

driven away from action because of our lack of desire to deal with both the short and long run and the inability to find compromise among the interested parties. What Montgomery argues for is the understanding that what has been damaged and threatened in the short run can only be rectified in the long run. All this leads me to wonder if there is any hope for comprehensive management of natural resources in consumption-driven economies?

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**THINKING STRATEGICALLY: THE MAJOR POWERS, KAZAKHSTAN, AND THE CENTRAL ASIAN NEXUS**

**Robert Legvold, editor**  
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This is the first of a five-book series sponsored by the American Academy of Arts and Sciences dealing with the security challenges to the international community posed by developments within the territory that was once the Soviet Union: Ukraine, Belarus, the Central Asian Republics, the three states of the Caucasus, and Russia itself. This volume deals with Inner Asia, from Russia's lower Volga to China's far eastern province, Xinjiang, Inner Mongolia, and Tibet. Aside from these being largely Islamic countries, this area is too diverse for the goals of this volume. Indeed, dealing with the five Central Asian republics of Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan was beyond the scope of this volume. Instead, the volume focuses on by far the largest and most economically important of these five, Kazakhstan.

The book is structured with an introduction that tells us what they are going to tell us; six chapters about the strategic interests and policies of each of the "major powers," Russia, the United States, China, the European Union (EU), and Japan, plus Kazakhstan itself, and written by experts from each of these countries; a summary chapter that tells us what they have told us. While the differences in perspective through the lenses of the six major-power chapters (there are eight contributors to this volume) were rather interesting, the book is quite redundant. The number of strategic issues is limited. It boils down to which of these a particular country sees as important and what actions they have taken to deal with these issues. Note also that the EU cannot be said to have a unified foreign policy, so the European chapter has trouble

in discovering any subtle European strategies toward Inner Asia. The Europeans know they are the natural market for Caspian oil and that, at the end of the day, the major petroleum producers will handle the mechanics of supplying it to them. Japanese policies mirror those of the European countries.

While this is clearly just a personal bias, I found the paradigm of "the great powers" running the world in a rather imperialistic manner rather off-putting and more appropriate for 1903 than 2003. If you plan to be working on Inner Asia, you will probably find the book useful. If you are interested in a general knowledge of the region and how it is likely to develop in the decade ahead, the special section in the July 26, 2003 issue of *The Economist* may be more efficient.

The book is full of acronyms for organizations—only 10 percent of which I had ever heard before. Thankfully, there is a List of Acronyms at the beginning of the book, and the index also identifies them. What is missing are maps. I was constantly opening my world atlas to find the terminus of some proposed pipeline or the location of a valley or river that was of strategic interest to the countries of the region. So much for style; I will now try to identify the key strategic issues.

### Oil and Gas

Kazakhstan has the potential to produce eight to ten times the amount of oil per year as the next-largest Inner Asian oil producer. Turkmenistan and Uzbekistan dominate in terms of potential for gas production. Kazakhstan could become the second largest oil-exporting nation in the world. One of its oil fields possesses more reserves than the entire United States. Present pipelines for oil from Kazakhstan are under Russian control, and a new pipeline through Russia is under construction. U.S. interests have long been involved in oil exploration and advancing a pipeline from Aktau in Kazakhstan across the Caspian Sea to Baku in Azerbaijan to Ceyhan on the Mediterranean in Turkey. Caspian oil and any pipelines to distribute it are of great interest to Iran and Russia, as well as Kazakhstan. The latter two seemingly have resolved their differences over drilling rights in the sea itself. About 45 percent of direct foreign investment in Kazakhstan oil and gas has come from the United States, followed by Canada, Britain, Italy, and Russia. It is important to point out that little of this oil will physically get to the United States or even Britain. Crude oil markets are international, and the companies involved are global.

Note that this discussion is focused on the Caspian end of the region where development of the oil is most advanced. In fact, the gas and even more energy is landlocked in the middle of the region. Thus, China and Japan, too, have an interest in drilling and pipelines moving eastward rather than to Europe. China only became a net importer of oil and gas in 1993, so its

interest in developing energy from the region lagged that of the West.

