

**GARRETT M. GRAFF:**  
**Inside the Obama Machine**

The contemporary technological revolution is strongly impacting almost every area of American life. Among other things, it has introduced a whole new power dynamic into politics. Thanks to his instinct for new media, Barack Obama was able to combine new media technology with traditional campaign techniques and therewith shape the first truly »twenty-first century« presidential campaign. Use of this strategy earned him millions of new voters.

What epitomized the campaign was Obama's way of uniting money, message, and mobilization. Using the Internet to do this was never a question. Indeed, millions were spent on servers, e-mail systems, and text messages. Still, it would be a coarse simplification to claim that he won the election only because of the Internet; more correct would be to say that he would not have been able to win the election without the Internet.

Heavy use of this platform ensured the effective and far-reaching communication of Obama's messages. Besides his extensive election campaign team, he was able to mobilize thousands of volunteers. In this way, it was possible to collect narratives and then to deploy them as examples. These telling narratives constituted a decisive tool for successful grassroots work.

Besides the message, mobilization and money played a crucial role in Obama's campaign strategy. Again, the use of new media was crucial for effective implementation. Obama mobilized innumerable persons by forging an alliance between them and motivating them to stand by his side during the campaign. Furthermore, he managed to nurture his contacts and to appeal for donations according to people's preferences and interests. In the final stage of his election campaign, he went all-out and mobilized his voters on the basis of a close combination of online profiles, text messages, and live broadcasts on the Internet. All of this made possible his move to the White House.

**THOMAS I. PALLEY:**  
**A Labor Perspective on Globalization**

In contrast to neo-liberals and Third Way social democrats, labor social democrats' perspective on globalization sees the current structure of globalization as fundamentally problematic, and therefore calls for a profound architectural change. The labor social democrats' perspective builds on three central features. First of all, it is recognized that globalization is hurting many working families and widening social divisions by increasing income inequality. A major reason for this is the detachment of wages from productivity in many industrialized countries, since production has become increasingly mobile. Restoring the link between wages and productivity thus represents a core challenge for labor social democrats in the era of globalization.

Second, the debate on the size of net gains or losses from globalization misses the point. Nor is it a matter of halting globalization; rather globalization is being wrongly constructed. Globalization, as constituted in terms of the neo-liberal paradigm, pressures both workers and governments through international competition and the power of corporations and financial markets. For labor social democrats the challenge is to change these conditions, with labor interests and social democratic governments pressuring corporations and financial markets, which together have helped to foster a new phenomenon known as »financialization.«

This demand leads to the third feature of the labor perspective. Globalization alone does not explain what has been happening to growth and income distribution, and it should not be looked at in isolation. Instead, globalization should be seen as a core element in the neo-liberal economic paradigm that has been implemented in the post-1980s. In other words, the debate on globalization is ultimately about changing the economic paradigm. If the »climate of opinion« is to be changed political power is needed. The challenge facing labor advocates is therefore to construct new economic visions that are supported and legitimated also by economic logic.

**WALTER OTTO ÖTSCH / JAKOB KAPPELLER:**  
**Neoconservative Market Radicalism. The Case of Iraq**

The economic program implemented by the US in Iraq since the occupation in 2003 can be interpreted as one application of a neoconservative political agenda. Our understanding of neoconservatism as a political ideology is based on the philosophy of Leo Strauss on the one hand and supply-side economics on the other. Strauss calls for a strong societal hierarchy, implying a rejection of the traditional welfare state. From this standpoint government support in terms of social wel-

fare must fail since such programs run counter to human nature (a prominent figure in the economic application of Strauss's philosophy is Irving Kristol). In this context the »market,« due to its supposed ability to enforce discipline within society, operates as a vehicle of morality. Thus, the philosophy of Leo Strauss is framed by a strong pro-market tendency that we label »market radicalism.« This perfectly complements and is often supplemented by the theoretical propositions of supply-side economics, such as monetarism, free trade, and tax cuts, primarily for those in the high-income bracket.

