

Fair Observer

Monthly



July 2017

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Fair Observer

Monthly



July 2017

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CONTENTS

About Fair Observer	5
Share Your Perspective	6
Fair Observer Quarterly	7
Atul Singh	
Dealing With Crises: How Have Emerging Economies Evolved?	9
Pablo Bejar	
Sexting: A Reconfiguring of Childhood?	12
Ellis Cashmore	
Cocaine Comes to the Gulf	16
Adam Dempsey	
Cholera and Collapse of Governance in Yemen	20
Sumaya Almajdoub	
Barriers to Treating Opioid Addiction	23
Kimya Hedayat-Zadeh	
War Has Tarnished Afghanistan's Image	27
Fawad Poya	
The Future of Qatar's LNG Market	29
Theodore Karasik and Rowland Robinson	
Scotland and Catalonia: The Quest for Independence	33
Alfons López Tena	
Tick Tock Goes the Doomsday Clock	38
Craig Moran	
The Best Way to Tap the Full Potential of Africa's Diaspora	41
Hugo Norton	

ABOUT FAIR OBSERVER

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Fair Observer Monthly

Atul Singh

July 31, 2017

In this month named after Julius Caesar, much has happened. In India, the monsoons have caused the proverbial deluge. On July 24, Al Jazeera reported that 25,000 people were displaced in the arid western state of Gujarat alone. In the northeastern state of Assam, 160 square kilometers of land went underwater, displacing 90,000 people.

This month, NASA revealed that the average global surface temperatures in the first six months of 2017 were 0.94°C above the 1950-1980 average, making 2017 the second hottest year so far after 2016. This is remarkable because temperatures this year rose without the warming influence of an El Niño event. El Niños cause average global surface temperatures to rise because they bring warm ocean water to the surface. In 2016, the planet experienced one of the strongest El Niño events on record. In 2017, temperatures have continued to stay high despite no El Niño event, providing compelling evidence of global warming.

Even as the planet as a whole warmed up, the coldest spot on the globe in July was in the western Antarctic, near the Hobbs Coast of Marie Byrd Land. John Christy, director of the Earth System Science Center at the University of Alabama in Huntsville, reported that temperatures there were a chilly 4.06°C cooler than normal for the middle of the Antarctic winter. This provides more evidence of climate change, which is an infernally complex phenomenon. Most parts of the world are getting hotter, but some are getting colder. The frequency and scale of extreme weather conditions are rising too.

Yet this is precisely the time when US President Donald Trump is gutting environmental regulations and has pulled out of the Paris climate change agreement. His argument about putting America first, stimulating economic growth and creating new jobs finds resonance with many sections of society. Many entrepreneurs chafe at what they see as meaningless red tape. Many with capital want to have the freedom to invest in whatever industry they want whether it is fracking or coal mining. Similarly, many workers are seeking good paying jobs. Polluting industries such as fracking and coal mining give workers the opportunity to put bread on their tables, send their children to schools and save for their retirement.

Just as this argument holds true for the US, it holds even more true for poorer countries where people want to attain better standards of living. In fact, much of the rest of the world has been seduced by the great American dream of material prosperity and social mobility. They want washing machines, refrigerators, cars, televisions and bigger homes. In a world of 7 billion people this means greater extraction of resources, ever increasing consumption of energy, and higher levels of pollution that in turn lead to climate change. Is it possible to circumscribe this very human aspiration to lead ever better lives?

On that point, what are better lives? Madonna once sang she was a material girl in a material word, implying nice cars and diamond rings lead to a better life. Her song has become the anthem of our era. Far too many of the best graduates from schools like Harvard, Yale, Indian Institutes of Technology and Tsinghua measure their worth in terms of their incomes and assets. They compare themselves incessantly to each other, slaver for jobs at McKinsey or Goldman Sachs and chase luxury as salvation. Only when they realize that life is more than stuff, we can hope to slow the heating of our planet.

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

Dealing With Crises: How Have Emerging Economies Evolved?

Pablo Bejar

July 10, 2017

Vulnerability to both currency and GDP crises on average remains significantly lower than it was in the 1980s and 1990s.

For Latin Americans, there are few memories as nightmarish as the “lost decade” of the 1980s, with its flagging growth and soaring levels of debt, inflation and unemployment. During the last four decades, other emerging and developing regions have suffered the same fate, as many countries saw “severe internal fragilities” that grew into reckless dictatorships, fiscal mismanagement and rampant corruption in the 1980s. These countries then transitioned into a global economy that created commercial and financial disturbances as they became increasingly integrated with global resource-supply chains and primarily with the global financial system during the last three decades.

Today, having transitioned into a more complex global economy, emerging and developing countries are less economically vulnerable than in the 1980s and 1990s. Generally speaking, dictatorships have vastly disappeared, governing institutions have largely improved and economic policymaking is more responsible, with stricter and better fiscal and monetary policies to manage domestic as well as rising global economic and financial disturbances.

But how secure are these economies today? How much less vulnerable quantitatively and more resilient are countries to macroeconomic crises that battered them over the last 35 years? More specifically, how has the probability of a currency and GDP crisis evolved during these last years?

WHAT ARE THE CHANCES?

In an empirical study of the issue for the Inter-American Development Bank, I examined the short- and long-term correlation effects of key domestic and exogenous (external) determinants of both currency and GDP crisis episodes, utilizing a novel

database for 111 emerging and developing countries to predict the evolution of the estimated propensity or, more specifically, the probabilities of each type of crisis from 1982 to 2016.

For both types of crises propensities, I observed a decline in vulnerability over time for the whole sample. In addition, throughout the timeframe of this study, both Latin America and the Caribbean region and sub-Saharan Africa have generally shown relatively higher levels of vulnerability than other regions. But, while starting from a higher position of vulnerability, Latin America and the Caribbean followed by sub-Saharan Africa have made the greatest progress of any region in the sample. Interestingly, vulnerability in terms of propensity to a currency crisis has been on average drastically improved in all regions throughout the early 1980s to the early 2000s.

More specifically, comparing period averages in 2003-16 with 1982-92, Latin America and the Caribbean and sub-Saharan Africa have experienced a reduction of approximately 30 and 18 percentage points respectively in their average estimated probability of experiencing a currency crisis. On the other hand, both regions have experienced a 17- and 16-percentage-point reduction respectively in the estimated probability of a GDP crisis. In terms of vulnerability to a currency crisis, the developing Eastern Europe-Central Asia region has made a remarkable progress since the 1990s. To a lesser extent, but starting from relative lower levels, developing and emerging Asia has also reduced its vulnerability to both currency and GDP type crises. Finally, the Middle East and North Africa region has particularly performed well in reducing significantly its vulnerability to a GDP crisis since the early 1980s and 1990s.

These improvements have not come out of the blue. They have much to do with enhanced institutions, political consensus and thus better economic management. During the last 35 years, there have been fiscal policy reforms that have enabled several countries to [shift from procyclical to countercyclical fiscal policy](#) stances.

Moreover, macroprudential policies such as regulatory mechanisms that control capital and liquidity to counteract global and domestic threats to countries' financial systems have been increasingly implemented since the 1990s. Finally, with better institutional quality, there has also been a more [technocratic and effective approach to monetary policy](#), including independent central banking and inflation-targeting measures, among

other monetary policy innovations that have reduced inflation and the pass-through of external shocks.

A TALE OF CRISES PAST

Graphically we can see this in the steady decline in vulnerability to GDP crises, which starts declining dramatically from the mid-1980s to the early 1990s, followed by a rise during the mid-1990s as countries became more financially integrated with the world economy and external shocks elevated the risk of external crises. Notable examples of these spikes in regional vulnerability began with Mexico's [tequila crisis of 1994](#), followed by the contagion effects of the Asian and Russian crises of 1997 and 1998, which continued with the Brazilian currency crisis of 1998 and the Argentine economic crisis (1999-2002). Higher growth and demand from emerging markets eventually led to the commodity boom that caused another significant reduction in vulnerability levels during 2003-08.

