

Vol. 9, No. 1, Fall 2005

# THE CURRENT

The Public Policy Journal  
of the Cornell Institute for Public Affairs

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*Travis Durfee*

## **Protected Area Management in Nepal**

*Justin W. Nelson*

## **Do Labor Unions Matter in Latin America?**

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## **Nuclear Disarmament: The South Africa Case**

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## **Iran's Nuclear Option**

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## **Six Flags & Nukes: A look into the Six Party talks**

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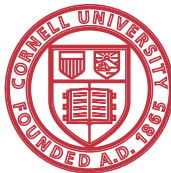
## **Debt Relief, Foreign Aid and Trade in Africa**

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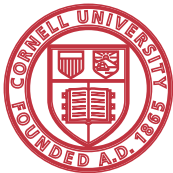
Cornell University  
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## *Mission Statement*

As the academic journal of the Cornell Institute for Public Affairs (CIPA), *The Current* provides a platform for public policy discourse through the work of CIPA fellows and their mentors, with contributions from the public affairs community.

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## *Editor's Note*

We are proud to present this Fall 2005 edition of *The Current*. In continuation of the recent structural and design changes made to the publication, this edition contains among other developments, an International Standard Book Number (ISBN) translated into a worldwide compatible bar code format that uniquely identifies each edition of *The Current*, allowing for more efficient marketing and distribution. Our newly created electronic mail address will allow *The Current* to accept submissions from authors outside the corps of CIPA Fellows, as such an avenue becomes available with the forthcoming Spring 2006 edition.

Featured are contributions on a range of topics, with a series of works presented under the common theme of *Public Policy and Nuclear Weapons; past lessons and future implications*. Within the *Views & Reviews* section, timely analysis on the North Korean nuclear disarmament talks and the dynamics of debt relief, foreign aid and trade policies in Africa are presented, along with a review of Steven Levitt's popular title, *Freakonomics*.

The commitment and tireless dedication of all who contributed, particularly the Editorial Board through their expanded duties and advisory roles, has been instrumental in diligently maintaining the desired level of quality and relevance in the final product.

Special thanks to Faculty Advisor Dr. Jerome M. Ziegler, Director David B. Lewis and the CIPA Core Faculty for their support and guidance in addressing both structural questions and further proposals for development of the journal.

Ahmad Maaty  
Editor-in-Chief

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*The Current* reflects the diverse political, cultural, and personal experiences of CIPA fellows and faculty. The views presented are not necessarily the opinions of *The Current*, the Cornell Institute for Public Affairs or Cornell University.



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# I

## **Do Your Homework** *New York State Government's Struggle with School Finance Reform*

*Travis Durfee*

### **ABSTRACT**

*The provision of public education is one of government's most fundamental responsibilities. In June 2003 New York's highest court held that the State of New York had failed to meet this responsibility under the state's constitution. The state's Court of Appeals held that the New York's system of financing public education did not ensure that New York City's public schools received the funding necessary to provide students with the opportunity to a sound, basic education. This paper explores issues related to New York's case and school finance, in general. The paper closes with a series of recommendations for reforming the state's system of funding public education.*

**I**t is a testament to the universal value of a social program when it elicits fervent support from such divergent thinkers as Karl Marx and Milton Friedman. Public education has been so sanctified.<sup>1</sup> Though they supported it for very different reasons (Friedman valued education for its potential to facilitate capitalism, Marx for its potential to destroy it) both viewed public education as a policy worthy of government support. In light of this, the continued dithering exhibited by the New York State Legislature and Gov. George E. Pataki to reform the way the state funds public education becomes harder to tolerate.

In June 2003, following a 10-year legal battle, New York's highest court held that the state had failed to meet its constitutional mandate to ensure that New York City schools received the necessary funding to provide the opportunity to a sound, basic education. The suit, *Campaign for Fiscal Equity, et al., v. The*

*State of New York, et al.* (hereafter referred to as “CFE”), was by no means extraordinary; school finance cases have been litigated in 42 states dating back to the late 1960s.<sup>2</sup> While most agree upon the generally beneficial role and value of schools in our society, education’s seemingly unassailable virtue is tested in the school finance litigation. In their influential work on the subject, *Private Wealth and Public Education*, Coons, Clune and Sugarman noted that the values underlying school finance debate highlight “the subtle interplay between the egalitarian and individualistic values that underpin our free-enterprise democracy.”<sup>3</sup> At this intersection the authors note that “notions of equality, in the senses both of uniformity of schools and of their products, must compete for allegiance with the often contrasting view values of individualism and social mobility.”<sup>4</sup> Educational scholar James S. Coleman aptly summarized two conflicting values that have informed education policy since the Industrial Revolution as “the desire by members of society to have educational opportunity for all children, and the desire of each family to provide the best education it can afford for its own children. Neither of these desires is to be despised; they both lead to the investment by the older generation in the younger. But they can lead to very different concrete actions.”<sup>5</sup>

Achieving a resolution to New York’s long-standing lawsuit will arguably be one of the primary actions undertaken by the state Legislature when it convenes for session in January of 2006. The state’s Republican-controlled Senate and Democrat-led Assembly both advanced proposals over the previous two sessions, but each has amounted to little more than one-house bills.<sup>6</sup> The governor’s office included (and the Legislature accepted) new funding in his 2005-06 executive budget to address the court’s mandate to fund education at a “sound, basic” level.<sup>7</sup> This paper will touch upon a number of topics related to school finance lawsuits and provide a brief overview of the school finance reform efforts in New York State. The paper will conclude with a series of policy recommendations with the goal of furthering dialogue on the issue.

## Issues in School Finance: An Overview

Coons, Clune and Sugarman introduced us to three basic concepts of public school funding: educational offering (the amount a school district spends per pupil), educational wealth (the relative worth of a district's tax base), and educational effort (the rate at which a school district taxes itself to support education). Using these three concepts—and hyperbole for the sake of example—the problem of school finance addressed in cases like CFE becomes quite clear.

Imagine a state divided into two school districts—the Poorsville and Swanksville Central School Districts. Each educates 1,000 pupils. The Poorsville Central School District contains a property tax base valued at \$1,000,000 (\$1,000 per pupil). The Swanksville Central School District encompasses a tax base valued at \$5,000,000 (\$5,000 per pupil). Each district, through its locally elected school board, sets its own property tax rate—essentially, the effort the community is willing to extend to fund education. For our example, imagine that both districts choose to tax themselves at a tax rate of 100 mills<sup>8</sup>, or 10%. At that rate the property wealth in each community translates as follows: Poorsville students receive \$100 per pupil and Swanksville students receive \$500 per pupil. Poorsville residents would have to levy a tax of 50%—five times the relative tax effort of their neighbor—to achieve the same per pupil expenditure. The inequities of a system where the generation of education revenues is so reliant on the relative wealth of locally-owned property is quite clear; two districts can decide to extend the same effort to support the education of their children but generate wildly disparate funding. As clear as the issue may now seem, the philosophical underpinnings of school finance litigation aren't firmly secure without first tracing the historical arc of these suits over the past 40 years.

### ***School Finance Lawsuits: A Brief History***

Researchers who have followed the history of school finance lawsuits in this country have noted three distinct “waves” into which these lawsuits can be classified.<sup>9</sup> The so-called “educational needs” cases, such as Illinois' *McInnis v. Shapiro*

and Virginia's *Burress v. Wilkerson*, account for the first wave were filed between 1968 and 1973.<sup>10</sup> Plaintiffs in these suits sought redress from the aforementioned inequalities in revenue-generating capacity among school districts within a given state. These suits specifically addressed traditional input measures, such as weighted per-pupil and overall educational spending, and sought a reduction or leveling-up of expenditures to address the funding gaps between districts within the same state. Appealing to the equal protection clauses of the U.S. and various state constitutions, these claims generally sought increased state intervention to equalize these differences under an idea referred to as "fiscal neutrality."<sup>11</sup> This principle states that resources for education, such as property wealth per pupil, should not vary with local fiscal capacity. Instead, the theory holds, revenue dedicated to public schools should reflect the entirety of a state's wealth. Viewed in practice, the theory of fiscal neutrality states that a state should distribute wealth- or power-equalizing aid to property-poor districts to increase the districts revenues for education. The claim that inequality in education funding violated the equal protection clause was ultimately brought before the Supreme Court in 1973 and denied.<sup>12</sup> The court deemed that education was not a fundamental right under the U.S. Constitution, that school districts could not stake equal protection claims and also found the funding disparities resulted from a rational and legitimate state function (local control of schools). The U.S. Supreme Court's 1973 decision in *Rodriguez* closed the doors to the federal court for school finance lawsuits and marked the end of the first wave.

Second wave cases, which began in 1973 with the New Jersey case, *Robinson v. Cahill*, and ended in 1989, appealed to the equal protection and education clauses found in state constitutions to achieve equality of educational funding in state courts.<sup>13</sup> The second wave is marked for plaintiffs' marginal success rate. Between 1973 and 1989, school finance litigation was a rough wash nationwide with just as many state courts invalidating state school finance systems as upholding them.<sup>14</sup> A school finance legal scorecard, available at [www.mhhe.com/odden3e](http://www.mhhe.com/odden3e), summarizes key school finance lawsuits since 1968 and indicates whether the state's finance system was overturned or upheld.

The tack of school finance litigants shifted dramatically in the late 1980s when plaintiffs asked courts to address the adequacy of educational resources made available under state systems, as opposed to inequity of school districts' disparate capacities to generate education revenue. A suit filed in 1989 (*Rose v. Kentucky Council for Better Education*) ushered in the third wave of school finance litigation.<sup>15</sup> At the time of the suit, Kentucky ranked near the bottom in every major academic category, 40th nationally in per-pupil spending and 37th in average teacher salary.<sup>16</sup> The Kentucky court concluded that "even the state's more affluent school districts were inadequately funded by comparison to 'acceptable national standards.'"<sup>17</sup> In an unprecedented decision, the court deemed the state's entire system of education unconstitutional—invalidating more than 150 years of legislation—and ordered the Kentucky general assembly to "recreate and re-establish a system of common schools."<sup>18</sup> In response to the decision, the state Legislature redefined the education clause of Kentucky's constitution, spelling out seven categories that constituted an adequate education: "These capacities include (1) oral and written communication skills; (2) knowledge of social, economic, and political systems; (3) knowledge of governmental processes; (4) knowledge of mental and physical wellness; (5) grounding in the arts; (6) adequate training for life work; and (7) sufficient academic and vocational training to compete with students in surrounding states."<sup>19</sup> The court's mandate called for the Kentucky Legislature to fund education statewide at a level to achieve this minimally adequate education. Adequacy efforts have been the hallmark of school finance suits since *Rose*.

Observers have welcomed the shift towards adequacy in school finance litigation as it provides educators and policymakers "an unprecedented opportunity to blend equality concerns with ongoing school improvement efforts stressing quality, accountability and higher academic standards."<sup>20</sup> New York's case, which we will now discuss, has been referred to as a classic adequacy case.<sup>21</sup>

## The Campaign for Fiscal Equity:

Initiated in 1993 by a nonprofit coalition of parents of NYC school children, individual taxpayers, community school boards and education advocacy organizations dubbed the Campaign for Fiscal Equity, the eponymous lawsuit alleged that the state's method for distributing education funding systematically shortchanged New York City's public schools. The suit alleged that the state was failing to meet its constitutional mandate to "provide for the maintenance and support of a system of free common schools, wherein all the children of this state may be educated."<sup>22</sup> Plaintiffs argued that the state's failure to adequately fund public schools in New York City amounted to a failure to maintain the constitutionally mandated system.

Nationwide in 1993 responsibility for generating education revenues was shared between various levels of government as follows: 44.85% from local sources, 44.57% from state sources and 7.15% from the federal government.<sup>23</sup> In New York State during that same year, however, approximately 54.41% of all education revenues were derived from local sources, 39.2% from state sources, and the remaining 5.99% from the federal government.<sup>24</sup> In 1993, New York City's state-local cost share (52.15% local, 38.85% state) roughly matched the state average.<sup>25</sup> Among the 50 states and the District of Columbia in 1993 (when CFE was filed), New York State ranked 3rd in terms of total revenue generated for public education, 37th in terms of the portion derived from state sources and 16th in terms of the portion derived from local sources.<sup>26</sup>

At the time of the plaintiff's initial complaint, New York City school districts educated approximately 37% (n = 988,498) of New York's 2.67 million school children.<sup>27</sup> During that same period New York City schools received approximately 33.28% (\$3.016 million) of the all state revenues for education (\$9.063 million).<sup>28</sup> However, the plaintiffs alleged, the city's schools educated a disproportionate share of the state's students with special learning needs, children that education research has shown are more costly to educate.<sup>29</sup> New York City schools were responsible for educating approximately 70% of the state's

students living in poverty (as measured by number of students eligible for the federal Free and Reduced Price Lunch plan), more than 60% of the state's public school students in remedial programs, 51% of state's students with severe disabilities and 81% of the children classified with Limited English Proficiency.<sup>30</sup> Research has shown that the additional teacher personnel, instructional materials and building space required to educate students with special needs categories inflates education costs and requires additional funding.<sup>31</sup>

The extreme needs of the city's student population aside, plaintiffs also pointed to the deficiencies of the city schools. At the time of trial, plaintiffs alleged that New York City fared worse than the state average in a number of qualitative classroom categories, such as student-teacher ratio (28:1 in NYC, 22:1 state average), percentage of uncertified teachers (11.8% in NYC, 7.3% state average), and the rate of teacher turnover (14% in NYC, 9% state average).<sup>32</sup> And as could be expected the city's students performed below their peers on statewide standardized tests. At the time of suit, for example, only 18% of New York City's enrollment passed Regents English exam when 55% of the students in the rest of the state passed the same exam.<sup>33</sup> For the Math I Regents in that same year, 26% passed in New York City and 59% passed in the rest of state.<sup>34</sup>

Also at the time the suit was filed, approximately 73% of the New York State's minority public school students were enrolled in New York City public schools, and minority students accounted for approximately 84% of the city's public school enrollment.<sup>35</sup> The city's predominantly minority enrollment led the plaintiffs to seek redress from the state's school funding scheme under Title VI of the Civil Rights Act of 1964. After winding its way through the court system for two years, CFE eventually made it in 1995 to New York State's highest court (the Court of Appeals), which ruled to convene a trial to determine whether New York City students were receiving the quality of education mandated by the constitution.

## **State Education Clauses:**

In New York, the education article of the state's constitution requires that the state "provide for the maintenance and support of a system of free common schools, wherein all the children of this state may be educated."<sup>36</sup> The role in school finance litigation of the education clauses from state constitutions has been thoroughly discussed in research literature.<sup>37</sup> New York State's education article is considered rather vague, calling only for the "support and maintenance" of an education system.<sup>38</sup> For example, New York's clause lacks the qualitative language of many state constitutions, such as Ohio or Wyoming, which require that the state's education system is "thorough and efficient."<sup>39</sup> In school finance litigation the clauses provide a starting point for the process of defining what will be considered an adequate education in a given state. In New York State the lengthy and contentious process of defining what constituted an adequate education was carried out in the state judiciary and the court of public opinion.

### ***"Sound, Basic Education": Defining New York State's Education Article***

New York State's history with school finance litigation predates CFE. In 1982 a group of education advocates from Long Island charged that interdistrict spending gaps in Nassau County constituted a violation of the education article of the state constitution.<sup>40</sup> In that case the Court of Appeals found that state's education article "makes no reference to any requirement that the education to be made available be equal or substantially equivalent in every district."<sup>41</sup> Scrutinizing debate from the Education Committees preceding the 1894 State Constitutional Convention (at which point the education article was adopted), the court determined that the drafters intended the term "education" to mean a "sound, basic education."<sup>42</sup> In 1982, the court stated that the plaintiffs had not advanced a claim "that the educational facilities or services provided ... fall below the statewide minimum standard of educational quality and quantity fixed by the Board



of Regents.”<sup>43</sup> Setting precedent with the phrase “sound, basic education” the court opened the door for the adequacy challenge mounted in CFE.