This combination of ideas is, according to our analysis, the conceptual foundation of the economic transformation implemented in Iraq. The US government hired professional business consultants in order to draw up a plan to transform Iraq from a partially state-controlled economy to an embodiment of pure capitalism within 18 months. Reconstructing the economy and so following this plan was the main aim of the Coalition Provisional Authority (CPA) under Paul Bremer.

For this purpose the CPA established a minimal state (an administrative staff of 1,500 officials governed a population of 27 million) and operated using specific decrees, termed Bremer Orders. In 100 of these orders – all enacted between May 2003 and June 2005 – the CPA prescribes a radically pro-market economic program, including the abolition of (all) tariffs and other (potential) barriers to free trade, the immediate privatization of public corporations and institutions in favor of foreign investors, and the introduction of a flat tax for individual and corporate income.

We argue that the dire political and economic situation in Iraq is partially caused by an economic strategy based on neoconservative principles. This strategy has led to the demolition of Iraqi industry and business, a process that has accelerated population decline and boosted poverty and malnutrition. It is therefore also partly responsible for the high rate of civil violence in Iraq.

## **KARL-DIETER HOFFMANN:**

### **Government versus Cartels: The Drug War in Mexico**

In an effort to counter the escalation of violent crime, shortly after he came to office President Calderón declared war on the Mexican drug cartels. In a number of regions and major cities the army was sent in to restore public order and state authority. Despite the increasing militarization of anti-drug policy, however, the government has not been able to curb the violence and scale back organized crime. Around 5,400 people died or were murdered in 2008 in connection with the drug trade and the measures taken against it. While the victims continue to be largely members of rival drug cartels, the number of policemen, soldiers, and civilians losing their lives in the war on drugs is rising steadily.

The escalation of the bloody conflict between the drug cartels is due, on the one hand, to Mexico's transit function in supplying the US cocaine market reaching saturation point, and on the other hand, to the growing contribution of domestic drug sales to the overall revenue of the major trade rings. Since 2006 cartel violence has become more professionalized and there has been a clear trend towards the brutalization of conflict. The police and the justice system have proved completely incapable of countering the escalating criminality. More to the point, endemic corruption in the state security and administrative apparatus is not only a hindrance to the solution but an integral part of the problem that the Mexican president is trying to address. In the highly unlikely event that the government gets the upper hand in this conflict the harassed cartels could form a tactical alliance against the state, which would take the war on drugs to a whole new level.

**SUSANNE GRATIUS:**

**The Repositioning of Europe and Latin America:  
Opportunities for Equal Partnership**

Europe is likely to be among the losers, Latin America among the (relative) winners in the global financial crisis. Europe's expected loss of power and a more crisis-resistant Latin America under Brazilian leadership mean that for the first time dialog is possible on equal terms. The changing international positions of the two regions calls for new ways of thinking beyond the traditional North-South and inter-regional approaches, which no longer correspond to the prevailing relationship patterns. Even the notion that Europe could counterbalance the USA in Latin America has proved to be an illusion. Rather Latin America is courting new economic partners, such as China and Russia, and has used the eight-year political detachment from Washington as a regional emancipation process. Inter-regional relations are likely to stagnate in the next few years owing to the recession in Europe. Only the middle-sized power Spain will be able to maintain its involvement in culturally akin Latin America and use the Ibero-American Community of Nations as a platform for improving its international influence. Regarding the next summit, to be held in Spain in 2010, the EU should approach Latin America not as an object of development policy, but as a global partner in the construction of a new, fairer world order. Latin American and European consensus is unlikely on controversial issues such as expansion of the UN Security Council or the stagnating WTO Doha Round, but augurs well in relation to climate protection, promotion of democracy and human rights, and approaching reform of the international financial system within the framework of the G-20. Brazil, as a future regional and, potentially, global power is, like Mexico, a privileged partner of the EU. The change of government in the White House will also facilitate closer relations with the USA, where Latin America, because of immigration and economic interdepen-

dence – as in the case of Spain – has become both a domestic and a foreign policy issue. As Latin America's closest partners, Spain and the USA have established strategic partnerships with Brazil and Mexico. The long-standing »problem case« of Cuba, as well as Bolivia and Venezuela, may well prove to be the first test cases of the »transatlantic quartet« of Brazil, Mexico, Spain, and the USA.

