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From: Anne-Marie Slaughter [redacted]
Sent: Tuesday, March 13, 2012 1:00 PM
To: H
Cc: Abedin, Huma; Cheryl Mills; Jacob J Sullivan (SullivanJJ@state.gov)
Subject: a very concrete idea (short) on blocking Syria from entering into odious contracts from Ctr for Global Development

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I think this has real potential. Michael Kremer at USAID was an intellectual pioneer on not recognizing odious debt after the fact; this would prevent the Syrian govt from entering into contracts based on the same reasoning.

Preventing Odious Obligations: A New Tool to Pressure Syria's Bashar Assad

Kimberly Ann Elliott and Owen Barder

03/09/2012

Countries that throw off a repressive dictator are too often left saddled with illegitimate and odious obligations. To maintain access to international credit markets, legitimate successor governments must honor these debts and comply with other contracts negotiated by dictator, even if the proceeds were stolen or used to violently repress opposition.

Syria today epitomizes this mortgaging of the future. The regime of President Bashar Assad has killed thousands of people since protests began last year. The Arab League, United States and European Union have condemned the violence and imposed strong sanctions against Syria's oil sector and central bank. But these have not stopped the regime from buying weapons from Russia, or from selling to China and other countries the oil the United States and European Union refuse to buy.

It's time to try a new tool that would strengthen existing sanctions: preemptive contract sanctions. This would take the form of a declaration that any new contracts with the Assad regime are illegitimate and need not be honored by a legitimate successor government. Such a declaration would discourage new contracts with the regime because of the increased risk that that they would be repudiated by a successor government.

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