

# New Annales

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Part I

# Introductory Remarks

# About the Roosevelt Group

 ur world is facing pressing issues, to which orthodox approaches have yielded only unfruitful answers - we must surpass this shortcoming. Our work brings together individuals from differing backgrounds, uniting them in synergistic conversation and written reflection; our aim is to produce bold, innovative, and pragmatic thinking on the challenges of the modern era, and to prepare our Members for a life in service of the public good.

Never before has such singular progress been made toward a better world. We live in a world of constant improvement – to industry, to technology, to all the mechanisms that drive our society ever forward. The knowledge that we have amassed over the course of millennia is now readily available to anyone with access to an internet connection; and this knowledge is growing exponentially, stretching well beyond the limits of human understanding. We have reached heights of expertise and capability completely unimaginable mere decades in the past; we are able to grow back limbs, cure diseases that years ago would have decimated us; we have set foot on the Moon; observed and recorded hundreds of millions of galaxies, each containing celestial objects billions of times larger than our Earth.

And yet never before has there been such radical and widespread inequality; never before have we been closer to scarcity. The bees that pollinate our crops are dying, our seemingly endless reserves of natural spring water are being depleted, our livestock is diseased and kept alive almost miraculously by a cocktail of medicines. Never before have we been closer to man-made environmental catastrophe; never before have we been threatened by such destructive weaponry.

This is the world we live in: a world of constant dichotomy, constant uncertainty and constant peril. This is why we are at a unique moment in history. Now, and only now, do we exist in this balance: we have

achieved so much, just enough to become aware that there remains so much to be achieved. And we must achieve it.

We must overcome political squabbles in the face of the issues that are severe enough to break us. We must eliminate poverty and homelessness. We must push for equal rights amongst genders; and we must extend human rights to those in lack of them. We must protect our environment while developing our industry to the needs of a new economy, and we must eliminate the dangers to our food production. We must find renewable alternatives to our natural resources while increasing their availability. We must not extend aid, but eliminate the need for it.

This task is undoubtedly a daunting one, but it comes down to us. This is the task of our generation: to overcome the failures of our predecessors, and to secure our progress toward a better world. It is larger than life, but it can be accomplished: the power that each of us holds is inconceivable, and its underestimation is what limits us; but it is there, latent, ready to be exercised. Now is when we hold this power, and now is when we must exercise it.

This is what we believe in, and this is what we are working toward. We want to gather those who are passionate about these issues, passionate about enacting change, and push the limits of what these individuals can achieve. We want to voice our concerns about the picture we paint of the world and offer, in its place, alternative, solution-oriented ideas on how we can tackle the most pressing issues of our time.

## Letter From The Editor

**T**he guiding ethos of our journal is to reach for a broader, longer-view perspective on the political events that define the world around us. This November marks the 30th anniversary of the fall of the Berlin Wall – by any account, one of the most consequential events of the 20th century. In retrospect, the conflict between West and 'Evil Empire' may not seem as existential; at the very least, we know that the West was bound to win: the Soviet Union's economy had been in steady decline for nearly three decades, it did not possess the physical or human capital required to catch up, and was plagued by its internal politics.

At the time, the picture was quite different: the Soviet Union was a monolithic titan, and the fall of the Berlin Wall represented the culmination of a herculean effort – and was a momentous victory indeed. Then came the post-war honeymoon (I won't do you the disservice of quoting Fukuyama, again). This, of course, was not all that we would have hoped, and the promise of an open world has been rudely abandoned.

As we reach this thirty year mark, our world once again inches towards harder borders, taller walls, and deeper divisions. In this much-awaited second issue, our Members reflect on these past thirty years, and on what walls have meant throughout history.

While we gear up for another pivotal year in politics, we hope this issue will give you the necessary to pause to think, perhaps just a little more deeply, about where our world is going.

Sincerely,

Laurent Bélanger-Lowe



Part II

# Long Reads

## "Open the gate!"

**I**n the summer of 1989, Francis Fukuyama predicted "the end of history"—the overall triumph of the principles of liberal democracy, advanced by the West, against the trappings of communism. While the end of all conflict was not an idea that anyone, even Fukuyama, believed in, the sheer force of the economic and ideological factors which overturned one half of the world's most dangerous duo—the Soviet Union—was inspirational to the core. Supporting this tide of optimism were the events in the autumn of the very same year. At the heart of Europe, the Berlin Wall was pulled apart by the hands of East and West Germans alike, who chanted, "Tor auf!" or "Open the gate!" The coming months would bring an overwhelmingly peaceful revocation of Marxism-Leninism, and the opening of the Soviet bloc's 'gates' to the rest of the world.

