



Regime Change in Iraq: The Transatlantic and Regional Dimensions

Edited by

Christian-Peter Hanelt, Giacomo Luciani and Felix Neugart

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The Robert Schuman Centre for Advanced Studies and the Mediterranean Programme

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Bertelsmann Foundation
Center for Applied Policy Research, University of Munich
SAIS, Bologna Center, Johns Hopkins University
Robert Schuman Centre for Advanced Studies
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Introduction

Giacomo Luciani

Professorial Lecturer in Middle Eastern Studies, The Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, Bologna, Co-Director, Mediterranean Programme, Robert Schuman Centre for Advanced Studies, European University Institute, Florence

Felix Neugart

Research Fellow, Center for Applied Policy Research, University of Munich

The unfolding transition process in Iraq after the quick US military victory, which toppled the notorious regime of Saddam Husain, raises various questions regarding the social and political processes in the new Iraq and the regional and international impact of the regime change.

The presence of US forces in Iraq, the successful transformation of its authoritarian political system, and the reconstruction of its severely damaged infrastructure and economy are of crucial importance to the Bush administration. In order to establish an inclusive and accountable political system, the US forces may have to stay in Iraq for a number of years. Yet a prolonged occupation may lead to increased opposition and resistance, turning the liberators in Iraqi eyes into an imperialist force on the lines of the British mandate in the state's early years.

The recent decision by the Coalition Provisional Authority to decouple the transfer of power to a government formed by Iraqis, from the constitutional process, owing to the considerable resistance in some parts of Iraq, illustrates this problem. It is nonetheless an open question, whether the envisaged speedy transfer of sovereignty, based on a transitory basic law

and caucus-style elections for an interim assembly and government, will increase stability, or spark a civil war. The insistence of Ayatollah 'Ali Sistani, the most senior Shi'i cleric in Iraq, on direct elections for the assembly, which are likely to reflect the Shi'i majority in the population, has further exacerbated the problems facing the Americans.

Given Iraq's substantial economic and political weight, regime change in Baghdad could fundamentally alter the regional balance of power and even trigger broad regional realignment.

Conversely, any successful long-term transformation of Iraq has to be embedded in a sustainable regional structure that addresses the legitimate security concerns of all actors and provides for co-operation in various fields. Iraq is in many ways dependent on its neighbours, most importantly because of its narrow access to the sea, the vulnerability of its overland oil pipelines and its dependence on the uninterrupted flow of the Tigris and the Euphrates. It has a legacy of unsettled disputes with its larger neighbour Iran with whom it fought a bitter and bloody war during most of the 1980s.

Iraq's neighbours are concerned about domestic repercussions of events in Iraq given the manifold relations that straddle national borders. The current power vacuum in Iraq raises concerns among Iraq's neighbours about the potential transnational impact and might attract open or covered interference on their part. Iran, Syria and, most importantly, Turkey—countries that feature substantial Kurdish minorities among their population—are suspicious about a future independent Kurdish state in Northern Iraq given the decade-long autonomy of Iraq's Kurds and their emergence as US military allies in the campaign against Saddam's army.

The obvious disagreement among the member countries of the European Union in the run-up to the war has raised questions about the cohesiveness and effectiveness of European policies in the region. The disaster of the Iraq crisis does not bode well for the future of a cohesive European Foreign Policy in a geographically close region. Even in the Israeli-Palestinian peace process, where European political and financial engagement has been very high and intra-European consensus rather stable, leverage on the conflict parties has been modest and the results disappointing.

The current discussion about authoritarian institutions and poor governance record of Middle Eastern countries, sparked in part by the new zeal of the Bush administration for fostering democratisation in the region, requires active engagement on the part of the Europeans. Furthermore, regime change in Iraq poses a major challenge to the EU's main framework for structural change and regional integration, the EU-Mediterranean partnership, which aims at creating a Euro-Mediterranean free trade area involving all Southern riparian countries by 2015. The potential future EU

accession of Turkey, which was awarded candidate status in 1999, will not only change the carefully crafted geopolitical architecture of the partnership, but also turn Iraq and Iran into direct neighbours of the enlarged EU.

* * *

Against this background, the *Bertelsmann Foundation* with its academic partner, the *Center for Applied Policy Research* at the University of Munich, and *Johns Hopkins University* in Bologna, have joined forces to assess the regional implications of regime change in Baghdad. A workshop entitled “The Iraq Crisis and the Future of European Policy in the Middle East” was held in Bologna (30 March-1 April 2003), only days after the start of military operations, during which draft versions of the chapters included in this volume were presented and discussed. In the dynamic environment of the following weeks, these draft papers were thoroughly revised and updated. The result is a diverse and challenging collection of essays on various dimensions of the unfolding transformation process in Iraq in the domestic, regional and international context.

Michael C. Hudson traces the ideological roots of the dominant neo-conservatives within the Bush administration’s foreign and security policy decision-making structure. He argues that these actors were enabled to pursue their unilateralist agenda by the traumatic events on 11 September 2001, which paralyzed the institutional mechanisms of the foreign policy debate. Hudson goes on to discuss critically the neoconservative project for the region in two crucial areas, i.e. the establishment of a regional security structure and the transformation of Middle Eastern political systems, and its impact on transatlantic relations. In conclusion, he argues that the main challenge for the neoconservative revolution stems not from other international actors, but from the increasingly critical domestic discourse within the US.

Setting off from the assumption that the regime change in Iraq is part of a broader project to bring democracy to the Middle East, *Giacomo Luciani* focuses in his contribution on the potential for political liberalization in the conservative monarchies of the Arabian Peninsula. He discusses two main trends that help to increase pressures for political reforms in these countries. In his view, the increasing access to information via satellite television or the Internet is bound to define a new elite and create conditions for increasing participation. In addition, the growing weight and independence of the private sector in the Gulf makes it increasingly sensitive to issues like governance and participation. These processes may, according to Luciani, evolve into limited consultation with a mix of direct and representative elements.

Turning to the Israeli-Arab conflict, *Henry Siegman* discusses the record of the two key players, Palestinian Authority chairman Yassir Arafat and Israeli Prime Minister Ariel Sharon. Siegman argues that, at several crucial junctions in the negotiations process, Arafat proved to be afraid of alienating parts of his heterogeneous Palestinian constituency, and therefore unable to undertake the bold steps required to bring about progress. On the other hand, Siegman assumes that Sharon's public support for the establishment of a Palestinian state does not reflect a genuine commitment, and is largely aimed at the international community, while in reality he remains obsessed with a military solution to the conflict.

The unfolding transition process in Iraq is discussed by *Ofra Bengio* and *Toby Dodge* in their contributions. Bengio focuses on the main actors that will shape Iraq's new political structure. She argues that the Sunni centre of the country has been greatly weakened, not only through the fall of Saddam Husain, but also through the dissolution of the two main pillars of Sunni power in Iraq, the Ba'th party and the army. In contrast, the "powers of periphery", Shi'a and Kurds, are on the rise. The Kurds have the advantage of being politically and militarily well organised and boasting more than a decade of administrative experience in the autonomous region. The Shi'i majority of Iraqis, a rather heterogeneous community, enjoys more political and religious freedom than at any point in its modern history. Dodge argues in his account of the transformation process in Iraq that the American occupation troops failed to grasp the structural peculiarities of state and society in Iraq. The legacy of three wars and more than a decade of economic sanctions have eroded the mighty state apparatus. The violent repression of opposition to the Ba'th regime on part of the security apparatus destroyed all intermediate institutions between state and society other than those controlled by the regime and, in effect, left Iraqi society atomised. Dodge contends that these developments have fuelled a surge in identification with sectarian communities on the one hand, and militant nationalism on the other.

Addressing the future of the Iraqi oil industry *Walid Khadduri* assumes that its history in the last decades has been one of lost opportunities. He explains that the near-term potential of the Iraqi oil industry is dependent on political stability, which in turn will be influenced by the nature of the new political system and the level of interference on part of Iraq's neighbours. Khadduri advocates the maintenance of a centralised structure for Iraq's oil industry and a transparent and competitive tendering process for the necessary international investment. He goes on to discuss several long-term models regarding the structure of the Iraqi oil industry, while in conclusion stressing the importance of a stable political environment to pursue a sustained development policy.

The implications of regime change in Baghdad for Iraq's largest neighbours, Iran and Turkey, are discussed by *David Menashri* and *Philip Robins* in their respective contributions. Menashri argues that Iran's foreign policy, which is based primarily on what is perceived to be in Iran's national interest, oscillated between the desire to see its arch enemy Saddam removed from power on the one hand, and its fear of a large military presence of the "Great Satan" America on Iran's doorstep, on the other. Menashri depicts the multifaceted debate among representatives of both the reformist and the conservative camp arguing that regime change in Iraq poses both challenges and opportunities for Iran. Robins addresses the role of Turkey in the run-up to the conflict in the three interlinked areas of Turkey's relations with Iraq, Europe and the US. He expects that Turkey's ties with the US, severely damaged by the refusal to allow US troops to attack Iraq from its soil, can be expected to improve soon, although Ankara remains concerned about the possible emergence of an independent Kurdish entity in Northern Iraq, possibly by stealth.

Volker Perthes and *Marius Deeb* address Syria, another neighbour that shares a long history of complex relations with Iraq, from two different perspectives. Perthes explains that the combination of an unfavourable regional balance of power, the assertiveness of the current US administration, and domestic pressure for reform render the situation difficult to handle for Syria's young and inexperienced president Bashar al-Asad. He argues that Syria embarked on a course of opposing the war and the ensuing occupation in principle, but in fact recognised the US occupation by voting in favour of UNSC 1511. In contrast, Deeb maintains that Syria's foreign policy is based on the sectarian nature of the dominant 'Alawi regime and its close ties with their co-religionists in Iran, support for international terrorism and the aim to destroy the Middle East Peace Process. Given these essentials, he claims, Syria is bound to continue to work against US interests in both Iraq and the Israeli-Palestinian arena.

In the last part of the present volume *Steven Everts* and the last chapter's co-authors, *Felix Neugart* and *Tobias Schumacher*, take the events in Iraq as a starting point to analyse European policies in the region. Arguing that the European Union's approach lacks cohesion, resources and credibility, Everts advocates a stronger involvement of the European Union in the Middle East to preserve its interests. He points to three crucial areas for enhanced European engagement, the transition process in Iraq, the Israeli-Palestinian conflict and the poor governance record in the Arab world at large. Neugart and Schumacher focus on the main foreign policy tool of the EU in the region, the Euro-Mediterranean Partnership. They argue that the European record has been rather poor and is subject to profound processes of change. Therefore the co-authors advocate a

geographical and functional redefinition of the Partnership and offer various suggestions for its improvement.

* * *

The intervention of the United States and its allies in Iraq is obviously a defining moment in history, and the debate on its significance and impact is bound to continue for a long time. This volume can only provide some preliminary conclusions, which will need to be revised in the light of things to come.

It is clear that much will depend on the unfolding of events in the reconstruction phase. The Coalition Provisional Authority is finding that Iraq is a difficult place to rule, and consensus among Iraqis is very hard to fashion. Eventually, the situation is likely to improve from the point of view of daily security—the capture of Saddam Husain may be a turning point in this respect. However, this is not enough to guarantee that the end result will be the model democracy that Americans and Europeans both want.

The debate on American unilateralism will also continue. The war was fought on a premise—the need to prevent the deployment and use of weapons of mass destruction—, which has so far proved totally unfounded. Increasingly, the United States have admitted that the real purpose of the war was to dislodge Saddam Husain and supervise regime change. There is widespread sympathy for this goal, not just in the United States and Europe, but also in the Arab countries. The problem is that existing international law does not justify this kind of intervention, being rooted in the concept of sovereignty and non-interference in internal affairs.

There is probably a need to progressively develop a new body of international law, which will supersede the exclusive reliance on sovereign rights and non-interference, and open the door to a legally viable version of the concept of “rogue state”.

The roots of the rift that cut across the Atlantic and within Europe in this occasion is partly related to a difference in evaluation of the situation on the ground, but primarily linked to a difference on the importance to be attributed to respecting international legality. European public opinion is neither pro-Saddam nor anti-American, as some simplistic commentators have argued; but it is definitely against American unilateralism and disrespect for international rules.

As such, the transatlantic division about Iraq should be viewed in the context of controversy on other issues, e.g. the Kyoto protocol or respect for WTO rules, and is unlikely to evaporate easily. In contrast, the division within Europe is much more issue specific—whether it was or not appropriate to go to war—and both sides agree on many aspects

concerning the reconstruction phase (primarily, about the need for much stronger involvement of the United Nations) as well as transatlantic relations in general.

With respect to the Middle East, a process has been set in motion, which cannot be stopped or reversed. The process can transform the Middle East for the better—with major benefits for the entire international community—or plunge it into total political disarray. It is easy to see where the crucial phases of the game will be played: in Palestine, where the objective is the creation of a viable Palestinian state at peace with Israel; in Saudi Arabia, where the objective is the defeat of terrorism and the progressive opening of the regime to greater participation and accountability; in Iran, where the objective is the defeat of the conservatives' stranglehold on power and the effective respect of the will of the people; in Syria, where the objective is the shelving of Asad's legacy; in Egypt, where the objective is avoiding another hereditary republic and enforcing a proper democracy. It is a tall order all round, and the outcome of regime change in Iraq is but a first step.

Pax Americana in the Middle East: Promises and Pitfalls¹

Michael C. Hudson

Saif Ghobash Professor of Arab Studies, School of Foreign Service, Communication, Culture & Technology Program, Georgetown University, Washington D.C.

With over 140,000 American troops occupying Iraq and the Administration declaring “a generational commitment to helping the people of the Middle East transform their region”² it is obvious that the United States has moved away from its traditional stance of upholding the regional status quo toward a proactive, interventionist policy. Neo-conservatives justify America’s new boldness as Manifest Destiny, on the one hand, and the ineluctable workings of Realism in international politics, on the other. As one of the more thoughtful neo-conservatives, Robert Kagan, has written, it is a policy driven by two imperatives: security in the post-11 September 2001 era and an ideological sense of moral mission whose origins can be traced to the very beginnings of the American republic.³

¹ Revision of a presentation to the Workshop on Europe, the Middle East and the Iraq Crisis, at the Bologna Center of the Johns Hopkins School of Advanced International Studies, 31 March-1 April 2003.

² See Condoleezza Rice, Remarks Delivered at the National Association of Black Journalists Convention, 7 August 2003.
[www.washingtonpost.com/ac2/wp-dyn/A30602-2003Aug7]

³ Robert Kagan, *Of Paradise and Power: America and Europe in the New World Order* (New York, Knopf, 2003), pp. 85-88.

But even if one accepts Kagan's argument about an American primal urge to extend its way of life everywhere (and not everybody would), such explanations do not enlighten us as to why the radical revolution in American foreign policy occurred at this particular historical moment. The "National Security Strategy of the United States of America",⁴ insists on unilateral pre-emptive, if not preventive, action—displacing the Nineteenth and Twentieth century doctrines of isolation, containment, and deterrence. It cannot be explained essentially as a response to September 11th because its genesis goes back to the early 1990s when a network of politicians, government officials, policy analysts and pundits laid the intellectual groundwork for today's inaptly named "neo-conservative" revolution. Nor do they offer much guidance on an even more important question: is this neo-conservative revolution permanent, or will it prove to have been a short-term phenomenon, perhaps limited to the presidency of George W. Bush.

The greater Middle East is the testing ground for the new American project, and within it the Arab world is "ground zero"—the source of what the US administration tells us is the new danger, a danger even worse than the old Soviet threat. Islamist terrorists, irrational and therefore undeterrable, possessed of low-tech portable weapons of mass destruction and therefore uncontainable, can and will strike at the American heartland unless they are preemptively liquidated. The Middle East and indeed the vaster Islamic world is a breeding ground for terrorism. Not only must terrorist organisations be rooted out but the "swamp" in which they breed must be drained. The new task of American foreign policy is not just to use force proactively but also to reshape the domestic environment of the several "failed states" in the Middle East whose educational systems, religious organisations, incompetent governments and stagnant economies nurture anti-American terrorism.

To that end, in less than two years after September 11th, the Bush administration had launched three wars: (1) the war in Afghanistan to effect "regime change", removing the Taliban and their Al-Qa'ida collaborators; (2) the larger "war on terrorism" to disrupt Islamist networks and cells around the globe, from Germany to Indonesia to the United States itself, utilizing law enforcement and intelligence capabilities; and (3) the invasion and occupation of Iraq, ostensibly to neutralise a regime with significant weapons of mass destruction and the will to use them, and one that actively supported Al-Qa'ida terrorism. The President allowed himself to be persuaded that there was still another front in the new struggle: the

⁴ The White House, September 2002, "The National Security Strategy of the United States of America" [<http://usinfo.state.gov/topical/pol/terror/secstrat.htm>]

terrorism practiced by Palestinian Islamist organisations against Israel. To that end, he undertook to effect “regime change” (as he had in Afghanistan and Iraq) among the Palestinians by effectively replacing Yasser Arafat with a more “moderate” politician, Mahmoud Abbas. He redoubled traditional American support for Israel by embracing Israeli prime minister Ariel Sharon as “a man of peace” and a fellow-struggler against the common terrorist enemy. While professing an “honest broker” role in breaking the Palestinian-Israeli impasse with a diplomatic agenda called “the road map”, the President made it clear that the real problem was on the Palestinian side, not the Israeli.

How It Happened

In formal terms, foreign policy decision-making in the United States is the product of complex interactions, and balancing, between a number of governmental and non-governmental institutions. The Constitution insists that Congress as well as the Executive Branch play a role. Even though Congress alone has the power to declare war, presidents, more often than not, have taken the nation to war without explicit Congressional authorisation. Congress usually follows, rather than leads. Nevertheless, the importance of a broad consensus is manifest. Congressional committees usually hold hearings; the political parties weigh in, and the media become a forum for public debate. Very important is the development of consensus within the executive branch itself, given the leading role which this branch of government plays in foreign and security affairs.

The national trauma of September 11th enabled the George W. Bush administration to short-circuit most of these time-honored structural processes and activate a radical national security agenda whose intellectual origins go back to the Reagan administration. Its momentous decision to invade Iraq illustrates how the formal foreign policy decision-making process could be marginalised. Astonishingly, the “neo-conservatives”, drawing perversely on Wilsonian idealism, somehow managed to succeed in a war-making project that had raised deep skepticism elsewhere in the Executive Branch, notably in the State Department and the intelligence community. In the struggle to go to war, the losers included moderate Republicans—even advisors around Bush the Father. “Realists” in the academic community and the policy think-tanks were overridden as being too cautious. The left was paralyzed by its understandable revulsion at the Saddam Husain regime. Even though the American Jewish community was divided on the question of going to war, the Israel lobby (or at least that part of it connected to the ultras in Israel itself) weighed in to support an enterprise that would (if successful) enhance the security of Israel. It was noted by analysts from the left that American oil and construction interests would reap huge profits in the reconstruction of post-Saddam Iraq; and they

also noted the ties that key members of the neo-conservative networks had with those interests. The public, vastly ignorant of the Middle East, was prone to perceive the Islamic and Arab worlds as being essentially hostile, backward, and amenable to “improvement” only by the application of force. Congressional debate was anemic, with the Democrats afraid to challenge an Administration engaged in one war—the war on Terror—in its intention to launch another one. The US Senate, which likes to think of itself as “the world’s greatest deliberative body”, cut a sorry figure compared to the British House of Commons.

How could this happen? The short answer, I believe, is that a neo-conservative network, influenced by right-wing Israeli interests, was able to seize a particular historical moment to impose its radical agenda. The moment was September 11th, but it was preceded by decades of preparation. The origins of today’s neo-conservatives can be traced to the Cold War. A “citizen’s lobby” calling itself The Committee on the Present Danger (CPD) was established in 1950, to support the agenda of NSC-68, a secret National Security Council document which proposed a massive US military build-up against the Communist threat. Eclipsed during the Vietnam anti-war period, it was reincarnated in 1976 as an offshoot of “Team B”, a group established by President Gerald Ford and then-CIA chief George Herbert Walker Bush to provide an independent assessment of Soviet capabilities. Team B was dominated by hawks, notably its head, Dr. Richard Pipes; another member was Paul Wolfowitz.⁵ Significantly, the hawks crossed party lines: a seminal figure, Paul Nitze, served both Republican and Democratic presidents; Senator Henry Jackson (Washington State) and other conservative Democrats in a group called the Coalition for a Democratic Majority found common cause with Republicans like Kenneth Adelman, Richard V. Allen, William J. Casey, George Shultz, Jeane Kirkpatrick, Richard Perle and many others who came to hold important positions in the Reagan administration.

Also in the mid-1970s a group of neo-conservatives passionately concerned about Israel, and allied to right-wing Israeli Likud politicians created an organisation called the Jewish Institute for National Security Affairs (JINSA). Like the CPD, JINSA’s leadership was alarmed at the perceived softness of the Carter Administration. When Ronald Reagan assumed the presidency in 1980, they had their chance to introduce more toughness into US policy, whether toward the Soviet Union or the enemies of Israel. The overlap between the anti-Soviet and pro-Israel neo-conservative groups was considerable: on JINSA’s board of advisors were men who have

⁵ See The Public Eye Political Research Associates, “Group Watch: Committee on the Present Danger” [http://www.publiceye.org/research/Group_Watch/Entries-42.htm]

emerged as influential players in the George W. Bush administration: Dick Cheney, Richard Perle, John Bolton, Douglas Feith, and James Woolsey.⁶ Another smaller group, The Center for Security Policy (CSP), founded in 1988 by Frank Gaffney, pursues a similar crossover agenda.

During the 1990s it would appear that the neo-conservatives belatedly shed their historic core concern about the Soviet threat and began to search for other enemies. Despite the end of the Soviet Union, the US, in their view, still faced fundamental threats from various directions, not very clearly specified. As an undersecretary of defense, Paul Wolfowitz drafted an internal strategy document for the Pentagon in 1992, which some have suggested prefigures the G.W. Bush administration's national security document of 2002.⁷ Although the final draft was substantially softened by senior Clinton administration officials, who rejected its unilateralist tone, Wolfowitz's draft calls for a major increase in Pentagon funding to "establish and protect a new order" from the possible emergence of a rival superpower that could threaten eastern or western Europe, east Asia, the former Soviet Union's territories and Southwest Asia. Japan, Germany, and even India appear to be potential adversaries; oddly, there is no mention of China. Odd too, in retrospect, is that "terrorism" has not yet emerged as a tangible threat. Nor is the Middle East or the Islamic world given any prominence, apart from one of several scenarios that envisages a war against Iraq should it attack its "southern neighbour", presumably Saudi Arabia. Wolfowitz's early draft includes no reference to Israel, but the revised version does insert a clause making a specific commitment to the security of Israel.

But Israel was very much on the minds of other neo-conservatives. In 1996 an Israeli think tank called The Institute for Advanced Strategic and Political Studies convened a study group, whose members included prominent American Zionist neo-conservatives—among them Richard Perle, Douglas Feith, David Wurmser and Meyrev Wurmser. It issued a policy memorandum called "A Clean Break: A New Strategy for Securing the Realm"⁸—for the edification of the incoming right-wing Israeli prime minister, Benjamin Netanyahu. Echoing the muscular theses of American neo-conservatives, it preached self-reliance and the balance of power as the keys to Israel's security. "Israel has no obligations under the Oslo

⁶ See Jason Vest, "The Men from JINSA and CSP", *The Nation*, 2 September 2002.

⁷ Barton Gellman, "Keeping the U.S. First: Pentagon Would Preclude a Rival Superpower", *The Washington Post*, 11 March 1992.

⁸ Institute for Advanced Strategic and Political Studies' Study Group on a New Israeli Strategy Toward 2000, "A Clean Break: A New Strategy for Securing the Realm", Jerusalem and Washington, 1996. [<http://www.israeleconomy.org/strat1.htm>]

agreements if the PLO does not fulfill its obligations”, it asserted; and it proposed cultivating alternatives to Yasser Arafat’s rule. A preponderance of power would enable Israel to roll back the Syrian threat, establish a right of hot pursuit against Palestinian resistance to the occupation, and work with Jordan to destabilise Syria and re-install a Hashemite monarchy in Iraq. The memo also called for a new relationship with the United States based on a philosophy of peace through strength.

Neo-conservatives created yet another organisation in 1997, the Project for the New American Century, which issued a clarion call for return to “a Reaganite policy of military strength and moral clarity” in order to “build on the successes of this past century and our greatness in the next”.⁹ A year and half later the New American Century group sent a letter to President Clinton criticizing his policy of “containing” Saddam Husain’s regime in Iraq: “... if Saddam does acquire the capability to deliver weapons of mass destruction, as he is almost certain to do if we continue along the present course, the safety of American troops in the region, of our friends and allies like Israel and the moderate Arab states, and a significant portion of the world’s supply of oil will all be put at hazard. It called for “removing Saddam Husain and his regime from power”.¹⁰ The letter was signed by a group that would become the “Who’s Who” of George W. Bush’s foreign and security policy inner circle, including Elliott Abrams, Richard L. Armitage, John Bolton, Francis Fukuyama, Robert Kagan, Zalmay Khalilzad, William Kristol, Richard Perle, Peter W. Rodman, Donald Rumsfeld, Paul Wolfowitz, R. James Woolsey, and Robert B. Zoellick. Once in power, and well before 11 September 2001, the network was well-placed to advance its plans for Iraq and the Middle East. But it needed a catalyst to implement them. Like most others, the neo-conservatives seem to have discovered the dangers of global terrorism only belatedly; but as Al-Qa’ida stepped up its attacks on US interests overseas, finally striking the American homeland on 11 September, the catalyst appeared. The trauma of September 11th paralyzed the formal structures of policy debate, and it is only two years later that Americans are beginning critically to assess the performance of the neo-conservatives.

What It Means

Having achieved power in Washington in 2000, the neo-conservatives now face the interesting task of transforming their dreams into realities. The

⁹ Project for The New American Century, “Statement of Principles”, 3 June 1997. [<http://www.newamericancentury.org/statementofprinciples.htm>]

¹⁰ Project for The New American Century, “Letter to President Clinton”, 26 January 1998. [<http://www.newamericancentury.org/iraqlintonletter.htm>]

policy debates fall along two dimensions: (1) the relatively short-term practical question of establishing a viable “security architecture” for the region, and (2) the larger, long-term goal of reshaping the domestic politics, economics and culture of the region, through liberal reforms that will “drain the swamp” of anti-American Islamist extremist and terrorist elements. The pursuit of these goals has had a negative effect on the traditional trans-Atlantic alliance.

A New “Security Architecture”

Had matters in Iraq after the US conquest gone as the neo-conservatives expected, the country might have become the foundation of America’s security architecture for the region as a whole. While this may yet happen, the immediate post-war consequences have not been promising. Nevertheless, influential policy analysts, such as Kenneth Pollack¹¹ imagine among their scenarios a “GCC+1” solution in which an Americanised Iraq allied with the six countries of the Arab Gulf Cooperation Council (Kuwait, Bahrain, Saudi Arabia, Qatar, the United Arab Emirates, and Oman) comprise an alliance under direct or indirect American tutelage. One variation of this idea imagines a formal pact, along the lines of NATO, and similar to the mostly failed regional security alliances of the 1950s, such as the Baghdad Pact. A less intrusive variation on this theme is a return to an “over-the-horizon” posture that characterised America’s position from the 1970s through the 1990s. The most sophisticated version (“GCC+2”) envisages some kind of American “condominium” over Iraq and the GCC countries, modeled along the Commission on Security and Cooperation in Europe, which “would entail a series of activities bringing together the US, the GCC countries, Iraq, and Iran”.¹² Assuming a stable and pro-American Iraq, the main sticking point in these schemes is Iran; and some entertain the possibilities that the present or future Iranian government might want, as it were, to “get on board the train”. Another sticking point, however, might be Saudi Arabia. As apprehensions mount as to the stability of the Al Saud dynasty, and in light of the strong negative perceptions of Saudi Arabia in the United States following September 11th, a question arises as to how comfortably Saudi Arabia might fit in such a model of security architecture. One of the advantages of a relatively permanent US military presence in Iraq is that it would make an American occupation of the oil fields in eastern Saudi Arabia easier in the event of a disintegration of political authority in the Kingdom.

¹¹ Kenneth Pollack, “Securing the Gulf”, *Foreign Affairs*, 82:4 (July/August 2003).

¹² *Op. cit.*, p. 13.

Turning to the other flash-point in the region, the Palestinian-Israeli conflict, the Bush administration neo-conservatives argued, incorrectly, that regime change in Iraq would facilitate a solution to this, the oldest active conflict in the region. It is probable that American concentration on reviving the Palestine/Israel “peace process” might have eased the path for Washington in post-war Iraq, but the converse does not hold. The record of this administration on this issue, indeed, has been a catalogue of blunders from the beginning. It began by trying to ignore the matter. When, belatedly, it recognised its importance it sent Secretary of State Colin Powell on a fruitless mission to dissuade the Israelis from re-occupying the Palestinian areas. Despite President Bush’s commendable commitment in principle to a Palestinian state alongside a secure Israel, the Americans were unwilling to devote the energy—including pressure on the Israeli government to stop settlement activity and ease Israel’s pressures on the Palestinian population—and at the same time became increasingly persuaded by Prime Minister Ariel Sharon’s argument that Palestinian resistance—or “terrorism”—was of a piece with the terrorism inflicted on the US in September 2001. Perhaps excessively aware of America as a “hyper-power”, they determined that instead of playing the game of diplomacy they would simply try to change the players on the Palestinian side as they had done in Afghanistan and Iraq. US policymaking relating to Israel is controlled essentially by the political operatives in the White House, not by the normal foreign and security offices of the Executive Branch; so the idea that America might pressure the Israeli government to ease its policies (strongly advocated within the State Department and parts of the intelligence community and uniformed military) failed to gain acceptance at the level of the President and his neo-conservative advisors, many of whom (as we have noted above) were themselves ideologically committed to Israel as a regional superpower. A domestic “triple entente” of neo-conservatives, the Israel lobby, and Christian fundamentalists ensured that Israel, “right or wrong”, would not be seriously challenged by Washington.

The most hawkish of the neo-conservatives believe that America by virtue of its overwhelming military power (and what they also consider to be its indisputably superior moral mission) is in a position to be the sole architect of regional security. Perhaps this is a correct assumption. But it ignores (and indeed is probably ignorant of) indigenous ideas of regional “security architecture”. It dismisses the struggle of emerging countries in the region since the First World War to fashion their own security architecture, independent of Western domination. It is contemptuous of indigenous experiments in collective security such as the League of Arab States, the GCC, and other regional organisations. It cannot accept Iran’s long-standing conviction that Gulf security should be the sole concern of the

littoral countries of the Gulf on both the Arab and Iranian sides. And it obviously rejects transnational projects, whether under Arab nationalist or Islamist banners. Considering the significant American military presence in nearly every Arab country and the enormous economic-financial leverage that Washington can exert, maybe the neo-conservatives are right in their conviction that they can be the exclusive architects of regional security. But if the lessons of history are worth anything, they should note that no outside power has been able to “organise the area” for very long.

Transforming Middle Eastern Societies

The second dimension in the neo-conservative project for “operationalizing American hegemony” is to win the “battle for hearts and minds” in the Middle East. President Bush himself, as well as his senior officials, repeatedly speak of the need to make a generational commitment to transform the political systems of the Middle East toward some sort of democracy and to jump-start their economies in a liberal direction as well. Hard-core neo-conservatives (including Bush himself when he was campaigning for the presidency) are leery of “nation-building”, but their own analysis of the security challenge emanating from the Middle East would seem to require nothing less. If forcible regime change is the agreed-on first step toward nation-building (or re-building), there is less clarity in neo-conservative thinking about the subsequent steps, and perhaps less enthusiasm in committing resources too. The hawks, claiming to be realists, actually turned out to be soft naïve idealists in supposing that our getting rid of bad regimes in Afghanistan and Iraq would almost automatically lead grateful, “liberated” local populations, thirsting for “freedom”, into establishing stable democracies. Warnings from regional specialists were sometimes dismissed as patronizing to the indigenous cultures insofar as they suggested that democracy might not be achieved easily or quickly. The irony of neo-conservatives accusing academic Arabists of “Orientalism” would not be lost on Edward Said. In any event, the process of democratizing Afghanistan and Iraq has proven to be far more difficult than expected, to say the least; and there has been no sign that the American military interventions have initiated a benign “domino effect” of democratization in neighbouring countries, as the neo-conservatives had predicted. If anything, neighbouring regimes have become more repressive out of fear that public outrage over American policies is actually facilitating extremism.

The US administration has sought to promote domestic political liberalisation through advertising techniques such as “Radio Sawa”, which broadcasts American and Middle Eastern popular music, salted with occasional “news”, and a magazine in Arabic called “Hi” which seeks to convey an image of a benign America, comfortable with Islam and Arabic

culture. A “Partnership for Peace” program brings individuals from the region thought to have influence in their native countries on visits to the United States. Greater amounts of money (although paltry in comparison to US military expenditures) are made available for educational exchange and collaboration. And when positive results are not immediately observed, administration officials blame the “anti-American” Arab media.

The neo-conservatives’ superficial focus on image manipulation and media bespeaks a truly Orientalist conception of the societies they are so determined to transform and improve. The idea that people in the region might have rationally derived opinions about real issues, including skepticism about America’s good intentions, gets short shrift. Instead it is assumed that “packaging” is everything. Hence the argument that certain American policies in the region might account for anti-American sentiment, and even for terrorism, is regarded in many neo-conservative circles as not only unthinkable but also unpatriotic. The neo-conservative decision-makers appear to assume that Arab societies in particular have no history, no aspirations, no values of any importance; that their states and economies are “failed”, that their people are like sheep, easily manipulated by self-serving shepherds, and especially vulnerable to an Islam that has been perverted from its original purity—which, perhaps, only Western specialists can truly understand. Occasionally one hears scholars or policymakers remark that Islam has been hijacked and it’s our job to rescue it. How did the policymakers come by such a mind-set? Much of the blame must fall on a small but influential group of Islamophobe scholars and publicists, aided and abetted by a few “native informants”. With breathtaking naivete, the neo-conservatives—and indeed the neo-liberals as well¹³—conclude that the “swamp” of contemporary Middle Eastern society and culture can be “drained” by a combination of Western military force and social engineering.

The Trans-Atlantic Relationship Unravels

“The children of Reagan are confronting the children of Willi Brandt.” This is the way Thomas Kleine-Brockhoff, the Washington correspondent for *Die Zeit*, summarised the crisis in Trans-Atlantic relations in a conference at Georgetown University in April 2003. Diplomats at the French Embassy in Washington gloomily describe the rift as more than temporary. Analysts from what Defense Secretary Rumsfeld had disparagingly labelled “Old Europe” sense that the neo-imperialists’ infatuation with “empire” is causing Washington to relegate its closest historical allies to a much lower

¹³ Ronald D. Asmus and Kenneth M. Pollack, “The Neoliberal Take on the Middle East”, *The Washington Post*, 22 July 2003.

degree of subservience than in the past, when Washington at least granted the formalities of equal status to its weaker partners. To be sure, the ever-widening power disparity between the US and Europe had created a situation understandable to any beginning student of international relations. Europe had been unable to deal with the crises in Europe itself—in Bosnia and Kosovo—and America found itself drawn in to help “settle” them, in a manner of speaking. On the Arab-Israeli conflict, Washington had firmly but politely rebuffed European efforts, going back to the Venice Declaration of 1980, to play a political role; but it had welcomed Europe’s symbolic involvement, at least, in the two major “peace processes” of the 1990’s—“the Madrid Process” and “the Oslo Process”. And it welcomed the EU’s economic assistance to the Palestinians.

September 11th elicited the deepest expressions of sympathy and solidarity from the European governments. German Chancellor Schröder called the attacks “a declaration of war against the entire civilised world”; French President Chirac, expressing “immense emotion”, declared that the French “are entirely with the American people”.¹⁴ NATO contributed AWACS surveillance aircraft to patrol the east coast of the United States. There was broad European support for America’s war in Afghanistan to remove the Taliban regime and destroy the Al-Qa’ida infrastructure. Yet only a little more than a year later, the Bush Administration’s decision to invade Iraq opened an unprecedented rift. Anti-war sentiment in Germany, as an election drew near, was important in crystallizing Chancellor Schröder’s opposition to the Bush Administration’s aggressive stance on Iraq. President Chirac, nurturing closer relations with Germany and reflecting a Gaullist distaste for the American “hyper-power”, insisted on a multilateral approach. President Bush’s decision to go back to the United Nations in November 2002 for an enabling resolution (UN SC Res. 1441), temporarily seemed to paper over trans-Atlantic differences; but scarcely a month later the President made his final decision to go to war, apparently without further consideration with the Europeans. The rift exploded on 20 January 2002,¹⁵ when the French Foreign Minister Dominique de Villepin publicly attacked the Administration plan, declaring that “we will not associate ourselves with military intervention that is not supported by the international community ... Military intervention would be the worst possible solution.”

