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The 2011 Munich Security Conference: Promoting Smart Defence

By: Chelsea Plante

Founded in 1962 as the Wehrkunde Conference, the Munich Security Conference (MSC) was developed to respond to current and emerging security threats. Over the past decades, the MSC has become a major international conference attended by Cabinet Ministers, members of parliament, high-ranking representatives of armed forces, scientists and representatives of the media. The MSC has also developed into an important independent forum for policy-makers to exchange views on current and future security challenges.

In the early years of the Munich Security Conference, the central focus was on security threats to the Euro-Atlantic area. Since that time however, the scope of the conference has been extended to include a larger array of issues focusing on other regions of the world. Since 2008, Ambassador Wolfgang Ischinger has chaired the MSC and had steered focus towards future security challenges in line with the concept of 'networked security'. With the aim of maintaining a high international standard, the MSC continues to address contemporary security issues while at the same time looking ahead so as to take up future issues at an early stage.

MSC 2011

NATO Secretary General Anders Fogh Rasmussen delivered the keynote address at the 2011 MSC on February 4, 2011. The focusing of this speech was on building security in an age of austerity – a challenge he claimed NATO is ideally situated to tackle. Rasmussen described the turmoil in North Africa and the Middle East as no less than a tectonic shift with strong implications for global security. Speaking to this point he stated, "[a]t stake today is not just world security, but world order."

While acknowledging the need for austerity in response to current economic conditions, Rasmussen warned against overzealous defence cuts. He stated that cutting too deep into defence spending could have the effect of isolating Europe from the United States and thereby jeopardizing European security,

Throughout his speech Rasmussen gave concrete examples of how NATO countries are pooling resources in order to preserve military capabilities. Pointing to cooperative agreement between the French and English navies, Rasmussen stressed that the Alliance would help nations build synergies, but also stressed the importance of maintaining enough deployable forces for current and future missions.

Rasmussen concluded by stating; "I came to Munich with concern, warning, and a solution...I'm concerned about the global power shift, I'm concerned with the evolving security situation just outside our door in North Africa and the Middle East...My warning is against too deep and uncoordinated defence cuts in Europe that risk leading to a weaker Europe, a divided Europe, a Europe adrift from the United States...My solution is that we should make more efficient use of resources. My solution is smart defence, which would ensure greater security for less money, by working together with more flexibility..."

On the second day of the conference, delegates witnessed the start of a new chapter in American-Russian relations as ratification documents on the new START Treaty were exchanged. It was the most visible sign of improved US-Russia relations in years.

Commenting on this renewed effort to reduce nuclear arms, Secretary of State Hillary Clinton stated, “[o]ur countries will immediately begin notifying each other of changes in our strategic forces...Within 45 days we will exchange full data on weapons and facilities. And, 60 days from now, we can resume the inspections that allow each side to trust but verify.”

Another highlight of the Conference was the first ever panel discussion on cyber-security – a new threat which Harvard Professor Joseph Nye said has been largely neglected by policy makers: “I would argue that, in fact, cyber as a policy issue, particularly in relation to security, is in the same stage that the nuclear world was around 1950... One way to think about this is how new it is...The internet is only 40 years old, the worldwide web is only 20 years old, and when the internet was created it was a small group of people who didn’t engineer it for security.” Panelists agreed that the challenge lies in creating an international code of conduct for the internet, while at the same time safeguarding the freedom of expression of which it offers.

Overall the Conference was a success. It has been, and continues to be, dedicated to promoting dialogue and cooperation in the field of security, and acts as a forum for world leaders to discuss current and future security challenges.

Further Reading: [Munich Security Conference](#), [The Solution is Smart Defence](#), [Munich Security Conference 2011: MSC](#), [NATO Secretary General addresses Munich Security Conference](#), [NATO in the 21st Century: Towards Global Connectivity](#), [NATO Secretary General calls for "Smart Defence" at Munich Conference](#)

Political Unrest in the Arab World

By: Cameron Becker

Following more than two weeks of protest in the Middle East’s most populous country, Egypt’s President Hosni Mubarak officially relinquished power on February 11th. Recently appointed Vice-President Omar Suleiman announced on state television that Hosni Mubarak was stepping down as President of Egypt after nearly 30 years of rule and that all power would be handed over to the Egyptian military.