Exactly thirty years later, the dream of that November night in 1989 is slowly crumbling. The severance of local and regional ties—not to mention the abandonment of international agreements—has been a hallmark of the past few years. Each re-

gion of the world has a veritable selection-box of crises. In Europe, the Brexit predicament is underscored by the Syrian refugee crisis, and a resulting lack of compliance with the European Union's policies across its member states. More localised problems span from separatist movements in Scotland and Catalonia to a new threat of division in an Ireland which has only recently achieved a tenuous peace. In the Americas, while Venezuelans starve under the political contest between two leaders, Donald Trump continually presses forward on the building of a border wall between the United States and Mexico. He rallies his supporters with identity politics of inclusion and exclusion, constructing an exaggerated 'them' threatening a country whose economy, in reality, relies heavily on immigrant labour to continue functioning. Tensions between India and Pakistan have just recently escalated to claim the lives of dozens of citizens in a conflict over the territory of Kashmir. The religious undertones of this conflict are echoed in other areas of the world, where Muslim extremists practice jihad and chant "Death to America."

Of course, the world of 1989 was not perfect. Amid the optimism, there was always suffering—and there has been much progress since, especially for those of us in the West, who now enjoy a standard of living unrivalled by that of the late 1980s. But, in the words of the Guardian's John Harris: whatever happened to the future? In the early years after the fall of the Berlin Wall, Europe saw incredible movements promising peace, unification, and a new, bold idealism. The Good Friday agreement provided a solution for decades of violent conflict in Ireland, while Europe as a whole managed to consolidate itself. It incorporated Eastern European countries into the European Union and established multilateral treaties such as the Schengen agreement, which all but abolished borders between select countries. Full economic integration looked like a real possibility with the creation of the Eurozone and the resulting common currency, the Euro.

Outside of Europe, apartheid was abolished in South Africa and the Israelis and Palestinians attempted dialogue—both seemed unfathomable in years prior. The common belief was in the victory of liberalism and in hope for the future, spurred on by revolutions in technology and communications. The era was not without its crises and catastrophes—it would be wholly unjust to ignore the Rwandan genocide, the

Balkan conflicts, the American-led involvement in the Middle East, and countless other sources of misery in order to paint an idyllic picture of the post-Cold War era. On the whole, however, Western hope seemed consummate. In recent years, this hope has begun to break down. Rafael Behr, another Guardian columnist, writes that "The west that won the cold war no longer exists." What happened to it?

Behr points to an artificial feeling of instability and insecurity among the richest countries on Earth—those of Western Europe and the United States. In fairness, this feeling has been fed by a series of crises—the attacks of September 11, 2001, the global financial collapse of 2008, and the recent terrorist violence in Paris and Manchester, to name a few. Our environment is predicted to radically change due to human-created climate change in the coming decades—a fact which some choose to label a hoax. Economically there is a widespread feeling of a market disproportionately dominated by China, and politically, the interference of Russian agents in the world's loudest and proudest democracy is shocking to the core. These issues are just a start on the long list of Western grievances.

On an individual level, globalisation and modernisation have contributed to an erosion of traditional feelings of community.

Many have lost faith in their political institutions, which allow the ultra-rich to become richer while basic needs like a living wage and proper, accessible health-care services are neglected. In this situation, we retreat to an "orgy of reminiscence," remembering our heavily-romanticised national pasts, clinging to them, and fashioning communities we feel can protect us from the real pain we have suffered over the past decades. We have defied logic, polls and predictions, causing shocking upsets in, for example, the 2016 presidential election, and the Brexit vote called by David Cameron in the same year.

A profound pessimism about the future thus prevails in the West. While the issues that our countries face are very real, the insecurities that have taken them over are a product of a privileged past that became idealised and universalised. The West managed to fashion an age of idealism out of an event that was, at its heart, European. The fall of the Berlin Wall had global implications, yes, but non-Western countries all over the globe experienced the same hardships and threats both before and after the events of 1989, forcing them to remain realistic and grounded. Even in the present day, problems that originated in or even before the twentieth century continue to resonate in Korea, China, South Africa, Afghanistan, and

countless others.

The West is coming out of its "end of history" into a world which recognised no such high period. This 'new normal' is being addressed by fashioning barriers, and pitting some against others. Looking to history, this strategy has not worked or lasted—the isolationism of the interwar period, for example, was enough to drag the world into a second world war, after which world leaders realised the merits and necessity of cooperation and integration. Above all, in the modern age, this integration is not just a goal to strive for—it is a fact of life. The revolutions in communication and transportation technology that have taken place in the last few decades have allowed for a new level of economic integration across the world, and even a significant level of social and cultural integration. Borders and boundaries cannot stop the tide of modernity.

The West must overcome its insecurity, set aside its prejudice, and enforce cooperation. This may not lead to an age of idealism like that which many believe characterised the years after 1989—in fact, it almost certainly will not do so. Nevertheless, the decision-makers of today must have the courage to open gates in a world that cannot tolerate walls.