Three months after President Bush had declared major combat in Iraq over, the American occupation was experiencing major difficulties trying

¹⁴ “European Nations Stand With U.S., Ready to Respond”, *The New York Times*, 12 September 2001.

¹⁵ According to the *Financial Times*: “War in Iraq: How the Die Was Cast Before Transatlantic Diplomacy Failed”, 27 May 2003.

to establish security (let alone economic recovery or democracy). Officials in an Administration which had been openly contemptuous of multilateral approaches began putting out feelers to engage more robust European and international participation. But it appeared reluctant to allow any significant sharing of command and policymaking. Nor did it appear to welcome any serious input by European members of the “Quartet” to help implement the so-called “Road Map” to Israeli-Palestinian peace. Hyper-powers don’t like to share their hegemony. But even hyper-powers, it seems, may occasionally need help.

Robert Kagan concludes his meditation of US-European relations by arguing that “if Europeans could move beyond fear and anger at the rogue colossus and remember, again, the vital necessity of having a strong, even predominant America—for the world and especially for Europe. It would seem to be an acceptable price to pay for paradise.”¹⁶ But he wishes that the Americans would lose the chip on their shoulder, calm down, and “show more understanding for the sensibilities of others”. The Middle East presents a particularly challenging arena for such rapprochement, however. America sees the Middle East through the prism of Israel; Europe does not. Europe has the Arab world practically on its doorstep and big Muslim populations in the house; American does not. Both have strong and competing economic interests in the area. As long as the neo-conservatives continue to shape American policy it would seem likely that trans-Atlantic relations will remain frayed.

Is the Neo-Conservative Revolution Permanent?

Does the pro-active, unilateralist neo-conservative shift in US Middle East policy constitute a genuine “revolution”? As future historians look back on the present era, will they conclude that September 11th triggered an imperial era for America in the Middle East, and that Washington achieved a permanent, liberal “pax Americana” in this troubled region? Or will their verdict be that it was a short-term aberration carried out by a network of radical-conservative ideologues whose influence evaporated owing to the growing unpopularity of their policies and the countervailing forces of the American political system? Will it be seen as a *thawra* (revolution) or as a mere *inqilab* (coup)?

Lacking the luxury of historical hindsight, with the neo-conservatives having been in power for less than three years, an observer situated in the midst of affairs is at an obvious disadvantage. On the one hand, the administration’s dramatic interventions seem to carry a logic of their own which precludes slowing down, let alone any reversal of course.

¹⁶ Kagan, *Of Paradise and Power*, p. 101.

Considering the way in which the administration conceptualises the “war on terror” it would seem that the “enemy” will be with us for a very long time, and assuming that this enemy can strike at the very homeland of the United States the idea of abandoning the struggle would appear to be untenable. Despite “victories” in Afghanistan and Iraq the wars still go on. Despite a half-hearted diplomatic stab at solving the Palestinian-Israeli conflict, it too goes on. In all of these places the neo-conservatives see “terror” at work. In his speeches, including a televised address to the nation on 7 September 2003, President Bush conflates the terror perpetrated by Palestinians and the terror perpetrated in Iraq and Afghanistan with the ultimate terror perpetrated by Al-Qa‘ida against the United States. The United States, he has insisted, will never abandon Iraq until terrorism has been extirpated and a stable, democratic, and friendly political order has been established. And the larger commitment to transform Middle Eastern societies is a “generational” one. The costs, though mounting, can be borne, considering the immense economic and military power of the United States. Moreover, US history—as Kagan and others have argued—is interventionist: from Barbary to the Philippines to Central America and the Caribbean to Korea, Vietnam, Lebanon, Somalia, Bosnia, and Kosovo—not to mention the two world wars.¹⁷ Finally, at the present moment one cannot see the prospect of any international coalition forming to check American assertiveness. Neither “old Europe”, Russia, China, India, or Brazil—let alone any regional coalition of Arab governments, most of which are completely dependent on the US—have the capabilities to undertake such a challenge.

On the other hand, American domestic politics has a way of generating countervailing pressures on any administration in power. As the administration’s conduct of its “war on terrorism” has faltered, important internal opposition currents have begun to stir. The Democratic Party, largely mute following September 11th, has begun to find its critical voice, and the leading candidates for the party’s presidential nomination for the 2004 elections have discovered that Iraq could be a major weakness for President Bush. The steady, perhaps increasing, resistance against the American-led coalition in Iraq, and also in Afghanistan, is continually on view to the American public through satellite television, even if it is often filtered through hyper-patriotic commentary. No less significant are the debates being initiated within policy-making circles both within and close to the government. What some observers call the “traditionalist-realist” establishment dissents with increasing vigor against the administration’s

¹⁷ Michael Ignatiev, “Why Are We in Iraq?”, *The New York Times Magazine*, 7 September 2003.

management of the Middle East. Personalities associated with former President George H.W. Bush, such as Brent Scowcroft and James Baker, appear to have had their reservations, as have the bulk of “realist” academic international relations scholars. It is safe to assume that academic Middle East specialists are overwhelmingly disenchanted, although (as noted) their influence is marginal at best. While major Washington “think tanks” such as The American Enterprise Institute, the Heritage Foundation, and the Hudson Institute stand behind the neo-conservative agenda, one begins to hear critical voices from The Brookings Institution and smaller organisations like the Cato Institute. If the neo-conservative press, such as *The Washington Times*, remains faithful, the opinion page of *The New York Times* hosts some of the most acerbic critics of “neo-conservative adventurism” anywhere.¹⁸

American domestic opposition, then, may be the main factor—probably the only factor—that could cut short the neo-conservative foreign policy revolution in the Middle East. But the strength of American domestic opposition is substantially a function of indigenous Middle Eastern resistance to the American project. If there is one thing that the neo-conservatives of the George W. Bush administration and the leaders of the religious-nationalist resistance to American (and Israeli) interventions agree upon it is probably that the current conflict will lead to the demise of one or the other of them.

¹⁸ E.g. Maureen Dowd, “From Swagger to Stagger”, *The New York Times*, 7 September 2003, and “Empire of Novices”, *The New York Times*, 3 September 2003.

After Iraq: Prospects for Democratization in the Middle East and North Africa¹

Giacomo Luciani

Professorial Lecturer in Middle Eastern Studies, The Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, Bologna Co-Director, Mediterranean Programme, Robert Schuman Centre for Advanced Studies, European University Institute, Florence

The Iraq crisis is intimately linked to the issue of democratisation in the Arab countries of the Middle East and North Africa.

One can hardly conceive of a clearer demonstration of the extraordinary durability of rentier states than the case of Iraq over the past twenty years. The Saddam Husain regime survived two disastrous wars and defeats, and a protracted regime of international sanctions, plus the destruction of the national economy. How can such extraordinary durability be explained? With ruthless and savage repression, of course—but also with continuing access to the oil rent, which has allowed the regime to maintain the loyalty of its repressive apparatus and continue in its aggressive strategy.

Iraq is not unique in its durability. Throughout the region, incumbent power holders have resisted change and stubbornly clung to office. Republics have been transformed into de facto monarchies, elections systematically rigged, and Parliaments allowed to be little more than rubber stamps.

¹ This paper was originally written in March 2003. On the eve of publication, I believe the reasoning remains valid. I have however added a few footnotes to take into account later developments.

September 11 demonstrated that, even if incumbent regimes are solidly in power and capable of resisting change, dissatisfaction breeds ever more violent opposition, which can well spill over beyond the borders of its country of origin, and hit at the heart of the Western world. Hence the conclusion that Western democracies cannot tolerate the endless perpetuation of illegitimate regimes—even when they are peaceful, rather than aggressive as Saddam’s—because in the end the democracies, not the authoritarian regimes, become the more vulnerable targets.

Regime change and substantial progress towards greater democracy has come to be considered in the best interest of our democracies, even if incumbent power holders in the Arab countries are far from espousing this concept.² This conclusion is familiar to the idealistic, well-wishing and universalistic currents of thought, but it is rather new for the conservative and realist camp. In the past, stability has frequently been considered more important than democratic rule and accountability, but nowadays it is perhaps viewed as less important.

The quest for democratisation of the Middle East and North Africa is officially at the heart of the wish to achieve regime change in Iraq: the regime of Saddam Husain was the obvious choice for setting in motion of a strategy aimed at democratising the whole region, simply because it had precious few supporters domestically as well as internationally. Toppling Saddam offered to the invading army the reasonable prospect of being greeted as benefactors by the vast majority of Iraqis, and receiving substantial regional support.

But the agenda does not stop at Baghdad. The desire is barely concealed to build Iraq into a regional model, which will allow exerting pressure on other regimes, to provoke their radical transformation. This may or may not entail the further use of force: possibly limited to the elimination of other violent political groups (such as Hamas and Hizbollah), or “difficult” regimes, such as Syria’s. The way Iran will react to developments in Iraq will be crucially important: so far, American military intervention has been greeted with muted satisfaction in that country. Apparently, both reformists as well as staunch conservatives view the American intervention as an opportunity for a showdown that will either rekindle the revolutionary spirit, or get rid of the Guardian clerics altogether. It is reasonable to expect

² Several months after this chapter was originally written, this concept became the key to a major policy statement by President Bush; see: “President Bush Discusses Freedom in Iraq and Middle East”, Remarks by the President at the 20th Anniversary of the National Endowment for Democracy, United States Chamber of Commerce, Washington, D.C., 6 November 2003.

that the US will not remain indifferent to the outcome of domestic developments in Iran.

Next in the agenda comes a Palestinian State under a democratic leadership, which excludes Arafat. This is probably the most difficult part of the Bush Administration game plan—but then, the collapse in the credibility of the old Palestinian leader is very evident.³ It is of course not at all clear that the Palestinian leadership should fall in the hands of democrats—rather than Hamas: but the US and Israel will prevent any leadership influenced by Hamas from becoming consolidated, even if it were to enjoy democratic legitimacy achieved through proper elections.

It is reasonable to doubt that Iraq alone will turn into a beacon of democracy, and also that the entire region will be swept over by democratic enthusiasm. But we should define our hypothesis right: the assumption cannot be that Iraq alone is subjected to explicit or implicit military pressure: Syria, Iran and Palestine are, or will be, under equally intense pressure. True, Syria may attempt to bid for time by engaging in very slow liberalisation, and Iran may simply go sour. Indeed, the plan may fail in Iraq as well, and then of course existing regimes in the rest of the region would have to be tolerated for much longer.

Talk about spreading democracy in the region, especially through the use of military force, has met the usual dose of scepticism on the part of various kinds of neo-orientalists. These are the believers in Arab or Islamic exceptionalism, who argue that because democracy never prospered in the region, it never will. They might attribute the reason to Islam or to the Arab mind, to nationalism or to anti-Americanism, bred by the US's uncritical association with Israel: the conclusion remains that democracy does not stand a chance.

Contrary to this approach—and without under-estimating the difficulty of the task of supporting the democratic forces in the region and installing viable democratic regimes—I will point to some developments in recent decades which support the expectation that an evolution towards at least greater political participation, if not proper democracy, is now mature. I will concentrate on the Arab Gulf countries, because they are the least likely candidates to a democratic evolution, in view of their being rentier states and of the depth of Islamic feelings among a majority of the people in the peninsula. They are however also the countries that, in recent

³ Since this was written, Arafat has once again managed to recover political influence and prestige with his people, mostly thanks to Israeli rigidity undermining the moderate Palestinian leaders.

months, have demonstrated the greatest readiness to experiment with political opening and democratic process—within limits, of course.

It is very important to understand both the forces at play for political change, and the limits of the evolution that may be expected—leading to the conclusion that the outcome which may be expected is selective liberalisation and much increased participation, but not necessarily something that Europeans or Americans would recognise as democracy.

* * *

There are two main trends supporting the expectation that political transformation is now ripe in the peninsula: a technological and an economic trend.

The technological trend is very visible, but its impact is difficult to measure because the transformation is taking place too rapidly under our eyes, and methods of empirical social enquiry take time. Yet it is not difficult to sketch the main facts.

Fifteen or even ten years ago access to information and international opinion was severely restricted throughout the region. The vast majority of the people had access to national TV networks only, and were exposed to international opinion only by way of short-wave radio. The printed press was tightly controlled, or censored and in a foreign language.

The first Gulf war marked a turning point: satellite TV dishes became pervasive, and people took to watching CNN. Still, this latter source is available only in a foreign language, and therefore not accessible to a large part of the public. But soon came MBC and, especially, al Jazeera, and access to information and political debate was transformed beyond recognition. We know that additional channels will soon become available, and very soon we may conclude that there will be no limit to freedom of political expression in the Arab world—except for individuals residing in countries where they may be persecuted or imprisoned. This latter proviso is certainly not without weight; however, there is enough of an Arab Diaspora, and enough safe havens in the Arab world, that most opinions can be publicly expressed, either directly or by representation. This is a huge change, and it has in turn provoked a very visible shift in the quality of coverage and in the freedom of expression of the printed press. Whether the latter is due to a deliberate change of tack on the part of incumbent regimes, or simply to reluctant acceptance of the inevitable, is immaterial.

Technology greatly helped in spreading the word of the opposition also in the past. The Iranian revolution was based on cassette tapes—still an important and very widespread proselytising tool—and the use of faxes later became pervasive. Today, the Internet is growing very rapidly, with

email, chat rooms and instant opinion polls becoming increasingly popular. Al-Qa'ida succeeds in having its own web site sporadically on the net.

There is, as we know, resistance to the diffusion of access to the Internet, and attempts to block access to “dangerous” sites. Access to the Internet remains very uneven across the Arab countries: it is either non-existent or minimal in countries like Syria, Libya, Iraq, Tunisia, Algeria, Yemen. It is modest, primarily because of the cost, in places like Jordan, Egypt, Morocco. It is booming in the Gulf. The Internet map of the Middle East is quite different from the geographical map of the same; it may be closer to the oil map, but with some very significant differences as some countries have a fairly large footprint on the oil map, invisible on the Internet map.

The literature very much stresses the limitations imposed on web access in all Arab countries, including the Gulf countries, primarily by way of a monopoly gateway, which can block access to unwanted websites. But to insist on such limitations is preposterous, because prohibitions are being, and increasingly will be, circumvented. Blocking sites is an approach that is unlikely to succeed, because users have quickly learned how to bypass controls. Any user that seriously wants to have access to a blocked site can obtain it by dialling an ISP abroad. Once downloaded, pornographic or politically objectionable material can be made to circulate by e-mail or CD-ROMs. If there is a demand, there will be a supply. In the end, regimes will conclude that it is more convenient to allow people greater freedom of access, while keeping close control on who accesses which sites, and what is said in chat rooms and email messages.

It is a fact that all Gulf governments and some Arab governments outside the Gulf are riding the wave of ICT. Sheikh Mohammad bin Rashid in Dubai may be an extreme example, but his bet on ICT is paying off handsomely and governments in neighbouring countries are following suit with surprising speed. There must be an implicit or explicit political calculus behind this embracing of ICT, and I do not find a sufficient explanation in the literature. At most, we find protestations to the extent that the Internet does not necessarily favour opposition and democratisation, but the discussion is couched in very rough terms—authoritarian vs. democrats, incumbents vs. opposition. Reality, one suspects, is more nuanced.

It is simplistic to say that the Internet has no impact because it is organised and controlled by the government. Of course, the Internet is and will continue to be monitored in the region—no one expects real respect for privacy. But the multiplication of numbers makes it practically impossible to punish all: the regime will listen and learn, sometimes respond and adapt, and at the same time selectively blackmail and threaten. The added value that the Internet and an Internet-proficient society offers to the incumbent, in terms of the improved possibility of refining control and

micro-managing liberalisation and expanded participation, is indeed a key motivation for sponsoring IT.

That said, the Internet and other media also allow the individual access to a wealth of information that previously was practically off limits. This will tend to deepen the rift which already exists in Arab society between the technically proficient elite and the uneducated and traditional masses. In the Arab countries of the Gulf the technically proficient elite also tends to be relatively well off—possibly unemployed, but belonging to families enjoying economic security. In the rest of the Arab countries, the technically proficient may happen to be poor, as the state has fewer instruments to co-opt the best and brightest. Thus in the Arab Gulf countries we should expect the digital divide to deepen a rift which was initially created by the education and income divides, and to define a new elite which is much broader than the ruling families or the major merchant families, but still a minority in the country.

This new elite includes some who are violently opposed to the existing regime—Osama bin Laden being of course a case in point. However, a majority of the more religious members of this elite tend to reject the use of violence against innocent people—including infidels—and considers the terrorist acts carried out by Al-Qa'ida as un-Islamic. The members of this elite may well be sincerely religious, and devoted to the notion that the Arab countries should follow an Islamic path which is different from that of the West; they are likely to be bitter with the United States for their support of Israel; but they are also likely to have some first-hand knowledge of the United States, and ready to recognise American superiority almost across the board.

All members of the elite, be they religious or “secular”, will simultaneously resent American interference yet at the same time recognise its advantages. The usual categories—pro-American and anti-American—are as misleading as they are in Europe. The fundamental divide runs between the elite, which has access to information and understands technological and scientific superiority, and some (not all) components of the uneducated and traditional strata, which may indeed end up thinking in terms of jihad and violence against the infidels. The latter, as is always the case, can only become organised if mobilised and exploited by members of the elite.

ICT defines the new elite and creates the conditions for expanded participation “sui generis”. The traditional concept of participation in the Islamic tradition is consultation (*shura*)—whereby the just ruler is expected to consult with his people before making decisions. Such practice of consultation, which until now led in some cases to little more than the creation of *majlis ash-shura* entirely appointed from above, can easily evolve thanks to the Internet into a mix of direct and representative

“democracy”, with limited franchise. In some cases we might even come to the point where Parliaments are elected in one man one vote elections (one woman one vote remains more difficult), but if that is the case there will still be mechanisms of control, and filters to make sure that the result of the elections does not legitimise extremes. The essence of the system will be “consultation” based on opinion polls and public expressions in regulated fora—which will allow the ruler to maintain the support of the elite.

The above is of course quite distant from what we would normally recognise as democratic government. Yet, I hardly need to stress that conditions in Western democracies are not *entirely* different. Elections increasingly take the form of a “beauty contest” between two opponents, in which political programmes count for little. Once officials are elected, they are influenced—legally or illegally—by lobbies and interest groups, and certainly pay attention to opinion polls. In our democracies too, the phase of “consultation” is becoming increasingly important, and the vote less important. Voters’ dissatisfaction is evident in all countries, except when a major decision polarises the electorate and draws them to the polls.

The major difficulty, which the incumbent ruling families in the Arab Gulf countries encounter in evolving towards broader, technologically driven participation, is precisely the role of the families themselves. In order to be able to respond to shifts in public opinion and co-opt the opposition before it hardens, the ruler must be able to rotate and modify the composition of the government. Families in which power is more concentrated (e.g. Dubai or Qatar) may in this respect be better off than families in which a large number of individuals harbour a claim to power (Saudi Arabia and Kuwait).

We may be witnessing the shaping of a new political pact, partially superseding the previous one. In the past it was so, that the ruler ensured maximisation and some circulation of the oil rent, and the subjects were encouraged to position themselves in order to best enjoy of the ruler’s generosity. Today the ruler is there to guarantee access to broadband and potentially lucrative global trading opportunities from a tax and hassle exempt basis—the circulation of the oil rent has not disappeared, but a new mechanism for the mobilisation of private sector resources has been added to it.

A specific advantage of ICT based legitimacy is that it is blind to nationality and appeals to expatriates as well as natives. Circulation of the rent was never—strictly speaking—restricted to nationals, although they of course received the better part of it. In Gulf conditions, in which expatriates are anything between 85-90 per cent (in Qatar or Dubai) and 30 per cent of the resident population (in Saudi Arabia) every ruler knows that establishing his legitimacy on the basis of allowing nationals to vote is only one half of the story. Establishing one’s legitimacy on the basis of offering

cheap and state of the art access to the global net appeals to Indians as well as nationals, ladies as well as gentlemen, youth under fourteen as well as above eighteen. It may, in fact, be much more effective as a legitimising factor with such fringes than running elections in which only adult national males can vote.

* * *

The second main trend affecting prospects for democratisation is economic.⁴

Major changes have taken place in economic realities, which are creating the conditions for a gradual evolution of the rentier state. The relative strength of the private sector vs. the government has increased tremendously; if the government remains strong, thanks to continued access to the oil rent, it is also embattled by growing difficulties, and increasingly unable to deliver on its original promises and people's expectations. The private sector, on the other hand, has become much, much stronger—and is today, for all practical purposes, independent of the government.

The private sector has invested domestically, but, not finding sufficient attractive opportunities for domestic investment, it has also placed large balances internationally. Private investment abroad has grown well beyond the wishes of most private investors themselves, who constantly complain that they would like to repatriate their capital, and cannot do so because of lack of investment opportunities. The latter is due to administrative and legal barriers that exclude private investors from a long list of promising sectors, and reserve them to state owned companies or government agencies.

Private investors from the Arab Gulf countries have been shrewd in their international placements and have over the years made the best of the stock market and real estate booms. For sure, they must have suffered for the downturn on practically all major equity markets in the last three years—a development which undoubtedly has focused their attention on their profound interest in the continued well being of the OECD economies. Nevertheless, generally speaking Arab investors and financiers are prudent, and their exposure to stocks has been tempered by real estate holdings and other financial assets, which have not fared as badly as stocks. In recent times, the total wealth accumulated internationally by Arab Gulf investors

⁴ I have since developed a more elaborate version of this part of the argument; see Giacomo Luciani "Economic Foundations of States and Democratisation: Emerging Changes in the Political Geography of the Arab Private Sector and its Implications", in S. Hunter, (ed.), *Barriers to Modernization and Democratization in the Muslim World*, (CSIS, forthcoming).

has been estimated at \$1.3 trillion: a questionable figure, based on expert guess and little hard evidence—but not unreasonable. If we accept it as an indication of at least the order of magnitude of private Arabian⁵ holdings, we should conclude that the yearly income on this accumulated wealth must be of the order of \$65-70 billion⁶—and most probably it has been significantly higher than this for several years in the past decade.

This means that to the private Arab Gulf sector considered as aggregate, income on wealth accumulated abroad is several times more important than the profit they can make on their domestic operations. It means as well that domestic investment may be undertaken even if the rate of return is initially very low, provided a clear strategic motivation is present (positioning oneself for the future...). It finally also means that losses over lean years can be tolerated without bankruptcies, dramatic employment reductions or sectorial consolidation. Considering the common investment pattern of Arabian merchant families, which tend to be present in many sectors with multiple ventures, including at times very small and uneconomic ones, the positive as well as the negative effects of downturns tend to be avoided.

Statistical analysis shows that government expenditure is less and less closely tied to the rate of growth of GDP.⁷ Two mechanisms are at work simultaneously: on the one hand government expenditure has become less and less effective as a stimulus to growth, because of the constantly growing share of current over capital expenditure; on the other hand, private investment is essentially financed by partial repatriation of the income from wealth accumulated abroad, and is independent of domestic cash flow. The private sector will not curtail domestic investment in a downturn, notably in real estate, which is where most of private investment goes. If the economy is slack, prices of land and cost of building may be somewhat lower, and building goes on. The economy then continues to grow at a more or less brilliant pace, in any case independently of government expenditure and oil revenue.

We do not know how the private sector would react in the event of a very serious recession. There is no sign of it for the time being: in Dubai, the

⁵ I use Arabian in lieu of Gulfian, which sounds terrible.

⁶ I am assuming a very low rate of return of 5 per cent. Most Gulf investors would consider such a low rate of return quite disgraceful. If we assume a higher rate of return, such as would be considered acceptable by major international corporations (around 15per cent) or satisfactory by the standard Arab investor (more like 25per cent) the argument is further strengthened.

⁷ See Ugo Fasano and Quing Wang, "Fiscal Expenditure Policy and non-Oil Economic Growth: Evidence from GCC Countries", *IMF Working Paper*, WP/01/195, December 2001.

success story of the Gulf, one high rise after the other is filling the landscape, and there is no sign of a glut in office or residential space. In Riyadh, the building boom pulled the economy through the difficult years 1998 and 1999, and there is no sign of the overcapacity that was evident in 1986-1990.

Of course, private entrepreneurs still are keen to receive nice, fat government contracts. But these are increasingly difficult to come by, no longer as fat as they used to be, and only too often monopolised by entrepreneurs who are also members of the royal family or closely associated to it. Mentally, the private sector has been weaned of its dependence on the government budget, and looks for possibilities of expanding its autonomous role. In Saudi Arabia in particular, the desire to redeploy part of their assets in the Kingdom is genuine, because the international investment arena has its share of pitfalls, and social recognition and influence only come with investment at home. To the extent that they invest internationally, Arabian entrepreneurs and financiers may be regarded as very good clients, but only very rarely as genuine partners. People are quick to learn lessons from multiple legal action against prominent Saudi business people in the wake of 9/11, or Rudolph Giuliani's snub of Waleed bin Talaal's generous donation offer. None of the major Arabian entrepreneurs is recognised as a leader of industry in global business circles.

The private sector is therefore keen on competent government, general efficiency in the economic system, liberalisation and openness to private investment (differentiating between domestic and international is less relevant, but certainly no sell-out to foreign interests), transparency and a level playing field—because these are the necessary conditions for a much more significant repatriation of capital, and the formation of world class Arabian business enterprises. Their message is not immediately and intrinsically political, but becomes so out of frustration with the persistent immobilism of power holders and the stubborn resistance of inefficient bureaucracies. Different players have different, sometimes contrasting interests, and increasingly display the tendency to coalesce in informal interest groups. They have an attachment and agendas for their country, which they pursue through their investment decisions as well as through increasingly open political discourse.

Hence the private sector plays political games of various kinds with its investment decisions. Who can miss the political symbolism of the prince turned private investor, who calls his group “Kingdom”, and builds the tallest tower in town, to inhabit the top floors of it as “the CEO of the

Kingdom”⁸ Why so many investors are putting—and frequently losing—their money in the media—printed press, television, Internet portals? Is there not a political undertone in establishing global networks of Islamic banks (which, however, are not allowed to operate in Saudi Arabia...)?⁹ Private investors compete for consensus, not just market share (indeed sometimes they seem rather indifferent to market share).

In the past, the private sector used to plead for contracts, cheap loans and protection from international competition. Today, it is increasingly claiming for a redefinition of its respective role vs. that of the government, in order to take upon itself some of the investment burden which the government is in any case unable to carry any longer. The government will gradually yield, albeit with caution, and the immediate battle is not with the ruling families, but with the entrenched bureaucracies. Once that is won, as it inevitably will be in due course of time, a much greater space will open for competition, and the issue of transparency and a level playing field—with respect primarily to princely entrepreneurs—will become even more acute than it already is.

Not that we should expect the “bourgeoisie” to turn Jacobin: but greater attention will be paid to open debate, the formality of the decision making process, and the neutrality of government and administration from private interests. The dimension and articulation of the private sector are such that it would appear to be impossible for the ruler to just rely on a small clique of clients (as in some North African countries) and ignore the rest. It is well understood that the playing field will never be exactly level (is there any country in the world where it is so?), but favouritism must not exceed the limit beyond which protest will be felt. And protest, as we know, is occasionally expressed, in more or less subdued form.

Can the private sector be expected to claim for greater democracy? Probably not, with the exception of a few individuals, out of their own personal conviction. Yet it may be expected to seize with gusto on the opportunity for greater participation that may be offered in a process of gradual liberalisation and retrenchment of the state. The private investors

⁸ I refer to Prince Waleed bin Talaal bin Abdalaziz al Saud.

⁹ I refer to Dar al Maal al Islami and to Dallah al Baraka. Dar al Maal al Islami is a group chaired by Prince Mohammed al Faisal, a son of the late King Faisal; it owns various Islamic financial institutions, including the various branches of the Faisal Islamic Bank. Dallah al Baraka is the business group of Sheikh Salah Abdallah Kamel, which is active in finance, through the network of Al Baraka Banks, communications, through the ART satellite television, and industry. Neither of these two institutions has received a banking licence in the Kingdom of Saudi Arabia and they operate as banks exclusively outside of the Kingdom.

—largely coinciding with the people who are able to take advantage of the ICT revolution—will be keen on avoiding any adventurism, and will therefore support control and limited franchise for the uneducated majority.

The private entrepreneurs will continue to be able to alternate their domestic and international residences in such a way as to maintain their own personal freedoms, and will not mind the required extent of Big Brotherhood, provided that this keeps the house in order. Within these boundaries, they will pose as the protagonists of a technocratic and mildly nationalistic—but certainly not xenophobic—agenda.

Recognising the increased strength and autonomy of the private sector and incorporating it in the political process while at the same time keeping the uneducated majority at bay can be achieved even respecting the formality of one man one vote, provided a certain degree of institutional inventiveness is displayed. In return, it would not only achieve a much-enlarged political base for the incumbent ruling families, but also create the conditions for a period of fast growth in the region—which in itself will do a lot to contribute to more widespread social contentment.

The point is that a pure rentier approach to oil and broader economic policies is unable to deliver accelerated growth. It can only deliver sluggish growth at best—barely above the high level of population growth, and leading to stagnant income per capita. In order to accelerate growth, the respective roles of the government and the private sector need to be redefined, but this implies a shift from the rentier to a growth-orientated agenda. Dubai is possibly the only place in the Gulf where this has taken place, facilitated by the limited size of the available rent. The same shift is possible in other GCC countries, and the private sector is ready to play a leading economic and political role.

* * *

If the technological and economic trends are the prime movers affecting the prospects for democratisation in the region, a third phenomenon, which cannot be called a trend but is nevertheless very important on the ground, must also be taken into consideration. This is the increasing and unresolved senility of the regimes, the “Chernenko Syndrome” (remember him?) that has gripped the main members of the GCC, and for which there is no apparent solution in sight. Qatar and Bahrain have managed the transition to a new generation, and Dubai has effectively done the same: but Saudi Arabia, Kuwait and Abu Dhabi have been long waiting for the inevitable demise of their old and enfeebled rulers—a protracted state of uncertainty and paralysis.

Authoritarian and rentier states have been known to be vulnerable to their own incompetence. There is no amount of oil revenue that can save an

incompetent ruler, as was shown in Iraq, Libya and eventually Iran. The key countries of the GCC enjoy extraordinary stability, but cannot indefinitely tolerate that power is held in weak and incompetent hands. There are little prospects for a decisive shift in all of them.

The fact that none of these rulers is involved in the day-to-day exercise of power is little comfort. Crown Princes are not Kings or Amirs—they do not enjoy the same uncontested powers. The dichotomy at the top encourages power plays and factionalism in the ruling families, and frequently leads to decisional paralysis. Exactly at a time when multiple challenges and the need to innovate would require a strong arm at the helm, the steering is inconsistent and unpredictable.

In fact, the greater difficulty in shaping a scenario of progressive democratisation of the region is exactly the subjective qualities (or lack thereof) of the power holders. There is nothing to stop them from moving in the right direction, and the benefits to be reaped are large and obvious, but the right decisions simply are not made.¹⁰

Is this a case where outside interference can play a useful role? Is it possible to calibrate the right shock to the system, one that will revitalise it—at least temporarily—rather than destroy it altogether?

* * *

The two trends that I have evidenced for the Arab Gulf countries are visible throughout the Arab region, but not to the same extent. Technological progress is felt universally, but with important variations, due to lower income or greater resistance on the part of the authorities. Even though Jordan appears to have bet on the Internet, in line with its traditional emphasis on education, access to advanced media and communications tools is severely restricted elsewhere. Furthermore, in most Mediterranean Arab countries the income and technological cleavages do not at all coincide,¹¹ meaning that the technologically empowered elite is more likely to be critical of the existing order of things, and the moneyed elite is more likely to perceive the technology as a threat rather than an opportunity.

The private sector is much weaker outside the Arab Gulf. Even in countries that have always opted in favour of the market economy and openness to

¹⁰ It is however possible that, faced with a sufficiently strong external challenge, the incumbent families may be able to regroup and react. Following major terrorist acts in Riyadh in May and November 2003, the climate changed radically among the Saudi political elite.

¹¹ That is, the well educated are generally not especially rich, and the very rich are generally not very well educated. In the Gulf it is difficult to be well educated and not have a good job, and the moneyed elite is very much technology savvy.

international trade and investment, the national private sector remains financially and industrially limited. No private Arab enterprise or entrepreneur outside the Gulf has a global standing that would be widely recognised. Although they might be very wealthy by their national standards, entrepreneurs and companies outside the Gulf would be considered as small/medium enterprises by international standards. Their ability to withstand international competition is limited, leading to constant opposition to trade and investment liberalisation. Their financial means too are limited, and participation in the most important games being played—privatisation first and foremost—is only possible in a context of lack of transparency and collusion with the government. Private entrepreneurs emerge and prosper to the extent that they are close to the government and can profit from such proximity. Corruption is the key word in the system.

The private sector in most Mediterranean Arab countries is thus less autonomous from their respective political regimes than it is the case in the countries of the Gulf. A separate analysis should be devoted to the Lebanese and Palestinian entrepreneurship in the diaspora—that has more considerable means, but has so far found conditions at home unacceptable for engaging in serious investment, and has consequently remained largely outside the political debate. The potential impact of a “repatriation” of this entrepreneurial diaspora is not to be overlooked, as the personal trajectory of Rafiq Hariri—who is the exception rather than the rule in wishing to return to his home country, repatriate at least part of his capital and engage in political life, quite independently of the fact that he might be making profits in the process—clearly indicates.

The obvious dissatisfaction of the “resident entrepreneurs” who fall out of grace with power holders and are marginalised or sometimes effectively pushed into exile, and the resistance on the part of “diaspora entrepreneurs” to come back and become engaged economically and politically in their countries of origin is a demonstration of the fact that a non satisfied demand for accountability exists in all these countries. The alienation of part of the private sector contributes to unsatisfactory economic performance and social problems, but the private sector remains comparatively weak and unable to push its case.

The impasse of political evolution in the Mediterranean Arab countries is therefore—and paradoxically—more serious than in the Arab Gulf countries. The only way to overcome this impasse will be through changes in the regional political environment, which may create conditions for a return of the diaspora entrepreneurs and undermine the stability of current power holders. How difficult this might be in places like Egypt both the US and Europe, which have tried to achieve some modest result, know out of experience.

Another key “private sector” component in these countries is migrants with their substantial savings. This group as well is certainly cautious and wary of giving up its opportunity to work and keep their savings abroad. However, migrants in a sense choose exit over voice, and by leaving the country drastically reduce their political relevance. In this way, the system manages to let off some steam, and diverts the attention of the less fortunate, that are left behind, from pursuing a political agenda to seeking a visa. So it happens that when Chirac visits¹² they shout “visa, visa” instead of *démocratie, liberté*.

* * *

The final element that needs to be considered in this context is the regional environment, and the constant threat of penetration from outside, leading to challenges and erosion of authority. In the Arab region, this is a factor that affects all countries: their commonalities are so strong that no leader plays purely to its national constituency: whether intentionally or unwillingly, political debate and trends in one country inevitably affect the entire neighbourhood.

The need to resist the threat of penetration—the need to survive in a “difficult corner”—and the fallout of multiple regional conflicts has been the official, but frequently genuine, justification for authoritarian government and repression. The Islamist and terrorist threat has offered to all rulers in the region the perfect excuse to restrict liberties and clamp down on the opposition.

Is it possible to envisage an evolution toward a regional order in which these threats are minimised and rulers are deprived of the excuse for illiberal behaviour? In theory, this is exactly the major benefit that we might expect from Pax Americana, following the demise of Saddam. However, the simplistic categorisation of states as rogues and non-rogues is bound to leave plenty of unresolved problems.

To reassure budding democracies, it will be necessary to forcefully assert the principle of non interference in the affairs of neighbouring states—but this is very much in contradiction with the point of departure: the assertion of the right to remove an unacceptable regime even by waging war. It will also be necessary to more closely monitor and restrain the activities of various layers of services and covert agencies—which have frequently adopted agendas of their own. It will, in other words, be necessary to abandon old friends and find entirely new ones.

¹² See the chronicles of President Chirac’s visit to Algiers in March 2003.

Seeking a framework for regional cooperation that will allow overcoming mutual suspicions and promoting democracy, good governance and respect for human rights is what the Barcelona process was meant to do. It has achieved very little in this respect. We may say that the objective simply needs to be pursued more forcefully—and there is certainly some merit in this line. Before we declare a policy ineffective, we should at least give it a chance. However, if outside pressure is to be relied upon to set political transformation in motion, Europe and the US will need to act forcefully and in full cooperation with each other.

After Iraq: Is the Israeli-Arab Conflict Closer to Resolution?

Henry Siegman

Director and Senior Fellow, US / Middle East Project, Council on Foreign Relations, New York

The events of 11 September 2001, when the US suffered a devastating terrorist assault by Al-Qa'ida, presented a rare opportunity for Palestinian Authority Chairman Yasser Arafat to change dramatically the dynamics of the Israeli-Palestinian conflict.