**OLIVER GE DEN:**

### **The Revival of Right-Wing Populism in Western Europe**

For the last twenty years or so many Western European democracies have featured right-wing populist parties. The hope, voiced time and again since the 1980s, that, after a number of early successes, right-wing populism's return to the political stage would be short-lived has proved vain. Even the expectation that government participation would terminally weaken right-wing populism has turned out to be false, exemplified not least by the recent electoral successes of the extreme right in Austria.

An effective remedy against Western European right-wing populism has yet to be found. This is partly due to the fact that the phenomenon is still insufficiently understood. The success of right-wing populists is also founded on their ability to seamlessly incorporate criticisms and measures directed against them into the extreme right interpretation of the world – and so to harness them for their own purposes. Both criticisms of right-wing populism and the discussion of counterstrategies are mostly applied to the *rightist* views of the relevant actors; meanwhile, their *populist* character, which is a far more decisive factor not only in their electoral success, but also in their on occasion abrupt downfall, is largely neglected. If the populists are to be successfully opposed, however, populism must be employed not as a term of abuse but as an analytical category.

Central to populist ideology and practice is a stark juxtaposition of the »people« and the (allegedly) »corrupt« elite. Populists present themselves as the only true representatives of the »silent majority,« and constantly denounce the delinquency of the »Establishment.« Right-wing populists seek to dress up this confrontation with anti-foreign and anti-minority resentments, as well as Euro-skepticism and nationalism. Right-wing populist parties' development potential is determined first and foremost by the credibility of their anti-Establishment stance. However, this depends not only on their substantive positions, but also on the extent to which they are able to present themselves as outsiders in the business of politics.

Western European right-wing populism is clearly regaining its attraction at the moment, but the question is how it can bring to bear lasting influence over government policies without sacrificing its credibility. Attempts at international cooperation have plainly increased over the last couple of years, right-wing

populism is becoming more professional, and is increasingly »Europeanizing« itself, relying on the internal exchange of best practices. The established parties will be able to combat Western European right-wing populism effectively only if they coordinate their efforts more earnestly. The partial adoption of particular right-wing populist demands, for example, in migration policy, must cease. Far more important is the identification of a convincing response to the anti-elitist gestures of right-wing populism.

## **SEVERIN FISCHER:**

### **EU Climate Policy Recast – Systemic Reform as an Example to Others?**

At the European Council's December 2008 summit and with the European Parliament's decision a week later, a political agreement was reached on the Commission's Climate-Energy package of January 2008, which will profoundly shape Europe's climate policy for the next decade. Europe is therefore the first actor in the run up to the global climate negotiations in Copenhagen to come forward with a detailed program confirmed by parliament.

Center of attention in the negotiations was the EU's emissions trading system. From 2013 this will be centrally administered by the European Commission and so guarantee the same conditions throughout Europe. In order to get all the member states to agree, however, the French Council presidency had to include numerous derogations in a compromise package: the promised reduction targets were not changed, but the effectiveness of the instruments was weakened. Alongside the Directive on emissions trading a decision was passed that imposes limits on member states' discharge of greenhouse gases in the sectors not covered by the emissions trading regime. These targets are legally binding by 2020. Though only mentioned in passing in the media a Directive on renewable energy was passed that for the first time includes all sectors – that is, electricity generation, transport, and heating/cooling – and also lays down binding national levels by 2020. Alongside these central aspects of future European climate policy outline conditions and financing mechanisms for carbon capture and storage technology and for emissions caps for new cars were legally enshrined.