Fast forward to 1995 and the Court of Appeals is addressing school finance once more, but this time on grounds of whether the state is meeting the aforementioned minimum standard of educational quality and quantity. In that case, the court further expanded its previous description of a “sound, basic education” as one that offers “the basic literacy, calculating, and verbal skills necessary to enable children to eventually function productively as civic participants capable of voting and serving on a jury duty.”<sup>44</sup> With that standard the Court of Appeals sent the case back to the lower court for trial.

The case was sent to a non-jury trial, held between October 12, 1999 and May 15, 2000, including 75 witnesses testifying, 4,300 documents received into evidence and 23,000 pages of transcript.<sup>45</sup> In January of 2001, the trial court justice found that an education preparing individuals for productive citizenship means preparing citizens to be more than “qualified to vote or serve as a juror, but to do so capably and knowledgeably. ... An engaged, capable voter needs the intellectual tools to evaluate complex issues, such as campaign finance reform, tax policy, and global warming, to name only a few.”<sup>46</sup> Based on evidence presented at trial, the court found that this standard was not being met in New York City’s schools and that the state system therefore required an overhaul. An appellate court overturned that ruling in 2002, finding that the lower court presented an “aspirational,” not minimally adequate, definition of education.<sup>47</sup> The appellate court deemed that a “sound, basic education” required skills imparted somewhere between the 8th and 9th grade levels.<sup>48</sup> The appellate court’s decision invoked no small bit of outrage. Robert Berne, vice president of academic affairs at New York University and an expert on New York City schools, said that the appeals court had essentially argued that the city schools were providing an adequate education because some children were able to learn despite uncertified teachers and large classes. “I don’t think you can argue from an exception,” Berne told *The New York Times*. “That’s just bad legal argument and

bad public policy.”<sup>49</sup> And the state’s highest court agreed when it reversed the appellate court’s decision.

In June 2003, the Court of Appeals ruled that a minimum standard for education in New York entitles students to more than an eighth-grade education. To function productively as citizens, the justices wrote, “should not be pegged to the eighth or ninth grade, or indeed to any particular grade level.”<sup>50</sup> Based on evidence presented at trial, the court said that students required a “meaningful high school education” to function productively in this day and age. The Court of Appeals gave the state Legislature till July 30, 2004 to ascertain the actual cost of providing a sound basic education in New York City and enact the necessary reforms.<sup>51</sup> Commissions were formed, reports were drafted, the Senate advanced its own proposal (S.7485, 2004), the governor introduced a bill in the Senate containing his own provisions (S.7684, 2004), and the Assembly passed a resolution advancing its own proposal (<http://assembly.state.ny.us/comm/WAM/20040616/>). But consensus was not achieved. The Governor and state Legislature failed to meet that deadline.<sup>52</sup>

When the deadline passed the Court of Appeals appointed a three-member panel, known as the special masters, to draft a contingency remedy. The special masters decision, which was agreed to by State Supreme Court Justice Leland DeGrasse on February 14, 2005<sup>53</sup>, required an additional \$28.89 billion dollars above current level spending over the next five years to ensure that the city school district could provide an adequate education to its students.<sup>54</sup> That judicial panel recommended that the city receive \$14.08 billion for general operating funds paid in a 25%-50%-75%-100% phase-in over the next four years. The judicial panel recommended that New York City schools needed additional expenditures for operating aid of \$5.63 billion per year, in 2004-2005 dollars, to adequately fund education at a “sound, basic” level.<sup>55</sup> These expenditures were recommended in addition to the \$5.85 billion the state presently spends on the city’s schools, approximately 40% of New York general education budget.<sup>56</sup> The panel also recommended the city schools required \$9.179 billion for capital improvements to be phased in over five years.<sup>57</sup> The ruling was heralded by the plaintiffs, and called a “fiscal fantasy” by naysayers.<sup>58</sup>

***Responding to the court's order:***

Despite statements to the media that it was in the interest of all parties to reach a compromise on the issue, and previous statements that the school aid scheme as it presently exists should be vanquished to the “ash heap of history,” the governor immediately appealed the court ruling.<sup>59</sup> The governor unveiled the \$325 million Sound Basic Education Aid category in his 2005-06 executive budget, which was eventually adopted by the legislature. But critics said this did not go far enough. A bill was entered into the Assembly earlier in 2005 (A.100/A.8700) advancing its proposed reforms to the state's school aid system to comply with the court's order. There was no matching bill in the Senate. Sticking with its traditional “dysfunctional” legislative operations, the two houses did not convene a conference committee to iron out differences.<sup>60</sup> Though disappointing, the reaction of New York state's elected officials to CFE comes as no surprise. By now an unsavory pattern has developed following school finance decisions nationwide whereby the typical reaction of a state's elected officials is to “posture by not accepting the judgments and then to resist as long as possible before acting. . . . As a result of foot dragging, political sparing, and inadequate response, a prolonged period of time passe[s], and appeals by plaintiffs bec[o]me necessary and the norm.”<sup>61</sup> This sentiment rather accurately describes the situation in New York at present. Hoping to advance discussion of the issue beyond this point, this paper now offers a series of proposals for addressing CFE.

**Recommendations for Reform:**

**M**y recommendations for resolving CFE are twofold, calling for a statewide solution and allowing funding such that the new Regents Learning Standards are included in a “sound, basic education.”

First, any solution must be statewide. While the CFE case specifically addressed issues related to New York City school, state policymakers and scholars have for decades criticized the manner in which education is funded statewide. Writing as State Comptroller in 1996, H. Carl McCall pointedly summarized the

unsavory political practices that have resulted from New York's mystery-shrouded school aid system. His assessment is worth quoting at length:

The current day complexity and convoluted nature of the aid system is the result of many years of manipulation of the formulas through the budget process. Each year the legislative leadership and the executive agree on some broad parameters for school aid, such as how much the year-to-year increase will be and on how, overall, the aid will be distributed among regions. The formulas and grant programs are then altered by technicians to achieve a desired result. Although the formulas were originally intended to reflect need, each year's manipulation is in truth most heavily driven by a politically determined distribution requirement. The focus is always on a single year's aid distribution rather than conceptual concerns about need and how aid should be provided. The cumulative result of this annual patchwork is therefore quite naturally a jumble.<sup>62</sup>

In a concurring opinion to the 2003 Court of Appeals decision, Justice Smith noted the need for a statewide resolution since the aid formulas and grant programs used to fund New York City schools are also used to distribute aid to all of the state's school. "The remedy must necessarily affect the [state's] entire interdependent school system" Justice Smith noted.<sup>63</sup> Indeed, this sentiment was addressed time and again by both parties and the various expert witnesses called to testify before the courts throughout CFE. The special masters noted and strongly supported the consensus that the state re-evaluate and reform its system of education finance such that spending is tied to a statewide effort to ensure access to a sound, basic education.<sup>64</sup>

Finally, consideration should be given to the idea that education funding be deemed adequate if it provides schools with

the ability to meet the new Regents Learning Standards. The Court of Appeals accepted a “meaningful high school education” as the state standard for a “sound, basic education.”<sup>65</sup> New York State’s educational standards require all students to meet or exceed the new Regents Learning Standards in order to receive a high school diploma in New York State. If this is the state’s standard, it is only just that education should be funded such that students are provided the opportunity to a meaningful high school education. As noted in one of the nation’s first treatises on issues related to school finance, “by making greater demands ... the state places itself under obligations to help its poorer members comply with demands which are for the general good but which are beyond the power of these poorer communities to meet. This is not only justice, but it is demanded by sound public policy.”<sup>66</sup>

As this paper has shown, the considerations to juggle when discussing reforms to a state’s system of financing education are myriad. As political scientists have argued the multifold and nuanced values underlying the school finance debate lead one to wonder “what incentives exist for political actors to get involved in school finance reform and work toward school finance equalization?” (Ladd 1999, 138) With guarded optimism, this author hopes that the aging court mandate and the fact that the governor’s mansion and all 212 seats of the Legislature will be filled by voters in 2006 will provide the impetus for reform to the state system of school finance.

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*Travis Durfee has studied issues related to school finance, politics, policy and administration in pursuit of his M.P.A. at the Cornell Institute for Public Affairs. He is presently working in Albany, the capital of New York State, on a Legislative Fellowship with the New York State Senate. He has been placed in the office of the Senate education Committee under the chairmanship of Sen. Stephen Saland.*

### **[Endnotes]**

<sup>1</sup> Heilbroner, Rober L. 1999. *The Worldly Philosophers*. New York: Touchstone. Freidman, Milton. 1965. “The Role of Government in Education.” In *Capitalism and Freedom*. Chicago: University of Chicago Press.

<sup>2</sup> Odden, Allan R. and Picus, Lawrence O. 2004. *School Finance: A*

Policy Perspective. New York: McGraw hill, Inc. p. 45

<sup>3</sup> Coons, John E.; Clune III, William H.; Sugarman, Stephen D. 1970. Private Wealth and Public Education. Cambridge, Mass.: The Belknap Press. Harvard University. p. 2.

<sup>4</sup> Ibid. p. 3

<sup>5</sup> Ibid. p. xi

<sup>6</sup> 2005 Assembly bills A.100 and A.8700, the School's for New York's Future Act. 2004 Senate bills S.7684-B and S. 50001-B.

<sup>7</sup> New York State Executive Budget 2005-06

<sup>8</sup> A mill is a tax rate applied to each \$1,000 of assessed valuation. Technically, "mill" means one-thousandth, which in monetary terms is equal to 1/10th of one cent. As a figure, for example, 15 mills are represented as 0.015.

<sup>9</sup> Heise, Michael. 1995. "State Constitutions, School Finance Litigation, and the 'Third Wave': From Equity to Adequacy." Temple Law Review. Fall, 1995. Accessed via Lexis-Nexis.

<sup>10</sup> Ibid. Odden and Picus.

<sup>11</sup> Odden and Picus, p. 62

<sup>12</sup> San Antonio Independent School District v. Rodriguez. 411 U.S.980.

<sup>13</sup> Heise

<sup>14</sup> Ibid

<sup>15</sup> Ibid

<sup>16</sup> Ibid

<sup>17</sup> Ibid

<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> Hadderman, Margaret. 1989. Equity and Adequacy in Educational Finance. ERIC Digest 129. [www.eric.ed.gov](http://www.eric.ed.gov).

<sup>21</sup> Heise

<sup>22</sup> New York State Constitution, Article XI, § 1, available under "Laws of New York" link at <http://public.leginfo.state.ny.us>

<sup>23</sup> National Public Education Financial Survey Data, 1993 v1b-revised, available at National Center for Education Statistics Web sit, <http://nces.ed.gov/ccd/stfis.asp>, author's calculations.

<sup>24</sup> Ibid

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## II

# Protected Area Management within the Annapurna Conservation Area, Nepal

*Justin W. Nelson*

### *ABSTRACT*

*The Annapurna Conservation Area Project was established in 1986 with the task of achieving sustained balance between nature conservation and socio-economic improvement. Conservation Area Management Committees were created at the local level and oversee management of natural resources under the authority of the Conservation Area Management Regulations. However, the Local Self Governance Act also gave that same authority to the District Development Committees and the Village Development Committees. Thus, due to the overlapping mandates, management authority roles within the Annapurna Conservation Area remain largely unclear. Despite the lack of clearly identified roles between local governance bodies within the Annapurna Conservation Area, there have been numerous successful projects that have gained the Annapurna Conservation Area Project international renown. This article uses informal interviews, a review of official records and published literature, and an examination of a newly constructed suspension bridge above Muktinath to explore management tensions within the Annapurna Conservation Area. Finally, the article discusses some broader management issues that should be better addressed in this protected area.*

**F**ollowing passage of the 1973 National Parks and Wildlife Conservation Act, His Majesty's Government of Nepal (HMG) joined other international bodies in the modern area of protection of natural environments.<sup>1</sup> This legislation led to the creation of numerous National Parks and other protected areas throughout the kingdom of Nepal. In response to a perceived lack of environmental responsibility at the local government level, the King Mahendra Trust for Nature Conservation (KMTNC),

a non-government, non-profit organization, was established in 1982 and was given the mission “to conserve, manage and promote nature in all its diversity, balancing human needs with the environment on a sustainable basis for posterity – ensuring maximum community participation with due cognizance of the linkage between economics, environment and ethics through a process in which people are both the principal actors and beneficiaries.”<sup>2</sup>

### **The Annapurna Conservation Area Project**

**T**he Annapurna Conservation Area (ACA) is the first and largest conservation area in Nepal. The ACA covers an area of 7,629 sq km, is home to a wide range of biodiversity that exists in a climate that varies from subtropical to tundra, and is also home to over 120,000 people from eleven ethnic groups. The ACA is based upon the principle of local residents residing within the boundaries of the protected area, as well as maintaining their traditional natural resource management systems and rights.<sup>3,4,5</sup> Due to poorly managed tourism throughout the 1970s and early 1980s, this popular protected area experienced increased forest degradation, a lack of infrastructure development, cultural susceptibility to external influences and an overall threat to the biodiversity of the Annapurna region.<sup>6,7,8</sup> In response, the Annapurna Conservation Area Project was formed in 1986 and placed under control of the King Mahendra Trust for Nature Conservation.

The Annapurna Conservation Area Project (ACAP) was established for the threefold purpose of conserving the natural resources, facilitating socio-economic development, and managing tourism within the ACA. To this end, ACAP implemented nine integrated conservation and development programs (ICDP). Fifty-five Conservation Area Management Committees (CAMCs) were formed at the local Village Development Committee level, and are tasked with setting program priorities and implementing ICDP policy.<sup>9</sup> These committees are required to meet a minimum of six times a year to address conservation and development issues within their jurisdiction.<sup>10,11</sup> ACAP was initially provided

with financial assistance from foreign donors, but to achieve financial independence and sustainability the KMTNC was given legal authority by HMG to charge an entry fee to tourists. The ACAP entry fees of RS2000 (US\$30) per tourist are deposited in an endowment fund for conservation activities and are provided to the CAMCs for approved conservation and development projects.<sup>12,13,14,15</sup>

In recent years, community natural resource management (CNRM) has been promoted as an effective approach for conservation and development activities. CNRM is based upon a principle of devolving power and authority from government bodies to local institutions and community members. Since its creation, ACAP has become world renowned as a successful model of community natural resource management due to the success of various local level projects such as alternative energy, conservation education programs, drinking water systems, and agricultural and forestry-related work. One such project area, bridge construction, falls under the Community Development Program within the ICDP, and is used in this study as a reference point concerning policy implementation and organizational interactions in the Annapurna Conservation Area.<sup>16,17,18,19,20</sup>

### ***Protected Area Management***

Management authority to implement CNRM within the Annapurna Conservation Area is unclear due to the overlapping natural resource management jurisdictions given to the Conservation Area Management Committees (CAMCs) and the Village Development Committees (VDCs) by the Conservation Area Management Regulations (CAMR) and the Local Self Governance Act (LGA). This overlapping of roles has created a situation in the ACA where despite the favorable attitudes about environmental protection and community development in general, many community members are upset about perceived problems that could be attributed to confusion about differing roles for the different institutions.<sup>21,22</sup>

### ***Conservation Area Management Regulations***

Extremely poor park-people relations under the National Parks and Wildlife Conservation Act ultimately led to the passage of the Conservation Area Management Regulations. This legislation closely followed CNRM models of conservation because conservation areas were defined as local participatory protected areas that incorporate integrated conservation and development programs.<sup>23</sup> The Conservation Area Management Regulations outlined the formation of Conservation Area Management Committees, and designated the VDC chairperson as an automatic CAMC member. In addition, this legislation gave CAMCs broad development and conservation management authority within conservation areas. The CAMCs' main duty is to prepare a five-year span Management Action Plan for sustainable community development and environmental conservation, and to provide yearly breakdowns of program goals. The Conservation Area Management Regulations also outlined CAMC working procedures, in addition to requiring a minimum of six CAMC meetings per year, in which half of the members must be present for the meetings to proceed.<sup>24</sup>

### ***Local Self Governance Act***

Following the restoration of democracy in 1990 and the creation of a new constitution, the Local Self Governance Act (LGA) was created to systematize self-governance and make local government bodies more accountable to communities. The LGA outlined creation of Village Development Committees in addition to giving these VDCs a broad range of conservation and development functions, duties, and powers. The VDCs are required to create an annual plan for the village development area and must submit to annual audits of their financial and development activities. Moreover the LGA gave VDCs the power to levy tourist area entry fees similar to those of the CAMCs. The Local Self Governance Act defined working procedures of the VDCs and required monthly meetings, which are to include District Development Committee members. The LGA similarly outlined the creation, powers and duties, meeting requirements, and financial provisions of District Development Committees.<sup>25</sup>

### ***Management Authority Tensions***

As written, the Local Self Governance Act gives community development and conservation management authority to the District Development Committees and Village Development Committees, while the Conservation Area Management Regulations gives this same authority to the KMTNC, the Annapurna Conservation Area Project, and the Conservation Area Management Committees. To manage the tensions created through overlapping jurisdictions, ACAP and the DDCs coordinate through the CAMCs and VDCs. Yet, despite the fact that CAMCs and VDCs are intended to be linked through the automatic inclusion of the VDC chairperson within the CAMCs, a definite lack of coordination exists between these two local bodies. For instance, DDCs and VDCs report that they are often unaware of ACAP activities, which may result in duplications or gaps in programs.<sup>26,27,28</sup> Similarly, each organization is responsible for an annual development and conservation plan; however the lack of coordination between ACAP and the DDCs often results in different plans that do not complement each other.<sup>29,30</sup> Thus due to the lack of coordination or clarity of roles between these two organizations, there is an inherent level of disagreement and tension between ACAP and the DDCs.