In his address to the nation, President George W. Bush divided the world into those who are “with us” and those who are “with the terrorists”. Responding to that challenge, Arafat not only offered to join the American anti-terror coalition, but publicly rejected the notion, widely accepted in the Arab world, that Osama bin Laden and Al-Qa'ida were acting in support of the Palestinian cause. Indeed, he insisted that Al-Qa'ida never showed any interest in the Palestinians and never did anything to advance their interests.

It seemed for a fleeting moment that Arafat was finally not “missing an opportunity to miss an opportunity”. His statement could not have been more timely and valuable to President Bush, for it countered the most important argument Arab countries had for their reluctance to support the US-led assault on the Taliban in Afghanistan—US support of Israel in the ongoing Israeli-Palestinian conflict. In response, President Bush welcomed Arafat into the anti-terror coalition.

No one understood better the implications of Arafat's uncharacteristic decisiveness—and its likely consequences for Sharon's efforts to isolate Arafat—than Sharon himself. He abandoned the newly acquired moderation and restraint that had marked his premiership until that point, and wildly accused President Bush of a sellout of Israel that was reminiscent of

Chamberlain's sellout of Czechoslovakia in Munich in 1938. It was an accusation that shocked the White House and drew an uncharacteristically angry reproach from the President's office, only underscoring the potential for change in the American position created by Arafat's initiative.

Sadly for the Palestinians, it did not take long for the Americans to realise that there had been no change in Arafat. US intelligence confirmed that America's new ally in the global war against terror continued to acquiesce in or approve of terrorist assaults on Israeli civilians, despite his public condemnation of these acts. Not only did Arafat's deception destroy the potential benefits for the Palestinian cause held out by his initial response to the President, but it deepened President Bush's hostility to Arafat and reinforced the forces in the White House that never had much sympathy for Arafat and the Palestinian cause to begin with. The devastation of every aspect of Palestinian life that has occurred since is the measure of the price paid by the Palestinian people for Arafat's chronic inability to grasp opportunities that come his way.

The problem is not that Arafat harbors the intention of destroying the Jewish state, as so many Israelis believe. Despite his many failures of leadership, Arafat has a realistic grasp of the strengths and vitality of Israeli society and of the overwhelming power of its military.

Paradoxically, Arafat's failings are the consequence of his inability to live up to his public image as an autocrat who does as he pleases. (Even the late Yitzhak Rabin justified the Oslo accords to critics by arguing that under their terms, a dictatorial Arafat, unrestrained by a judiciary or public opinion, could deal arbitrarily with Palestinian terrorists in ways that Israel could not.) Not that Arafat harbors democratic impulses. But when presented with opportunities to take initiatives that might have dramatically improved prospects for an end to Israel's occupation and for progress toward Palestinian statehood, opportunities that required decisions on his part that would have angered some segments of his various Palestinian constituencies, Arafat invariably chose to do nothing rather than risk a loss of support. He rarely strikes out in new directions without first confirming a wide consensus in support of such change.

For the same reason, Arafat has rarely dared to change the status quo by resorting to violence. Arafat did not initiate the first Palestinian intifada in 1987. It was started—spontaneously—by young Palestinians without any PLO involvement. Arafat asserted his leadership of this intifada only after it was well underway and had attracted international attention.

The first major outbreak of terrorism following the Oslo accords was set off by Baruch Goldstein's killing of twenty-nine Palestinian worshipers at prayer in Hebron in 1994, and was carried out by Hamas, not Arafat. And

Arafat did not initiate the current al-Aqsa intifada, contrary to the widely held Israeli belief that he planned it even before the failed Camp David summit. The head of Israel's Shin Bet at the time, Admiral (ret.) Ami Ayalon, has stated categorically, and repeatedly, that neither Arafat nor anyone within his Fatah organisation met to consider or plan a violent intifada until after Ariel Sharon's provocative visit to the Haram al-Sharif (Temple Mount) in September of 2000 and the killing by Israeli security forces of large numbers of Palestinians in a demonstration on the Haram al-Sharif that followed his visit. Even then, it was not Arafat but elements within the Tanzim, a group associated with Arafat's Fatah, who launched the new intifada. Arafat acquiesced in the violence, for he is as incapable of stopping violence that has wide Palestinian support as he is incapable of initiating it when he fears that it may lead to internal dissension and challenges to his authority.

More recently, leading Palestinians (Abu Mazen, Hanan Ashrawi, Mohamed Dahlan, etc.) have spoken out against terror bombings of Israeli civilians and in support of a Palestinian cease-fire. It was only after this view became acceptable within Palestinian leadership circles and among the younger generation of Fatah activists that Arafat openly endorsed it. (Arafat has condemned terrorism all along, but in a way that made the disingenuousness of those condemnations clear to Palestinian Authority insiders.)

Regrettably, Prime Minister Sharon's credentials as a partner in a peace process are not any better than Arafat's. It is true that since assuming the premiership a year and a half ago, Sharon has cultivated an image of moderation with considerable success, in sharp contrast to his previous lifelong image as impulsive and reckless, a reputation that earned him the nickname "bulldozer". But it is only image, not reality.

Sharon has declared a war on Palestinian terror in which he is determined to resort to any means that may help him win that war—except one. He has ruled out measures of a political nature, despite the fact that Israel's intelligence agencies have told him for some time now that the war on terror cannot be won if it does not hold out the prospect of new political arrangements. His own national security adviser, Uzi Dayan, told him the same thing, at which point he became Sharon's *former* national security adviser.

Sharon has ignored the universally accepted truth about the indispensability of a political process as part of the war against terror, because the war to which he assigns far greater priority than the war against terror is his war to prevent the emergence of a viable Palestinian state. Behind the cover provided by his war on terrorism (which remains a failure), Sharon has been highly successful in destroying virtually all of the essential supporting

institutions of Palestinian national life. Brutally administered military curfews, border closings, and other restrictions have turned Palestinian cities and towns into huge detention centers. Much of the infrastructure built with international donor support since the 1993 Oslo accords has been reduced to rubble, along with the Palestinian economy and most of the Palestinian Authority's civil institutions. Sharon has been able to do this without much international criticism by making it appear that the devastation of Palestinian national life caused by the Israeli Defense Forces was forced on him by Palestinian terrorism.

Those who see Sharon as a moderate point to his support of the Mitchell Report, of "painful compromises" in an eventual peace process, of the establishment of a Palestinian state, and of the road map for an Israeli-Palestinian peace agreement. But that Sharon is not the moderate he pretends to be is attested to by his evasion of every opening for resuming diplomatic activity toward a peace agreement during the time his government has been in power; by the targeted assassinations of Palestinians that to many in Israel seem timed to undermine Palestinian initiatives to end the violence; and by his demand for a total Palestinian surrender before he permits a political process to begin.

True, Sharon no longer seems to many Israelis the "bulldozer" and reckless adventurer that he was during his military and political career before assuming the premiership. But what has changed is not his lifelong commitment to preventing the emergence of a viable Palestinian state—at least one that is not under total Israeli control—a goal to be achieved by widening and deepening Jewish settlements and the extensive infrastructure in the West Bank and Gaza that supports them. What has changed is the new sophistication and subtlety that he now brings to this task. Shimon Peres helped persuade Sharon shortly after joining his government as foreign minister to adopt a new tactic. He convinced him that he would do better to agree to such proposals "in principle", and rely on Israeli conditions, Arafat's ineptness, and Hamas's terrorism to derail and prevent the implementation of these proposals.

Thus, after first rejecting the Mitchell Report, Sharon reversed himself and accepted it "in principle". But Sharon never presented the Mitchell plan for approval by his cabinet. He reassures his inner circle that he never accepted the Mitchell proposals, even while he tells the United States and the international community that he has accepted them. And he relies on Palestinian violence and political blunders to ensure that he will not be brought to account for this duplicity.

Yes, Sharon opposed the recent decision by the Likud Central Committee to reject Palestinian statehood. But he did so only because he understood that such a formal Israeli rejection of Palestinian statehood would compel

the US administration (which itself has been largely accommodating of his tactics to avoid a political process as long as possible) to change its position and to publicly oppose his government's policies.

Before the last Israeli elections, Omri Sharon, the prime minister's highly influential son, told a meeting of Likud faithful, as reported in *Ha'aretz* on 13 December, that his father's promise of an eventual Palestinian state is "a long-distance declaration". He told them that we have to understand we are not living in a vacuum: there is an international reality. But when you speak softly, you can wield a big stick. Today, after all, we are located in the Palestinian areas, we are violating international agreements, but no one is saying anything. The United States is with us. So we talk Palestinian state, Palestinian state, but in the meantime, not even Area A exists. And there is no Orient House, there is no Palestinian representation in Jerusalem, and the Palestinians are afraid to wander around with weapons even in their own cities. Obviously we all want peace, who doesn't want peace. But the statement about a Palestinian state is a very remote statement.

Sharon's support "in principle" of the ideas put forward by President Bush in his speech of 24 June 2002, committing the United States to the creation of a Palestinian state within three years, has not precluded his continued enlargement of the settlements, or a continuation by the IDF of its destruction of the central institutions of Palestinian national life, or his rejection of the possibility of dismantling any of the Jewish settlements that are now implanted throughout the West Bank. (He recently said that it is as unthinkable for him to remove even far-flung Jewish settlements in the Gaza Strip as it is to turn over Tel Aviv to the Palestinians.) Instead, he reiterated his insistence on a lengthy transitional period before negotiations between Israel and the Palestinians on permanent status can even begin. And in an important policy speech last 4 December in Hertzliya, he withdrew his earlier support of the "road map" for a two-state solution put forward by the "Quartet" of Russia, the US, the UN, and the European Union in favor of the much vaguer "vision" described by President Bush in his speech of 24 June.

There is little prospect that the road map can lead to a resumption of a political process unless there were evidence of a new determination by President Bush to become personally involved. And he would have to go beyond his current commitment to a two-state vision and specify the broad parameters of what constitutes a viable and sovereign Palestinian state.

It is difficult to predict how the outcome of the looming war in Iraq will impact on the road map and on prospects that President Bush would assume a more vigorous role in support of its implementation. Irrespective of whether the war goes quickly and "well", as some predict, or badly, arguments will be summoned by presidential advisors both to justify an

immediate push for Middle East peace efforts and against it. For the time being, prospects for an end to Palestinian violence and Israeli counterviolence and for a renewal of a peace process remain as dim as they have ever been.

The New Iraq: Challenges for State-Building

Ofra Bengio

Chief Researcher, The Moshe Dayan Center for Middle Eastern and African Studies

The 2003 US-Iraq war may prove to be no less formative for Iraq, than the First World War, which brought about its establishment. But while the First World War shaped the physical and geographic configuration of Iraq, this one is likely to reshape its internal contents, giving it a new identity, political shape and orientation. Its American architects have envisioned a new Iraq different from the old one in small and large ways, starting from its currency and flag and ending up with the country's power-structures and internal relations. Yet the more they strive to reorient Iraq to a new future, the more the past, with its structural problems, will reemerge to haunt them.

Legacies of the Past

One set of challenges facing the Americans is largely related to the legacy of the British mandate as well as the monarchical, the Republican and the Ba'ath eras. The geostrategic problem of a huge oil country with a narrow outlet to the sea (c. 70kms.) has bedeviled all Iraqi regimes and was in part the cause for the revisionism of its leaders, starting from King Ghazi, going through Nuri al-Sa'id and 'Abd al-Karim Qasim¹ and ending up with Saddam Husain, all of whom sought to "bring back" Kuwait to the Iraqi fold. The Americans already faced this inherent problem when they made the preparations for entering Iraq and during the war itself. The opening of

¹ For Qasim's handling of the affair, see Uriel Dann, *Iraq Under Qassem* (Jerusalem, Israel Universities Press, 1969), pp. 349-353.

the war and later the northern front was delayed because they could not get permission for their troops to cross Turkish territory into Iraq. Only the cooperation of the Kurds and their active participation in the war made possible the opening of such a front in this landlocked country. Similarly, the fighting in Umm Qasr took an especially long time (relative to the capital Baghdad itself), precisely because of the difficulty of handling such a bottle-necked area. The Americans are also likely to face problems in their endeavours to speed up the export of oil. In the past Iraq was dependent on its neighbours for exporting its oil: Syria, Turkey and Saudi Arabia, through whose territory pass Iraqi oil pipelines have all exploited at one time or another, the Iraqi geo-strategic predicament and stopped the flow of oil. This problem of a narrow outlet to the sea will have to be dealt with either by the US or by any new Iraqi ruler who might be no less revisionist than his predecessors.

The vision of bringing democracy to Iraq is as old as the Iraqi state itself. Britain's attempts to do so failed dismally because democracy conflicted with British interests; because British policies were rife with contradictions; and because Iraqi society was neither ready nor willing to adopt Western-like imposed values.² The British "original sin" was that they handed power to the Arab Sunnis (18-20 per cent of the population), thus marginalizing the Shi'i majority, (estimated at 55 per cent of the population) and the other big minority, the Kurds (14-18 per cent). Moreover, the Kurds who had been promised autonomy, were annexed later (in 1926) to the state because of British oil interests in their area. If the Americans wish to establish a genuine democracy in Iraq, they will have to wipe out British legacies and in the process square many circles. One major problem is how to let the Shi'a have their real share in power, while at the same time, preempting the formation of an Islamic government in Iraq as some of them advocate. Another dilemma is how to allow the Kurds to form a federal system without antagonizing neighbouring states and other Iraqis. Furthermore, if the Americans should allow participation and free elections for all, they will be forced to include the remnants of the Ba'th party as well, something which contradicts their intention of deba'thizing the state.

Closely related to this is the problem of finding a new ruler who will enjoy legitimacy among Iraqis. At the time, the British imposed on the local population King Faisal I whom they brought from outside Iraq, at the expense of local leaders. Suspected of being an obedient tool in the hands

² See Ofra Bengio, "Pitfalls of Instant Democracy", in M. Eisenstadt and E. Mathewson (eds), *U.S. Policy in Post Saddam Iraq: Lessons from the British Experience*, (Washington, The Washington Institute for Near East Policy, 2003), pp. 15-26.

of the British, Faisal (who died in 1933) and his heirs never enjoyed real legitimacy, and in fact members of the royal family were massacred mercilessly by the army in the July 1958 Qasim revolution.³ The problem facing the Americans now is much more acute, since this is the first time in Iraqi history that regime-change was made by an outside power, thus leaving a power vacuum with no alternative leadership, no sense of direction, and no guiding ideology. The Americans' problem will be how to find a ruler who will be both acceptable to them but will also enjoy the legitimacy of all Iraqis. If they install a ruler from the outside, namely from among those Iraqis who became allied to them before the war, such as Ahmad Chalabi, head of the Iraqi National Congress (INC), it is quite likely that he will not be acceptable to the majority of Iraqis. If on the other hand they wait until a natural Iraqi leader develops "from the inside", there is the risk that this process be interminable, and that in the final analysis such a leader will be anti-American.

Another structural problem which has been part and parcel of modern Iraqi history is the army's key role in both regime-changes and in holding the country together. Thus, at no time in eighty years of history, has the regime been changed by civilians without the use of force. The army has assumed such a prominent role precisely because of the difficulty of handling such a heterogeneous society, where the Arab Sunni minority rules a Shi'i majority that aspires to change the balance of power in the country, and a Kurdish minority that dreams of achieving, at the least, autonomy. Saddam Husain was so successful in Ba'thizing and depoliticizing the army that the army lost its traditional role of regime-changer. In the end, only a foreign army could oust the Ba'th from power. The collapse of the Iraqi army during the war has thus left all the burden of internal and external security solely on the Americans and their allies.

Atomisation of the State

Another set of challenges had to do with the tectonic changes that have occurred in the country as a result of the war. On the macro level, the most intriguing change had to do with the collapse of the Sunni "Centre" and the rise of the powers of the periphery, namely the Kurds and the Shi'a. On the micro level, the war resulted in the disintegration of an extremely centralised political system, giving rise to the atomisation of Iraqi society and polity.

The atomisation of the state has given rise to various, previously dormant centrifugal forces, of which the most noteworthy are the tribes, the mosque and men of religion, and new and old political parties. Tribalism, which had been submerged in the first two decades of the Ba'th, resurfaced with

³ See *Majzarat Qasr al-Rihab*, (Beirut, 1960).

great vigour after the 1991 Gulf War as a result of the weakening of the central state authority. Saddam Husain, however, knew how both to mobilise the tribal frameworks and to keep them in check. In the current power vacuum, tribalism and tribal leaders have reasserted themselves and become powers to be reckoned with.⁴ A second element which was also very quick to fill the vacuum were the mosques. Even as the war was still raging, men of religion organised themselves to carry out various emergency tasks such as patrolling the streets and providing medical and other humanitarian services as well as offering spiritual guidance in such a chaotic and bewildering atmosphere. On another level, the one-party system has given way to the mushrooming of parties, some very old—like the Communist Party, the National Democratic Party and the Muslim Brothers Movement—and others completely new. The mushrooming of the parties also triggered the publication of some seventy new newspapers, most of which are party affiliated.⁵

While all these developments and activities might have accelerated the uprooting of the old Ba‘thi system, and the emergence in its place of a more pluralistic, free and open one, they also made it extremely difficult for a central government, whoever stands at its head, to normalise and stabilise the domestic situation. One important reason for this is the change in the balance of power between the three major Iraqi communities: the Arab Sunnis, the Kurds and the Arab Shi‘a.

The Fall and Rise of the Sunnis?

It is still too early to try and analyze the deep-rooted causes of the surprising collapse of the Sunni Centre during the war, but a few points can be highlighted. Theoretically speaking, the Sunni Centre should have provided the fiercest resistance in the war, since the fall of the Ba‘th was likely to change the formula of power-sharing in the country, and snatch the monopoly of power from the hands of the Arab Sunnis. Yet, they remained paralyzed, and the resistance they put up during the war was much weaker than the Shi‘a’s. The Sunnis’ inaction might be explained by the lack of legitimacy of the Ba‘th even among this group and by the fact that president Saddam Husain was at a certain period at loggerheads with the inhabitants of some of the Sunni populated region, such as al-Anbar in north-west Baghdad: in 1995, the people of al-Anbar rioted against the Ba‘th, after it put to death a group of officers implicated in an attempted

⁴ For a discussion on the tribalism in Iraq, see Faleh Abdul-Jabar and Hosham Dawod (eds), *Tribes and Power: Nationalism and Ethnicity in the Middle East*, (London, Saqi, 2003), pp.69-205; 257-311.

⁵ *Washington Post*, 8 June 2003. By autumn the number was over 100.

coup against Saddam Husain.⁶ Another reason might have been a realisation that the war was lost and that pragmatism dictated coming to terms with the invading army, deferring opposition to a more opportune time. There were also speculations that Iraqi commanders made secret deals with the Americans even before the war had started.

But as quick as the collapse of the Sunni Centre was, so was also its reemergence. Paradoxically enough, one major reason for this was the dissolution of the Ba‘th party, the army and the security apparatus shortly after the end of the war. True, this move has dealt another severe blow to the Sunni Centre since those were the main vehicles by which the Arab Sunni minority perpetuated its centralised regime and rule over the Kurds and the Shi‘a. On the other hand, however, the quick dissolution of the three pillars of Sunni rule not only put all the burden of policing Iraq on the occupiers, but also turned these occupiers into a target for all those thousands of embittered Iraqis who were sent into the streets, with no minimal guarantees for their future.⁷ And while few Iraqis would shed tears for the Ba‘th or the security apparatus, the case of the army is different. The army is the symbol of Iraqi nationhood, and its dissolution has already galvanised strong anti-American feelings. Furthermore, as the three power pillars were the only organised elements in the country and as a great number of their members are Sunnis, they are unlikely to disappear just because of an American edict. In fact, some began to organize clandestinely and start acting against the Americans. The city of Falluja, northwest of Baghdad, which has been in a state of rebellion since mid-April, epitomises the kind of difficulties which the Americans have been facing. Indeed, its rebelliousness has been the first sign of a reassertion of Sunni power.

During the war Falluja did not put any resistance against the American army, which entered the city after negotiations with its mayor.⁸ However, an incident between the American troops and the inhabitants which occurred shortly afterwards, and ended with the killing of a dozen inhabitants, set into motion the beginning of resistance against the Americans. Falluja, once a Ba‘thi stronghold, was also known for its recalcitrance: it was from this very place that the 1995 riots against Saddam Husain broke out. The city is Sunni, tribal, religious, and a place from which a large number of high-ranking Ba‘thi army officers have hailed.

⁶ Agence France Presse (AFP), 29 May 1995; *Al-Wasat*, 5 June 1995.

⁷ The quiet demonstrations of the dissolved army members in Baghdad, took a negative turn in mid June, when two demonstrators were killed in the clashes with the Americans, BBC, 18 June 2003. Such demonstrations would become common feature in Baghdad and other cities.

⁸ Al-Jazeera TV, 30 May 2003.

These characteristics are also true for other cities and villages in the Sunni triangle north of Baghdad, and which have been restive for some time, such as al-Ramadi, Hit, Balad, Ba‘quba, Tikrit and Haditha.

The 1920 uprising against the British was initiated and led by the Shi‘a because they were the most affected sector by the occupation. The Sunni resistance of 2003 might turn into an all-embracing uprising led by Sunnis, because this time they are the most affected sector by the American/British occupation. In front of their very eyes they witnessed the falling of their metropolis, Baghdad, into alien hands. Thus, the Sunni restiveness might be interpreted as a belated reaction to their fall from power and their attempts to reassert themselves in the political arena. But their success in this endeavour also depends on what has already befallen the two other communities, the Kurds and the Shi‘a.

The Kurds’ New Window of Opportunity

With the overthrow of Saddam Husain, Iraq’s Kurds stand on the brink of a new era. Since 1991, they have enjoyed autonomy in northern Iraq. If a federated government is now established, they will not only continue to enjoy their autonomy, but they could well take a major share of the central government in Baghdad. To understand these sea-changes, one should go back to the exceptional decade of the 1990s, which witnessed the establishment of the Kurdish Regional Government (KRG) and Kurdistan’s disengagement from the Centre.

The most important achievement of that period was the forging of stronger Kurdish identity. This has been made possible through a combination of Kurdish maturity, born of bitter experience; vital support from the outside world; and the complete disappearance of the Iraqi central government from its region. Growing Kurdish self-identity has taken many real and symbolic forms. First, there has been the development and usage of the Kurdish language in the public sphere, including schools, universities, the administration, and the media. Second, there has been widespread use of national symbols, such as Kurdish flags (alongside or instead of the Iraqi flags), a Kurdish hymn, and even public statuary of Kurdish heroes such as the charismatic leader Mulla Mustafa Barzani.

Another important boost for Kurdish identity and self-rule has been the development of the socioeconomic infrastructure. Under Baghdad’s control, the region’s infrastructure had been entirely dependent on the central government, and much of it was later destroyed in war. The fact that the Kurds have managed to build this infrastructure almost from scratch, albeit with outside support, speaks volumes of their aptitude for self-government.

Last, but not least, the Kurdish region created a political framework that functioned independently of the Ba‘thi regime. This framework has

included the management of local government in different parts of Kurdistan by Kurdish officials; the open and free activities of Kurdish political parties; and the institutionalisation of a Kurdish parliament, whose delegates were chosen in the more-or-less free elections of May 1992.⁹ These elements have come together to constitute a kind of Kurdish government. This authority, notwithstanding its many mistakes and weaknesses, has given the Kurds the sense that they are masters of their fate for the first time since the establishment of Iraq.

The Kurds also came to enjoy a remarkable degree of de facto recognition, for the first time in history. Before that, no Western government openly accepted Kurdish delegations from Iraq. The Iraqi government was far too influential, and it used that influence to block Western-Kurdish contacts. Such contacts, when they existed, took place under cloaks of secrecy. This secrecy verged at times on the absurd; thus for example, when Mulla Mustafa Barzani came to Washington for treatment of his fatal cancer in 1979, he was treated under total anonymity.¹⁰

But over the last decade, Iraq's Kurds have had quasi-official representation in Turkey, Iran, France, Britain, and most importantly the United States—this, at a time when Baghdad itself had no ambassador or other representative in Washington. It is true that the Kurdish representatives abroad lacked formal diplomatic status. Nevertheless, they managed to advance the Kurdish cause in key capitals, and influenced major policy decisions before and during the most recent war. The fact that so many world capitals welcomed Kurdish delegations reflected the centrality of the Kurds in the long-term struggle to remove Saddam: Kurdish good will was crucial to keeping the pressure on Baghdad from the north. The Kurds succeeded in translating their geopolitical centrality into an unprecedented degree of international recognition.

The picture had, however its darker side. The Kurdish national movement has always suffered from a lack of cohesiveness; tribal and sectional interests at times overshadowed national ones.¹¹ The fault line of Kurdish politics runs between Mas'ud Barzani's Kurdistan Democratic Party (KDP) and Jalal Talabani's Patriotic Union of Kurdistan (PUK). The KDP tends toward a conservative nationalism, whereas the PUK once drew upon Marxist ideas of liberation struggle. The KDP is strong in the north of Iraqi Kurdistan; the PUK is strong in the south. The KDP and the PUK also had

⁹ AFP, 22 May 1992; *Le Monde*, 24, 25 May 1992.

¹⁰ David Korn, "The Last Years of Mustafa Barzani", *Middle East Quarterly*, June 1994, pp. 13-27.

¹¹ See Martin Bruinessen, "Kurds, States and Tribes", in *Tribes and Power*, pp. 165-184.

different foreign alliances, the KDP relying on Turkey, the PUK seeking support from Iran and Syria.

Long historical enmities between the two groups came to a head over sharing power in the new parliament and cabinet, and disagreements over oil revenues. The latent power struggle erupted in May 1994, when fighting broke out between the two factions. It lasted until October 1996. The fighting resulted in a high number of Kurdish casualties.¹² In August 1996, the KDP called for help from the Iraqi army—the same army that was responsible for the massacre of some 50,000 Kurds in the *Anfal* campaign eight years earlier—while the PUK looked for support from the United States. The autonomous region became divided into two rival zones; there were two administrative units, two cabinets, two paramilitary organisations (the *peshmergas*), and two flags.¹³ The opportunity for a unified autonomous region seemed to have been lost, this time because of Kurdish infighting.

Restoring peace between the two groups required the mediation of the United States, Britain, Turkey, Iran, and several Arab countries. The trend since then has been toward reconciliation and even cooperation, and both parties participated in the opening of the legislative council in October 2002. Some might even argue that the rivalry between the KDP and the PUK has enabled the development of a nascent democratic and pluralistic system, as opposed to the one-party model of the Ba‘th.

The freewheeling atmosphere that has prevailed in the Kurdish autonomous region also allowed the rise of new political forces that could hamper Kurdish unity in the future. These elements include the Turkish Kurdistan Workers Party (PKK), various radical Islamist groups, Turkoman¹⁴ factions, and other smaller groupings. Needless to say, this mushrooming of rival groups and interests invites outside intervention and threatens Kurdish self-rule. So the experience of Kurdish autonomy has not been without its crises and problems. But overall, the balance sheet has been a positive one. Indeed, the Kurdish autonomous experiment has become a possible model for Iraq as a whole.

¹² The PUK claimed that in that summer alone, 15,000 PUK members lost their lives; *L'Unità*, 3 September 1996. This figure is highly exaggerated. Another source quoted eyewitnesses who spoke about 1,000-2,000 dead in Irbil; *International Herald Tribune*, 4 September 1996.

¹³ The KDP's yellow flags and the PUK's green ones were visible upon the entrance of their forces to Kirkuk in the last war.

¹⁴ The number of Turkoman is inflated by Turkey, which claims 2,500,000. In reality they number c. 500,000. In the 1960s they represented "at most one fiftieth of the population". Uriel Dann, *Iraq Under Qassem*, p. 2.

With the removal of Saddam Husain, the Kurds have an opportunity to build on the achievements of the past decade. But the war's aftermath could also turn into another disappointment.

In the war itself, the Kurds played a unique and important role. It was the first time in the modern history of Iraq that they fought alongside a non-Muslim power, and for a purpose beyond their own autonomy. Moreover, the Kurds made their contribution not in secret but in broad daylight. And it was not a trifling contribution, either. Without Kurdish help, the United States could not have opened a northern front shortly after the coalition's opening of the southern front. Because of Turkey's last-minute decision not to allow the passage of US troops through its territory, the coalition had to launch the war without troops in Iraq's north. This put the burden of the ground fighting upon the Kurdish *peshmergas*. In most cases, Kurds played the major role in the battles, while the United States provided air support and intelligence. The Kurds also departed from their habitual mode of fighting close to their strongholds in the mountains. They moved into the plain and occupied the two major northern cities of Mosul and Kirkuk.

The PUK (and to a certain extent also the KDP) have proven their usefulness to Washington in another way as well, namely by fighting their common enemy, the Islamist Kurdish group Ansar al-Islam, which the United States believes to have ties with Al-Qa'ida and maybe even the Ba'ath. In battles that followed the main war against Iraqi forces, US forces and PUK *peshmergas* launched a combined air-and-ground assault to eject Ansar al-Islam from their village bases.

Indeed, the uniqueness of the Kurdish role lies precisely in the fact that Kurds fought. The United States and Britain did not invite other Iraqi opposition groups to do so. Thus, the Iraqi National Congress (INC) and the Supreme Assembly of the Islamic Revolution in Iraq (SAIRI), which Washington and London also contacted before the war, were not given any actual fighting missions. The prize the Kurds expect for their contribution to the war effort is a federation.

The Kurds raised this goal as early as October 1992, after long deliberations between the KDP and the PUK. At that time, the Kurdistan National Assembly stated the unanimous commitment of Iraqi Kurdistan "to determine its fate and define its legal relationship with the central authority at this stage of history on the basis of a federation (*al-ittihad a-fidirali*) within a democratic parliamentary Iraq"¹⁵ The Kurds, having enjoyed effective and autonomous self-government for a decade, are not

¹⁵ Voice of the People of Kurdistan Radio, 5 October 1992.

willing to give it up. And because Kurdish independence is not feasible, they would like a self-governing unit within an Iraqi federation.

The problem is that a federation requires two or more units, and Iraq at present has only the embryo of one, in the form of the Kurdish Regional Government. The north is the only part of Iraq that does not require American or British military administration. Elsewhere, an immense amount of political reconstruction is required to create the other constituent units of a federation. Nor is it clear what would be the guiding principle behind the formation of such units. Turkey actively opposes it, for fear that northern Iraq would become a Kurdish state to all intents and purposes. For these and other reasons, the United States has refrained from supporting the idea of federation.

The danger now facing the Kurds is the one that has led to their defeat more than once in the past: the temptation to overplay their hand. For example, the Kurds have raised the stakes by demanding the inclusion of oil-rich Kirkuk in the Kurdish-governed areas.¹⁶ Since oil has been the main incentive behind US support for other small states in the gulf region, the Kurds hope to lay their hands on an important oil-producing region. But looting followed the entrance of the *peshmergas* in early April to Kirkuk, and street fighting between Arab tribes and Kurds has plagued the city. So far, US forces have contained the clashes. But a major Kurdish-Arab or Kurdish-Turkoman conflagration, or expulsions of Arabs in the name of restoring lands and homes to dispossessed Kurds, could undercut the Kurdish demand for federation. By setting off a flood of Arab refugees toward Baghdad, or Turkoman refugees to the Turkish border, the Kurds could quickly lose the sympathy they have acquired over the last decade.

Despite the removal of Saddam Husain, the Kurds still have immense value to the United States, as a counterweight to the Shi'a of the south. In the new realities of post-war Iraq, and the emergence of strong Islamism coupled with sentiments of anti-Americanism, the US might revert to the Kurds in the fine balancing game between Iraq's different communities. What is the role of the Shi'a in this game?

The Shi'i Spring in Iraq

The war brought about a renaissance of the Iraqi Shi'a, such as they had not experienced in decades-long years of Ba'athi repression and intimidation. This renaissance might usher the way for a revolutionary change after a 500-year history during which the Shi'a of Mesopotamia/Iraq were ruled by Sunnis and marginalised in the political and decision-making centers.

¹⁶ *Christian Science Monitor*, 14 March 2003.

The Shi'a's worst period in modern times was under the Ba'ath. Though representing a majority of c. 55 per cent of the population, the Shi'a, as a community, had their voice all but silenced. The term Shi'i itself became a taboo in official publications and statements and when it was absolutely necessary to refer to it, other "neutral" terms such as *Ja'fariyya* (the 5th school of jurisprudence in Islam) or *Ta'ifiyya* (sectarianism) were used. This indicates how sensitive the issue was and how, on the other hand, the Ba'ath endeavoured to maintain a façade of unity and harmony. Curiously enough, the Shi'a themselves also refrained from using the term, which may be explained by their doctrine and political practices. From the time of early Islamic history, the Shi'a were a persecuted minority. Acting clandestinely, they developed an important tenet, that of *taqiyya*, namely the duty to dissimulate one's religion under duress or in the face of imminent danger. Under the Ba'ath, the Shi'a faced terrible dangers, hence their reluctance to demonstrate their Shi'ism.

Another explanation lies in the duality of their political practice, that of activism versus quietism. Historically, the question which of the two lines should be followed by the Shi'a was decided by circumstances and the judgment of the leading man of religion, the *Ayatollah Uzma* (Grand Ayatollah). When an opportunity presented itself, such as the weakening of the government, activism would gain ground. On the other hand, in times of strong or repressive governments, quietism was usually the order of the day. The charisma of the particular Ayatollah of the day and the powers he wielded on his followers could also decide the line to be adopted. Generally speaking, the Shi'a men of religion are much more important and wield much more power among their followers, than their Sunni counterparts. The Grand Ayatollah who is also the *marji' al-taqlid*, the source of emulation, stands highest in the Shi'i religious hierarchy. He decides on religious but also on various mundane and political issues. The special two-way bonds between a *marji'* and his followers is reinforced by a tax (*Khums*) paid him directly, which also grants him autonomy from the government. In turn, he would strengthen his hold on the community by spending this money on different welfare projects.

Under the Ba'ath, quietism was the order of the day for most of its 35-year rule. Yet, underneath this ice-thin cover of quietism, there were stormy waters which rose, albeit rarely to the surface. The two important episodes of Shi'i activism occurred in 1977 and in 1991. In the first case, disturbances took place during the *'Ashura* festival commemorating the martyrdom of Imam Husain bin 'Ali in the seventh century. Tens of thousands gathered in and around the holy cities of Najaf and Karbala and along the routes between the two cities, shouting abuse against the Sunni government (at the time there was not a single Shi'i in the Revolutionary Command Council—the highest legislative and executive body of the

state). The Ba‘th reacted harshly, detaining the “culprits” and executing some of them. It is worth noting that the Shi‘i disturbances in Iraq took place a year before the Islamic revolution in Iran, and at a time when Ayatollah Khomeini was still in exile in Najaf.

The second, much more serious case was the Shi‘i intifada which commenced immediately after the cease-fire of the 1991 Gulf War. Sensing that the government was immensely weakened and counting on the support of the US-led coalition, the Shi‘a initiated a rebellion which engulfed all the Shi‘i south, including some fifteen cities and was about to reach the capital Baghdad, itself with a Shi‘i majority. The one month intifada ended with disastrous results for the Shi‘a. To save its skin, the Ba‘th regime had no qualms in killing thousands of its countrymen, and digging for them common graves, such as those that have been unearthed by the Americans and British.

Historically speaking, the Shi‘i men of religion played a leading role in confronting the central government, be it a foreign ruler, or a Sunni “usurper”. Their most important role was during the 1920 uprising against the British mandate, when their *fatwas* (religious edicts) were instrumental for fueling the uprising.¹⁷ Their opposition to the British remained strong even after the quashing of the uprising, so that only after exiling the most vociferous ones, could the British start building the governing machinery in Iraq. After this episode, however, the power of the ‘ulama steadily declined, primarily due to the encroachment of the central government on their sphere of influence through secular schooling, the mobilisation of Shi‘a to the army and the enforcement of various secular laws. Another reason was that the ‘ulama themselves were plagued by various personal, ethnic, religious, and political divisions which severely hampered attempts to form a unified organisation or present one central goal for all the Shi‘a. No less debilitating was the persecution of Shi‘i ‘ulama at the hand of the authorities.

