Editorial

The rise of two potential world powers, India and China, must be reckoned among the most significant and consequential changes that have occurred in the global order. The importance of this trend is due not only to the sheer size of the two behemoths, but also to developments taking place within each of them. In this context it is interesting to compare the »world's largest democracy,« which has enjoyed nearly seven decades to develop its potential largely undisturbed by outside intervention, with its authoritarian rival, which basically didn't get that opportunity until the crisis-plagued Mao Zedong era ended.

The articles featured in this issue shed light not only on crucial aspects of the internal development of both countries, but also on parallels between them. It is noteworthy from the latter perspective that, after many decades of self-assertion, Indian democracy is now threatened by a form of neo-populism and authoritarianism that seeks to base itself on the (less than universal) culture of Hinduism. Surprisingly, on this point India's trajectory resembles the authoritarianism of the newly self-confident Chinese leadership, which likewise seeks justification for its policies in the cultural identity of the country. Thus, both affirm that the »Western« model should be rejected as a binding standard for their own policymaking. On the positive side, however, both countries are determined to participate in a multilateral world order. At a time when the United States under President Trump seems inclined to turn its back on that order, this is a valuable insight.

The great issue that is convulsing European countries even more than the United States continues to be mass migration and its repercussions. It has drawn a new and profound line of conflict right through the political landscape of nearly all the affected countries, most notably between the sometimes enthusiastic friends of open borders and their embittered opponents. Authoritarian right-wing populists have been the chief beneficiaries everywhere. This is a problem that cries out for a humane and workable solution. In this issue the leading British migration scholar, Paul Collier, offers some timely proposals. His suggestions, designed to be pragmatic, take into account both the interests of the countries of origin and those of the destination countries in the great migration.

Thomas Meyer
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Christian Wagner
India: The quest for a China strategy

The Union of India and the People's Republic of China have shared an ambivalent relationship since the former gained independence in 1947 and the latter was founded as a state in 1949. While India may have been considered a model for the political development of post-colonial countries during the 50s and 60s, the current debate about »the Asian century« coincides with the economic rise and power-political ambitions of China.

China has undergone a remarkable international upgrade since the 70s. Since 1971 it has held a permanent seat in the United Nations Security Council. Moreover, as an acknowledged nuclear power it has been a party to the Nuclear Non-Proliferation Treaty. Finally, since the liberalization of the late 70s it has developed into one of the most important global economies. By dint of the »Belt and Road Initiative« (BRI) announced in 2013 – now officially known as »One Belt, One Road« – the Chinese government has reinforced its claim to the status of a regional and global power.

Traditionally, the Indian Union has harbored great power ambitions of its own comparable to those of China. For years Indian governments have demanded a permanent seat on the UN Security Council. In 1974 India tested its first atomic weapon, but it never signed the Nuclear Non-Proliferation Treaty and remained internationally isolated on this issue until concluding a nuclear agreement with the United States in 2008. In 1991 India embarked upon reforms of its economic policies, yet even today it still lags far behind the People's Republic on nearly all socio-economic indicators.

Bilateral relations between India and China – the world's two most populous countries – have passed through many phases, ranging from the invocation of brotherhood and eternal friendship to geo-strategic rivalry and war. The still-disputed boundary between the two countries triggered a brief war in 1962 and, in 2017, provoked renewed tensions, as troops from the two sides clashed in the Doklam region. China's massive support for India's arch-rival Pakistan, the activities of Tibetan exiles in India, extensive Chinese investments in South Asia (traditionally seen as part of India's sphere of influence) in the framework of the BRI, and a growing Chinese presence in the Indian Ocean frequently have disturbed relations between New Delhi and Peking.

But by this time, China also has become India's biggest bilateral trading partner. Both countries are members of Shanghai Cooperation Organization (SCO) as well as of the BRICS group, which consists of Brazil, Russia, India, China, and South Africa. In international trade and climate negotiations, the two countries often take similar positions in opposition to those of the industrialized countries.

The Chinese BRI poses novel challenges to India's foreign policy, both in respect to its immediate neighborhood, South Asia, and to the broader regional environment of the Indo-Pacific zone.

Resurveying South Asia

The BRI's largest investments, totaling up to $US 60 billion, are slated for the China-Pakistan Economic Corridor (CPEC). Between 2005 and 2015, China invested about $US 14 billion in Sri Lanka for various infrastructure projects. The Chinese government promised Bangladesh $US 38 billion. Investments and credits of over $US 8 billion are planned for Nepal. In addition, Pakistan holds a special significance in the BRI, because the Pakistani port city of Gwadar is the junction of the »new silk road« and the »maritime silk road.«

India believes it is losing influence in the region due to such Chinese investments and fears being encircled by Chinese military bases (the so-called »string of pearls«) in neighboring states, e.g., by the port projects in Gwadar (Pakistan) and Hambantota (Sri Lanka).

The Chinese government has repeatedly invited India to participate in the BRI, but so far India has rejected the offer. Supposedly, the main reason for India's reluctance is the routing of the CPEC, which runs through the Pakistani portion of Kashmir, a region claimed by India. Thus, India sees the project as an infringement on its national sovereignty. Furthermore, the Indian government criticizes the fact that, by accepting Chinese credits, many countries fall into debt and political dependency on the People's Republic. In one such case near the end of 2017, the government of Sri Lanka was forced to transfer control over the port of Hambantota to a Chinese firm for 99 years in order to pay back the loans it had received.

Initially, the Indian government was hard pressed to find a suitable response to Chinese engagement in South Asia. But now India is working more closely with Western countries and Japan to counter growing Chinese influence in the region. In 2016, India and the United States agreed to cooperate more fully on development policy; meanwhile the two nations also are collaborating more closely in Afghanistan and Nepal. In Sri Lanka, India and Japan are cooperating in the energy field.

This strategy represents a departure from India's previous South Asia policy. For a long time India discouraged the involvement of the great powers in South Asia because it saw itself as the power responsible for maintaining order in the region. In the wake of India's failed 1991 intervention in Sri Lanka, beginning in the mid-90s India put greater emphasis on the expansion of regional networks to boost meager interregional trade. But India's plans sparked little interest in the region due to bilateral conflicts, mistrust of India in the neighboring countries, and the considerably smaller volume of investments. As far as the nations of South Asia are concerned, compared to India China is a politically neutral and economically far more attractive partner. Assuming that this trend continues, South Asia is more likely to be influenced by China than by India in the future.

The reorientation of India's foreign policy in the face of the China's growing regional and global influence also comes to light in the broader Asian theater and in the Indian Ocean. In the wake of its post-1991 liberalization policies, India adopted its »Look East Policy« as a slogan to describe its determination continually to expand its economic, political, and military ties to the countries of the Association of Southeast Asian Nations (ASEAN). In the context of his »Act East

Policy,« Prime Minister Narendra Modi particularly wanted to upgrade relations with Japan.

When India and Japan created an Asia-Africa Growth Corridor (AAGC), which was intended to provide an alternative to the BRI, the two countries agreed to cooperate closely. The AAGC is primarily designed for countries in the Indian Ocean and those on its littoral. The close economic and political cooperation with Japan offers India a new instrument for asserting its ambitions in the Indian Ocean.

Another project designed to improve regional networking is the International North-South Transport Corridor (INSTC) sponsored by Russia, Iran, and India in 2015. Starting at the Iranian port city of Chabahar, the Corridor is supposed to grant India access to Afghanistan, Central Asia, and Russia. Because of its conflict with India, Pakistan thus far has denied its neighbor a land link to Central Asia. In May of 2016, the Indian government promised $US 500 million for the development of the port of Chabahar. At the end of October, 2017, India sent a shipment of wheat to Afghanistan via Chabahar for the first time. With this project, the Indian government is also underscoring its ability successfully to launch infrastructure projects with other countries.

Military cooperation

In addition to its political and economic initiatives, India has increased investment in military cooperation with old and new partners. In November, 2017, the heads of government from the USA, Japan, Australia, and India met to revive the »Quadrilateral Initiative« (Quad). This group had emerged from an initiative launched by Japan ten years earlier, but was unable to gain permanent traction due to divergent views on foreign policy. Now as then, relations with China were the sticking point. The states of the Quad are seeking joint strategies to counter China's more offensive-minded policies, for example in the South China Sea. In recent years India has significantly upgraded its political, military, and economic ties to all three partners of the Quad. Nevertheless, at their meeting the members of the Quad were unable to agree on a joint statement, since – among other things – they held different views about issues of maritime security.

Since 2009 India has come to regard itself as the security provider for the island nations of the Indian Ocean, in order to establish a counterweight to the growing Chinese presence in the region. In the meantime, India has intensified its military cooperation with Mauritius, the Seychelles, the Maldives, and the Comoros. A new logistical pact with the United States, concluded in 2016, now permits India to use American military installations in the Indo-Pacific area. And early in 2018, India reached agreement with Oman on the military use of a harbor in Duqm, which was seen as a counterweight to Chinese installations in Djibouti and Gwadar. Around the same time, France and India reached consensus on further expansion of their military cooperation in the Indian Ocean.