### Security

A major part of the Soviet nuclear arsenal testing was done in Kazakhstan. The first order of business for the United States and Russia was to get control of these weapons and their accretions. This has been accomplished to the satisfaction of all parties. Activities at the large Russian space center in Kazakhstan have largely been relocated into Russia itself.

What remains is the problem of security for these Inner Asian republics. Russia would like to have some control over Kazak policies, but neither side sees the other as a major military threat. Indeed, Russia would be content to have the Islamic threat handled by Kazakhstan and not leak over the border. In fact, Russia and the republics have a Collective Security Treaty and have actually held a joint military exercise. The hard-line Nazarbaev regime is supported by both Russia and China as an effective force to control religious extremism. The basis for these mutual security agreements is a series of agreements among the "Shanghai Five": China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. Uzbekistan joined at a later date. These agreements began in 1996 and have led to a reduction in military forces and border forces in particular. Perhaps more important, they established cooperative procedures for stopping drug trafficking, weapons trades, and other cross-border crime. These agreements could easily develop into an Asian NATO that would, with Chinese involvement, have military power greater than the Soviet Union ever had. It is interesting to note that such a development would leave the Middle East pinched in the middle between major military blocks in Europe and Asia. Thus, Inner Asian development has a direct bearing on strategies toward the Middle East.

From a U.S. perspective, Uzbekistan took center stage away from Kazakhstan with the war in Afghanistan. With the need for military bases in this part of Asia, the United States bought a closer relationship with Uzbekistan without a clear appreciation that it may be dragged into regional problems that were really not of importance to the Department of Defense. The Uzbeks welcomed this U.S. interest because it provided not only aid but a potential lever against pressures from Russia and its neighbors. Note that this relationship creates a tension between U.S. involvement and the Shanghai Five agreements.

The Chinese coined their security concern in the area as "the three forces," national separatism, religious extremism, and international terrorism. There are many middle ages tribal or ethnic groups that still retain some nationalistic feelings—Kazakhs, Kyrgyzs, and Uighurs being the most numerous and all seemingly related at some point in the past with Turks. All are Muslim, so there are a number of permutations for ethnic, religious, and national conflict. These

conflicts appear to be most serious in the Ferghana Valley, where Uzbekistan, Kyrgyzstan, and Tajikistan meet, and in Zinjiang, the western province of China. Mongolia presents a lesser problem for China, while Inner Mongolia and Tibet are far enough way from the Central Asian republics to be outside the scope of this volume.

Islamic extremist movements are active in Uzbekistan, Tajikistan, Kazakhstan, and China. In Zinjiang, the Islamic extremists call themselves "The East Turkestan Islamic Movement." This name can be traced back to the 1930s when Britain and Nationalist China were involved in the region. The nationalists lost power when the communists took over in 1949. Osama bin Laden's organization is said to be currently active in this region.

### Trade and Globalization

After the collapse of the Soviet Union, trade between Russia and the countries of Inner Asia collapsed as well to about 10 percent of previous levels. Trade with Kazakhstan was on the high side of this collapse, about 17 percent. Still, Kazakhstan trade with Russia is manyfold greater than that with any other of its neighbors and exceeds the former's trade with the EU, Asia, or North America. In contrast, China's trade with the region, particularly Kazakhstan, as burgeoned since 1999. Not surprisingly, Japanese interest in these countries has been focused on trade agreements, largely unsuccessful, that mirror the "Japanese model" of close cooperation between government and a few major conglomerate corporations—as contrasted with more open global-market competition. Kazak policies, in particular, appear to embrace an open, global economy.

### Drug Trafficking

During the period of Taliban control of Afghanistan, 120 tons of heroin equivalent passed through Central Asia each year. With the return of major opium production in that country, the volume will be even greater. This amount supplies at least half of the heroin consumed in Western Europe. As a result, European involvement in these countries has been directed at addressing social and other causes of the growth of criminality through the support of nation building. A part of these efforts has been directed by the European Bank of Reconstruction and Development toward helping build surface transportation infrastructure along the route of the old "Silk Road."