These trends reached their peak during the Ba‘thi period, but because of the secretive and repressive nature of the regime very little reached the outside world. The leading spiritual figures during the Ba‘th era were the Ayatollahs Muhsin al-Hakim, Abu al-Qasim al-Kho‘i, Muhammad Baqir al-Sadr and Muhammad Sadiq al-Sadr. Interestingly, the influence of these personalities did not stop with their death, but was perpetuated right up to

¹⁷ For details see, Yitzhak Nakash, *The Shi‘is of Iraq*, (Princeton, Princeton University Press, 1994), pp. 66-68; Pierre-Jean Luizard, *La formation de l’Irak contemporain : le rôle politique des ulémas chiïtes à la fin de la domination ottomane et au moment de la construction de L’État irakien*, (Paris, Édition du Centre national de la recherche scientifique, 1991).

present day by other members of their families, reaching at times a clashing point between rival groups. Similarly, the quietist and activist trend cut across members of the same family. The more or less quietist Ayatollah Muhsin al-Hakim died in 1970 and since then members of his family have taken the lion's share in anti-Ba'athi activism, and accordingly also, Ba'athi retribution. Three of Muhsin al-Hakim's sons were leaders or leading figures in three different clandestine Shi'i organisations or groups. Mahdi al-Hakim was a leading figure behind the Da'wa party which started to organise secretly in the late 1950s. Shortly after the advent of the Ba'ath to power, Mahdi was arrested and accused of spying for Israel. He fled the country in 1969 and lived in exile until his killing in 1988. A second son, 'Abd al-'Aziz al-Hakim was the head of the Iraqi Mujahidin movement, which was formed in 1970 and specialised in anti-Ba'athi guerrilla attacks.

Muhammad Baqir al-Hakim, by far, the most famous and influential of all the brothers, was head of the 'ulama movement. Baqir al-Hakim fled to Iran in 1980 where he organised, in 1982, the umbrella organization, "the Supreme Assembly for Islamic Revolution in Iraq" (SAIRI, or SCIRI), which aimed at coordinating activities not just among Shi'i groups but also between them and Kurdish Islamist groups. In addition to the Da'wa Party, the Mujahidin and the 'ulama movement, SAIRI included another Shi'i group, the Islamic Action Movement which was established in 1965 and was headed by Taqi al-Mudarrisi, and three Sunni-Kurdish Islamic groups, which were established in 1980.¹⁸ Baqir's brother 'Abd al-'Aziz, was his deputy as head of SAIRI. The Hakims' activism did not go unnoticed by the Ba'ath. In 1983 it arrested ninety persons of the extended family and executed six of them—Muhsin al-Hakim's three sons and three grandsons—all of whom were 'ulama. In 1985 it executed another ten members of the Hakim family, and in 1988 it was behind the assassination of Mahdi al-Hakim in his exile in Khartoum.¹⁹

The Sadrs and Kho'is did not fare any better. In March 1980, the Ba'ath executed Ayatollah Muhammad Baqir al-Sadr and his sister Bint al-Huda. The unprecedented execution of such an eminent religious personality should be understood against the background of his own activities in Najaf as well as the Islamic revolution in Iran. Sadr, who was considered a brilliant Muslim thinker, was believed to be behind the 1977 disturbances and al-Da'wa activities. He was also an associate of Ayatollah Khomaini, who was in exile in Iraq between 1964-1978. Indeed both belonged to the activist trend and both adopted the concept of Muslim government. When

¹⁸ Farhad Ibrahim, *Al-Ta'ifiyya wal-Siyasa fi al-'Alam al-'Arabi*, (Cairo, MatBa'at al-Madbuli, 1996), pp. 412-415.

¹⁹ *Al-Tayyar al-Jadid*, 11 March 1985; *Le Monde*, 13 March 1985.

Saddam's sworn enemy, Khomani, staged the Islamic revolution in Iran, Sadr sent him a cable of support, moving the paranoiac Ba'th to believe that a similar revolution by Sadr in Iraq could not be excluded. These apprehensions decided Sadr's fate.

When Sadr was in Najaf, there was a certain amount of friction between him and the Grand Ayatollah Abu al-Qasim Kho'i (of Iranian origin) who, in 1970, followed on the footsteps of Muhsin al-Hakim as the spiritual leader of the Shi'i world. Kho'i was a quietist apolitical figure, but he aroused the wrath of the regime when he refused to condemn the Iranian offensive against Iraq in 1987, whereupon his son-in-law and his son-in-law's brother were put to death.²⁰ Later on, Kho'i was suspected of supporting the Shi'i intifada in 1991 (publicly he was made to accuse the participants of vandalism) whereupon he was exiled from Najaf and put under house arrest in Kufa until his death in 1992. Fearing that his funeral would cause turbulence, the authorities prevented a public funeral, imposed a curfew on Najaf, and announced his death only after he had been buried. The Ba'th vendetta went on and, in 1994, Kho'i's son, Muhammad Taqi, was assassinated, leaving another son as head of the Kho'i foundation in London.²¹

Desiring a quietist as spiritual leaders of the Shi'a, the Ba'th appointed after Kho'i's death, the 50 year old Sadiq al-Sadr. In doing so it bypassed the more eminent 'Ali Sistani, and trespassed on Shi'i tradition which ruled that the leader should be "elected" consensually within the community. But to the regime's great disappointment, Sadr did not live up to its expectations. Shedding his supposed quietism in favor of a more activist line, he started to criticise the government and encourage Friday prayers, which the Ba'th tried to stop. In one of these prayers in 1999, he appeared in shrouds, a customary act of defiance among the Shi'a, symbolizing readiness to die for a cause. The Ba'th reacted with the only policy known to it: the assassination of Sadr, together with his two sons, causing riots in different parts of Iraq, especially in the Shi'i Saddam city of Baghdad (now called *Madinat al-Sadr al-Munawwara*; "the Enlightened Sadr City")²² The riots were quelled quickly and it was now the turn of another quietist, 'Ali Sistani (of Iranian origin), to take the lead.

Since the 'ulama were too numerous to all be put to death, the Ba'th reverted to other methods for breaking their power, and drying up their

²⁰ *The Guardian*, 12 February 1987.

²¹ *Al-'Alam*, August 1994.

²² The Ba'th blamed "deviationists" for the killing. Iraqi News Agency, 20 February 1999.

resources. The policy of execution, killing and arrest of Shi'i 'ulama was meant to deliver several messages to the Shi'i rank and file: that Iraq would not be allowed to turn into a Shi'i state; that religious leaders cannot lead, let alone defend their followers as they themselves were vulnerable; and that riots or a revolution in the Iranian style would be met with the harshest measures. Indeed, pressure on the Shi'a became much stronger after the eruption of the Islamic revolution in Iran in 1978. The guiding principles of the regime were: preventing popular and mass gatherings of the Shi'a; breaking as much as possible the ties between the 'ulama and their followers; undermining the economic autonomy traditionally enjoyed by the Shi'i 'ulama, and weakening the status of religious sites or institutions.

The regime's anti-Shi'i measures included prohibition on *Husayniyya* processions and the *Ashura* procession from Najaf to Karbala so as to prevent them from turning into anti-Ba'thi riots. The Ba'th established what it called committees for "religious indoctrination" (*taw'iyya diniyya*) for supervising Friday prayers, men of religion, religious places, and any other religious activities. It also tried to prevent collection of the special tax to the 'ulama, and thus kill two birds with one stone: cutting the vital ties between the 'ulama and their followers and breaking the autonomy of the 'ulama by turning them into government officials.

The city of Najaf, once the center of the Shi'i world, suffered one blow after another at the hand of the Ba'th. Religious seminars in the city were closed down.²³ Iranian students, men of religion and pilgrims who in the past had constituted an important part of the religious activities in this city and in Karbala, were prevented from entering Iraq especially after the eruption of the Iraqi-Iranian war in 1980. Najaf stopped being the point of departure for the pilgrimage to Mecca, and on the whole lost its centrality to Qom in Iran. Another method for discouraging religious activities was by barring funds for new mosques in Shi'i areas. Thus, for example, between 1968-1982, the Ba'th built ninety-eight mosques in Baghdad governorate and none in four Shi'i ones, including Najaf itself.²⁴ The devastation caused by the Ba'th to the holy shrines in Najaf and Karbala after the intifada of 1991 is now an open secret. And even though the Ba'th rebuilt them afterwards, the scars are still evident.

Notwithstanding these repressive measures, or perhaps because of them, Shi'i clandestine organisations proliferated under the Ba'th. Numbering seven or eight, they were led by 'ulama and had a religious platform; not a

²³ By 1986, the authorities closed eighty-six religious centres all over the country. *Le Monde*, 8 March 1986.

²⁴ *Al-Amakin al-Muqaddasa fi al-'Iraq*, (Baghdad, 1983).

single one was secular. Considering al-Da'wa, and rightly so, as the strongest, the best organised and the most dangerous group, the Ba'ath acted harshly against it. In early 1980, membership in al-Da'wa was decreed a capital crime, punishable by death, and made retroactive to boot. In other words, a law legitimised previous killings of al-Da'wa members, undoubtedly carried out without trial. Justifying the executions of al-Da'wa people Saddam Husain said when addressing their families a few years later: "Was your son hunting birds in the streets or was he referred to the court and ... executed according to law because he belonged to an agent party"? "All our laws say 'cut off his head', so when we cut off his head [you] should not reproach us".²⁵ An activist of al-Da'wa who survived Saddam's bloodbath claimed after his fall, that the total number of al-Da'wa members killed in thirty-five years of Ba'athi rule, was no less than 60,000.²⁶

The Ba'athi persecution shattered al-Da'wa's organisation inside Iraq. Speaking sarcastically, Tariq 'Aziz, who was himself a target of a failed assassination attempt by this group said: "Some of them are living happily in the paradise of Iran; the rest are on the streets of Damascus. They are excellent tourists".²⁷ In fact, great numbers of al-Da'wa members and other groupings were forced to leave the country, becoming dispersed in various countries in the region and outside it. In this way they lost direct ties with their followers. Al-Da'wa itself was split into three rival groupings. All the organisations were divided among themselves, ideologically and politically. They had different countries as their patron and different agendas for post-Saddam Iraq. Some of them cooperated with other Iraqi parties, such as the Kurds, and some began a few years ago to hold contacts with the Americans and British, as part of the preparations for the war.

SAIRI, headed by Baqir al-Hakim and which had its bases in Iran, was the most organised of all Shi'i groups, with a special 15,000 militia force, the Badr Corps, made of former Iraqi PoWs and exiled Shi'a. SAIRI epitomised the dilemmas facing all the other Shi'i groupings. It needed Iranian support so it had to toe Tehran's line. On the other hand it did not want to be left behind if and when the change would take place in Iraq, so it had to approach the US, Iran's "arch" enemy. Its doctrine calls for an Islamic state but on the other hand it had to come to terms with other secular or ethnic groups such as the INC or the Kurdish parties. It desired that the Americans win the war but it did not want to identify itself with

²⁵ *Al-Thawra*, 22 October 1985.

²⁶ BBC, (in Arabic), 9 May 2003.

²⁷ *NYT Magazine*, 3 February 1985.

“Iraq’s enemy”. With these dilemmas, the Shi‘i ‘ulama and their organisations had to begin a new life in Iraq.

The sudden freedom brought by the American/British occupation stunned the Shi‘a, catching them unprepared. Unlike the Kurds, who had enjoyed ten years of autonomy and thus had time to organise openly and begin building the basis of civil society, the Shi‘a had to start from scratch. When the lid on the pressure cooker was suddenly lifted, many forces, groups and organisations emerged from the underground, attempting to fill the power vacuum left by the shattered Ba‘th. Unlike the more or less stable situation in the Kurdish camp, the Iraqi Shi‘i world is in a state of flux. The Shi‘a have remained, as in the past, with no unifying goal, ideology, organisation or leader. The mushrooming of organisations and leaders after the war complicated matters even further.

The Shi‘a are divided between two major camps; the secular and religious; between those who advocate a Western-style democratic government and an Islamic one, between supporters of the Islamic republic in Iran and its opponents, between pro-Americans and anti-Americans, between quietists and activists, between the “insiders” and the “outsiders”. Still all of them have one thing in common: they do not want to separate from the state, they want to be the rulers of the state. Although it is impossible to decide at this point in time the proportional size and strength of each camp, one thing is certain, namely that a latent struggle for power has already begun between different individuals representing various trends and ideologies. Family members of the leading ‘ulama in the Ba‘thi era are now occupying center stage, attempting to reshape the Iraqi state and the place of the Shi‘a in it. Shi‘i politics in Najaf after the war can serve as a case study for this development.

In the last years of the Ba‘th regime there were four leading ‘ulama in this city, most important of whom was Grand Ayatollah Sistani. All are elderly, and belong to the quietist trend. Possibly thanks to this quietism they managed to weather the crisis of moving from one era to another. Sistani himself was said to have issued opposite *fatwas* calling both for jihad against the Americans and for non-action against them. At the beginning of the recent war, a young ‘Alim activist in his twenties, Muqtada al-Sadr emerged as a rival to Sistani and his quietism. Son of Sadiq al-Sadr who was killed in 1999, and son-in-law of Baqir al-Sadr who was killed in 1980,²⁸ Muqtada is attempting to use the aura of those two as a stepping stone for a leadership role of the Shi‘a. His activism also brought him soon to clash with ‘Abd al-Majid al-Kho‘i, son of the late Abu al-Qasim al-

²⁸ *Financial Times*, 8 June 2003.

Kho'i, who came back from exile in London, at the end of the war. A struggle for power developed between the second generation of the old Ayatollahs, with Kho'i the "outsider" supporting the allies and a democratic government for Iraq. The struggle did not last for long, as shortly after his arrival to Najaf, Kho'i was killed, together with a shrine gatekeeper, by followers of Sadr.²⁹ Since that episode, the powers of Muqtada al-Sadr have been on the ascendance. He built for himself a new military force, "*Jaysh al-Mahdi*", he strengthened his control over *Madinat al-Sadr* in Baghdad, and he kept challenging the American/British administration as well as the Iraqi Governing Council established in summer 2003. His ties to Iran and his strong activism have already turned him into a major destabilizing element in the Shi'i arena.

Another Shi'i leader who made his comeback to Najaf after twenty-three years of exile in Iran was Baqir al-Hakim. Hakim had brought with him an organisation (the Badr Corps), activism and charisma. Hakim aspired to be both the spiritual and political leader of the Shi'a, something which in the longer run might have put him at loggerheads, not just with the young Sadr but also with the elderly Sistani and the other three spiritual leaders, who were considered to be more learned than him and hence higher in the religious hierarchy. Much more important than those inside politics, were the relationships that have developed between Hakim and his followers with the joint American/British administration in Iraq. Hakim managed to adopt an ambiguous stance and to send double messages, as he had to address three different audiences at one and the same time: his one-time Iranian supporters, Iraqi Shi'i followers and rivals, and the American occupiers/rulers. Baqir al-Hakim's activities came to an abrupt and tragic end with his death together with some eighty people in a car explosion in Najaf on 29 August 2003. His brother, 'Abd al-'Aziz al-Hakim, followed him as head of SAIRI, but the whole episode does not augur well neither to the welfare of the Hakim family nor to the intra-relationship within the Shi'i community itself.

On the whole, the entire Shi'i community is now in the "trial and error" stage, tasting the freedom brought them by the Americans but also testing the limits and boundaries of this freedom. Already now there are manifestations of anti-Americanism in Sadr city of Baghdad, as well as in other places in the country. The secularists of the "inside" and the "outside" are attempting to outbalance these extremists, but it is still too early to say which of the two trends will gain the upper hand. On the whole, the Shi'a are on the horns of more than one dilemma. They don't want to antagonise overduly their American/British saviours, but they don't want to be seen as

²⁹ *Financial Times*, 12 April 2003.

collaborating with them either. They wish the foreign armies to leave the country as quickly as possible, but they don't want them to do it before the Shi'a organise and take control of the country. The Shi'a's leaders might ideally wish to see an Islamic theocracy in Iraq, but realpolitik might move them to accept a sort of Lebanese democracy. All these dilemmas dictate a wait and see policy on the part of the majority of the Shi'a, but the longer the interim period lasts, the greater the chances for the extremists to take lead of the Shi'i camp becomes.

Conclusions

The collapse of Iraqi state authority and the blurring of the lines between the Sunni centre of power and the Shi'i and Kurdish periphery, gave rise to the strengthening of competing foci of loyalties. Kurdish identity was greatly boosted because of a decade of autonomy; the Kurds' achievements in the war and because their main enemy has disappeared from the scene. And while they are playing an increasing role in the shaping of the new Iraq, they are at the same time bolstering their autonomy, no doubt at the expense of the central state authority.

As for the Shi'a, their identity has at long last received "legitimacy". They can identify themselves as Shi'a, they can perform all their religious ceremonies freely and openly, and they can negotiate for power with other Iraqi groups as well as with the allies. But unlike the Kurds, their Shi'ism need not come at the expense of their "Iraqiness".

The Sunnis, for their part, not only have they lost their power bases, but with the dissolution of the Ba'th party, they have been divested of the very ideology which tied them to the Sunni Arab world and identified them with it. Will this increase their Iraqiness at the expense of their pan-Arabism?

In fact, parallel to these developments, one can perceive a growing sense of Iraqi patriotism, among both Sunnis and Shi'a (but not Kurds) which was reinforced by the allied forces various acts of commission or omission since the end of the war. The most important manifestation of this Iraqi patriotism are the growing acts of resistance against US and British forces. Thus, not only must the allies perform the ambitious task of state-building and nation-building of an alien country, but they are also required to do so in a very unfriendly surrounding, bordering on a war of attrition, which might last as long as they remain in Iraq.

The Iraqi situation is in a state of flux that confronts the Americans with difficult dilemmas. They are relentlessly fighting Islamism everywhere in the world but they may have inadvertently helped it flourish in Iraq. They proclaim their wish to bring democracy to Iraq, but this means allowing freedom of expression and organisation to the very forces which will do their best to undermine the power of the allies. To enable democracy to

take root in Iraq, the allies will need to remain for a long time. But the longer they stay, the more they will arouse antagonism, and risk been seen not as liberators but just another imperialist force, no different from the British in the early years of the state. Avoiding this will be their most difficult challenge.

Iraq and the Perils of Regime Change: From International Pariah to a Fulcrum of Regional Instability¹

Toby Dodge

Senior Research Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick

My contemporaries, our feelings and sensitivities, were forged on the battlefields of Vietnam where we heard the garbage and the lies and we saw the sacrifice, and I ask you, is it happening again? The present handling lacks a coherent strategy, a general plan, and sufficient resources.

General Anthony Zinni, US Marine Corps (ret.)²

Introduction

It is hard to over-estimate what is at stake in Iraq today. Initially its occupation and transformation was to have been the defining moment of George W. Bush's presidency. For neo-conservative foreign policy makers in the administration the old Iraqi regime came to symbolise all that they were fighting against in a post 9/11 world, a third world state that had thumbed its nose at the international community for over a decade despite invasion and the harshest economic sanctions ever imposed.³ The removal

¹ Research for this paper was carried out in Iraq in September 2002 and May 2003.

² General Zinni was commander in chief of US Central Command from 1997 to 2000, and commander of US forces in Somalia during part of the 1992-94 intervention. The quote is from a speech he gave on Thursday 4 September 2003.

³ See for example Nicholas Leman, "After Iraq: The Plan to Remake the Middle East", *The New Yorker*, 17 February 2003.

of Saddam Husain's regime and the growth of a stable and hopefully democratic government in its place was to send a message to the rest of the developing world. This was to show the lengths Washington would go to achieve its core foreign policy goals but also the type of international system those goals were aimed at creating. To quote the President himself, "A new regime in Iraq would serve as a dramatic and inspiring example of freedom for other nations in the region."⁴

However the removal of Saddam Husain has proved to be the beginning not the culmination of a long and very uncertain process of occupation and state building. A combination of ideological vigour, insufficient planning and misperception about the Iraqi state and society has meant that the aftermath of war has proved much more troublesome than regime change itself. The lawlessness and looting that greeted the liberation of Baghdad on 9 April 2003 has been replaced by widespread criminality, violence and instability. US troops now face a low level insurgency that, over August and September, spread its geographic reach and levels of violence and destruction.

The failure of American attempts to replace Saddam Husain's regime with a stable, liberal and pro-US government would have catastrophic consequences. For George Bush and his neo-conservative advisers the jettisoning of a defining foreign policy goal would be a public humiliation that the American electorate could severely punish. For the projection of US power in a post 9/11 world such a setback, at the heart of an already turbulent region, would greatly undermine the coherence, confidence and strength of the post-Cold War hegemon. However, the failure of regime consolidation for the Middle East itself, would if anything, be even more problematic. A violently unstable Iraq, bridging the *mashreq* and the Gulf would undermine the already fragile domestic and the regional stability of the surrounding states and the wider region beyond. Iraq would act as a magnet, drawing in radical Islamists from across the Muslim world, eager to fight US troops on Middle Eastern soil. In addition neighbouring states would be sucked into the country, competing for influence, using Iraqi proxies to violently further their own regime's interests.

In the face of this increasing violence and societal alienation the occupying authorities face a very complex set of tasks. In order to stabilise the situation the US has to successfully solve three distinct clusters of problems simultaneously. The first and most important short-term problem is law and order. Militarily the US needs to stop the growing momentum of the insurgency, identifying its leaders, support networks and funding, while

⁴ 'President Discusses the Future of Iraq', George W. Bush, speaking at the American Enterprise Institute, 26 February 2003, Washington Hilton Hotel, Washington DC.

taking care not to further alienate the Iraqi population. It also needs to impose and then guarantee order across the country. This means directly targeting the criminal gangs that are making the lives of ordinary Iraqis a misery. Simultaneously the civilian arm of the occupation, the Coalition Provisional Authority (CPA), needs to move much more quickly towards rebuilding Iraq's crippled infrastructure, pouring greater levels of financial and human resources into Iraq to tackle the chronic lack of electricity and poor sanitation. Concurrently the CPA has to start rebuilding the institutions of the state, broken by three wars in the last two decades and twelve years of sanctions. In order to gain legitimacy and stability the CPA needs to show that the state, through its civic organisations is reaching out from Baghdad into the ordinary lives of all Iraqis. Finally, in the face of forty-five years of dictatorship, the CPA has to nurture democratic institutions and build a civic polity.

In order to stand any chance of successfully carrying out these Herculean tasks, the US dominated occupation force needs to recognise the nature and foundation of its previous mistakes. These are primarily not manpower issues, to do with the numbers and types of troops involved. To date the occupation has been undermined by a profound misunderstanding of the country they are dealing with. The CPA needs to implement a speedy review of its perceptions of and interactions with Iraqi society. Only then can it put the state building mission it is now involved in on a firmer long-term basis. To succeed this whole process must be quickly multi-lateralised. Since April it has become increasingly apparent that alone America does not have the expertise in state building, the numbers of troops or indeed the financial resources needed to re-build Iraq and guarantee its long-term stability. Without the active involvement of the international community the United States will not be able to extract itself from a vicious circle of increasing violence, societal alienation and rising human and financial costs.

Saddam Husain's Legacy: Iraqi Society in the Aftermath of Regime Change

During the invasion and in its immediate aftermath, the nascent CPA and US forces appeared to be working under a profound misperception about the Iraqi state and its interaction with society. The war was largely fought on the assumption that US forces would decapitate the regime and then rule through the institutions of the state in the conflict's aftermath. Upon liberation, the working premise was that US forces would inherit the institutions of Saddam Husain's government largely intact. After severing the small, dictatorial and unrepresentative elite from state institutions and

society, US forces would utilise the Iraqi civil service to organise a grateful country free of Ba‘thist tyranny.⁵ It is this misconception that is largely to blame for the scandalous lack of planning about what to do in the aftermath of regime change. US planners believed that they would inherit and rule through Saddam’s state minus Saddam. The reality faced today is much more complex and difficult to deal with. Certainly the Ba‘thist regime built under Hasan al-Bakr and then consolidated under Saddam Husain did build a set of powerful state institutions through the 1970s and 1980s. These managed to reshape society, breaking resistance and atomising the population. However, these institutions were greatly weakened and ultimately transformed under twelve years of sanctions. The result in Iraq today is a highly mobilised but atomised society unrestrained by effective state institutions.

Iraqi history from 1920 onwards is a story of a state desperately trying and often failing to control a fractured and violent society.⁶ In the past Iraqi governments have been seen by their populations as illegitimate, to be tolerated if necessary and resisted if possible. Since independence in 1932 organised groups within society have contested the power of central government. Successive regimes have ruled over a population whose identities have been amalgams of competing allegiances. The adherence of Iraqis to a national polity has slowly evolved and strengthened since 1958, but it has always had to compete with local sub-state or religious and cultural supra-state loyalties.⁷

Iraqi regimes, because of their perceived vulnerability, have sought to maximise their autonomy from society, with varying degrees of success, becoming dependent upon external funding for financial viability. This was first supplied in the 1920s and 1930s by British government aid and since 1958 from oil revenue. This means Iraqi regimes have never had to raise large amounts of tax from or become beholden to domestic interest groups. This in turn has given the government increasing autonomy to control society.

Although figures for the amount of oil revenue going to the Iraqi government remain contested it is safe to say that from the early 1970s vast amounts of money began to flow into the government’s treasury. Estimates put average amounts of oil revenue at \$600 million from 1970 to 1972. By

⁵ For a more detailed exposition of this argument see Toby Dodge, “US Intervention and Possible Iraqi Futures”, *Survival*, 45:3 (Autumn 2003), pp. 110-112.

⁶ See for example, Toby Dodge, *Inventing Iraq: The Failure of Nation Building and a History Denied*, (New York and London, Columbia University Press and Hurst & Co., 2003).

⁷ See Sami Zubaida’s article in Robert A. Fernea and Wm. Roger Louis, *The Iraqi Revolution of 1958. The Old Social Classes Revisited*, (London, I.B. Tauris, , 1991).

1976 this figure had jumped to \$8.5 billion and was up to \$26 billion by 1980. This had the effect of greatly increasing the influence the Iraqi government had over society. For example from 1958 until 1977 the personnel employed by the state jumped from 20,000 to 580,000. This figure does not include the estimated 230,000 people employed in the armed forces or the 200,000 dependent upon the state pension scheme. The total figure for the state payroll in 1990 was estimated to be 822,000. These figures point to the dependence upon the state that the vast majority of the population had developed by 1990. 21 per cent of the active workforce and 40 per cent of Iraqi households were by then directly dependent upon different forms of government payment for their well-being.⁸

This shifting base of the political economy of Iraq in the 1970s delivered massive and unprecedented power into the hands of those who controlled the state. Due to land reform programmes instigated by the Ba'ath party the state became the largest landowner in Iraq.⁹ It also funnelled its new resources into a social security system, new housing projects and impressive investments in health and education. The result was that the population of Iraq from the 1970s onwards was increasingly and personally linked directly to the largess of state institutions well funded by oil wealth. Trade Unions and social organisations external to the state were broken. Individuals found their welfare and economic needs depended upon their own unmediated relations with the state.¹⁰

Individual Iraqis throughout the late 1970s and 1980s became increasingly aware that their new-found economic prosperity was dependent upon loyalty to Saddam Husain. As political dissidents across Iraqi society found out, especially in the Kurdish areas of the north, questioning government authority or campaigning for change had harsh political and economic consequences. Politically the newly found wealth of the state was largely spent on the army and the security services. 40 per cent of oil wealth during this period was spent on arms purchases that directly increased the state's ability to control its population. The state used its resources to bind individuals and sections of society to the state on the basis of loyalty to Saddam Husain and the ruling elite. Dissent perceived or real would be punished economically in the first instance and if more serious, with the deployment of the state's vastly increased capacity for organised violence.

⁸ See Isam al-Khafaji, "The Myth of Iraqi Exceptionalism", *Middle East Policy*, 4 (October 2000), p. 68.

⁹ See Charles Tripp, *A History of Iraq*, (Cambridge University Press, 2000, Cambridge) pp. 205-206.

¹⁰ See al-Khafaji, "The Myth of Iraqi Exceptionalism".

By the late 1980s Iraqi society had been effectively atomised, intermediate institutions, political, economic or social had been broken by the military and economic power of the Ba'ath. Those societal institutions that were perceived by the regime to be useful were then reconstructed under government patronage to serve as vehicles of mobilisation, resource distribution and most importantly control.¹¹ It is the power of these state institutions, forged in the 1970s and 1980s, which US forces assumed they would inherit once they reached Baghdad. Through them the US planned to stabilise the country in the immediate aftermath of regime change, before moving on to reform and democratise the state.

However, the eight-year war with Iran, then the 1990-91 Gulf war and finally the imposition of draconian sanctions in its aftermath transformed the Iraqi state and with it Saddam Husain's strategy of rule. From 1991 until 2003 the effects of government policy and the sanctions regime led to hyperinflation, widespread poverty and malnutrition. The historically generous state welfare provision that had been central to the regime's governing strategy disappeared over night. The large and well-educated middle class that had grown in the years of plenty to form the bedrock of Iraqi society were largely impoverished. The story of Iraq from 1991 until 2003 is that of a country that underwent a profound macro economic shock of enormous proportions.

The rapid ending of imports and exports after Iraq's invasion of Kuwait drove annual inflation since 1991 to levels as high as 500 per cent. The middle class was devastated to the extent that it is hardly detectable as a category any more. A UN survey for example, estimated that 63 per cent of professionals were, in the late 1990s, engaged in menial labor. In the early 1990s import levels fell to well below countries such as Zaire and Sudan.¹²

For at least the first seven years of their imposition the sanctions regime imposed on Iraq proved to be extremely efficient in that it denied the government in Baghdad access to large amounts of money. From 1990 government economic policy was largely reactive, dominated by the short-term goal of staying in power. Contradictory initiatives hastily adopted were often reversed when their negative results became clear. With the economy placed under a comprehensive and debilitating siege, the government sector was largely reduced to a welfare system distributing limited rations to the

¹¹ See Dodge, "US intervention and possible Iraqi futures", p. 109.

¹² See Peter Boone, Haris Gazdar and Athar Hussain, "Sanctions against Iraq: Costs of Failure", paper presented at Centre for Gulf Studies and the Iraqi Economic Forum Conference on Frustrated Development: The Iraqi Economy in War and in Peace, University of Exeter, 9-11 July 1997, p. 10.

population. The rapid decline in government income not only forced the drastic reduction of state welfare provision it also marginalised its role in the economy.

As the state's economic role shrank a free market of sorts sprang up to take its place. In combination with this growth in the free market the Iraqi population as a whole suffered greatly. The rapid and unplanned decrease in state spending hit the most vulnerable members of society whilst forcing public sector workers to survive as best they could in the private sector.

The shrinking of the official Iraqi state after the Gulf war resulted in the reinvigoration of a new political elite. One of the main reasons the 1991 post Gulf War rebellions in the south of the country did not succeed was the rural population largely refused to take part. Instead they chose to remain passive until it was clear which side, the government or the rebels would prevail. This allowed the Iraqi army to move through the countryside of southern Iraq dealing with one rebellious urban centre after another.

The quiescence of the rural population during the 1991 revolt allowed Saddam Husain to develop a further network of patronage. In effect he de-centred responsibility for the provision of order to recreated neo-tribal networks based on rediscovered tribal shaikhs.¹³ By appointing recognised shaikhs across Iraq, Saddam Husain targeted another group of people to receive the regime's resources in return for loyalty to himself. He created another informal channel of power to run alongside the others that had served him so well over the last twenty years.¹⁴ The result was to further fracture the already traumatised and impoverished Iraqi polity.

However, for the socio-political future of Iraq, the rapid deterioration of the visible institutions of state power under sanctions was perhaps of even greater importance. With the drastic reductions in state resources Saddam Husain had to concentrate his energies on keeping alive the networks of patronage and the security services that secured his rule over and above anything else. The official institutions of government were the main target of the 1991 rebellions in the north and the south of the country. Offices were ransacked and civil servants had to flee. Before 1990 the bureaucracy of the Iraqi government had been complex and all pervading. But during the 1990s the effects of "self-financing" meant the official institutions of the state were hollowed out. Bribery became rampant with a civil servant's official wages almost valueless.

¹³ See Amatzia Baram, "Neo-tribalism in Iraq: Saddam Hussain's tribal policies 1991-9", *International Journal of Middle Eastern Studies*, 29 (1997), pp. 1-31.

¹⁴ Faleh A. Jabar, "Sheikhs and Ideologues: Deconstruction and Reconstruction of Tribes under Patrimonial Totalitarianism in Iraq, 1968-1998", in Faleh A. Jabar and Hosham Dawod (eds), *Tribes and Power: Nationalism and Ethnicity in the Middle East*, (London, Saqi, 2003), pp. 69-101.

The official and visible institutions of the state were effectively targeted by both the 1991 rebellion but more perniciously by twelve years of sanctions. As part of the regime's strategy for survival resources were drained from government offices, the welfare system and education. Civil servants, teachers and medical staff had to manage as best they could; extracting resources from the impoverished population that depended on their services. Over the 1990s many professionals left the public service either to take their chances in the private sector or flee into exile. The state that the US had hoped to inherit in April 2003 was by that time on the verge of collapse. The third war in twenty years and three weeks of looting in its aftermath pushed it over the edge. What had started as a mission of regime change and then the radical reform of governing institutions has now become an extended exercise in state building. This means the whole mission will be far more costly and will require much greater expertise and resources than those in the Pentagon had anticipated. The US is now involved in building state institutions from the ground up.

Beyond the collapsed governmental institutions an even more problematic situation now faces the American occupiers, that of Iraqi society. The internal dynamics of this society, traumatized by war and sanctions, will be crucial to how the country, and the region beyond it, evolves in the medium to long term. Social anthropologists have noted that multi-ethnic societies are animated by two interconnected but opposing dynamics. The first is the search for identity and the desire of specific communities to be recognized and included on an equal basis in competitive national politics. This struggle for recognition leads to the development of sub-state groupings as powerful markers of individual identity. The second contradictory dynamic is played out on a national level and is the desire for and identification with a powerful and active state. The state in this instance is the receptacle for the hopes of stability as well as the vehicle to provide a growth in countrywide living standards. The future possibilities for Iraqi politics under occupation are driven by these two divergent dynamics, between a militant nationalism or the particularistic demand for sectarian recognition based on religion and ethnicity.¹⁵

Greater state intervention in the societies and economies of developing states often cause increased ethnic or religious resentment aimed at a regime seen as a symbol of inequality. Iraq like many bureaucratic authoritarian states in the Middle East during the oil boom tried in the name of national development to combine control of the economy with state building. Under sanctions and now under occupation, the state became one of the few

¹⁵ See for example Joseph Rothchild, *Ethnopolitics, A Conceptual Framework*, (New York, Columbia University Press, 1981).

domestic targets for resentment and political mobilisation. Saddam Husain's awareness of this process led in part to him embarking on military adventurism abroad to divert domestic dissatisfaction at home.¹⁶ As the failure of such tactics began to weaken the state, organized dissent became more coherent and violent.

For these sub-state identities to become politicized and active there needs to be elites with the ability to mobilise a section of the population against the state.¹⁷ In addition there needs to be a perception amongst these groupings that resources or public goods were both scarce and unfairly distributed. These two process once set in motion become mutually reinforcing and difficult to reverse. Whilst oil wealth was in relative abundance the regime of Saddam Husain managed through a combination of violent sanctions and comparatively copious rewards to maintain a relatively quiescent population. But the slow decline of official state institutions in Iraq, identifiable since the 1980s, has been greatly exacerbated by regime change and the three weeks of looting in its aftermath. Since regime change and the return of numerous exiled politicians there has been a sharp rise in the number of "ethnic entrepreneurs" attempting to mobilize sectarian sub-state groupings. The formation of the Interim Governing Council has exacerbated and even institutionalized this problem. By publicly insisting on "balanced" ethnic representation, the CPA has introduced an overtly ethnic dynamic into Iraqi politics. The number, power and divisive effect of ethnic entrepreneurs added to the "militarization" of Iraq currently underway becomes a potent force for political destabilization. The scramble for increasingly scarce resources, both economic and political, can only accelerate this process and further divide the Iraqi polity.

The logic of societal trauma under three wars in the last twenty years, twelve years of sanctions and now occupation is also fuelling a growth in the use of radical Islam as a rallying point for political mobilization. This phenomenon is clearly detectable in both the Shi'i and Sunni communities. The Shi'i 'ulama has a long history of organizing around religious identity in an attempt to fend off state sponsored secularism. The repression vented on this community since 1991 has driven many into exile but has also exacerbated the basis for a sectarian identity and created a deep pool of resentment.

With the absence of state welfare and social provision the danger is that sub-national social disintegration will also be encouraged by competing regional powers. Iraq's Shi'i and Sunni religious organisations have already

¹⁶ See F. Gregory Gause, III, "Iraq's Decisions to Go to War, 1980 and 1990", *Middle East Journal*, 56:1 (Winter 2002).