China was, is, and likely will remain the focal point of Indian foreign policy. At their informal summit meeting in the central Chinese city of Wuhan in April of this year, Prime Minister Modi and President Xi Jinping agreed on trust-building

measures to improve bilateral relations again in the aftermath of the 2017 Doklam crisis. For India, the challenge consists in developing a China strategy that takes into account the clashing interests that result from conflicts, competition, and cooperation with China. Only then will India be in a position to influence the Asian Century in light of its own ideas.

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Margot Schüller
China and India: Their Economic Models Compared

China and India responded to the opportunities and challenges of globalization in different ways, and with varying degrees of success. Although both countries reformed their economic models and integrated their economies into the international division of labor, by now China boasts a considerably higher level of development and a higher average income than India. In contrast to India, China can also be expected to move up the value-creation chain more quickly and thereby avoid the middle-income trap. The comparison between China and India thus shows that democratic systems are not automatically more successful in economic terms than authoritarian ones. To be sure, basic institutional parameters and the path-dependencies that flow from them play an important role, the significance of which is often underestimated. But here we cannot go more deeply into these questions.

When India achieved its independence in 1947 and the People's Republic of China was founded in 1949, the two countries faced similar challenges. The level of economic development in both nations was very low, and their transportation infrastructure, energy supply, and educational sectors were all underdeveloped. In 1952, each country was among the world's poorest, with an average per capita GDP of $US 50 in China and $US 60 in India. The agricultural sector played a central role and provided employment for most of the labor force. China's population of 575 million and India's of 370 million in 1952 already made them the world's most populous nations. Against this backdrop, the task of catching up to the already more developed industrialized countries was initially the most important goal of the political leadership in the two countries.

To achieve that goal, the Chinese Communist Party (CCP), the country's leading political force following the establishment of the People's Republic, chose to adopt a socialist economic model based on that of the Soviet Union. Its characteristic features included the dominant position of state-owned enterprises in the industrial sector, the allocation of resources by bureaucratic fiat rather than via markets,

imperative middle- and long-term state planning, and an inward-looking development strategy. This strategy enabled China to achieve high growth rates in industrial production during its catch-up phase (on average 10.5 % a year from 1952 to 1978), thus expanding its industrial base and improving considerably the provision of public goods such as education, health, and infrastructure. Nevertheless, incomes and living standards remained low. Worried that the populace might turn its back on the Party and in hopes of restoring its dwindling legitimacy, the CCP embarked on a reform course following the death of Mao Zedong, who had held nearly all the top political offices. The goal of the »Four Modernizations« officially adopted at the end of 1978 (in agriculture, industry, defense, and science/technology), was to achieve a rapid growth rate coupled with improvements in the standard of living. Deng Xiaoping, the »architect of the reforms,« advocated a pragmatic course featuring the interplay of markets and central planning, state-owned and private property, and reforms in the international trade-related sector of the economy. However, the existing model has not been called into question in any fundamental way since the early 90s, and even the opening to international trade has been quite selective.

In the wake of its independence, India found itself confronted by a double challenge: the need to catch up economically and the enormous burdens inherited from the colonial era. The latter included the secession of Pakistan, the integration of princely states such as Hyderabad and Kashmir, and the establishment of new federal states. The British legacy also had an effect on the choice of a political system. Thus, the Constituent Assembly drafted a constitution based on democratic principles and paved the way for the first free elections in 1952. When it came to the question of how to coordinate the economy, however, the notion of a strong state that would help the country catch up was the dominant idea in India as well as in China. That preference led to the adoption of middle- and long-term indicative planning for key sectors of industry, to be managed by a planning commission limited to offering recommendations. In addition, the state would make heavy investments in the industrial sector, build large state-owned enterprises, and discriminate against private enterprises in certain sectors of the economy by introducing a licensing system. These policies not only imposed restrictions on investments and import activity by non-state-owned firms; they also led to a decline in the economy's international competitiveness because local industries were further sealed off from foreign competition by high tariffs and barriers to entry. The licensing system was not relaxed until the mid-70s to facilitate the importation of machinery and raw materials. Low growth rates and the process of globalization – the latter accelerated not least by falling telecommunications and transportation costs – modified the general parameters for India's economic policymaking. For instance, in the mid-80s in a few sectors, such as the state-subsidized automobile industry, the first steps toward deregulation were attempted, import duties were lowered, and cooperation with foreign manufacturers was permitted. However, the dominant import substitution policy was abandoned rather grudgingly. Consequently, India's share of global exports, 0.5 % in 1980, increased only trivially over the next two decades, reaching just 0.8 % in 2000.

Reforms in economic coordination

Globalization, with its worldwide networking of trade and investment activities, triggered a wave of economic liberalization in many countries by the early 90s. In the competition to be the most attractive location for foreign investment and integration into the value-added chain of multinational corporations, many countries tried to improve their positions so that they could share in the transfers of capital and technology that were associated with being a global winner. In China, the necessary deregulation and liberalization of the Party's chosen economic model forced the political leadership to consider a redefinition of its ideological underpinnings, which previously had relied on Marxism-Leninism. Once the concept of a »socialist market economy with Chinese characteristics« was embraced, the market could be accorded a crucial significance as a distributive mechanism, and private property could be recognized as a form of property equal in status to public ownership. Private entrepreneurs were given the epithet »builders of socialism,« which entitled them to be accepted as members of the CCP. This ideological balancing act made it possible to carry out far-reaching reforms while simultaneously upholding the Party's monopoly of power and its central decision-making structures. The latter include state control over both the financial and currency system and of large firms in the raw materials, transportation, and telecommunications sectors. In anticipation of its accession to the World Trade Organization (WTO) at the end of 2001, China adjusted its economic model in many areas and committed itself to the basic principles of free trade. Despite these reforms, the Chinese economic model remains quite distinct from Western models, especially in respect to the central role of the state in the economy and the interdependence of the relevant actors in industrial policy.

In India the balance of payments crisis of 1990/91 forced the country to ask the International Monetary Fund (IMF) for credits. This incident revealed the weaknesses of the previous model and precipitated numerous reform measures affecting both foreign trade and the domestic economy. These included a devaluation of the Indian currency, the abolition of foreign exchange controls, tariff reduction, and far-reaching liberalization of investments by both domestic and foreign firms in the Indian market as well as the first reforms of the financial sector. Taken as a whole, these measures strengthened competition and the private sector and made the entire economy more dynamic. The all-embracing, direct state control over the economy that preceded the reform wave was abandoned, while new industries such as IT now could develop more rapidly. In addition to these deregulatory and liberalization measures, the Indian government pursued a proactive industrial policy by subsidizing strategically important sectors and the expansion of export processing zones.

With populations of, respectively, about 1.4 and 1.3 billion, China and India are dependent on relatively high growth and rapid structural transformation. With a time lag vis-á-vis China, India too adjusted its economic model and therefore was able to put its catch-up process into high gear. Given that it has already reached a far higher level of development, China currently is attempting to put its economy on

a more innovation-oriented, ecologically sustainable, and balanced path to growth by setting new targets and adopting new measures. It remains to be seen whether this course correction within the framework of an authoritarian political system will succeed. But if we draw up a preliminary balance sheet, we notice the distinct superiority of China over India in respect to both the size of its economy and the share of its growth that accrues to the broader population. Thus, in 2017 the Chinese economy is five times bigger than that of India. As before, poverty in India is still abject, since 60 % of Indians live on slightly more than $US 3.00 a day, whereas in China the very poor, as measured by the same statistic, make up just 12 % of the population. If we look at other economic indicators such as the country's share of worldwide exports, the extent of its energy generation, transportation infrastructure, investments in research and development, and technical innovation, we find that India lags far behind China.

The wide gap in India's level of development versus that of China cannot by explained merely by pointing to differences in their respective political systems. Cultural factors too, such as the degree of social mobility and ethnic homogeneity/heterogeneity of the population, have an impact on the economic development of a country. But those factors could not be taken into account in the present essay.

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Thomas Heberer
China's Road

In October of 2017, the 19th Party Congress of the Chinese Communist Party (CCP) drafted a concrete schedule for the country's modernization. By 2020 poverty is supposed to be eliminated, purely quantitative growth statistics are to be replaced by qualitative-sustainable figures, and a moderately wealthy society should be created. By 2035 thoroughgoing modernization will be the order of the day, and environmental problems will be solved. By 2050, a society that is modern in every respect will have been achieved, one that will make China a world power every bit the equal of the United States. In addition, as expected, the Congress decided to re-elect Xi Jinping as head of the Party for a second term of office (2017–2022).

