

MUNK CENTRE MONITOR

IEWS, NEWS, PEOPLE AND EVENTS FROM THE MUNK CENTRE

UNIVERSITY OF TORONTO

MUNK CENTRE
FOR INTERNATIONAL STUDIES

AT TRINITY COLLEGE



VIEW FROM THE DIRECTOR

JANICE GROSS STEIN

PRODDING THE CENTRES OF POWER

The state of Canada's institutions runs like a thread through many of the stories in this issue. The Rt. Honourable Paul Martin came to the Munk Centre to urge leaders in the foundation and business communities to press for changes in Canada's tax and regulatory system so that social enterprises can access capital markets (see page 4). Peter Warrian, the Chair of the Philanthropic Foundations Canada and a Senior Fellow at the Munk Centre, looks in detail at the need for new financial instruments that will allow locked-in capital to be invested in the social economy (see Cover Story). Both argue that to address persistent poverty, we have to open up new opportunities for investment in social enterprise. Our institutions, they each insisted, are badly configured for the challenges they face.

Much the same thread runs through the story of Canada's engagement in Afghanistan (see page 6). Canada's institutions are not well-organized to meet the challenges in Afghanistan. The mission is challenging: an insurgency in the south that is spreading, an infrastructure devastated by 30 years of fighting, extreme poverty, and state institutions that have to be rebuilt from the bottom up. Our military leaders tell us again and again that they alone cannot meet the challenge. Afghanistan needs effective development assistance, help with governance, help with the judiciary and the prisons, and urgent help with police. All of this has to work together in close coordination on the ground. But differing mandates, different cultures, and different styles of work in Ottawa keep getting in the way.

Talk of institutions is often tedious and technical. But two very different challenges – one in Canada and one far away in Afghanistan – tell us that our institutions do matter.

Remedy for a Crisis: The New Social Finance

COVER STORY BY PETER WARRIAN

Domestically, our charitable and voluntary organizations are grinding to a halt with regulatory overburden and an uncertain financial future. Globally, we have huge problems with unmet economic and health needs that will exceed the capacities of non-governmental organization (NGO) and state aid plans. What to do? Ironically, the global credit and financial engineering we see, hear, and read about in the media may become part of the solution instead of part of the problem.

The crisis at home is real. The charitable and voluntary sectors in Canada currently face an administrative burden of accountability and audit requirements from funders that is stalling their fundraising efforts. They also face an

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Waiting for social finance? A mother with glaucoma and her children in Gambia exemplify the need for eye clinics financed by Deutsche Bank's Eye Fund I.

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EVENTS TO WATCH FOR

NOVEMBER

Annual Seymour Martin Lipset Memorial Lecture

Pierre Hassner on Russia's Transition to Autocracy: The Implications for World Politics, Nov. 26

2007/2008 Christopher Ondaatje Lecture on South Asian Art, History and Culture, Nov. 30

DECEMBER 6

Conference on Regional Governance and Growth Management

MARCH 7

Shared Citizenship Public Lecture Series, Varieties of Aboriginal Entrepreneurship



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THE POWER OF WORDS

LIVING WITH LAND MINES



Janice Gross Stein (left), Beverley McLachlin, and John Fraser, Master of Massey College.

The Right Honourable Beverley McLachlin, Chief Justice of the Supreme Court of Canada, spoke on press freedom and the courts to a capacity audience at the Munk Centre. Her address launched a new annual lecture series on Democracy and Journalism, sponsored by the Canadian Journalism Foundation and the Munk Centre.

The Chief Justice argued that better journalism means a better-informed citizenry and an improved democratic process. The role of the courts is not the only factor that safeguards the freedom of the press, she argued, but it is essential.

Appointed as the first female Chief Justice of the Supreme Court of Canada in 2000, Justice McLachlin is well known for her cogent judgements and writings in the area of constitutional law. Less well known is her work promoting the legal underpinnings of democracy outside Canada. As Janice Stein, Director of the Munk Centre, noted in her introduction of Justice McLachlin, “She has done extraordinary work beyond her formal responsibilities,” travelling as an ambassador of Canada and working with courts around the world.

Through a lens, darkly: an exhibit of life-size photographic portraits of Cambodian children who have suffered the effects of land mines was on display in the cloister of the Munk Centre during the first week of October. Shot by V. Tony Hauser, one of Canada’s leading portrait photographers and a member of PhotoSensitive, the exhibit commemorates the tenth anniversary of the Mine Ban Treaty and was produced in collaboration with the Hon. Lloyd Axworthy, Canada’s Foreign Minister at the time of the signing of the Treaty.

“These children strike me as so ordinary with such extraordinary challenges to overcome.”

Hauser travelled to Siem Reap, Cambodia to photograph children living at the Cambodia Land Mine Museum. “I purposely chose to isolate them from their natural surroundings,” says Hauser. “I hoped this would elevate them and, at the same time, reveal my admiration for their strength.” Mission accomplished, judging from the reaction of attendees.