In 2009, the global financial crisis caused a massive spike in vulnerability levels, but countries' reduction of foreign-denominated external debt, larger buffers of international reserves, greater trade linkages and product diversification, as well as more stable macroeconomic policies and higher growth during the pre-global financial crisis period allowed emerging and developing countries to quickly recover in 2010. Since then, lower commodity prices, anemic growth in advanced economies, uncertainty with China's sustainable growth prospects, and emerging geopolitical risks have created a challenging environment for many emerging and developing countries. Nevertheless, countries are now more capable to quickly recover from severe external conditions. Critically, vulnerability to both currency and GDP crises on average remains significantly lower than it was in the 1980s and 1990s.

How do I document this? A key point is defining the two measures of crisis incidence for emerging and developing countries. For this, I turned to [Jeffrey Frankel and Andrew Rose](#), who define currency crises/crashes as a nominal depreciation of at least 25%, conditional on at least a 10% depreciation the previous year, and work by [Swati and Atish Ghosh](#), who define a GDP crisis as a contraction in real GDP of at least 2%.

While [Frankel and George Saravelos](#) do a meta-analysis of domestic fundamentals of a financial crisis, with specific reference to the 2008-09 crisis, my study utilizes both conventional as well as a recent data-mining probabilistic approach that exploits a rich

database of vulnerability early warning indicators to explore short- and long-term effects. It also incorporates exogenous elements, such as growth rates of advanced economies (G7) and China, commodity prices, proxies of global liquidity, as well as global financial volatility and crisis persistence measures.

With enhanced institutions and policies, the emerging and developing world has been more able and resilient to recover quickly from external pressures. In fact, [Tatiana Didier, Constantino Hevia and Sergio Schmukler](#) found that emerging and developing economies began to recover faster than advanced economies after the last global financial crisis. Moreover, since 1997 the typical Latin American country, for example, has experienced better reserve adequacy levels and has maintained relatively low levels of vulnerability to both GDP and currency crises even during the last turbulent nine years. Finally, emerging and developing countries have made particularly great progress in absorbing and mitigating their propensity to macroeconomic crises, but even more drastically with respect to currency crises.

Of course, there are high levels of heterogeneity across and within regions, and policymakers still have much more work to do. Nonetheless, because of significant policymaking and institutional improvements and innovations during the last 35 years, emerging and developing countries have made remarkable progress in reducing their macroeconomic vulnerability levels in terms of propensity to GDP and currency crises.

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Sexting: A Reconfiguring of Childhood?

Ellis Cashmore

July 12, 2017

Are we witnessing the disappearance of childhood, at least in the way we've understood it for generations?

Everyone must at some point wonder if the internet and the apparent dependency it has introduced is a benediction digitally bonded to a curse — or several curses. Barely a week goes by without some cautionary study warning of trolling, addiction, the

decline of interpersonal skills and the decomposition of community life, all because we have our eyes fixed to our screens.

The evidence is, as any self-respecting cynic realizes, skewed in favor of tradition: Few researchers are prepared to embrace screens in context. We now have populations that not only have to engage with screens but find it rewarding. They like navigating their ways around cyberspace.

The internet has given us a weightless world of wonder and, for the most part, the supposed negative side effects have the character of the scares that accompanied the growth in the popularity of television in the late 1950s and early 1960s. If the doomsayers of the time were to be believed, it shortened our attention spans, blitzed our cognitive capacities, ruined family life and so on. All of these predictions were ill-founded, as we now know.

Recently, though, a report made me realize I've been too dismissive. It concerned a 5-year-old English boy who was investigated by police for allegedly sexting. For those who don't know, sexting means sending sexually explicit photographs, messages or other kinds of materials via smartphones.

The case of the child came to light in the context of a report on the rise in sexting among young people: More than 4,000 children have been dealt with by British police for sexting since 2013. The most common age of these children is 13 or 14, but younger people, as the standout case indicates, are also taking up the practice.

DISAPPEARING CHILDHOOD

Every sentient being knows that childhood is disappearing. I'm defining childhood orthodoxy as the state or period of being a child and a child as a human below the age of puberty. In Britain, the age of consent to any form of sexual activity is 16 for both men and women, regardless of gender or sexual orientation.

Self-accredited experts on the subject offer advice to parents, much of which is obvious or useless. Apart from the usual suggestions to update software, change passwords and avoid clicking on unusual links, parents are often urged to familiarize themselves with security settings, implement family settings and make children aware of the risks of exchanging information with people they meet online.

I should perhaps own up at this stage: I'm not a parent. So everything I write has to be understood in this context. I am sure people over the age of 30 have little or no idea what their children do online. They can adjust their settings to the highest level of security and counsel their kids with an earnestness that will make them giggle with disbelief. Children today, probably like children of previous generations, will carry on heedlessly and, if necessary, in willful contravention of their parents' advice. That's what children do. All of which makes the report even more discomforting than it already is. The inescapable conclusion is: We can't do anything about the growing number of children who choose to pursue what they regard as a rewarding experience. We're destined to watch helplessly as more and more kids send sexually charged text and images.

This is an ugly question to raise, but are we witnessing the disappearance of childhood, at least in the way we've understood it for generations? Childhood never stays the same.

As recently as 100 years ago, children were not the same as they are today. Produced often by accident, they were typically parts of much larger families than today and, should they survive their first 10 years, were sent out to work part-time or full-time and their income became a contribution to the family's economy.

They were probably loved, though not in the same way that children are today. Orphaned children (of which there were plenty) would hardly be loved at all; they would spend their tender years in orphanages and dispatched to the outside world as quickly as possible. A hundred years before this, kids were sent to work in factories or as chimney sweeps' assistants (they climbed inside the chimneys). In other words, we've understood children and childhood in a particular way since the end of World War II. This may be about to change.

MARK OF MATURITY

It's unsettling to imagine children as sexual beings. [Britain's youngest parent](#) was 12 when she gave birth (11 when she conceived, as a result of rape). Rates of teenage pregnancy in the UK have halved in the past two decades and are now at their lowest levels since record keeping began in the late 1960s. Sex and relationship education, contraceptives and changes in the status of pregnancy have been factors —

pregnancy may once have been a mark of maturity, but it now carries more stigma than kudos.

But the provision of sex and relationship education and the widening of the availability of contraceptives are, of course, predicated on the assumption that young people are interested in and willing to engage in actual sex. And the widening awareness that their immersion in the net will surely bring will stimulate that interest even more.

Children are, it seems, sexualizing themselves. I mean by this that they are exhibiting themselves in a way they fully realize will be interpreted as erotic. This is disturbing in itself, more so when it's realized that the images and text, once posted, are no longer under their control. Are children net-savvy enough to know that once they hit "send" their pictures and other materials are in the public domain to be appropriated and used potentially by anybody? I suspect from [my own research](#) that many are and many more will become so over the next few years.

But I'm sure none of them has the intellectual or emotional maturity to make what we'd consider an informed decision about whether it's right. This is a moral choice made by people without the sophistication or experience to comprehend the probable consequences of their actions. Of course, we all make mistakes; that's how we learn – by responding to errors. There's not much leeway with sexting: the decision to distribute is irreversible and its consequences, in practical terms, impossible to undo.

A non-parent like me finds this unnerving. So I presume any right-minded parent will be even more disturbed. We waste energy fretting over the imagined ill effects of our preoccupation with screens. For the most part, the alarmists are misguided scaremongers who struggle to keep up. But in this one important respect, there is a demand for creative thought. Somehow we must avert the potential reconfiguring of childhood.

Screens present most of us with agreeable and convenient portals to work and pleasure. To the young, screens are the places where they learn and play. In an ideal world, they should be for observing, not for being observed.

**Ellis Cashmore is the author of "Elizabeth Taylor," "Beyond Black" and "Celebrity Culture."*

Cocaine Comes to the Gulf

Adam Dempsey

July 14, 2017

Oil-rich and expat-heavy states of the Gulf Cooperation Council have become a major hub and endpoint in cocaine's eastward expansion.

It seems the world is falling back in love with cocaine. According to the United Nations' latest [World Drug Report](#), total production in 2015 stood at 1,125 tons, a return to 2008 levels that's been driven in part by a [surge in manufacturing in Colombia](#). There are currently over [17 million cocaine users](#) worldwide; much less than cannabis, but arguably in line with cocaine's status as the drug of choice for the rich and famous. Yet there have also been subtle, but nonetheless significant, shifts in regional consumption trends.