### ***Bridge Construction***

Bridge construction throughout the ACA is listed as an important part of community development policies by both ACAP and the DDCs. Bridges are often viewed as a tangible development project that is a direct benefit to trekkers, local individuals, trade, and general mobility throughout rural areas. Yet bridge construction potentially results in degradation of protected environmental areas as a result of factors such as landscape deterioration due to construction, increased erosion rates caused by increased traffic, and slope instability attributable to slope modification during construction. For instance, between the years 2000 and 2003, an average of 18,700 trekkers traveled each year through Lower Mustang.<sup>31</sup> This large number of trekkers could potentially damage the high alpine environment if the bridge and resultant trail route do not properly protect against potential landscape degradation.<sup>32,33,34,35</sup>

Because of the importance placed upon bridges, and the possible landscape deterioration due to bridge construction and resultant trail use, bridges provide an excellent opportunity to observe the creation of public policy initiatives as related to development and conservation goals. Similarly, as both ACAP and the DDCs view bridge construction as one key component of development, this form of development also provides an excellent opportunity to observe interactions between these two development and conservation organizations.

### ***Muktinath Case Study***

The informal, unstructured, and open-ended interviews with key informants revealed broad information about ACAP's lack of involvement in suspension bridge construction projects. The process of approval, planning, construction, funding, and oversight of the suspension bridge construction project did not involve ACAP or the local CAMC, but rather the local DDC took full management authority. In the construction process, locals presented a desire for the bridge to the local VDC. Following DDC approval of the project, the government bodies contacted the Swiss INGO Bridge Building at Local Level (BLL), who conducted a survey study of the proposed construction site. During the construction phase, BLL provided technical knowledge and construction materials, the VDC provided local materials and unskilled labor, and the DDC provided skilled labor. For this specific project, oversight powers and payment for construction rested with the DDC's Remote Area Development Committee (RADC) because this project was located in the RADC's area of jurisdiction.<sup>36,37,38,39</sup>

This case concisely illustrates the management authority tensions within the Annapurna Conservation Area because of the overlapping jurisdictions given by the CAMR and LGA. The DDC, RADC, and local VDC initiated this bridge construction project without coordinating with the CAMC. Moreover, the DDC was not going to approach ACAP for any assistance for this project. Thus, ACAP was removed from any role in this bridge construction project, including notification of the project following completion. Because of the overlapping jurisdictions

and management authority tensions within the Annapurna Conservation Area, this project was completed without any communication or coordination between ACAP and the DDC.

## **Discussion**

**D**uring informal interviews concerning suspension bridge construction within the ACA, interviewees raised several broader protected area management issues. While management tension issues are evidenced through narrowly studying bridge construction, these broader management issues are directly related to current operational practices and management authority within the ACA. Because the ACA is not the sole conservation area in Nepal, and has been hailed globally as a successful model, lessons learned from the ACA may be utilized to improve management in other protected areas worldwide.

### ***Conservation Area Management Committee Operations***

The local level Conservation Area Management Committees are required to hold six meetings per year, yet VDC members of the CAMCs reported that CAMC meetings are infrequent at best. For instance one VDC secretary reported that he has been unaware of any CAMC meetings within the last eight months, while another individual reported that CAMCs meet an average of only two times per year. Conservation Area Management Committee meetings may proceed if only half of the members are present; however if the CAMC meetings have been held without the VDC members, all linkages between ACAP and the DDC have been effectively severed as there are no other direct links between these two organizations.

Similarly, if CAMC meetings are progressing as required by law, the traditionally bi-monthly occurrence of CAMC meetings generates a potential for program overlap and lack of communication between the VDCs and CAMCs. For instance, if a construction project were approved by the DDC immediately following the last CAMC meeting, the local VDC is unable to coordinate with the CAMC and ACAP until the next meeting. Thus, due to the bi-monthly CAMC meeting schedule, VDCs

are highly likely to commence independent conservation and development projects without coordinating with the CAMCs and ACAP technical officers. Likewise, if VDC members are being excluded from CAMC meetings, coordination between the CAMCs and VDCs is drastically hindered.

### ***Decentralization and Authority***

A priority of both His Majesty's Government of Nepal and the King Mahendra Trust for Nature Conservation has been a process of decentralization through the creation of local level bodies such as Village Development Committees and Conservation Area Management Committees. However, several problems exist with the current ACAP model of decentralization. For example, the local level VDCs are composed entirely of elected members, which guarantees a strong representation of local interests within the development and conservation projects.\* Conversely, the local level CAMCs are composed of 15-member bodies that include five individuals appointed by the ACAP Unit Conservation Officer. Compared to the VDCs, which are composed entirely of elected individuals, appointing rather than electing members creates a greater potential for conflict with local interests. For example, if CAMC meetings are taking place without notifying currently elected members, there is a risk that local interests are not being fully represented within the CAMCs. Thus, while decentralization is intended to place more power and authority in the hands of local people, if CAMCs are not meeting, that authority is not being fully utilized. Similarly, if CAMCs are meeting with a non-representative turnout, authority of the CAMC is in danger of being used improperly for conservation and development activities that do not reflect true local interests, but rather reflect ACAP priorities.

### ***Possible Legislative Solutions***

Even if the broader management issues of operations and decentralization were rectified, the remaining larger issue of overlapping jurisdictions would remain in the Annapurna Conservation Area. Both ACAP and the DDCs, and their subsidiary CAMCs and VDCs, are responsible for sustainable community



development and environmental conservation projects; however, this overlap leads to projects such as the Muktinath suspension bridge where one organization will conduct projects without coordination with the other. Exacerbating the lack of clear roles for these organizations is the lack of communication between ACAP and the DDCs. The only connection between these two organizations is an indirect linkage through the inclusion of the VDC chairperson in the CAMC, which the VDC secretaries report has been rendered ineffective. Thus, a need for coordination and communication between ACAP and the DDCs remains. However, even if ACAP and the DDCs were able to clearly identify their roles and coordinate the activities and policies of these two organizations, an overlap in jurisdictions would still exist, leaving the root cause for tension between these organizations in existence. Moreover, if ACAP and the DDCs could not resolve their differences over management authority, the situation in the ACA would remain the same. Thus, the solution to overlapping jurisdictions given by the Conservation Area Management Regulations and Local Self Governance Act must be solved at the national legislative level.

Two broad legislative options exist as a starting point for solving the current overlapping of jurisdictions under the CAMR and LGA. First, a redefinition of roles in order to split management authority and give specific tasks to each organization could solve some of the coordination problems associated with management authority overlap. While a redefinition of roles for ACAP and DDCs could split specific types of activities such that each organization is responsible for specific tasks, this solution would only simplify the policy implementation procedure on paper. Thus, coordination and communication between ACAP and the DDCs would still need to be addressed to ensure that activities of each group would not undermine or negate the activities of the other. For example, agricultural and forestry related conservation and development tasks could be given to ACAP, while bridge and trail related conservation and development tasks could be given to the DDCs. Yet both groups would still need to coordinate to ensure that their separate projects do not undermine one another.

Second, a shift of power to give full management authority to one organization would also rectify overlapping jurisdictions. However, if management authority is given solely to DDCs, a possibility exists for a return to pre-1986 conditions where there is little balance between development and conservation. Yet if management authority is given solely to ACAP, operational and decentralization issues would need to be resolved in order to ensure that local interests are fully represented within the integrated conservation and development programs. One example of a shift of power is to dissolve the Conservation Area Management Committees and give full management authority to the Village Development Committees. Within this legislative act, it would be possible to give an advisory and facilitatory role to ACAP and require this organization to attend the monthly VDC meetings. Also, ACAP could retain control over revenue from local sources such as tourist entry fees, giving ACAP power in the integrated conservation and development programs through controlling a large source of revenue. Thus, ACAP officers could act within a technical advising and environmental oversight role, and maintain direct communication linkages with the DDCs and VDCs.

While these possible broad solutions would require national governmental action, a current temporary solution to the management authority tensions within the ACA is possible. For example, ACAP and the DDCs could hold regular conservation area management workshops to clearly identify their roles and coordinate the activities and policies of these two organizations. These conservation area management workshops could address issues such as CAMC meeting schedules, possible exclusion of VDC members from these meetings, and the potential lack of coordination with the local VDCs due to CAMC meeting times. These workshops could also be used to create high-level linkages between ACAP and the DDCs to supplement the lower level organizational links between the CAMCs and VDCs.

## **Conclusion**

**T**he Conservation Area Management Regulations and the Local Self Governance Act give the same conservation

and development management authority to ACAP and the local DDCs. Exacerbating this overlapping of jurisdictions is a lack of coordination and communication between these two organizations. Due to the lack of coordination and communication, long and short-term development and conservation plans for each organization often do not compliment each other. Similarly, a lack of knowledge about ongoing projects hinders integrated conservation and development projects in the area because of duplications or gaps in programs. As evidenced through a brief study of bridge construction above Muktinath, this management authority tension and lack of coordination between these two organizations resulted in a situation whereby ACAP and the local CAMC were unaware of the aforementioned bridge project.

The VDC chairperson is automatically given CAMC membership in an attempt to link these two organizations and create better communication and coordination. However, VDC secretaries report that CAMC meetings are infrequent at best. Because ACAP and the DDCs have no direct linkages, and rely upon indirect links through the CAMCs and VDCs, communication between ACAP and the DDCs has been effectively severed. The issue of CAMC meetings brings to the forefront a variety of broader management problems that need to be addressed at the local and national level. For example, CAMC operations and decentralization issues, such as the possible exclusion of VDC members, lack of high-level linkages between ACAP and the DDCs, and the issues of local control, need to be addressed to ensure full representation of local interests within the conservation management process.

In addition to problems created by these broader management issues, the overlapping roles of CAMCs and VDCs lead to inefficiency within the ACA due to tensions between ACAP and the DDCs. At the national level, the legal and policy framework should be amended to reduce and mitigate the problems created by overlapping jurisdictions given by the Conservation Area Management Regulations and Local Self Governance Act. Finally, there is a need for better communication and coordination of programs within the Annapurna Conservation Area that must be addressed immediately by ACAP and the DDCs.

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*\*Note: Government is currently still disbanded, and as such the VDC secretaries, who are appointed by the DDC, manage the VDCs. Following a return to the electoral process, VDCs will once again be composed of elected members.*

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### III

## Do Unions Matter in Latin America?

*Micah Gell-Redman*

#### *ABSTRACT*

*Latin American labor unions are often viewed disparagingly as protectionist, Luddite, and anti-competitive. States and political parties in the region have historically sought to incorporate unions into their institutional structures, causing a relationship of corporatist dependence. However, recent shifts in global economic trends have caused states to abandon policies that formerly accommodated unions' social, political, and economic participation. In particular, increased economic integration between countries has forced unions to adopt a regional, rather than national, political orientation. Labor's response to the challenges posed by integration has been surprising in some cases, with continued protectionism shunned in favor of economic openness and cross-border collaboration. Unions have impacted the agenda of regional integration, leading to the creation of more inclusive institutions, and to greater plurality in the regional political process. In order to maintain their relevance, unions will have to confront workers' economic marginalization with a viable, global platform for change.*

**L**atin American labor unions, to the extent they are rendered visible by contemporary political and economic discourse, are often described dismissively as the cause of labor market distortions, and an obstacle to competitiveness. This view casts Labor as a protectionist force whose only goal is to look after the interests of a relatively small group of workers at the expense of others. Shifting political, economic and ideological trends in the Latin American region have caused many to question organized labor's continued viability as a political and social actor. It would be premature, however, to sound the death knell for the Latin American labor movement. Some union leaders have shown remarkable resilience and flexibility in negotiating

increasingly complex challenges at the national and regional levels. In particular, unions have played a relatively effective role in shaping the region's largest trade agreement, the Common Market of the South, or Mercosur.

Inaugurated in 1991 when Argentina, Brazil, Paraguay and Uruguay signed the treaty of Asunción, Mercosur was designed to emulate what was then called the European Community. The initial agreement sought increased economic integration between the member countries, in hopes of gaining greater leverage in the global economy. In the fifteen years since its inception, this ambitious proposal has met with numerous setbacks including major macroeconomic volatility such as drastic currency devaluations and a massive debt crisis. All of these have played a role to impede the very economic cohesion and increased trading power envisioned by its founders. In spite of these vicissitudes, the process of negotiating and implementing the Mercosur continues to be a revealing window into the politics of the region.

The constitution of a common market was a direct challenge to unions in member countries. The aim of this paper is to describe why this was so, to outline the ways that unions have responded to the challenge, and to speculate the future role of organized labor in an increasingly integrated economic environment.

By their contribution to the process of integration, unions have reaffirmed their relevance on the broader political stage, addressing issues that impact not only union members, but all working people.

In looking at Labor's ultimate impact at the highest levels of negotiation, analysis can be restricted to the largest, national-level labor confederations in Brazil, Argentina and Uruguay. (Paraguay's labor movement was so thoroughly incapacitated by the Stroessner dictatorship that it has been a relative non-factor in the Mercosur process). Such a narrow focus on national-level confederations leaves out the dynamic interplay between various groups at the sub-national level. The reader should be aware that the monolithic approach presented here is simply a trope necessitated by the focus of the argument.



## Labor and the State Intertwined

State-labor relations in twentieth century Latin America are profoundly influenced by a process that effectively weaves the most important institutions of organized labor into the very fabric of either the state (as in the case of Brazil) or a particular political party (as in Argentina and Uruguay).<sup>1</sup> Integration was pervasive, and extended to the most fundamental institutional underpinnings of what became the official labor organizations in these countries. In Argentina and Brazil, the result was a corporatist model of labor relations in which unions depended on the state for financial strength and political viability.

In the post World War II period many Latin American governments pursued policies of industrialization by import substitution (ISI), a development model based on protectionist measures and state intervention in private markets. The ISI approach tightened the relationship between Labor and the State by linking workers' productive capacity to domestic markets defined by state supported tariff regimes. The result was a social compact wherein workers' movements tied their fortunes to a growth strategy dependent on a strong and proactive central government. In exchange, unions gained a certain institutional legitimacy that explains, in some cases, their ability to survive long periods of military repression.

Each of the Mercosur member countries lived through military dictatorships at some point in the second half of the 20<sup>th</sup> century. From 1964-1985, Brazil's military government expanded pre-existing methods of state interference to ensure the tightest possible control over the composition of unions, especially at the highest levels of leadership. This involved an ongoing purge of any labor leaders whose political beliefs did not line up well with those of Brazil's military rulers.<sup>2</sup> In Argentina, the period of military rule was shorter but much more violent. Even the current Argentine government concedes that from 1976-1983, the military government carried out, "a planned project aimed to destroy all forms of popular participation".<sup>3</sup> In the short run, increased control and repression resulted in the greatly diminished vitality of organized labor. Over time however, there

was a resurgence of militancy, and in Brazil and Uruguay (where the military ruled from 1973-1984), unions played a key role in the movement for democracy.