While its final compromise means that the European Union formally retains its leadership role in the campaign against climate change, at the same time it has left a number of losers at various levels. One of them is the European Parliament. Under pressure of time and the member states' entrenchment, MEPs were confronted with a matter of conscience but were severely constrained in bringing to bear their own long nurtured and ambitious position. The developing countries may be regarded as the second losers. They are largely innocent victims of anthropogenic climate change, yet for the most part they are excluded from relief measures within the framework of Western climate policy. The EU heads of state

and government denied them financial aid from the emissions trading system and technological support. Despite its flaws, the scope of the compromise package is of enormous significance and its targets are ambitious. Europe is therefore entitled to claim its exemplary role.

**CHRISTIAN KELLERMANN / ANDREAS KAMMER:**

**Deadlocked European Tax Policy.**

**Which Way Out of the Competition for the Lowest Taxes?**

Tax competition in the EU has been a stumbling block since the beginning of the European integration process. The importance of the issue has grown with every round of EU enlargement. Today, 27 member states regard each other as in competition for investment and revenues – a competitive tax policy is a potent instrument in this contest. However, the motivations behind tax competitiveness vary significantly among the countries, and so do the effects of this race towards the lowest tax rates.

In many countries tax competition has drastic effects on tax structure. In recent years tax rates have been cut significantly, fostering the trend to broaden tax bases. The result is a shift of the tax burden from capital and high incomes to consumption and regular wages. Besides these distributional effects, the diversity of national tax practices causes inefficiencies in the allocation of economic resources. Consequently, national economies suffer serious distortions under the conditions of uncoordinated tax competition between states.

There is, however, no consensus among member states on a common European tax regime, which would – in the end – allow for more national tax autonomy by taming the competitive pressure of »beggar thy neighbor« policies.

This analysis of the deadlocked tax debate takes a closer look at the structural factors determining recalcitrant national interests, focusing on the specific structure of tax systems and welfare states. A number of factors play an important role in the positioning of national actors, such as size of country, the degree of capital intensity in an economy, and tax competition's role as a discursive instrument in the catch-up logic of economic growth. Patterns of behavior are identified and outlined in a map of interests. The deadlock in European tax policy could be gradually solved by a number of pragmatic steps towards further cooperation in tax matters. This could finally lead to harmonized taxation, including a minimum tax for the EU, so setting a limit on harmful tax competition.

**DMITRI TRENIN:****Russia: The Loneliness of an Aspiring Power Center**

Russia's pronounced move away from the Western countries, which Moscow views as failed partners, may have dangerous consequences, not only for international relations in general, but also for the country's domestic situation. Instead of Western integration, the restoration of its dominance in central Eurasia is now the clear focus of Russia's foreign policy. One of the main goals in 2008 was to disrupt the granting of NATO Membership Action Plans (MAPs) to Ukraine and Georgia. Indeed, had the MAPs been adopted, relations between Russia and the West would have shifted from a diplomatic stand-off to active political and »special services« warfare, inevitably leading to open and direct conflict.

The war in the Caucasus was initiated and lost by Georgia, but it also signaled the failure of Moscow's policy of maintaining the »frozen conflicts« on the territory of the CIS as insurmountable barriers to Georgia's accession to NATO. Furthermore, although Georgia lost Abkhazia and South Ossetia, Russia has also lost Georgia as a friendly country.

The Russian-Ukrainian gas conflict has induced Europe to understand energy security primarily in terms of security from the shutting-off of Russian pipelines. This will bring about long-term changes in EU policies. Attempting to contain Russia from the outside, however, is a useless and dangerous policy; Western interference in Russian internal affairs is hopeless and senseless. Nevertheless, until Russia becomes a modern state, its political system will not be seen as legitimate and as having legitimate interests in the outside world.

In prioritizing the goal of national modernization, Russia must proceed along the path of rapprochement with Europe and the US, and with the economically and politically developed world as a whole. Apart from the idea of national interests, it would benefit Russia to think about what it could do for the rest of the world and what responsibilities it should shoulder. Russia needs to understand in which spheres it would be able to play the role of a global or regional leader.