# Suddenly It Blew Away Like Dust

**T**hirty years ago, the Berlin Wall came down. Nobody saw it coming. ‘I remember in 1989,’ said the famed Indian novelist Salman Rushdie, ‘...had you said it was going to happen no one would have believed you. The system seemed powerful and unbreakable. Suddenly overnight it blew away like dust.’ Yet their total failure to foreshadow such a momentous event did not stop Western observers from making a shocking number of bold statements which purported to describe the future course of world history.

The American historian Francis Fukuyama famously proclaimed the ‘End of History’ in 1989, arguing that with the fall of the USSR’s ‘Evil Empire’ and the collapse of Communism as a viable model of government, there was only one alternative: the entire world would adopt liberal democracy along American lines. Every country would elect a parliament, enjoy free enterprise and free trade, enforce equality under the law, and so forth. Fukuyama remained influential far longer than he deserved to be. He worked for the hugely prestigious RAND corporation and

as a policy planner for Clinton’s State Department. It wasn’t until the World Trade Centres fell in 2001 that people caught on. History was very much alive and kicking.

Of course, had Western leaders been paying attention they would have realised this blindingly obvious fact a decade earlier. When the Soviet Union and other Communist super-states crumbled in the early nineties, Eastern Europe degenerated into a cycle of gruesome violence and brutality not seen since the Second World War. Albanians, Croats, Bosnians Muslims, Serbs – a whole host of ethnic groups whose regional identities were subsumed under the Communist Yugoslav state declared themselves independent and committed the most heinous atrocities against each other in the process. One Serbian army force alone killed or ethnically cleansed tens of thousands of Bosnian Muslims in what is regarded as the first European genocide since the Holocaust. It was only contained, to some extent, by the bombing of the guilty party, conducted under the aegis of the North Atlantic Treaty Organisation (NATO) and

spearheaded by none other than President Clinton himself.

Indeed, even in Russia proper the inevitable march towards liberal democracy went awry almost immediately. The new nation's first democratic election had to be heavily 'influenced' by the U.S. government and the International Monetary Fund to avoid a Communist Party victory, the teams of highly-educated experts sent by the U.S. to oversee Russia's transition to capitalism obviously bungled it: the country quickly fell into the hands of mobsters and oligarchs, a situation which remains relatively unchanged today. Capitalism did, in the end, come to Russia; but it was a crony capitalism of an unfriendly, un-democratic sort.

China, too, watched the fall of the Berlin Wall with great interest. They did not so much like what they saw. When pro-democracy activists took to the streets, they emulated Khrushchev, not Gorbachev; they sent in the tanks. (This event, known as the Tiananmen Square Massacre, occurred only months after Fukuyama proclaimed the end of history and killed an estimated 10,000 people.) To be sure, this isn't to say that China hasn't changed with the times. In fact, they are providing a model the world over for the fusion of cutting-edge technology and brutal totalitarianism. The government's use of super-accurate facial recog-

nition technology, the introduction of an almost comically tragic Black Mirror-esque 'Social Credit' system, and the massive concentration-camp-like 'political re-education centres' intended to Sinocise the country's millions of Muslim citizens are achievements of which Hitler and Stalin would never have dared dream.

If the leaders of the nineties saw the future as a bland utopia of globalised liberalism, what do the leaders of today predict? Generally, doom and gloom. It doesn't matter whether you're on the left or right: the future is not looking good. If you voted for Trump, for Brexit, for Le Pen or Orban, you probably think Western civilisation is buckling under the pressure of economic decline and automation, unchecked immigration and cultural change, and the threat of Islamic terrorism. If you voted for Clinton or Corbyn, Sanders or Melenchon, you probably think that runaway wealth inequality, climate change, and the rise of right-wing populism are going to wreck decades of incremental steps towards a better future. The point is that nobody seems to be optimistic about the future, which, after examining the evidence, seems rather reasonable.

But I hope I have made you wary of predictions of any kind, no matter how well-founded they may seem. To try and fore-



shadow the unknowable future is folly. We can extrapolate from current trends, to be sure: for example, 'If we continue to burn fossil fuels at the present rate, the planet will be two degrees warmer by 2100.' But there is only one prediction we can reliably make, now and forever: history will never end. Even the tallest and most unbreakable walls can, in a single, shocking, unbelievable moment, blow away like dust.