### ***The Weave Begins to Fray***

As military regimes gave way to weak democratic ones and societies became more open, unions were forced to negotiate competing pressures from an energized membership and a political establishment attempting to consolidate political control. While in some cases the labor relations scene saw increased mobilization and militancy, labor leaders (especially in Argentina and Brazil) struggled behind the scenes to maintain the corporatist sources of their power base. This strategy of dual appeasement met with mixed results<sup>4</sup> as contradictions inherent in the corporatist system became increasingly apparent.

Transition to democracy was followed by a shift in the region's global economic orientation, further straining established state-labor relations. By the late 1980s in Argentina and the early '90s in Brazil, a combination of domestic stagnation and international pressure forced both countries to soften their stance on pursuing inward looking growth strategies, and to consider the options before them in the global marketplace. In Argentina's case, the result was a drastic economic and social transition under the guidance of the World Bank and the International Monetary Fund who counseled deregulation, privatization and labor market reform. Argentina's dominant labor union confederation acquiesced to most of these reforms, choosing to maintain their close ties to the Peronist party and its leader Carlos Menem.<sup>5</sup> Owing in part to the relative strength of its economy, Brazil's transition came later than Argentina's, and Brazilian union response was more intensely oppositional. Nevertheless, in both cases unions were forced to moderate their positions to accommodate relatively young and weak administrations facing continuing economic crises and strong external pressure to address their problems through labor reform.<sup>6</sup>

### ***Mercosur and Labor's Initial Response***

Thus, in the midst of a tumultuous and uncertain moment for

Labor, the governments of Brazil, Argentina, Uruguay and Paraguay set in motion an inexorable march toward greater regional integration in the form of the common market. Articles one through five of the Treaty of Asunción laid out a timeline for transforming the tariff regimes between the member nations, and creating a common tariff between the Mercosur as a whole and the rest of the global economy. The prospect of regional integration posed an immediate threat to the survival of unions whose existence had been built on special relationships with protectionist national governments. Having survived the transition to democracy, Labor now had to face the transition to a more competitive open economy as a permanent institutional reality.

What was remarkable about the approach of the national labor centrals (especially in Uruguay and Brazil) was their recognition that, while the process of regional integration as it stood left much to be desired, integration itself was both inevitable and potentially beneficial. In contrast to the AFL-CIO's blanket opposition to the NAFTA agreement, some Latin American labor leaders saw an incentive to collaborate across national borders in an attempt to impact the evolving relationships between their respective countries. For various historical reasons, collaboration of this kind was unprecedented in the region, and as such no institution existed to facilitate it. In order for Labor to impact the political process, a forum had to be created to give institutional cohesion to common agendas.

Such a forum was established not by creating a new institution, but by transforming an old one. The International Confederation of Free Trade Unions (ICFTU), through its Latin American arm the Interamerican Regional Workers Organization (ORIT), had long been active in the region as part of the AFL-CIO's cold-war organizing efforts. Negative views of dependence and imperialism, however, made most union leaders skeptical, and, with the exception of Argentina's, none of the major national union confederations were affiliated with ORIT when the treaty of Asunción was signed.<sup>7</sup> As the Cold War came to a close, ORIT began working to redefine itself, establishing the Confederation of Union Centrals of the Southern Cone (CCSCS) as a representative

body with a regional scope. Imperatives of the changing regional environment overwhelmed lingering skepticism, and the labor centrals of all four member nations joined the new confederation in short order.

With a structure well suited to the task of integration, the CCSCS became the primary regional organizing body connecting national union confederations to one another, and acting as a liaison between Labor and the Mercosur institutional bodies.<sup>8</sup> Unions could easily have missed this opportunity, opting for a defensive, protectionist strategy, and in certain cases, as in the initial response of Argentina's largest union confederation, they did. However, while the CCSCS criticized what it saw as an exclusive negotiating process, its approach took regional economic integration for granted, and sought to maximize unions' strategic position in this new environment.

### **New Institutions, New Directions**

Under the aegis of the CCSCS, major labor institutions of all four member countries were able to open up a space in the negotiating process that allowed for increased participation for civil society as a whole and for labor in particular. A subcommittee made up of government, private industry and union representatives was established to focus on labor issues. In 1994, the treaty of Ouro Preto established the Economic and Social Consultative Forum (FCES), an aggregation of national bodies whose membership consists solely of representatives of private industry, unions and non-governmental organizations. While the FCES lacks the power to enforce its recommendations, it has been able to bring gender issues to greater prominence, and to raise the profile of consumer cooperatives.<sup>9</sup>

While making progress within the institutional structure of Mercosur, unions were also working on the ground to address shifting economic realities. In a region where previously little energy had been devoted to building cross national alliances, the central confederations of the Mercosur countries, in coordination with the CCSCS, began a program of regional sectoral organizing. Again, the corporatist and protectionist underpinnings of Latin

American labor were challenged, as the integrating market introduced the possibility of Argentine auto workers seeing their labor contracts exposed to the more competitive Brazilian auto sector. Many similar cases had occurred between Mexican unions and their more powerful Canadian and US counterparts after the institution of NAFTA. In contrast to the North American Labor's response, however, Brazilian and Argentine auto workers' unions were able to craft a regional company-specific agreement. The employer in question, Volkswagen, agreed to negotiate the terms of its restructuring, softening the blow to workers.

At the same time, the CCSCS was advocating for the inclusion of certain fundamental social principles in the Mercosur structure, which were ultimately embodied in the Socio-Laboral Declaration (DSL) signed on December 10<sup>th</sup>, 1998. With the stated aim of, "assuring harmony between economic progress and social well-being," the DSL includes articles on gender equality, child labor, freedom of association and the right to strike, among others. Articles 21 through 25 establish the basic structure and responsibilities of a Socio-Laboral Commission which serves as a regional advisory body with a structure similar to that of the FCES. The Socio-Laboral Commission's relevance to Labor's agenda can be traced in part to the increasing importance of the so-called informal sector in the region's economy.

The informal sector can be defined broadly as the set of labor relationships not subject to legal constraints. Individuals who work in the informal sector in Latin America run the gamut from relatively successful self-employed micro-entrepreneurs, to street vendors living at the barest level of subsistence.<sup>10</sup> While the causes and ultimate societal impacts of increasing informalization may be disputed, its implications for organized labor are clear, because informal sector workers, almost by definition, are not union members. Labor organizations that are viable as national and regional political players depend for their very existence on the institution of some set of labor laws that allow them to function and to grow. Essentially, informalization means a gradual dissolution of such a system and the relegation of organized labor to an increasingly marginal role. An institution like the Socio-Laboral commission gives unions the opportunity

to advocate for issues whose effects extend beyond the limits of their membership and into the heart of the informal sector.

### ***Fighting to Stay Relevant***

Unions have impacted the constitution of the Mercosur, its institutional articulation and its social orientation. Whether or not they have established the kind of “new institutionality” that will be necessary to consolidate these victories in the regional context, and carry them forward into the global arena is another matter.<sup>11</sup> The Mercosur countries are working to advance their agendas within the World Trade Organization, with trading blocs including the European Community, and with the United States through the Free Trade Agreement of the Americas. As these processes continue, will unions be able to maintain the level of participation that they have had thus far in Mercosur? Will they be able to develop the level of international collaboration needed to bridge diverse agendas and disparate levels of economic development? How will they address the continuing increase in precariousness and informality, and the concomitant decrease in their own economic and political power?

The answer to this last question will determine, in part, the extent to which economic progress and social well-being can be harmonized. Unions will define their future relevance by their ability to act as a vanguard on this front, pursuing every avenue to make such a harmonization as deeply and broadly felt as is possible. To do so, they must continue to push for an institutional space in which the social aspect of economic development is of paramount concern.

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### **[Endnotes]**

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<sup>7</sup> Maria Silvia Portella de Castro and Achim Wachendorfer, "El Sindicalismo del MERCOSUR: su trayectoria y sus perspectivas," in Maria Silvia Portella de Castro and Achim Wachendorfer eds., *Sindicalismo y Globalización: la dolorosa inserción en un mundo incierto*, (Caracas, Venezuela: Nueva Sociedad, 1998), 20-21.

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## IV

# Nuclear Disarmament: The South Africa Case

*Linston W. Terry*

### ABSTRACT

*This paper seeks to highlight the conditions under which a state will reduce its number of nuclear weapons. The paper takes a fresh look at the South Africa case, the only country to develop nuclear weapons and then destroy all of them, and draws new conclusions. This paper argues that domestic politics motivated South Africa to disarm, not a realist rationale as generally accepted. Applying the wrong lessons from the South Africa case could have unintended policy consequences for the United States as it engages North Korea in disarmament talks.*

Since the inception of atomic weapons capability, seven nations have ascended to the nuclear club.<sup>1</sup> The US, UK, France, India, Pakistan, China, and Russia all have nuclear weapons. Collectively, the nations maintain nearly 20,000 warheads. In 2005, North Korea declared itself a nuclear power, and is suspected of having a dozen or so tactical nuclear warheads.<sup>2</sup> Additionally, Iran is said to be investing heavily in acquiring nuclear capability as well.<sup>3</sup> Several cases may be examined to test theories about proliferation. However, fewer cases exist in which states have given up their nuclear weapons or nuclear weapons programs. Thus, there is much room for supposition in the nuclear disarmament discourse.

South Africa is the only country to first successfully develop nuclear weapons, a total of six, and then to dismantle all of them. The other existing cases of nuclear disarmament occur in the former Soviet Union states of Belarus and Ukraine. However, they differ from South Africa in that they were “born nuclear,”

meaning they inherited their weapons from another state.<sup>5</sup> This paper extracts the causal factors of South Africa's decision to scrap its nuclear weapons program.

A handful of decision makers dictated South Africa's nuclear weapons policy, using the weapons as a tool to keep the apartheid regime in power. The National Party (NP), in prominence during the apartheid era, regarded the weapons as personal assets, instead of assets of the state. When it became apparent that the regime would fall, apartheid Pretoria dismantled the nuclear arsenal. This paper will illustrate that the "domestic politics" argument yields the greatest explanatory power for South Africa's decision to give up the bomb.

### **Existing Arguments for South Africa's Disarmament**

**H**aving been suspected of being a nuclear power for nearly two decades, the world's suspicion was confirmed in 1993 when the then South African President F. W. de Klerk announced that his government had dismantled its nuclear arsenal and with it, any hope of ever achieving the bomb again.<sup>6</sup> Why did South Africa dismantle its nuclear Arsenal? The realist argument is the most readily accepted rationale for de Klerk's decision. Realists reason that if the external threat to state security is removed, then the need for a nuclear deterrent will disappear.<sup>7</sup> Indeed, by 1990, the Cold War was smoldering, Cuban troops had pulled out of the region in exchange for Namibia's independence, and the Soviet Union had scaled back its aid to Angola, Mozambique, and the African National Congress (ANC), discouraging the ANC from continuing armed struggle against apartheid South Africa.<sup>8</sup> Regarding the changes, de Klerk marked in his memoirs the following statement:

Under these circumstances, the retention of a nuclear capability no longer made any sense—if it ever had in the first place—and had become an obstacle to the development of our international relations. I accordingly decided to dismantle our capability.<sup>9</sup>

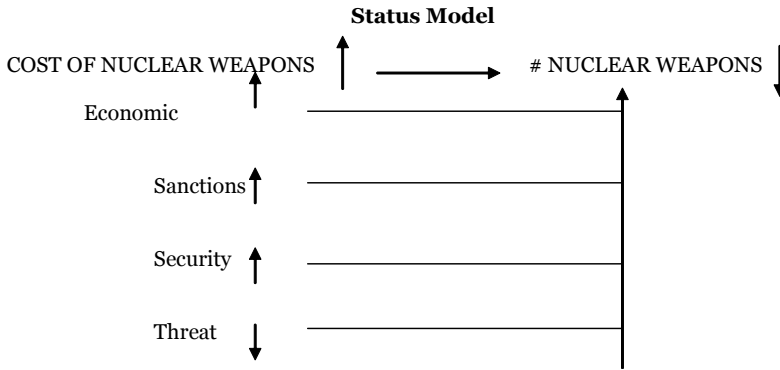
The realist argument is insufficient because it fails to consider the bomb's limitations as a weapon of strategic importance to national defense. The bombs were only deliverable by airplane, limiting their effectiveness as a weapon. More importantly as Long and Grillot point out, South Africa's threat was on its northern borders in Angola, Mozambique, and Namibia.<sup>10</sup> Fighting so close to its borders made it impossible for South Africa's forces to detonate a nuclear device without damaging its own territory. Apartheid ridden South Africa's threat was internal. Thus, nuclear weapons never effectively "balanced" against a regional or external threat in the first place. Such evidence undermines the realist's argument for South Africa's decision to disarm.

The South African nuclear program was affected only by a small group of decision makers, never more than 300 people over the 45 year life of the nuclear program.<sup>11</sup> The political group exerted control over the decision to build and ultimately to give up the bomb. The bomb served the interests of a handful of politicians who sought to maintain the power of an oppressive regime in the face of increasing world opposition to the policies of that regime. The leaders of the apartheid regime intended to use the bomb as a blackmail tool, deterring other nations from forcefully disposing it of its government. However, international opposition to apartheid policies soon began to mount in the form of protests, sanctions, and divestment. When the international economic pressure became too great for the NP to continue with its policies, the bomb was no longer effective as a blackmail tool, and failed to serve the interests of the few decision makers. Viewing the bomb as a personal asset of sorts, rather than leave the bomb to black South Africans (who were most likely to succeed power in democratic elections), the NP elected to destroy it.

### **The Status and Domestic Politics Models**

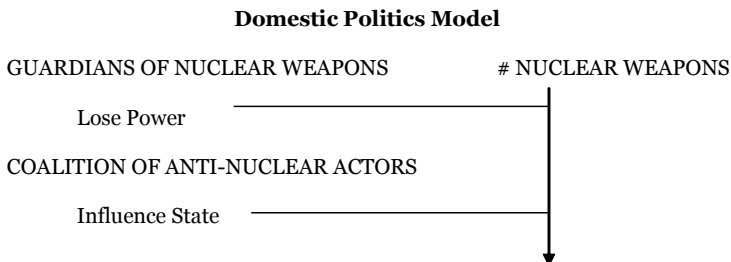
**T**he "Status Model" and the "Domestic Politics Model" illustrate when states consider reducing the number of nuclear weapons in their possession. According to the two models, the reasons for nuclear arms reduction may be largely categorized into two broad groups, international factors on the one hand

and internal factors on the other. The international factors are grouped under the “Status Model,” and the internal ones in the “Domestic Politics” model.



In the Status Model, as the costs of nuclear weapons become too great, the number of nuclear weapons a state holds will fall. Costs are categorized in terms of:

- 1. Economic costs:** Weapons become too expensive to maintain.
- 2. Sanctions:** International sanctions may force states in a position where it must make a trade off between its economic/ political welfare, and holding nuclear weapons for security.
- 3. Security:** The security of the state is threatened by holding nuclear weapons.
- 4. Lowered threat:** threats from an outside state has diminished.



In the Domestic Politics model, nuclear states are headed by an insulated regime. In this model, the nuclear weapons serve the personal interests of politicians instead of serving the interests of national security. When such a regime loses power, it will destroy the nuclear weapons.

- 1. Guardians Lose:** When decision makers responsible for the construction of nuclear weapons regard the weapons as a personal asset instead of a national asset lose power, they will destroy the weapons.
- 2. Coalitions Influence State:** Coalitions of anti-nuclear actors will influence the state to destroy nuclear weapons.

In South Africa's case, the state's decision to disarm is principally explained by a domestic politics argument.

## **Testing the South Africa Case Against the Status Model**

### ***Economic Hypothesis***

The "economic hypothesis" states that a nuclear power will give up its nuclear weapons at the point when the economic opportunity costs, particularly monetary cost, of holding nuclear weapons become too great. According to David Albright, the South African nuclear program was very affordable.<sup>12</sup> Its cost, from inception to end was less than 5 billion US dollars.