“This is a fight to be won. I come from a continent which is heavily mined.”

The exhibit officially opened with a panel discussion featuring President and CEO of the Canadian Landmine Foundation Scott Fairweather, as well as Tony Hauser. Living with Land Mines inaugurated the Munk Centre Cultural Attaché Initiative, enhancing the discussion of current events via the arts.

“Mr. Hauser – you made me cry. Your job is done. Now it’s my turn.”



The message – a Cambodian child victim of a land mine; and the messenger – V. Tony Hauser contemplates one of his photos.



NEED A SOURCE?

Munk Centre scholars can be contacted for further comment on issues raised in this edition at munk.centre@utoronto.ca.

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CENTRE EVENTS

WHAT WOULD CONFUCIUS DO?



*Welcoming Confucius to the Party?
A Confucian temple adorned for the Chinese Lantern Festival.*

During October's 17th National Congress of the Communist Party of China, Hu Jintao – President of China and Party General Secretary— won an amendment to the Party's charter to include one of his main ideological slogans, “building a harmonious society.” It's a concept that is central to his political vision for China. It is also an essential Confucian value.

Few China scholars predicted the revival of Confucianism in China, but Daniel Bell, an alumnus of McGill and Oxford who now teaches at Tsinghua University in Beijing, addressed the issue in his Munk Centre “China and Democracy” lecture this fall. Bell's topics included: Which Confucian values are being revived? Which Confucian values should be revived? What explains the revival? And what are the implications of the revival for

China and the rest of the world?

Bell cited four reasons for the Confucian revival – economic, psychological, philosophical, and political. His analysis of how the Communist Party of China (CPC) is utilizing the revival was particularly fascinating. Bell noted that since Marxism no longer provides much legitimacy, the regime must find another wellspring of ideas for it to hold on to power and accomplish its domestic and foreign policy goals. The invocation of Confucian values (grounded in filial piety, brotherly respect for others, and humaneness) may resonate with the population and help the ruling party justify its power. But Bell believes that it also signals that the government recognizes that Chinese society is not harmonious. One major source of discord is the economic boom that has created an indefensible and

increasingly volatile gap between rich and poor. “One of the most, to my mind, worrying things about mainland China today,” noted Bell, “is that the rich and the poor are separating into almost segregated communities.”

Bell, a student of political philosophy, argued that of the numerous traditions currently at play in China, Left Confucianism is the most morally defensible. New leftists believe in socialist values and are becoming more interested in Confucian values. Their aim, he said, “is not to subordinate Confucianism to socialism.” Rather, they hold that “values from both traditions can and should be influential when thinking about a desirable model for China's political future.” Everyone, and that includes the Party, agrees that the current political system is not likely to be stable for the long term, that the superstructure needs to be changed. New leftists would like to see a hybrid model.

What room is there for the articulation of Left Confucian values in current political discourse? After all, as Bell points out, new leftists want Confucianism to have social and political influence, and they want to maintain their stance as independent critics. Indeed, Confucius himself was a radical critic in his time. Can the CPC incorporate an engaged polity? Bell has his doubts. Based on his own experience, Bell said that when one begins to make concrete recommendations regarding existing

political institutions, it is hard to get that material published.

And what are the implications for foreign policy? According to Bell, the adoption of Left Confucian values would mean that the regime would need to care for the interests of groups outside the polity. As a result, there would be radical shifts in policy. China's energy consumption and greenhouse gas emissions would become problematical, as would China's hands-off response to Burma's suppression of recent pro-democracy demonstrations.

Bell posed the question: “What sorts of values should the Chinese state promote abroad as it becomes more powerful and has the capacity to project its values abroad?” He pointed out that early Confucians, writing before China was a unified country, argued that rulers should promote global peace and harmony along with compassionate and humane government, by setting an example and by allowing for differences.

On a more controversial note, some Confucian scholars justify a kind of humanitarian intervention against tyranny. If a regime deprives its people of material well-being (new leftists consider a government's first task is to provide for the material well-being of the people), a good case can be made for intervention – as long as it is perceived as legitimate by the international community. Beijing's ability to blend political ends with ancient values could eventually be put to the test.

WARNINGS FROM A WATER WATCHDOG

Water, Energy, and North American Integration” was the subject of a September conference at the Munk Centre convened by the Program on Water Issues. Designed to promote transparency and debate on Canadian water sovereignty, the gathering brought together leading experts to discuss investigative journalist Andrew Nikiforuk's paper “On the Table: Water, Energy, and North American Integration.”

Nikiforuk argued that water is on the bargaining table. Rapid energy integration, he said, poses a threat to Canadian water security that has not been acknowledged by the federal government or by the Alberta provincial government. As well, he noted Canada's current lack of legislation to protect its water from being exported, as well as the building



Grim tidings: Author Andrew Nikiforuk (foreground) and the Water Issues Panel.

pressure to allow water export as a result of the 1994 North American Free Trade Agreement and the 2005 Security and Prosperity Partnership.

