

CURRENT HISTORY

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Global Progress Report, 2010

As a new decade dawns, stubborn problems hinder but have not halted the era's still-dominant trend—globalization. And because globalization spreads free markets, liberal political values, and collective security arrangements, its survival means that progress, however fitful and subject to detours, endures.

To be sure, many troubles evident at the start of 2010 seem intractable. A sharp economic downturn and slow recovery have left joblessness high and public debts still rising, including in the United States. Affluent democracies' culpability in creating the economic crisis has spurred skepticism regarding liberal economic ideas. Authoritarian China's continued rapid growth in 2009 and Russia's increased assertiveness in recent years have reinforced doubts about the continued spread of democracy.

Meanwhile, all the diplomatic engagement and multilateral effort that US President Barack Obama has brought to bear in the Middle East and against nuclear proliferation have produced, so far, no discernible improvements in security. Islamist insurgencies in Pakistan and Afghanistan have grown worse. North Korea in 2009 tested, again, a nuclear weapon and missiles, while international efforts failed to stall Iran's nuclear activities. Worst of all, in the face of persistent poverty haunting Africa, and climate change threatening the world, the global community still dithers.

None of this changes the fact, evident since at least the end of the cold war (and really long before), that the liberal "triad" of unfettered commerce, political liberty, and international cooperation faces no credible competition as a coherent and sustainable set of norms for organizing modern societies. And globalization continues to push these norms, along with everything else, across increasingly porous borders.

Positive developments can be found if one looks for them. Over the past year, the world's leading nations acted clumsily but in concert to prevent a collapse of financial markets, stimulate demand with public spending, and deflect protectionist pressures. In doing so, they averted what might have been a global depression. They also improved prospects for international governance by replacing the Group of 8 with the more inclusive Group of 20 as the primary steward of the global economy.

Another constructive development in 2009 was the European Union's approval of the Lisbon Treaty. It eventually should give the EU a more prominent role in global diplomacy and reduce nationalist divisions that have impaired the union's decision making. A stronger EU may also buttress the credibility of constitutionalist arrangements among nations.

Obama in his first year in office ended US-sanctioned torture. He set in motion steps to close the Guantánamo prison. Through these and other decisions he showed a decent respect for international opinion, the rule

of law, and the notion of a rule-based global order, all of which his predecessor in the White House had scorned.

As for Obama's engagement with the world, though so far he has achieved little concrete in the security arena, it is important that he has made multilateralism the template for US foreign policy. It is important, too, that Obama in 2009 publicly invoked the goal of nuclear disarmament, and that he spoke directly to the Muslim world, in a widely watched speech from Cairo, about the need to resist extremism.

Also, whatever the follow-up to December's climate change conference in Copenhagen, it has to help that the United States is led now by a president who not only regards renewable energy as a key engine of economic growth, but also embraces scientific consensus as his guide.

Fearmongers who fret about "Islamofascism" or rivalry with an emerging autocratic axis usually underestimate the role of ideas in the trajectory of global trends. The Taliban may win control, for a time, over some dirt-poor patches of mountainous terrain in Afghanistan. Al Qaeda certainly must be stopped from acquiring weapons of mass destruction. But in terms of a vision for the future and a basis for societal development, endless jihad and Islamic theocracy constitute certain dead ends. The Iranian regime in 2009 may have temporarily squashed the people's protests; the desire for freedom will not disappear.

How Is the World Doing?

Current History's annual report card on global trends at the start of 2010.

C-

Economy

Because governments shoveled money out their doors, the global recession wasn't as bad as it might have been. But it was still bad. While growth revives, slowly, millions of jobs have yet to return. And even if nations bolster financial rules to prevent crises from recurring, they'll need years to dig out from under debt.

B-

Security

Security challenges emanating from Iran, North Korea, Pakistan, and Afghanistan pose devilish dilemmas. Efforts to marshal collective responses, however, are growing. So is aversion to religious militancy within the Muslim world, and to military solutions everywhere. These trends in time should bear results.

B

Politics

With Barack Obama in the White House and the G-20 as the top economic forum, multilateralism has won the day. Trying to achieve consensus in a mixed world system that includes states like Russia and China is painful, sluggish, and at times debilitating and infuriating. But it is necessary work, and it has begun.

D+

Development

The global recession of 2009, coming on top of soaring food and fuel prices the year before, delivered a body blow to poor countries. Now vital infrastructure projects are on hold, trade barriers continue to advantage the rich, and the world is not on track to achieve the UN's Millennium Development Goals.