Lieberman points out that "the budgetary savings from dismantlement were relatively small." Officials estimated the cost of the nuclear deterrent program to be 70 million Rand per year (about 10 million USD per year), including the cost of capital for the Y plant.<sup>13</sup> As South Africa was one of the leading producers of Uranium, a key component of the nuclear bomb, the bomb was inexpensive to construct.<sup>14</sup> In fact, South Africa exported uranium, supplying the US heavily during the 1950s and 60s in exchange for scientific expertise.<sup>15</sup> The cost of building and maintaining the bomb were so low that Albright in a 1994 article referred to the bomb as the "Affordable Bomb."<sup>16</sup> It is apparent that high cost of a nuclear program did not move Pretoria to dismantle its nuclear arsenal.

### ***Sanctions Hypothesis***

Under this hypothesis, states give up their nuclear capability after international sanctions, both political and economic, create a situation wherein the nuclear player must decide between its political-economic survival, and maintaining the nuclear program. Clearly in the South African case, international sanctions threatened the national economy, making the nuclear weapons a bargaining chip for the apartheid regime.

International sanctions grew increasingly stringent on South Africa, beginning with symbolic gestures that later grew into actions threatening the economic and political stability of the nation. The United Nations' (UN) General Assembly first condemned South Africa's apartheid policies in 1958, expressing "regret and concern" over South Africa's racial policies. In 1960, the UN Security Council passed a resolution condemning South Africa for the Sharpeville massacre of 69 peaceful protestors. In 1963 the US imposed a unilateral arms embargo against South Africa and voted in favor of a non-binding UN resolution calling on all countries to do the same. In the 1970s the US condemned nuclear weapons test in the Kalahari Desert. In the 1980s, the Reagan administration pursued a policy of "constructive engagement" resulting in little action as domestic tension in South Africa grew. Finally, by 1985 the financial community began imposing sanctions that forced the South Africans to make the tradeoff between economic and social survival, and their policies.<sup>17</sup>

In 1985, Chase Manhattan Bank refused to roll over loans to South Africa; foreign banks followed. One year later, the University of California divested \$3.1 billion USD from companies doing business in South Africa. That same year, the state of California divested stock worth nearly \$11 billion USD. Soon after General Motors Corporation, the largest US company in South Africa withdrew from South Africa. IBM withdrew the next day. By 1989, nineteen US states, 70 cities, and 116 universities as well as numerous religious bodies, foundations and unions adopted binding measures mandating divestment or other economic action against companies doing business in South Africa.<sup>18</sup>

Total US direct investment fell 64% from 1985 (marking the

first wave of divestment) to 1993 (the last year of the apartheid regime). The sanctions threatened South Africa's economic and political stability, forcing apartheid Pretoria to change its domestic policy. Some argue that the nuclear option gave them the chance to make a series of sweeping reforms signaling the country was a secure climate to invest in again. However, the international opposition was mounted against the apartheid policies. Ending apartheid was enough to normalize the country's investment climate. Further, South Africa's nuclear program was mired in secrecy. It was not clear that the country actually possessed nuclear weapons until de Klerk's announcement in 1993. Ending apartheid was necessary to end economic sanctions, not disarmament.

### ***Security Hypothesis***

The security hypothesis asserts that a state will give up its nuclear weapons when its security is threatened by another nation because it holds nuclear weapons. In South Africa's case, the nuclear program was cloaked in secrecy. Therefore, its nuclear weapons did not necessarily result in a direct threat to its security.

When South Africa sought to test its nuclear weapons in what was termed a "peaceful explosion," a French Foreign Affairs Minister said:

We did indeed receive information that South Africa was preparing for an atomic explosion, which, according to the South African authorities, was for peaceful purposes. We know what a peaceful atomic explosion is; however, it is not possible to distinguish between a peaceful atomic explosion and an atomic explosion for purposes of military nuclear testing. We therefore warned South Africa that we would regard such testing as endangering all the peace processes under way and as having potentially serious consequences with respect to our relationship with South Africa.<sup>19</sup>

This statement is indicative of the international community's response to South Africa's nuclear aspirations given its domestic policies. Actions taken by the international community to discourage South Africa from pursuing and/or maintaining the bomb were diplomatic at best, never militaristic. For example, the International Atomic Energy Association (IAEA) Board of Governors removed South Africa from its seat on the board in an attempt to force South Africa to sign the Nuclear Non-Proliferation Treaty (NPT). Although agitated, perhaps, the international community posed no severe threat to the apartheid regime in the way of martial action.

### ***Threat Hypothesis***

The threat hypothesis asserts that a nuclear power will reduce the number of its nuclear weapons when an outside threat has been removed. The threat or realist hypothesis is perhaps the most commonly accepted argument for South Africa's decision to disarm. However, the realist argument is insufficient in explaining why South Africa gave up its nuclear weapons. It fails to consider the bomb's limitations as a weapon of strategic importance to national defense. The bombs were only deliverable by airplane, limiting their effective range. South Africa's threat was on its northern borders in Angola, Mozambique, and Namibia. Fighting so close to its borders made it impossible for South Africa's defense forces to detonate a nuclear device without damaging its own territory. Apartheid South Africa's threat was internal. Thus, nuclear weapons never effectively "balanced" against a regional or external threat in the first place.

## **Testing the South Africa Case Against the Domestic Politics Model**

### ***Guardians Lose***

Domestic Politics is described by Scott Sagan as "in [the domestic politics] literature, bureaucratic actors are not seen as passive recipients of top-down political decisions; instead, they create the conditions that favor weapons acquisition by encouraging extreme perceptions of foreign threats, promoting supportive politicians, and actively lobbying for increased defense spending."<sup>20</sup> In the



domestic politics model:

1. Nuclear policy is set by a few influential people who advocate for the use or disuse of atomic weapons.
2. The regime in power and the one responsible for the weapons views them as a personal asset and not a state asset. When that regime falls from power the weapons follow the “owners”, or those responsible for their creation.

RSA weapons program can be divided into three stages. The chart below highlights the periods:<sup>21</sup>

Early Stages	Middle Stages	End Stages
1950s - 1977	1977 - 1989	1989 - 1993

P. K. Botha wielded the most influence over the nuclear program during its middle stage. He was the quintessential “securocrat.”<sup>22</sup> He served as Defense Minister from 1966 – 1980 and at the same time served as Defense Minister, Director of National Intelligence Service, and Prime Minister from 1978 to 1980. President Botha approved the recommendation to proceed with the development of a seven-weapon nuclear deterrent strategy in 1979. He went on to streamline the State Security Council (composed of the Prime Minister, ministers of defense, foreign affairs, justices, and the senior minister) into a powerful decision-making body for national security issues in relative secrecy.<sup>23</sup>

The military was influential, though it mostly focused on domestic security issues and conventional weapons. The two Defense Ministers overseeing the nuclear program were P.W. Botha and his handpicked successor, General Magnus Malan. Under Botha, the Defense Minister’s power was merged with that of the Prime Minister’s in supporting the nuclear deterrent program. Under General Malan it appears the military’s direct influence over the course of the nuclear deterrent program was more limited although they remained engaged at some level as the ultimate customer for the nuclear weapons.<sup>24</sup>

The Technocrats were engineers at Armaments Corporation of South Africa (ARMSCOR) - they exerted heavy influence over the nuclear program, particularly during its critical middle stage. ARMSCOR Managing Director T. de Waal headed a corporation that not only produced nuclear weapons, but also established the capability to mate the weapons with ballistic missiles. There are also indications that ARMSCOR was involved in more than just producing munitions--it also worked in developing the nuclear strategy itself. Though influential in developing the nuclear programs, in the end it was only a few politicians who decided the nuclear programs' fate.<sup>25</sup>

### **Securocrats at Work**

**P**.W. Botha oversaw ARMSCOR as Defense Minister. ARMSCOR was responsible for supplying the nuclear weapons. At the same time, ARMSCOR had tremendous influence in developing Pretoria's nuclear policy. As mentioned above, South Africa was pressured by the Soviets and the US to abort a "peaceful explosion" of its nuclear materials. ARMSCOR thus became the leading agency for developing South Africa's nuclear deterrent as Prime Minister Botha transitioned the nuclear "device" into a "weapon" and established the state's first nuclear deterrent strategy. Botha's administration developed a "3-phase" nuclear strategy, in which the last phase was a nuclear strike against Luanda. The strategy was spelled out in a 30 page document. ARMSCOR expanded the document to 40 pages, establishing specific criteria and preconditions corresponding to each phase of the original strategy.<sup>26</sup>

Though the military was the primary customer of the device, the weapons were stored in separate vaults in ARMSCOR's Circle Facility. The military was not heavily involved in the policy making process. They were primarily focused on tactics and trained to deliver a "dive toss," but were not instrumental in setting nuclear policies.<sup>27</sup>

The Atomic Energy Commission (AEC) scientists had little influence over the nuclear weapons. They researched boosted fission weapons and implosion weapons for which there was no

actual customer and no hope of increased funding. ARMSCOR did hire some AEC scientists to work in their ADVENA laboratories in 1988; however the program ended soon after.<sup>28</sup>

### ***Military Spending***

ARMSCOR was influential in setting South Africa's security policy. At the same time, ARMSCOR was responsible for the construction of the weapons as well. During the middle stages, 1977 to 1989, South Africa's defense spending as a percentage of total government expenditure reached levels as high as 18% to 20%; and 5% of GDP. In 1995 after the first year of ANC rule, the defense spending fell to 6.7% of total government expenditure, and roughly 2% of GDP.<sup>29</sup>

The sporadic swings in military spending can be explained by a number of factors. For example, compulsory military service was implemented in the 1970s. The internal instability such as the Soweto uprisings in 1976 caused a surge. The decision to ready the Y-plant for a nuclear test in 1978 also had a positive effect. The upward swing in the mid 1980s is explained by the "state of emergency" declared by Botha in 1985 to put down the growing internal struggle to end apartheid. ARMSCOR exerted the most influence from 1977 to 1989. By the late 1980s it reached the apex of its "military-industrial" complex. Indeed, it was the largest single exporter of manufactured goods.<sup>32</sup>

ARMSCOR wielded tremendous influence over the decision to build nuclear weapons. The weapons producing company was headed by the same politicians responsible for developing the nuclear weapons policies. However, with the rise of international sanctions, and the fall of apartheid imminent, ARMSCOR's influence waned.

Under such circumstances, the nuclear weapons could no longer serve the interests of a few politicians working to maintain power. Apartheid Pretoria collapsed and a small group of politicians within the NP dismantled the nuclear weapons program. Botha's ARMSCOR was reduced to converting atomic energy into use for power.<sup>33</sup> Within two years, de Klerk had dismantled the system of nuclear weapons and domestic pork.

## Conclusion

It is important for US policy makers to understand why South Africa disarmed its nuclear arsenal. Extracting and applying the wrong causal factors from the South Africa case may lead to unintended policy consequences. Currently, US policy makers are encouraging the Democratic People's Republic of Korea (DPRK or North Korea) to dismantle its nuclear arsenal. Pyongyang, unlike apartheid Pretoria, is driven by a desire for state control and legitimacy. A North Korean official told a US congressional delegation visiting Pyongyang in 2003 that "[North Korea] is not in a position to black mail the US – the only superpower. Our purpose in having a deterrent is related to the war in Iraq. This is also related to statements by the hawks within the US administration. If we don't have a nuclear deterrent, we cannot defend ourselves."<sup>34</sup> Pyongyang built its nuclear arsenal in response to an external threat. Therefore, the domestic Politics Model will not apply to the case of North Korea.

Briefly testing the North Korea case against the Status Model, one finds that neither US sanctions, nor increasing economic costs will create the necessary conditions for North Korea to disarm. Imposing additional US economic sanctions on North Korea is unlikely to have significant impact on the economy as China is North Korea's largest trading partner. The two countries import and export nearly \$1.2 billion of goods each year. Further, the North Korea receives 32% of its imports from China.<sup>35</sup> In order for sanctions to be effective against North Korea, China would have to impose sanctions on North Korea to force a bargaining chip situation. The mounting economic pressure would eventually lead Pyongyang to dismantle its arsenal in order ensure its economic wellbeing. Imposition of Chinese sanctions on North Korea is unlikely to happen, however, as a unified Korea will increase US influence in the region, significantly threatening China's foothold.<sup>36</sup>

North Korea is most likely to disarm if the US policy makers reduce the threat to North Korea's national security. This is the "lowered threat" argument within the status model. Therefore, the US should recognize Pyongyang as a sovereign

nation and trading partner in exchange for complete disarmament and regular inspections by the International Atomic Energy Association.

In the South African case, however, internal factors influenced the decision to disarm. The decision to disarm was based on the influence and power of one political party interested in maintaining power. The President of South Africa served as Security Minister at the same time, and sat on the board of the company that built the nuclear weapons. In a system of domestic pork barrel politics, apartheid Pretoria had come to view the nuclear weapons as personal assets, and not state assets. When the apartheid government collapsed, and it was evident the black South Africans would assume power, the NP destroyed the nuclear arsenal. Thus, it is the domestic politics model that yields the greatest explanatory power regarding South Africa's decision to dismantle its nuclear arsenal.

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<sup>20</sup> Sagan, Scott. 1996-1997. "Why Do States Build Nuclear Weapons?: Three Models in Search of a Bomb." *International Security* 21 (3): 54-86

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## V

# Iran's Nuclear Option *Failed U.S. Policy and the Rise of Fundamentalism*

*Ariel Stukalin*

### *ABSTRACT*

*U.S. relations with the Republic of Iran are both complex and deep rooted. Prior to the Islamic revolution of 1978-79, which brought fundamentalist, anti-Western clerics to supremacy, Iran was a close U.S. ally. Led by Shah Mohamed Reza Pahlavi, whom the CIA had clandestinely reinstated to power in 1953, Iran was considered a stabilizing element in the volatile Middle East, and was privileged to the latest in American military technology. Yet since the revolution, and the ensuing hostage crisis at the U.S. embassy in Tehran, America has been unable to engage Iran diplomatically, much less formulate coherent foreign policy towards the country. As Iran now seeks nuclear capabilities, America is placed in the uncomfortable position of riding backseat to its European allies, forced to confront its troubled past relations with Iran while contemplating the proper course for the future.*

U.S. foreign policy makers are currently navigating a precarious course between the Scylla of Iranian nuclear proliferation and the Charybdis of secret intelligence and closed-door multilateral diplomacy. Starting in mid-July 2005, senior American intelligence officials began secretly presenting their European and United Nations counterparts with evidence of what they believe is Iran's intention to surreptitiously develop nuclear weapons. Yet still operating under the shadow of the erroneous intelligence that America provided as justification for the war with Iraq, Bush administration officials have only presented the material during secret briefings, while President Bush himself has never mentioned the intelligence publicly at all.<sup>1</sup>

American intelligence officials described the material, highly technical schematics written in Farsi, as strong evidence that Iran is trying to develop a nuclear warhead to fit atop its Shahab missile. Such a weapon would be capable of reaching Iran's neighbors, including Israel. The documents were found on an Iranian laptop computer, obtained clandestinely from someone described as a long-time Iranian contact. And tellingly, many of the foreign analysts who have seen the documents agree with the Americans, including French and German officials who did not believe in the flawed intelligence on Iraq.<sup>2</sup>

It is easy to see why American negotiators have taken such a guarded approach to the Iranian documents. Not only must American officials overcome their serious credibility failure over the intelligence leading up to the Iraq war, but in dealing with Iran, American officials must also contend with America's long history of abortive relations with the country. Diplomatic relations with the Islamic Republic Iran have remained severed for over 25 years, ever since militant Iranian students laid siege to the American Embassy in Tehran in November 1979, holding fifty two Americans hostage for well over a year. Washington still feels that normalized diplomatic relations with Iran are unworkable, given its support for groups that condone terrorism like Hezbollah, its opposition to the Middle East peace process, its poor human rights record, and most recently claiming the attention of U.S. policy makers, its probable efforts to acquire nuclear weapons.<sup>3</sup>

Iran's apparent efforts to acquire nuclear weapons capabilities first came to light in August 2002, when a group of Iranian dissidents announced to the world that their country had been pursuing a clandestine nuclear program since 1984. The resistance movement's claims were shortly thereafter confirmed by both the Iranian government and the United Nation's nuclear watchdog, the International Atomic Energy Agency (IAEA).<sup>4</sup> The events in history leading up to this point are crucial to an understanding of current and future foreign policy towards Iran, particularly given America's past involvement in the country, and its role in laying the foundation for the current situation. Indeed, it would not be an exaggeration to refer to the present state of affairs with Iran as blowback from America's past foreign policy indiscretions.