Nikiforuk was joined in the discussion by Tom Axworthy (Queen's University), William Nitze (Johns Hopkins School of Advanced

International Studies), Ralph Pentland (Canadian Water Issues Council), Gordon Laxer (Parkland Institute at the University of Alberta), and Joseph Dukert (Center for Strategic and International Studies in Washington, D.C.). Audience members who participated in the debate included representatives from the federal and provincial governments, not-for-profit organizations and the academic community. The creation of the new Canadian Water Issues Council (CWIC), a think-tank dedicated to the examination of transboundary water issues between Canada and the United States, was announced at the end of the meeting.

The conference received generous support from the Walter and Duncan Gordon Foundation and Tides Canada Foundation.

CENTRE EVENTS

PAUL MARTIN'S MISSION: BRINGING SOCIAL FINANCE TO CANADA



Former prime minister Paul Martin says the Tax Act has not caught up with the hybrid of social investment.

The Rt. Honourable Paul Martin came to the Munk Centre to talk to a packed audience of foundation leaders from across Canada, leaders from the business community, faculty, and students about the importance of social entrepreneurship. “Over the last hundred and fifty years,” he argued, “the free market has delivered great

benefits. Less well known is the charitable sector, which helps to minimize the adverse effects of the free market. Social enterprise borrows from the social purposes of the charitable sector and the management principles of the private sector.”

But, the former prime minister continued, social enterprise in Canada and abroad faces limits on

the capital it can raise. The taxation system does not create the incentives for investment in the social economy; the Tax Act has not caught up with the hybrid of social investment, which provides a high social return and a below-market rate of return. Canada’s current system of taxation, Martin concluded, stifles social entrepreneurship and social investment.

Social investors are like colleagues in the charitable sector and the business community. They run on the vision, energy, and passion that inform the best leaders of charities. And they are driven by the need to come up with practical solutions to solve problems like the best leaders in the business community. Social investors are “can do” people who want to make it happen. Because the returns on social investment are typically below market levels, however, they cannot access capital markets. In short, they cannot grow their businesses.

What has to be done?

The former prime minister looked

around the world for answers. In the United States, foundations can invest their capital as well as income. Britain is experimenting with new forms of financial instruments that allow easier access to capital. Canada, he insisted, is lagging behind. He urged leaders from across the country to engage the best financial experts, tax experts, and legislators to identify what would work best in Canada and push for change in the tax system and the framework that regulates charities and foundations. It is important to remove the obstacles that restrict the capacity in Canada to invest in the social economy.

In a lively question-and-answer session, Martin was asked why it was so difficult to reach government. Why was change in public policy so slow? He responded that when government received well-thought-out, thorough suggestions for policy change, when proposals were convincing, government did move. Although, he conceded, maybe not quickly enough.

HUNGARY'S HISTORY – WITHOUT THE CENSORS

DIANA KUPREL

There is an elegant avenue in Budapest named Andrassy. At one end, it is flanked by the famous Heroes’ Square, built to commemorate those who died for national freedom and independence; at the other is Deák Ferenc Square, in honour of the man whose political compromise led to the creation of the Dual Monarchy of Austria-Hungary in 1867. This juxtaposition, Professor Charles Gati remarked to a Munk Centre audience in October, is symbolic of a historical vacillation between idealism and pragmatism in Hungarian politics. Professor Gati made the comment at a special lecture organized by the Centre for European, Russian, and Eurasian Studies to mark the launch of an expanded Hungarian Studies Program. Fittingly, he went on to provide a provocative reassessment of the 1956 Hungarian Revolution and its aftermath that underlined the need for the fresh research, now free from Communist censorship, on Hungary’s tumultuous past and present.

A political scientist who fled his native Hungary during the 1956 revolt, Gati is professor of European Studies at Johns Hopkins University’s Paul H. Nitze School of Advanced International Studies. He is also the author of *Failed Illusions: Moscow, Washington, Budapest and the 1956 Hungarian Revolt*, published last year. For his lecture, “The 1956 Revolution and Its Aftermath: Idealism and Realism in Hungarian Politics,” Professor Gati drew on archival research, including the CIA’s operational files, and hundreds of interviews with participants in Budapest, Moscow, and Washington, to revisit the archetypal David and Goliath story of a brave people, deeply dissatisfied with the Communist system, who rose up against incredible odds, only to be suppressed by old-fashioned Soviet imperialism.

He modified the standard perception of this hallmark event in the Cold War, as well as the subsequent decades under the rule of János Kádár. In Professor Gati’s view, Kádár, by giving his people the

illusion of freedom and the semblance of economic prosperity, created the “happiest barrack in the camp,” only in the end to subvert the idealism of the Hungarian people.