In the West, many found this and other constitutional changes alarming, especially the decision to abrogate the clause limiting the state president to two terms in office without replacing it with another term limit. Because neither the office of party chair, in which the broadest range of powers inheres, nor that of the supreme commander of the armed forces are subject to any term limits, the constitutional

revision may best be understood as a symbolic signal rather than a fundamental change. Evidently, the situation in the country is considered so precarious that the party leadership hopes that its decision to abandon the principle of collective leadership and concentrate the three most important offices in the party and state in a single hand – i.e., to return to personalized leadership – will insure »stability« and continuity in the conduct of politics. In China, now as before, political power is primarily personal. The country has as yet failed to circumscribe and limit power through institutional means.

The succession issue also remained unresolved, and that was probably an important reason that the limitation upon the state president's term of office was eliminated. A suitable successor still could not be found, especially since one potentially promising candidate (Sun Zhengcai, former member of the Politburo and party chief of Chongqing) was arrested in the summer of 2017 for corruption and meanwhile has been sentenced to life imprisonment.

If Xi's first term in office was marked primarily by the fight against corruption and the implementation of the silk road initiative (One Belt, One Road), the second phase will focus on the implementation of the reform program already approved in 2013: improvements in government work, the shaping of society, and the market system (cf. my article in the *Quarterly* 3/2017), the strengthening of ideological and organizational control, the reform of state-owned enterprises, and effective control of the Internet.

»Vision 2050« as a national mission

By extending its development planning until 2050, the Party has endorsed a national »mission.« With the models of other »East Asian developmental states« in mind (Japan, South Korea, Taiwan, Singapore), we can describe the »developmental state« of China as follows. A »strong« state will be a central actor in steering development that, in turn, will be planned by a united leadership (the CCP). There will be effective and successful development enacted and carried out »from the top down.« Repression will be practiced against people who are considered to be opponents of the development program or the regime. The model favors state intervention in the economy and a close symbiosis between the state and business enterprises as well as an effective bureaucracy and relative state autonomy vis-á-vis interest groups in society. Vision 2050 is supposed to be carried out – with no conditions attached – as the great mission of the CCP. From their point of view, what counts at present is not, as often claimed in the West, the mere preservation of the CCP's power. The notion of clinging to power as an end in itself, as an abstract category, explains nothing whatsoever. There are always specific goals lurking behind it, whether involving the struggle for resources or interests that transcend power. In the China of today, the realization of the above-described national mission of modernization is both the goal and the interest.

At the same time, the Chinese development model is supposed to be based on uniquely »Chinese« peculiarities and circumstances, and not follow »Western models,« e.g., when it comes to the political system and the structuring of politics. Cur-

rently, numerous intellectuals are demanding that a Chinese kind of universalism and value system, one based on traditional (Confucian) values, should challenge the West's version. Even the debates about and efforts of large corporations to create a *rushang* – a business enterprise following Confucian values such as social responsibility, welfare for the labor force, and respect for the environment and nature – are headed in this direction. To Western observers this may sound banal. However, the current Chinese debate makes it clear that, beyond purely economic issues, conversations are going on about a new system of values that should be taken seriously, since they are the toolkit that accompanies China's comeback.

Foreign policy, too, serves the purpose of »China's rise« in a variety of ways: asserting territorial claims in the South China Sea, the country's most important transportation route for raw materials and energy; or in the form of the above-mentioned »new silk road.« Not only does the latter envision infrastructure projects, development programs, and a grand design of institutional changes in the broader region of Asia/East Africa/Europe; it is also intended to help secure sources of raw materials, new markets for Chinese products, and new alliance partners in China's interest. Moreover, this initiative may be understood as an alternative Chinese program of globalization and a counterpoint to Western development programs. Nevertheless, China will have to prove that the envisioned project is one of global cooperation rather than simply being a unilateral scheme in its own self-interest.

The role of the »strong state«

Implementing such a far-reaching, future-oriented program of domestic and foreign policy by 2050 will be neither easy nor problem-free. To carry out this mission, the leadership believes that a centralized style of direction and its consolidation will be indispensable. In addition, they think that a »strong state« as well as an assertive, competent leading personality who embodies the mission will be needed.

The role of a strong state is deeply embedded in China's political culture, and exerts an influence even up to the present-day. As early as the beginning of the 20th century, the reformer Kang Youwei (1858–1927) stressed that »When we talk about equality, freedom, and the rights of the people, we mean the expansion of the rights and privileges of individuals. When individual rights and privileges are expanded, the power of the state necessarily will be weakened.« And Sun Yat-sen (1866–1925), the first president of the Republic of China after the 1911 uprising, likewise singled out the special role of the state in China: »When we apply the term ›freedom‹ to the individual person, we become a heap of loose sand. Under no circumstances should we give more freedom to the individual. Instead, let us secure the freedom of the nation. [Here, Sun has in mind the state; author's note]. The individual should not have too much freedom, but the nation must possess perfect freedom.«

In fact, important ideas of the 20th century continue to influence the present. The 中 体 西 用 (»China's doctrines as inner substance, Western doctrines for practical ends«); the concept of an authoritarian developmental state, and leadership of that state by an elite (reformer Liang Qichao, 1873–1929); the emphasis upon the duty of the political elite to take care of the nation and people (as described by the

philosopher Qian Mu, 1895–1990); the state's »educational dictatorship,« national renewal, and emphasis upon the »popular welfare« urged by the first President of the Republic, Sun Yat-sen; or the notion of »neo-authoritarianism« (implementation first of economic and then of political modernization by a strong state): all of these ideas are solidly entrenched in the mental world of the political elite; indeed, their significance for the present day is being discussed again even now.

Behind the concentration of power and recentralization lies the idea of restoring a single center of decision-making backed by a unified party (the CCP) with a far-sighted yet competent leader at the helm. As the present party leadership sees it, the decline and disintegration of the Soviet Union could be traced back to the fragmentation and ideological hollowing-out of that country's Communist Party and the emergence of parallel power structures. Thus, it would be necessary to avoid such a development in China in order to achieve the goals of national modernization and the ascent of China to the status of a world power. The party would again have to become the decisive leadership and decision-making authority in every sector of society while combating the symptoms of internal decay such as corruption.

Social and political controls

But the transition from a collective to an individual and personalized leadership, the excessive demands of ideological control, and the constriction of political-social discourses also have a flip-side. Not only do they sap the motivations of officials and intellectuals; they also pose the danger that the party leader will be ill-informed when things go seriously wrong. He may indeed be above the fray but simultaneously also out of the loop. To shape and mold society and carry on the politics needed to do so, the country must encourage a discourse involving the broader society, because otherwise the discussion of alternative developmental steps may be throttled.

As much as any other field, the regulation of the Internet demonstrates with extraordinary clarity the re-establishment of the hegemony of the party-state by the party leadership (»the CCP guides and leads everything«). Participants in discourses are to uphold political correctness as understood by the CCP leadership. »Positive« news, economic issues, commercialization and privatization of the Internet should be encouraged. In this context, critique of local problems is deemed desirable, especially since the central state needs information about the mood of people at the local level. Therefore, special software has been deployed to filter out and sample local critiques so that the leadership can get a better overview of grassroots sentiments and, if need be, intervene politically. Besides, by allowing Internet petitions from the populace, to which local governments are expected to respond and in some cases seek solutions, the party-state tries to engender a high level of satisfaction and restore trust in its rule.

At bottom, the point of clamping down on the Internet is to foster self-discipline and self-control among Internet users. Currently, this scheme seems to be going off mostly without a hitch. Still, it is questionable whether the policy will generate »stability« in the long run or whether it might not elicit new, destabilizing factors. If the

Party does not manage to find solutions for social problems at the local level and in regard to social groups that feel themselves to be disadvantaged, social dissatisfaction can easily trigger mobilization effects. This generalization is illustrated by the trans-regional strikes by crane operators and delivery services drivers that occurred between late April and early May of this year. These were employees who felt dissatisfied by their working conditions and compensation level and who saw in collective action their only option for expressing that dissatisfaction.

Thus, in respect to social and political control there are significant differences between the traditionally more open and liberal provinces in the southern part of the country and the more conservative ones in the north. Politics at the center tends to be formulated in more general or generalizable terms. This permits individual provinces to choose different points of emphasis which means that policymaking at the center is interpreted differently in the regions. Thus, within limits, considerable differences in the implementation of policies set by the center can be accommodated.

Regaining central control

The anti-corruption campaign, which has been going on since 2014, aims at a »purge« of the Party. It is intended to lay the groundwork for the Party once again to act as a unit and to restore its hegemony. In China, corruption traditionally is viewed as an expression of particular interests that hamper and thwart the enactment of common interests. The entire Party is supposed to fall into line behind the national mission described above. The current efforts of the CCP to regain full steering control are reflected in several complementary goals. It seeks to implement the new reform program of 2013, reduce corruption, push back against the influence of interest groups, bring public officials and the armed forces back into line, isolate political opponents, and restore central control, thereby consolidating the party-state.

