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# TRADE POLICY MONITOR

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## Random Thoughts On The Road Ahead

For the multilateral trading system, the past twelve months have been nothing if not challenging. The September 2003 Cancun debacle revealed in rather stark terms the gulf that exists between the developed and developing worlds. One could have thought that the embarrassingly rich might have shown a more charitable face to the exceedingly poor, if for no other reason than to counter growing hostility to the industrial west emanating from important quarters of the developing world.

In this sense, the WTO has been a revealing fish bowl through which we may witness the terrible division of interest between the wealthy and the poor. The underlying discontents continue to be ignored as if they were either not terribly serious or unimpressive as a source of potential threat. Unless we can arrive at a place from which we can share in the abundance of the earth, the poverty of spirit frequently displayed by western governments will surely lead to the collapse of the increasingly creaky post-war international institutional structure.

Are governments representing the interests of the public when they reject concessions for the poor? Asked in the October 1999 PIPA (Program on International Policy Attitudes at the University of Maryland) poll to evaluate international trade for “people in poor countries”, most Americans perceived that poor countries do not get a net benefit from international trade, and support giving poor countries preferential trade treatment. Only 32% of respondents said they thought that trade was more positive than negative for the poor. A strong majority support lowering trade barriers with poor countries on a reciprocal basis.

Yet it seems that neither the public nor the elites have recognised the role that desperation bred in poverty plays in

supporting the terror now unleashed. It is as if the entire global institutional architecture is incapable of adapting to the realities of delivering equitable treatment to the citizens of the world. There are few if any persuasive signs that the United Nations or its vast network of specialised agencies is prepared to spearhead the fundamental transformation required to rebalance the fruits of the earth to the peoples most in need.

The emergence of a new, more powerful Islamic Conference is possible, though history teaches unlikely. The recent Malaysian proposal to institute a gold standard for financial and commercial relations among Muslim states is terribly clever. Western central banks have drawn down gold holdings significantly over the last twenty years. In effect, at the present time the West has only a modest financial capacity to trade and invest in a Muslim world based on a gold standard. Were central banks to begin scheduled buying, the price could sky rocket very quickly, further enriching a new financial order tied to the Muslim world.

Which is to say, that while terror attacks may frighten people, a concerted assault upon the western oriented, dollar based international financial system would surely be a much more potent threat. This perspective might be considered merely an inelegant adaptation of Samuel Huntington’s vision of a “clash of civilizations”. It is actually a speculation on the potential dialectic that will spawn a new world order late in the 21<sup>st</sup> Century. In short, neither an insular Muslim international system nor its western counterpart should be expected to prevail in the long run.

In the long run, we need an international order that is not only sustainable, but also humane, charitable, and compassionate. As difficult as this task may be under conditions of globalisation, it is essential to future peace and prosperity. On August 21, 2004, HRH Crown Prince Hamzah bin Al-Hussein, Higher President of the Aal al Bayt Foundation for Islamic Thought, delivered an address at the opening of its 13th General Conference. Commenting on the affect of the international system, he said:

The nation is under successive pressures and challenges that show no sign of abating. They extend to every corner of the nation's potential and its scared [*sic*] shrines. They provoke hatred that stem from the feeling of injustice and imbalance. As a consequence, they emerge practices that contradict with the true nature of the tolerant peaceful Muslim individual. These cases of extremism are taken as evidence to convict and blame Muslims on the false assumption that these are characteristics of their morals, principles and even religion. But the

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truth is that Islam and the Muslims do reject and condemn these exceptional cases as strange to their true religion and as a form of transgression.

Extremism stands as a barrier that prevents the mind from anticipating the consequences of things. It leads to lack of leniency and blind violation of the human rules whether related to religion, thought or ethics.

This extremism is not a characteristic of a certain nation. Rather, it is a phenomenon known by all nations, races, and religions whenever the factors leading to it showed up.

Regardless of the drives behind extremism such as deprivation, oppression and absence of justice, no one has the right to take the life of an innocent peaceful human being on the basis of incorrect and out-of-context interpretations. Allah, Glory to Him, has granted us life and explained its value to us by saying: "Take not life, which Allah hath made sacred, except by way of justice and law," and: "If any one slew a person - unless it be for murder or for spreading mischief in the land - it would be as if he slew the whole people: and if any one saved a life, it would be as if he saved the life of the whole people." Transgressive killing is a violation to the rules of Allah and an oppressive act against man, who is honoured by Allah.

Fighting oppression and struggling for justice are legitimate as long as their means are legitimate and everything has its own limits. Among the prerequisites to such legitimate means are faith, reasonability, and self-restraint, which are prone to provoke the values of justice in the adversary or embarrass him before a world that wants to see humanity values and human rights respected.