Professor Gati’s intention to give a “fuller, more truthful” picture of the 1956 Revolt and its aftermath resonated with the supporters of the expanded Hungarian Studies Program. The catalyzing gift for the expansion came from Tibor Fekete, a Calgary-based engineer in the oil and gas industry, who donated \$400,000 to enhance course offerings in Hungarian history. The Széchenyi Society also donated \$100,000 towards scholarships for undergraduate students taking courses on Hungary. Explained Pekka Sinervo, Dean of the Faculty of Arts and Science: “Part of the impetus behind this development is to create one of the premier sites for teaching and research on a strategically and culturally important country.”

For major donor Tibor Fekete, the launch of the expanded program is the latest phase in a decades-long mission. He fled his native

Hungary in 1956 and for the past two decades has been president of The Széchenyi Society, which was established in 1966 by Hungarians across Canada to create a university forum where an “authentic” Hungarian history and literature could be taught, beyond the influence of Communist censorship. In 1978, through its fundraising efforts, a professorship of Hungarian language, literature, and culture (now a program) was founded at the University of Toronto.

“There has been a historic lack of understanding about Hungary and Hungarians on the part of the Western world,” Fekete explained, “that generated hardships for the people. As a boy, I lived among a people who, due to the constant redrawing of political boundaries in the region, were cut off from their motherland, and who, as a result, were in a constant struggle – for their language, for their identity, for their very survival. I had to do something so people here could get a better picture of what Hungarians went through.”

THE NEW SOCIAL FINANCE

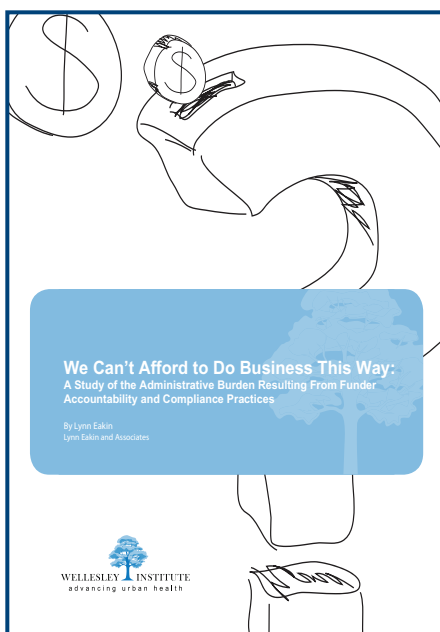
Continued from page 1

unsustainable future where demographic trends and fiscal limits will reduce their existing funding bases from individual donations and government grants.

Charitable and voluntary organizations play a huge role in contributing to the quality of life of Canadian society. They are the base of Canadian civil society. They are also a major economic factor – \$120 billion in annual operating budgets. However, the financing of the sector is under huge financial stress.

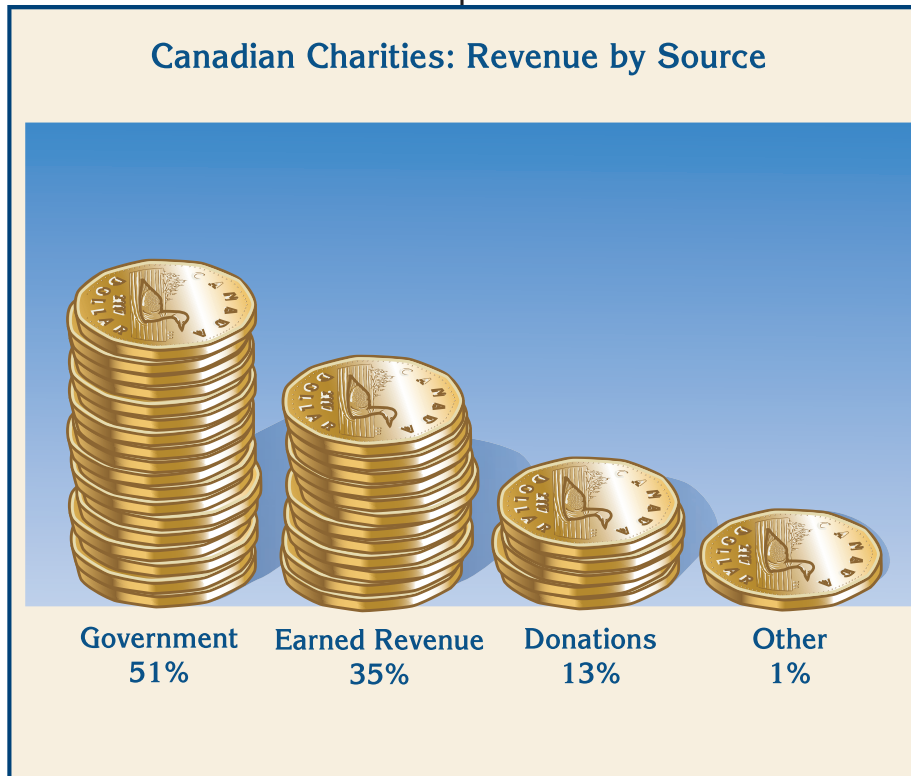
The Canadian situation is somewhat unique in that the financing of the charitable/voluntary sector is very highly dependent on government grants for more than 50 percent of its total operating revenues. The public dollar support comes from all three levels of government – federal, provincial, and municipal.