D

Resources

Greenhouse gas emissions declined as economic output slowed, but they are reviving again. Various nonbinding pledges and a hopeful atmosphere in Copenhagen fail to redeem the continuing absence of a global process to assure steep, lasting emissions cuts. Nature may show little mercy.

Likewise, authoritarians in China, Russia, and elsewhere offer no consistent or compelling ideology around which the rest of the world, in presumed opposition to democratic nations, could plausibly rally. In the long term, no state that bases its legitimacy on rapid industrialization, national pride, or oil revenues presents a serious model for managing a knowledge-based economy. Nor do autocrats speak to the demand for political participation and accountable government that tends to rise, the world over, as growing numbers of people join globalized middle classes.

World trade and investment contracted sharply in 2009, but both are growing again. As economic integration continues, interests increasingly converge around mutually beneficial goals that involve not just commerce but also the rule of law and international cooperation. China's rise, for example, is enmeshed in globalization. Beijing, as long as it profits from the liberal order, will have little interest in overturning it.

It is time to stop obsessing over the distribution of power—as if the international arena, characterized as it is by interdependency, were still a zero-sum game. As Harvard's Joseph Nye has observed, “It is not enough to think in terms of power *over* others. One must also think in terms of power *to* accomplish goals.”

The global trend that warrants most attention in the coming year is this: The evolution of international governance is not keeping pace with the side effects—from economic crises to nuclear proliferation to climate change—created by globalization. Indeed, Washington itself suffers from growing political paralysis.

Liberal institutions have prevailed in the evolutionary struggle among ideas and social arrangements because of their capacity to absorb learning and encourage innovation. Yet world leaders are not acting quickly or creatively enough on the understanding that, in a globalized environment, empowering others affords a crucial means of accomplishing one's own objectives. At the start of the new decade, the most critical task facing the international community is to reform multilateral groupings to marshal more effective collective action. A.S.

ECONOMY

Reasserting the public interest

A year ago, the world economy was stumbling madly along a broken mountain path, precipitous cliffs shearing away on either side. Now it is, ever so laboriously, placing one foot in front of the other, with a hard trudge stretching ahead. This amounts to improvement, but it is the sort nobody cheers.

Indeed, what's to cheer about? The World Bank in September projected that global economic activity for 2009 would decline by 2.9 percent. Trade volume would drop by nearly 10 percent. Economic growth would resume in 2010, but at a rate of just 2 percent. To translate the data into human terms, people in rich countries are still losing their homes and infants in poor countries are still dying.

In such an environment good news comes with many caveats, but some of it exists. First, a greater disaster was averted—thanks mainly to government action at both the national and multinational levels. China, the European Union, and the United States enacted large fiscal stimulus measures. Central banks used every trick they know to make credit flow. Treasuries rescued banks through loathsome, necessary bailouts. At the same time, the International Monetary Fund vigorously supported the economies of vulnerable countries, and the Group of 20 nations funded these activities. All in all, it was an impressive if at times chaotic suite of responses.

Second, the economic imbalances that helped create the crisis have, at least to some degree, wound down. In the bubble years, American consumers spent all they earned and more on overpriced houses and goods of dubious utility. Morally corrupt US politicians slashed taxes on big campaign contributors, deficits be damned. The Chinese enabled the madness through debt purchases and manipulation of the yuan. Financial institutions everywhere bought up the asset-backed securities that were the bubble's counterfeit currency. Now some of this nonsense is behind us. American consumers have rediscovered thrift and are allotting savings mostly to balance-sheet correction. The US current account deficit will have narrowed significantly in 2009. Securities backed by dodgy assets are discredited, one hopes forever.

Third, governments and multinational institutions are positioned, if only they will seize the chance, to build a new financial architecture. In the run-up to the crisis, banks and other financial institutions played poker with house money, and also set the rules of the game. When the gamblers fell drunkenly off their chairs, implicit government guarantees of bad behavior became sickeningly explicit. Now rules must be realigned with reality. We urgently need a regulatory regime, internationally coordinated, that retains the creative power of innovation while

containing the public dangers of private folly. Progress in this direction has been slow so far. While everyone focused on preventing a second Great Depression, delay was justifiable. It no longer is in 2010.

Can stimulus measures be withdrawn without wrecking a fragile recovery? Can support for financial institutions be walked back without triggering another set of failures? Will global imbalances continue to narrow even as growth resumes? Will fiscal deficits be reduced? And given the broad-based adjustments these questions imply, do we face a midterm future of lowered expectations? The thought is dispiriting but not farfetched.

The time has come to reassess the relationship between markets and states. At times over recent years, in the Anglo-American world at least, nations have seemed little more than arenas in which markets could do their work. But when markets got knocked to their knees, they extended their hands in supplication to the state. The state had no choice but to respond, though this required everyday people to rescue society's most fortunate.