## Background to a Crisis

Iran's nuclear ambitions have a long history, beginning in 1957 when the recently reinstated Shah, Mohamed Reza Pahlavi, signed a cooperation agreement with the United States regarding the research and development of peaceful nuclear technology. The U.S. agreed to lease enriched uranium to Iran in order to fuel its forthcoming reactors, and the Shah soon ordered Tehran University to create a nuclear research center aimed at acquiring the technical expertise necessary to successfully run nuclear generators.<sup>5</sup>

In 1968, Iran was one of the first nations to sign the Nuclear Non-Proliferation Treaty (NPT). As a non-nuclear state, Iran pledged its peaceful commitment to civilian power generation, and vowed never to develop nuclear weapons. Iran's nuclear program was put to a temporary halt however by the Islamic revolution of 1978-79. And the subsequent Iran-Iraq war of 1980-88 was thought to have ended Iran's nuclear program entirely, as Iran's economy collapsed and its West German built reactor at Bushehr succumbed to repeated Iraqi bombings. Yet as has been discovered since 2002, Iran's nuclear program continued, moving underground (literally), and obtaining sensitive nuclear technology, such as uranium enrichment centrifuges and technical schematics, on the nuclear black market coordinated by Pakistani scientist A. Q. Khan.<sup>6</sup>

At the threat of United Nations sanctions, in November of 2004 Iran agreed to temporarily suspend its uranium enrichment program in exchange for negotiations over trade concessions from the European Union. Iran's nuclear program, much of which had been concealed from the outside world for decades, had by this time become a fundamental concern for the West. While the end of 2004 saw the beginning of diplomatic negotiations over Iran's nuclear program between Iran and the European Union (represented by the EU3: France, Germany, and Great Britain), with the United States conspicuously absent from the process, the debate over Iran's nuclear capabilities had been raging for many years.<sup>7</sup>

Tensions over Iran's nuclear ambitions had been mounting for over a decade as U.S. intelligence agencies repeatedly accused

Iran of having one of the world's most active programs to acquire nuclear weapons technology. The CIA conjectured that Iran's pursuit of nuclear fuel-cycle capabilities was driven by the desire to obtain munitions grade material, and not, as the Iranians insisted, for its modest civilian power generation program.<sup>8</sup> Iran's nuclear power program, the U.S. concluded, was being used as a cover for the nefarious development of nuclear weapons, a suspicion shared by the European Union, despite the maintenance by Iran that its program is intended only to develop power generation stations, and not nuclear weapons.<sup>9</sup>

In the wake of the September 11 terrorist attacks, President Bush, in his 2002 State of the Union address, described Iran as being part of an "Axis of Evil" along with Iraq and North Korea. He warned that the proliferation of weapons of mass destruction being developed in these countries was as great a danger to U.S. security as that posed by terrorism.<sup>10</sup> Not surprisingly, the speech outraged Iranians and was condemned by Iranian conservatives and reformists alike. Iran had denied these and similar charges ever since the Clinton administration imposed stiffer oil and trade sanctions on Iran in 1995 for allegedly sponsoring terrorism against the U.S. and its allies (notably Israel), seeking to acquire nuclear arms, and a perceived hostility to the Middle East peace process.<sup>11</sup>

The situation grew increasingly complicated as Russian technicians, eight months after the president's remarks, began reconstruction of Iran's nuclear reactor at Bushehr over strong American objections. Convinced that the Bushehr reactor was part of a larger nuclear weapons program, the U.S. published satellite photos in late 2002 of two nuclear facilities under construction in Iran. These sites at Natanz and Arak were later toured by IAEA inspectors, confirming their use for nuclear fuel enrichment. Iran insisted that the facilities were intended to provide fuel for their future power plants, and not to create highly enriched, munitions grade material. As BBC reporter Paul Kenyon noted in his February 2005 tour of Iran's nuclear facilities, the sites are built deep underground, covered in layers of protective steel and concrete, and surrounded for miles around by military installations and antiaircraft guns in order to protect

against possible air strikes by the Americans or Israelis.<sup>12</sup>

As Kenyon's report illustrated, Iran's actions are consistently suspicious in nature, and point to a pattern of obfuscation and denial. One suspected enrichment site, Lavizan, had been completely dismantled and bulldozed over (as shown through satellite imagery) by the time the IAEA team was allowed to visit. IAEA personnel had long been denied access to another site as well, at Kalaye, where inspectors wanted to test for nuclear particles. By the time inspectors were granted access, the buildings had been completely renovated, leaving the IAEA team nothing to sample but new construction and fresh paint. The IAEA inspectors Kenyon interviewed were frustrated by their lack of access to certain facilities and "deeply concerned" by Iran's "pattern of behavior to conceal activities."<sup>13</sup>

Not surprisingly, Iran's account of its nuclear program failed to satisfy U.S. policymakers. After reports in 2003 from the IAEA disclosing that Iran failed to report certain nuclear materials and activities,<sup>14</sup> including plutonium production, Washington was convinced that Iran was in violation of the non-proliferation accords. In March of 2004 the U.N. passed a resolution condemning Iran for keeping some of its nuclear activities secret,<sup>15</sup> and in September the IAEA passed another resolution mandating a suspension of uranium enrichment by November.<sup>16</sup> Despite an initial rejection of this resolution, and a resumption of enrichment activities, Iran agreed in November 2004 to a suspension of enrichment and entered into negotiations with the EU3 in January 2005.<sup>17</sup>

The negotiations have centered on ensuring that Iran's nuclear program is entirely peaceful, in light of the fact that Iran concealed its uranium enrichment activity for close to two decades. At the heart of the deliberations is the question of who will enrich the uranium for Iran's reactors. Since uranium for power generation need only be enriched to 2% or 3% purity, while weapons grade material must be enriched to 90%, the fear is that an enrichment program for low grade power fuel can easily be stepped up, using the same technical capabilities, to produce the high grade weapons fuel.<sup>18</sup> This is particularly troubling since IAEA inspectors have found concentrations of particles in Iranian

research facilities enriched far beyond the necessary levels for energy generation, around 36% and 54%.<sup>19</sup>

The Europeans would thus be much more comfortable if Iran would scrap all of its enrichment activities, and allow outside sources to provide it with power grade fuel for its reactors. Iran has resented these moves, citing the legality of peaceful nuclear development protected under the Nuclear Non-Proliferation Treaty of 1968. The Bush administration, following its experience with North Korea, views these aspects of the treaty as loopholes that need to be closed. Indeed, Kim Jung Il exploited these same provisions, allowing for peaceful nuclear development, before kicking out IAEA inspectors and declaring that he had acquired nuclear weapons capabilities. As North Korea has shown, a country could simply withdraw from the treaty to build armaments, or it could use its technical enrichment knowledge to produce weapons grade materials surreptitiously in undisclosed locations, as is feared of Iran.<sup>20</sup>

The Bush administration is determined not to allow “another Korea” to occur in Iran, coming down hard on Iran’s nuclear program, threatening sanctions and keeping all military options on the table, and only backing the European diplomatic approach after March of 2005, following President Bush’s European tour. Importantly, the Bush administration condemns the pursuit of nuclear technology by other nations at the same time that it advocates for increased nuclear power production at home, and while also being criticized in the U.N. for its failure to reduce nuclear stockpiles. This point has not been missed by the Iranians, who resent the West’s attempt to limit nuclear technology to an “exclusive club” of members. Indeed, many Iranians feel that their nuclear program is a source of national pride and an inalienable national right enshrined in the Non-Proliferation Treaty.<sup>21</sup>

Thus in February of this year, Iran concluded a deal with Russia to supply it with nuclear fuel to power its new, Russian designed reactor, provided that Iran return the spent fuel to Russia, a measure aimed to prevent further Iranian enrichment to weapons grade levels.<sup>22</sup> Yet Iran has not pledged to scrap its own enrichment program, and is committed to keeping its current enrichment technology. The Iranians have built their

enrichment facilities underground for greater security, and have spread their operations out over several facilities, making them a more difficult target for air attacks. (Consequently, a single blow, like the June 1981 Israeli air strike that took out Iraq's Osirak reactor near Baghdad, will probably not be sufficient to destroy Iran's entire enrichment program.)<sup>23</sup>

The clandestine nature of Iran's program, its secrecy and its implementation underground for greater security, begs the question of Iran's motives. What does a country so rich in natural resources, with one of the largest natural gas reserves in the world, second only to Russia, and vast oil reserves supplying 17% of the world's crude oil consumption, need with nuclear power?<sup>24</sup> Surely Iran's energy demands can be met without nuclear generation. If power production is all that Iran desires, then why insist on enrichment capabilities? And why insist on a heavy water reactor, capable of producing weapons grade plutonium, as Iran maintains, as opposed to a light water reactor more suitable to power generation, as the European Union suggested in its negotiations?

Clearly, Iran wants to keep open the option of generating weapons grade fuel, if not enriched now then at some time in the future. Nuclear capabilities are a powerful card to play in international politics, and Iran would like to be a member of the limited group of nuclear powers. Given the military situation facing Iran today, with U.S. led operations in both Afghanistan and Iraq, two of its neighboring countries, it is not surprising that Iran is concerned for its security, particularly since being included on President Bush's short list of "Axis of Evil" nations. Iran can look not only to both its eastern and western borders to feel the pressure of U.S. hegemony (and it can safely be said that Iran must feel caught in the middle of the current conflict) but importantly also to its past.

### **Oil, Nationalization, and the CIA**

**F**or a country that has a long history of foreign interference in its domestic affairs, and sharp grievances with the U.S. in particular for its role in the 1953 CIA led coup to overthrow its

democratically elected Prime Minister Mohamed Mossadegh, Iran is sure to feel defensive about what it perceives to be its internal affairs. Ever since the D'Arcy concession of 1901, granting Britain the exclusive right to produce and refine all of the country's oil assets, Iran's oil, and by extension its energy policy, has been at the heart of its problems with Western domination over the past century, first with Great Britain, and then with the United States. Iran's vast oil reserves, and the British built refinery at Abadan, the largest and most advanced in the world at the time, made Iran strategically vital to the West throughout the twentieth century.<sup>25</sup>

Iranian oil was a river of black gold that provided a continuous stream of income and benefits to the British at the expense of Iran. By the terms of the 1901 concession, Anglo-Persian was required to pay Iran 16 percent of its annual profits, yet Iran was prohibited from auditing Anglo-Persian's books. Not only did Anglo-Persian pay more in taxes to the British than it did to Iranians, the British government fueled its fleet with oil purchased at cost of production, and controlled over half the profits and share value of the corporation. In 1919 the British, realizing the importance of total control over Iran's oil, imposed the cold blooded Anglo-Persian agreement on the crumbling regime of the last Qajar ruler of Iran, Ahmad Shah, by bribing his negotiators.<sup>26</sup> The British thus assumed complete control over Iran's army, treasury, transportation infrastructure, and communications network.

By the end of World War II, Iran had entered a new era; Reza Shah had been forced from the throne early in the war by the allies for his Nazi support, and they replaced him with his son, Mohammed Reza, who lacked the means to rule as autocratically as his father had. Because Mohammed Reza attempted to rule within the constraints of the constitution (something his father or the Qajar monarchs before him had never bothered with), this period was the high water mark in Iranian representative government. Free elections were held, and the Majlis, which had existed since the constitutional revolution of 1905 but had never been capable of exerting any of its official authority, came into its own as an independent legislative body.<sup>27</sup>



Mohammed Mossadegh, who had been elected to the Majlis in 1943 in the first free election in years, was an outspoken nationalist and proponent for nationalization of the oil industry. He had served in the Majlis decades earlier in the opening years of Reza Shah's reign, before it was made clear that Reza would share power with no one, especially not a representative body. Mossadegh then quietly retired to his countryside home and might never have been heard from again.<sup>28</sup> It would be years later, with the outbreak of the Second World War, that the need to protect Allied oil and maintain supply routes to Russia and India led the allies to quickly invade Iran and finally depose of Reza, who had outlived his usefulness. They installed his son as the New Shah (after briefly contemplating a Qajar descendent, only to find out he lived in London his whole life and spoke no Persian) and reinvested the Majlis with the constitutional authority it had always had on paper but had never been able to exert.<sup>29</sup>

Mossadegh, representing Tehran, was elected by more Iranians than any other Majlis member and was felt to be the only truly honest politician in the country. He was the leader of a loosely organized, broadly defined, secular nationalist party known as the National Front. His rise to power traced the growing nationalism and awakening political consciousness of the Iranian people, and the confrontation over nationalization came to define Mossadegh's struggle against British imperialism. He held rallies and launched a mass-based campaign for nationalization. His nationalist movement included both religious fundamentalists and secularists alike, who put aside their deep differences (like they would do again for the revolution of 1978-79) for the cause of nationalization.<sup>30</sup>

Anglo-Iranian dismissed the nationalist movement and refused to offer Iran a better deal for its oil, despite the best efforts of the Truman administration to convince them otherwise. Mass unrest grew over the issue as religious leaders, including the extremely influential Ayatollah Kashani, applauded the Majlis's efforts and urged it to move quickly on nationalization. After this, no public figure could oppose nationalization without the fear of provoking the masses. At the last minute, Sir Francis Shepherd, the British ambassador to Iran, intimated that the British might

now be willing to consider the idea of a fifty-fifty profit sharing arrangement, but by this time it was too late, as passions over the issue had been raised to a boiling point, and even Britain's most trusted members of the Majlis feared being seen as pawns of British imperialism. The British scrambled to prevent an Iranian vote on the issue but to no avail; the Majlis voted unanimously on March 15, 1951 for nationalization.<sup>31</sup>

In order to show their resolve, and to prove that they would not be intimidated by threats of nationalization, the British cut wages at Abadan and ordered warships to patrol off the coast of the refinery. Riots soon broke out at the refinery leaving six Iranians and three British dead.<sup>32</sup> Shepherd believed he could still bring the situation under control if he only had a more pro-British Prime Minister, and insisted that the Shah nominate an old British ally. The Shah obediently agreed, and directed the Majlis to confirm the nomination of Sayyed Zia, a longtime friend of Shepherd. No one could have imagined what happened next. At the Majlis's confirmation hearing to vote on Zia's nomination, one member, who happened to be on the British payroll, admonished Mossadegh for instigating the confrontation over nationalization and paralyzing the Majlis in the process. He announced that if Mossadegh wanted real change he should try being Prime Minister himself, and realize how difficult the job really was, instead of merely causing trouble.<sup>33</sup>

Mossadegh, by this time a national hero, rose to speak. He thanked his colleague for the suggestion that he become Prime Minister, and said that he would, in all humility, accept the nomination. The Majlis immediately voted on the nomination, and Mossadegh was overwhelmingly approved. Realizing his power of the moment, Mossadegh said that he would only take the position of Prime Minister if the Majlis also passed his bill to actually implement the nationalization of Anglo-Iranian.<sup>34</sup> The Majlis passed it that very afternoon, sending Iran on a collision course with Great Britain over control of its oil resources.<sup>35</sup> President Truman, fearing that Britain's confrontation with Mossadegh would split the Atlantic Alliance, decided that direct American mediation of the situation was necessary.<sup>36</sup>

He sent Averell Harriman, a highly experienced diplomat

and one of Truman's close personal friends, to Tehran to see if Mossadegh and the British could be brought to a compromise.<sup>37</sup> But the time for rational discussion of the issue was over for Mossadegh, as nationalization became for him, and the Iranian people, a crusade against the imperial British oppressor. Despite the fact that Iran was incapable of extracting and refining the oil on its own without Anglo-Iranian's British technicians, Mossadegh would not budge on the issue of nationalization. He refused to even consider an arrangement that would have allowed the new Iranian National Oil Company to continue to exist (a face saving measure for Mossadegh and the Iranian nationalists), that provided for maintained British control over the operations.<sup>38</sup>