# "Tear Down This Wall!"

Few expected the events of November 9th, 1989. Pressure had been mounting for months and civil unrest had spread across the coal-polluted cities of East Germany, but when the regime's spokesman, Günter Schabowski, mistakenly announced that East Germans would be free to cross the border, it was over. Western media subsequently proclaimed open borders, crowds gathered at checkpoints, and one of the most iconic symbols of human history fell, not by the powder of artillery or the radioactive waves of a nuclear Armageddon, but through the peaceful and sudden change in people's minds. Walls are not just pieces of concrete, steel and armed guards in their watchtowers. They symbolise something greater and can show curious observers like yourselves something about the social, political and economic factors shaping a region and its people. As the 30th anniversary of the fall of the Berlin Wall rapidly approaches, the Cold War is no more. Soviet totalitarianism is no more. The Iron Curtain is no more. But walls still play a role in the human psyche, both metaphorically and physically. We shall look at three ex-

amples of walls in three different places, understand their meaning, question their effectiveness, then engage in a thought experiment about a world in which hard borders are non-existent and humans are allowed to move freely between states.

It may be an obvious fact that walls are man-made, artificially-introduced objects, but the implications of such a simple statement are considerably more complex. It means that there is no inherent value or meaning in walls, only those introduced by human perception. It also means that there is nothing natural about walls, or indeed about borders and states. As Benedict Anderson famously advocated, these are 'imagined communities.' There is no way you can taste, touch, or feel the United States of America. True, contrary to nations and states, walls are physical objects, captured and interpreted by our senses. But their whole purpose is to mark, protect or even expand territory and border lines drawn and imagined by humans through their long history of conflict, war and diplomacy. Most of the Berlin Wall was still physically intact after the events of Novem-



ber 9th, and yet, everyone refers to that day as the day of its fall. In other words, the Cold War symbol was defined much more in terms of its subjective, humanly attributed meaning than the objective agglomeration of concrete and barbed wire that composed it. Indeed, when this meaning ceased to exist, so did the physical and geographical existence of the wall, which was demolished shortly afterwards, as the two Germanies reunited.

This leads us to our first example: The Great Wall of China. It has not been active for millennia, given that Mongolian invaders no longer pose a threat. Somehow, it still has meaning, but this meaning is not necessarily the same as it was 2000 years ago, thus highlighting a second important point about walls: their meaning can change over time – it is not fixed in stone, as the walls themselves are. To illustrate this, let us get back to our example. The Great Wall of China is actually a series of walls spanning around 6000 kilometres. Some of them date back to the sixth century B.C., but the best-preserved ones were built during the Ming dynasty (1368–1644). Their main objective was to keep the northern nomadic herders out, as they craved the south's wealth and luxury. After Genghis Khan unified the Mongols and conquered China, his son established a new dynasty, the Yuan, but subsequent peasant

revolts led to its fall and the rise of the Ming dynasty, who then decided to put an end to northern incursions. They were convinced that the massive fortification would inhibit nomadic aggression as well as resist the erosive effects of weather and time – and they spent vast amounts of resources to put their plan into action. Northern incursions did continue, however, and the low morale and harsh living conditions for troops stationed at the wall led some of the Chinese defenders to socialise and even collude with northern combatants. Thus, the military effectiveness of the wall was questionable, if that. The structure finally shed its old meaning when the Ming's successors, the Manchu (or Qing), expanded Chinese territory northwards, making the wall unnecessary. But then something happened: the wall assumed new meaning. It became a symbol of China's ancient power and history, as well as engineering and architecture. It was classified as a UNESCO World Heritage site and one of the Seven Wonders of the World. It remains the world's largest military structure and an invocation of human ingenuity. It also attracts around 10 million visitors every year, boosting revenue from tourism. In other words, the wall is no longer used to keep people out; it is used to bring them in. Military relevance gave way to symbolism, archaeological history, and economic development as the new defining el-

ements of one of the world's most ancient structures.

Rather than defending against bloodthirsty armies of invaders, many modern walls are built simply to curb unauthorised migration. As you read this, you are probably thinking of the headline-grabbing US-Mexico wall, and the attention it recently got from Trump's political ascension. However, the case I would like to discuss is the less-known, but equally important border fence built between the Spanish North-African territory of Melilla and Morocco. It is one of the most fortified borders on the planet. The barrier is divided into a series of layers. First, a tall metal fence, followed by a tilted fence; then barbed wire, another tall fence with more barbed wire, and a flexible top section. On the Moroccan side, you will find a ditch followed by more fences. Everything is monitored by surveillance cameras and guards. Most of the immigrants come from Sub-Saharan Africa. They flee war, persecution and economic hardship. One of their strategies is to gather a big group and focalise their advance into one punctual point of the fence, overwhelming the guards and trying to reach Spanish territory where they are guaranteed certain protections by European law. Some are sent to migrant centres where they are safe from immediate deportation, others are immediately driven back and

badly hurt by the guards. After the refugee crisis of 2014-5, both Spain and Morocco increased their defences at the border, reducing the number of trespassers significantly. The wall thus symbolises a division between rich and poor, former colonies and former metropolises, and its meaning is stronger than ever, as a wave of right-wing populism and xenophobia infects European politics. What is interesting is that no matter how big the fence is, people will continue to come. Their desperation is so great that facing a wall head-on, hiding under vehicles or walking into oversaturated boats become logical, even necessary steps.