While cocaine use is again increasing in its established markets in Western Europe and North America, there are signs that the drug is gaining a foothold in Asia, with the Middle East now accounting for approximately 3% of [global consumption](#). Previous UN reporting also reveals that the region accounted for [39% of Asia's cocaine seizures](#) between 2009 and 2013. This figure increased to 49% the following year.

Unsurprisingly, the oil-rich and expat-heavy states of the Gulf Cooperation Council (GCC) have become a major hub and endpoint in cocaine's eastward expansion. None more so than the United Arab Emirates (UAE), which has witnessed an increase in seizures at its airports and interceptions of traffickers that have swallowed [liquid cocaine in condoms](#) to escape detection. However, coke's "arrival" in the Gulf is about more than changing tastes and habits. It is also a reflection of the cartels' growing business interests in difficult neighborhoods.

"OBVIOUS" CAUSES

In some respects, the upsurge in cocaine consumption in such an economically important part of the world is to be expected. Just over [25 million foreign nationals](#) are currently based in GCC states, making a contribution to the [region's economy](#) that stretches beyond the corporate world to include the service sector, domestic help and more. Many of these expats bring with them a more relaxed attitude toward

entertainment and drug use that are at odds with the GCC's rulers and religious outlook.

The stakes are undoubtedly high for those that dare to flout the region's laws and customs. At the beginning of July, UAE authorities prosecuted two British nationals for possessing and supplying cocaine in Dubai. One can expect [deportation](#) after his two-year sentence is completed, the other could be [facing life in jail](#). Both will be added to the growing number of people [arrested in the Emirates for drug offences](#), which increased from 173 in 2015 to 391 last year.

It would be naive to assume, however, that the UAE's hardline approach reflects the entire region's attitude toward drugs. Given that foreign nationals account for more than 50% of the population in several GCC states, it's difficult to prevent locals from interacting with expats and participating in social activities. This is particularly true in Bahrain which, following the construction of the King Fahd Causeway, earned a reputation as a weekend hotspot, particularly for the Saudis. Meanwhile in Qatar, where foreign nationals outnumber locals by four to one, officials have warned that between 3% and 5% of the emirate's indigenous population suffer from [alcohol or drug-related problems](#).

A more troubling development is the use of crack cocaine by Oman's youth. Following a recent visit to the sultanate, Johan Obdola, president of the [International Organization for Security and Intelligence](#), warns that schoolchildren as young as 12 are using the cheaper and more addictive variant of the drug. This revelation, in turn, suggests that the [travails](#) of the GCC's [growing youth population](#) are also contributing to the region's increased cocaine use. If so, then the drug will have to be factored into [state-led efforts](#) to enhance development and employment prospects in a region [still reeling](#) from a slowdown in economic growth, austerity and popular unrest.

FAMILIAR RESPONSES

To date, the GCC has relied on tried and trusted methods to combat the spread of cocaine. From a law enforcement perspective, the region's security agencies seem determined to build upon the Middle East's growing reputation for tracking and seizing the drug. In April, Saudi authorities seized [46 kilograms of cocaine](#) hidden in a consignment of frozen chicken at King Abdullah Seaport. This was followed last month by the arrest of [three smugglers](#) entering the kingdom on Umrah visas. In Kuwait,

customs officials followed their recent interception of a [drugs pigeon](#) by discovering a consignment of cocaine hidden in [wooden pallets](#).

The Gulf region also continues to benefit from multinational efforts to combat trafficking. These include the Bahrain-based Combined Maritime Forces based out of America's 5th Fleet headquarters in the archipelago sheikdom. Recent seizures made by its Combined Task Force 150 include the interception of [12 kilograms](#) of cocaine by USS Hue City. The UAE has also played a lead role in international counter-trafficking activities. In response to the Emirates' warning of an increase in [liquid cocaine](#) trafficking, Interpol triggered a purple notice that helped to uncover a transportation route between Ethiopia and the Arabian Peninsula.

GCC states are reacting to the cocaine influx. At the beginning of 2017, Saudi Arabia's Ministry of Health confirmed that the [private sector can now treat and rehabilitate](#) drug addicts in a range of healthcare institutions. Its efforts will eventually be supported by a government-approved treatment plan. At around the same time the UAE was opening its first [government-owned rehabilitation center](#) in Dubai. The event was accompanied by assurances that locals and expats seeking rehab will not fall victim to the Emirates' anti-drug laws.

Given Oman's problems with crack cocaine (and other substances), it is perhaps unsurprising that the sultanate has one of the GCC's more robust rehabilitation programs. This is underpinned by a [nationwide public awareness campaign](#) and a \$200-million government program to [build three additional rehabilitation centers](#). Charity workers warn, however, that the [stigma of drug addiction](#) prevents many Omanis from accessing treatment. To some observers, this state of denial also masks the true nature and extent of not just Oman's drug scene but the entire region's narcotic problems.

INERTIA CREEPS

The GCC's coyness regarding drugs does not end with the cultural mindsets of its citizens. Since his first visit in 2010, Johann Obdola has witnessed a reluctance among security and intelligence officials to acknowledge the full impact that drug abuse is having upon the region. With its clarion call for "[better cooperation and unity](#)" and commitment to [international cooperation](#) the recently-formed GCC-POL (a GCC-wide Interpol) may yet result in more joined up approaches to counternarcotics. However,

transforming laissez-faire attitudes remains a formidable challenge given that most [GCC states view Iran](#) as their main security challenge, a point underlined by Qatar's [continued isolation](#) over its ties with the Islamic Republic.

The current lack of "cooperation and unity" between GCC states also clouds their ability to fully comprehend a key motivation behind the cocaine cartels' growing presence in the region. It's not just about their ambitions for the [new trafficking routes](#) opened between South America and Qatar and the UAE. Neither is it solely to do with the relative ease with which the cartels can [transport](#) their product from West Africa to markets in Europe and the Middle East. Mexico's Los Zetas cartel, Colombia's FARC and other groups are also interested in investing and washing their profits in the Gulf's businesses and zero-tax regimes.

Real estate and transportation are thought to be among the [prime targets](#) for the cartels' investment activities. This is hardly surprising given the \$2.7 trillion worth of [construction contracts](#) currently at the planning or delivery stage across the GCC. The cartels might also be as encouraged by the UAE's comparatively high placing on the [ease of doing business rankings](#) as the Gulf's downward trajectory on the [Corruption Perceptions Index](#). Transparency International attributes [this decline](#) in part to the ruling families' firm grip on the levers of economic and political power. Either way, conditions on the ground are providing the cartels with opportunities to make their financial muscle discretely felt throughout the Gulf region.

Obdola also highlights the cartels' no-nonsense approach to due diligence and related business practices. He's convinced that some of their sharpest minds are now based in GCC states, building knowledge and gaining an appreciation of the local business environment. It is also likely that the cartels are fostering strategic partnerships with the region's terrorist groups and criminal enterprises. And while hard evidence of interactions is difficult to come by, Latin America's drugs gangs regularly factor states that are [prone to political instability](#) into their business strategies.

MAKE THE CONNECTION

Indeed, the "arrival" of cocaine to the Gulf also suggests that the likes of Hezbollah and [al-Qaeda](#) are comfortable with the cartels' presence in their backyard in much the same way as the [cartels tolerate Islamist operatives](#) in their respective patches. The GCC's security and law enforcement agencies should take note. As stated above,

good working relations between the cartels and [West Africa's Islamist groups](#) have facilitated the relatively trouble-free trafficking of cocaine across the continent because of the inability of states to police their customs and border controls. The consequences of a similar arrangement in the Gulf are plain to see: even more cocaine and potentially more revenue for organizations that appreciate [the role that drugs can play](#) in financing and facilitating conflict.

As things stand, the GCC's efforts to tackle cocaine trafficking seem fragmented. It's the job of GCC-POL to convert member states' individual efforts and successes into a cohesive and region-wide strategy. The ongoing diplomatic spat between Qatar and the rest of the GCC makes the chances of this happening any time soon remote. No doubt the cartels will be watching how the crisis evolves with great interest. Doing so will help them to shape and refine their regional business interests and criminality.

**Adam Dempsey is an advisor at Gulf State Analytics.*

Cholera and Collapse of Governance in Yemen

Sumaya Almajdoub

July 18, 2017

So far, only 15% of Yemen's needs in terms of humanitarian assistance for 2017 has been funded.