Through the capitalist system, ordinary people can be enriched, fulfilled, and freed. They can also be gravely injured. Capitalism is an awesome tool in the public interest. It must not be confused with the public interest itself. *L.C.*

SECURITY

A deficit of power

Global trends in the security arena are paradoxical. As Bruce Russett reminds us elsewhere in these pages, warfare has declined as the number of democracies has grown, as the world has become more economically integrated, and as international institutions and liberal norms have become more predominant. War between great powers is now virtually unthinkable, as is the prospect of countries trying to expand by conquest. The risk of nuclear annihilation, ever present during the cold war, has receded.

Yet threats, insecurity, and conflict remain, and in some places are expanding—driven not by the ambitions of the powerful, but by the frustrations of the weak. Iran's nuclear program, for instance, reflects a doomed theocracy's appeal to national pride. The lure of holy war resonates mainly amid humiliated populations in underdeveloped countries.

What the world confronts is a clash not between civilizations but between a modern, globalizing civilization and pockets of illiberal resistance. Most threats to stability arise in places that have yet to enjoy the fruits of self-government, free markets, and collective security. Understanding this context is important because it points to a critical security challenge facing the world in 2010: how to increase the international community's capacity to empower the powerless and spread the stakes in peaceful development.

Afghanistan is a case in point. The Obama administration's strategy—more than doubling the number of US troops there this year while announcing a withdrawal that will start in 2011—represents an effort to salvage a war that the previous administration bungled badly. Chances of success, however, remain in doubt. A strategy of protecting

cities and bargaining with rural chieftains holds some promise. But the Afghan army and police likely will not be ready to accept responsibility for security in 2011, when Washington wants to begin transferring it. And a larger military footprint will not address the underlying problem, which is chronic underdevelopment.

Afghanistan is, to be frank, less strategically important than Pakistan—a country that also faces an Islamist insurgency but is much more populous, possesses nuclear arms, and provides Al Qaeda its home base. An overstretched America, with a sizeable deployment still in Iraq, lacks the will, the wherewithal, and the national interest to undertake a full-scale, decades-long effort to transform tribal Afghanistan into a modern state. For the near term, a decentralized muddle is probably the best that can be hoped for.

North Korea and Iran pose a different set of problems. As Pyongyang's 2009 nuclear test and Tehran's continuing uranium enrichment make clear, international sanctions and isolation have failed to derail either country's nuclear ambitions. Both nations have the potential to set off nuclear arms races in their respective regions. Efforts to enlist Russia and China's help may in time bear fruit. But in any case, the world needs new

collective security arrangements for containing rogue states while persuading nervous neighbors not to amass their own nuclear arsenals.

Again, the critical problem is international capacity. The continued integration of markets and spread of liberal values should eventually absorb the world's laggards and resisters into the global order. But in the meantime, how many will suffer amid local mayhem? And what will happen if Pakistan spins out of control, permitting more terrorist attacks, threatening a nuclear exchange with India, or allowing religious fanatics to get their hands on weapons of mass destruction?

The answer, quite obviously, cannot be to send more US troops into every dismaying situation. Successful nation building requires a truly international effort focused on training local populations for self-empowerment and self-sufficiency. Americans cannot shoulder the burden of integrating every dysfunctional country into global peaceful development.

Washington can, however, show leadership in promoting institutional reforms and multilateral frameworks that will expand international competence to build schools, roads, and hospitals in poor countries like Afghanistan; encourage civil society in illiberal petrostates like Iran, Russia, and Venezuela;



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protect human rights in thugocracies like Sudan and Zimbabwe; and in general deter or contain actors that refuse to abide by international norms.

Similarly, Washington cannot by itself deter every nation from acquiring nuclear arms. But it can show leadership in helping to strengthen the international nonproliferation regime. Obama has made a good start in this regard, expressly acknowledging the link between nonproliferation and disarmament by nuclear-weapon states. The United States and Russia in 2010 plan to reduce their nuclear arsenals, and Obama says he will press for Senate ratification of a global test ban treaty.

Also in 2010, signatories to the Nuclear Nonproliferation Treaty will meet in an effort to revitalize that pact, Obama will host a “global

nuclear security summit” to consider ways to combat nuclear smuggling and terrorism, and the UN Conference on Disarmament in Geneva will begin work on banning production of nuclear bomb-making materials. The results of these forums, as well as of multilateral talks with Iran and North Korea, will say much about the pace of progress toward a world free of nuclear terror.