¹⁷ See for example Joseph Rothchild, *Ethnopolitics*, p. 29.

developed functioning clientalistic relationships with Middle Eastern states.¹⁸ The channeling of funds to different sections of society through segmental organizations can only increase the threat of widespread violence and possibly even national disintegration. The passing of money and weapons to the military wings of the various groups formed in exile has further exacerbated this dynamic, splintering these organizations along potentially sectarian lines as they compete for influence within society politically, financially and eventually violently.¹⁹ The current law and order vacuum in Iraq has encouraged these militias (specifically the Free Iraqi Forces of the Iraqi National Congress and the Badr Brigades of the Supreme Council for the Islamic Revolution in Iraq) to increase their activities in society, demanding political loyalty in return for unreliable guarantees of security. This fracturing of society has been further encouraged by Saddam's strategy of ruling through tribal organisations and shaikhs adding another divisive dynamic to a society already haunted by the possibility of disintegration.

The trauma of war and a rapid and externally driven decline in living standards and social structures since 1991 has also resulted in an alternative dynamic, the rise of a militant and aggressive Iraqi nationalism. The widespread state inspired credo of Arab Nationalism has historically found support amongst a population that perceives Iraq as unjustly treated by the West and wider international society. The grueling eight year war of attrition with Iran combined with the extended twelve years of suffering under sanctions has fuelled the rise of a powerful nationalism, born of a stubborn pride that Iraq has managed to survive in spite of all that has happened to it. Obviously the present situation cannot but exacerbate such perceptions. The failure of Baghdad's liberated population to offer the ecstatic welcome to US troops predicted in Washington is indicative of the power of nationalism in Iraq.²⁰

¹⁸ See "Iraq, Fragile Future", *The World Today*, 56:1 (January 2000).

¹⁹ See Isam al Khafaji, "A Few Days After: State and Society in a Post-Saddam Iraq", in I. Al Khafaji and S. Simon (eds.), *Iraq at the Crossroads: State and Society in the Shadow of Regime Change*, (London and Oxford, International Institute for Strategic Studies and Oxford University Press, 2003).

²⁰ That this surprised US forces is indicative of the advice they were getting and the advisers they were using. "When Makiya and two other Iraqis were invited to the Oval Office in January [2003], he told President Bush that invading American troops would be greeted with "sweets and flowers". See George Packer, "Kanan Makiya, Dreaming of Democracy", *New York Times Magazine*, 2 March 2003. Some Middle East experts were also prone to over confident analysis, see Fouad Ajami, "Iraq and the Thief of Baghdad", *New York Times*, 19 May 2002, Section 7; p. 9. Ajami's prediction that Baghdadis would greet US troops with joy was quoted by Vice President Cheney in a speech to the Veterans of Foreign Wars 103rd convention, 26 August 2002.

This societal volatility and instability has been heightened by a dangerous polarization of society between those reduced to poverty and those elevated to the ranks of the super rich. The sanctions whilst impoverishing the majority have created a small group of *nouveau riche* profiteers. Their wealth is a conspicuous target for resentment. These two factors have started to combine behind a political movement that demands a militant, active nationalism focused on re-establishing Iraq as a regional power. The potency of such a movement (comparable in some ways to post Soviet Russia or Weimar Germany) would be enhanced by a harking back to fondly re-imagined times when Iraq was strong and could take care of its population. If this dynamic takes hold and spreads across the south and centre of the country a populist movement would find it relatively easy to mobilize a population already angry and alienated from the international community. In addition to demanding the withdrawal of all foreign troops and personnel the widespread dislike amongst Iraqis of the post Gulf War border settlement with Kuwait could serve as a potent rallying call with which to reassert Iraq's power within the region.

Sources of Instability, Political Violence and Crime

The planning for post-war state building in Iraq was undermined by misperceptions about the Iraqi state and its relations with society dominant amongst policy makers in London and Washington in the run up to the war. There is increasing evidence that comparative misperceptions are also undermining the CPA's ability to understand the sources of the violence that has come to dog the occupation.

During August 2003 the violent insurgency against US occupation escalated into an all out campaign of sabotage and terror. On 7 August a car bomb blew up outside the Jordanian embassy killing seventeen people and injuring fifty. In the middle of the month Iraq's main oil pipeline, the economic lifeline of the country, was blown up two days after its post-war return to service. On 19 August a lorry packed with over a thousand pounds of explosives was detonated below the office window of Sergio Viera de Mello, killing him and twenty-two others. De Mello was the man in whom the United Nations had invested its hopes and plans for the regeneration of Iraq. Finally in the last few days of August a massive explosion outside the Imam Ali Mosque in Najaf, (one of the holiest shrines of Shia Islam), not only cost the lives of one hundred innocent civilians but also murdered Ayatollah Muhammad Baqir al-Hakim. Al Hakim was the leader of the Supreme Council for the Islamic Revolution in Iraq. SCIRI, was one of several organisations claiming to represent Iraqi Shi'a and a group that the UK and US had been assiduously courting to form the cornerstone of a new political order in post-Saddam Iraq.

The scale of the bombings in August, the casualties they inflicted and their locations, finally put an end to the CPA's oft repeated mantra that things in Iraq were getting better, despite much evidence to the contrary. Even the British Foreign Secretary, Jack Straw, on the day after the bombing of the UN headquarters', was forced to agree that the explosion was a "wake up call to the world". After surveying the acts of terrorism and sabotage he concluded that, August had been "a bad month in Iraq, there is not the least point in pretending otherwise, with the problems we had in Basra, the attack on the Jordanian Embassy, the attack on the oil pipeline and the attack on the water pipeline in Baghdad."

In addition to the three large-scale attacks the cost of occupying Iraq, in terms of both lives and money has been escalating since US troops symbolically toppled the statue of Saddam Husain in Fardus Square on 9 April. From 1 May, when George Bush declared the end of the war until 31 August, 143 US troops were killed, four more than were killed during the war itself. By the beginning of June the CPA faced the problem of a sustained, if disorganised, insurgency against them. Attacks on coalition forces are averaging fourteen to fifteen a day.²¹ In a classic case of asymmetrical warfare, small bands of highly mobile assailants are making use of their local knowledge to inflict fatalities on US troops at an average of at least one a day.

There has developed amongst senior staffers in the US administration a homogeneity of viewpoint in explaining the causes of both the insurgency and the large-scale terrorist attacks. General Richard Myers, the chairman of the US Joint Chiefs of Staff, has been keen to stress that resistance is neither monolithic nor nation-wide. He argues that 90 per cent of the incidents are in the so-called "Sunni triangle" of north-west Iraq, running from Baghdad north to Mosul and west to the Jordanian border.²² Washington has been keen to portray the violence as the work of regime "hold outs", die-hard Saddam loyalists who may have formed utilitarian alliances with radical Islamists from across the Middle East.²³ The logic of this argument is that the violence is highly unrepresentative of Iraqi popular

²¹ See Army Lt. Gen. Ricardo Sanchez, commander, Coalition Ground Forces, comments, Friday, 5 September 2003, at Media roundtable at Camp Victory, Iraq.

²² See transcription of Fox News, Sunday, 6 July 2003.
[<http://www.foxnews.com/story/0,2933,91170,00.html>]

²³ George W. Bush, "President Addresses the Nation", Address of the President to the Nation, The Cabinet Room, 7 September 2003, and Testimony as Delivered by Deputy Secretary of Defense Paul Wolfowitz, and Director, Office of Management and Budget, Joshua Bolten, and Acting Chief of Staff, US Army, General John Keane, Tuesday, 29 July 2003.

opinion, geographically located in a comparatively small area of the country and politically limited to those fanatical enough or stupid enough not to realise that the old regime is dead and buried and that opposition to the brave new, (US sponsored), world is futile. In George Bush's own words: "There are some who feel that the conditions are such that they can attack us ... My answer is, bring 'em on ..." However, the fact that twenty US soldiers were wounded in attacks across Iraq the day after the President's pugnacious statement suggests the sources of violence may be more widespread than at first suggested and hence ways of combating them much more complex than George Bush hopes.²⁴

For foreign occupation to be successful, the population has to be overawed by the power, scale and commitment of the occupiers. The speed with which US forces removed Saddam Husain's regime certainly impressed the Iraqi population. In the immediate aftermath of 9 April there was little doubt that US military superiority was absolute. But the inability or unwillingness of American forces to control the looting that swept Baghdad and the continued lawlessness that haunts the lives of ordinary Baghdadis has done a great deal to undermine that initial impression of American omnipotence. This combined with the lack of reliable electricity and water supplies has fuelled both anger at and alienation from the CPA. US troops, deployed behind the barbed wire and concrete walls, now appear remote, detached from and knowing little of the every day struggles of ordinary Iraqis.

Against this background the violence dogging the occupation springs from three separate sources with a multitude of causes beyond the "fanatical holdouts" of the old regime. The first group undermining law and order are "industrial scale" criminal gangs operating in the urban centres of Basra, Baghdad and Mosul. It is organised crime that makes the lives of Baghdadis so miserable. These groups, born in the mid-1990s when Saddam's grip on society was at its weakest, have been revitalised by the lawlessness of present day Iraq. Capitalising on readily available weapons, the lack of an efficient police force and the CPA's chronic shortage of intelligence about Iraqi society, they terrorise what is left of middle class Iraq, car-jacking, house-breaking and kidnapping, largely with impunity. It is groups like these that make the road from Amman to Baghdad so dangerous, regularly relieving foreign journalists of their dollars, equipment and cars.

The second group involved in violence is, as the CPA argues, the remnants of the Ba'ath regime's security services. Sensing both the vulnerability and

²⁴ See *Time*, European edition, 14 July 2003, p. 35.

incoherence of occupation forces they began launching hit and run attacks on US troops in May and have increased the frequency, skill and geographic scope with which they are carried out.²⁵ Repeated large-scale swoops of north-west Iraq by US troops, Operation Peninsula Strike, Operation Sidewinder and Operation Soda Mountain, may have resulted in the capture of large amounts of munitions, but they have also been accompanied by the deployment of large numbers of troops, mass arrests and widespread house searches. This has done little to stem the tide of violence. Without accurate intelligence and local knowledge such raids do, slowly, locate the remaining key players of Saddam's ruling elite. But in the process they alienate large sections of the population in the targeted areas. Large numbers of arrests, detention in harsh condition and the ramshackle methods of interrogation and trial are bound to fuel resentment and swell the ranks of the violently disaffected.²⁶

The final sources of violence is certainly the most worrying for the CPA and the hardest to deal with. This can be usefully characterised as Iraqi Islamism, with both Sunni and Shi'i variations. Fuelled by both nationalism and religion it is certainly not going to go away and provides an insight into the mobilising dynamics of future Iraqi politics. An early indication of the cause and effect of this phenomenon can be seen in the town of Falluja, thirty-five miles west of Baghdad. In spite of Paul Wolfowitz's assertions to the contrary, Iraqis did not regard Falluja, prior to the war, as a "hotbed of Ba'athist activity".²⁷ To the contrary, Falluja has a reputation in Iraq as a deeply conservative town, famed for the number of its mosques and its adherence to Sunni Islam.²⁸ In the immediate aftermath of regime change Iraqi troops and Ba'ath Party leaders left the town. Imams from the local mosques stepped into the socio-political vacuum, bringing an end to the looting, even managing to return some of the stolen property.²⁹

²⁵ The extent to which these attacks are co-ordinated by Saddam Husain or his lieutenants is difficult to assess. The fact that Hani 'Abd Latif, the head of the old regime's elite security force the Special Security Organisation is still at large may be indicative of the survival regime command and control. See Ali Ballout, "Is Saddam Hussain's Post-war Plan Unfolding?" *The Daily Star*, Lebanon, 28 August 2003.

²⁶ On the arbitrary nature of CPA justices and its negative effects see Jonathan Steele, *The Guardian*, G2, 15 August 2003.

²⁷ See Paul Wolfowitz, Deputy Secretary of Defence, General Peter Pace, USMC, Vice Chairman Joint Chiefs of Staff, Alan Larson, Assistant Secretary of State for Economics, Business and Agricultural Affairs, testimony before the Senate Foreign Committee, 2:35 pm, Thursday 22 May 2003.

²⁸ Interviews carried out by the author in Baghdad, May 2003.

²⁹ See Jonathan Steele in Baghdad, *The Guardian*, Tuesday, 6 May 2003.

The fact that this became a centre of violent opposition to US occupation so soon after liberation is explained by Iraqis I interviewed in May as a result of heavy-handed searches carried out by US troops in search of leading members of the old regime. Resentment escalated when two local Imam's were arrested. Events reached a climax when US troops broke up a demonstration with gun-fire resulting in seventeen Iraq fatalities and seventy wounded.³⁰ The repeated violation of the private sphere of Iraqi domestic life by US troops searching for weapons and fugitives caused deep resentment, especially when combined with the seizure of weapons and money. It has to be remembered that as brutal as Saddam's regime was, it never sought to disarm the Iraqi population. The tragic deaths of six British soldiers in June in the southern town of Majar al Kabir, although almost certainly carried out by Shi'a, can also be explained in a similar fashion. It was preceded by a British army operation designed to recover weapons by searching houses. The resentment this caused erupted when a heavy deployment of British troops was replaced by a small number of lightly armed military police.

The inability of the CPA to impose law and order on Iraq has created a security vacuum across the whole of the country. It has also fuelled a nation-wide rise in resentment directed at American occupation, an occupation that is seemingly unable to supply, reliable drinking water, electricity or even stability. This chronic instability in Iraq has driven two contradictory socio-political dynamics. Militias, increasingly organised along sectarian lines have increased their power and visibility on the streets of Iraq's major towns. The incoherent and bias application of CPA disarmament edicts, allowing Kurdish militias to retain their arms while demanding that certain Shi'i ones cannot, has led to the militias filling the social space formally occupied by central government. Although these militias enjoy little popular support their very existence is testament to the inability of the CPA to guarantee the personal safety of the Iraqi population. The second socio-economic trend is the rise of a violent and militant nationalism. Capitalising on the CPA's chronic lack of intelligence, groups opposing the occupation have managed to launch a sustained and effective insurgency. Undoubtedly using personnel and weaponry from the old regime they have added to this a potent ideological mix of Islam and nationalism. The increasing frequency, accuracy and geographic spread of these attacks highlights the great difficulties the CPA has in combating the politically motivated violence.

³⁰ See Jonathan Steele in Falluja, *The Guardian*, Wednesday 30 April 2003.

Conclusions

The collapse of the bi-polar management of international affairs with the end of the Cold War brought increased complexity and uncertainty to international relations. The Bush doctrine largely dreamt up and imposed in the aftermath of 9/11 was an attempt to impose order and certainty on the postcolonial world. Regime change in Iraq was placed at the heart of the Bush doctrine, defining its scope and ambition.³¹ By removing Saddam Hussain and replacing him with a pro-Washington government, the neo-conservatives influential in the White House were attempting to signal to the rest of the Middle East and the developing world beyond that sovereignty had distinct limitations. The right of non-intervention was to be earned by meeting responsibilities set out by Washington, primarily the disavowal of weapons of mass destruction and terrorism. So long-term success in Iraq, the reform of its state and the imposition of stability was central not only to Bush himself but to a vision of post cold war international relations at the heart of American foreign policy.

However, the ambitious nature of the Iraqi intervention did not appear to be apparent to those in Washington who launched it. Although military intervention into failed or rogue states has becoming increasingly common in the aftermath of the cold war, they have to date been largely unsuccessful.³² The two definitive reports on international intervention take many hundreds of pages to say how the process should be carried out with great technocratic efficiency without going into any detail about how government institutions can be built and more importantly how they can gain acceptance amongst the populations they are meant to rule over.³³ Although the US forces now attempting to impose order on Iraq and re-build its institutions were themselves woefully ill equipped for the job, the last decade is short on best practice or shining examples for them to learn from.

For the reform of political institutions in Iraq to be successful the US has to set about building functional but also legal-rational and transparent links between the state and society. This is going to be an immensely difficult, time consuming and costly business. It will have to be carried out against a background of increasing violence and resentment directed at US forces

³¹ For the intellectual heritage of the Bush Doctrine see Toby Dodge, "Iraq and the Ordering of the Postcolonial World; from Woodrow Wilson to George W. Bush", in *Inventing Iraq*, pp. ix-xix.

³² For the number of post cold war interventions see James Dobbins et al, *America's Role in Nation-building, from Germany to Iraq*, (Santa Monica, RAND, 2003).

³³ See Lakhdar Brahimi, *Report of the Panel on United Nations Peace Operations*, UN document A/55/305S/2000/809 and *The Responsibility to Protect, Report of the International Commission on Intervention and State Sovereignty*, IDRC, 2001.

from within Iraqi society. The way a modern state attempts to impose order reshapes the society it is seeking to control. However it also transforms the nature of the government itself. The state has two types of disciplinary power at its disposal, infrastructural and despotic. Infrastructural power is based on the “the capacity of the state to penetrate civil society, and to implement logistically political decisions throughout the realm”.³⁴ It needs coherent and efficient state institutions that reach across the whole extent of a state’s territory. Most importantly the state needs legitimacy to negotiate with society and have its presence, the imposition of order and the extraction of resources seen as justifiable.³⁵ Despotic power, on the other hand, involves the extraction of resources from society without consent and the arbitrary but frequent deployment of violence to facilitate the state’s survival. At the present time in the face of an increasingly alienated population and successful insurgency the US military are not moving from the deployment of despotic to infrastructural power. If this situation continues the chances of stability let alone successful state buildings are non-existent.

US troops have now become the focus of growing resentment. This anger is partly an expression of frustration with the continuing lack of stability and essential services. But it also has its roots in a nationalist resentment of occupation. A rapid reduction in the profile of American forces would go some way towards dissipating this anger. Given the continuing and chronic security problems on the ground, the only way to diminish the US footprint, without resorting to even greater use of despotic power, is to internationalise the force policing Iraq with troops less likely to inspire the wrath of the nascent nationalist movement.

This process would be greatly aided by political decompression. Decompression would involve the creation of infrastructural links between ordinary Iraqis and their government at a local level across Iraq. Decompression has not been facilitated by the series of grand conferences held in Iraq in the aftermath of liberation. The sad reality is that the development of infrastructural power may actually have been hindered by the formation of a transitional governing body largely staffed and dominated by formally exiled politicians that have no links to the people they are claiming to represent. The wider population at best treats the exiles, personified by Ahmad Chalabi and the Iraqi National Congress,

³⁴ See Michael Mann, “The Autonomous Power of the State: Its Origins, Mechanisms and Results”, in M. Mann (ed.), *States, War and Capitalism, Studies in Political Sociology*, (Oxford, Blackwell, 1988), p. 5.

³⁵ Joel S. Migdal, *Strong Societies and Weak States. State-Society Relations and State Capabilities in the Third World*, (Princeton, NJ, Princeton University Press, New Jersey, 1988).

with indifference but much more frequently they engender suspicion and anger.³⁶ The creation of a governing council and cabinet may have gone some way to meeting regional and international concerns about US occupation. However in Iraq it has added to the alienation the population feels towards the CPA and the structures it is trying to create.

The alternative, the creation of local institutions, meeting local needs, staffed by local people will certainly take time. It will also involve the close interaction between CPA civil servants and the population they came to liberate. But this is the only way a stable, liberal and democratic state is going to be built in Iraq. Attempts to speed up or by-pass this slow incremental approach will result in further failure, instability and violence. The hasty creation of ill-considered political structures in Baghdad with no links to the majority of Iraqi society would simply fuel an existing sense of alienation among the population towards the CPA. Political representation has to be built in the provinces, where it will have meaning for the lives of everyday Iraqis. It can then, finally, be brought back to the capital.

³⁶ This is the findings of a large number of interviews carried out by the author amongst all sections of Baghdadi society in May 2003.

Iraq: Future of the Oil Industry

Walid Khadduri

Executive Editor, Middle East Economic Survey (MEES), Nicosia

Oil and politics have been mixed ever since oil became a major global trading commodity in the early twentieth century and started playing a vital role in world industry and the military machinery. A prime example was the role of oil in the carving up of the Arab world following World War I.

Today, oil has resurfaced on the world political scene as a result of September 11. However, there are quite different and conflicting images of oil in these critical days of the global system.

On the one hand, the US administrations, as far back as the seventies, have been trying to achieve as little dependence on Middle East oil imports as possible. This position has taken greater importance after 9/11. The argument put forth in the US is that Middle East oil supplies are not secure because of the many armed conflicts in the region, that Arab countries are inclined to use oil as a weapon against the west, and that political instability in the Middle East makes the region vulnerable to perpetual crises and hence, an unreliable partner.

The fact of the matter is that the US today imports no more than 2.4 million barrels per day (mn b/d) of Middle East oil (around 1.5mn b/d from Saudi Arabia, 700,000 b/d from Iraq—before the war—and 200,000 b/d from Kuwait) out of total imports of around 10mn b/d and overall demand of approximately 20mn b/d. In other words, the Middle East constitutes around 25 per cent of US imports and approximately 12 per cent of total consumption.

More important, however, is the question of security of supply. The record shows that despite repeated statements over the previous two decades about the insecurity of supply from the Middle East and the threat of sanctions, this dark scenario has not surfaced at all. The experience of the past two years provides a completely different picture.

Middle East states (the Arab countries and Iran), along with the rest of OPEC, have taken a conscious policy to separate oil from politics. The implementation of this policy has been demonstrated over and over again in the past two years during the Palestinian intifada, the many Iraqi crises with the UN and the Venezuelan strike and civil strife since December 2002 and the war in Iraq. The single and very small exception was the one-month shut-down of Iraqi exports in Spring 2002 in support of the Palestinian intifada.

However, the rest of the world sees the present conflict over Iraq as an American design to control Iraqi oil wealth, the second largest oil reserves after Saudi Arabia. The millions of demonstrators worldwide made this very clear through the slogans and banners that they have carried over the past few weeks.

In fact, this war is much larger than oil. There are important strategic doctrines involved.

First, and foremost, is the concept of pre-emptive strike and whether a state has the right to unilaterally declare war on another country before actual aggression has been contemplated, proven or carried out.

The other is the intention of the neo-conservatives in the Bush administration to use Iraq as an example, and a stepping-stone, to carry the Middle East over to the democratic camp even before dealing seriously and credibly with one of its most intractable problems: the Arab-Israeli conflict. It is not coincidental that this goal coincides rather well with the aims of the Likud-led Israeli government insist on having a free-hand in crushing Palestinian resistance to occupation, and continue to ride on the back of the 11 September campaign against terrorism by depicting the Palestinians as terrorists, rather than themselves as an occupying power that has made a mockery of UN resolutions.

These factors do not disregard US interests in Iraqi oil. However, the complex nature of Iraqi politics and the status of its oil industry are such that it is not easy for the US to exercise control and monopoly over it, even if we assume that it plans to do so. In essence, the maturity of the country's oil institutions and its domestic politics, as well as exogenous factors, make it difficult for the US to exercise exclusive control over the industry.

The story of the Iraqi oil industry in the past half-century has been one of lost opportunities, as a result of domestic political turmoils, destruction of

facilities because of wars and degradation resulting from sanctions. The net result is that the country's current production capacity of 2.7mn b/d is not commensurate with its 112 billion barrels of proven reserves and low cost of production, estimated at around \$1/billion.

In a nutshell, Iraq is known to possess around 526 hydrocarbon structures, but only 125 (20 per cent) have been drilled. Moreover, only fifteen fields, out of seventy-three that have been discovered, are operating. Iraqi oil professionals estimate that the country has the potential to produce around 4.7mn b/d of crude oil from discovered fields that are ready to be developed provided the necessary political and financial circumstances are there to allow for such a massive effort.

The experience of producing countries worldwide has shown that having the potential is not the same as having the capacity to put on stream the volume that Iraq can eventually supply to world markets.

Near-Term Options

In the next two or three years, Iraq's oil production capacity will be mainly a function of the country's political stability and its ability to muster the necessary capital to sustain present production levels as well as regain the production capacity that was available at the time of the Kuwaiti invasion in August 1990.

Iraqi oil professionals estimate that the country's oil production may drop in the very near term after regime change and, after marshalling the necessary investment output could be raised to the pre-1991 level of 3.5mn b/d in approximately three years time with an investment of around \$2-3bn for the upstream. The downstream, which has been much neglected and damaged in the past decade, would need at least \$700mn to rehabilitate it and bring its standards and quality of products up to international levels.

Many of these projections are predicated on the assumption that there will be political stability in the country. There are two relevant issues here.

First, what will be the nature of the post-Saddam rule? Will it be a purely US-led administration, military and civilian, or will it be an alliance of the opposition forces composed of Kurds, Shi'a and pro-US forces, or will it be a UN-administered regime that would run day-to-day operations and prepare the grounds for a democratically elected government? There are no clear answers yet.

Moreover, what will the local Iraqi reaction be to any one of these rules? Will US military officials allow professional Iraqi technocrats to play a significant role in the administration of the country's domestic affairs, or will they be merely rubber-stamping decisions already agreed upon by US officials? Will the technocrats and opposition forces cooperate actively and

positively with either of the regimes, or will they demand more authority and jurisdiction in the transitional stage? And, will there be active resistance to a foreign-led rule, and how stable and peaceful the oil regions will be in the aftermath of regime change?

Second, there is the whole question of instability as a result of neighboring interference in local affairs. The possibility that Turkish armed forces occupy northern Iraq and contest power and influence over Kirkuk with the Kurdish population of Iraq is a powder keg of unlimited dimensions. Not only would the northern part of the country remain unstable, hence making Kirkuk crude an unstable source of oil supply, but there is a real possibility that this would invite direct Iranian intervention in domestic Iraqi affairs in order to create a balance of power with that of the Turks. This is a new/old regional conflict that has characterised Iraqi history over many centuries. One direct result of this political skirmish would be to de-stabilise the south where most of the current and potential oil resources are located.

Future Options

There are already several opinions expressed by Iraqi opposition figures and oil professionals about the long-term future of the Iraqi oil industry. They all agree that there is an opportunity now, after several decades of neglect, to develop Iraqi oil production to its maximum potential.

There are several general ideas that professionals agree on concerning the future of the Iraqi oil industry:

The oil industry should remain centralised, whether Iraq remains a unitary state or a federal one. How the oil revenue will be distributed is another matter. It is expected that more funds would be allocated to the provinces after much deprivation under the present regime.

It is expected that there will be external (foreign powers) and domestic (local leaders and communal influence) pressures to influence the oil decision-making process; hence it is important to adopt a transparent system from the start.

The industry today is full of stories about how US oil firms will dominate the scene or how Iraqi oil is already carved up among the big powers, or some of them. There are also many stories circulating about influential people in the opposition knocking on the doors of CEOs to facilitate matters for them after regime change. The only way to overcome these pressures and to facilitate for an early take-off of the oil industry in a professional way is to have a level playing field in a competitive and transparent manner. Otherwise, the industry's growth will be stymied and not allowed to develop normally and efficiently.

There is a general understanding, however vague, that International Oil Companies (IOCs) will participate in the future Iraqi oil industry. There is great awareness that much funding, management and technology will be needed to monetise the huge reserves, and rehabilitate present facilities, as well as to build new ones. There is also awareness that there will be competition among the various sectors of society and the economy for the limited available financial resources. Finally, it is assumed that the overwhelming number of personnel currently running the oil industry will continue doing so. Changes would affect the top decision-makers only.

However, there is disagreement on the means and end.

One view being advocated is to reach a production target of 8mn b/d, or even 10mn b/d by the turn of the decade. Hence, it is argued, in order to reach this target it is necessary to privatise the Iraqi oil industry, along with the rest of the economy.

The argument here is that it would take an investment of around \$5-6bn annually to develop the capacity of Iraq to such levels. However, since the country's economy is in a dire situation bridled with debts and owed compensation of around \$200bn, and since the oil industry has greatly deteriorated, particularly the level of manpower and management due to the wars and sanctions, there is great need for reforms. Several ideas have been proposed: the Norwegian model, whereby Statoil, which was first 100 per cent owned by the Norwegian Government but is now partially privatised by around 20 per cent, which could be increased in the future; or the Russian model after the collapse of communism and the conversion of the oil industry into the private sector which has achieved progress for expansion in the industry.

A main proponent of this model is Dr. Fadhil Chalabi, the former Undersecretary of the Ministry of Oil and Deputy Secretary-General of OPEC and current Executive Director of the Center of Global Energy Studies in London. According to Dr. Chalabi, the privatisation arrangement "would provide two distinct advantages: firstly, better management, superior technology, lower cost, greater income for the government through taxation and, above all, the rapid expansion of the industry. Secondly, its provision of a huge inflow of foreign currency would speed up the reconstruction of the economy and combat the threat of hyper-inflation, improve the living standards of the people, as well as help the revival of the other sectors of Iraq's economy, in particular agriculture."¹ However, Dr. Chalabi admits that this radical proposal has its limitations and would need time to implement. "This radical reform in the structure of the oil

¹ *MEES*, 24 March 2003.

industry in Iraq would need a thorough study by experts in legal and financial affairs, and it could take time before clear cut measures are taken”, adding further this “kind of radical reform may face particular resistance in Iraq, especially by the older generation, which may still be attracted by outdated concepts of oil nationalization”, he said.

Another approach being advocated is one whereby early efforts would focus on rehabilitation of present facilities through engineering and service contracts to bring them back to their former capacity of around 3.5mn b/d. However, any major development would have to await the election of a government, debate of an oil policy, legislation of a hydrocarbon law and then negotiations with international oil companies. Under such a scenario, it is projected that Iraqi oil production capacity would increase to around 5-6mn b/d by the end of the decade.

Mr. Issam al-Chalabi, the former Iraqi Oil Minister, has advocated that present producing fields remain with the Iraq National Oil Company (INOC). The development of discovered but undeveloped fields, he says, should be opened for IOCs with a specific option being made available in each contract to the INOC and private Iraqi firms. Mr. Chalabi has also proposed that all present contracts with IOCs be reviewed and that an amicable solution would be for these firms that already hold contracts, and there are only a handful of such accords, to form consortia with other IOCs.

According to Mr. Al-Chalabi, “Development contracts signed, initialed or negotiated since 1991 should be addressed on a case-by-case basis, with possible approval, revision, or annulment, depending on the terms of the accords. This is necessary since these agreements were awarded on a political and not purely economic basis. Nonetheless, and taking into consideration political reality, a possible scenario would be to encourage holders of present contracts to team up with local private firms and other IOCs and establish new consortiums that will provide finance, technology and management. Such new partnerships would enhance the position of a new Iraqi government to widen and diversify its international relations and provide the country’s oil industry better opportunities than are currently available.”²

Challenges Ahead

It goes without saying that the first important element in the future development of Iraq’s oil industry is the establishment of political stability. This means, in effect, that there are no armed conflicts in the country itself, that there is a basic *modus vivendi* among the major domestic political groups, and that the oil policy is debated and legislated by an elected

² *MEES*, 17 February 2003.

parliament. This is a tall order and would take some time. Exactly how long will depend on the political arrangements made in the months following regime change and the ability of the new political forces to draw up a new social contract for Iraq that will be able to bring about a new social and political peace in the country.

The second element is the overall economic conditions of the country. After three wars and twelve years of stringent sanctions, the local economy is exhausted and debilitated. There are around \$200bn of debt and compensation. The dinar has collapsed. Private industry is a shadow of its former self and the managerial and professional class has largely emigrated. In order for Iraq to attract private investment, an international economic conference on Iraqi financial obligations, forgiving some, and installing and restructuring others, is required. Before this step is accomplished, it is doubtful that international firms would risk investing the billions of dollars in an unstable political and economic environment.

The third, and final, requirement is to understand the US objectives in Iraq. It is not clear, from the public statements issued so far, what exactly are the objectives of this campaign: elimination of weapons of mass destruction, regime change, a democratic model for the Middle East, eradication of terrorism, etc. It is also not clear what economic model is intended for Iraq. Will there be a concerted campaign to establish a free-market economy right from the start, and more importantly, will there be an open and level playing field. In this case, transparency will be needed to ensure that there is a rule of law and accountability domestically, as well as that any opening of contracts to international firms would be open to all those concerned and capable, and not restricted to a few countries.

Conclusion

The fact that Iraq is endowed with huge economic reserves has never been in doubt. The problem has been to arrive at an agreeable political formula to allow for a sustained development policy, without interruptions and disruption. What has stymied the development and growth of Iraqi oil potential are the armed conflicts, sanctions and political environment that has characterised Iraqi political development in the past few decades.

Moreover, the recent experiences of other oil-producing countries have demonstrated quite explicitly that introducing radical reforms, without taking into consideration domestic developments such as the interests of the national oil company, labor unions and major domestic political forces, means in the final analysis that the proposed reforms stall and fail. In essence, wasting years of talks and negotiations to no end.

Furthermore, the question of Iraq's membership in OPEC should not be in doubt. The simple fact of the matter is that Iraq contains huge oil reserves,

some discovered, others still in the potential stage. Hence, Iraq has a vested interest in prolonging the life span of oil use in the world economy as long as possible. This means Iraq's national interest lies in stable oil markets, secure oil supplies and prices that are conducive for both producers and consumers. Iraq's interest does not lie in unstable markets or cheap prices.

Finally, the Iraqi oil industry, like those of other Middle Eastern countries, will not be able to grow and prosper if there is to be continuous violence and wars in the region. The investment climate in the area is being jeopardised by the continuous series of wars that have prevailed in the region during the past decades. There are three reasons to doubt the prevalence of a peaceful regional system in the foreseeable future:

- There is a new vision of the region being advocated by the neo-conservatives in the US where old taboos are discarded and agendas changed. Whereas the Second Gulf War in 1991 aimed to retain the status quo, the war on Iraq calls for changing it. Highlights of the new era are regime change, starting with Iraq, downgrading the role of the Gulf in the global energy markets, and the emergence of new alliances.
- The regimes in the area continue to take matters into their own hands. There is very little taking place to widen political participation, involve new social elements who can help draw up a more modern vision of the future, solve regional conflicts and undertake more active engagement in global issues. The main challenge for local governments these days, that of dealing with radical Islamic organisations, is being handled mainly on the security level without addressing its root cause. The biggest unknown is the Arab public reaction after regime change in Iraq and the presence of an American administration in Bagdad.
- The Palestinian-Israeli conflict is getting worse by the day, with no end in sight, and there are many regional ramifications, particularly regarding the radicalisation of the Arab public, its increasing anti-US attitude, cynicism towards the double-standards of the world community in dealing with Israel, and the convergence of the US and Israeli agendas on Arab issues.

Iran, the United States and the War on Baghdad

David Menashri

Head of the Department of Middle Eastern and African History, Parviz and Pouran Nazarian Chair, Modern Iranian Studies, Tel Aviv University

The war in Iraq has far-reaching implications for Iran's policy and standing. It took place in a neighbouring country in which Iran has vital interests. It was waged by Iran's archenemy (the United States), against its main regional adversary (Iraq). While the war could advance certain Iranian interests, it also implied serious challenges, depending on the identity, stability and policy of the future regime in Iraq; on the post-war status of Iraqi Shi'a and Kurds; and on the degree of American involvement and regional developments. Thus far, the spectacular demonstration of strength of the US-led coalition, the abrupt collapse of the Iraqi armed forces and the continued US presence in Iraq, seem to have exacerbated the risks for Iran, while producing only a few of the potential benefits. The military victory is beyond a doubt, but its outcome—for the future of Iraq, for American future involvement and the implications for the region—is not yet fully evident. Still, for Iran, the reality on the borders has already significantly changed and, thus far, not to its advantage.

This momentous change occurred during a rocky time for Iran's domestic front. In fact, in its first twenty-four years in power, though generally successful in consolidating its rule, the Islamic regime proved less effective in easing the mounting—social, political and economic—problems that were the root cause of the revolution. Relations with most of its neighbours were marked by distrust and hostility for most of the period. For all practical purposes, the United States continued to symbolise the “Great Satan”. Such domestic and regional realities continue to represent the core

challenge facing the Islamic regime. Under such acute impediment, Iran was recently faced with critical changes on its borders—from both the east (Afghanistan) and west (Iraq)—in addition to the challenge from the US, which has insisted on pursuing its “war against terrorism”, included Iran in the “Axis of Evil” and has now encircled all of Iran’s borders.

As the battle on Iraq moved on to its second, political-economic phase, and while momentous developments are still in the making, it seems premature to make final conclusions about its outcomes and implications. Therefore, this paper limits itself to analyzing Iranian interests and politics up to, and during the military confrontation, and pointing to the dilemmas and considerations influencing Iran’s policy-making in the period immediately following the military victory.

Clearly, Iran’s domestic politics, foreign outlook and the attitudes on the war can hardly be separated. Revolutionary, national and factional considerations play a role in influencing its attitude to the newly emerging situation around its frontiers, while the results of the war have significant effects on Iran’s domestic landscape, regional interests and posture. Therefore, to provide a broader picture of Iran’s complex considerations and politics, this paper will strive:

- To examine the attitude to the war in the context of Iran’s domestic developments and regional politics; and to sketch the considerations affecting its approach to the region and beyond.
- To delineate elements of continuity and change in the Iranian attitude towards the US and the war, prior and during the military operation; and its initial position in the period immediately following the fall of Baghdad.