Undoubtedly, the scope of the struggle against corruption has helped to reduce it, not least because of the deterrent effects the campaign has had. Moreover, the battle enjoys a remarkable degree of public support, and it legitimates the »strongman« Xi Jinping. On the other hand, local public officials have grown more circumspect, and not only in their dealings with businesspeople. As a result, a negative influence is noticeable on entrepreneurs' willingness to invest. Furthermore, in regard to schemes for local political innovations that could be criticized as out of step with political objectives at the center, public officials evidently are showing greater restraint. Whereas until just a few years ago counties and cities were allowed to experiment with social innovations and use their own judgment in determining what problems to focus on, they now need the approval of higher authorities to make such decisions. On one hand, that arrangement is supposed to prevent the wasting of resources and funding; on the other, it discourages social innovation and the adoption of development schemes geared to local needs.

So is the era of Xi Jinping a step backward? There is no doubt that the recent emphasis upon and enactment of the »leading role of the CCP in all spheres,« as

well as the recentralization, rehierarchization, and restoration of ideological rigor, all have intensified. Likewise, the Party is resorting more and more to »traditional« steering instruments (emphasis upon the »mass line,« the hegemony of the CCP, and the substitution of the »leader principle« for collective leadership). In addition, the leadership has grown more self-confident and energetic in pursuing its foreign policy interests as part of the strategy of attaining the modernization goals slated for 2050. Efforts to control cyberspace are becoming ever more expansive and far-reaching. The political leadership seems determined to put the country in crisis mode even for the long run. Its goal is to create a state able and willing to discipline and civilize, i.e., one that stakes everything on the attainment of the 2050 modernization and world power goals and the objectives assigned to their intermediate stages in 2020 and 2035. This is a schedule that definitely wins the approval of the great majority of the population, the intellectuals excepted. As this essay makes plain, government leadership put into crisis mode over the long term and in this form harbors numerous risks. It will be interesting to see whether these risks are recognized in time, and whether their recognition ultimately will manifest itself in the way politics is shaped down the road.

Unquestionably, it is in the interest of the world for China to be modern and stable. But at the same time, China's rise brings with it new challenges. These include great power rivalry with the USA, which fears China's ascent and strives to keep it in check, resulting in trade and territorial conflicts (as in the South China Sea); alternative projects of globalization (such as One Belt, One Road); and the rise of China to become the world's leading economy as well as a leading military power on a par with the USA. Furthermore, China is preparing to assume a leadership role in developing the technologies of the future (robotics, genetic engineering, artificial intelligence, etc.). »The West« will have to meet these challenges. On the other side of the ledger, China's rise presents the world with great opportunities. Among other things, that country is now a participant in the implementation of global climate targets and is among the most committed supporters of the deployment of UN »blue helmet« contingents. Moreover, its development also contributes to the attainment of the UN's millennium development goals. As early as 2015 a report issued by the United Nations Development Program (UNDP) argued that China's success in attaining those goals sets an excellent example for other countries and contributes mightily to the achievement of the millennium goals worldwide. At the same time, the world expects that the country's actions will build international trust and send a signal that it is ready and willing to follow international norms, i.e., that, as a civil power, it will play its part in shaping the world order.

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This October, FES Connect, the first global digital newsletter of the Friedrich-Ebert-Stiftung in English turns two!

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Britta Petersen
»Lukewarm Reforms and World-Class Mistakes«

India's Prime Minister Narendra Modi is no longer invincible

If regional elections held in the state of Karnataka are any indication, India can look forward to a turbulent parliamentary election in early 2019. The Hindu nationalist Bharatiya Janata Party (BJP) won a simple majority in this southern Indian state in May, but efforts to form a government failed because the other parties closed ranks in opposition. The candidate at the top of the BJP's ticket, B. S. Yeddyurappa, resigned his post as the state's premier under fire, having served a record-low two days in that office. He was charged with having attempted to buy a majority of the deputies in the state legislature, which would not have been out-of-the-ordinary in India.

Now the Congress Party is governing once more in Bangalore, Karnataka's capital, with a grand coalition the survival of which is uncertain. By contrast, the frustration of the voters is a sure thing. For Prime Minister Narendra Modi there is good and bad news here. On one hand, his party can still win elections. On the other hand, the halos over the heads of the BJP and its supreme leader have grown a bit tarnished just four years after their landslide victory in 2014.

Suhas Palshikar, a professor of political science in Pune, opines that »the BJP continues to represent up-and-coming India«. Although most voters do not feel as if the »good days« (in Hindi *achche din*) finally have arrived, as Modi promised during the election, the BJP has indeed carried out enough reforms to create the impression that it wants to lead India into the 21st century. On the other hand, the opposition has noticed that Modi is vulnerable. It is true that the Congress Party, led by Rahul Gandhi, still has not put forward a persuasive program. Besides, this scion of the Gandhi-Nehru dynasty, which ruled India for 60 years, cannot hold a candle to the hyperactive, politically ascendant Modi. That being said, even the premier and his party put their pants on one leg at a time, like everybody else.

Mistakes in implementing many of the reforms have put a damper on the once great enthusiasm for Modi and his party. And in the wake of the Karnataka election the BJP can no longer plausibly boast that it is the »clean« party as it once did. Mihir S. Sharma, author of the book *Restart: The Last Chance for the Indian Economy*, snidely credits the Indian government with »lukewarm reforms and world-class mistakes.« He admits that Modi certainly is working to improve India, but there can be no talk of a »transformation.«

Crimes and acts of violence

Instead, the headlines are dominated by communal violence and rapes. Critics fear that violence against Muslims and anti-Pakistan rhetoric will intensify prior to the elections, because that is the easiest way to rally voters behind a candidate or party. Just over 80 % of the Indian population are Hindus, and more than a few hold the opinion that minorities like Muslims (14 %) and Christians (2.4 %) should comply with the majority's wishes.

That would mean, to cite just one instance, treating cows as sacred. Attacks on Muslims who operate (legal) slaughterhouses or allegedly consume beef have increased under the BJP government. »IndiaSpend,« a Mumbai-based organization specializing in data journalism, offers the following statistical summary: Between 2010 and 2017, 124 people were injured in India in attacks related to sacred cows. Of those victims, 28 died, of whom 24 were Muslims. 97 % of those attacks took place during Prime Minister Modi's term in office.

Mujibur Rehman, a political scientist at the Jamia-Millia-Islamia University in Delhi, says: »In India under Modi, Muslims feel deeply insecure. The message sent by Hindu nationalists is: It is up to us whether you live or die.«

A terrible crime that the public learned about earlier this year has strengthened this impression. An 8-year-old girl from the crisis-plagued state of Jammu and Kashmir was raped for days in a temple and then finally murdered. She belonged to a nomadic Muslim tribe that is convinced that, on account of its religion, it should be driven out of the region in this state traditionally dominated by Hindus. The suspects were not without their supporters. Two local parliamentary deputies from the BJP took part in a demonstration in favor of the perpetrators. Although they have since resigned, the devastating impression remains.

To be sure, Narendra Modi, aware that he is duty-bound to speak out, has condemned »hooliganism in the name of the cow« as »unacceptable.« Yet the premier cannot go so far as to alienate the radical wing of his party. Modi owes his electoral triumph in 2014 not only to his personal charisma, but also to the effective electoral machinery of the BJP. The pillars of its success include highly sophisticated planning, the professional use of social media, and a nationwide network of »*sevaks*« (Hindi for volunteers) belonging to the Hindu nationalist quasi-party organization known as *Rashtriya Swayamsevak Sangh* (National Volunteer Corps), the *Vishva Hindu Parishad* (World Council of Hindus) and the youth organization *Bajrang Dal*.

The *sevaks* think that the landslide victory of the BJP in 2014 constitutes a mandate for their Hindu-nationalist ideology. As the journalist Prashant Jha explains in his book, *How the BJP Wins: Inside India's greatest election machine,* they believe that, in a country that is 80 % Hindu, all the BJP has to do to win is to expunge its image as a party of the higher castes. Yet the hope that a Hindu electoral base »consolidated« in this way will carry the party from victory to victory in elections underestimates the diversity of Indian society and, at bottom, is anti-pluralistic.

It also misrepresents the fact that many voters gave Modi their vote primarily because he promised them work and prosperity. However, this has happened only to a limited degree. According to a report by the UN-affiliated »Economic and Social Commission for Asia and the Pacific (ESCAP),« the Indian economy is expected to grow by 7.2 % in 2018. Thus, India boasts one of the fastest growing economies in the world. Nevertheless, only a few Indians have the feeling that things have gotten better for them since the BJP has been in power.

The authors of the ESCAP study believe that the introduction of a value-added tax in 2017 plus a mountain of non-performing loans at Indian banks are responsible for the fact that growth has not accelerated even faster. Furthermore, the gov-

ernment administered shock therapy toward the end of 2018, under the rubric of »demonetization,« that was intended to help combat the underground economy and rein in tax-avoidance. In one fell swoop it made almost all of India's cash money worthless and caused economic growth to plummet from 7.9 % to 4.5 %.