Since April 2017, [cholera](#) has taken over 1,600 lives and infected more than 250,000 people in Yemen. [Half](#) of those infected are children.

The conflict in Yemen has been ongoing for two years. Why did this cholera epidemic break out now? While it is difficult to pinpoint a single explanatory factor, the increased fragility of governance has led to the near collapse of the country's already fragile water, sanitation and health systems. Another contributing risk factor is [Yemen's worsening famine crisis](#) that has left two-thirds of the population food insecure. Aid and [humanitarian agencies](#) are stepping up their responses in an attempt to contain

the cholera epidemic. However, unless the conflict de-escalates and governance improves, Yemen remains at risk of facing recurring health crises.

In 2015, the Houthi rebel group allied with deposed President Ali Abdullah Saleh and took over the capital city of Sanaa, causing a near collapse of government. This prompted a military [intervention led by Saudi Arabia](#), the United Arab Emirates and eight Arab allies, which aims to reinstate an internationally recognized government led by President Abd Rabbuh Mansour Hadi. What the Saudi-led coalition hoped would be a swift military victory turned into a prolonged quagmire with severe humanitarian consequences.

Today, more than two-thirds of the Yemeni population [lack access to clean water and sanitation](#). Across the country, waste collection services have stopped since the war began in 2015, and unpaid public salaries further challenge any attempts to resume them. Municipal workers in [Sanaa](#), for example, have not received their wages for months and decided to go on strike in May 2017. Even though the strike only lasted for a week, the consequences were dire, leaving the city filled with trash, with residents fearful of the health hazards of uncollected garbage.

The wage crisis has also impacted the health workers: Over 30,000 of them have [not been paid](#) for 10 months. They are also operating on very limited capacity; less than 45% of Yemen's health facilities and hospitals are open. Many facilities were [bombed by the Saudi-led coalition](#). With limited resources, hospitals cannot separate cholera patients from other patients, and it is possible that more people will [become infected](#) while in the hospital for other treatments.

The task of supporting access to health care, water and sanitation in Yemen presents two major challenges. The first relates to resolving unpaid salaries in the absence of a well-functioning central bank. [Yemen's central bank](#), which is responsible for paying the salaries of over 1.2 million public employees, was one of the last operational state institutions in the country. In an effort to weaken the Houthi rebels, the Hadi government decided to [move the central bank from the Houthi-controlled Sanaa to Aden](#) in September 2016. This decision politicized the bank and rendered it dysfunctional. Millions of public employees have not received their full salaries since summer 2016, and the millions of Yemenis who are dependent on these salaries no longer have a sustainable source of income.

The second challenge stems from the fragmentation of authority into multiple spheres of influence, which has made service delivery more difficult. International and regional aid agencies have relatively better access to Aden and the southern governorates as they fall under the authority of the internationally recognized [Hadi government](#). But aid is harder to deliver in Sanaa, and many northern governorates controlled by the Houthis that face an ongoing [air and naval blockade imposed by the Saudi-coalition](#).

Delivering aid to the Houthi-controlled areas remains an important objective, as half the suspected cholera cases are reported from four [Houthi-controlled areas](#). As a rebel group, the Houthis govern by providing — or [denying](#) — security and basic services. While they face pressure from local communities to provide services, the Houthis have a bigger incentive to allocate funds to support their fighters rather than invest in health care or basic services.

In practice, cholera is relatively easy to treat with [oral rehydration salts](#) to compensate for the quick loss of fluids that can be fatal; a rehydration IV can save a patient's life. Yet in reality, there are many obstacles to delivering medicine to both government and rebel-held areas in Yemen. Further, early detection and diagnosis are difficult as infected patients may [not show](#) symptoms until their condition worsens and they face a small window of time to seek out medical help.

In order to effectively respond to the emergency in Yemen, relief agencies require both access to the country's most affected populations and additional funds. The [United Nations Security Council Presidential Statement on Yemen](#) in June 2017 called an increase of access to Sanaa's airport and the rebuilding of destroyed cranes at the port of Hodeida where Yemen receives 80% of its food, goods and humanitarian assistance. Humanitarian agencies have requested \$2.1 billion to cover [Yemen's needs for 2017](#), however, only 15% of that amount has been funded.

Preventing cholera and other diseases is not a purely technical mission. It is inherently a political one because it relates to questions of governance, authority and service provision. The Saudi-led coalition, the Houthi-Saleh camp and all warring factions must heed the calls of the [UN envoy, Sheikh Ould Ismail](#), to reach a cessation of hostilities and resume political negotiations. The sooner the war ends, the sooner Yemenis can work to strengthen good governance and put an end to hunger and disease.

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Barriers to Treating Opioid Addiction

Kimya Hedayat-Zadeh

July 19, 2017

Both the medical community and the US government fall behind on making the treatment of opioid addiction more effective.

Percy Menzies is a pharmacist by training and has worked for almost 18 years for a pharmaceutical company that developed and marketed a range of pain medications like oxycodone and oxymorphone. Even at that time, some 40 years ago, they knew these drugs were not appropriate for long-term use. “They were only for acute pain in hospitalized patients,” says Menzies.

Since then, an epidemic has ensued in the US, with [over 33,000 people overdosing on opioids annually](#). Only recently has an antidote for an opiate overdose become prominent. The same company Menzies worked for, Dupont Pharmaceuticals, developed the antidote, naloxone (or Narcan), over 30 years ago. The antidote reverses the effects of opioids, knocking out opiates from receptors in the brain, which may slow or stop breathing. It is a temporary fix, buying time to get the person to a hospital.

“My job was to train physicians in how to use it,” said Menzies. “So Narcan is not a new drug. It’s an old drug that has suddenly come into prominence because of what is happening with the overdoses.” The company also developed a non-opiate medication to prevent people from relapsing, but even now the drug is hardly used. It is called Naltrexone and was developed during Richard Nixon’s time in office.

NOTHING NEW

Menzies decries the failure to offer comprehensive treatment for opiate addiction. Even today, the three drug options available to treat addiction and prevent relapse — methadone, buprenorphine, better known as Suboxone, and Naltrexone — are operating under silos, according to Menzies. They are largely inaccessible to the public, and sometimes even to physicians.

In order to access methadone, for instance, that is used to treat addiction to opiates and other narcotic drugs, patients need to visit a methadone clinic every morning and stand in line for the daily dose. There are only [1,400 such brick-and-mortar clinics](#) in the country. “After a period, if you do well, after six months to a year, and you’re keeping all your appointments, and they drug test you, and your urine is clean, free of any opioids, they might initially give you a weekend dose to take home. Then they might give you a week’s medication to take home as a privilege. But you can never get it in a physician’s office. You can only get it at the methadone clinic,” said Menzies.

Unlike any other drug under the sun, including opioids, in order to get Suboxone, which is an opioid medication like methadone, doctors must be licensed to prescribe it, and [there are a limited number of doctors](#) who have had the opportunity or have taken the time to sit the eight-hour certification test. “There are about 900,000 physicians in this country, and only about 25,000 have taken the DEA [Drug Enforcement Agency] exemption to write for Suboxone,” said Menzies. “And studies have shown that the average number of patients that these physicians have is around 14.”

Some physicians have not even heard of Naltrexone, an effective non-opioid option. “Why can’t methadone clinics be using all the medication? Why don’t they use methadone, Suboxone and Naltrexone?” asks Menzies. “We have to individualize the treatment. You cannot just tell patients the only drug to use is methadone, Suboxone or Naltrexone. All three should be used for the appropriate patient.”

The second problem is that [treatment of addiction is almost completely out of the realm of medicine](#). Rehabilitation centers often do not coordinate with doctors’ offices and do not offer standardized treatment. “You know exactly what to expect for stroke rehab, what to expect for cardiac rehab. Nobody knows what addiction rehab is,” said Menzies.

What’s more, people with the means to travel to high-end rehabs distance themselves from their usual environment. Upon return, they can quickly relapse. “Some people go to these fancy programs in California, and they spend \$30,000, \$40,000 or \$50,000. They get all sorts of therapies,” Menzies explains. “What they don’t realize is that when you take the patient away from the natural environment where they work and live, your addiction goes in an incubator. The addiction doesn’t go away. You are in a bubble. You are in a very isolated area. So you are distracted. You talk to other people, you eat some great food, you are in a very comfortable environment. But your addiction is

getting stronger and stronger, and so as soon as you come back home, your cravings explode like a volcano.”