For an article commemorating the fall of the Berlin Wall, this last example seems fitting: it is also a symbol of the Cold War, and a persistent one. The wall – a border barrier in the form a demilitarised buffer zone – between the northern Democratic Republic of Korea and the southern Republic of Korea seems like a relic from a past age. A product of US-Soviet disputes in East Asia after years of Japanese colonialism, a World War, and the bloody Korean War of 1950-3, the border drawn at the 38th parallel breaks one nation into two ideologically opposed states. As the Soviet Union disintegrated and China turned to state capitalism, the North Korean regime refused to compromise, doubling down on its pursuit of nuclear

weapons and its open hostility towards the US and its allies. In the meantime, the differences between each side of the border barrier were only accentuated as South Korea's Asian-Tiger-style economic miracle became as real as a Samsung smartphone and a Hyundai SUV – while famine and state control over the economy became the norm in the North. Just like the families that were permanently separated because their members happened to be on different sides when the wall was erected, the Korean peninsula has learnt to live with a division that is not just between rich and poor, technological and primitive, democratic and totalitarian; more than anything, it is between open and closed. Thus, it is to the subject of openness that we now turn.

For all the talk of the history and meaning of walls, this article's mission has been to break them. Its title is taken from a certain American President who, in a famous speech to Berliners in 1982, exclaimed: "Mr. Gorbachev, tear down this wall!" If walls are dependent upon the subjective meanings people give them, then a change in people's minds could potentially confine them to history books. In that spirit, the British publication *The Economist* published an article in 2017 imagining a world where borders were open. And by open, it did not mean 'no borders' or the end of the

nation-state, but open: goods, services, capital and especially people would be able to move freely across states. Workers would go to where they are most productive, getting paid larger salaries by richer clients, reducing labour waste and making the world probably trillions of dollars richer. Latin Americans would flee from urban violence, and Sub-Saharan Africans from murderous dictators, making the idea of open borders a moral one. Since the North's institutions are hard to replicate in the Global South, a family moving from Bolivia to the Netherlands seems like a much more straightforward way of fighting absolute poverty. This is not to say that emigrating is easy, but that the option should be there for those who wish to (or must) pursue it.

We do not live in the age of the Ming dynasty, and Mongol invaders have nothing in common with Syrian refugees. The reason why the largest economy in the world became large in the first place is because it went from a few million white settlers and black slaves in agrarian 1800, to 320 million diverse and mostly urban citizens in high-tech 2019. The development of a country's economic and political institutions is also hurt by the number of walls erected to 'protect' the same institutions. Progress is more than just building bridges. It is about tearing down walls.

Part III

## Quick Takes

# Trading Sovereignty For Credibility: The Power Of MNCs

**T**he first bilateral investment treaty (BIT) was signed in 1959 between Germany and Pakistan. 60 years later, more than 3,000 BITs form a governance network for international investment. BITs were initially intended to assure foreign investors that they will benefit from the same standard of governance in a host state as they would in their home state, regardless of the quality of a host state's legal systems, particularly in cases of expropriation.

BITs usually include binding dispute settlement clauses, which allow foreign investors to bypass domestic legal routes in favour of international arbitration. Developing countries are motivated to sign BITs because they are assumed to make the state a more attractive designation for foreign direct investment, and that this will have beneficial spillovers with regards to development, economic growth and good governance. However, arbitration procedures allow foreign investors to undermine host states good governance efforts

by subverting domestic institutions.

Moreover, since the early 2000's, the regime has become increasingly contentious in the wake of high-profile international investment arbitration cases, which have increased states' awareness of the potential and unintended ramifications of signing BITs. During this time there was an exponential increase in the number of disputes brought forward by investors against a host state, where the average award sought has been upwards of 500 million USD, although claims have been filed for several billion USD.

The nature of the disputes brought forward has been particularly controversial, with BITs used to induce regulatory chill, or cause an altogether reversal of public policy. BITs can and have been used by investors to challenge, in arbitration, legitimate government policies concerning public health, the environment, safety, security, cultural diversity, and financial services. Indonesia and Costa

Rica have been identified as having abandoned environmental measures due to the threat of potential investment arbitration; it is impossible to know how many states have abandoned policy even before an arbitration claim has been filed. Professor Eric Neumayer has argued that in signing BITs, developing states have essentially traded ‘sovereignty for credibility.’