On February 13th, two days following the removal of Mubarak, the Supreme Council of the Armed Forces announced that the Egyptian parliament had been dissolved and that Egyptian military would remain in charge of the country until democratic elections are held. The Egyptian military also called for an end to ongoing protests and strikes related to low wages and demanded that all Egyptians return to work. Some have voiced concern that these announcements indicate that the Egyptian military is laying of foundation for what could be a “Turkish Style” military coup.

While most Egyptians begin to get back to their lives, the true significance of this revolution is yet to be seen. While NATO Secretary General Anders Rasmussen stated on February 11 that he was “confident Egypt will continue to be a force for stability and security,” many are questioning how these events may effect the Middle East, Europe and the rest of the World.

In the midst of the upheaval in Egypt on February 7th, Rasmussen gave a press release in Brussels, which spoke to the importance of defense spending in times of political instability. Rasmussen said, “Events in Egypt and North Africa serve as a timely reminder. We cannot take stability for granted, even in our immediate neighborhood. It is too early to predict the outcome of these dramatic developments. But coupled with the economic crisis, this could have a profound impact on us in Europe.”

With the removal of Mubarak from Egyptian politics many are looking back to the events in Tunisia as a possible spark to what has occurred in Egypt. Over one month ago, responding to high food prices and decades of authoritarian rule the Tunisian people took to the street in an uprising which led long time president Zine al-Abidine Ben Ali to dissolve his government and flee the country. Today clashes between protesters and police continue to erupt in across Egypt.

The recent events in Egypt and continued protests in Tunisia seem to be fueling popular sentiment in many NATO Mediterranean Dialogue countries, including Jordan and Algeria. In Jordan, following pro-democracy protests, King Abdullah II sacked his government and appointed a new Prime Minister, Marouf Al Bakhit, with specific instructions to bring about "genuine political reform." In an apparent bid to mollify protesters, Jordan's Royal Court also released a statement claiming that the new government will work to bring reform quickly and efficiently, while solidifying democracy in Jordan.

Algeria, which for the past 19 years has been under emergency law due to continued threats from insurgent Islamic fundamentalists aimed at toppling the regime, has recently committed to remove the oft-oppressive state of emergency. Nevertheless, Algeria's President Abdelaziz Bouteflika prohibited protests planned by opposition groups for this past Saturday. Bouteflika has consistently refused to accept any "Tunisian style" protests in Algeria's capital. However thousands of Algerians defied this ban over the weekend and took to the streets in protest of Algeria's serious unemployment, poverty and high food price problems. Subsequently, riot police descended on the protests and reportedly arrested thousands of demonstrators.

As protests and popular calls for economic and democratic reform continue to sweep across the Middle East, many NATO states are finding themselves in difficult positions. Secretary of State Hillary Clinton, speaking at the Munich Security Conference on February 5th said, "[t]here are risks with the transition to democracy. It can be chaotic. It can cause short-term instability. Even worse the transition can backslide into just another authoritarian regime. Revolutions have overthrown dictators in the name of democracy only to see the political process hijacked by new autocrats who use violence, deception, and rigged elections to stay in power or to advance an agenda of extremism."

Despite calls by western governments for a smooth and committed transition to democracy, protesters in many Middle Eastern countries who desire what Tunisia and Egypt have attained, continue to defy government imposed curfews and bans.

These popular uprisings could substantially affect the geo-political climate of not only the Middle East, but also Europe and the rest of the World. While NATO Secretary General Rasmussen had pledged not to interfere in the affairs of Egypt, Mediterranean Dialogue country, Israel has been watching developments in Egypt closely. Israel, which has maintained a lasting peace with Egypt since the Camp David Accords in 1978, had found a strong ally in Mubarak who has aided in suppressing terrorism in the Egyptian Sinai, protecting Israel's southern border and blockading the population of the Gaza Strip. With the removal of Mubarak many Israeli politicians watched apprehensively until Saturday when the Egyptian military announced that the 30-year military alliance between Israel and Egypt would continue to stand. Despite this development Israel has expressed dismay towards the Obama Administration's fickle support of Mubarak.

Despite foreign interests in the Egyptian revolution, it is important to note that this popular uprising was not orchestrated by political heads, but by young middle-class Arabs who are concerned about growing unemployment and low standards of living in Egypt. While street protests and demonstrations have garnered considerable media attention, social networking sites such as Twitter and Facebook have served as the primary vehicle of mobilization. This digitalization of democratic unrest has also been witnessed in Tunisia and Jordan.