Because of this “deprivation effect,” Menzies thinks it is important that rehab follows patients home. As it stands, an addict could be treated for an overdose at the hospital and, within the hour, discharged without any sort of follow up.

“Imagine this being done with somebody with chest pains that you use a defibrillator to revive them, and then instead of keeping them in the hospital sending them home within the next hour. All hell will break loose, but here we do it all the time.”

ROOT CAUSES

Palliative care does not address the root causes of addiction, according to Menzies, who stresses the importance of cutting off the supply of illegal opiates, namely heroin, which is so readily available in the US. While Afghanistan and Myanmar supply most of the heroin worldwide, in the US it now comes mostly over the Mexican border. “You may have the tallest wall, the most beautiful wall, whatever you call it, you cannot stop it because it is so easy to smuggle things in,” said Menzies of heroin, a kilogram of which is easily taken through checkpoints, compared to, say, a bale of marijuana.

Now that marijuana is grown and readily available in 29 US states for both medical and recreational purposes, Mexican farmers are desperate for a livelihood and have turned to producing harder drugs, like heroin. “Young children are taken out of school who are 10 or 12 years old to harvest the opium poppy,” explains Menzies. “They have to make a slit in the opium poppy for the juice to be to ooze out. These children are ideal because they are the same height as the opium plant. It’s really sad what has happened.”

The US drives the supply of heroin in Mexico, where a war on drugs created the second deadliest conflict zone after Syria, and killed 23,000 people in 2016. Without pressure from the US to curb the cultivation of poppy in Mexico and to close down labs that process opium into heroin, this impoverished and unstable country will continue to be terrorized by drug cartels, which compete for territory within its own borders. The cartels take in between \$19 and \$29 billion annually from US drug sales.

"We have to offer aid to these impoverished regions to grow alternative crops and develop industries. Unlike marijuana and cocaine, opium poppy does not require as much acreage," added Menzies. "The advances in drone technology can be used effectively to monitor the targeted area. Indeed, some trade and bilateral agreements could be tied to how effectively Mexico acts to curb this problem."

The issue is so politically contentious that a collective strategy is non-existent, and curbing the demand for these drugs in the US is also a cause in need of funding. "I mean, I tell people that there are 23 million people [in the US] who are addicted to drugs and alcohol, and the last budget that Obama got approved he had allocated \$5 billion for treatment of addiction to heroin and alcohol," says Menzies. Compare that to [1.9 million people that are affected by HIV and AIDS in America](#), a cause that was allocated [\\$27.5 billion](#) in the same budget.

"Look at the phenomenal progress we have made in treating AIDS and HIV," says Menzies. "Today, if you are HIV positive you can lead a very normal life. Your life expectancy is almost as much as people with no HIV, because we have gotten in the last 35 years almost 40 drugs developed to treat AIDS and HIV, and what do we have, three drugs for opiates."

Menzies thinks that the key to changing our response to the crisis is to humanize it. "We have demonized it, we have moralized it, we have criminalized it, but we have not humanized like we did for AIDS and HIV," she says. "Initially we were very moralistic with the AIDS epidemic occurred. We saw it as hedonism, as bad behavior and things of that sort, and all that changed once you put a human face to the problem."

No one plans to be an addict. It is a culture that has been encouraged by pharmaceuticals, which [poured billions into marketing opiates to treat any and all chronic pain](#). There has been little response from the medical community to make treatment more effective, and a dearth of funding to treat opioid addiction from the government.

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War Has Tarnished Afghanistan's Image

Fawad Poya

July 21, 2017

A country once known for its unique culture is now infamous all over the world for producing refugees and extremists.

Afghanistan, which stands at the crossroad of the ancient Asian civilizations, contributed enormous knowledge to the world and produced great scientific minds during antiquity and the Renaissance. It is the land of distinguished scholars and philosophers like Abu Ali ibn Sina (or [Avicenna](#)) and Mawlana Jalaluddin Balkhi (better known as [Rumi](#)), well-known figures celebrated for the immense contribution they made in various fields of knowledge. Unfortunately, the long-lasting armed conflict in Afghanistan has tarnished its image: A country once known for its unique culture is now infamous all over the world for producing refugees as well as extremists.

The catastrophe of war has not only crumbled the law and order machinery of the state, but has also weakened the central government, which often fails to protect the basic rights of its people. This, in turn, has exacerbated problems like corruption, unemployment, insecurity and violence. Moreover, frequently occurring bomb blasts, suicide attacks and frontline combat operations in Afghanistan have had a negative impact on the people, both physically and mentally. The onslaught has left such a deep mark on several generations that these wounds of war will fester for years to come. Unfortunately, the daily suffering of people in Afghanistan does not draw the same attention from media that it does in other parts of the world.

Owing to ongoing insecurity, people have been forced to leave their homeland and take refuge in other countries, seeking safe places for a better life and a stable future. It is, therefore, not surprising that Afghanistan has continuously been ranked as one of the top source countries for refugees to both its neighboring states as well as Western countries. This has seriously affected the image of the country and its nationals beyond its borders. The situation has resulted in hardening of visa procedures for Afghans and so violates their basic right of legally moving from one place to another.

The ongoing conflict in the country has not only caused human injuries, but has also damaged public and private properties. The situation was worse during the civil war,

before 2001, when combating jihadist groups killed and oppressed the Afghan population. In addition, public property was plundered and cultural monuments were looted and destroyed. Although the protection of public property, and cultural artefacts in particular, falls within the framework of restrictions on means and methods of warfare provided under Article 19 of the [UNESCO Convention on the Protection of Cultural Property in the Event of Armed Conflict](#), adopted in 1954.

The devastation of the historical and cultural heritage in Afghanistan does not stem from lack of comprehensive protection mechanisms, but is a part of the terrorists' strategy for destroying the cultural legacy of a nation in a systematic and planned way. Cultural relics and ethos are considered as a source of resilience and resistance, especially during armed conflict, because they instill hope and optimism in people. Erasing shared memories and propagating intolerance among the people of a country automatically rescinds the sense of belonging and causes disintegration of society. Besides, the preservation of cultural heritage, monuments and historically important antiquities can change the image of the country, with time, from an association with terrorism to that of tourism.

The tarnishing of the country's image is not a one-day process, and neither is the construction of this image. Although there is no denying the fact that Afghanistan produces a large number of refugees, this crisis is often overemphasized in the media, which often fails to show the story of those people who chose to stay in Afghanistan despite of insecurity and corruption. Soldiers defending their country against terrorism, students studying both in Afghanistan and abroad, laborers and office workers toiling day and night, farmers, cultivators and businessmen and [women](#) are all patriots who are hopeful for the future of Afghanistan. But their sacrifice often fails to make news as it is overshadowed by the acts of the extremists.

To change the image of Afghanistan as a war-struck country to a culturally-rich tourist hotspot may perhaps take a long time, but the seeds must be sown now. And for this purpose both the government and its people must work hand in hand.

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The Future of Qatar's LNG Market

Theodore Karasik and Rowland Robinson

July 24, 2017

Will the Qatar crisis impact Doha's ability to keep up with the global demand for LNG?

The Qatar crisis raises major questions about liquified natural gas (LNG) markets, which the Arabian emirate has dominated since the 2000s. Observers of energy markets are asking if regional strife will impact Doha's ability to keep up with the existing demand for LNG, and if such tension in the Gulf will further open the market for new suppliers.

There is speculation as to how Qatar will be able to continue as the world's leading exporter of LNG under the new shipping constraints it faces as a result of fellow Gulf Cooperation Council (GCC) members' embargoes. Qatar's output, largely sourced from their portion of the South Pars/North Dome Gas-Condensate field, makes up roughly 40% of current global LNG exports. Qatar is attempting to squash the uncertainty about their distributive capabilities with the announcement of a massive expansion of production out of the South Pars/North Dome gas field, a 30% increase over the next seven years. Other GCC members depend on Qatari LNG, which, for example, accounts for [25% of the United Arab Emirates'](#) daily consumption. Their consumption levels, among other factors, will test the resolve of the Arab states taking action against Qatar.