The reform, which caused chaos at bank teller windows for three months, created the impression primarily among the »simple« people (Hindi: *aam admi*) that the »corrupt rich« would now be in for it. But it is doubtful whether unreported earnings and tax evasion really were reduced. The introduction of the value-added tax, widely praised on all sides, was better suited to boost the much too meager tax revenues of the Indian state. But, at least initially, it caused a lot of bureaucratic hassles and losses mainly for small and middle-sized companies.

How successful are the reforms?

According to a report issued by the International Labor organization (ILO), the number of the unemployed actually increased between 2017 and 2018 from 18.3 to 18.6 million. Nevertheless, in light of the uncertain outlook conveyed by the data, economists disagree about whether this should be considered a case of jobless growth. Arvind Panagariya, ex-chief of the former planning commission NITI Aayog, described the »chatter« about jobless growth as »nonsense.« He argues that 7.3 % growth cannot come merely from the deployment of capital. Critics such as Mohan Guruswamy, chair of the Center for Policy Alternatives, a think tank in New Delhi, counter that, »in fact, the richest 1 % of the population diverts to itself 73 % of the growth in wealth. That is growth, but it does not create any jobs.«

One reason for this trend is that the majority of the reforms launched by the government remain »étatist.« Modi's vision for his country imagines it leaping over several developmental stages at once and transitioning directly into the digital economy. Many of his reforms rest upon an astonishing trust in the blessings of new technologies and the power of the state. This is especially true of demonetization and the introduction of the »Adhaar card,« a biometric identification scheme that will be mandatory beginning this year for anyone who is entitled to receive transfer payments from the state. Whoever believed that Narendra Modi is an economic liberal has indulged in self-deception.

To be sure, in 2017 India did move up 30 places on the »Ease of Doing Business« index. But in global comparisons, India remains only in the middle range when it comes to business-friendliness. Deregulation of the labor market and a reform of the law on the acquisition of land, which hampers the expansion of infrastructure, have been put on hold. The stressed banking sector is also hard to reform. By this time, some 15 % of all loans are non-performing. Since 70 % of all financial institutions are in state hands, a dense network of sleazy relationships has formed between politicians and the banking bureaucracy.

At the same time, the Indian economy no longer enjoys a tailwind emanating from low oil prices. For the first time since Modi came to power, the country is seeing rising oil prices – a worrying trend since it imports 80 % of the crude that it needs. Recently, the Indian rupee fell to its lowest exchange rate level with the US

dollar since 2013. However, this may also have something to do with increasing protectionism under US President Donald Trump.

So the upper middle class, who had hoped that Modi would finally make their country fit to join the world's elite, already has turned away from him in disappointment. Mihir S. Sharma complains that »India remains a land of missed opportunities.« For the rest of the electorate, the BJP for various reasons may still be the best choice. Or it might not, as indicated every now and then by the outcome of regional elections. In any case, it no longer seems likely that the BJP will march undaunted back into power in 2019. For Indian democracy, that is certainly a good sign.

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Gregor Fitzi
They No Longer Exist

The political left in Italy in the wake of the election and formation of a new government

For quite some time now, the least common denominator on which the Five-Star Movement (Movimento 5 Stelle, M5S) and the League have been able to agree has been their virulent polemic against the establishment and the European Union. Otherwise, the two parties seem to be totally antithetical, with M5S being left-wing populist and the League right-wing populist. In the coalition agreement that they recently concluded, however, the right-wing populist signature is much more clearly discernible. Thus, for example, the security policy of the newly installed interior minister, Matteo Salvini (also head of the League), provides for the establishment of mass internment camps and a speed-up in the deportation of migrants. In this context, the protection of human rights is not even a topic of conversation. Instead, all migrants should be deported directly to Libya. Also, some thought is being given to reserving places in day-care centers exclusively for the children of Italian parents.

But the political fire brigade came to the rescue. In perhaps the boldest expression of political commitment in the history of the Italian Republic, State President Sergio Mattarella was able to derail the coalition's plans for an Italexit. Two technocrats, foreign minister Enzo Moavero Milanesi and economics and finance minister Giovanni Tria, stand for the President's temporarily successful appeasement line on European issues. Whether they will be able to keep the populists' anti-Europe fever under control over the long run remains to be seen. The 81-year-old, Euro-skeptical minister for European affairs, Paolo Savona, whom Mattarella prevented from taking the post of finance minister, will see to it that tensions remain high. To be sure,

this could have negative as well as positive consequences. M5S and the League both want to relax the Maastricht criteria and pave the way for a European-level investment policy. Both French President Emmanuel Macron and Germany's European policy, with its social democratic imprint, could be the beneficiaries.

Meanwhile, Italy's new Minister President, Giuseppe Conte, will have a great deal of trouble shedding the label of notary. Caught between the two main populist actors in the new government, Salvini and Luigi Di Maio, boss of the M5S, his role more closely resembles that of a buffer. Di Maio, who is now both the minister of labor and social services and minister of economic development, wants to redeem the fulsome electoral promises of his party, at least to some extent. Two policies introduced by the previous Democratic Party (PD) government – making the labor market more flexible and raising the age for pensions – are due to be rescinded. But whether that will actually happen is questionable. The League regards itself as the mouthpiece of the Italian middle class and will hardly come around to supporting measures such as these. Meanwhile, the unconditional basic income is due to be folded into an expanded scheme of unemployment compensation. The ecological plans aired by the M5S also suffered a setback, since very few of them remain in the coalition agreement. It is true that the party was able to insist on having Sergio Costa serve as environment minister. He is a general in the Carabinieri who was deeply engaged in fighting the eco-mafia in southern Italy. But when it comes to environmental issues, Conte's government has committed itself only to renegotiate with the EU a project to build a high speed train between Turin and Lyon.

As far as the economic policies set forth in the coalition agreement are concerned, enormous tax cuts are the core element. Only two tax brackets will remain, both matched to family income levels: 20 % and 25 %. This new tax policy is expected to cost some 50 billion euros a year. That would correspond to roughly 5 % of Italy's total government spending. New debts would be incurred to cover the gap between revenues and spending. The coalition partners are hoping that these tax cuts will spur significant GDP growth, so that the shortfalls soon will be offset by new tax revenues. M5S and the League do not want to admit that this form of Reaganomics has not worked anywhere and instead has brought about massive budget deficits. But they themselves don't really believe in it anymore, and that is the reason the finance minister has already begun talking about raising the value-added tax. The chief beneficiaries of the planned tax cuts will be higher income-earners, whereas middle-income families will save only a few euros – perhaps in the double-digit range – per month, but higher value-added taxes will negate those gains. Thus, the neoliberal signature on the coalition agreement gradually is becoming clearer. The smaller right-wing conservative coalition partner, the League, clearly has gotten its way. In a parallel development, the M5S has been quick to shed its patina as a leftist party.

Of course, one has to wonder why a movement that continues to flirt with its leftist image ever got talked into endorsing such a coalition agreement in the first place. To answer that question, we must take a peek behind the scenes of the M5S. The movement emerged from a protest initiative begun by the Italian TV comedian Beppe Grillo, who launched it on his blog. However, the administration of

the blog, and thus the decisions regarding its political line always resided in the hands of the software firm Webegg, owned by the movement's co-founder (since deceased), Gianroberto Casaleggio. Webegg also decided who was to be included in and excluded from the movement. Since his time at Olivetti, the computer scientist had developed a program to influence the formation, polling, and control of public opinion, which he used to help build the movement.

The coronation of post-democratic politics

In short, M5S is not a party in the traditional sense, in which members help to decide what policies will be pursued. There is no procedure for democratic opinion-formation and no internal structure containing self-responsible organizational units. Those who have a say are exclusively blog participants. In that capacity they are asked from time to time by Casaleggio Associati what they think about certain topics. The results of these polls are sometimes published and sometimes not. The smallest units of the movement are social networks at the local level that are organized within the overarching social network into »meet-ups« and coordinated by an »influencer.« There is no provision for members to organize themselves. Anyone who gets at cross-purposes with the movement's official line or who tries to create an alternative leadership to that of Casaleggio Associati is simply kicked out. In the best-case scenario, the expellees will be pushed out via a dismissal e-mail; otherwise, they will just be clicked away. The next time they try to log in, they will see a succinct message that reads: »access denied.« Cases have been documented in which entire meet-ups have been locked out.

Since the death of the firm's founder, the affairs of Casaleggio Associati have continued to be managed, in the best Italian middle class tradition, by his son, Davide. The internet platform of the M5S blog was named – half-ironically – Rousseau. But the totalitarian aspect of Rousseau's *volonté générale* (general will) does not so much come out in the form of its »sole legitimate interpreter,« whether a Maximilien de Robespierre, an Adolf Hitler, or a Josef Stalin, but rather in the sterile garb of a private software company. This is the mechanism that today defines Italian democracy and that its founders, having now assumed power, hope to convert into new and lucrative fields of application, perhaps by introducing plebiscite-style procedures for passing laws. With that in mind, one can see how easy it was for the M5S to set in motion its pivot from left-wing slogans to neoliberal Reaganomics.