The British, for their part, refused to negotiate with Iran, issuing only what Harriman called "rash statements" and "impulsive expressions of resentment" over the theft of their property. In his visit to Iran Harriman was unable to bridge the gap between the British and Iranians, arriving home empty handed, but with the understanding, particularly after touring the deplorable housing conditions at Abadan, that the British had an utterly colonial outlook towards Iran and issue of nationalization. Meanwhile, the Iranians had placed advertisements in Western newspapers and through technical associations for oil technicians to run the Abadan refinery. The British pressured European nations and the United States not to grant visas to oil technicians, and immediately began to sabotage the machinery at Abadan, should outside technicians ever manage to get there.<sup>39</sup>

As Harriman left Iran, the British decided to bring the matter before the United Nations Security Council, much as it had done in the League of Nations to Reza Shah during the interwar period. But this time the British would not be so lucky. Mossadegh personally traveled to New York to make his case before the member nations. And he was truly convincing, the complete embodiment of the Third World's struggle against colonial oppression. The case ended in a political defeat for the British, and Mossadegh returned home in triumph. But while Mossadegh was pleading his case in the United States, across the Atlantic in Great Britain, the Conservative Winston Churchill had defeated Prime Minister Attlee's Labour government in

parliamentary elections, and Britain's policy towards Iran immediately toughened further.<sup>40</sup>

The situation worsened, and by October 1952, the British were forced to completely leave Abadan. Britain imposed an oil embargo on Iran, and began intercepting ships carrying Iranian oil. Once news got out that the British Navy was seizing ships carrying Iranian oil, no oil company would do business with Iran anymore. Iran's economy, which was overwhelmingly dependent on oil exports, crashed.<sup>41</sup> Back in the United States, the November elections brought Dwight Eisenhower to the Presidency, and gave the British a new opportunity to rid themselves of Mossadegh. The British had tried in vain for months to convince Truman to support a plan to overthrow Mossadegh, but Truman would hear nothing about it. Now, the mood in Washington had shifted precipitously, with a new administration that was much more receptive to Britain's calls for regime change.<sup>42</sup>

Prime Minister Winston Churchill believed in covert operations, and strongly encouraged the Eisenhower administration, whose overt and covert foreign policy were led by the Dulles brothers, that such an operation was in order. Long before Eisenhower or Churchill ever gave their final approval for such a plan however, intelligence officers in both the CIA and the British Intelligence Service had been scheming to overthrow Mossadegh. In fact, when Eisenhower first came to office he felt that Mossadegh was the West's only hope to prevent the total collapse of Iran and a fall into communism, a view similar to Truman's.<sup>43</sup> Nonetheless, economic unrest in Iran, fueled by British anti-Mossadegh propaganda, helped the British and their allies in the CIA and State Department convince Eisenhower that Mossadegh must be removed or face the consequences of a communist Iranian revolution, as seen in newly declassified State Department documents.<sup>44</sup>

On June 14, 1953 Allen Dulles briefed President Eisenhower on the CIA's proposed operation to remove Mossadegh, and Eisenhower gave his blessing. Soon after Eisenhower approved the coup, the CIA sent one of its most capable agents, Kermit Roosevelt, a grandson of Teddy Roosevelt, to carry it out. The plan had been drawn up by two intelligence officers, one American

and the other British. The CIA man was Donald Wilber, who later wrote the CIA's internal history of the affair, the document that was leaked to the *New York Times* in 2000. As the British had been completely kicked out of Iran by Mossadegh, the operation was left entirely in American hands to implement, using a network of Iranian agents that the British had cultivated for several years.<sup>45</sup>

Roosevelt immediately set to work. He garnered the reluctant Shah's support for the coup, and persuaded him to sign CIA written documents dismissing Mossadegh and naming a disaffected military officer his successor (neither of which was within the Shah's constitutional authority). Roosevelt bought support wherever he could, bribing religious figures and newspapers to ensure that his message was heard, and began disseminating an unending stream of anti-Mossadegh propaganda. He organized protest marches and even framed the communist party for local violence and attacks against popular religious leaders. Roosevelt worked tirelessly to bring down Mossadegh, and even continued with his efforts when it was thought by his superiors that his efforts had been thwarted by Mossadegh, who had caught wind of the initial plans and had the Iranians responsible for the attempted coup imprisoned.<sup>46</sup>

But Roosevelt persevered, and as Mossadegh let his guard down thinking that he had put down the coup once and for all, Roosevelt struck again, organizing more protest riots and eventually succeeding in having anti-Mossadegh Iranian military units capture the Prime Minister in his home.<sup>47</sup> The Shah, who had fled the country in fear, returned home a triumphant monarch, and soon began consolidating his new found power. An historic opportunity for Iranian democracy had slipped away, at least for another half century. Mossadegh was sentenced to house arrest, where he spent the rest of life, caring for the people of his hometown who tended to his property.<sup>48</sup>

### **Atoms and Ayatollahs**

**F**rom the American and British perspective, the coup could not have been more successful in the short term. The British resumed control over Iran's oil under the newly formed British

Petroleum Company, only from now on they would share the wealth with several American oil firms and a few other international firms that paid BP handsomely for the right to produce Iran's oil.<sup>49</sup> Moreover, Iran fell under the control of the pro-Western Mohamed Reza Shah, a strong American and British ally, who pacified Iran for another quarter century under his tyrannical rule, persecuting all political opponents including the communists. The Shah's secret police, the Savak, was infamous for its brutality and elimination of political dissidents and other enemies of the Shah.<sup>50</sup>

Iran was ruled autocratically until 1978, when Iranians could stand no more and openly rebelled against the Shah's repressive rule. Because the Shah had eliminated all political resistance, the only organized opposition voice that remained in Iran was that of the religious movement.<sup>51</sup> Religious fundamentalists, who appealed for a uniquely Islamic government, struck many as an authentically Iranian alternative to the Western systems that had oppressed them for centuries. Further, the fundamentalists had the advantage of moral superiority, and could simply brand their secular political opponents as un-Islamic, a charge that was difficult to overcome. The religious fundamentalists could also count on years of hatred and animosity towards the West, which helped tremendously in establishing a distinctively anti-Western theocracy.<sup>52</sup>

So the fact that Iran's current nuclear program is a source of tremendous pride for many Iranians, and that many would prefer that their government not cave in to Western demands, should come as no surprise to any student of history. Nuclear energy is sanctioned by the Non-Proliferation Treaty, so an entirely peaceful program should not face sanctions from the U.N (particularly given Russia and China's current economic ties with Iran). But Iran made clear through its actions that its nuclear program is not entirely peaceful in nature. Even if national pride would dictate that the country manage all the processes of nuclear power themselves, the actual enrichment of uranium is a dangerous technology that can easily be put towards the creation of weaponry, and one that is not necessary to be done within Iran, as the enriched fuel (at the power generating 2%-3% purity)

could be provided to Iran from any one of a number of outside sources.

The temptation to pursue nuclear weapons, once the necessary enrichment technology is in place, is far too great for any national leader to ignore, and should therefore be limited to as few countries as possible around the world. Iran's vacillation over the past several months, declaring that it will continue the enrichment process one day, only to back peddle the next, demonstrates that the Iranian leaders themselves are having trouble with this difficult decision. Europe and the United States have threatened Iran not to continue enrichment, and have offered some modest benefits, like access to the World Trade Organization and aircraft parts, in exchange for Iran's compliance. But the West will have to do better if it wants to bring about an end to Iran's enrichment program.

In light of history, why should Iran give up its ostensibly peaceful nuclear program, sanctioned by the Non-Proliferation treaty, when the U.S. has failed to demonstrably reduce its own stockpile of nuclear weapons as mandated by the treaty? Iran has invested considerable time and energy into its nuclear program, and it will not give it up without the proper incentive. While Britain, France, Germany and the U.S. threatened the severe consequence to Iran of continued enrichment, including U.N. trade sanctions, it is an option that neither the West nor Iran wants to face. Iran backed down from its threat to repeal its suspension of activities, but it is evident that Iran is unsatisfied with the negotiations process up to this point. The situation is obviously frustrating for all participants.<sup>53</sup>

Iran wants nuclear technology, possibly for munitions, and feels it has a right to pursue a civilian nuclear program. It fears sanctions from the U.N., and if it must suspend part of its program, enrichment in particular, it wants a good deal from the West in terms of incentives. Nuclear technology is a source of national pride for patriotic Iranians, even for those that don't wholeheartedly support the Islamic government. It has become a 'rally around the flag' issue of national rights, and brings a notion of independence from the domination of the Western powers, countries that have played chess with Iran's future for

the past century. For their part, the Americans and Europeans are fearful of nuclear proliferation and the possibility of nuclear terrorism. Iran is seen to support terrorism through groups like Hezbollah, its human rights record is poor, its fundamentalist leaders frighten the West, and the idea of a nuclear Iran seems ominously threatening.

Yet the real concern to the West is the enrichment activity, which could be provided for Iran by other countries (Russia has already signed a deal to provide the service). Iran can have a nuclear energy program without its own enrichment, and the West should support that move. If Iran will settle for a peaceful program without enrichment, then it must be enticed to do so. While direct U.S. involvement may be too threatening to the Iranians, America needs to provide the EU3 negotiating team with enough incentives for Iranian leaders to save face if they choose to abandon enrichment. The deal they are offered, and the penalties for not taking the deal, should clearly make the move towards scrapping enrichment an easy one for the Iranian leadership to adopt. Iranian policymakers should be able to come home and say that they have succeeded in their mission of securing their nuclear energy program, and in exchange for scrapping a small and unnecessary portion of that program, enrichment, Europe has offered a great deal of valuable incentives that will considerably improve the day to day lives of ordinary Iranians. Unfortunately, the incentives offered up to this point have not made this possible. While Iran may be holding out for a sweeter deal, it is in everyone's interest for the West to offer that deal, a small price to pay for peace of mind and regional security. The worst thing that could happen would be for the Iranians to walk away because the West wasn't willing to engage Iran fully and openly.

To be certain, the diplomatic approach is the best way to proceed with Iran. But European negotiators must realize that the deal they are offering today simply isn't enough for Iranian diplomats to justify a possible caving-in to the West, no matter how many laptops, satellite photos, and radioactive particle tests proving Iran's intentions negotiators may have. Iran must be made to feel that they have come away from the bargaining



table better off without enrichment than with it, because Iran can simply resume its enrichment activities in secret once again if it feels slighted by the West. In this likely scenario, the whole process begins anew, from a starting point of already failed past negotiations, with the only benefit having been a slight delay in the enrichment process. The only way to prevent this failed outcome is for Iran to come away from the negotiations feeling like a winner, and not a pawn at the hands of the Western powers.

In accepting the Nobel Peace Prize this December, Mohamed El Baradei noted that the nuclear ambitions of Iran and North Korea are not isolated cases, and instead should be dealt within a broader campaign to eliminate poverty, organized crime and armed conflict. He attributed the spread of nuclear weapons programs in countries such as Iran to feelings of insecurity and humiliation, exaggerated by today's nuclear imbalance. El Baradei called for the nuclear weapons states to cut their own stockpiles of nuclear weapons, and to place the manufacture and sale of nuclear fuel for power generation under multinational control in a "reserve fuel bank" under IAEA management.<sup>54</sup> Certainly, the standoff between the West and states seeking nuclear capabilities cannot be addressed without multinational cooperation, as only a global initiative will be seen as legitimate by nuclear seekers such as Iran. In this light, the reduction of nuclear stockpiles by countries including the United States would be an excellent first step to both easing worldwide nuclear tensions, and to bringing about a multinational consensus on nuclear disarmament.

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# THE CURRENT

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## *VIEWS & REVIEWS*

*Perspectives and analysis on current public policy discourse*



## ***Six Flags & Nukes: A look into the Six Party talks***

*Robert Gebhardt*

**J**ust east of China, above the 38th parallel, the world's final Stalinist holdout stands on the brink of total collapse. From North Korea we hear talk of brainwashing, starvation, repression, refugees, extortion, bribery, and countless lives lost; while the government rattles nuclear sabers. In the face of this predicament, the world's three greatest economic powers are caught like a deer in headlights. This is where the six party talks with North Korea currently stand.

Although it may seem very faint and hardly attainable, a solution can be reached through careful analysis and mutual cooperation. This solution, however, will have to be followed by careful and gradual reconciliation between North Korea and the rest of the world, namely in terms of political and economic relations.

### **Background Analysis**

**S**ix countries (North Korea, South Korea, China, Japan, the United States and Russia) have been conducting talks centered on de-nuclearizing the Korean Peninsula. Each of these countries has a stake in the outcome and, despite an apparent united front (at least for five of the countries, excluding North Korea), they each have their own specific goals<sup>1</sup>.

The United States, seemingly the strongest country of the six, has found that its refusal to give into "nuclear blackmail", or its required destruction of programs before any discussion of aid, has put it in a position of limited negotiating power. Since President Bush and Premier Kim need to appear strong to their constituents, their standoff is a game of chicken. Unfortunately, it is likely that Premier Kim has already pre-empted a U.S. move by declaring any future imposition of UN sanctions an act of war. This leaves the Bush Administration with one main option: waiting for the regime to collapse.

On the other hand, despite being the weakest vis-à-vis the other parties, North Korea actually seems to have most to gain from these talks especially considering the direction they are currently headed. If the other parties agree to North Korea's demands, it receives significant gains. When it creates the illusion or threat of exporting nuclear and missile technology, however, it ratchets up pressure and creates greater incentives for the U.S., South Korea and Japan to concede to its demands.

The remaining four parties appear to have an incentive to see the talks stall. For Japan, a hostile nuclear North Korea plays well into the idea of a less U.S.-reliant force doctrine, allowing Koizumi to rethink prohibitions on its right to declare war. This also allows him to separate the issues of de-nuclearization and that of Japanese abductees, making unilateral concessions with regards to the latter. China enhances its international prestige by playing the honest broker, assisting all parties toward solving the issue. Once the talks are concluded other countries will target China more and more concerning its human rights issues, as well as environmental and trade policies. South Korea's options in these negotiations are significantly constrained. President Roh's base supporters want greater engagement with North Korea and less reliance on the United States. Therefore his preferred option is for a peaceful demise of the Kim regime, while reiterating a shared ethnicity to preclude any possible aggression. Strategically speaking, Russia should have little interest in a standoff. It quietly benefits from the United States' strong opposition to Japan and South Korea developing nuclear weapons. Consequently, Russia's interests and prestige as a peacemaker are served by maintaining the status quo.

### **Proposed Approach**

**I**n order to break free from this impasse, the first move should be to remove Russia and the United States from the negotiation table. As already stated, Russia's main aim is to prolong the talks since it has little to gain from their conclusion. The United States, on the other hand, is entrenched in such a manner that it has few or no options left. This should be accomplished tacitly. Outwardly the six party talks will proceed as usual, while this arrangement



is managed internally. Thereafter, three agreements will need to be achieved.

***End the Cold War in E. Asia, Provide Aid and Security***

The first agreement would be between South Korea and North Korea to officially end the Korean War. This will provide a face-saving measure for the United States to withdraw its forces. It can assert that a treaty eliminates the need for the continuation of its troops on the peninsula. The second agreement, which would include Japan and South Korea, would provide greater economic and energy aid to North Korea to restructure its military industries to civilian use. China would be involved to maintain and possibly increase its already existing flows of energy, water, and export transport. This agreement would support North Korea's interest in increasing foreign reserves to import needed products. It would also assist in reducing the potential threat arising from North Korea's need to export missiles and nuclear technology for foreign currency reserves. Satisfactory completion of the second agreement would be conditional upon UN inspectors' complete access to verify the destruction of North Korea's nuclear programs and the restructuring of its military industries.

The third agreement would be more complicated and would be contingent upon the successful conclusion of the two previous agreements. This agreement would involve the United States, Chinese, and Russian security guarantees. China would agree to continue its mutual defense pact while Russia would maintain its 1999 Friendship Treaty, fully guaranteeing its support in the event of aggression upon North Korea. In turn, the United States would agree to a non-aggression pact. This guarantees North Korea's security in the event of military aggression by the United States. Additionally, since the third agreement is conditional upon the previous two agreements, it is against North Korea's interests to endanger these agreements through war with those parties or failing to comply with conditions. Finally, this structuring of the negotiations and agreement allows the United States to agree to important concessions North Korea desires without any domestic political fallout.