He recognised the importance of "...continuous contact between the Muslim individual and the world and his full participation in the world's human march. After all, Muslims are part of the world's present and future."

The major strength of the international state system is that it has provided an organised basis for the development of higher levels of human activity in fields as diverse as the arts, science, medicine, agriculture, and philosophy. The decisive flaw in the state-centric model is also its most distinguishing feature: sovereign states are not accountable to any higher power.

Thucydides recognised the essential role of fear and self-interest in dictating the behaviour of the Greek city-states. The non-accountability of state authority leads without fail to reckless and destructive actions. Not much has changed in the intervening centuries since Thucydides wrote his histories. In short, states have become dinosaurs of the worst kind – they behave like very juvenile delinquents putting at risk the very things most cherished by human beings; among them, the things identified by HRH Crown Prince Hamzah bin Al-Hussein.

What made Cancún different was the presence of China. The PRC delegation had substantial success in pressing the common views of the developing world. Indeed, it is not too much to suggest that China exercised a significant influence on pushing back the industrial countries agenda, typified by the US, Japan, and the EU. WTO Director-General Supachai Panitchpakdi appeared to provide encouragement to China's position at Cancún. In the end, China's stance added unprecedented weight to the views of the developing countries.

China will shape the future of the WTO as much as the WTO shapes China's trading and commercial policy regimes. This basic reality is coming quickly to the forefront of the trade policies of the Quad and the OECD – and will remain there indefinitely.

If the multilateral system should be advancing anything it is the cause of peace and democracy. Yet democracy seems to becoming branded in the developing world as a system of repression, abuse, and order by armed might. In this regard, it is perhaps the time for democracies to recommit to their fundamental belief systems, and recognise that "democracy" has many forms, and many roads. Without a basic commitment to democratic values and institutions, international institutions may drift toward authoritarian models.

Not the least troubling is the recent pronouncement that the United States will begin to reduce its military establishment in Europe, and redeploy to other areas, principally back to the homeland. This is a profound statement on the American perception of shifting geopolitical strategic realities. Europe is no longer a central element in US strategic thinking. This is bound to contribute to a further weakening of the transatlantic relationship, which is already groaning under the strain deep divisions on foreign policy, security frameworks, and the global economic regime.

In turn, these shifts in perception of global partners will likely lead to further breakdowns over the promotion of democratic values, trade policy, and the future direction of the multilateral trading system. It seems that the shift in the strategic importance of Europe in US policy may well augur a resurgence in US bilateral arrangements with the most deserving allies and economic partners. It could mean for example that NAFTA partners will recognise national interest is served by entering into a closer economic and social relationship with the United States as the creation of a comprehensive institutional and legal basis for an integrated continental economy moves to a conclusion. NAFTA, however, might become an isolated instance of democratic capitalism.

As always, I invite you the readers to submit brief articles, commentaries, or points of view. We will do our best to include them in upcoming issues. Greater involvement by readers of the Trade Policy Monitor will ensure its continued success. Thank you in advance for your participation.

Best regards,

David L. Cook



# Fresh Look at al-Qaeda

In the immediate aftermath of the September 11 attacks, President Bush explained to Americans that fighting global terrorism was not going to be like any war that America had fought in the past. The enemy was not a state, but a stateless, amorphous organisation that operated across state borders. It was new threat; it was a different threat. It would bring forth a different response than conventional warfare. It would be fought everywhere by every means.

According to the Final Report of the 9/11 Commission, in his second meeting of the National Security Council on September 12 2001, President Bush “stressed that the United States was at war with a new and different kind of enemy. The President tasked principals to go beyond their pre-9/11 work and develop a strategy to eliminate terrorists and punish those who support them.” On September 13, a meeting of the Principals Committee determined that “The United States would need to integrate diplomacy, financial measures, intelligence, and military actions into an overarching strategy” to defeat al Qaeda.

Three years on, the overarching strategy remains focused on conventional warfare: a coalition force of some 20,000 troops in Afghanistan, a coalition force of almost 160,000 troops in Iraq, and an expenditure by the United States alone of over 180 billion US dollars since the March 2003 assault on Iraq is strong evidence of the military predominance in counter-terrorism strategy. Not only is it fashioned as a conventional war; it is the most expensive one in history.

President Bush was probably correct in his assessment that a multi-pronged approach is essential. At the same time, it is obvious to a growing number of observers and analysts that the war on terror has lost its way. In part, the problem is that the military establishment as an institution and an organisation are not designed, trained, or armed to fight global terrorism except by conventional means. They are trained and armed to fight conventional theatre conflicts modeled on World War II and Vietnam.

No less important, however is the neglect given to the view that violent struggle is a symptom of a deeper malaise. The factors that determine the emergence of suicidal hatreds are only modestly acknowledged. In turn, the options and instruments that emphasise more basic solutions are disregarded.