Revolutionary Ideology versus National Considerations

The Islamic revolution was a major turning point in the modern history of Iran, with reverberations far beyond its borders. Carried on the wave of their dramatic victory, Ayatollah Ruhollah Khomeini and his disciples sought to implement the revolutionary ideology, to alleviate the general feeling of malaise in the country, to develop Iran into a prosperous country and, in turn, to further consolidate and legitimise clerical rule. Gradually, however, ideology was subordinated to interests and actual policy succeeded to somehow combine ideological conviction with a healthy dose of regard for its national interests. Yet, with respect to the specific areas of reform, the appropriate degree and rate of change and the general foreign outlook, the domestic factions widely differed.

Both main trends competing for sway—generally defined as “reformists” and “conservatives”, with many sub-groups in each camp—are struggling with fervor to dictate the politics of new Iran. While both emanated from,

and are related to the ruling system, their differences are profound. In a nutshell, this is a contest between the initial ideals of the 1979 revolution and the new spirit of the 1997 reform movement. It is equally a contest between institutions of power and emerging civil society; between the old guard and the new generation; between the elected and the nominated institutions of power. While reformists upheld greater political freedom, economic openness and social change, and advocated improved ties with the outside world, including defusing tension with the United States; the conservatives emphasised the centrality of the initial values and the supremacy of dogma in formulating policy and rejected the US completely. It is a profound and vigorous debate, based on such focal questions as religion and state, idealism versus national interests, isolationism against globalisation and the preferred attitude to be adopted vis-à-vis the outside world—particularly towards the neighbouring states and the West. The Iranian ship of state, thus, continues to vacillate between various poles, in constant search of a proper equilibrium between its Islamic heritage and pre-Islamic tradition, between Islam and the West and between revolutionary ideology and national interest. Consequently, Iranian policy remained fluid, divergent and often contradictory—in domestic politics as in foreign relations.

The reform camp had significant achievements in recent years. Their electoral wins—to the presidency in 1997 and 2001; to the municipalities in 1999 (but not in 2003); and to the Majlis in 2000—signaled popular urge for change. They also suggested that it was the people who had pushed the reform movement forward, not a particular person; President Mohammad Khatami is no less the leader of the movement than he is its product. Demography also favours this trend, as the youth supported reform en masse. Powerful as the conservatives appear, they seem to be driving on a one-way street “against the flow of traffic”.¹ The reform movement has already transformed the nature of political participation and altered the political landscape significantly. Symbols that had hitherto been held holy lost their haloes and fundamental taboos were broken. Iranians are now debating the most basic questions facing their country. Yet the reform trend has so far failed to lead Iran along the lines of its preferred schemes. For all practical purposes, in all significant tests of power the conservatives remained triumphant and the reformists were forced to comply.

Eventually, the “unelected few”—to use a favoured terminology from Washington—enjoy disproportionately more power in the ruling institutions than in society. Even if lacking electoral majority, they possess essential assets—they speak in the name of Islam and seem unwilling to

¹ See an article by an Iranian student, in *Jame'eh*, 19 May 1998.

voluntarily concede power. While the security forces provided them with the power of arms, hard-line clerics offered moral justification for suppressing their adversaries. In addition to the Supreme Leader Ayatollah ‘Ali Khamene’i, President Khatami had to reckon with other powerful institutions. The judiciary usually worked to block or slow down new initiatives and became an important vehicle in thwarting reformism. The Council of Guardians, the Expediency Council and the powerful revolutionary foundations, along with a range of semi-governmental bodies and vigilante movements often resist reformism. Former President ‘Ali Akbar Rafsanjani is another force with whom Khatami had to reckon. He lost much credit after his presidential terms (1997) and was humiliated in the 2000 Majlis elections. Yet, with his record and experience, coupled with his close ties to Khamene’i and leading conservatives, he is still a significant presence. In addition, he holds the sensitive post of the head of the Expediency Council—which has key decision-making authority in disputes between the different branches of government. Moreover, Khatami’s presidency, while harbouring the potential for change, did not constitute a new regime, but a fresh approach within the revolutionary system. Khatami viewed his mission as to reform policy, but not to change the regime; to save the revolution, but not to totally abandon dogma. No less significant, issues of great concern to the United States—i.e., national security, weapons of mass destruction—were all under the authority of the Supreme Leader, not the President.

In fact, in all major confrontations with the conservatives Khatami was forced to retreat. In July 1999, when the restrictions on the press law triggered students’ protests, Khatami was intimidated into an embarrassing silence, unable to defend his own supporters. In August 2000, with the election of a reform-oriented Majlis, Khamene’i ordered it to discard the press bill they wished to approve. Speaker Karubi was forced to comply, stating: it is “our duty to obey” the Supreme Leader.² The more recent phase in the ongoing tug-of-war was the dispute between the reform-dominated Majlis and the conservative-led Judiciary after the former rejected candidates introduced by the judiciary for vacant seats on the Council of Guardians in August 2001. The conservatives triumphed again and the reformists, to quote the president’s brother, Mohammad Reza Khatami “had no alternative” but to comply.³ There are certain common denominators in the three episodes. They attested to the conservatives’ determination to preserve their supremacy vis-à-vis the reform movement;

² *Bahar*, 7 and 8 August; *Hamshahri*, 7 August; *New York Times* [NYT], 7 and 9 August; *al-Khalij*, 9 August 2000.

³ Islamic Republic News Agency [IRNA], 7 August 2001.

they show that at crucial junctures Khamene'i ultimately supports the conservatives; that Rafsanjani and the Expediency Council are also more inclined to support them; and—no less important—that controlling the elected bodies is insufficient to advance policies that contradict the conservative line. The perimeters of change were therefore significantly confined—in domestic politics as well as in foreign relations.

Much like its domestic politics, Iran's pursuit of its regional goals has been based on a mixture of ideology and realism. Recent experiences—in Afghanistan and Iraq—attest to this. Yet, Iran has long shown a degree of realism in conducting foreign affairs. Even though national considerations were alien to Khomeini's Islamic theory, his regime nonetheless often chose to conduct policy from a perception of Iran's national interest. How does their assertion that there was no difference between Muslims—neither on ethnic or sectarian affiliation—accord with the article of the constitution laying down that only a Shi'i of Iranian origin can hold office as president? How can one reconcile the abhorrence of national divisions within Islam with the insistence that the Gulf be called Persian? Evidently, Khomeini did not exclude close relations with Arab nationalist and Ba'athist Syria—which in fact became Iran's main regional ally. While still avowing allegiance to their revolutionary creed, therefore, a measure of realism was inevitable—not from a newfound moderation, but from a pragmatism responsive to the exigencies of their situation.

An analysis of Iran's politics—all around its borders—demonstrates the degree to which the regime has distanced itself from the initial creed in favor of pragmatic policies. This was clearly evident in Iran's lack of backing to the 1991 Shi'i uprising in Iraq. For all their sectarian affinity with Iran, their struggle against Saddam Husain and the Ba'ath regime, their pledge to form an Islamic republic and their plea for the *mostaz'afin* (dispossessed)—Iraqi Shi'a deserved support. Yet, Iran did not come to their aid, fearing that they would fail and Iran's support would harm its interests. Iraqi Kurds, by contrast, seemed to have better chances to succeed then, but Tehran had little incentive to help materialise such an aim: their success could have a negative influence on Iranian Kurds. Similarly, in 1992, the Iranian move to ascertain its sovereignty over the three islands in the mouth of the Hormuz straits—Abu Musa, the Greater and Lesser Tunb—confirmed that Iran's policy was more faithful to its national interests, than to its professed dogmatic creed. Evidently, it wished to control the islands not as means to “export” Islamism, but to advance its strategic interests. Islamic dogma did not have much to do with its claims. Iran's policy vis-à-vis its Afghan neighbors in the 1980s also failed to show

any marked ideological purity.⁴ This has been even more visible following the Taliban takeover in 1996. In fact, the two countries were on the brink of war in 1998. Similarly, in dealing with the Muslim republics of the former Soviet Union, Iran's main focus was on expanding interests rather than winning souls. It wished to avoid instability, to bar the spread of negative influences (mainly from Azerbaijan), and to control population movement across its borders. It was careful not to antagonise Moscow and to maintain good relations with the republics' governments—none of them fits Iran's Islamic criteria. Eventually, the Iranian approach to the Azeri-Armenian crisis best illustrates this attitude. While officially, Iran adopted a neutral position, it eventually served as the main land supply route to Christian Armenia in its conflict with Shi'i-Azerbaijan. Iran also managed to demonstrate remarkable self-restraint and failed to castigate Russia's policy in Chechnia. In all these cases, interest triumphed over ideology, realpolitik over dogma.

Yet, even after toning down dogma, Iran still lacked friendly relations with most of its neighbors. The attempt in recent years to defuse tension did not entirely remove distrust. Clearly, the Middle East is not what Iran wished it to be, and the impact of the Islamic revolution has remained largely limited. Neither is Iran what its neighbors feared it would become: it seems more reactive to developments than an initiator of major policies; it feels threatened no less than it threatens others. Clearly, the revolution has by now matured and grown much more aware of the limits of its message. People are more discontent and many seem to have realised that fundamental reforms are essential to remedy societal malaise. Still, in regional diplomacy, much as in its domestic politics, pragmatic attitudes often went hand in hand with occasional outbursts of radical positions. In both domestic politics and foreign relations, thus, the reformists seem to opt for change but so far lack the power to advance it; the conservatives may be capable of promoting change, but hitherto prove reluctant to do so.

Since gaining power, the Islamic regime has perceived the United States as the "Great Satan". This remains one of revolution's most forceful symbols. Washington has turned into the main symbol of arrogance, the prime cause of all evils in the world and the main source of Iran's misery. Taking their clue from Khomeini's uncompromising philosophy, the conservatives continued to set the tone of the debate. Retreat from such an entrenched attitude proved extremely difficult. Yet, although visceral anti-Americanism has become an important symbol for the wider public,

⁴ Zalmay Khalilzad, "Iranian Policy toward Afghanistan since the Revolution", in David Menashri (ed.), *The Iranian Revolution and the Muslim World* (Boulder, Westview, 1990), pp. 235-41.

especially among the youth, it has always been mixed with an element of appreciation. In line with the general tendency towards greater pragmatism, some reformists had pleaded to rethink the hostile attitude. In reality, however, whatever pragmatic statements the reformists made were offset by the conservatives who have, for all practical purposes, retained effective control. Iran's anti-American stance, thus, remained a major symbol of the revolution, and deviating from it proved extremely thorny—almost tantamount to official admission that the revolution has failed.

Although the wounds of the past and mutual distrust continued to imperil “relations” with the United States, a measure of change has been registered, mainly following Khatami's election. Important steps have been taken by both sides since, but have all failed to produce a meaningful and actual change. The election of George W. Bush, and some of the initial statements by his administration, also signaled potential for change, provided Iran takes concrete steps to modify its policy. Oddly, Iran's stance in the region has benefited from important American “services”. In 1991, the US shattered the power of Iraq—Iran's enemy to the west; and in 2002, it destroyed the Taliban regime in Afghanistan—its enemy to the east. But if Iran thought that it could simply stand by as its objectives were again promoted by Washington, while pursuing policies that ran counter to American objectives, then Washington quickly extinguished that illusion by sending strong signals of its dwindling patience and mounting irritation.

The Bush Administration turned adamant in its demand for actual change in Iran. Even before Khatami embarked on his second term (August 2001), the US had extended the Iran-Libya Sanctions Act for another five years. In his January 2002 State of the Union Address, President Bush explicitly included Iran in his “axis of evil”. And in July 2002, he attacked the “unelected people who are the real rulers of Iran” while acknowledging the popular Iranian urge for reform and vowing that as they move toward a future defined by greater freedom, Iranians will have “no better friend” than the US⁵. This unequivocal American stance came as an unpleasant surprise to Iran's rulers, touching some very sensitive nerves.

This was America's version of “critical dialogue”—extremely critical of “the unelected few” while offering an olive branch to the people and their elected representatives.

This attitude appeared to be based on several solid foundations:

- The recognition that significant bodies of opinion in Iran favor sweeping reform, that the differences among various schools of thought are substantial, that young people are massively in favor of change, and

⁵ Mideast Mirror and Reuters, 12 July 2002.

that there are similar trends even among some of the senior clergy and other important sectors;

- The assumption, implicit in the declaration that change in Iran should—and could—come from within, that the US cannot impose change—as it tried to do in the past in Iran and recently in Iraq—but that it may help by offering encouragement to the Iranian public, which has acted in deciding its own fate over the past century and which does desire liberalisation.
- The disappointment with Khatami, who has thus far failed to translate his inner desires into policy, and the recognition that, in the current reality, the “unelected” remain effectively in charge;
- The sense that such a “dual-track” approach is best designed to intensify the domestic debate and accelerate the process of change in Iran;
- The understanding that Iran’s opposition should be neutralised as long as the crisis in Iraq continued.

On the eve of the war the domestic debate in Iran has taken on a new intensity. While the reformists seemed disillusioned and less active, the conservatives positioned themselves on the offensive. At this stage, it is still difficult to predict how and to what extent the war in Iraq will influence the current of change in Iran, just as it is difficult to know how the processes of change will have an effect on the American war on terror. But they will surely be affected by its outcome.

Towards a New Order on Iran’s Western Border

Iran’s attitude to the war—similar to its policy on numerous domestic and foreign policy issues—remained intricate and multifaceted. Clearly, Iran had no sympathy for Saddam Husain, but there was no great affection for the “Great Satan” either. Therefore, while two of its adamant foes were fighting each other, Iran wished to limit perilous ramifications and to advance its longer-range interests.

With regard to Iraq, although some of the interests of Iran overlap with those of the US, they are not necessarily identical. The two states differed in their perception of the Iraqi threat and—even more so—the ways to confront it. America’s status as the sole superpower and its inclusion of Iran in the “Axis of Evil”, along with Washington’s assertive attitude towards Iran, posed a serious challenge. Many of the stated objectives of the war—elimination of weapons of mass destruction, suppression of state-supported terrorism, regime change through external intervention, democratisation through military means—could easily be applied to Iran as well. Consequently, Iran persisted in its two-track diplomacy: vigorous criticism of the United States, coupled with pragmatic measures to safeguard its post-war interests. It laboured to strengthen its links with Iraqi

opposition, to deepen dialogue with Europe, to tighten ties with Russia, and even to reassure opinion in the US.

Both states have a deep distaste for Saddam and the Ba‘th regime, and both wished to see Iraq weakened. Yet, as the war drew nearer, the disparity in their attitudes came into sharp relief.

While Iran wished to see an end to the Iraqi regime, it was uncomfortable about the US toppling Saddam and the installment of a government of its choice. Viewed from Tehran, the war against Iraq was appropriate, but waged by the wrong power—the “Great Satan”.

While Washington wished for a swift and decisive victory, Tehran preferred it to turn into a long and protracted conflict, with no clear victor and with both sides troubled.

Unlike the US, Iran hoped that the war would provoke a storm of anti-Americanism—in Iran, other Muslim countries, and the entire world.

Iran wished to see Russia more active in confronting the US in the region (and continuing its arms supply to Iran), while Washington wanted to limit Russian involvement.

The US wished to be the main power behind the war against terrorism, while Iran wanted the international community to play such a role. Whereas the US viewed the war as another step in combating terrorism, Iran preferred that this will be the last phase in the war against terrorism.

The visions of Iran and the US for “the day after the war” are sharply conflicting.

The US seemed determined to preserve its interests in Iraq for the long-run and wished to play a central role in the rehabilitation of Iraq, while Iran was apprehensive of a prolonged American presence there and the formation of a government under its control.

Washington hoped to transform Iraq into a bridgehead for democracy throughout the region, while Iran was concerned with the spread of liberal ideas among its disaffected youth, particularly when it comes from the direction of Iraq and backed by the United States.

The least desirable scenario for Iran was Iraqi disintegration and the formation of independent entities, most perilously a Kurdish state on its Western border.

Washington wished to see Najaf reemerge as a major Shi‘i center, overshadowing the newly established role of Qom; Tehran feared that Najaf—under a pro-American government—would turn into a magnet attracting clerics opposing the philosophy of its revolution (see below).

While Iran could benefit from a weak Iraqi government after the war, a stronger government, capable of securing the free influx of oil from Iraq could better suit American interests.

While one of the most important aims of the US was to prevent new states in the region from possessing nuclear power, the lesson for Iran was totally different: the need to acquire such capabilities in order to save it from the fate of Iraq.

Finally, by invading Iraq, the US fulfilled one of Khomeini's main aims—the destruction of Saddam Husain's regime. Unlike Iran, the US wished to avoid realizing another Iranian aspiration—an Islamist regime in Iraq.

Although criticism of the US was almost universal in Iran, reformers and conservatives adopted notably different tones. The latter used particularly crude language, attacking the US for threatening to violate—and later violating—Iraqi sovereignty, and accused it of a conspiracy to steal the region's oil and control the entire region. The former avoided ideological demagoguery and chose their words more carefully. Following the military victory, with both countries laboring to reap the fruits of the war new conflicts have emerged. Iran's anti-US tone has turned sharper, criticizing the damage done to the Iraqi people and infrastructure, the civilian casualties, and acts of robbery and looting. Still, their main disagreement concerned the future government in Iraq, and the American drive to pursue the war against terrorism and avoid nuclear proliferation.

The conservatives' tone reflects a deep anti-American sentiment. For them this was an opportunity to degrade the US, unmasking its “true face”, rather than supporting the—much hated—Iraqi regime. Khomeini rebuked American officials for making a mockery of peace, human rights and democracy. Much like the “fascists and Hitlers”, he maintained, they have justified aggression to “secure their own interests”.⁶ Khomeini advised the Iranians to stay vigilant against British and American provocations: “we may have no military war”, he cautioned, but “will definitely have a political and economic, especially a cultural war”. In his view, the main aim of the war was to dominate the region and its oil riches and to protect Israel.⁷ Rafsanjani, reiterating that oil was the American main interest,⁸ and insisting that “Iraq should rid itself of weapons of mass destruction”, considered the US presence in the region even “worse than Saddam possessing these weapons”.⁹ Ayatollah Ahmad Jannati also blamed

⁶ Khomeini's statement in IRNA, 23 February 2003.

⁷ IRNA, 21 March 2003.

⁸ IRNA, 7 February and 11 March 2003.

⁹ *NYT*, 8 February 2003.

American leaders for acting “like Stalin, Hitler and Ghengiz Khan”.¹⁰ Had Bush appeared 150 years ago wearing a sheriff’s uniform, Kayhan added, someone would have shot down the American president, whom it labeled a “fascist”, “Hitler”, “war criminal” and “stupid”.¹¹ Following the fall of Baghdad, Kayhan International attacked the US for the war atrocities: “armed-to-the-teeth the Yankees pillage towns and cities, barging into the homes of respectable citizens, dragging Muslim women and children out into the streets and torturing and killing defenseless civilians.” It compared the war with the “blood-sucking megalomaniacs” of Mussolini, Hitler and Stalin. “Obviously”, it went on, President Bush “would outdo all those villains of yesteryears”. His administration, the paper added, “growls like a baboon whenever the Zionist lobby tugs its tail” to pressure other nations.¹²

The reformists used a somewhat milder language. Khatami accused the US of pursuing an “angry approach” to foreign policy.¹³ He viewed the war as “a threat against humanity and global peace”, being based on a “horrible illusion” that US might provides it the right to “impose its demands”.¹⁴ Foreign Minister Kamal Kharrazi underlined that Iran supported neither Iraq nor the US, but rather followed its national interests: “We are impartial but not indifferent.” He lashed at the US hypocrisy: Their credo “either you are with us or against us” assumes that “there are both good or bad terrorism”—al-Qa’ida is bad but Mojahedin-e Khalq is good, simply “because it does not jeopardise the US interests”¹⁵ (see also below). But there have been milder statements as well. On 23 February, some 100 Majlis Members passed a censure motion against Kharrazi, reprimanding him for his “untimely and unjustifiable decisions” to host the Iraqi Foreign Minister Naji Sabri. Now that the Iraqi regime’s hours “are numbered”, they maintained, there was “no justification” for such a visit.¹⁶ Even by lack of mentioning the US, the petition gave a subliminal approval to the campaign. Thus, the conservatives’ blatant anti-American attitude and the motion for impeachment represent the two extremities of the Iranian approach, with Khatami and Kharrazi situated somewhere in the middle.

¹⁰ IRNA, 22 February 2003.

¹¹ Kayhan, 21 January 2003, Middle East Media Research Institute [MEMRI], Special Alert, No. 6, 23 January 2003.

¹² Kayhan International, in IRNA, 5 April 2003.

¹³ Associated Press, 13 August 2002.

¹⁴ IRNA, 21 March 2003.

¹⁵ Iran, Ministry of Foreign Affairs website, 15 and 16 February 2003.

¹⁶ IRNA, 23 February 2003.

In a remarkable pre-war interview, which provoked a heated debate when it was published on 12 April, Rafsanjani referred to the possibility (however theoretical) of restoring ties with the US. Intricate issues, he said, should be brought to the Expediency Council (chaired by him) to pass judgment. Pending approval of the Supreme Leader, such a policy can be approved, by a referendum or by the Council. Rafsanjani grieved that in the past, Iran had missed numerous opportunities: making belated or wrong decisions, or refraining from making decisions. Now, he said, our officials are more skilled and ripe (*pokhteh*), possessing better understanding of worldly affairs to make fresh decisions—based on prudence. Relations with the US (or Egypt for that matter), he said, are not general-strategic (*kolli*) questions, but a specific-tactical (*mowredi*) one—over which officials could, and should decide. To substantiate his point, Rafsanjani cited Khomeini's verdict, sanctioning the authority of the state to even destroy a mosque and suspend the exercise of the basic religious duties, if state interest so required. In fact, Rafsanjani added, based on Islamic guidelines, all questions of foreign relations can be easily resolved. Moreover, he said, the assumption that relations with the US contradict our interests does not constitute a religious verdict, rather a mere political decision. Moreover, he stressed, "Our ideology is flexible" (*en'etaf-padhir*). In fact, to put the country in jeopardy, while maintaining that we act on an Islamic reasoning is in itself "not Islamic". Rafsanjani did not hide his inherent distrust of the US and its intentions. Yet, Iran's desire for revenge (*hess-e enteqam*), he warned, should not lead us to drive the region from a frying pan into the fire (from *chaleh* to *chah*).¹⁷

While it is not clear what is behind such statements, the very fact that it was made by someone like Rafsanjani is noteworthy. That the interview was given to Rahbord (Strategy)—published by Iran's Strategic Research Center—to two former deputy foreign ministers (Mahmud Va'ez and 'Abbas Maleki), adds to its significance. Interestingly, Rafsanjani advocates in his interview, adopting fast, decisive and timely decisions, but also recommends that officials "should also act in a zigzag manner" (*zigzag-ham 'amal konad*).¹⁸ Rafsanjani has shown in the past much flexibility in adopting new positions; he voiced mild views regarding the US in the 1980s, and was a leading pragmatist until not too long ago.¹⁹ His

¹⁷ Rahbord, 27 (Spring 2003), pp. 14-17, 25-26, 30. The interview was conducted in early February. For Khomeini's verdict, see: David Menashri, *Post-Revolutionary Politics in Iran: Religion, Society and Power* (London, Frank Cass, 2000), p. 14.

¹⁸ Rahbord, 27 (Spring 2003), p. 17.

¹⁹ David Menashri, *Iran: A Decade of War and Revolution* (New York, Holmes and Meier, 1990), pp. 389-393; Menashri, *Post-Revolutionary Politics*, pp. 57-58.

devastating electoral failure (in 2000) notwithstanding, he handles much power and may be interested to use the issue to launch a comeback. But it is not clear at all that he wished to lead such a policy change. Still, and even if the juicy portions of the interview have been denied, the interview is noteworthy. Such milder statements may suggest that Iran's leaders already appreciate the degree to which the war in Iraq may affect the entire region.

Reformists viewed Rafsanjani's statements as "worth thought",²⁰ and while intrigued by its timing, found it "lamentable" that during the past 25 years, Iran's national interests have been "ignored for petty political and factional interests".²¹ The conservatives were extremely critical. Jomhuri-ye Islami, refuting the wide-ranging interpretation of the interview, castigated IRNA for reporting the story, because, by quoting segments of the interview, it made it appear as if Rafsanjani "has made this proposal" under the impact of the American victory.²² Kayhan wrote that Rafsanjani should not have raised this matter, which makes the false impression that Iran opened a new chapter in its foreign relations. It stated that relations with the US is a "red line" (*khatt-e qermez*), which Rafsanjani was not supposed to cross.²³

Yet, as far as the US is concerned, it takes more than a few words in an interview to prove genuine change. At this stage of their "relations" with Iran, and with the power they have demonstrated, they expected actual change in areas of major concern to them—terrorism, weapons of mass destruction and attitudes to the Israeli-Palestinian conflict and, of course, their policy in Iraq. In all such issues, the gap between the two states remained wide. Iranian conservatives were now confronted with the neo-conservatives in Washington, who insist on genuine action rather than mere statements as a signal of change.

Washington continued to pressure Iran even as the war was raging on the fronts. Assistant Secretary of State for Nonproliferation John Wolf told the Senate Foreign Relations Committee (19 March 2003) that Iran presents a "proliferation problem". It "has a sizable, heretofore clandestine, effort to acquire capabilities that makes sense only as part of an effort to produce fissile material for weapons." The US, he said, expects Iran to end its clandestine nuclear weapons programs and is "determined to do what it takes to push back" the efforts of Iraq, Iran and Libya to achieve nuclear weapons capabilities.²⁴ Under-Secretary John Bolton pledged (5 April 2003)

²⁰ Towse'eh, 14 April 2003 [DR].

²¹ Iran News as brought in Agence France Presse, 13 April 2003.

²² Jomhuri-ye Islami, 13 and 14 April 2003 [BBC].

²³ Kayhan, 13 April 2003.

²⁴ State Department. [<http://usinfo.state.gov>]

“to exert a maximum diplomatic effort” to persuade states like Iran, Syria and Libya “to give up their pursuit of nuclear, chemical, and biological weapons and long range ballistic missile delivery systems”. Among countries that are closest to acquiring or actually possessing nuclear weapons, he said, “North Korea and Iran are the two highest on our list”.²⁵ Late in March, in strong and accusatory language, Secretary of State Colin Powell urged the international community to “step up and insist that Iran end its support for terrorists”. Secretary of Defense Donald Rumsfeld then accused both Iran and Syria of interfering with the American war effort in Iraq and warned Iran to rein in the Badr Corps—an Iraqi unit equipped and financed by Iran.²⁶ According to *Patterns of Global Terrorism* (released on 30 April 2003), “Iran remained the most active state sponsor of terrorism in 2002.”²⁷ On its part, Iran rejected claims of having failed to comply with the NPT.²⁸ Its UN Ambassador Javad Zarif denied any intention of developing nuclear weapons. Yet, fearing that the US would pressure foreign suppliers to stop shipments of nuclear components to Iran, he said, his country would seek to aggressively develop its nuclear power industry.²⁹ Khatami announced (9 February 2003), shortly before IAEA chief Mohammad El-Baradei’s visit to Tehran, that Iran had discovered and extracted uranium to produce nuclear energy for civilian use. This surprise announcement further alarmed Washington.³⁰

Similarly, Kharrazi brushed off American accusations of interference in Iraq. It is intriguing, he said, that those who have occupied Iraq accuse Iran of “interfering in its affairs”. More specifically, Iran viewed the US cease-fire with the Mojahedin-e Khalq with great concern. This organisation, classified as a terrorist group by Washington, was allowed after the war to keep its weapons in “non-combat” positions. Khamene’i complained (30 April 2003) that the brokered cease-fire shows that the United States believes that terrorism is “only bad when it is not in the service of America”. Rafsanjani similarly added that the cease-fire indicates Washington’s “hypocrisy” in its war on terrorism.³¹ Washington tried to calm tempers. The cease-fire, said Cofer Black, State Department Counterterrorism Coordinator, was “a prelude to the group’s surrender”,

²⁵ State Department, International Information Programs. [<http://usinfo.state.gov>]

²⁶ *NYT*, 29 March; *Washington Post*, 31 March 2003.

²⁷ State Department Briefing upon the release of “*Patterns of Global Terrorism 2002*”, 30 April 2003; RFE/RL, 7/83, Part III, 2 May 2003.

²⁸ Kamal Kharrazi, *Corriere della Sera*, 9 May [BBC]; IRNA, 9 May 2003.

²⁹ *Washington Post*, 13 March 2003.

³⁰ Reuters, 9 February 2003.

³¹ *NYT*, 25 April 2003.

adding that the Mojahedin's opposition to the Islamic regime does not change the fact that it is a terrorist organisation.³²

The fall of the Iraqi regime and the relative freedom that the Shi'a have gained carried significant advantages for Iran. But it also posed severe challenges. For one thing, the change in Iraq may lead to the reemergence of Najaf, the holiest Shi'i city, as the main scholarly center for Shi'ism, challenging thus the newly gained centrality by Qom. This could also lead to fostering a more moderate interpretation of religion, challenging Iran's authority among the world's Shi'a and serving Iranian reformers. Scholars associated with Najaf, it should be recalled; do not necessarily share Khomeini's radical interpretation of the faith. Open religious debate in Najaf would "definitely question the legitimacy of absolute rule by the clergy", said Ahmed Montazeri, the son of Ayatollah Hosein 'Ali Montazeri—onetime Khomeini's heir who fell out of favor and lived under house arrest in Qom until his release in February. The famed intellectual, Mohsen Kadivar, similarly maintained that religious figures who cannot debate freely in Iran might move to Najaf. In his view "Iraq could end up with the sort of government Iran was supposed to have—religious, but also democratic",³³ presenting thus another challenge to Iran.

Under such circumstances, Washington and Tehran have opened direct channels of communications. (The main effort was led by Zalmay Khalilzad and Zarif).³⁴ White House spokesman Ari Fleischer (22 April 2003) verified the existence of such communications but was vague about them. Kharrazi then said that Iran was not ready for restoration of diplomatic relations, because the US refuses relations which are "based on mutual respect".³⁵ On his part, Khatami discounted the talks: "There is nothing new with our relations", he said, "we have deep-rooted problems with the United States", which have been mostly "created by America". Khamene'i, viewing such ties as "surrender", ruled them out altogether.³⁶ Yet, under the surface there was probably more than the two sides were willing to admit. Moreover, defusing tension gained greater support among the people, and voicing support for restoring diplomatic ties was no longer taboo. In fact, on 7 May 2003, 154 Majlis members advocated active diplomacy to restore relations with the US as a measure to turn the "threats" into "opportunities".

³² State Department Briefing upon the release of "Patterns of Global Terrorism 2002", 30 April 2003; RFE/RL, 7/83, Part III, 2 May 2003.

³³ *Los Angeles Times*, 17 April 2003.

³⁴ *Mideast Mirror*, 22 April; *The Times*, 13 May 2003; UPI, 26 March 2003.

³⁵ RFE/RL, Iran Report, 6/18, 28 April 2003.

³⁶ *NYT*, 15 May 2003.

They defended their call as being in line with Iran's national interest and warned against exposing Iran to threats "due to an idle diplomacy".³⁷

In mid-May, alarmed by "very troubling intercepts" suggesting that Al-Qa'ida operatives in Iran had a role in the 12 May suicide bombings in Saudi Arabia, the Bush administration reportedly suspended contacts with Iran. "There's no question but that there have been and are today senior Al-Qa'ida leaders in Iran", Rumsfeld said.³⁸ Late in May there were repeated reports of American officials advocating a massive action to overthrow the Iranian regime as the only way to stop its nuclear weapons ambitions. "Iran's turn has now come", foreign observers noted.³⁹ Iranians' defiance at the end of the meeting of the foreign ministers of the Organization of the Islamic Conference in Tehran (late May) was tempered by clear concern that the country could be the next target of the Bush administration. Kharrazi was vehement in his criticism: "They are looking for escape routes to justify their failure", he said on 30 May. Having failed to create "law and order in Iraq" it was drumming up allegations against Iran in order to pursue its goal of dominating the region and its oil supplies. Iran denied as "baseless" accusations of interfering in Iraq, that it is developing nuclear or other weapons of mass destruction, or giving safe haven to Al-Qa'ida operatives. Conservative commentators, while playing down the threats, conceded that "the new conditions make the Iranians consider the threat to be more serious than in the past".⁴⁰ Thus, while the prospect of war with Iraq reopened some discreet contacts, and although such an engagement encouraged some to believe that there was an opening for greater cooperation, the outcome of the Iranian-US communications so far and the future of talks are not yet clear. While some shared interests encouraged direct contacts, mutual mistrust and the profound differences continue to hinder a meaningful breakthrough at this stage.

Epilogue: Following the Military Victory

The long-range implications of the war on Iran's interests and politics are not yet clear. This is "a big joke of history", said Sa'id Laylaz, editor of the reformist *Norouz*: the US destroyed "our two worst neighbors", but "we cannot show that we are glad".⁴¹ Kharrazi similarly expressed delight that Iran's "enemies have been eliminated" by the United States, but expressed concern about its intentions in the region. The United States' very presence

³⁷ IRNA, 7 May 2003.

³⁸ *Washington Post*, 25 May 25, 2003.

³⁹ *Mideast Mirror*, 29 May 2003.

⁴⁰ *NYT*, 31 May 2003.

⁴¹ *Washington Post*, 3 May 2003.

in the area, he said, “is not to our liking” because it “nurtures objectives” beyond the fall of the Taliban and of Saddam.⁴² Behzad Nabavi, one of the reformers, expressed the general feeling in Iran: that the American strategy “doesn’t stop at the gates of Baghdad” and that in Washington there is “an Iran project” in the process of execution, which is not necessarily military.⁴³ Following the war, thus, Iranian leaders seemed worried by the invasion of Iraq and the speedy toppling of the regime; by the American presence at their gates; by the marginalization of the UN and the European states; and most of all by the threat they sensed from the perceived American schemes and the disillusionment of the Iranian people and the *vox populi* which seems to demand—more than ever before—reform and change.

In fact, the impressive show of American military might, the rapid disintegration of the Iraqi armed forces, the shock in the Arab street and the relative acquiescence of Europe did not serve Iranian interests, nor did America’s severe criticism of Syria, declarations of its concern about Iran’s nuclear program and harsh tone against the Hizbollah. For their part, Iranian officials have condemned America for occupying Iraq, inflicting casualties and causing civilian hardship. Iran seems to hope for complications in the American plans, including growing Iraqi resistance, European and UN pressure and inflamed tensions between Israel and the Palestinians and Israel and Hizbollah. It would also use all available tools to strengthen its influence inside Iraq—a region with vital interest for Iran. And Iran will probably draw the conclusion that a non-conventional capability is the best way to spare it from a fate similar to Iraq’s. Ironically, acting on such conclusions is likely to provoke the strongest and most direct American response.

Yet, some Iranians tend to believe that the “fear of America”, also could be “a window of opportunity”. Iran is currently working to establish links with various factions in Iraq, but refrains from doing anything to attract American ire. While what is being done under the surface is hard to tell, Iran will continue to view developments in Iraq as affecting its vital interests. America’s presence in both Afghanistan and Iraq, its influence along Iran’s other borders, its global stature, and the determination it has shown in the war against terror do not augur well for Iranian interests. These factors do not inevitably lead to changes in regime policy or the strengthening of reformist forces in Iran. But they do mean that the 24-year old revolution will be forced, more than ever before, to reassess its path and search its soul.

⁴² Kamal Kharrazi in *Corriere della Sera*, 9 May 2003; IRNA, 9 May 2003.

⁴³ RFE/RL, Iraq Report, 6/20, 2 May 2003, from *LeMonde*, 25 April 2003.

Turkey, Europe and the Iraq War

Philip J. Robins

Director, Middle East Programme, St. Antony's College, University of Oxford

Introduction

Things are never quite as they seem in Turkish politics. Consider the events of the last six months. It was with a sense of excitement and relief that the national elections of 3 November 2002 were greeted as a watershed for the country. For the first time since 1987, one political party had won an absolute majority of the seats in the Turkish Grand National Assembly (TGNA). The country could forget the intervening period, when a succession of strange ideological bedfellows governed the country in unwieldy coalitions. Never mind that the new government of the Justice and Development Party (AKP) came from an Islamist ideological background, or that it represented an Anatolian counter-elite, or that its leader, Recep Tayyip Erdogan, was banned from electoral politics. It was expected to offer clear and coherent leadership, within parameters of continuity laid down by the Kemalist establishment and acknowledged by the party. At last things seemed about to improve after the weak, rudderlessness of the outgoing three party administration.

Half a year later, however, the sanguine expectations of the AKP have given way to frustration and disappointment. In part the error was in the original wishful thinking. The Turkish electorate embraced the AKP because it was a new party, and hence virtually the only one that had not been discredited by earlier participation in national government. People blithely ignored the fact that the party was less than two years old and its leaders inexperienced. In part the error was in the simplicity of the analysis:

the existence of a single party in government is no guarantee of unity of purpose let alone policy. In part the error was in assuming that the election had cleared the ideological air, and that respectful co-existence rather than antagonism would characterise relations between the AKP and the secularists at the heart of the state. In part the error was a failure to appreciate the looming foreign policy agenda and ultimately the difficulties of managing such challenges as the EU summit in Copenhagen, critical moments in the Cyprus issue and the imminent war in Iraq.