However, it is not only developing countries who are feeling the ramifications of the BITs they have signed. Two of the most publicized disputes were actually filed against Australia and Germany. In *Philip Morris v Australia*, the tobacco giant tried to force Australia to overturn plain-packaging laws. They were ultimately unsuccessful – the laws were deemed a legitimate public health measure – but the dispute did cause several other countries to await the result before instituting similar laws. In *Vattenfall v Germany*, the Swedish firm filed a claim for several billion USD after nuclear production was shut down in Germany following the Fukushima Daiichi nuclear disaster in 2011. These cases have forced developed countries to also reconsider their approach to governing foreign investors.

There are few examples of states that have successfully withdrawn from BITs; South Africa is a powerful one. Fearing arbitration claims in the wake of the estab-

lishment of its Black Economic Empowerment initiative, which mandated partial black ownership of all enterprises, the state introduced the Protection of Investment Act (2015), which provides a system of non-discrimination by formally granting the same protections to both foreign and domestic investors.

Due to the provision and threat of international arbitration, BITs consistently undermine the ability of developing states to craft policy and regulate foreign investors. The fundamental necessity of investment treaties, at least for developing states where there are strong institutions (such as domestic courts) that can adjudicate disputes, should be called into question.



# Is One Week A Long Time In Politics?

**T**his year marks the 30th anniversary of the Berlin wall falling. Other members of the Roosevelt Club and I have been reflecting on this momentous event, and on what has happened since then. In searching for parallels between the geopolitical tensions of the ‘a week is a long time in politics.’

To anyone following Brexit this adage would seem as applicable as ever. But if we look under the surface, at the content of political ideologies, this impression begins to unravel. Everyone is familiar with Donald Trump’s famous wall – the one that doesn’t even exist yet, and may never exist. This proposal has been a cornerstone of his election campaign, but it really isn’t a new concept. Would Trump have learnt about Hadrian’s wall at school?

More seriously though, it is easy to be engrossed in the short-term, fast-paced nature of politics, forgetting that there is a longer context within which these issues fit. This is partly the fault of journalism, an enterprise that

wishes to distil issues to their bare minimum, but it is equally attributable to our own need for news to be open-and-shut, with clear causes and consequences.

Anyone who has watched Yes Minister will have been (perhaps not so-) shocked by the similarities to political issues and personal dramas of the present day. The series’ politicians may have lived 50 years ago, but we are both talking about trident, budget cuts, national security, and strife in the nation’s political leadership.

It may be tempting to brush off the current political trends for populism and the rejection of expert opinion as new faces for old problems. I have been pondering this for some time, but I can’t say it is as simple as that. Populism pitches people against elites; conflict between the two is deep, and in some cases well-founded. The process of globalisation and trade liberalisation initiated in the 1980s has been great for big business, but it has left behind some (rather large) seg-

ments of society. Even a glance at some basic economic indicators will tell you that these problems have been brewing for a while. Who knows how long populism will last? What we do know is that it has already had longer than a week.

It is not surprising that such a simple adage is not applicable to current political reality. But this mantra does still have value. It serves to show is that even though we are in uncharted territory, there is a rhythm to politics. There may be significant political events occurring, which can make even a day seem like a long time. For the most part these are interspersed with smaller, repeated, and benign problems that politics has been dealing with for centuries. Workers rights, civil unrest, budgets, these will always be the bread and butter of politics.

Political commentators try to make our present situation a soap opera. Rolling news stories, and click-bait headlines – it is all too easy to be drawn into this thinking. It is much harder to see events in a longer view. Wilson may have been right, but perspective and distance seem hard to come by right now. This is something we should bear in mind.



# Renewable Energy: All Talk?

"**T**welve years left..." I have been hearing that a lot lately – in political discussions, Sustainable Development classes, and on social media. It is a hot topic, particularly energised by America's left-wing politicians (Alexandria Ocasio-Cortez comes to mind). To many, this is a political issue; I don't think so.

Climate scientists say we have 12 years left before we hit the 1.5°C rise in temperature that the Paris Accord warned us about. Politicians use this as ammo for pushing their green agenda. While there is scientific merit to this prediction, there is always a healthy amount of skepticism one should retain. Over a decade ago, former Vice-President Al Gore was touting that the world only had 10 more years until we went over the tipping point – yet here we are with another dozen years to go. While there may be disagreement over this doomsday timeline, however, it is clearly coming.

Even if the Earth does not become completely uninhabitable in 12 years, we are all still affected. Even those of us in favourable areas (away from coastlines and

more arid zones) are already suffering inconveniences: avid scuba divers will be heartbroken to know that over half of the Great Barrier Reef has died since 2016; skiers are faced with unpredictably warm winters and deadly storms – all of which will continue to grow in intensity.