## Conclusion

These agreements depend upon three important assumptions. The first assumption is that both Koreas can finally agree to sign a peace agreement. Since both sides doubt each other's intentions, this could prove difficult. Well-chosen objective criteria and confidence-building measures, however, could assist with this conclusion. Another important assumption is Japan's willingness to provide aid in exchange for only limited disarmament and weapons purchases while North Korean military industries are transitioning to civilian use. This may be politically difficult for the Koizumi Cabinet, but is arguably cheaper than developing a ballistic missile defense or other conventional and non-conventional deterrents. A final important assumption is that the United States will be willing to lose an important presence in the region. While restructuring its forces on the peninsula is a goal of the current administration, a full withdrawal may not appeal to a military establishment committed for half a century to defending the existing divide. South Korea would have to facilitate this change by agreeing to strategic military cooperation, but with no foreign troops based on the Korean peninsula. Japan could assist by further strengthening its strategic alliance with the United States, and permitting some redeployment of US forces in Japanese waters.

In the end, discussion on the validity of these assumptions is moot and ultimately, unrelated to the proposal's goal of generating possible outcomes. Yet, due to the current leaders' personal gain from the current situation, waiting may prove to be the only option for the rest of the world. Described here is a possible way forward, which fully considers that there may be no apparent desire on the part of the current players to extract themselves any time soon from the current stalemate.

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## ***The Billion Dollar Question***

*Edward Abrokwah*

**T**he intense euphoria that has met recent British led plans to provide debt relief and increased aid to African countries has led to this pertinent question being raised: will debt cancellation, increased aid and improved terms of trade solve the deep-rooted economic challenges of African nations? Such a question is relevant when some African leaders have cited heavy debt burden and poor terms of trade as the main drawback for economic growth and development. This piece aims to explore and closely scrutinize these arguments, and provide some very useful insights into how to effectively address poverty in Africa and other developing nations.

It is indeed a welcoming relief for some African states to have their debts cancelled alongside plans to increase aid to these countries. But as will be subsequently argued, the complexity of the African poverty challenge means the current agenda of the G8 nations outlined during the G8 summit in Scotland and arguments put forward by African leaders not only confuse the issue but provides half-hearted solutions.

### **Unconditional Debt Relief**

**A**t a recent meeting of all heads of states of the African Union (A.U.) in Libya, which was held as a prelude to the G8 summit in Scotland; African leaders issued a joint call for complete debt relief for all African nations with no conditions attached, a point which makes those conversant with past and present African leaders managerial records weary.

Unconditional debt relief is certainly not the right way forward. Prudent conditions attached to Aid and debt relief in the form of good governance, fiscal and macroeconomic discipline, would most likely yield the positive impact required to address poverty in many African and developing countries. Africa's political elite have failed its citizens, with spectacular mismanagement of aid and national resources, for instance the UK Central Authority

for Organized Crimes and International Directorate at the Home Office estimate the late Nigerian dictator General Sani Abacha laundered \$1.3b of state money through UK banks.<sup>1</sup>

History tells us that, there is a disposition for such windfalls not to be efficiently managed. Debt cancellation will make available “extra cash” for some African leaders to undertake spurious projects aimed at achieving cheap political popularity. Almost \$400b has been poured into the continent, equaling about six Marshall Plans, with little to write home about. In a recent presentation, current Nigerian leader Olesegun Obasanjo estimates that corruption cost the African continent \$149b annually.<sup>2</sup> The cost of corruption in the last two years would have been sufficient to wipe out all of sub-Saharan Africa’s debts and allow all of her children to be vaccinated and educated.

Most often, politicians and different interest groups--for reasons best known to them--inadvertently focus on one aspect of the challenges of economic development. For instance it is not unusual to see African leaders blame the continents underdevelopment on poor terms of trade, and its colonial past, ignoring most glaringly, the problems of rampant corruption and economic mismanagement all of which have in no small way contributed to Africa’s current economic challenges.

However, there is an ethical and socio-economic dimension that one needs to address when using prudent conditionalities in aid and debt cancellation. Thus if the aim is to really help the poorest of the poor, living in very dire conditions often under “bad governance,” then it is logical that people should not simply be punished because of the actions or inactions of their leaders. An alternative approach is therefore required to ensure that for instance, aid is effectively targeted at those groups who are socially most vulnerable. If current rhetoric should match up to reality; aid should be forthcoming to those who need it the most.

From a personal experience in Ghana, having interacted with those socially deprived, most within this bracket tend to concentrate on their daily survival, with little or no focus on any serious political activity. An efficient and well thought-out aid policy, which is effectively targeted at those severely deprived in society (at least in the case of Ghana), can act as a catalyst in

yielding a new level of social engineering, pushing further political participation and with it, improved political accountability.

The use of measures such as the current drive to improve investment in the private sector by boosting the availability of capital through micro-credit schemes is a step in the right direction. Also there is the need to concentrate more efforts on creating a sound business environment, through increased pressure on governments to regularize markets, which has to be complemented by local reforms that free up entrepreneurial spirit and the much-needed capital to take advantage of such reforms.

Aid should be targeted directly at those at the “bottom,” rather than enrich the pockets of its many questionable leaders. Through collaborations with local NGO’s, working directly with local authorities and local leaders, aid donors and agencies will directly engage the lives of those they seek to impact and most importantly be better placed to formulate effective strategies to help address those pressing local needs.

### **Tackling Trade Imbalances**

**W**hat Africa really needs to attain considerable economic development and significantly address the poverty plague on the continent is trade and foreign direct investment in the private sector, and not just aid and debt relief. Mr. Blair announcing the agreement reached after the G8 leaders meeting in Scotland declared the G8 has shown “a commitment to find an end date for farm subsidies and a will to make a success of the Hong Kong trade round later this year.”<sup>3</sup> This simply is not good enough; what African nations have obtained from the G8 deal is relief from its current unsustainable debts. Rather, African nations require insulation from future unsustainable debts, through an improved mercantilist relation between the North and the South. The current trade relation has invariably played an important role in the current debt accumulation of these nations. With Africa’s share of global trade estimated at less than 2%,<sup>4</sup> if G8 nations are honestly committed to addressing these challenges, it must show in its actions by removing trade barriers,

and provide help in steering African nations to invest in capacity building activities, to enable the continent take advantage of a globalized world market.

The agenda for Africa's development should not only be to inculcate market liberalism, but should go further to address trade imbalances to ensure that international trade is openly competitive and free from market distortions (in the form of subsidies, disproportionate tariffs and an overly stringent health and safety regulations). This ensures fair competition in trade, which will subsequently provide the much needed revenue, and together with extra resources obtained from debt cancellation, increase investment in basic infrastructural needs, creating the basis on which national development is built.

Frank Senyo Dewetor points out in his piece in the Ghanaian Daily Graphic (June 22, 2005), that if aid could have saved Africa, that should have been achieved long ago considering that the continent has received as already shown a considerable amount of aid. It is worth pointing out that not all can be genuinely considered as "aid"<sup>5</sup> in the true sense of the word. There is a tendency for aid to create a dependency culture, with currently close to about 50% of Ghana's budget revenue coming from external sources. Another source of concern is the disbursement of aid pledges, which is in part influenced by international economic fluctuations. And with the current economic climate being far from stabilized, a steady flow of aid cannot be regarded as a certainty. African countries should be enabled to trade themselves out of poverty and not made aid dependent.

### **South-South economic integration**

**A**frican leaders should seize the initiative in the face of international trade barriers to improve regional economic integration. Ghana's annual trade turnover with Zambia for instance, is only US\$50,000<sup>6</sup> and there exist very few trade barriers in such south-south relations. It is just institutionalized inertia that has gotten the better part of African leaders and until recently African leaders have paid lip service to regional economic integration. It still remains to be seen if recent development will

be effectively implemented to obtain the anticipated economic benefits for all Africans.

The continent's economy would be given a significant boost if African nations could all join hands in improving regional trade, a situation that will not only improve its economies, but most importantly improve socio-cultural relationships. This has been an impediment given the numerous regional conflicts which tend to retard any socio-economic progress.

### **Poverty Reduction or Wealth Creation? (What to do with the “extra cash” resulting from total debt relief)**

**T**here have been questions raised within certain quarters if resources should be targeted at Poverty Reduction, i.e. improve basic infrastructure by improving road networks, building more schools, hospitals, or invest in creating wealth, i.e. investment in the private sector to generate jobs.

Economic development cannot be achieved only by expanding the freedom of choice and action (i.e. market entrepreneurialism). Development involves the provision of basic infrastructural needs such as health facilities, accessible roads, and national security, without which market entrepreneurialism would all but fail in addressing the developmental challenges facing most developing nations. It is about addressing both sides of the same coin. A well functioning private sector will surely have to be premised on good local infrastructure, illustrating a clear inter-relationship. Governments however should not be involved in doing things that the private sector can most efficiently deliver to avoid the situation of crowding out and inefficiency.

### **Solution to Africa's Poverty**

**D**evelopment is not a mystery, it entails focusing, implementing and delivering on well thought-out strategies. This involves the need for a more holistic strategy, with an effective monitoring mechanism to address any identified short-comings.

The problem of poverty in the world's poorest nations can be effectively resolved using a three-tier approach, all of which

most importantly is to be addressed concurrently. First, debt relief, increased aid, and improved trade regimes. Second, a well developed and efficient private sector. Third, improved economic management and political accountability. Failure to tackle these challenges concurrently, but rather focusing on one aspect at best only provides a temporary reprieve to poverty eradication on the African continent.

This clearly underlines the enormity of the challenge faced in addressing poverty in Africa. Live aid concerts, G8 meetings and debt cancellation are steps in the right direction, but as many close to the problem of poverty in Africa will allude to, these are but an aspect of a bigger challenge in the quest to completely eradicate poverty across the African continent.

## **Conclusion**

**T**he G8's decision to cancel the debts of certain African countries does help in improving the external ratios and national credit ratings of these countries. This provides a window for these countries to further attract more capital from international financial markets for investments. Good governance, one of the criteria for which nation states' debts are cancelled, has the potential to act as a catalyst for other poorly governed African countries to shape up and reform in order to tap into such benefits, although some skeptics question how assessments of good governance are made.

Africa is poor as a result of an intricate interaction of poor political leadership, economic mismanagement, debt servicing, unfavorable terms of trade, and an underdeveloped and usually repressed private sector. The problems should all be given an even policy priority if the overall aim of ridding the continent of poverty is to be achieved.

If African leaders can't get their acts together then it is laughable to see how they can effectively take advantage of future measures aimed at improving terms of trade and other accrued benefits resulting from debt cancellation and increased aid. The onus is on African leaders to lead by example and grab this opportunity, by showing for once true commitment to help in improving the lives of all its citizens and not for a selected few.



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### **[Endnotes]**

<sup>1</sup> FSA publishes results of money laundering investigation FSA/PN/029/2001. (08/03/2001) Retrieved from the World Wide Web: <<http://www.fsa.gov.uk/pages/Library/Communication/PR/2001/029.shtml>>

<sup>2</sup> "Africa looted for \$140bn, leader says". Thursday, 13 June, 2002, 16:49 GMT 17:49 UK

Retrieved from the World Wide Web: <http://news.bbc.co.uk/1/hi/business/2043403.stm>

<sup>3</sup> G8 Summit in Gleneagles, Scotland: G8 leaders agree \$50bn aid boost. Friday, 8 July, 2005, 22:36 GMT 23:36 UK. Source: <http://news.bbc.co.uk/1/hi/business/4662297.stm>

<sup>4</sup> Africa hits global trade 'inequities'. From Africa Recovery, Vol.12 No. 1 (August 1998). Retrieved from the World Wide Web: <http://www.un.org/ecosocdev/geninfo/afrec/subjindx/121trad2.htm>

<sup>5</sup> Merriam Webster's definition of Aid: to provide with what is useful or necessary in achieving an end

<sup>6</sup> Alex Singleton. (3 June 2005). Free Trade cannot be guilty. Retrieved from the World Wide Web: [http://www.globalisationinstitute.org/blog/0506\\_free\\_trade\\_cannot\\_be\\_guilty.php](http://www.globalisationinstitute.org/blog/0506_free_trade_cannot_be_guilty.php)



***Freakonomics******A Rogue Economist Explores the Hidden Side of Everything***

By Steven Levitt and Stephen J. Dubner

HarperCollins Publishers, 2005. 256 pp., \$25.95 cloth.

*Review by Robert Gebhardt*

**F***reakonomics* is a compilation of Steven Levitt's main papers and subsequent findings, weaved together, sometimes in a confusing manner, by Stephen Dubner. While giving the impression that he is trying to make economics accessible to the masses, Levitt shows how non-traditional thinking can bring about surprising results. The author also brings to fore how many conclusions that are often taken for granted can actually be deceiving. Readers, therefore, should not be put off by the pop-culture evoking title of this book. In fact, a wide audience that includes people interested in economics, social sciences and those who just want to observe a different outlook on statistics, should find this book worth reading.

Throughout the book, Levitt endeavors to dissect issues or phenomena until he arrives at what he sees as the core problem. For example, when crime in New York started decreasing, people attributed it to gun control laws, or to former New York City Mayor Rudolph Giuliani's strict policing laws, among other reasons. These were proffered by many experts, and repeated by the media. While Levitt acknowledges that these factors may have had effects, he concludes that *Roe v. Wade* was the principal reason for the decline. Simply stated, he finds that crime rates in the city decreased dramatically 16 years after abortion was legalized. Since studies reveal that 'unwanted' children commit more crimes than other children, a decline in their number limits crime rates. He therefore concludes that legalization of abortion has an inverse effect on crime levels. The controversy and backlash that this article brought about in both conservative and liberal circles shows how it may have been just as difficult publishing them (for political reasons) as finding them in the first place. Levitt, however, seems to have no specific political agenda; one notices him dealing with his economic experiments and not

identifying himself with one side or the other politically.

What makes the book an interesting read is the ostensible absurdity of the questions the author deals with. “Why drug dealers tend to live with their mothers or “how swimming pools may be more dangerous than guns” raises eyebrows the moment one sheds the first glance. However, Lewitt’s brilliance lies in this very expertise of being able to clearly demarcate unobvious linkages and putting forth strong and competent arguments to support his hypothesis.

A critical reading reveals two significant points about *Freakonomics*. First, theories akin to his flavor have emerged recent decades. For example, debates already exist on how a country’s prosperity level might be negatively correlated to the average hair length of girls in that country. What differentiates this from Lewitt’s study is the absence of rigorous analysis. This may be a fun theory, but it is just a theory! There is virtually no discussion over methodology or scope. Levitt on the other hand, includes along with compelling evidence, the power of simple written exchange easily accessible and understood by the most passive of readers. Secondly, one realizes he obviously does not cover every area that could be covered, and even within his areas he may not have looked at every possible detail. He tends to search for plausible solutions, many times very convincingly, but does not go as far as to disprove (or sometimes even mention) other possible explanations. This leaves the possibility for loopholes in his theories, which may detract from his conclusions.

There are, however, more than enough other reasons to read this book. On the whole, it encourages the reader to have a different outlook on economic and social data and learn to take less for granted. It also makes one wonder about other facts and clichés, such as if it is true that “the proverbial butterfly that flaps its wings on one continent...eventually causes a hurricane on another.”

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## *Submission Guidelines*

The goal of the *The Current*, the public policy journal of the Cornell Institute for Public Affairs, is to present timely and relevant research and analysis on current policy discourse. Articles and views presented generally emerge out of a range of fields and disciplines while holding in common the scope of policy examination and consequent recommendations. While much of the contributions presented comprise the original research of CIPA Fellows, contents are supplemented by contributions from other scholars at Cornell University and other academic institutions, along with those of practitioners in the public and non-profit sectors. Shorter pieces with more of a policy paper format are welcome under the Views & Reviews section, as are book reviews. Statements of fact and opinion appearing in the journal are made on the responsibility of the authors alone and do not imply the endorsement of the editors or publisher. The journal does not publish communications to the editor or rejoinders to specific articles. Scholars or practitioners who believe they have been challenged are encouraged to submit an article that will advance the scholarly debate.

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Article text should be preceded by a maximum 100-word abstract setting forth the topic under discussion and the public policy dimensions in view. The author should indicate the central thesis of the article and how particular arguments will be presented in its support.

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