It is with this foreign policy agenda, the way in which events emerged between the beginning of November and the end of April and their longer term implications that this chapter is concerned. But before embarking upon such a task it is important to give some attention to the overall issue of foreign policy in Turkey, both for the sake of contextualisation and in order to understand the basis of foreign policymaking in the country.

Whose National Interest?

Turkish foreign policy since World War Two has been characterised by a high degree of continuity. Three issues serve to illustrate the point.

First, multilateral defence. Turkey joined Nato in 1952 together with Greece in the Alliance's first membership expansion. It did so having proved its commitment to a US-led, anti-Communist security system by participating in the Korean war. More than a decade after the end of the Cold War Turkey's approach to Nato remains staunch and firmly Atlanticist. In that sense, Turkey is decidedly "new Europe".

Second, European integration. Mustafa Kemal Atatürk, the founder and patron saint of Turkey, was implacably committed to the European orientation of Turkey as a civilisational project. The 1963 Ankara Agreement codified Turkey's specific aspiration to join the emerging European community. Since the early 1980s, and the liberalisation of Turkey's foreign trade relations, the EU has proved to be an unrivalled economic centre of gravity for Turkey.

Third, the very specific case of Cyprus. Though hardly of the same stature as Nato defence or European integration Ankara has often doggedly engaged with the Cyprus issue as if it were precisely that. The 1960 London and Zurich agreements gave Turkey a special responsibility for Cyprus, along with Britain and Greece, as a guarantor power. Since the 1974 military intervention/invasion Turkey has played a more direct role, with its considerable military presence on the island. The prestige of the Turkish armed forces, its foreign ministry and some of its political figures are still very much inter-woven with that of Cyprus.

If such continuities of priority and orientation are key features of Turkish foreign policy they reflect the continuities in the nature of how foreign policy is made and its underlining rationale. In Turkey foreign policymaking is an elite activity, as it is in most countries. However, this is a potentially misleading observation. The elite nature of foreign policy in Turkey, as with domestic policy, reflects the nature of state-society relations in general, and is not merely a function of the oligarchical tendencies of politics as elsewhere. For in the Turkish case state-society relations are an overhang from the Ottoman times, when the people were expected to serve the interests of the state, rather than the European tradition, where the state exists to serve the needs of the people. Until the 1980s the hierarchical realities of Turkish political culture were broadly accepted by elite and mass alike.

Given such realities, the continuities in Turkish foreign policy like Nato membership and the pursuit of the EU tell us less about the Turkish people or society, but a lot about the Turkish elite, their values, aspirations and fears. This elite identifies itself closely with the founder of the republic, from which they draw their legitimacy. They adhere vigorously, even fanatically, to the twin Kemalist principles of secularism and a subjective, over-arching Turkish nationalism. Relatively small in number, this Kemalist elite is drawn from exclusive parts of the social economy, such as the career officer corps, the elite bureaucracy, notably in the finance and foreign affairs ministries, and the old intellectual centers like Ankara University and Bosphorus University in Istanbul. Because of their centrality, Turkish foreign policy has come to represent their perceptions of what constitutes the national interest.

The strict orthodoxies of foreign and security policy began to face a challenge from the 1980s onwards, with the recivilianisation of politics after the 1980s coup, the erosion of the state's monopoly in areas like the broadcast media, and the emergence of a vigorous export-oriented, private sector economy. Those associated with such activities were often different from the members of the Kemalist elite, who remained embedded in the state. This newly emerging counter elite was more likely to come from the Anatolian interior cities, rather than Istanbul, Ankara or Izmir; it prized other, sometimes rival identities, such as those based on Islam; and it found its way to economic and political advancement blocked by the cosy relationship between big business and the state. Increasingly, such people looked to new political formations to articulate their interests and aspirations, of which the AKP is a consequence.

Initially, the inclination of this Anatolian, Islamic counter elite in Turkey was to challenge the foreign policy orthodoxies of the Kemalist establishment. Between the late 1980s and its closure in 1998 the main

vehicle for this trend was the Welfare Party (RP), which emerged as the leading party in the national elections of December 1995 and briefly headed a two party coalition between June 1996 and June 1997. As recently as the mid 1990s the mainstream position of the RP on a number of key policy areas was: opposition to Turkish membership of the EU on the grounds of its perceived Christian identity; a commitment to improving relations with the Muslim World, largely ignored by the Kemalist establishment; a wary, conditional support for Nato membership, contingent on Islam not replacing Communism as the common external enemy of the alliance.

The RP was largely circumspect in its pursuit of a revisionist foreign policy agenda when in government because of the checks and balances on its position. Its junior partner in government was a Kemalist party. The hostility of the Kemalist elite, notably in the military, was a further constraining influence. Apart from a couple of tours to predominantly Muslim countries by the RP prime minister, Necmettin Erbakan, and the establishment of a still-born multilateral grouping, the Development-8 (D-8), there were few symbolic challenges to the existing policies of the state, while the substance of foreign policy remained unaffected. In spite of the caution of the RP-led government it was manoeuvred out of office under an intensifying pressure from the military in what became known as the “28 February process”.

Most of the leaders of the AKP were members of the RP. Erdogan, for example, was the mayor of Istanbul from 1994 to 1999; Abdullah Gul, who would become the first AKP prime minister in the absence in parliament of Erdogan, was a state minister in the RP-led government. For them, the 28 February process was a deeply traumatic experience. It led them and other associates to two conclusions. First, and more specifically, the necessity born of instrumental reasons to re-evaluate its earlier policy positions, notably on the issue of EU membership. The cultural origins of the EU were played down in favour of a new interest in the political norms of the Union, notably its democratic and pluralist values. Closer integration with the EU would help to deter arbitrary interventions by the Turkish military into domestic politics at its expense. Second, and more generally, the need to throw off the designation of Islamist politics and to re-invent themselves as a conservative party.

It was therefore as a conservative party committed to the pursuit of EU membership that the AKP was elected in November 2002. But the magnitude of the victory was much larger than expected, with the failure of all other parties bar one to cross the electoral barrage of 10 per cent of the national vote further emphasizing the decisiveness of the victory. With 363 members of parliament could the likes of Erdogan and Gul be sure that

all of the new deputies, let alone the grass roots, would accept the revamped orientation of the party?

Policy over Europe

By the time that the AKP had formed a government, in the middle of November, there was only one issue on its foreign policy agenda, Europe. This was in main part because of the proximity of the EU summit in Copenhagen, scheduled for 12-13 December. The summit was important for Turkey because of the prospect that it would name a date for the commencement of accession negotiations with the Union. In recognition of this the National Security Council (NSC), the main body bringing senior civilian politicians together with the top brass, had reiterated its commitment to an EU-oriented strategy the previous May. This had triggered the submission of a wide-ranging EU convergence package, including the abolition of the death penalty and the right to broadcast and educate in non-Turkish languages (for which was meant Kurdish), and which was adopted by the TGNA in August 2002.

If there was consensus in Turkey about the importance of Copenhagen, the AKP was further wedded to the issue because of the utility of the EU in strengthening democratic conditionality. With this very specific agenda in mind, Tayyip Erdogan set off on a whistle-stop tour of European capitals. In part this was about lobbying on Turkey's behalf in the approach to Copenhagen. In part it was about Erdogan introducing himself to Europe's political leadership, and creating a chemistry of cooperation. Domestically, this had the happy bi-product of reminding one and all that, though he was not yet in parliament, he was the de facto leader of the AKP, and hence of the country too.

There was a second reason why Europe was so clearly Turkey's top priority. That was the Cyprus issue. This most intractable of disputes had promised to come to a head because of the "big bang", 10 country accession that would include Cyprus, and which would formally be agreed at Copenhagen. In order to try to maximise this opportunity to solve the Cyprus dispute prior to the EU accession, the UN had unveiled a peace initiative, the Annan Plan, just a week or so after the AKP election victory.

If Copenhagen itself was something that the Turkish government and Kemalist establishment alike were able to unite upon, the same was not the case for Cyprus. The view of the latter was closely aligned with that of the northern Cypriot leader Rauf Denktas, who is long practiced at pulling the levers of power in Turkey. The Kemalist perspective on the Cyprus problem, defined foremostly as the insecurity of the Turkish Cypriots, was that it had been solved in July 1974. Denktas' position had progressively hardened in the 1990s to such a point that he was unwilling to accept any

direct negotiations that did not recognise full parity between the two sides as independent sovereign states. He was especially hostile to the EU-oriented timeframe for a Cyprus settlement, and was determined that the Annan Plan would not fly.

Realising that deadlock over Cyprus could scupper Turkey's chances for an accession date, Erdogan decided to risk the wrath of the Kemalist establishment by pushing publicly for a Cyprus solution. He even broke with the state policy that there should be no linkage between the EU and Cyprus issues, agreeing to trade cooperation over Cyprus and the outstanding bugbear of European Security and Defence Policy (ESDP) in return for a positive outcome at Copenhagen. Seeking to marshal all of its resources, the Turks enlisted the support of the US for its cause. As it had done over the creation of a Customs Union with the EU in 1995, the US enthusiastically took up the invitation from Ankara to lobby on Turkey's behalf.

In spite of the determined approach adopted by the AKP, this was the moment when things began to go wrong. Delaying tactics by Denktas, who was receiving heart treatment in New York, meant that there was insufficient time for movement on Cyprus, even at the limited level of the adoption of a broad statement of principles for a settlement. While the Turkish side did settle its differences with the EU over ESDP, Erdogan and Gul were frustrated to find that there was no consensus among the 15 for a date for accession talks. In addition to a cluster of traditional concerns about Turkey, such as its human rights record, France and Germany had reacted against the over zealous nature of Washington's vocal support for Turkey, at a time when trans-Atlantic antagonisms over the future of Iraq were markedly worsening. The Copenhagen summit did decide to open negotiations as soon as possible in the event of a positive report on Turkey from the Commission prior to its summit in December 2004 but there was no guarantee that the outcome would be positive. For Turkey this wasn't even a date for a date.

Erdogan and Gul's initial response was an angry one. Turkey's fate would now only revert to the EU after a Cyprus accession, with two "Greek" votes on the inside of the organisation. Turkish diplomats assumed that full membership would be out of the question before 2013. Nevertheless, in spite of this initial outburst of anger, Erdogan and Gul were persuaded to make the best of it. After-all, if they were capable of forging ahead with the EU harmonisation measures accession talks could still begin while they held power. In any case they had little choice: close relations with the EU were vital to deter a repeat of 28 February.

In general though the period after Copenhagen proved to be a hangover. Erdogan's linkage approach had been exposed as naïve, making it more difficult for him to disregard the advice of the foreign ministry in the

future. His courage on the Cyprus issue would noticeably dwindle through the following five months culminating in his meek visit to Cyprus in May. After the serious intent of the previous seven months, concerns started to resurface that the EU was simply stringing Turkey along and there was really no intention ever of granting the country full membership. Meanwhile, Ankara hardened its position on Cyprus, claiming that the 1960 Agreements precluded the island from joining any organisation in which Greece and Turkey were not already members, though it stopped well short of the effective annexation of the north, as had been the threat of the previous Ecevit-led government. The way had been prepared for the final demise of the Annan Plan.

Policy over Iraq

While the rest of Europe and the Middle East had become increasingly focused on the probability of war with Iraq, Turkey remained distracted, first by Copenhagen and then by a Cyprus peace initiative that would drag on until the first week of March. Of course, Ankara was fully aware of the gravity of the situation. A visit by US Vice-President Dick Cheney in spring 2002 had made that clear enough. But when the US administration's two leading Turcophiles, Paul Wolfowitz at the Pentagon and Marc Grossman at the State Department, travelled to Turkey in early December to initiate the process of dialogue over future, conflict-oriented cooperation Ankara was at the height of its Copenhagen distraction. In any case, President Bush's decision to eschew unilateralism and take the UN route, articulated in his speech to the General Assembly in September, was greeted with a sigh of relief in Turkey every bit as loud as in Britain. For the Turks, it was largely assumed that the move towards war would now be determined by the UN.

That a united Turkey viewed the prospects of war in Iraq with a heavy heart is not open to question. With its perennially cautious approach to foreign policy, there was no appetite in the country for a major conflict in a neighbouring state, the longevity, costliness and consequences of which were at best uncertain. Moreover, the Turks tended to perceive the prospect of war in Iraq in 2003 according to the analogy of the experience of war in Iraq in 1991. Based on this approach the Turks perceived that they would be major losers from a new war. The Turkish narrative of the 1991 conflict was that it had been a disaster for the country. The international sanctions against Iraq had inflicted major damage on the Turkish economy, with claims of losses of some \$5 bn a year. The aftermath of war had unsettled the Kurdish population of northern Iraq, resulting in a major refugee outflow, the management of which had brought much international media criticism of Turkey. The resulting declaration of a Kurdish safe haven in northern Iraq to incentivise the return of Kurdish refugees had left a

political vacuum in the north that the Turkish Kurdish insurgency movement, the PKK, had exploited to the detriment of the security situation in the south-east of the country. Though this view tended to undervalue or ignore the benefits to Turkey of the 1991 war, notably the dismantling of much of Saddam Hussein's weapons of mass destruction, the Turkish view was clear: this was a war that was unwelcome.

While Turks reflected despondently on the prospects of war this did not stop them from engaging cooperatively with the US on the subject. In general, Ankara did not want to alienate what was, for the officer corps at least, a traditional friend, especially in a context of global unipolarity. To this military interest was added the narrow interests of the AKP government, good relations with the Americans being potentially useful in helping to maintain and expand the democratic space in Turkish politics upon which they were reliant for their future survival. Close cooperation between the two sides seemed to be confirmed when Erdogan (though he still held no formal national office) was invited to the White House in mid December, when Turkish indebtedness for the Copenhagen lobbying was at its height. Though there is no definitive report of the exchange, Erdogan is believed to have made lots of positive but undefined noises about the intention of his government to promote close cooperation with the US. For the Americans, however, with their preoccupation with war against Iraq, the inference was clear: Turkey was an ally on which they could rely.

There then followed a three month negotiation between the two sides which resulted in the conclusion of three Memoranda of Understanding, dealing with military, economic and political affairs. For Ankara, this process was about tying down the Americans, so that there should be no misunderstandings about what was expected from the future, as was perceived to have been the case after the 1991 war. For Washington, the bargaining process took on an increasingly unseemly atmosphere, with the suspicion that the Turks were using their dearth of allies to leverage greater material concessions. To assuage growing US impatience, the TGNA passed a resolution allowing the US to proceed with the upgrading of Turkish ports and airfields. In passing this resolution the principle seemed to have been conceded: that Turkey would allow the subsequent deployment of American troops through Turkey to northern Iraq. The working assumption was that when the arrangements were right an agreement would be concluded.

In spite of some of its more outlandish proposals, such as for a \$92 bn package to reflect the cumulative costs since 1991, the substance of the MOUs that eventually emerged were nevertheless highly beneficial for Turkey. On the economic side, Turkey was promised \$6 bn in aid, which could be converted into some \$26 bn in loan guarantees. The latter was

especially attractive for Turkey because of the short-term structure of its \$100 bn domestic debt. Loan guarantees could help to break the vicious cycle of high real interest rates, high inflation and a rentierist domestic financial sector. On the military side, the number of troops that the US wished to deploy through Turkey had been reduced to some 62,000, with extensive procedures included to ensure that there could be no accusations of a loss of national sovereignty. Furthermore, it was agreed that some 40,000 Turkish troops would be deployed into northern Iraq alongside the US. This would make it quite clear that the Turks were the US' strategic partner in northern Iraq, would justify Turkish intervention throughout the whole region (rather than just the existing de facto border security zone) and would give Ankara a veto over new political formations in northern Iraq. Throughout the process, the US responded to Turkish concerns by emphasizing that it was against the creation of a Kurdish state.

The delays, divisions and inconclusiveness of the UN Security Council had a further unsettling effect on the Turkish side during this protracted process. For prime minister Gul, with his existing political contacts in countries like Saudi Arabia, the temptation was to open up to the Arab and Islamic Worlds, both as a function of ideological intuition and as a vehicle through which potentially to impair US attempts to prepare for war. Gul's bold initiative to galvanise the main Middle Eastern states resulted in a foreign ministers summit in Istanbul at the end of January. However, his failure to attract the participation of heads of state meant that the initiative lost profile, while Turkey's neighbours, especially Syria, ever suspicious of signs of growing neo-Ottomanism, proved unenthusiastic about a follow-up meeting.

Meanwhile, Turkey's maverick president, Ahmet Necdet Sezer, a constitutional lawyer by background, had become increasingly concerned at the international legal implications of war in Iraq and was disinclined to believe that it was justified without a second UN Security Council resolution. Nevertheless, the January meeting of the NSC, which proposed the TGNA's early consideration of the US troop deployment, seemed to seal the outcome as far as Turkish policy was.

In the event, that proved to be a misleading conclusion. For it was not until 1 March that the TGNA finally voted on the matter, whereupon the resolution was lost on a technicality, even after there had actually been a simple majority in its favour. The outcome of the vote was entirely unexpected, which explains in great part why it happened as it did. With all the major players assuming that the vote would be a success, and mindful of the domestic unpopularity of war in Iraq, no-one wanted to be closely identified with the resolution's adoption. What is more, calculations related

to domestic ideological competition took over and eclipsed the wider external issue of Iraq and relations with the US.

First, the Gul government postponed the parliamentary vote so that it would take place after the February meeting of the NSC in order that the military might assume the responsibility for the resolution. Spotting the trap, the military hid behind the skepticism of President Sezer, and the NSC made no further statement on the matter, leaving the January communiqué as its final position. Fearing a split in his party, Gul refused to make a strong case for the resolution or to impose party discipline. The speaker of the parliament, and rival to Erdogan and Gul, Bulent Arinc, unsettled the party by saying that if he had been able to cast a vote he would have come out against it. Assuming that their large majority would carry the day, more than 80 AKP deputies followed his advice and rebelled, including one of the party's deputy prime ministers. Meanwhile, the Kemalist opposition Republican People's Party (CHP) had decided to play party politics, voting against the resolution and imposing the whip.

With shock and disbelief coursing through the Turkish body politic, and US-Turkish relations on the rocks, there remained a short period of time when the situation might have been retrieved by re-tabling the resolution. The military played their part in this manoeuvre, with the moderate chief of staff, General Hilmi Ozkok, unequivocally stating that the military was in favour of the resolution. However, it was Erdogan who blocked its resubmission. With a bi-election due in Siirt on 9 March that would return him to the TGNA, and the prospect, after the necessary constitutional delays, of assuming the premiership beyond that, Erdogan was simply unwilling to risk a second vote. Believing, as the Americans had told him before, that a second front was a sine qua non for war in Iraq, Erdogan simply assumed that he had the time to complete his political comeback before moving ahead with cooperation with the US. By this time, however, the frustration of the Americans had boiled over. Washington decided to prosecute the war without the northern front. It was with a flustered sense of trying to salvage its position with the US over Iraq that on 20 March the TGNA passed a limited resolution giving the Americans over-flight rights. A day later the war began.

Repercussions and Prospects

Turkey and Iraq

Notwithstanding its reservations about war, Turkey had expected to be a partner with the US in northern Iraq. According to the MOU, it had been agreed that 40,000 Turkish troops would enter deep into the north in coordination with the US. In doing so the Kurdish *peshmerga* would be overwhelmed. The opposition Kurdish groups, the KDP and the PUK,

would be prevented from occupying the oil fields of the north. The integrity of the Iraqi state would be guaranteed. The estimated 4,500 remaining PKK guerrillas in northern Iraq would be swept away. The Turkish presence in the north would be legitimised by the partnership with the US.

The failure of Turkey to pass the 1 March resolution undermined all of these plans and expectations. The Turkish state was left as a bystander in the conflict. It was the Kurds of northern Iraq that emerged as the partners of the US. The Turks were left to bluff and bluster about the existence of red lines in northern Iraq, ones that they were powerless to enforce. With horrified expectations in Europe in particular that the Turkish military might “invade”, and perpetrate extensive human rights abuses, the Turkish military was obliged to give undertakings to the US that it would not move into northern Iraq without first informing the US. When the Kurds did briefly and provocatively occupy Kirkuk and Mosul during the final days of the war, the Turks were left fuming on the sidelines. It was the Americans who secured their subsequent withdrawal.

In the absence of a more positive definition of the Kurdish issue at home, the Turkish state is likely to remain suspicious of and even antagonistic towards the Kurds of northern Iraq, especially if they suspect that a virtually independent Kurdish entity is emerging by stealth. The reason for such an approach will be the effect that such developments in northern Iraq might have on the integrity of the Turkish state. However, the presence and standing of the US in the area is likely to deter precipitate Turkish action, at least for as long as the US remains politically and militarily engaged. In the short term then the Turks are more likely to be concerned about commercial opportunities in Iraq, especially as sub-contractors to the American construction giants. Beyond that, the emergence of a stable, prosperous and effective Iraqi state, which reintegrates the Kurdish north but without the infringement of basic rights, may well allay Turkish fears about the future. Anything appreciably short of that is likely to see the re-emergence of the north as a focus of instability, making renewed Turkish interventions highly likely if not inevitable.

Turkey and the US

The Americans feel badly let down by the Turks. This sense of dismay came to the surface in interviews given by the three most prominent Turcophiles in Washington, DC, Wolfowitz, Grossman and Richard Perle. Their criticisms have sparked an intense debate within Turkey, with most participants defiantly rejecting their criticisms and claiming that Turkey has nothing to be ashamed of. Interestingly, Wolfowitz and others have been relatively tolerant of the indecision and procrastination of the AKP government, viewing this as a function of their inexperience and ideology. The greater criticism has been reserved for the military and the civilian

establishment, America's partners of longstanding, who are supposed to share the strategic vision of the US.

The criticism and recrimination points to the first casualty of the bilateral relationship, that is to say the "specialness" that emerged in the aftermath of the 1991 Gulf war. In seeing the outcome of the 1991 conflict as almost entirely negative, the Turkish side has failed to appreciate the important, though subtle, behind-the-scenes assistance that successive US administrations have rendered to Turkey, from strong political support for the construction of the Baku-Tbilisi-Ceyhan oil pipeline, to the turning of a blind eye to "illegal" trade with Iraq through the early and mid 1990s, to the extensive lobbying of the IMF to bail out Turkey after the February 2001 financial crisis. The impact of the loss of this specialness as far as the latter is concerned will be felt when Turkey returns, as seems inevitable, to the IMF for additional financial assistance in 2004.

More broadly, the damage to bilateral relations has been extensive in the short term, but is unlikely to be terminal and may well recover considerably in the medium to long term. The US and Turkey will remain fellow alliance members, through their membership of Nato. A range of routine Nato activities in the area of training will renew human relations between the militaries on the two sides. Turkey will continue to play a role as a good international citizen, especially in the provision of peace-keeping, as recent involvement in Afghanistan illustrates. There will be issues that will bring Turkey and the US together in a relationship of cooperation, from the war against terror through triangular relations with Israel. Practical, commercial cooperation over the rebuilding of Iraq can also build new sinews.

Nevertheless, one cannot be certain of a future of incrementally improving relations. Much will depend on the overall strategy for the region that emerges in the US administration, and how Turkey sees its interests best served. Attempts by the US to pressurise the Syrian regime over its support for Hamas and Hizbollah, or a possible move against the proliferation-terror network nexus in Iran will create new anxieties for Turkey, with resonances from the US/Iraq crisis. Should such contingencies emerge, Turkey's various institutions and actors will have to make difficult calculations about where their interests really lie: in uncritically bandwaggoning US policy, or playing populist politics by appealing to the latent anti-Americanism that is deeply ingrained across the country? With new potential options emerging for the US as strategic partners in the Gulf and Central Asia, Turkey may discover that it cannot afford a second debacle like that of 1 March.

Turkey and Europe

For reasons of self-preservation, the AKP government can be expected to pursue a policy of closer relations with the EU for the foreseeable future. Concretely, this should result in the proposal and adoption of a sixth package of harmonisation measures. To date, the most relevant parts of the bureaucracy, from the secretariat-general for European affairs to the upper echelons of the foreign ministry, are supporting such a goal. While speculation continues that parts of the military are increasingly skeptical at the prospect of such convergence this has yet to be seen in public. The pursuit of membership of the EU remains popular among the Turkish people, though this almost certainly rests upon the misconception that the country will be the recipient of a deluge of aid as part of an accession package. If progress on the EU agenda has moved slower than expected since Copenhagen, this can be explained by the distraction of the Iraq war.

Nevertheless, this should not be taken as a point of departure from which to assume that EU-Turkish convergence will necessarily continue to travel. There remains a fragility to Turkey's pro-European orientation, with many if not most Turks able to maintain an aspiration for its levels of prosperity, while retaining a wariness for its institutions. Indeed, with a newly emerging Eurasian identity increasingly taken seriously in Turkey it could be argued that if the Europeans have not really had a debate about whether Turkey should be a member of the EU neither have the Turks really had a national debate about what it means to be European. It is certainly the case that many of the recent reforms enacted, such as the abolition of the death penalty, appear to have been adopted because they are part of the EU agenda rather than because Turks have been convinced of their importance in themselves. The alacrity with which legislation is passed but remains unimplemented in Turkey is further testimony to the nominal impact of European political values.

From a practical point of view December 2004 and whether Turkey will receive a date for accession negotiations dominates the EU-Turkey agenda. Casting a shadow across this timetable is spring 2004, when Cyprus will formally become a member of the EU, and Turkey is supposed, according to the terms of the 1999 Helsinki summit, to have resolved its territorial problems with Greece. Making predictions for 2004 is made difficult by the December 2003 elections in northern Cyprus, which, with Denktas under popular pressure to make concessions, have the potential to be groundbreaking. In turn, progress on a cluster of Greek-Turkish issues in the Aegean is usually believed to be a function of a breakthrough on Cyprus. A major breakthrough on either Cyprus or Greek-Turkish relations would make it very hard for the EU not to give Turkey a date for opening accession talks at the end of 2004. On the other hand, a failure to drive

ahead on such substantive issues does not necessarily mean that Turkey will remain in limbo after December 2004 provided there has been no precipitate deterioration in these two areas.

Turkey and Domestic Politics

The biggest casualty of the events surrounding the lead-up to the Iraq war has been the parliamentary opposition party, CHP. Its opposition in the 1 March vote was widely seen as opportunist and self-serving, and one which ultimately ignored the best interests of the country. Such a view is entirely in keeping with the nature of the CHP leader, Deniz Baykal, who has long been derided as a cynical political operator. Recent events show that he rules the party with an iron rod every bit as inflexible as the leftist nationalist that he effectively replaced in the TGNA at the last election, Bulent Ecevit. What the 1 March vote shows is that the array of big names that Baykal attracted to parliament last November, from the former economy minister Kemal Dervis, to two former foreign minister under-secretaries, Sukru Elekdag and Onur Oymen, are ineffectual at tempering his leadership style. Already confident predictions are being made that the CHP will fail to surmount the 10 per cent election threshold at the next general election, whenever that might be.

As for the AKP, their reluctance to take a lead against the grain of the popular will over Iraq seems to have been a success in that their popularity ratings have hitherto held up well. Their next test will come with the local elections, which are due in 2004, but which the party is trying to bring forward to autumn 2003 in order to capitalise upon its firm ratings. Should AKP hold the municipalities of Ankara and Istanbul, amounting to a third electoral success in the two leading cities, it will amount to a massive boost to the party at a time when it has been under strong attack for its inexperience.

More likely, perhaps, is that the AKP will find it hard to transcend the growing domestic political pressures. These are many and significant. First, they come from the Islamist right, with Professor Erbakan also having resumed active party politics as the recently installed leader of the other Virtue successor party, the Contentment Party. A reinvigorated Erbakan will make it harder for the AKP to occupy the centre-right ground of Turkish politics, and may well choose Iraq and the US as an area in which to make mischief. The AKP is also under attack from two other political parties: the True Path Party, whose new leader, Mehmet Agar, is associated with the hard right, and who is also a competitor for centre ground; the Youth Party of wealthy businessman Cem Uzan has concentrated his efforts on the right of centre terrain, a court case against him brought by Motorola helping to fuel a nationalist-populist agenda. With the AKP also facing opposition stirrings from within in the form of its own Islamist right,

if it does not split apart before the next election, the party will be hard put to maintain its standing as Turkey's leader.

Encouraging this and other forms of pressure upon the AKP is the Turkish military, much of which regards the party as guilty of dissembling, and of retaining its hidden fundamentalist agenda. If there is to be a confrontation between the two sides in the sphere of foreign relations, it is most likely to come over the issue of Cyprus. While the AKP is still notionally committed to a compromise political solution this is unlikely to be taken up by the military. For Turkey's hard-line Kemalist establishment Cyprus remains a totemic issue. If there is to be a head-on collision between this traditional conception of national interest in Turkey and the new Anatolian counter elite epitomised by the AKP then the Cyprus issue remains the most likely subject.

Three Years into Syria's Presidential Succession: Bashar al-Asad's Agenda between Domestic Demands and Regional Risks

*Volker Perthes**

Head of the Middle East Research Group, Stiftung Wissenschaft und Politik, Berlin

The outcome of the war in Iraq in the spring of 2003 made Syrians think about their own country's fate and its political system. Shortly after the fall of Baghdad, some 120 leftist and moderate Islamist opposition figures from inside and outside the country published a common statement which clearly denounced American threats against Syria but also spelled out that "the aggression against Iraq had proved that the security agencies and a one-party [state] are not able to defend the fatherland". Confronting "American-Israeli threats and aggression", the statement continued, was "impossible without a national consensus and a domestic front built on the freedom of the citizens". Public freedoms should be granted, and a national-unity government formed as the basis for building a "modern, democratic republic".¹ In June, a broader group of citizens launched a petition in which they called on the president to, among other things, unleash the "freedom of opinion, expression, assembly, movement, travel, unionist and political

* This article is basically a summarised version of a forthcoming Adelphi Paper (London: International Institute for Strategic Studies, 2004). Thanks to Nicole Foster for doing most of the summarising.

¹ Quoted from *al-Hayat*, 23 April 2003.

activity” and to prevent the security agencies from interfering with “the political life of the society and the citizens”.²

Syria’s political leadership would not heed such advice, but it had to face a shift of the public mood which had been largely supportive of President Bashar al-Asad’s course before and during the Iraq war. Even dissenters had held back their calls for political reform or democracy lest they be seen as part of an American agenda. Now, after the fall of the Ba‘thist regime in Baghdad, voices were to be heard even from within regime circles that Syria, despite the difference between the two branches of the Ba‘th party and their respective regimes, would also have to prepare for change.

Naturally, there were different answers to the question of what kind of domestic change would be needed. Reform-oriented technocrats in the government expected a speedier implementation of administrative and economic reforms. Some of the younger, mid-level Ba‘thist leaders spoke of exchanging parts of the party leadership, and expected parliament to work on a party law that would allow for more pluralism and more competitive legislative elections. Direct criticism of the President also became louder, nurtured partly, but only partly, by companions of his late father and predecessor, with unfavourable comparisons being drawn between the Bashar al-Asad’s apparent miscalculation of the course and outcome of the war, and Hafiz al-Asad’s dexterity in handling the 1990/91 Gulf crisis.

Under the elder Asad, Syria had developed a significant ability and experience to “sit out” international pressure and regional crises. The post-Iraq war situation is different from former crises. Bashar al-Asad has to face a combination of unfavourable regional developments, a much more assertive US leadership, a difficult political-economic inheritance, and domestic reform expectations which he himself created. And, of course, there is the experience factor: Following the fall of Baghdad it was not entirely clear whether the Syrian leadership had fully grasped the depth of the new geo-political reality and its implications.

Inherited Structures, New Personnel

The President’s domestic position was not and has not been threatened, however. Since his accession in the summer of 2000, Bashar al-Asad has managed to build up his authority within the political system in a gradual, but calculated manner. Bashar al-Asad’s power derives from various sources. Firstly, of course, he is the president. Within the party as well as

² The petition, with a list of its 287 signatories was published in the Lebanese daily *al-Safir*, 3 June 2003.

within the 'Alawi sect to which his family and most security barons belong, he enjoys legitimacy as the heir to his father. Obviously, he is not regarded as the builder of the strong state and authoritarian structures he presides over, and he still has to prove his strength – as exemplified in a series of arrests and trials of dissenters in the summer of 2001, or in his hard-line populist posturing towards Israel or during the Iraq-war. Secondly, Asad also benefits from being regarded as representative of the younger generation in a regime that had become gerontocratic under his father's long tenure. Bashar al-Asad built an image for himself as a succession candidate who knew what globalisation and new technologies were about. In contrast to most incumbent members of the regime elite, he could simply claim to be up to date with the world. Finally, and probably most importantly, Bashar al-Asad has consolidated his power by systematically appointing trusted people to important positions. While he continues to rely on some of his father's key aides—among them Foreign Minister Faruq al-Sharaa who has held that office since 1984—, one can say that a new generation took over on almost all levels. From the President's perspective such a wide-ranging renewal and rejuvenation of the political and administrative elite was necessary not only to gather support for his ideas about reform, but also to increase, if gradually, the number and weight of people within the institutions of power who owed their position, and thus their loyalty, to him—not to his father or to the old regime. Thus, he has been able to rejuvenate the political elite and thereby built for himself a basis of loyalists within the core pillars of the system—the Ba'ath party, the administration, and the security apparatus—as well as the parliament and the “popular organisations” (trade unions, student union, etc.).

If one looks at this rejuvenation process, Bashar al-Asad's personal choices and priorities seem to be best represented on cabinet level, particularly with regard to portfolios dealing with economic policy issues, technology, training and education. Most of these ministers can be characterised as technocrats who demonstrate an orientation toward technical modernisation and integration into the world economy. Most of them hold university degrees from Western countries, often in engineering or economics. Several members of what can be called Asad's reform team are “independents”: they do not belong to the Ba'ath or any of its smaller allies in the so-called Progressive National Front. Rather than being politicians, several members of this group were leading members of the Syrian Computer Society (SCS), an organisation that had been presided by Bashar al-Asad until his ascent to the presidency and that helped him to build his image as a moderniser.

However, exchanging personnel was not sufficient to overcome some of the regime's main weaknesses. Bashar al-Asad, in an interview with al-Arabiya TV, was rather frank in this respect: If the “Old Guard” were

persons seeking to safeguard their interests, the “new guard” might be those who “want to join the group and do the same thing”. Many persons have been exchanged, he continued, but the real issue was “one of the general system”.³ Or, as a senior intelligence figure put it: “Our main problem is not the old guard. It’s the old structures.”⁴ Also, in many ways, the new regime has not liberated itself from the old one. It is notable that a critical, public debate about Hafiz al-Asad and his era has yet to begin. Criticism of government policies in that era has become common currency, but the late President and his foreign or domestic policy decisions remain taboo.

Official representatives of Syria are largely right when they stress the stability of the system as such. The political system itself is based on an institutional set-up that makes any constitutional change or change of government dependent on the will of the President. Political contenders have practically no chance to get a foot into the door, and there exists no credible opposition with wide-ranging popular appeal.⁵ Moreover, there clearly exists a broad societal quest for stability which includes a sometimes uneasy, but generally acquiescent acceptance of a paternalistic and authoritarian state. Many Syrians simply fear that a demise of the regime could bring back the military coups and counter-coups of the 1950s and 1960s or, worse, the sectarian tensions and bloody confrontations between the regime and radical Islamists in the 1970s and 1980s. The memory of this confrontation has also delegitimised those brands of the Islamist current which at that time tried to get their way through terrorism and armed insurrection.

Today, confessionalism hardly suffices as an explanation of Syrian politics,⁶ even though confessional and regional loyalties persist and continue to be used to stabilise patronage networks. The President is a member of the Alawite branch of Shi‘i Islam, and many relevant positions, particularly in the security apparatus continue to be controlled by ‘Alawis or even by members of Asad’s family. However, there is also an increasing number of social, economic and political networks that transcend such “primordial” lines, including Asad’s Computer Society, oppositional civil-society committees and business networks. Even the banned Muslim Brotherhood which led the anti-regime uprising in the 1980s has ceased to

³ Al-Arabiya Television (Dubai), 9 June 2003.

⁴ Private communication, Damascus, June 2003.

⁵ Riad al-Turk, the veteran communist opposition leader, admitted this very clearly in an interview with Lebanon’s *al-Nahar* (29 September 2003) stating that Syria’s political opposition, was unable to “achieve tasks of change”.

⁶ See in more detail Volker Perthes, *The Political Economy of Syria under Asad*, (London, I. B. Tauris, 1995), pp. 181-87.

play on confessional divisions. Today, rather than highlighting confessionalism they stress human rights, the rule of law, pluralism and national unity.