Increased capacity to provide security—including a more inclusive and effective United Nations Security Council, a standing UN peacekeeper force, and a stronger nonproliferation regime—is needed now. It will be needed even more in coming years if climate change, as expected, provokes resource conflicts, massive migrations, and rising instability. A.S.

POLITICS

The multilateral grind

The first decade of this century was a philosophical prizefight between a brawling unilateralist and a boxing multilateralist. In the early going the bruiser had his way, but by the late rounds he was bleeding profusely. In 2009, the brawler was carried off on a stretcher and the boxer commanded the ring.

That is one way to characterize trends in international politics. Another is to say that multilateralism grew ascendant in 2009 for two simple reasons—necessity and choice. Necessity came in the form of a global economic crisis. Choice came in the form of Barack Obama. It may be too soon to proclaim the dawn of an enduring multilateral era. But if such an era comes to pass, it might as well be dated from September 2009.

That was when—after governments around the world had engaged in frantic, coordinated actions to stimulate demand, support their interconnected banks, and ensure that global trade stayed open—the Group of 8 nations gave way to the Group of 20 as the world’s top economic forum. In one sense, this was a mere drop of pretense. In another, it ratified a decades-long trend toward diffusion of global economic power.

As economic power goes, so go all dimensions of power. Obama grasps this reality, and proves it in the surpassingly light touch he applies to international relations, in his preference for working behind the scenes, and indeed in the way he measures success—according to such long-term

criteria that evaluating the man’s intermediary progress is problematic.

That is a nice way to say that Obama has so far achieved little tangible. He like all US presidents took office promising engagement on the Israeli-Palestinian question, but he has responded to Israeli obstinacy with a forbearance that cements the status quo. He wisely chose not to interject himself into Iran’s fraudulent presidential election, but could only watch as Tehran carried out a bloody crackdown on protesters. When the Honduran military staged an anachronistic coup, he left the matter so long in others’ laps that the hemisphere fairly begged the United States to rediscover its old assertiveness.

On one issue, that of Iranian nuclearization, Obama’s approach has been more conspicuously vigorous. But this issue perhaps better than any other exemplifies the difficulty of achieving global aims through multilateral means. Obama worked all year to gain Chinese and Russian support for measures that might make Iran comply with international demands. Moscow and Beijing at last joined in a rebuke of Iran by the International Atomic Energy Agency—and days later, Tehran announced plans to build 10 more enrichment facilities. Iran behaved much the same when it answered the world’s outrage over its post-election crackdown with intensified political repression.

Such episodes emphasize the depressing endurance of authoritarianism. Meanwhile, the global

economic crisis has emphasized authoritarians' occasional successes. China has engineered an unprecedentedly rapid industrialization precisely because of—let's dispense with the pro forma *despite*—the Communist Party's aversion to liberal ideals. And during most of the past decade, the thugs in the Kremlin, scarcely less illiberal than their Zhongnanhai brethren, enjoyed the adulation of a grateful nation.

China's political system is unsustainable in the long term, and Russia is decaying at its corrupt core. But the countries' international influence

exposes a deep, inherent difficulty of multilateralism: It strives to achieve consensus in a mixed world system. One finds among the G-20 nations liberal democracies and repressive autocracies, postindustrial economies and industrializing agrarian states. In such a world, of *course* it is hard to exert decisive pressure on Iran—or to achieve much of anything else. Multilateralism is an exercise in permanently lowered expectations, a debilitating series of stops and reversals and painfully slow advances. In its favor we may say only this: It beats the alternatives. Have a nice era. L.C.

DEVELOPMENT

Off the tracks

While the resumption of growth is celebrated in boardrooms and stock markets, in some parts of the globe the daily struggle for survival goes on. Not only did the economic downturn worsen the circumstances of millions in the world's least-developed countries, but its effects will continue to be felt for years to come.

This is particularly the case in Africa and parts of South Asia, but not exclusively there. Between 2003 and 2008, for instance, global economic integration helped lift out of poverty some 60 million Latin Americans. Yet, in 2009, according to the World Bank, the economic crisis pushed 8 million of them back into poverty.

In the year before the global recession, soaring prices for food and fuel had already set back development worldwide. Then falling prices at the start of 2009 hurt developing economies that depend on commodity exports. Today, in part because of the downturn, rich-country governments are falling short of commitments they have made for international assistance. All of these trends highlight, as a new year begins, the need to build a more sustainable basis for development worldwide.

Part of the solution is more infrastructure investment in poor countries. This includes more public transportation and safer roads; new fiber and wireless networks; renewable energy-fed electricity grids; more efficient water, irrigation, and sanitation systems; and networks of conservation areas to protect biodiversity and reduce global warming. Such projects are critical to sustained growth in the developing world, yet the recession caused many to be shelved.