Luckily – or so one would think – renewable energy has made great strides in recent years. Unfortunately, many politicians appear to see climate change more as a way to garner attention than a deadly trend they want to combat. Many of the improvements in renewable energy technologies should be more widespread.

Small communities have been able, in some cases, to go carbon-neutral. Dubai – possibly the world's most unnatural city – went from desert to a conglomerate of fake islands, harbours, and skyscrapers in just a few decades. In 2006 it boasted of the most carbon pollution per capita. In spite of this, it includes a carbon-neutral town, Sustainable City, which spans 113 acres, and has 500 villas, nearly 100 apartment buildings, and over 1 million feet of office and retail space. If a

zero-carbon town can exist in an area as inhospitable as the desert, it can ostensibly be reproduced even even more easily in other places.

Renewable energy is not just beneficial to our environment: it offers great energy solutions for developing countries. Several companies, for instance, make products to utilise water for energy. Enomad is a cheap portable hydrogenator that can fit in a backpack and be placed in streams, or even dragged behind a kayak in order to build up a charge to power a phone. Even large-scale, prefabricated hydrogenators are available and only require a small stream with a slight change in elevation. Turbulent offers just such devices; they can provide up to 15 kW of power, and can be assembled within a few days of unskilled labor. One of their projects powers a 400-student school in Bali, and a local farm. Even if one is skeptical of climate change, the power of renewable energy can be highly valuable to rural or developing communities.

Whether or not the planet cuts down on emissions, a lot of damage has been done. Again, there are companies making strides in this department. Swiss company Climeworks creates filters that suck carbon out of the air. Their product claims to be 400 times more efficient than afforestation, uses no water, and is relatively af-

fordable. Catalytic Innovations turn carbon dioxide and water into usable biofuel to replace other harmful products. Several groups are making headway towards reducing pollution.

While society continues to pump harmful greenhouse gasses into the atmosphere, we seem to be more obsessed with talking about the problem than solving it. Entrepreneurs and academia have done more to mitigate this than governments. People have shrieked at the impending doom for years, yet there are clear improvements that industry is not pouring enough resources into. Politicians need to stop using "Green" as an election sound-bite, and not only make real investments in the field, but use the technology already at our disposal.

#### Further Reading:

Will Gore: [We Have 12 Years to Act on Climate Change before the World as We Know It Is Lost. How Much More Urgent Can It Get?](#)

Jonathan Freedland, Interview: [Al Gore on His Mission to save the Planet.](#) *The Guardian*.

Robert Kunzig, [The World's Most Improbable Green City.](#) *National Geographic*.

Mark Harris, [The Entrepreneurs Turning Carbon Dioxide into Fuels.](#) *The Guardian*.

# Fighting Hyperinflation in Venezuela

**I**magine you are a German citizen in October of 1923. Every time you go to a pub after work, you buy two pitchers of beer at once. The second gets warm even before you finish drinking the first, and no one likes warm beer, but you do it anyway. Why? Because the loss in the value of that second beer as it gets warm is nothing compared to the loss in the value of the money laying idle in your wallet. If you had waited just a few hours, you would not have been able to afford the second beer at all: prices are skyrocketing so fast that your whole purchasing power lies in the dust, and your economic well-being along with it. Welcome to the world of hyperinflation.

Although the world record still belongs to post-war Hungary, where hyperinflation reached nearly 42 quadrillion per cent, Venezuela's hyperinflation is predicted to reach 10 million per cent this year, according to the IMF. This is bad enough. The primary cause of this catastrophic economic affliction is excessive growth in the supply of money.

When governments have inadequate tax systems and lack the credibility to raise funds by issuing debt, some central banks, influenced by malicious political figures, might make the fatal decision to energise their printing presses. Prices begin to rise abruptly. People expect inflation to get worse, so they buy even more in the short run to avoid higher prices in the future, which in turn worsens hyperinflation, as excess demand takes prices sky-high. Worse still: since there is a delay between a tax being levied and being paid, even if it is just a few months, by the time the government gets the money, its value has plummeted, thereby greatly reducing tax revenue and vastly increasing the government deficit. A fiscal and monetary fiasco thus ensues in the form of a vicious cycle. Add to the equation an autocratic dictatorship with a record of flagrant human rights violations and you have Venezuela.

Under most circumstances, you would expect the government to take the necessary steps to curb

hyperinflation once prices start to rise and the currency starts to depreciate. But when this government happens to be a fragile dictatorial regime highly dependent on the political interests of a few groups in society, socio-economic reform might not be its primary interest, so the situation is allowed to continue. Until, of course, mobs start to gather outside the gates of the palace. At this point, however, the little credibility the government had before it oversaw the nation's descent into the hyperinflationary scourge is gone.