A recent study of financial and operating issues faced by charities suggests that the sources and conditions of public funding have become an unmanageable burden. The study, *We Can't Afford to Do Business This Way*, was sponsored by the Wellesley Institute and authored by Lynn Eakin. It argues



that the administrative burden resulting from funder accountability and compliance practices is grinding charitable and voluntary operations to a halt.

Outside the mainline health portfolio, most of the social community



and cultural sectors continue to be cut back. The remaining pool of funds is accessed only under crushing regulatory and reporting requirements. A tipping point was the passing of the Federal Accountability Act (2006) and its provincial counterparts. There is a documented Treasury Board case where a \$7,000 grant required \$56,000 in legal and accounting fees to meet the requirements.

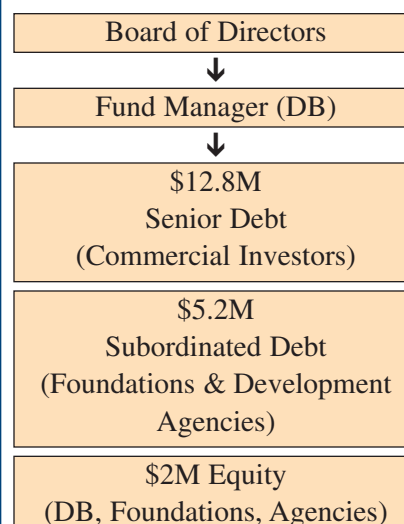
Entirely new strategies have to be found to finance civil society and community services. An example of a new approach to funding the social sector is emerging from a group of Canadian private foundations. The Causeway Project, led by the Tides Foundation of Vancouver and a number of private foundations partners, has launched “Canada’s first national conversation on social finance.” The engagement of commercial markets in social finance is high on the agenda.

Foundations, in total, support the charitable/voluntary sector to the tune of \$8 billion per year in Canada. That money comes from the grants side of foundation operations. What is now being considered is using the asset side of foundations to support the voluntary sector in new ways. Foundations could, for example, fund community enterprise start-ups and make working

capital available to voluntary sector operations. This can be accomplished by offering investors debt instruments or equity that allows them to match their desire for socially responsible investing with attractive returns.

A leading model of the future comes from Deutsche Bank (DB) and its Eye Fund 1. An estimated 37 million people worldwide are blind and 90 percent of them live in the poorest countries. Each year an additional one to two million people go blind. About 75 percent of these cases are preventable or treatable. The Eye Fund 1 is a \$20 million fund organized as a limited liability

The Eye Fund's Structure and Funders



partnership (LLP) to fund sustainable eye hospitals.

The financial revolution that is underway is bringing commercial debt markets and the asset side of foundations and endowed charities to the table to fund our future community and civil society needs. Charities now have only two funding tools: grants and donations. The Deutsche Bank Eye Fund example points to a much more diversified and sustainable future.

We have been called upon for over a decade to think globally and act locally. We may now act locally, and borrow globally.

If these new financial instruments are successful in getting off the ground, who will be their beneficiaries? A variety of organizations are prospects. Some are conventional: established charities, NGOs, schools, hospitals, and community agencies. However, these entities will require new skills and financial management systems. For instance, how does a charity deal with and manage working capital? There will also be new social enterprises – some for-profit and some not-for-profit. We can expect to see a new range of service delivery agents. New intermediate or financial intermediary agents will need to assist in accessing financing and to assess and manage risk. It may seem far out but some of the laid-off “red suspender” financial engineers that we are now reading about in the business pages have the skills to organize and manage secondary markets in social finance debt instruments.

Observers expect that within the decade, financial initiatives from the asset side of foundations will match the level of dollars on the grants side of philanthropic organizations. Welcome to the new world of social finance.

Peter Warrian is a Senior Research Fellow at the Munk Centre, Chair of the Philanthropic Foundations Canada (PFC), and Vice Chair of the Wellesley Institute.