As popular protests continue across the Middle East and North Africa, the situation remains extremely dynamic. While sweeping political upheaval of the entire Arab World seems unlikely, US President Barack Obama has said that "Egypt is not going to go back to where it was, the Egyptian people want freedom." One Al-Jazeera columnist referred last week's events as the beginning of the Arab World's 1989 revolution, comparing the current political state of North Africa and the Middle East to that of Eastern Europe following the fall of the Communism. While this remains to be seen, change is certainly in the wind.

Further Reading: Further Reading: [Tunisia: President Zine al-Abidine Ben Ali forced out](#), [President Hosni Mubarak resigns as leader](#), [World reacts as Mubarak steps down](#), [Egypt's military calls for end to strikes, protests](#), [The Arab world's 1989 revolution? – Features](#), [Egyptian government, protesters hit stalemate](#), [NATO – Opinion: Secretary General's Monthly Press Conference 7 February 2011](#), [Israel shocked by Obama's betrayal of Mubarak](#), [Algeria protesters push for change](#), [Unrest in the Middle East and North Africa – country by country](#), [King of Jordan Overhauls Government, Initiates Political Reform](#)

American and European Economic Woes Continue

By: Opher Moses

Europe:

Although Europe's woes were not market related this time, the abrupt resignation of German front-runner Axel Weber for the head of the European Central Bank did present a shock to the market. Weber, had headed Germany's Bundesbank since 2004 and was considered a favorite for this position even though he opposed the Central Bank's program of bond-buying in order to assist troubled Portugal, Ireland, Greece and Spain – affectionately referred to as the PIGS. It would be difficult for anyone who is elected to single handedly change policy in the EU zone considering there is a 23-member governing council that presides over policy, but it should be noted that according to Reuters the Euro fell a whole cent to news of Weber's pulling out of the race. This shows the confidence investors had in him not to mention the low inflation policy that has led to much success of the German economy which is supporting the EU zone. There are also unconfirmed media reports that Germany was trying to steer the ECB nomination behind the scenes and that this abrupt resignation led to a heated conversation between German Chancellor Angela Merkel and Axel Weber. The frontrunners are now Italian central banker Mario Draghi of Yves Mersch and Erkki Liikanen of Finland.

The United States:

Federal Reserve chairman Ben Bernanke expressed mixed feeling about the American economy this Wednesday. Although unemployment levels seem to be gradually decreasing, this trend is not proving to be sufficient enough to help the economy. Mr. Bernanke remarked "[t]his gain was barely sufficient to accommodate the inflow of recent graduates and other new entrants into the labor force and, therefore, not enough to significantly erode the wide margin of slack that remains in our labor market." He also commented that inflation was below target levels which could be a cause for some concern as it indicates that U.S consumers are less willing to spend. Commenting on this Mr. Bernanke stated, "[o]verall inflation is still quite low and longer-term inflation expectations have remained stable. ... Core inflation was only 0.7% in 2010, compared with around 2-1/2% in 2007, the year before the recession began. Wage growth has slowed as well, with average hourly earnings increasing only 1.7% last year. These downward trends in wage and price inflation are not surprising, given the substantial slack in the economy."

Bernanke also expressed concern that the ballooning budget deficit could prove to be a hindrance to both local and foreign investment given that investors are still quite skeptical about the future of the U.S economy. Stemming from such concerns, Bernanke suggested that "acting now to develop a credible program to reduce future deficits would not only enhance economic growth and stability in the long run, but could also yield substantial near-term benefits in terms of lower long-term interest rates and increased consumer and business confidence." In a nutshell the U.S economy is showing signs of optimism with unemployment decreasing but the rate at which it is doing so is still a matter of concern.

These trends could have significant implications on defence spending in Europe and North American as governments embrace policies of fiscal austerity. For example, in the American context, these indicators will weigh heavily on the U.S Defence Department's request for \$113 billion in the fiscal year starting Oct 1, 2011. The budget will include 32 Lockheed Martin F-35 jets for the Air force and Navy; 2 Nuclear submarines and 4 combat ships. The most significant concern being the continuing delays in the F-35 program that are increasing costs for both U.S and Canada.

Further Reading: [Weber Said to Step Down from Germany's Bundesbank, Ruling out ECB Top Job](#), [Weber's Withdrawal Throws Open ECB Race as European Debt Crisis Persists](#), [US Job Growth, Inflation still too Low: Bernanke](#), [Pentagon Budget Request for Weapons will be \\$7 Billion Less than Forecast](#).



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