Thus, the situation into which parliamentary democracy in Italy has fallen represents the coronation of post-democratic politics. Italians no longer quarrel about interests, opinions, substantive programs, or even ideologies. Instead, it is all about internet-guided techniques of manipulation that are supposed to produce and organize the appropriate majorities for each political issue that comes up for a decision. However, the most galling insight to be gleaned from current political developments in Italy is a different one. We have to wonder how it was possible for an undemocratic, populist movement, pursuing an erratic set of policies, to win over a significant majority of Italian citizens who simply were striving for greater social justice. At the same time one must explain why the governing social democrats evi-

dently lost their reputation as the protector of the »little guy« – so much so that they could plausibly be portrayed and decried as the party of the »insiders« throughout the electoral campaign.

In 2013 the PD did indeed suffer some losses in the parliamentary elections, but it still won around 8.6 million votes (25.4 %) and brought the center-left coalition into government. In the aftermath, Matteo Renzi became party chair and then Minister President, leading his party to victory in 2014's European elections with 11 million votes (40.8 %). But then in the 2018 parliamentary elections the PD won just slightly more than 6 million votes (18.8 %). Thus, if one compares that outcome to the European elections, it is apparent that the electoral base of the PD shrank by nearly half in just four years. But even compared to 2013, it still lost about 2.5 million votes, i.e., roughly a quarter of the votes it had previously tallied. What happened during this interval?

The rise and fall of the Partito Democratico

The Democratic Party owes its birth to the idea of a so-called »historical compromise.« The progressive wings of the former Communist and Christian-Democratic elites were supposed to join forces. In this way the lines of conflict that defined the First Republic would be erased, so that now all the progressive forces together would confront the conservatives. Under Romano Prodi and Walter Veltroni the center-left project managed to chalk up some notable successes. But along the way it kept bumping up against the right-wing populist Silvio Berlusconi, who was able to prevail by relying on simplistic slogans. Consequently, the organs of the Democratic Party fell more and more under the sway of Matteo Renzi. This young, up-and-coming, and highly ambitious politician understood how to create a populist language of the center. His slogan was, »Let's scrap the old political class.« In opinion polls he fared well and seemed able to give Berlusconi a run for his money. All those who lived on politics in Italy's red regions felt that they had found their life-insurance policy in Renzi, so he was made party chief. The post-communist elites thought that they could pressure him more effectively by asking him to become prime minister as well. Unimpressed, Renzi exploited both positions to further the projects of expanding his own personal power and reconstructing the PD as he saw fit. For this reason, journalists often took to calling the PD the PDR, or »Party of Renzi.« Encouraged by the smashing success of the 2014 elections to the European Parliament, Renzi tried to ram through an ambitious reform of parliament that would strongly enhance the status of the prime minister vis-á-vis the legislature. Preoccupation with the reform plan caused many other legislative proposals to be sidetracked. The only ones to pass were the »flexibilization« of labor markets, the increase of the retirement age, and educational reform. The government's signature took on strongly neoliberal features. Above all, it was the repeal of article 18, the so-called »workers« statute, a clause that had protected employees against arbitrary dismissal, that came as a shock to many. It had been one of the key accomplishments of the great labor struggles of the 60s and 70s. That decision led to the coalition's first rupture with its left-wing voter base. It was followed by the campaign that accompa-

nied the referendum on parliamentary reform, a battle that Renzi cast in highly personal terms and therefore lost. Reservations about limiting the separation of powers in parliament reinforced worries about his lust for power. Renzi resigned his post as prime minister but did not abandon his quest for power. He succeeded mainly in alienating the post-communist elite, which he eventually drove out of the party altogether. The latter had nothing better to do than to maintain their old-line attitude according to which they continued to be the country's best alternative and would simply have to wait until the party remembered what its true principles were. But of course they were quite unable to offer any alternative political project. When cooperation with Renzi became unbearable for them, they left the party and founded the alternative list known as Liberi e Uguali (LeU).

Renzi sensed that the hour had come for his final breakthrough. As a former Christian Democrat himself, he was pursuing the scheme of Christian Democratic reunification. Toward that end, sections of the local elites with a Christian Democratic pedigree were to be hauled back into the boat, no matter how deeply implicated they were in corruption, nepotism, or even mafia business. After the election, so it was thought, they could enter a strategic alliance with the remnants of Berlusconi's party (Forza Italia). But at the last minute Renzi's associates entered the names of their own representatives into the electoral lists of the PD in numbers that were not proportionate to their real strength. Even notorious center-right politicians ran for election under the banner of the PD. Here is one example: in red Bologna PD supporters were expected to vote for the former Christian Democrat, Pier Ferdinando Casini, who had collaborated in government with Berlusconi for years. Taken as a whole, these moves conveyed the impression that the PD was not there to solve the Italians' problems, but rather to save the Christian Democratic faction of the political caste in the »party of Renzi.« Thus, its electoral defeat was pre-ordained. But then the 2.5 million voters whom the PD lost as compared to the outcome of the 2013 elections did not rally in support of the left-wing rump of the party that had seceded. The LeU had set itself up as a catch basin for feuding left-wing groups and went into the election without any project of rejuvenation in mind for the country. It received about one million votes, or 3.4 % of the total, thus achieving the same result that the alternative left managed all by itself in 2013.

Admittedly, the government led by Renzi's successor, Paolo Gentiloni, did some good work. Economically, Italy now is better off than it was in 2013. Meanwhile, unemployment has been falling. But none of that mattered. The future now looks bleak. Italy's right-wing populist government can do a great deal of harm both in their own country and in Europe. To be sure, the two governing parties have many disagreements; yet nobody should hope that they will have a falling-out. Even when they were still in the process of forming a government, they proved that their need to maintain their own power was paramount. Although there now appears to be some movement within the Democratic Party, the outcome of the process remains hard to predict. Renzi has sensed that his power is waning, so he has reacted by adopting stalling tactics that have deprived the party of its power to make decisions. It is difficult to say whether the »party of Renzi« can right the ship and in the future

become the center of a center-left coalition again. But one thing is certain: the »Italian social democrats,« as German journalists benevolently call them, no longer exist. The project of the »historical compromise« has failed once and for all. As much as it hurts to say so, one must admit that there is no longer a political left in Italy. Despite its fulsome, clientele-oriented promises à la the First Republic, M5S has shown that it cannot be a populist substitute for the left. For their part, the post-communist elites have proven repeatedly – and now for the final time – that they are incapable of developing a social-policy project that would meet the needs of the Italian people for social justice, democratization, and progress.

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Stefan Zierock
The Future of Fake News

In 2016 a jury of German linguists selected »fake news« as the Anglicism of the year. In 2017, the term became the word of the year in the United States. Deliberately false statements have become the signature phenomenon of our information age. For now, we shouldn't expect any improvement. On the contrary, considering the new possibilities of falsifying video and sound, the problem may grow even more serious. It will all depend on what we can do to counter it.

»We are entering an age in which our enemies can put words into someone's mouth at any time, even when he would never say those things.« With these words Barack Obama begins a public address in a video that surfaced in April, 2018. At first glance, nothing seems unusual about it, until a little later he says: »How about this: President Trump is a complete and total moron.« Shortly after this, the true speaker is revealed: Jordan Peele, director of the theater hit *Get Out* and frequent Obama imitator. Now both can be seen next to each other. Peele talks and Obama, manipulated by video technology, moves his mouth to the words in perfect synchronization.

The video is supposed to show how easily we can falsify moving images today. It was produced in collaboration with the New York media firm BuzzFeed using Adobe After Effects software as well as the relatively new »FakeApp.« With the help of the latter, you can transfer a face rather easily from one person to another in a video. Relying on machine learning, the software delivers ever more convincing results. This kind of manipulation, also called »deepfake« did not become more widely known until users began to transfer the faces of prominent people onto bodies that fitted them in porno videos.

If you look carefully, you can see that the mouth of the fake Obama isn't exactly right. But there is no reason to suppose that the available software won't be able

to retouch the last few inaccuracies soon. What is especially alarming about the new apps is how quickly and cheaply the desired fakes can be produced. Whereas a few years ago scenes altered by computer animation were enormously costly and time-consuming, by this time anyone with a knack for it can generate similar effects quickly and cost-free. »Face2Face« goes a step farther, a technology developed in a joint project of the Max Planck Institute for Information Technology at the University of Erlangen-Nürnberg and Stanford University. The facial movements of the user are photographed by a simple 3-D camera and, in the same moment, transferred to another face in a video. With that technology, there would not even have been any need to doctor Jordan Peele's Obama video after the fact.