HOW OTTAWA INFIGHTING HOBBLER CANADA'S MISSION IN AFGHANISTAN

From: *The Unexpected War*
by Janice Gross Stein and Eugene Lang. © Copyright Janice Gross Stein and Eugene Lang 2007.
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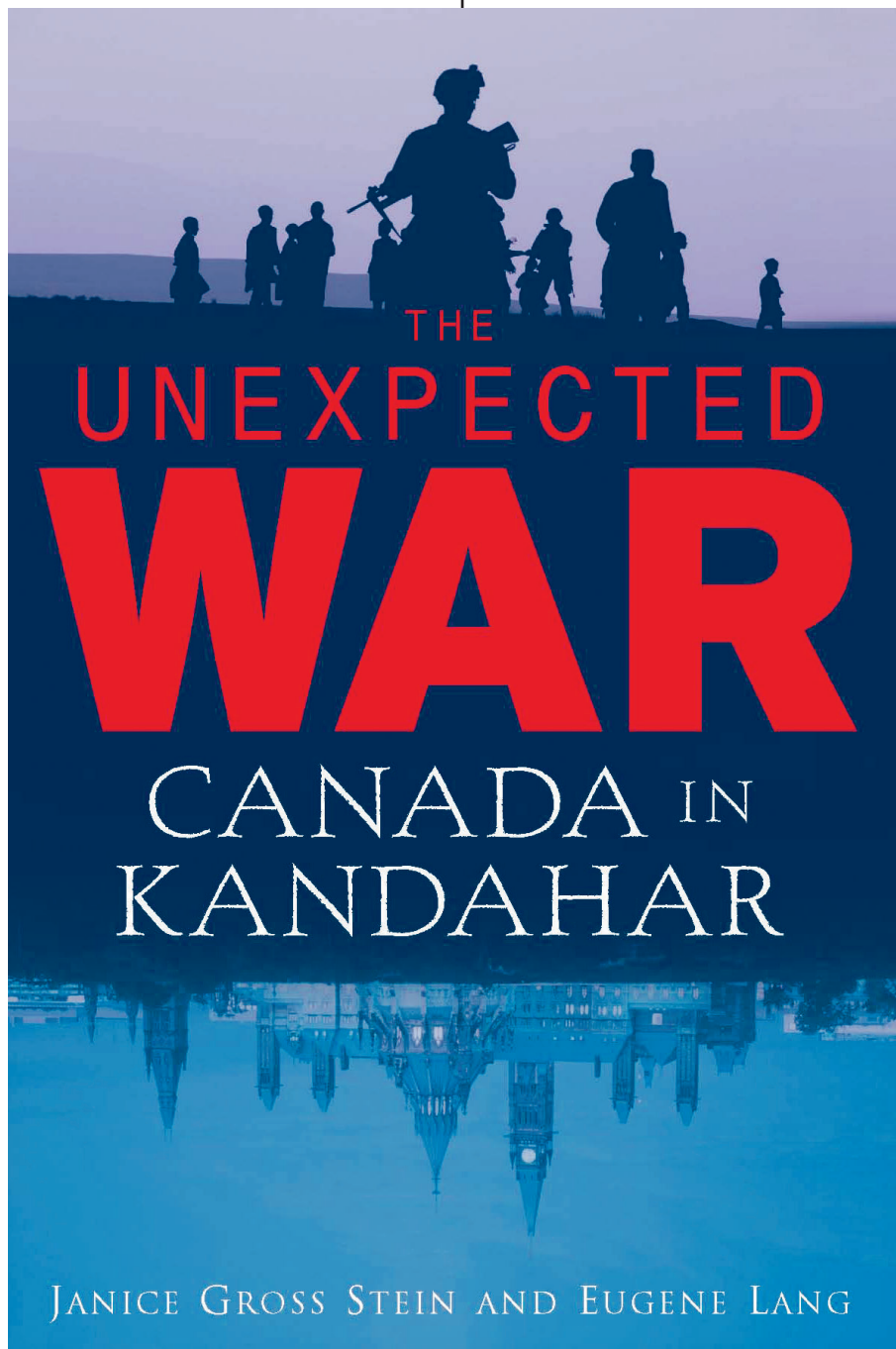
Canada is a country of more than thirty million people, a wealthy country endowed with resources and blessed with skills, talent, and diversity. People from all over the world come to Canada to make it their home. With this kind of talent and these kinds of assets, Canada should be among the best in what it does in the world, a leader and an innovator.

We're not. Again and again, leaders from every political party and government officials across departments lament that Canada is punching below its weight – it could be doing much better in Afghanistan. Canada's soldiers have fought with extraordinary bravery in Afghanistan. They have shown skill, commitment, and dedication. The problem lies elsewhere. Countries with fewer resources than Canada are doing better. Their development assistance programs are more effective, and their ministers work together to identify and plug gaps in security and peace building. Why Canada is underperforming is a large and complicated question, but the damage is at least partly self-inflicted...

The military has repeatedly said that it cannot succeed without an effective reconstruction program, one that has a quick and visible impact on the lives of Afghans in the south. CIDA [Canadian International Development Agency] insists that it does development work, not reconstruction projects, and needs secure conditions before it can do development.

There is merit to the argument that development needs security, but the reflexively repeated distinction between "development" and "reconstruction" is invisible to Afghans. When Bill Graham, then the minister of defence, visited Kandahar in the fall of 2005, the Governor of Kandahar and other local leaders urged Canada to fund projects in Kandahar – vocational training schools, cement factories, agricultural processing plants, hospitals – that would improve the quality of life for Afghans and provide an attractive alternative to the Taliban...