The first step to resolving the crisis, therefore, is regime change. People need to believe that the government is serious about addressing the problem, since people's expectations of inflation are an essential part of minimising the damage. Then, the new government needs to launch a major fiscal reform pack that will limit government spending (which in Venezuela accounts for an unsustainable 30% of GDP) and raise taxes. This would reduce the deficit and stabilise the fiscal situation. Now a credible reshuffle of personnel needs to be pursued in the Treasury and central bank so that the public believes that the printing presses will be put to rest, and an anti-inflationary, contractionary monetary policy will be enacted. Moreover, it is vital to establish some sort of anchor to the currency (such as dollarisation) so that people have some sign that

the transition is credible. Finally, and especially in the dismal case of Venezuela, outside assistance is paramount: the government must negotiate a recovery programme with the IMF so that international investors will regain their confidence, and the government will be able to access international credit markets as an additional source of finance, other than taxes.

The anti-hyperinflationary recipe is as clear as the economic science behind it. But in Bolivarian Venezuela it is the ideologues that rule, not the technocrats. This implies that the final ingredients must be found in the political sciences: Maduro has to go.

Part IV

# Reviews

# Principles

I would not be surprised if you hadn't heard of Ray Dalio – he is not some celebrity businessman like Musk, Zuckerberg, or Bezos. But what he lacks in fame he makes up for in wealth. He came from a middle class, Long Island family. He founded Bridgewater Associates – the largest hedge fund in the world – in his two-bedroom apartment. Forbes suggests his net worth is \$18.1 billion. He epitomises the American dream.

His book, *Principles*, is a manual for all his employees. In it, he explores what has made him successful, and provides principles that anyone can use to achieve their ambitions. The purpose of the book is to provide radical transparency.

Transparency and failure are the two important tenets of *Principles*. Everything is recorded at Bridgewater, even executives meeting to discuss whether an employee deserves a raise. This opens everyone up to vulnerabilities. If a trader thinks his Portfolio Manager's idea is stupid, he should tell him bluntly. This goes for Mr. Dalio himself: he does not want his employees to follow

his ideas just because he is the boss. Dalio hires smart people so they can catch mistakes, not so that they can follow his every move – he often admits he is a "dumbshit." He requires that they challenge him.

Transparency is necessary for growth. People need to know what others dislike about them so they can address those problems. If their ideas are mistaken, they need to be corrected straight away – not allowed to bolster false confidence. This office environment may sound dystopian, everyone at each other's throats and throwing each other under the bus at the smallest misstep. Indeed, many suffer under the intense scrutiny and leave. Even when it is understood logically that this no-holds-barred programme works, we still feel the urge to reject it. Dalio insists this is all done in kindness.

A similarly important component of success, according to Dalio, is failure. As he will readily admit, he fears boredom and mediocrity much more than he fears failure. To him, failure is not the end of the road: "The key is to fail, learn, and im-

prove quickly. If you're constantly learning and improving, your evolutionary process will look like the one that's ascending." In the face of our generation's ethos – an ethos of necessary perfection – Dalio hopes to remind us that if we do not fail, we will never learn, and never improve.

Failing is not enough, however. According to Dalio, we must learn to fail openly and honestly – and not attempt to hide our shortcomings from others. "Having nothing to hide," he says, "relieves stress and builds trust." Ultimately, we should accept that we need not be perfect: "It's more important to do big things well than to do the small things perfectly."

A larger picture now comes into view: the rumoured wolf-pack culture at Bridgewater is not one designed to forcibly weed out the failures, but rather, to encourage people to engage with their colleagues openly and honestly – and to keep growing. Perhaps, then, this book circuitously aims to dispel the rumours of a cut-throat company and an unforgiving leader ('history is written by the victors'). But the purpose of the book is not exceedingly relevant: everyone who reads it will gain something – perspective, nuance even – that will help them succeed.

The take-aways: it is important to learn to embrace failure, and to

talk about it. If you hide failure or do not challenge yourself, you will never grow. Most of all: do not be afraid to be ambitious.

*Principles* by Ray Dalio.



Part V

## Closing Remarks



## Letter from the President

In closing, I would simply like to thank each and every one of our readers, Members, and contributors, for making this second issue possible.

As with the first, this issue is the product of hundreds of collective hours of discussion, debate, and individual creativity – not to mention hundreds more hours, spent poring over computer screens, waiting for inspiration to strike.

I would like to note, in particular, the herculean efforts of my father, Guillaume Bélanger, in crafting the layout for *New Annales*, and for taking valuable time out of his busy days to help me typeset this second issue – thank you.

We hope that this issue has given you – even for a moment – the space to think about some of the issues that face our world; and we continue to hope that, like us, you will be energised to take a stand on how these issues should shape our future.

Sincerely,

Laurent Bélanger-Lowe