Peele's voice is quite similar to Obama's, but even that is no longer necessary. The software VoCo, developed by Adobe, needs only about a 20-minute recording of a voice to make it say whatever sentence you please. All the user has to do is type in the desired sentence and then press »playback.« At the most recent presentations of Google Assistant, an amazed audience was shown that an absolutely human-sounding robot could make telephone calls to, for example, set up a haircut appointment. Not only does the robot voice respond meaningfully to every question; it even mixes in hesitation sounds such as »um.«

All this means that we will soon no longer be able to recognize fake videos and sound reproductions for what they are by relying on the naked eye and unaided ear. Anyone who can combine the two technologies really will be able to make any person say anything. It is not hard to anticipate the dangers of misuse. Everything will be possible, from the fake announcement of a nuclear attack by a head of state to the fake voice of one's own wife asking for a password on the phone.

Fear of the »infocalypse«

That is exactly what the technology expert, Aviv Ovadya, of the Center for Social Media Responsibility in Michigan, recently warned of in the *Washington Post*. As early as 2016 he already was talking about a potential »infocalypse,« in which facts would lose all meaning, because algorithmically optimized platforms such as Facebook, Twitter, and Google do not prioritize the quality of information but rather its popularity. What is shared, then, is not what is true, but what is catchy, stirs emotions, or reinforces one's own fears and opinions. For that reason, social media are susceptible to propaganda, false information, or the blandishments of foreign governments. By now Facebook and other firms have begun to take this threat seriously. But with the new possibilities inherent in the falsification of visual images and sound, the next phase of fake news is already upon us.

In the past, images, videos and sound recordings were still generally considered to be credible items of evidence. Moreover, they often have more emotional impact than text does. In September, 2015, a photo circulated around the world showing the two-year old Aylan Kurdi, who had drowned fleeing from Syria, lying face-down on the Turkish Mediterranean coast. The image said more than any words and carried a stronger punch than the daily news reports about the war and its victims. The same pattern was repeated with the issue of police violence against African-Americans

in the USA. A police officer shot Philando Castile five times, killing him, after he tried to reach for his wallet during a traffic stop. Immediately after the shooting, his fiancée filmed the scene in the car and streamed the video live on Facebook, which brought tremendous exposure. A few hours later it ran on the German news during halftime of the UEFA European Championship game between Germany and France. A year later, video camera footage from the police vehicle was made public showing the entire dreadful incident from start to finish. Although – incredibly enough – the police officer was acquitted of all charges despite the video evidence, the video footage evoked a great deal of sympathy from the broader population and even convinced some hardliners to admit that racism and police violence need to be taken seriously.

What will happen now, when nobody can believe in such photographic evidence any longer, because in principle it can always be faked? »If at some point most people judge all information to be of dubious validity, that would signal the end not only of the news reporting culture. It would also mark the demise of a well-ordered social and political discussion and decision-making process.« These are the words of Marco Bertolaso in his feature on fake news for Deutschlandfunk at the beginning of 2017. One year later Aviv Ovadya, thinking of the technologies described above, warned that a »representative democracy is based on accountability and accountability presupposes knowledge. These technologies shake the foundations of the knowledge edifice, and if we don't act quickly enough, it's possible that we will reach the point of no return.«

In the previous American presidential election, the one scandal that jeopardized Donald Trump's chances the most was an audio recording from 2005 in which listeners could hear him saying that, as a celebrity, he could »grab [women] by the pussy« and get away with it. At the time, Trump confirmed the authenticity of the recording and made some comments about it. But now that it has become so easy to produce false video material, any genuine recording such as the Trump remark can be dismissed as a fake. Or, there is an even more effective response: One can produce one's own video that casts the same incident in a different light. Then you have dueling videos, and every person will believe the one that confirms his or her own opinion.

The struggle against human fact-resistance

We certainly will develop technologies that will enable us to unmask fake videos. Statements can be identified as false by computer-aided linguistic analysis or through automatic comparison with other statements. But ex post facto rectification will not go far toward convincing people who previously believed in the truth of the fake content to change their minds. Here, we need to bring in a psychological phenomenon that sheds more light on the case: Human beings are astonishingly fact-resistant once they have made up their minds. Several experiments carried out at Stanford University demonstrate this. In one case, the participants were supposed to evaluate something based on certain information. Even after they found out that the information shown them was completely made-up, they stuck to their opinions. Anthropologists Hugo Mercier and Dan Sperber explain this by arguing that, evolutionarily, human beings needed reason mainly to justify their own views to others. One additional phe-

nomenon must be taken into account: The more often we hear an assertion, the more inclined we are to believe it. The origin of the assertion makes scarcely any difference.

For these reasons, it is not enough to expose fake news as a lie, says Karoline Kuhla, author of the 2017 book, *Fake News*. The false history also must be replaced by a new, correct history. In Germany an independent group of journalists who call themselves Correctiv is now working systematically to shine a light on fake news as it appears by providing thoroughly-researched corrections. That is hard work. False reports can be put before the world quickly, whereas the search for truth is laborious and time-consuming – and difficult as long as struggling newspapers and publishing houses cling to traditional but now flagging business models.

So what can we do? Ovadya pleads for extensive investment in the private economy and public bodies, civil society, journalism, and new technologies. The latter are supposed to supervise the informational ecosystem and understand how it is changing. In a way similar to what already happens with medicine and pharmaceuticals, the developers of artificial intelligence must be shadowed by investigative committees so that undesired consequences of their work can be evaluated early. New systems should be able automatically to verify the authenticity of videos and, for example, be integrated into internet browsers. And we should work toward a state of affairs in which information systems will prefer what is true to what is sensational and polarizing – perhaps by altering the mechanisms that decide what our Facebook News Feed prioritizes, through educational programs that help encourage media competence or by creating a fund to reward those who expose falsehoods. Ovadya emphasizes that these ideas only represent a fraction of what is needed.

At their last summit meeting, held in June, the G7 countries agreed for the first time on developing a common system for defending against fake news. It is supposed to enable a coordinated and rapid response to the manipulation of elections and propaganda attacks. In this country, the new Act to Improve Enforcement of the Law in Social Networks (more colloquially, the Anti-Hate Speech Law) threatens operators of social media with big fines if they do not take down »illegal contents.« Many observers worry that this law represents a threat to freedom of opinion. However, experts such as Kuhla, Ovadya, and Vincent F. Hendricks, the director of the Center for Information and Bubble Studies at the University of Copenhagen, agree that social media must assume responsibility. »We are seeing just the beginning of that, but only due to severe pressure from outside,« says Hendricks. »Currently it is hitting Facebook very hard, but are we hearing anything from Google, Amazon, or anyone else?« Just like science and politics, they too must assume some social responsibility. And in the field of education, we should be asking ourselves how people can learn to change their minds.

Together we probably can prevent an »infoalypse.« But there is much to be done.

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Paul Collier
Rethinking the Politics of Asylum

How to create a more workable system

Before taking a look at the current issues surrounding flight and migration from an economist's point of view, let me say a few words about my father, Karl Hellenschmidt Jr., who influenced me in two ways. Like my mother, he dropped out of high school, and as a result, their lives were marked by severe frustration and lack of opportunity. This is the environment in which I grew up. At the same time my father was an extremely smart man – I learned how to think from him. Because I acquired that skill, I got an extraordinarily good education; nevertheless, it was my father and his teaching that influenced me in the long run more than anything else.

My life's work took place mainly in societies in which I recognized my father and mother a million times over: people for whom the opportunities of the modern world remained unattainable and who therefore led lives of needless frustration. I have spent nearly my entire professional life creating opportunities where frustration has been the rule. However, I don't believe that we have taken the right path in the case of immigration, and I hope to go some way toward proving that point to you.

Alexander Betts and I co-authored a book entitled *Refuge: Transforming a Broken Refugee System*, which attacks the existing policies on flight and asylum that, taken together, amount to a dilapidated, disastrously failed system. There are two reasons for this failure. First, it is the outcome of a structure that has remained unchanged for seventy years and, as it currently exists, is impervious to reform. Reinforced by political populism, the system has wandered back and forth for years between two worlds: the head without a heart, cruel and heedless of humanitarian principles, and the heart without a head, emotional and devoid of any sort of rationality. Its decisions may seem effective in the short or – at best – the middle term, but then they are abandoned at the first sign of unexpected consequences or even perverted into their opposite.

Flight is not migration

The crucial point that I would like to elucidate in the argument presented here and in my brief analysis of this failed system is the following: People who flee their homes are not migrants. We have to bear in mind that a huge number of people, at least a billion of them around the world, express the more or less articulate desire to emigrate, i.e., to live in a different country than their own. In addition to those would-be migrants, there are about 20 million more people who have taken flight and left their countries of origin. Any attempt to satisfy the demand of a billion people to migrate is doomed to fail from the very outset; by contrast, there is absolutely no reason that we cannot meet our obligations to the refugees.

As distinct from migrants, refugees do not abandon their homes voluntarily. They do so for reasons of *force majeure*, driven by the fear of war, repression, or fam-

ine. In contrast, migrants leave of their own free will; they are motivated by hope, not by fear. The refugee is trying to re-establish normality; the migrant dreams of a new life. Whereas refugees are looking for a sanctuary – a place of safety – migrants are chasing the pot of gold, aiming to land in places where life is good. There is no overlap between the two. Each of the ten most important countries of refuge, which include Turkey, Pakistan, Lebanon, and Iran, is today also a country from which people emigrate – i.e., a place in which refugees arrive and from which migrants depart.

