what Richard Sakwa calls the hermetically enclosed world order and the reason for that is that neither country is willing to repudiate its own history. Until they do, they are outsiders.

What the West needs to take stock of is the fact that so-called democratic revolutions do not automatically beget democratic institutions. There is no global uniformity when it comes to institutional development. Russian development will remain an ongoing process of interaction between universal value patterns and specific cultural codes. As such, we need a more broadly pluralistic understanding of institutional development in order to achieve pluralism in the international system. Until Europe and the US refrain from imposing its singular vision of what the chess pieces look like, its map of the world order, a substantive upgrade in US-Russia relations is not on the horizon, and any alliance or thaw will be an uncomfortable one.

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