As noted in an interview with a [Bloomberg official](#), it is because of consumption levels that the UAE is not able to follow through on Saudi's stance of banning Qatari shipping. The UAE recently eased its ban on ships embarking from Qatar to the fueling port of Fujairah. So long as vessels are not flying Qatari flags and are not Qatari owned, ships embarking from Qatar will be [allowed to bunker](#) at the port of Fujairah. This easement means that LNG companies such as Glencore, Vitol and Trafigura, which purchase massive amounts of LNG from Qatar, will be allowed to continue their business with Qatar despite the rift. These companies are already responsible for a large portion of Egyptian LNG demand and, hypothetically, could also apply the framework of their dealings with Egypt to the UAE tensions with Qatar escalate and threaten the supply of the Dolphin Energy pipeline.

As of now, the Dolphin Energy pipeline running between the UAE and Qatar continues to flow regularly despite the political grievances between the two countries. It is responsible for pumping [2 billion cubic feet of LNG into the UAE every day](#). Egypt is in a position similar to the UAE's, but with less risk. One third of Egypt's LNG importation comes from Qatar but they do not deal with the Qatari government directly. It is brought into Egypt through companies that purchase the LNG from Qatar yet can obtain the fuel from other [sources to supply Egypt's consumption](#). Another card in Egypt's hand is their control over the Suez Canal. Although they cannot ban strictly Qatari vessels from using the canal, LNG traffic through the canal is predominantly Qatari. If Egypt decided to raise tariffs on LNG through Suez, it would be disastrous for Qatar's LNG industry.

Thus far, there is little indication that the feud in the GCC is having a dramatic effect on Qatar's LNG output to the global market. Two of the world's top LNG importers – Japan and India – maintain that the events in the Gulf have not affected their LNG imports from Qatar. India, represented through Petronet, is currently rising as a leading importer of LNG and, potentially, home to the largest number of LNG import terminals. An additional threat Qatar will be forced to address as the feud drags on is the renegotiation of trade deals by their partners. This pressure is another effect of the doubt cast on Qatar's hampered shipping ability. The longer the GCC crisis continues, the more likely it is that nations and companies currently trading with Doha will cite Qatar's position of weakness as reason to vie for more favorable trade agreements.

THE EMERGENCE OF THE AMERICAN MARKET

The largest effect that the events of the Gulf have had on the LNG market has not been to the output of LNG production; it has been to the perception of the markets stability. As previously stated, Qatar is battling this perception with the announcement of a 30% increase to their North Field production. This increase could prove problematic for President Donald Trump's plans to expand the United States' LNG production. Washington has secured contracts with South Korea and China, but it has been noted that these countries could just as easily use the agreements with the US as a "stick" to negotiate better prices out of cheaper exporters such as Qatar.

Nevertheless, if the UAE or Egypt were to take a heavier stance on the banning of Qatari exports to include LNG, demand for American supply — or for that of its potential competitor, Russia — would skyrocket. The US currently houses ten

approved LNG export terminals producing 18 billion cubic feet of product a day. According to an official from the American Petroleum Institute, six similar terminals are currently under construction and there are eleven awaiting approval to begin construction.

Russia is bolstering its LNG production with the establishment of the Yamal field facility, and rumors of a new facility to emerge outside of St. Petersburg. The Yamal site is supposed to be the largest in the country once finished and is expected to be fully functional by 2020. Russian interest in LNG production spiked in 2009 with the Sakhalin II project, but, like the US, [Russia had to scale back its LNG interests](#) in the wake of the 2009 economic crisis.

Historically, the close connectivity of the LNG and oil markets has been a problem for the advancement of LNG as an alternative source of fuel in the United States. Although LNG is an excellent replacement, in terms of lowered costs and emissions, for conventional fuels such as heavy fuel oil, coal and diesel, the LNG market's ties to the oil market keeps the future of gas one step behind the established utility and pricing of crude oil.

This linkage is one of the main reasons that the world has not seen powers such as the US and Russia fully enter the LNG market as suppliers. There are indications that this stagnation will end under the new administration, which has already made strides towards the advancement of American LNG.

Trump's presidency shows promise for American LNG. The administration has approved two additional facilities thus far, and the expansion of production and exportation falls in line with the president's "Make America Great Again" [campaign promise to reduce trade deficits](#). Similarly to the unpredictability currently surrounding Qatar, the world looks at Trump's administration with uncertainty. Although the US has a large dormant supply of LNG that could be moved to market, there are questions whether demand will be high enough for American entry and whether or not the unpredictable Trump administration can be a stable supplier for the world market.

Qatar sees and welcomes the possibility of the US' emergence into the market as positive. Although it would add competition, Qatar views America's entry into the market as a stabilizing factor. Officials in Doha believe that the stability that US entry would provide will likely increase the number of customers and balance out any

revenue lost due to competition. Qatar's LNG is the cheapest on the market and would likely not be effected monetarily by a rise in supply from US entry.

THE WRAP UP

The Qatar crisis, and the subsequent fall of LNG market predictability, is forcing non-GCC, LNG-exporting and importing countries to reevaluate their ability to produce or acquire LNG. This forced evaluation has caused doubt in the market and has created an opening for one or multiple new suppliers to come online and relieve Qatar from a portion of its market-dominating 40% world supply rate.

We are already seeing the beginnings of an American market entrance with the early approval of LNG export terminals by President Trump — two thus far. Qatar's statement that US emergence into the market would be a positive factor that would not only help to stabilize the market but also bring in new consumers is further validation of this perspective of Doha's.

Russia will also be a player to watch as the world struggles to bring a state of normalcy back to the gas market. Moscow's past interests and recent endeavors to strengthen LNG production is a signal to the demand countries of the globe that Russia is a more than possible alternative to Western and Middle Eastern production. Russia is also one of the few countries that can say it has amicable relations with all Middle Eastern countries. This position — along with the fact that Russia holds a quarter of the world's reserve of LNG — gives Russia a powerful advantage in a region that could very likely have demand issues to [compensate for if the rift within the GCC continues.](#)

As the situation in the GCC remains uncertain, the world will be watching both the LNG market and the countries that are positioning themselves to pick up any slack left by the Gulf.

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Scotland and Catalonia: The Quest for Independence

Alfons López Tena

July 26, 2017

Are Scotland and Catalonia willing to do what it takes to achieve independence?

In 2007, the Scottish National Party [launched a proposal](#) of holding a referendum over [Scotland's independence](#). In 2009, some activists detached from mainstream Catalan parties launched the same proposal in [Catalonia](#) and actually held unofficial referenda that drove more than a million people to the polls voting [overwhelmingly for independence](#).

Since then, both nations' paths have diverged.

In Scotland, holding a binding referendum, not a mere advisory one, was deemed outside the legislative powers of the Scottish Parliament, so the Scottish government agreed with the British government the terms of reference of the 2014 independence referendum. In due form, both Houses of Parliament approved a temporary transfer of legal authority from Westminster to Holyrood to call it, and the British government [stated](#) that, if independence was won, "Scotland would become an independent country after a process of negotiations." This would have been an irreversible and binding outcome that would have led, after the conclusion of talks, to the UK Parliament legislating for Scottish independence to take place, following the well-trodden path of previous umpteen Westminster-accepted independences from the former empire.

Catalonia's path has been a bumpier ride. When the mainstream Catalan parties — attached to independence as a dream to be attained somewhere over the rainbow and not a real issue to be addressed in the real world — began to feel the heat of new parties affecting a waxing number of their voters who were increasingly tempted to search for political alternatives, they tried to extract some moneyed concessions from Spain to put food on the Catalan table but failed. So, they took back control, releasing steam through government-organized nongovernmental organizations to make people believe they had embraced independence as a real aim, not merely as a dream, and

sought to remain in power by riding on the back of a grassroots, pro-independence tiger, only to be reduced into a tamed pet with his teeth and claws torn off.

Thus these parties dusted off the centuries-old Catalan threat to opt for independence unless they got a better deal from Spain — a crude blackmail for concessions where independence is not a real aim but a mere instrument of extortion. A successful bluff needs the opponent to fold, but an unimpressed Spain didn't call it and won the hand, just saying no and applying the laws by the judiciary.

This chicken game reached a climax in November 2014: The Catalan parties backtracked from upholding the referendum they had promised once it was forbidden by the constitutional court, and instead they organized a so-called “participative process.” The Catalans blinked while the Spaniards stood firm. This last straw broke any credibility that Catalonia ever had in Spain and abroad.