Specifically, the entire socio-economic front has not been adequately represented in current strategy. There is reason to believe that addressing issues associated with food security in Muslim states might go a good distance toward undermining support for deadly solutions.

Similarly, on the conflict side, a thorough strategic analysis of the enemy’s organisational behaviour would be useful. It is becoming clear that “al Qaeda” is not a monolithic organisation, but a loose collective rife with suspicion, rivalries, and competition. In doing such an analysis, we would become much more sensitive to some of the divisive tendencies within the other camp: it is flush with egoistical, competitive leadership elites. There are significant rivalries among the elements that fancy themselves as fundamentalist militants. It is quite likely, for example, that putting high rewards on their heads simply fuels the competition among them.

Many of them are operating on a shoestring budget. Thus, their most important transactions are conducted in non-currency forms. How can these be identified and frustrated? Most communicate on the Internet, and obtain relevant news from the Internet for planning actions. What is the potential for cyber warfare, and should it be expanded? But there are deeper truths to be discovered by adopting a coherent, explicit framework for analysis. The bureaucratic model has something to offer in this effort, as does the organisational model, and various psychological decision-making frameworks. Perhaps some of this work is being done at MI-5 or the DIA, but it does not appear to have been undertaken yet in the research institutions and public bodies where a good many of the best analysts and theorists are working. This oversight needs to be corrected.



## Najaf: The Macedonian Solution

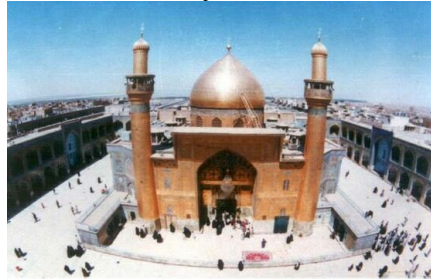
When Alexander of Macedonia undertook his ambitious campaign of conquest, he always proceeded from the position that an enemy could save themselves by surrendering or they could perish to a man. Using this approach from the very beginning of his military campaign, he was able to establish that each opponent held their future in their own hands. Those that opposed him were slaughtered. It should not be forgotten that he made his permanent quarters not in Macedonia, but at Babylon, in the heart of Mesopotamia.

In many respects the nature of power relations has not changed much since Alexander's time. What has changed, at least in western states, is the quaint belief that violent struggles can be averted; that reasonable men will arrive at reasonable solutions. To adopt this attitude in war is simply to disadvantage one's own forces, and one's ability to prevail.

The only question one can have regarding the situation in Najaf is why it was allowed to go on for so long. Of course, the Iraqi government is weak and needs to retain as much support as it can. An outright attack on the Imam Ali mosque would not be well received in the Arab world or in the broader international community. Yet Sadr's supporters fought US troops for weeks, and remain a threat to the survival of the Iraqi government. It remains in doubt whether a negotiated settlement will prevail, given the ineffectual outcome of negotiations at Fallujah only a few months ago.

The notion that armed forces ought not enter the sacred site has always been very dubious,

considering that Saddam's Republican Guard did not hesitate to enter the complex during the March 1991 Shi'ite uprising against his regime. The Guard not only did extensive damage to the mosque that kept it closed for two years, they also killed everyone who was inside.



*Imam Ali Mosque*

One option not debated publicly was available throughout the incident. Interim Iraqi Prime Minister Iyad Allawi might have asked Russian President Putin what the military gas was that took down the Chechen separatist rebels in October 2002 who seized a Moscow theatre and took the audience hostage. The Russian special security forces are believed to have pumped a fentanyl/halothane anesthetic cocktail into the theatre through a hole in the wall. Not only did roughly 700 hostages manage to be rescued, all of the rebels were terminated with only superficial damage to the Palace of Culture of the Podshipnikov Zavod (the State Ball-Bearing Plant Number 1) theatre.

Clearly, this is a tactical approach that could have been used to put down Moqtada al-Sadr's Mehdi Army occupying the sacred Imam Ali mosque in Najaf. Sustained US air cover and steady pressure at the Wadi al-Salam (Valley of Peace) cemetery, which is adjacent to the mosque complex, could have granted Iraqi forces time to enter the compound to deploy the debilitating gas. The cemetery, covering an area of more than 600 hectares, is an undesirable area to fight in. Because of this basic combat reality, the rebels who were hiding among the cemetery stones should have been left under siege until the contingent in the mosque was extinguished. Attack the 5 percent to isolate the 95 percent. Not the other way round.



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[www.thunderlake.com](http://www.thunderlake.com)

For subscription information: [monitor@thunderlake.com](mailto:monitor@thunderlake.com)

For other inquiries: [info@thunderlake.com](mailto:info@thunderlake.com)