Developed countries also should revive efforts to reduce market-distorting trade barriers and bloated subsidies that disadvantage developing nations and keep them isolated from the benefits of globalization. Richer countries should seek ways, as well, to encourage greater commercial engagement. China, now close to eclipsing the United States as Africa's largest trading partner, is leading the way in this regard. In November, Beijing pledged to African countries \$10 billion in low-cost loans over three years, the elimination of tariffs on 60 percent of exports from least-developed nations, and construction of 100 clean energy projects.

At the same time, world leaders need urgently to revisit the Millennium Development Goals (MDGs), to which the international community committed itself in 2000. Commendable progress has been made toward meeting some of the goals: Developing countries are successfully battling malaria and other diseases; fewer people today die of AIDS; the prospect of universal primary education is within sight.

Overall, however, the world isn't on track to meet the MDGs by the target date of 2015. Employment opportunities for women, for example, have increased only marginally in sub-Saharan Africa and South Asia, while efforts to eliminate gender disparities in primary and secondary education have faltered. Declining food prices have not significantly reduced hunger and malnutrition in many countries. An estimated 1.4 billion people still lack modern sanitation.

The pace of development will depend, too, on meaningful action regarding climate change. Even with an international pact to reduce global warming emissions, developing nations will need help

adapting to climate impacts that can no longer be avoided. A hint of these was evident in 2009, as East Africa was devastated by drought while relentless rains and floods drenched West Africa.

It is folly in a globalized world for people in affluent countries to imagine that misery in underdeveloped regions won't impair their own prospects for prosperity and peace. A.S.

RESOURCES

Better late than never?

Global emissions of greenhouse gases fell an estimated 3 percent in 2009. That is the good news. The mixed news is that government policies are reckoned to account for only one-quarter of the decline, with an economic calamity accounting for the balance. The bad news is that 2009—like so many other years—failed to produce a binding international agreement preparing the way for a steep, lasting drop in carbon emissions.

If you hear a drip, it is not your kitchen sink. It is either glacial melt or an editorialist's teardrops of futility.

Copenhagen was to have been the place. December 2009 the time. It was there and then that world leaders were finally to dispense with their characteristic parochialism, shortsightedness, and cowardice to fashion a successor agreement to 1997's always-hobbled Kyoto Protocol. But a few weeks before the conference came an announcement that Copenhagen would at best produce a "politically binding" agreement. It did not achieve even that.

Nonetheless, bits of encouraging news emerged in the run-up to the conference. The United States for the first time announced an ambition to cut emissions of greenhouse gases, though the ambition depends on action by the notoriously inert US Senate. China and India said they would reduce their energy intensity, though not emissions themselves. Brazil too offered an emissions target, though the target is nonbinding. Still, taken together, these steps begin to evince momentum for action on climate change.

In the end, it will come down to China and the United States. The two giants, which together produce over 40 percent of global carbon emissions, have for the most part displayed a disgusting recalcitrance on global warming. At least they are beginning to work together now. When Obama visited Beijing in November, the two sides agreed to cooperate on projects involving electric

vehicles, efficient buildings, "cleaner" coal, and the like. This is welcome.

And perhaps the cooperation can be supplemented by friendly, productive competition. China, with its massive hydroelectric projects and its sizeable commitment to wind power, has emerged as a world leader in renewable energy. The United States could do everyone a favor by treating Chinese leadership in renewables the way it treated the Soviet Union's launch of Sputnik—by reasserting its own global leadership through its unparalleled technological prowess.

In a 2009 report titled *Charting Our Water Future*, the 2030 Water Resources Group projected that over one-third of the world's population would by 2030 live in river basins under "significant water stress." Water stress has much to do with climate change—Chinese researchers reckon that the Himalayas will lose more than 40 percent of their glacier coverage by 2070—but it also has to do with growing populations, increasing industrial demands, new consumption patterns, and unwise agricultural practices. Indeed, the world's resource challenge is all-encompassing and integrated, running from the food we eat to the water we drink, from the atmosphere to the aquifer.

When we think of security threats, we tend to focus on terrorism, war, and failed states. But in coming decades, the environment will more pervasively affect our day-to-day wellbeing than will any traditional aspect of security. As this becomes apparent even to dunderheads, serious action on climate change (and other environmental issues such as loss of biodiversity) will come. Will we by then have reached a point of no return?

In so many realms, from democratization to conflict reduction to disease elimination, human beings in recent decades have made nearly inconceivable progress. What a shame if it went to waste for lack of a nice place to live. L.C. ■