Just two months prior, voters in Scotland had flocked to the polls and [rejected independence](#) by a 10-point margin.

Back then, a lot of people thought it was the end of the independence game for both countries. This was an exercise of wishful thinking, conveniently forgetting that if most people, rightly or wrongly, feel mistreated and left behind by a callous state which is not their own, independence yearning will come to the surface every now and then until it is achieved or the aggrieved feeling subdues into oblivion.

THE STORY TODAY

Therefore, here we go again, less than three years after Scotland and Catalonia's independence defeat. But as Heraclitus observed, no one ever steps in the same river twice, for it's not the same river — the waters are continually flowing — and she's not the same bather either.

Until now, the main difference between both nations has dwelt in Westminster's easy-going willingness to allow Scotland to hold a referendum and Madrid's stubborn refusal to Catalonia having it, but there are hints it may not be so nowadays.

“Now is not the time” for a second referendum on Scottish independence has been the [sharp reply](#) of British Prime Minister Theresa May, meaning [it will never be](#). Going

down in history as the prime minister that presided over both the [breakup of Britain with the European Union](#) and the breakup of the United Kingdom was a risk that the sleepwalking David Cameron frivolously took, but it's unlikely that Westminster will incur such a situation again. Therefore, expect a "no" answer endlessly masqueraded under a polite grievance-avoiding "not yet."

This rejection is grounded in what Catalonia has experienced these past five years: It's enough for a central government to thwart any move toward an unwanted independence referendum by just saying no.

Since both parties stated in October 2012 when the [Edinburgh Agreement](#) was reached that Scotland does not have the legal power to hold a referendum, without the UK Parliament legislation it becomes a non-starter as the ludicrous Catalan experience has showed. In Catalonia, the same parties that promised "referendum yes or yes" from 2012 to 2014 now promise "referendum or referendum." They backtracked then and they will backtrack again. We will see a rehearsal of 2014's farce now turned into slapstick.

Reality is even more stubborn than the Spanish government. Nobody gives a damn about how wicked it has been in denying Catalans their independence referendum — denied also by Germany and Italy's constitutional courts to [Bavaria](#) and Venice these past months. Everybody cheers when an official is indicted and condemned for contempt of court when failing to abide by a judicial verdict that forbids a non-agreed referendum, as the Council of Europe advisory committee has stated and encouraged judges to do.

GOING IT ALONE?

Some people may think there is a possibility that Scotland could organize its own referendum if the UK government refuses to legislate, but the Catalan 2014 "participative process" clearly shows its limits: a referendum could not be organized by the Scottish government; neither officials nor public money could be used; only volunteers would be able to run it; fundraising money would have to pay for it; lack of public guarantees would cast a shadow over its integrity; unionists would boycott it; and any hint of public involvement would lead to the indictment of the officials who exercise an illegal authority.

Even if all these hindrances are overcome and its credibility is not altogether destroyed by the absence of the government's role in reliably counting votes and preventing voting fraud, neither political nor legal mandate would result from it, as Catalonia's unofficial referenda in 2009-10 and 2014 have showed, since neither the unionists nor the central government would ever accept the result as legally binding. This kind of shortcut to circumvent the lack of legal power to run an official referendum can yield a lot of superb results, but actual independence is not one of them.

An inconvenient truth must now be recalled: A referendum or a decision by parliament is not an end by itself. They are merely the accepted democratic means to achieve the end of creating a new independent state that has sovereignty over a permanent population in a definite territory, exercising supremacy and the monopoly of public authority and of the legitimate use of physical force — the Weberian *das Monopol legitimen physischen Zwanges*: the only source of legitimacy for all physical coercion or adjudication of coercion.

No state is willing to relinquish territory to another would-be state; hence there are two ways to substitute the former state by the new one. First, the actual state allows a country to decide by itself over its own independence — running a binding referendum or parliamentary vote, abiding by it and gently retiring if losing. Second, the new would-be state takes power off the actual state, grabbing it against its will in a full-blown confrontation stemming from the [harsh statement](#) by Professor Zoran Oklopčić about Catalonia: “[T]he evidence of the legitimacy of your project, and the guarantee of its success, lies not in the performance of the dignity of your aspiration, or in the simulation of your sovereignty, but in the ultimate sacrifice of yourself, and others.”

In this last case, there would be an interim situation of two states — the existing one and the newly proclaimed — both willing to impose their mutually exclusive monopoly of public authority and of the legitimate use of physical force over the same population into the same territory. The International Court of Justice [noted](#) in 2010: “During the eighteenth, nineteenth and early twentieth centuries, there were numerous instances of declarations of independence, often strenuously opposed by the State from which independence was being declared. Sometimes a declaration resulted in the creation of a new State, at others it did not.”

It all depends then on the so-called principle of effectiveness, otherwise known as “might is right.” In other words, the facts on the ground — often but not always stemming from the boots on the ground — will decide which of the competing states prevails and wins.

The only non-violent way to achieve independence is thus with the agreement of the actual state, applying internal and international pressure strong enough to force it to yield and allow a legally-binding referendum organized by public authorities. That being said, it is very easy to block everything by simply saying no, as the last eight unsuccessful Catalan years have showed.

LAST CHANCE

If the Scottish and Catalan people are serious about their independence craving, if they really want it and are willing to pay the price instead of merely wishing a cherished dream, then this may be their “once in a generation” last chance. Freedom is not free, but dependence isn’t either. A resigned acceptance of the status quo to avoid the risks and uncertainties that independence, agreed or not, holds can only be overcome by a stubborn willpower, since withdrawal comes at a price.

It could be even worse, as the late French Prime Minister Michel Rocard said to a former Catalan vice president in 2015: “Are you Catalans still making those so beautiful rallies on the street? And politics, when?” The Catalan people’s craving for independence has stalled in a swamp barely able to assuage their fears and moral virtues and warmly sharing the wound-licking communitarian therapy sessions delivering nothing but an upsetting, irksome, extremely boring and acrimonious, chronic, topsy-turvy parade of cranky Catalans and annoyed Spaniards — the latter unwilling to let Catalans go and the former unwilling to go by themselves.

The Scottish people do not deserve this awful Catalan outcome. It is up to them to avoid this, playing politics instead. Perhaps they will not achieve independence, but at the very least they will not fritter away their dignity and pride.

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Tick Tock Goes the Doomsday Clock

Craig Moran

July 27, 2017

With North Korea, the doomsday clock inches ever closer to midnight.

On July 22, General Joseph Dunford, the chairman of the US Joint Chiefs of Staff, publicly announced that North Korea's [nuclear missile program](#) has matured to the point that Pyongyang can now launch a "limited missile attack" against the United States, rendering the prospect of conflict not "unimaginable." His remarks came on the back of another startling revelation that shows just how dangerous the crisis has become. At the Aspen Security Forum, where Dunford also spoke, CIA chief Mike Pompeo openly hinted that the Trump administration is actively exploring "[regime change](#)" options. The world, all consumed with the scandals engulfing the White House, now faces the very real possibility of sleepwalking into a nuclear conflict with North Korea. And the battle lines are already drawn.

In spite of repeated vows to work together with the US on stopping the Kim Jong-un regime's nuclear program, China has done next to nothing — other than issuing boilerplate statements about doing "everything" to prevent conflict from breaking out. China has traditionally been unwilling to impose harsher economic sanctions on Pyongyang. At present, China is by far North Korea's largest trading partner, making up more than [90% of its foreign trade](#). According to South Korean government estimates, in 2015 China received \$2.5 billion-worth of North Korean exports, not counting the [thriving black market](#) across the Yalu River along the Chinese border.

This may come as a surprise since the Sino-North Korean relationship has been souring in recent times, as Pyongyang has become an increasingly petulant neighbor. The Kim regime has come to pose both a nuclear and [cyber threat to China](#), while being actively involved in [counterfeiting Chinese currency](#) to the value of millions of dollars each year. In May, North Korea broke a longstanding taboo when it attacked China over media stories pressing for enhanced sanctions, even going so far as to [threaten](#) Beijing with "grave consequences" unless the reports subsided.