Thus, our obligations toward the two groups are totally different. The duty we have toward refugees is to rescue them from danger and give them the chance to live halfway normal lives again. Do we have a duty to the migrants as well? There cannot and should not be a right to emigrate, whether legal or moral. Nevertheless, there is indeed a duty to do something about the causes of migratory movements from very poor countries. In many instances, what drives such people is utter hopelessness. Yet the answer is not for them to leave their countries; instead, we must restore hope to these societies.

My work has taught me how hard this is. Let's take Mali as an example, a country that was doing well up until the tumult in Libya, when 800 armed men, mercenaries commissioned by Muammar al-Gaddafi, entered the country. Because development aid payments and donations earmarked for the country could not be used for armaments, Mali was completely defenseless. Even the U.S. soldiers stationed in Stuttgart to protect African countries and their citizens did not intervene. We are failing in our obligation to bring hope to the poorest countries, but we also have to realize that emigration cannot be the solution.

The failure of two institutions

We have two institutions that decisively affect our dealings with people who have fled and are seeking asylum, and I think both of them are irremediably doomed to fail: the UN High Commissioner for Refugees (UNHCR) and the Geneva Convention on Refugees. The UNHCR is a purely humanitarian office, yet the central challenge of refugee and asylum policy is economic rather than humanitarian. Even today, the UNHCR is stuck in the world of the late 40s, when protection and food security enjoyed top priority.

In my family there is a document concerning the German refugee movement at the end of the Second World War that portrays the desperate situation of millions of Germans – refugees who had fled or been driven out of the eastern German marches and whose main worry was finding food and a roof over their heads. Today, things look different. The average refugee already has been in transit for many years and is primarily interested in regaining autonomy and dignity. That ambition entails above all the opportunity to earn a living. Looked at from this point of view, the UNHCR is totally irrelevant to most Syrian refugees, because only a small minority of them have sought shelter in refugee camps. The great majority – some 80 % – go directly into cities in order to work there illegally. These refugees pass up the food and lodging offered in the camps and instead take advantage of the opportunity to

earn a living for themselves. Presumably, all of us would do the same if we were in their shoes.

Like many a giant bureaucracy, the UNHCR has grown to unmanageable proportions. As a humanitarian institution, it operates increasingly as a provider of emergency or disaster aid. But providing humanitarian aid for the short term cannot meet the longer-term economic exigencies of the refugees. Unfortunately, the UNHCR lacks the capabilities to reflect strategically on the refugee issue in this sense.

The Geneva Refugee Convention confronts us with still greater contradictions. It is a historical relic, a response to the expansionary policies of the Soviet Union near the beginning of the Cold War. Once the iron curtain had divided Europe into two power blocs by 1948, The United States decided to stop sending refugees from Eastern Europe back to those countries to protect them from persecution and repression by the new Communist rulers. Thus, the Refugee Convention arose from a quite specific historical context, in which persecution and Eastern Europe were the key determinants. Of course that did not prevent Europe from later declaring the document to be of universal validity, a typically Eurocentric move. How far from being universal the Convention actually is can be ascertained from the fact that not one of the ten largest migrant-uptake countries signed it. After the Convention went into effect, lawyers constantly stretched the meaning of the text, interpreting it in light of the circumstances that prevailed in each situation or country in question. And so we ended up with the crazy-quilt that exists today. The latter scarcely can be the basis for a constructive refugee and asylum policy.

Work where work is needed

The principal task is to create jobs where jobs are needed. Instead of bringing refugees to Europe, they should earn their living in safe havens closer to their countries of origin. Right off the bat, this proposal has two advantages. First, the roads to such places are shorter and less dangerous. Flight is not something that people choose, so it can be planned only to a limited extent. People are fleeing from unsafe places, mass violence, and sheer want. Very few refugees, notably the elderly, women, and children, are in a position to travel long distances. They remain as internally displaced persons within the borders of their countries of origin. Only those who make it across the border are regarded as refugees at all. We must offer them employment opportunities where they now are.

The second advantage of the policy outlined here relates to the refugees' efforts to return to their home countries as soon as the conflict is over. Although at times it may seem to us as though the conflicts might never end, they do end at some point. Accordingly, we have to prepare for the period after the termination of a conflict. The refugees certainly do so, at least mentally. They want to return to their homes, and it is easier for them to do that if their place of refuge is as close as possible to their country of origin. However, we have severely neglected precisely these regional safe havens.

Let us take the case of Syria. Since 2011, around ten million people have been driven from their homes there, roughly half of the population. About half of those

managed to make it to Turkey, Jordan, or Lebanon and stayed there. On account of the hostilities, no more precise statistics are available. At first, these circumstances were largely ignored by the international community, and those three countries were left to fend for themselves. For example, Jordan, which consulted me as an expert, was in a desperate state, because its sovereign indebtedness truly had exploded as a result of immense expenditures in behalf of the refugees. Meanwhile, Germany cut its aid payments by half.

Nobody should be tempted to climb aboard a boat and risk his or her life. Instead of bringing refugees to us, we must improve conditions in the safe havens where in any case most of them have lived for quite some time and want to work. It is far easier to create jobs for them in these sanctuaries than in a highly industrialized country like Germany, where labor needs do not match up well with the skills of the usually underqualified refugees. High labor productivity in Germany is based on employees' advanced skills coupled with long periods of training – factors that are mostly irrelevant to the needs of the refugees. They need jobs right now and for the next few years before returning to their home countries, not German language instruction and vocationally-specialized courses that prepare them to live abroad permanently.

In one survey, the 30 top companies on the DAX, the German stock exchange, were asked in June of 2016 about the number of jobs that they could create for refugees in Germany. In fact, to that point the German Postal Service had created 50, while the other 29 firms together had opened up all of four positions. Concurrently, about 2,700 additional internship positions and 300 training slots were created, but – as reported by the *Frankfurter Allgemeine Zeitung* – not all of them could be filled. In the last two decades, those same German companies had outsourced hundreds of thousands of jobs, initially to Poland and then later to Turkey. If they can create jobs for Turkish citizens in Turkey, why isn't the same thing possible for Syrian refugees in Turkey or Jordan? To do that, we will have to drag politics out of the courts and into the boardroom suites.

Forward-looking strategies for the time after the conflict

To conclude, I would like to say a few words about the unfortunate side effects of the current refugee and asylum policies. When conflicts wind down, crisis-plagued regions recover only slowly. This is especially true when, as in the case of Syria, economic structures have been almost completely demolished. The really time-consuming and problematic part is not so much the physical reconstruction but the rebuilding of those devastated institutional structures. However, we can begin the latter task even before the conflict has come to an end. When we create jobs for refugees in safe havens, we likewise should establish firms there that will move on to Syria once the conflict has ended. The parameters of the modern private economy permit firms to operate successfully in Jordan and then at some later point to shift operations to Syria, either entirely or with a part of their personnel. If we begin such planning in the safe havens now, the dangers of continuing political and economic instability can be forestalled. Experience teaches that there is a high risk

that such conflicts will break out anew in such societies. To this extent, the recovery of the economy could make an important contribution to peacekeeping in the region.

Germany willy-nilly has become an attractive destination for a quite select group of refugees. The Federal Republic has thus converted refugees who had been in safe havens for a long time into de facto migrants. Yet not all of those refugees actually became migrants – only those who were in a position to undertake the journey and who were most strongly attracted to the promise of a future career in Germany. According to a series of qualitative and quantitative surveys, the most important reason cited was not the economic or welfare situation in Germany, but rather its respect for human rights (IAB Research Report, 9/2016).

Although reliable and precise statistics are hard to come by, an above-average proportion of the Syrian population with a tertiary education or university degree now resides in Germany. That is potentially devastating for sustainable economic recovery and peacekeeping during the post-conflict era in Syria, which will depend, among other factors, on the successful reconstruction of the administration, corporate structures, and the tax system. University graduates will be needed to perform all these tasks, and they are hard to find in all such societies. Germany is determined to integrate Syrian refugees in the Federal Republic by teaching them the language, giving them a future, and lodging them on a decentralized basis – in short, by turning them into Germans. From a national perspective, all those things might be well worth doing. Yet the Federal Republic is delaying reconstruction in the regions torn by civil war and thus is unintentionally jeopardizing their peaceful development and stability. We must prevent this nightmare.

*(The text is based on a talk delivered by Paul Collier in Bonn in 2016. It was transcribed, translated, reworked, and amended by Thorsten Stolzenberg. These remarks are also included in the book, »Flucht, Transit, Asyl. Interdisiplin*äre Perspektiven auf ein europäisches Versprechen*«, which was edited by Ursula Bitzegeio, Frank Decker, Sandra Fischer, and Thorsten Stolzenberg and was issued in 2018 by J.H.W. Dietz Verlag in Bonn, 472 pages, 32 €).*

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