There is more than a tinge of rivalry here, of institutional leaders working at cross-purposes, with different cultures, different procedures, and different time horizons.



Underneath these departmental rivalries and the difficulty of integrating programming, however, are serious differences. There is no way of squaring this circle. Unless the Afghan state develops properly, controls corruption and brutality, and builds functioning institutions, people will not support the government. Yet that is a project of decades and progress comes in very small steps. "It's a fact that there are corrupt practices," Mohammed Ehsan Zia [Minister of Rural Rehabilitation and Development] acknowledged, "that this government has inherited from a failed state. We have suffered from a failed state for thirty years. We are moving to correct it. But it will take time."

Controlling corruption is not only a long-term necessity for a viable Afghan state, but it is also an immediate, short-term objective in the provinces in the south and the east, where the insurgency is growing. If



Armed with tools: a reconstruction team, made up of local Pashtun men, head out for a day's work.

tribal elders see only a corrupt government, with a brutal police force, it is easy to understand why joining the Taliban becomes an acceptable, even attractive, option. General [Rick] Hillier [Chief of the Defence Staff] expressed his deep concern about governance in Afghanistan, "CIDA delivers development. We deliver security and reconstruction. Who delivers governance? We don't have a toolkit for governance. My great concern is that we have not built the governance that Afghanistan needs, the efficient, effective functioning

ministries. Sometimes I think that the Afghan government is Karzai with a cell phone. Where is the UN in all of this? The failure to build governance is our feet of clay..."

All governments have some rivalry among their institutions, but the endless bickering and the institutional quarrels that have hobbled Canada's capacity to make a difference abroad are of a different order of magnitude. Few solid bridges span the three most important departments. Senior officials rarely move back and forth among CIDA, Foreign Affairs, and Defence. Because they don't travel across these departments, it is harder to understand the others' cultures, to bridge the solitudes between Venus and Mars, to break down the language barriers that exist between the departments, and to cross-pollinate their thinking. In a healthy democracy, civilians know enough to challenge the military, especially when the military gives advice on the political consequences of military options and the military understand the diplomatic and political consequences of their action on the ground. Those responsible for development assistance recognize that in a war zone, reconstruction matters as well as development. Each is literate



about the concerns of the others. These kinds of shared understandings, an ability to think outside an institutional box, are not yet what they need to be in Canada.

Janice Gross Stein, Director of the Munk Centre for International Studies, is an acknowledged expert on conflict resolution and international relations.

Eugene Lang, a public policy consultant and writer, served as chief of staff to two ministers of national defence from 2002 to 2006.

CENTRE FOR EUROPEAN, RUSSIAN, AND EURASIAN STUDIES

The CERES Insights page provides analysis by scholars from the Centre for European, Russian, and Eurasian Studies on issues of concern to the region. In this issue we look at the meaning of EU enlargement to members from the East and the West, and at German domestic debates on troop involvement in Afghanistan.



Jeffrey Kopstein
Director, Centre for European, Russian, and Eurasian Studies

In 1903 Leo Tolstoy penned the short story “After the Ball,” in which a youthful officer, having experienced the thrill of first love at a ball, witnesses his future father-in-law, a colonel, ordering his fellow officers to beat a deserter to death. Ivan Vasilyevich not only loses interest in the girl but also refuses any future military or state service. To this day, Russians still say “but after the ball” to caution about the agony that often follows ecstasy in everyday life.

Tolstoy’s disturbing psychological realism may be too dramatic for what is happening in Europe today, but clearly the euphoria and high hopes of the immediate post-1989 years of expansion for the European Union (EU) are gone. The change of mood can be attributed to at least two causes: enlargement fatigue in the West and the return of politics in the East.

Among the old member states, political elites have stated quite clearly that they have had enough of taking in new candidates. Some even say privately that enlargement was a mistake. Before any new members can be brought in, Europe has to consolidate what it has already accomplished and straighten out the institutional mess created by enlargement. French President Nicolas Sarkozy now all but openly opposes Turkey’s entry into the EU,

and has put forward the idea of a “Mediterranean Union” as a sort of consolation prize for non-entrants.

As for consolidation efforts, Europe’s leaders recently agreed upon a new treaty to provide a new framework for the 27-member bloc to replace the failed constitution of 2005. But the treaty looks a lot like the failed constitution. Maybe it will pass this time; EU enthusiasts maintain that only national parliamentary votes are required for ratification rather than the national referendums that sunk the last effort. British Prime Minister Gordon Brown may believe this, but he has reason for misgivings. The opposition Tories contend that the matter must be put before the British people, knowing they will reject it. In any case, the treaty negotiations almost ended in disaster when the Poles threatened to use their veto if they weren’t awarded a larger vote share to reflect their size.