Even if China has the power to bring North Korea to its knees, it [fears that harsher sanctions](#) would cause the Kim regime to collapse and pave the way for a reunification

of the Korean Peninsula under Seoul's leadership — a nightmare scenario for the Chinese leadership.

And to top off this kerfuffle, Russia has also decided to step into the arena. Moscow and Pyongyang have taken steps to [deepen their relationship](#) as Sino-DPRK relations deteriorate. Ready to fill the void amid the nuclear standoff, [Russia vetoed a United Nations Security Council](#) (UNSC) statement condemning North Korean missile tests, and even [blocked a UNSC statement](#) calling for renewed sanctions on Pyongyang. Beyond having Kim's back in the UN, Russia has massively boosted its trade with the Hermit Kingdom by a [staggering 73% during](#) the first two months of 2017 alone.

Already sharing a long history of ideological and economic ties, recent projects point to even closer relations between Russia and North Korea. Earlier this year, a [cargo and passenger ferry service](#) opened between North Korea's Rajin and Vladivostok in Russia's far east.

Furthermore, Russian military hardware has been [spotted being transported](#) to the border with North Korea, though Russia was quick to shoot down criticism by citing "routine" military exercises. Russia may never entirely replace China's influence over North Korea, but much like Beijing, it is in Moscow's best interest to maintain the North as a buffer state. By laying the groundwork for stronger ties with North Korea, Russia is now able to [spoil American efforts](#) on the peninsula.

NEWS FROM SOUTH KOREA

North Korea's diplomatic offensive doesn't stop there. The plot twist comes from hitherto one of Washington's closest allies: South Korea. Freshly-minted President Moon Jae-in is on the verge of reversing Seoul's Pyongyang policy by embracing a more amicable approach to North Korea. Favoring a [twin-track approach](#) with a heavy emphasis on pursuing dialogue, Moon has sought to demonstrate his goodwill straight away.

In May, [Seoul approved](#) the first inter-Korean civilian exchange since the start of 2016, after relations were put on hold following Pyongyang's fourth nuclear test. As winter approaches, [approvals of humanitarian assistance](#) to North Korea are bound to increase, and Moon's olive branch shows no sign of wavering.

That Moon's Minjoo Party of Korea (MPK) would try to cozy up to Pyongyang is not entirely unexpected. The party has not been shy to [speak rather apologetically](#) about North Korea's nuclear program, and some MPK elements remain overly sympathetic to the north, perhaps including Moon himself, whose [role in colluding with North Korea](#) on abstaining from the 2007 UN resolution on the DPRK's human rights abuses is well documented.

But the most dangerous aspect of this détente comes from the fact that Moon is ready to allow Pyongyang to drive a wedge between South Korea and Japan. The president's [rejection](#) of the [2015 Comfort Women Agreement](#) struck with Japan mirrors Pyongyang's criticisms and speaks to a worrisome lack of strategic foresight that is playing into North Korea's cards.

The historic comfort women agreement was considered a landmark deal to lay an old issue to rest. After grinding negotiations that even saw the US mediator, Ambassador Mark Lippert, attacked by a [Korean nationalist](#), Japan agreed to set up a fund worth [1 billion yen](#) (\$8.3 million) for comfort women and issued an apology.

However, Pyongyang was quick to call the accord "[humiliating](#)," and has since attempted to undermine South Korea's alliances with Tokyo. On July 19, the South Korean [government announced](#) the establishment of a task force to re-examine the accord, in what is the [latest spat](#) following months of controversy that saw the [withdrawal](#) of Japan's ambassador to South Korea earlier this year.

The global failure to discourage North Korea's nuclear program speaks volumes about the state of the anti-North Korea coalition. With the clock ticking, it is more important than ever that South Korea boosts cooperation with Japan and cements the alliance with the US. But with China and Russia actively bolstering the Kim regime, and with Seoul wavering, it's no wonder that talk of war on the Korean Peninsula is rife.

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The Best Way to Tap the Full Potential of Africa's Diaspora

Hugo Norton

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With its diaspora bond drive, Nigeria should scrutinize the way Western Union and MoneyGram conduct their business within its borders.

Invest money and invest in your country too. That is the simple proposition behind the Nigerian government's new [diaspora bond](#), which hopes to entice citizens living abroad to help fund infrastructure projects and tackle a \$25 billion (record) deficit budget. To date, the five-year bond has raised \$300 million. In the wake of the G20 meeting, where Africa's development was [high on the agenda](#), the initiative shows how bottom-up approaches to aid can often be more effective than campaigns driven by outside actors.

Yet despite success stories, multiple obstacles still prevent governments in developing nations from holding successful bond campaigns. Countries considering diaspora bond initiatives often have to consider why they have such a significant diaspora in the first place.

The strategy — [first pioneered by Israel and India](#) — can work well when non-resident citizens still support their countries of origin and hold assets there. In such cases, diaspora bonds are an excellent way to [leverage patriotism to raise low-cost capital](#). When migrants have escaped oppressive regimes, endemic corruption or economic mismanagement, though, they are much less likely to want to fund the regime that holds power in their home countries, and far more skeptical about the prospect of earning any return on their investment.

Because of these issues — combined with general lack of awareness of the product in some diaspora communities — bond drives by the governments of Kenya and Ethiopia [have had disappointing results](#). As Liesl Riddle, a George Washington University professor who specializes in diaspora financing, has [pointed out](#): "Many governments need to really look at themselves in the mirror, as to what has been their

historic relationship with their diaspora and use that reality in their calculation when they offer investments.”

In any case, there is likely a better way to increase the flow of funds into African economies from compatriots abroad: moving to end anti-competitive practices by dominant money transfer operators (MTO) and leveraging the power of remittances. Remittances contribute far more to family budgets, and by extension government coffers, than foreign aid and diaspora bonds combined: [remittances](#) sent to all nations in 2012 totaled \$534 billion, three times more than aid funds sent to developing countries.

SENDING MONEY OVERSEAS

Nigeria is a prime example of this dynamic. According to the latest [report](#) from the International Fund for Agricultural Development, over the past decade remittances to and within Africa have grown by 36% to reach \$60.5 billion in 2016 — nearly a third of which was channeled to Nigeria, making it among the biggest recipients of remittances in the world. For 19 African nations, including Nigeria, this flow of money represents 3% or more of their GDP, and for six more — Liberia, The Gambia, the Comoros, Lesotho and Senegal — remittances account for more than 10% of national GDP.

It’s clear that remittances are a critical engine keeping African economies running, but unfortunately they’re still stuck in first gear. For remittances to truly become an unbridled driver of investment and growth, governments across the continent need to undertake regulatory reforms that allow their citizens to leverage what is undeniably a massive and still partially untapped pool of capital.

Transaction costs for sending and receiving remittances are the highest in Africa, with a 10% average cost to remit \$200; fees are highest of all in southern Africa, where they hover at 14.6% on average. In the western part of the continent, thanks in part to greater scale and competition, costs have dropped slightly below the global average to 7.9%, but that’s still far above the global goal of 3%.

The transaction costs have remained unacceptably high despite [campaigns](#) to lower them largely because Western Union and MoneyGram have [wielded](#) exclusivity agreements and other means to bolster their growing concentration of market share. According to the [Overseas Development Institute](#), these MTOs account for two-thirds

of remittance transfers and use anticompetitive agreements with agents and banks to restrict competition, block potential entrants from joining the market, and to continue charging high fees for customers who have few other options.

To be fair, several central banks and competition authorities in Africa have already taken up the issue. In September 2016, Nigeria's Central Bank [reversed](#) a contentious decision that would have severely restricted smaller MTOs from operating in the country. According to the draft directive, MTOs would have had to fulfil strict requirements, including holding a net worth of \$1 billion, which would have left only the biggest three MTOs able to operate in the country. While the Central Bank's decision to backtrack is a welcome one, it could still go much further. The Russian government, for instance, is one of the few that has outlawed exclusivity clauses in money transfers — and not surprisingly, transaction costs are among the [lowest](#) worldwide.

African governments would do well to follow Moscow's example. A powerful way for Nigeria to compound the success of its diaspora bond drive, for instance, would be to scrutinize the way Western Union and MoneyGram conduct their business within its borders. These players are still making far too much off African migrants' hard-earned remittances, to the detriment of some of the world's least-developed nations. It's time that grip was loosened.

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