### Émigrés

While perhaps not a high priority problem to countries in the West, Russia, China, and the Central Asian republics do have a problem with scattered peoples. The number and political and economic power of Russians in Kazakhstan was substantial. Since 1992, there has been a stream of Russians leaving the country, never less than one hundred thousand per

year and totaling about 1.2 million. Kazakhstan still accounted for 35 percent of all Russian expatriates and 30 percent of the Kazak population; the exodus has actually caused shortages in the workforce. Due to residual relocations from World War II, Germans make up 6 percent of the Kazak population.

### **Borders and Water**

To the east, shortages of water concern the Russians, the Chinese, and the Central Asian republics. Earlier, these took the form of border disputes, but there now appears to be honest negotiation over the real issue, the diasporas and use of rivers that flow along the borders. Cooperation between China and Kazakhstan over use of water from the Black Irtysh River appears to be advancing toward peaceful resolution.

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### **UNIVERSITIES IN THE MARKETPLACE: THE COMMERCIALIZATION OF HIGHER EDUCATION**

**Derek Bok**  
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Those who have dedicated their lives to the teaching profession tend to subscribe to a set of beliefs based on at least three key principles, namely, academic freedom (the right to conduct self-directed inquiry without pressure or interference from outside interests), intellectual integrity (a pursuit of knowledge or ideas not colored or misshapen by ulterior purposes, outside intrusions, or other distorting influences), and scholarly values (a devotion to educational aims pursued for their own sake rather than as banal means to other sorts of worldly ends). Let us call this set of commitments “academic values” for short. Members of society who hold such academic values tend to get branded with various unflattering labels such as “ivory tower.” Indeed, those who proclaim their allegiance to the values of academia may well find themselves stigmatized by one of our culture’s most denigrating terms of opprobrium: “elitist.”

Nonetheless, some of us—including many marketing educators with an interest in macromarketing—have chosen to pursue academic values that, ironically enough, may be threatened by various aspects of the marketing ethos itself. Increasingly, aspects of the marketing ethos have tended to infiltrate the halls of academia and thereby to corrupt the process of education in our institutions of higher learning. Thus,

when the principles of marketing are applied to the university in general, to business schools in particular, or especially to the activities of those who teach in departments of marketing per se, some fairly ugly results tend to ensue.

Briefly, in this age of high finance fueled by societally sanctioned greed, aspirations to succeed in the competitive academic marketplace, and pressures brought to bear by a stubborn secular decrease in government funding, universities have come to regard themselves as not-for-profit businesses seeking to maximize their monetary returns in an effort to survive with dignity. In this spirit—like so many other institutions trying to thrive in a threatening economic environment—schools have subscribed to various tenets drawn from the best business practices in general and from the most advanced marketing wisdom in particular. Two key aspects of this turn toward the commercialization of education deserve our alarmed scrutiny.

First, like other institutions ranging from hospitals to churches to political parties to prisons, universities have adopted that facet of the marketing concept that emphasizes an allegiance to customer orientation. Just as a hospital might regard its patients as consumers of the medical treatments offered by its health care providers or a church might view its parishioners as customers for the religious services of its spiritual-salvation workers, schools have embraced the logic that regards their students as customers who consume the teaching services of their education providers; that is, the offerings produced by those increasingly trivialized devotees to higher learning who formerly considered themselves to be champions of the academic values mentioned earlier. Under the new customer-oriented logic, the school’s job is to please its student consumers—with teachers catering to their every wish, yielding to their every complaint, and caring more about their concerns for advancing their careers than about what they actually learn as coddled beneficiaries of the educational nest egg. Needless to say, this logic, increasingly rampant throughout the university, takes hold nowhere more strongly than in our schools of commerce or management where, quite literally, business is our middle name. When schools are rated according to the salaries of their graduates and ranked by the customer satisfaction of their recent alumni—as with the incessant self-promoting cover stories mounted by *Business Week* and comparable publications—an emphasis on pandering to student wishes for effortless learning followed by generous compensation packages must follow as the night the day.

Second, throughout the university, especially in the wake of decreased government expenditures on research funding and other educational subsidies, corporations have played ever-larger roles in the financing of faculty research. Think, for example, of the contributions by pharmaceutical companies to medical research or the other research partnerships that crop up ubiquitously in areas such as computer science or genetic engineering. These infiltrations of commerce into