As members, Poland and the other East European states are no longer the well-behaved applicants they once were. The period between 1989 and 2004 (or 2007 for Bulgaria and Romania) was the hour of the technocrat. The post-communist states may have just freed themselves from Soviet domination but entry into the EU required listening to the bureaucrats in Brussels and their regime of

“conditionality”: the 10,000 regulations that each of the candidate members had to pass into their own national law if they wanted in. The result was good behaviour. With the EU, however, once you’re in, you’re in. Nobody gets kicked out. Freed from the constraints of conditionality, politics are back throughout the region. Witness the dramatic rise in odd-ball, xenophobic, and anti-EU populism, from the government in Poland under the Kaczyński twins to the irritating nationalists of Slovakia (who would prefer their country cleansed of Hungarians), to the lunatic fringes of Romania, Hungary, and Bulgaria. The Kaczyński twins, for instance, demanded during EU negotiations that Poland get a larger vote share in the EU to make up for Polish citizens killed by Germany during World War II, even though half of them were Jews – people for whom the Kaczyńskis and their coalition partners clearly have no affection. Polish voters punished the ruling coalition in October 2007 and removed Jaroslaw Kaczyński as prime minister, signalling a partial return to normality, perhaps, but the populist revival in the new member states is here to stay.

The ball may not be over yet but politics are back.



Markus Kaim
2007–2008 DAAD Visiting Professor of German and European Studies

On October 12, the German parliament voted to extend the Bundeswehr’s 3,000-strong military deployment in the International Security Assistance Force (ISAF) in Afghanistan for another year. While the extension passed by a 453 to 79 vote, the Bundestag debate highlighted the growing public opposition to what is increasingly viewed by Germans as a lost mission with an at least questionable moral and political legitimacy.

For Chancellor Angela Merkel and the conservative Christian Democratic Union (CDU), who form a governing coalition with the Social Democrats (SPD), the public opposition is becoming a political headache. In the parliamentary debates, only the left-wing Party of Democratic Socialism (PDS) officially advocated a pullout. The PDS, a successor to the East German ruling party, is playing the pacifist card very effectively, rising in the polls and draining voters from Merkel’s coalition partners. The recently convened SPD party congress [which began at press time for the Munk Centre Monitor] has the potential to inflame that rejectionist

approach even further: Party leaders could be tempted to demand a pullout, or a massive reduction of German troops in Afghanistan, both to regain voters on the left and to attack their current coalition partners during the 2009 election campaign.

Public opinion in Germany has turned against the ISAF mission in Afghanistan in its present form. According to recent public opinion polls, 57 percent of the German electorate supports contributing troops to international reconstruction efforts in Afghanistan, which is the lowest number among the “old” West European NATO members. But only a small number of those questioned support the commitment of troops for combat operations against the Taliban. Other surveys indicate that two-thirds of all Germans favour an immediate military withdrawal.

For Chancellor Merkel and the Christian Democrats, the Bundeswehr’s seemingly open-ended Afghan engagement is a political time bomb that could easily blow up in the run-up to elections in several German states in 2008 and the next federal elections to be held by the fall of

2009. Hence, a growing number of CDU MPs, under strong pressure from their local constituents, support the mission only half-heartedly.

From the government’s point of view, what is now required is strong political leadership regarding the mission and modesty regarding its results. It must go on the offensive and try to convince voters that the military mission is a cause worth fighting for. But, simultaneously, the chancellor has to tone down expectations. The West is unlikely to successfully transform Afghanistan into a fully fledged Western-style democracy. Rather, the realistic litmus test should be to make sure that the country can never again serve as a safe haven for terrorists.

So far, Chancellor Merkel has successfully managed to stay out of Germany’s Afghanistan debate. But with the Taliban on the rise in Afghanistan, and increasing domestic opposition to the Bundeswehr deployment, pressure could mount for a defensive-reactive strategy that carries a lot of risks, at home and abroad.

STEPPING UP TO THE PLATE – FOR DINNER AND A CAUSE

Where great minds meet: The Munk Centre’s role as a hub for research and debate on international affairs was expanded this fall with the creation of The Canadian International Council (CIC). The Council, which will be headquartered at the Munk Centre, was launched at a gala fundraising dinner on October 25, hosted by Jim Balsillie, the CIC’s driving force and major donor, and investment executive Blake Goldring. A five-star array of supporters from business, government, and academe celebrated the creation of the CIC. The guest of honour was Mexican economist and diplomat Angel Gurría, Secretary-General of the Organisation for Economic Co-operation and Development, who was celebrated as “Globalist of the Year.”

The CIC is a newly formed non-partisan, nationwide institution supporting a Canadian foreign policy network. It will recruit fellows from all over Canada to spend a year working on an issue that is of major importance to Canada in a global world. Fellows will be drawn from the academic community, the private sector, government, and the voluntary sector. It will be based at the Munk Centre but will have national reach with partners across Canada and around the world.

“The support we’ve received from private individuals and the Canadian business community is truly remarkable,” said CIC Chairman Jim Balsillie, who donated \$1 million. “The funds raised are essential for the CIC to fulfill its mandate as a world-class research institution.”