Though the pre-defined results of Syria's parliamentary election with its in-built absolute majority of the Ba'ath party cannot be taken as an authentic reflection of popular opinion, the regime and its party do enjoy legitimacy among important segments of the population, particularly so among the rural lower and middle classes and parts of the salaried middle class. In these strata as well as others, many are unhappy with the state of the economy, the arrogance of the political class, the lack of accountability, or the spread of corruption, but there is a strong feeling, within these groups that one owes one's own or one's family's social position to the Ba'athist policies of the 1960s or 1970s.⁷ There is also a wide-ranging, genuine respect for the nationalistic stance and the foreign-policy achievements of Hafiz al-Asad, and, as noted, for the political stability that was achieved under his regime and that is maintained today.

For decades, rent inflows such as foreign aid or, more recently, net gains from Iraqi oil deliveries, have been important to strengthen the regime's patronage capacity and thereby maintain the loyalty of strategic groups. The reliability of such inflows has become more precarious since the second half of the 1990s and more so since the Iraq war. Losses of rent income, however, do not necessarily translate into an immediate loss of political support or acquiescence. Partly at least, the regime has been able to shield itself against such effects through its economic policies: an economic opening that allows a good life to the upper middle class and, under Bashar al-Asad, more expansive fiscal policies which helped to somewhat improve the living conditions for most of those who are employed by the state and suffered significant income losses over the 1990s.

Eventually, the regime retains all the instruments of authoritarianism, and uses them where it deems it necessary. However, repression has become much more selective than it used to be in most of Hafiz al-Asad's era,⁸ and it is even cloaked in a semblance of rule-of-law and institutional procedure. Syrians today are debating politics quite freely, if not always publicly, and they generally experience more openness, particularly to foreign media and to the virtual electronic world, as well as to commerce and travel.

⁷ See Perthes, *Syria under Asad*, pp. 80-132; Hanna Batatu, *Syria's Peasantry, the Descendants of Its Lesser Rural Notables and Their Politics*, (Princeton, N.J., Princeton University Press, 1999).

⁸ On the regime's dealing with its opponents under Hafiz al-Asad, see f. ex. the Middle East Watch Report, "Human Rights in Syria", (New York, Human Rights Watch, September 1990).

Some of the militaristic elements of public life have been dismantled. Quite symbolically, among other things, the military-style khaki uniforms of intermediate- and high-school students have been exchanged for more colourful civilian ones. All this does not mean, however, that the security apparatus had lost its clout. Ultimately, the power of the regime still depends on the security apparatus, i.e., the army and the various intelligence or security services, generally referred to as the *mukhabarat*. People fear them less, but they are still an essential means of control.

Domestic Approaches: Modernisation before Democratisation

Bashar al-Asad's ascent to power set off wide-ranging expectations for change. Bashar al-Asad himself nurtured such hopes and expectations, not least through his initial statements, practical measures of high symbolic significance, the introduction of fresh blood into the political and administrative elite. The new president's inaugural speech,⁹ in particular, was widely regarded as a declaration of reform intentions. Asad's musing about "democratic thinking" and the "principle of accepting the opinion of the other" lent itself favourably to a liberal interpretation. In substance, however, he did not commit himself to democratic reform, let alone a transformation of the political system to liberal democracy—speaking, rather, of the need to "have our democratic experience which is special to us" and commending the Progressive National Front as a "democratic example".

With some abstraction, we can speak of three political tendencies that shaped the debate and affected political developments since Bashar al-Asad's rise to power. The first tendency can be characterised as regime conservatives. They are conservative not in a social-cultural sense—with regard to dress codes or women's right for example—but in that they want to maintain the political system as well as the domestic and foreign-policy course that Syria stood for under Hafiz al-Asad. The second tendency can be labelled as modernisers. With Bashar al-Asad and his reform team at its core, this tendency represents the dominant trend today. Its adherents are aware that both structures and policies have to be reformed if Syria wants to survive in an increasingly competitive regional and international environment, but their emphasis is on technical modernisation and gradualism. Political change will eventually come about, but should build upon social and economic modernisation rather than precede it—lest instability ensue. A third tendency, more critical of the entire system in place, consequently emphasises the need for fundamental change. We may refer to this somewhat diffuse and unorganised tendency as democratic

⁹ *Syria Times*, 18 July 2000.

reformists. While most of them would still be prepared to co-operate with the President and his technocratic reformers, they leave little doubt that ultimately they seek a transformation of the system, and that they find themselves in opposition to the regime as it is.

Various representatives of this democratic-reformist trend were to become the core of the so-called "civil-society movement" that emerged within weeks of Bashar al-Asad's assumption of the presidency. Societal actors all over the country felt encouraged to make their voices heard and reinvigorate political life. Not only activists and foreign observers but even some of the reformers around the President began to speak of the "Spring of Damascus". Among the first visible activities in August 2000, came a statement by independent deputy Riad Seif announcing the establishment of an association of "Friends of Civil Society". Seif also established a forum, or political salon, in his house that offered a series of public lectures on political issues. At about the same time, Syrian intellectuals from within the country began to publish open letters and op-ed pieces related to domestic policy issues in the Lebanese press, generally calling for political reform and liberties. On September 27, the "Memorandum of the 99" appeared, calling upon the authorities to scrap martial law, set free political prisoners, and grant political freedoms: none of the signatories were arrested or harassed by the *mukhabarat*. In the weeks and months that followed, some of Syria's state-controlled media joined the debate about reform needs or the role and concept of civil society and even opened its pages to authors who were outspokenly critical of the regime, and the phenomenon of political salons spread quickly.¹⁰ Ba'athists mingled with the crowd, trying to defend the party line but clearly also attracted by the atmosphere and contents of the debate.

In January 2001, a so-called "Basic Document of the Committees for the Revival of Civil Society" repeated the main demands of the first memorandum and added a sharp critique of the Ba'athist era. It refuted, without mentioning the party by name, the Ba'athist claim to lead the state and society on the basis of a "revolutionary legitimacy", and demanded, among other things, a democratic election law and the freedom of organisation, and called for the country-wide establishment of committees for the revival of civil society.¹¹ At this stage, half a year after the presidential succession, the democratic reformist trend had clearly become a

¹⁰ For a more detailed narrative of the events, here and in the following, see *ibid.*, pp. 30-46, and Phillippe Droz-Vincent, "Syrie: la nouvelle génération au pouvoir", *Monde arabe: Maghreb-Machrek*, 173 (2001), pp. 14-38.

¹¹ For an English translation see Alan George, *Syria: Neither Bread nor Freedom* (London and New York, Zed Books, 2003), pp. 182-188.

political factor that could not be ignored. It constituted no mass movement, but it contributed substantially to the political discourse. For the conservative part of the regime elite, such developments were anathema. The President himself seemed to be increasingly annoyed by the criticism of the civil-society movement; he had clearly no interest in being pushed by a bunch of intellectuals and dissidents who demanded deeper and more rapid changes than he and his team deemed necessary or advisable at this stage.

The regime leadership therefore went on a counter offensive. Initially trying to win back dominance in the political debate, they soon reverted to administrative and, eventually, repressive methods. Members of the party leadership spoke of “red lines” which the intellectuals had overstepped. In an interview in March, Asad himself made it clear that national unity, the Ba‘th party, the armed forces and the “path of the late leader Hafiz al-Asad” were not up for discussion.¹² Other representatives of the regime accused the intellectuals of being “hateful”, ignoring the Arab-Israeli struggle, and denigrating the achievements of the Ba‘thist era. An authoritarian response to the civil-society movement was obviously being prepared. In mid-February, the authorities stopped the activities of most of the salons by putting up administrative requirements that could hardly be met. Individual activists received unmistakable warnings not to continue their activities. However, at the same time, Mahmud Salamah, the editor-in-chief of the government daily *al-Thaura* authored an editorial in which he asserted that the “spring of Damascus” was just about to start: “National consensus”, he continued, “cannot be achieved in a society of parrots or by means of unilateral official discourse. It is achieved through political, economic and cultural pluralism...”¹³ Salamah himself came under increasing pressure from the minister of information who eventually sacked him in May.

The dismissal of Salamah—who had been put into his position by Bashar al-Asad himself—was a clear sign that the President had allied himself with the regime conservatives. Mirroring this re-alliance, the official discourse also underwent changes. Increasingly, Syria’s media exchanged the term “reform and renewal” (*al-islah wa-l-tajdid*), which had been used to denote the new era, with that of “development and modernisation” (*al-tatwir wa-l-tahdith*).

Dissenters who stuck to signing such statements were not molested. Others who tried to set up political alternatives were. A series of arrests in the

¹² *al-Hayat*, 15 April 2001.

¹³ *al-Thaura*, 3 March 2001, quoted from BBC Summary of World Broadcasts, 6 March 2001.

summer of 2001 dealt a severe blow to the liberal-democratic trend and disappointed many who had pinned their hopes for political change on the President. The regime had drawn a line, and the security agencies had asserted their dominance in matters of domestic politics. Not that the political debate about where the country would head or what reforms were needed had died. It was continued, if often in private environments rather than in public or semi-public spaces. Even the civil-society “Committees” continued to meet, and to make their voice heard through the Lebanese press or international media. But the spring of Damascus had clearly been brought to an end.

Since the accession to power of Bashar al-Asad, dissenters, modernisers and reform-minded regime loyalists have been debating whether the system is reformable from within. While dissenters emphasise political-structural reforms as an inevitable condition for improving economic recovery and Syria's stance in the regional and international environment, the modernisers within the regime have clearly tried to separate the issues—and concentrate on a reform of economic legislation and structures.¹⁴

Bashar al-Asad had indeed inherited an economy in dire need of reform. Public finance and the economy at large are still dependent on gradually dwindling oil revenues and other unreliable rent income. Much of state finance is eaten away by a largely ineffective bureaucracy, the public sector produces deficits, private capital is loath to invest, and rising unemployment as well as increasing income differentials constitute a threat to social stability. Certainly, new oil finds may be made, and Syria may profit a little from a reconstruction boom in Iraq—if such a boom is to come about—by virtue of its ports on the Mediterranean, its railway links and private-sector commercial relations. But Syria is unlikely to get the economy on its feet unless it clearly steers towards a market economy and creates a reliable investment climate.

Asad and his technocratic team have been aware of the country's economic needs. Consequently, they have made economic reform their priority. To avoid a Russian-style economic breakdown, they have chosen a gradualist approach. Still, an impressive series of new regulations and laws was brought about, all in some way designed to modernise economic structures and open spaces for private entrepreneurship. Differences within the regime elite about the scope and the speed of reform have remained, and

¹⁴ Asad was frank about that in an interview with Austria's *Der Standard*: “A development process should take place on an overall basis, it should be economic, social and political in every field. But one area undoubtedly comes first and just which one depends on where it will be easier and hence faster” (quoted from BBC Summary of World Broadcasts, 1 April 2003).

the implementation of new legislation has been difficult due to bureaucratic inefficiency, lack of skills and resistance. The direction of the reform steps is clear though, and has also been communicated to the regime's sometimes reluctant political basis: the establishment of a market economy, and the closer integration of Syria into the Euro-Mediterranean economic space.

Eventually, however, the success of economic reform will not only depend on new tax laws, deregulation or administrative reform measures, the need of which the President has frequently stressed, but also on the preparedness of the regime to introduce that modicum of political reform which economic and societal actors will need to feel reassured and engage. This means, among other things, to guarantee the rule of law and to build an effective justice system rather than allowing some well-connected individuals to stay outside its reach, and outside the rules of competition. It would also mean serious steps towards more accountable and transparent governance and, eventually, towards democratic participation.

Syria's leadership has not (yet) decided to move into that direction. It has sought to widen the scope of representation within the country's political-institutional system, but it has not permitted political competition. Contenders who tried to compete with the power holders through independent political activities have been blocked with the means of the authoritarian state and hopes for a thoroughgoing political opening were dashed, as were the hopes of not a few younger, mid-level Ba'ath party leaders that the President would rid himself of the regime's dinosaurs. Similarly, the cabinets which Bashar al-Asad appointed in 2001 and 2003 were disappointing to those who had expected that economic and political reform steps would go hand in hand. In Asad's agenda, and that of his collaborators, modernisation comes before any possible democratisation, and the process of "development and modernisation" has to be led and controlled from the centre. On this basis, a coalition of regime conservatives and modernisers was possible, rather than an alliance of Asad's reform team with the liberal, democratic current that had hoped to see the young President as a vehicle for system transformation.

The irony is that Syria, in many respects, seems "riper" for a more pluralistic, democratic system than other states in the region: state institutions have widely penetrated society, the nation-state is accepted, and the state holds a monopoly over the legitimate means of violence. The population is generally well educated, there exists a vivid middle class, and dissenters and opposition forces dismiss violence as an instrument of political change and would be prepared to support a gradual, consensual form of transition that would involve the President and parts of the incumbent wider leadership. This leadership, however, has a different agenda: it emphasises technical and economic modernisation, but fails to

involve, and thereby discourages, the people that would be needed for a comprehensive reform project. Under this premise, even prospects for sustainable economic progress seem moot.

A Difficult Environment

Domestic developments are of course influenced by external factors. We have seen how the internal political debate was revived with the fall of Baghdad. We may assume that domestic pressures for change would have increased if the invasion and occupation of Iraq had been followed by quick and visible progress to a stable and more democratic regime. At earlier stages, progress in the Arab-Israeli peace process had strengthened the more economically and politically liberal elements in the Syrian regime, while the breakdown of negotiations and electoral victories of the right in Israel have boosted foreign and domestic policy hard-liners.¹⁵

Since coming to power, Bashar Al-Asad has somewhat changed the patterns of Syria's foreign policy. He and his team have not made regional policies or the "struggle for the Middle East"¹⁶ as such their priority, as Hafiz Al-Asad had done. Rather, they have been prepared to use regional and international politics to secure domestic interests. Practically, this implies two partly contradictory features. Firstly, as the new team has a good understanding of the economic function of regional and international relations, they have sought to put foreign policy to the service of their country's economic recovery. In contrast to his father's men, Bashar al-Asad's team also understands, in principle at least, the need to engage in public diplomacy, particularly vis-à-vis the United States. For the first time, there are now people in the foreign ministry and in Syria's Washington embassy who can explain the country's positions through well-worded op-eds, meet the press and make convincing appearances on American TV. Secondly, however, the new leadership team has also used the foreign-policy field to enhance the president's popularity and legitimacy. This has been quite successful with regard to the domestic audience, but it has often irritated partners and foes abroad.

For Syria's new president and his team it was clear that Syria had an interest in a peaceful settlement with Israel. However, the reasoning had changed somewhat. Under Hafiz al-Asad, the latter's oft-repeated adage that the peace process was Syria's "strategic option" clearly referred to the regional and international balance of forces. Under Bashar al-Asad, the

¹⁵ See, eg., Volker Perthes, "Syrie: le plus gros pari d'Assad", *Politique internationale*, 87 (2000), pp. 177-192.

¹⁶ To paraphrase the title of Patrick Seale's book, *Asad of Syria. The Struggle for the Middle East* (London, Tauris, 1988).

same motto attained a wider meaning. It now pertained mainly to Syria's development chances: Syria, as the President expressed, needed peace with Israel to pursue its modernisation project.¹⁷ Ironically, these pragmatic insights were not what shaped the international image of Syria's new leadership. Less than three months after Bashar al-Asad's inauguration, bloody confrontations erupted between Israelis and Palestinians, and soft-spoken peace talk moved into the background of Syria's public discourse.

As noted, Bashar al-Asad realised the need to put the country's foreign relations to the service of economic recovery and modernisation. This meant particularly to cultivate relations with the European Union and its member states, and to make best use of regional opportunities for trade and co-operation. Noticeably, the new President did not initially expect much of a political contribution from Europe—the EU did not even figure in his inaugural speech. However, within his first year of office, Asad travelled to Spain, France and Germany, with economic issues high on the agenda. Most importantly, the Syrian government succeeded in solving long-standing debt problems with France and Germany, thereby removing a major obstacle to European development assistance. The new leadership also took negotiations for an association agreement with the EU more seriously than its predecessors. This reflected a shift in Syria's approach to dealing with Europe's regional initiatives. In 1995, when the Barcelona process was launched, Syria had entered it for mainly political reasons. Primarily, Damascus hoped that a more active Europe would balance US influence in the Middle East. Today, Syrian decision-makers consider more seriously what economic benefits the partnership with Europe can yield.

While Europe is Syria's main trading partner, Syria is still economically relatively highly integrated into its regional environment: it conducts some 15 to 20 per cent of its registered exports and imports with other Arab states, about twice the general average of intra-regional trade in the Middle East, and another 6 per cent or so with Turkey.¹⁸ Therefore, Syria's private sector has a higher stake in these exchanges, and the relevance for industrial development and employment generation is enormous. Syria's new leadership has demonstrated that it takes the economic dimension of regional relations more seriously than its predecessors. This means, in particular, not to allow political differences over regional issues to disrupt functional co-operation. Turkey is a case in point.

¹⁷ Or, explicitly: "Nous devons travailler à la paix pour faire avancer le processus de modernisation" (Bashar al-Asad, interview with *Le Figaro*, 23 June 2001).

¹⁸ For trade data see the annual IMF, *Directory of Trade Statistics*. If illicit trade with Iraq and Lebanon were counted, figures would be considerably higher.

Relations with Turkey had already begun to improve under Hafiz al-Asad, following a near breakdown in 1998. In the summer and fall of that year, Turkey had massed troops on the Syrian borders and threatened military action unless Syria ended its support for the Kurdish PKK. Faced with a possible invasion, Syria expelled PKK-leader Öcalan and signed the so-called Adana agreement, a capitulation of sorts that committed Syria to cease all support for the Kurdish rebels.¹⁹ Thereafter, relations between the two countries improved, and Bashar al-Asad's government has sought to maintain this momentum. As a result, trade has picked up steadily. In 2002, the Syrian and Turkish chiefs of staff concluded a military co-operation agreement that foresees joint exercises, and in July 2003, Turkey eventually agreed to resume talks over the Euphrates water, a vital Syrian concern, which Turkey had occasionally used as a means of pressure during the tension in the 1990s. Syria, on its part, has for all intents and purposes given up any active irredentism in regard to the province of Iskanderun/Hatay which was ceded to Turkey by the French Mandate in 1939. Of course, Turkey and Syria also have common political concerns, particularly with regard to the future of Iraq. Syrians were impressed that Turkey refused to support the US invasion of Iraq, and neither Turkey nor Syria or Iran are interested in the establishment of too autonomous a Kurdish entity.²⁰

Bashar al-Asad's largest foreign-policy challenges so far have been the Iraqi crisis and war, and the implication for US-Syrian relations. After almost two-decades of enmity between the Syrian and the Iraqi regimes, during which Syria supported Iran in the 1980-88 Iraq-Iran war and participated with a troop contingent in the coalition effort to liberate Kuwait in 1991, relations had begun to thaw by 1997. At that time, the UN oil-for-food programme for Iraq came into effect and Syrian industrialists started to lobby, cautiously, for an opening towards Iraq. The need of the Iraqi market for cheap consumer goods, the ability of Syrian industry to produce just that, and geographic proximity, offered enormous opportunities for Syria's recession-plagued economy, particularly for the private sector.

¹⁹ See Robert Olson, "Turkey-Syria Relations, 1997 to 2000: Kurds, Water, Israel and 'Undeclared War'", *Orient*, 42:1 (2001), pp. 101-117.

²⁰ Kurds are estimated to constitute some 10 per cent of the Syrian population, and Kurdish nationalism is less assertive in Syria than in Turkey or Iraq. Still, the Syrian government has failed, so far, to abolish discriminatory regulations against parts of its Kurdish citizens that are a source for recurrent tension. The emergence of an independent Kurdish state would certainly arouse fears of possible separatist spillovers into Syria.

After Bashar al-Asad's accession, relations improved much faster. The main motive for the Syrian leadership was to further economic interests and draw a financial rent. In the fall of 2000, the Iraq-Syria oil pipeline, closed since 1981, was reopened and henceforward used for Iraqi crude exports outside the UN oil-for-food regime. At the same time, some Syrian leaders began to speak of Iraq as Syria's "strategic depth". Syria did not even try to create the impression that it would support the Bush administration's initial efforts to rejuvenate the Iraq sanctions, or its more aggressive line following the terrorist attacks of 11 September 2001.

In fact, Syria followed a dual strategy. On the one hand, it co-operated with the US on the issue of international terrorism, particularly through the exchange of information and by allowing US investigators access to terror suspects in Syrian jails.²¹ On the other hand, the Syrian leadership left no doubt that it strongly rejected overall US policies in the region and would do its part to ward off a US-led war on Iraq.

As the only Arab member in the UN Security Council in 2002 and 2003, Syria took an even more prominent place in the crisis leading up to the Iraq war than it would have done as simply one of Iraq's neighbours refusing to back US policies. Syria voted with UN Security Council resolution 1441 in November 2002, but only, as Syrian officials insisted, after receiving guarantees that no automatism for war was implied. Even within the Arab context, Syria's position came closest to not only rejecting war, but openly supporting Baghdad.

Domestically, the leadership's stance went well with a public mood that was clearly both pro-Iraqi and anti-American. Internationally, however, Syria came under pressure. US and Israeli leaders accused Damascus of supporting the Iraqi war effort, shipping military technology to the Iraqi army, giving a haven to Iraqi officials or even allowing Iraq to store weapons of mass destruction (WMD) on Syrian territory. Even though Iraq did indeed import military equipment through Syria in the months before the war, there is no indication that Syria accepted to hide WMD on behalf of the Iraqi regime. However, Syria did allow Arab volunteers to cross into Iraq, including hundreds of Syrians, many of whom did not return alive. Also, Asad and his associates left little doubt that they wished the US army to be defeated, or at least not to gain an easy victory.²² In fact, the Syrian leadership gravely misread the military situation and the ability of the Iraqi regime to withstand: Baghdad fell much earlier and with much less

²¹ See Seymour M. Hersh, "The Syrian Bet", *The New Yorker*, 28 July 2003.

²² See, e.g., Asad's interview in *al-Safir*, 27 March 2003.

resistance than the Syrian leadership had expected. Significantly, Syria's official media did not report the fall of the statues of Saddam Husain.

All of a sudden Syria found itself in a completely new geo-strategic situation, sandwiched, as it were, between Israel in the South and a now US-dominated Iraq in the East. Moreover, fears grew, more so among the public than among officials, that the US might now turn against Damascus with part of its military power already present on Syria's long border with Iraq. Indeed, some US officials did not rule out military measures if Syria failed to comply with a series of US demands related both to Iraq and the Arab-Israeli conflict, and political pressures increased. In October 2003, the White House made it clear that it would no longer seek to bloc a draft "Syria Accountability and Lebanese Sovereignty Act" which foresaw a number of diplomatic and economic sanctions and was subsequently approved by Congress.

If parts of the regime had toyed with the idea of actively supporting militant Iraqi resistance against the US-led occupation, the idea was quickly laid to rest in view of US threats and pressures. Reluctantly, Syria agreed to co-operate with the US and the new Iraqi authorities on freezing and eventually repatriating assets of the former Iraqi regime in Syrian bank accounts. The border to Iraq was sealed off and closed to Iraqi refugees, although border crossings were held open to the movement of trade and visitors, both by Syria and by US forces on the Iraqi side, and trade exchanges resumed shortly after the war. Even though Syria could probably not control its borders with Iraq to a degree that would have prevented each and every Arab who sought to join the anti-American resistance from crossing into Iraq, the government no longer encouraged such *jihadi* tourism. It seems, however, that individual officers at the border enhanced the traffic of such fighters for a bribe.

Politically, Syria's leadership left no doubt that it would remain opposed to the occupation of Iraq. It accepted the Governing Council which the Coalition Authority in Iraq had appointed as de-facto representatives of Iraq and began to co-operate with the new Iraqi authorities on functional issues. Under increasing US pressure, it also voted with Security Council Resolution 1511 which practically gave a UN mandate to the US led forces in Iraq. At the same time, Damascus kept demanding a clear timetable for a US withdrawal.²³

The environment in which Syria finds itself has become neither friendlier nor easier to handle since the United States, in Foreign Minister Sharaa's

²³ See *al-Hayat*, 26 September 2003.

words, has become one of Syria's neighbours.²⁴ Add to that that Israel has been seeking to change the rules of the regional game, clearly demonstrated by the aerial attack on a disused Palestinian training camp on Syrian territory in early October 2003. The attack—the first of its kind since the 1973 war—was basically a message that Syria might not be able to evade a direct, military confrontation with Israel if it continued to support Palestinian militants. More worrying for Syria than the attack as such was the fact that it obviously found Washington's consent.

Syrian leaders were concerned by this turn of events, but not overtly alarmed. Asad and his team have tried to maintain a modicum of good relations with the US not only to avoid a costly confrontation, but mainly because of the role that Damascus still expects Washington to play, eventually, in regard to its main foreign and security policy concern: the unresolved conflict with Israel. The general assumption has been that the US would not pressure for domestic political change in Syria, and that Washington would eventually need Syria to secure peace and stability in the Middle East. They seem to be right on the first assumption: regime change *à la Iraq* has not been part of the US agenda, and political reforms in Syria are not a US priority in its dealing with Damascus.²⁵ However, Syria's leadership underestimated Washington's unhappiness with what the US describes as Syria's lack of co-operation with regard to Iraq and to the Israeli-Palestinian conflict, and they overestimated Washington's preparedness to help resume the Syrian-Israeli peace process. Rather than trying to enlist Syria into a common effort at reinvigorating this peace process, the Bush administration has signalled that Damascus may be dispensable in the post-Iraq war regional environment. It will make no effort to restart Syrian-Israeli negotiations as long as Syria is seen to be—according to the current US administration discourse—“on the wrong side of the war on terror”, i.e., as long as it does not change its position on Islamic Jihad and Hamas and more generally, armed resistance to Israeli occupation. However, such a reversal of Syria's stance is not likely to happen any time soon—certainly not in the absence of a meaningful peace process.²⁶ Syria may thus find itself in a situation of prolonged stalemate on the peace-process front—with all that that implies for the chances of domestic political change.

²⁴ Quoted from *International Herald Tribune*, 17 September 2003.

²⁵ Personal communication with senior US officials, June and October 2003.

²⁶ In his interview with *al-Hayat* of 7 October 2003, Asad clearly stated his refusal to expel the exiled leaders Hamas and Palestinian Jihad: they are not terrorists, he explained, and had not violated any Syrian laws, nor had they harmed Syrian interests.

Bashar al-Asad has repeatedly said that Syria needs peace in order to pursue his modernisation programme; and one can reasonably assume that little could spur economic growth, investments and most likely also political reform steps in Syria more than a peace accord with Israel.²⁷ Peace, indeed, would force upon Syria a new form of regional competition where relative advantages will increasingly be a function of economic efficiency and human skills rather than military capabilities or geopolitical position. The Syrian regime model may seem outdated, but it would be easier to reform it in the absence of a state of confrontation which blocks not only resources but, often enough, the minds.

Washington, on its part, may underestimate the potential volatility of the situation in the Israeli-Lebanese-Syrian border triangle and the lasting importance of an Israeli-Syrian settlement for regional peace and Arab “normalisation” with Israel.²⁸ If the United States were to give the impression that limited escalation was acceptable and that it had given up its commitment to eventually broker a Syrian-Israeli peace accord, it would give the wrong, and potentially dangerous, signals to both countries. Rather, out of their interest both to stabilise the region *and* give an impetus for change in Syria and other countries, the United States and Europe should continue to actively seek a fair and comprehensive solution to the Middle East conflict that includes Syria and, by extension, Lebanon.

For bilateral relations with Damascus, a form of conditional engagement may be appropriate: this would involve a clear message that there is room for increased co-operation, including trade, an enhanced political dialogue—as foreseen, on the European part, under the EU-Syria Association Agreement—the modernisation of economic and administrative structures, technology and education, cultural and civil-society exchanges. There are partners to speak to in Syria. At the same time, conditional engagement would imply the linkage of a deepening and intensification of political contact and economic co-operation to further political opening and the implementation of a reform agenda which Syrian decision-makers and civil society are perfectly able to design by themselves.

²⁷ See George, *Syria*, p. 174.

²⁸ See International Crisis Group, “Middle East Endgame III: Israel, Syria and Lebanon - How a Comprehensive Peace Settlement Would Look”, ICG Middle East Report, No. 4, 16 July 2002.

Syria and the War on Iraq

Marius Deeb

Professor of Middle East Studies, The Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, Washington, D.C.

Now that the War on Iraq has ended, Syria has taken the center stage in American foreign policy for three reasons. First, Syria's attitude towards the War on Iraq. President Bashar al-Asad was suspected of giving support to the Saddam Husain regime and also providing safe haven to its top leaders. Second, Syria's support of organisations like Hizbollah and Islamic Jihad which are viewed as terrorist in nature. Third, by backing these organisations and others like Hamas and the Popular Front for the Liberation of Palestine-General Command (PFLP-GC) Syria has been working against the peace process. These are precisely the issues which will be under consideration in this chapter.

Syria's Attitude Towards the War Against Iraq

Syria's attitude towards the American-British war against Iraq was complex. It is rooted in what I call the *dualism* which has characterised the Asad regime for the last twenty-three years. One dimension of the Asad regime in Syria was the successful attempt by Hafiz al-Asad, since he took over power in November 1970 as the absolute ruler of Syria, to project the image of his country as the embodiment of the Pan-Arab Nationalist ideology of the Ba'ath Party. This was absolutely necessary to legitimise Hafiz al-Asad's regime which was, and still is, in reality a sectarian 'Alawi regime. Bashar al-Asad continues the legacy of his father and controls the country through the 'Alawi officers who hold key positions in the military and the intelligence services. As the 'Alawis constitute only 11 per cent of the population, the Pan-Arab Nationalist ideology is vital for selling the

regime to the Sunni Muslim majority in Syria as well as to the rest of the Arab world. Therefore it was logical for Syria to be in opposition to the war against Iraq. For the Arab and Muslim masses a stand against the war in Iraq was a popular position. It was for domestic and regional consumption that President al-Asad gave an eloquent speech in the Arab Summit on 1 March 2003, in Sharm al-Shaykh. It was a classic Pan-Arab nationalist speech conjuring up the anti-imperialist ideology of Nasser's era. Consequently the Syrian intelligence services in Lebanon organised on 9 March 2003, a mass convoy of various political organisations, associations, militias and members of the political establishment. It also comprised the various Palestinian militias including supporters of Yasser Arafat. The convoy was estimated to be around fifty thousand strong. It began at the presidential residence in Ba'abdah and ended at al-Rawdah presidential residence in Damascus to be greeted by President al-Asad. One of speakers at the rally claimed the fifty thousands people who participated in this rally "represented three hundred million Arabs". Thus the Asad regime utilised the anti-war sentiments felt by Arab masses to enhance its position domestically and regionally.

Soon after the war commenced on 20 March 2003, the Syrian Ba'ath High Command presided by President al-Asad convened on 22 March 2003, and condemned in the strongest possible terms the war against Iraq calling for an immediate cease-fire. The sentiment of the Syrian people like the rest of the Arab world was with Iraq throughout the war. Anti-American sentiments was expressed by Arab demonstrators all over the Arab world including Damascus. When President Bashar al-Asad expressed "the wish that the United States would either be defeated militarily or forced to flee by internal resistance", this had tremendous resonance throughout the Arab world reaching the worshippers at al-Azhar Mosque in Cairo where demonstrators chanted, on 11 April 2003: "Bashar, Bashar, set the world on fire." The Syrian media orchestrated an anti-colonial campaign against what the US called the liberation of Iraq and which the Syrian media dubbed as "a barbaric occupation".

The Bush administration has no understanding of the Arab culture. For instance, President Bush urged, on 11 April 2003, the Syrian authorities not to allow leading members of the Iraqi Ba'ath Party "or Saddam's families or generals on the run to seek safe haven" in Syria. On 16 April 2003, Secretary of State Colin Powell reiterated the same demand by saying that through diplomatic intermediaries a message was sent "to Syria not to become a 'safe haven' for senior Iraqi officials". All these demands go against the unwritten rules of what constitutes the core of Arab culture, that is, hospitality and chivalry. If a person seeks political asylum you give him protection and under no circumstances would he be handed over to his enemy, let alone if the latter is viewed as an "infidel alien" power. The

borders between Iraq and Syria are porous in two senses. First, it is difficult to demarcate physically the common borders as the Syrian desert constitutes a very large segment of these borders. Secondly, semi-nomadic tribesmen straddle the borders and therefore it is not difficult for persons with the appropriate attire to vanish among roving tribes. The Arab public opinion takes for granted that the Syrian authorities have given sanctuary to the fleeing Iraqis, and that the honour of the Asad regime would remain intact if the Iraqis are not handed over to the US. The Western notion that there are winners and losers, and that one should support the winning side is totally alien to Arab culture. Colin Powell wonders why Syria was continuing to support “the dying regime of Saddam Hussein”. The Israeli Prime Minister Ariel Sharon accused President Bashar al-Asad that he was helping members of the Saddam Husain regime “escape from Iraq”. Sharon commented that the Syrian president “has shown that he is unable to draw obvious conclusions... Anyone with eyes in his head would have known that Iraq is on the losing side.”

In the Arab Islamic culture heroic figures are not measured by the wars that they won. The case of the late Egyptian president Gamal ‘Abd al-Nasser (1952-1970) is the best example to illustrate this point. ‘Abd al-Nasser lost all his wars including the Suez War of 1956 and the June War of 1967, but he did not surrender. Since his death in September 1970, he has remained in the memory of Egyptians and Arabs a great heroic figure. In contrast ‘Abd al-Nasser’s successor, Anwar Sadat (1970-1981) was partially successful in his October War of 1973, and had managed to retrieve all Egyptian land lost in the 1967 War by signing the Egyptian-Israeli Peace Treaty of March 1979. Despite all that Sadat was assassinated in October 1981, and neither the Egyptians nor the Arabs regard him in retrospect as heroic in stature.

In the case of the Gulf War of January-February 1991, Saddam Husain had insisted, despite his ouster from Kuwait, that he had won the war which he called the Mother of All Battles (*Um al-Ma`arik*). In this second War against Iraq of March-April 2003, the Saddam regime had regarded the war from the outset as unfair and unjust, and thus had the sympathy of the whole Islamic world. Wolfgang Schivelbusch in a very perceptive article depicted the war against Iraq in the following manner: “To find a major war, one involving the conquest of an entire nation with a military asymmetry comparable to the conflict in Iraq, one must go back five centuries to the Aztecs, with their obsidian daggers, against the fire-armed Spaniards. For the Iraqi soldiers, suffering for the second time in a dozen years the experience of being fish in a barrel, to disappear was the most natural and pragmatic thing to do.” By disappearing without a trace, Saddam Husain has deprived the American victorious commanders of having the Iraqi defeated side sign the unconditional surrender which they

expected. “The absence of the vanquished from their place at the table of surrender resonated as sinister silence, like a tragedy ending without a dying hero’s last words.”

Syria was also accused during the war, by Secretary of Defense, Donald Rumsfeld, of shipping military supplies to Iraq including “night vision goggles” and bus loads of Arab fighters who came from Syrian-occupied Lebanon and travelled through Syria to Baghdad. The Syrian cabinet rejected these accusations, and maintained that the “escalated language of threats and accusations by some American officials against Syria are aimed at damaging its steadfastness and influencing its national decisions and [Pan-Arab] national stances.”

Syria, Iran and Terrorism

The other dimension of the Asad regime in Syria is rooted in the brilliant decision made by President Hafiz al-Asad to ride the wave of Shi'i fundamentalism represented by the Islamic Revolution in Iran. Although the Asad regime has always been a sectarian 'Alawi regime, it has camouflaged itself behind the ideology of Pan Arab-Nationalist ideology of the Ba'th party. But when the Iranian Islamic Revolution triumphed in 1979, President Hafiz al-Asad realized that a golden opportunity had come his way to bolster up his regime which was somewhat besieged domestically by the Syrian Sunni Muslim Brothers who had resorted to violence to topple the 'Alawi minority. The Islamic Revolution in Iran is a Shi'i fundamentalist revolution, and as there are no Shi'is of any significance in Syria except the 'Alawi community itself then Shi'i fundamentalism in the Middle Eastern region could be channelled in propping up the Asad regime. In reality the 'Alawis are heterodox Shi'a who go beyond giving 'Ali Ibn Abi Talib, the cousin and son-in-law of Prophet Muhammad, the center stage in Islam as the mainstream Twelver Shi'a do, they actually regard him as the incarnation of God. Nevertheless, the 'Alawis obtained a religious decree, a *Fatwa* issued, in 1973, by the religious leader of the Shi'a in Lebanon, Imam Musa al-Sadr, which declared that the 'Alawis of Syria belong to the Twelver Shi'a Muslim community, and therefore they have been transformed into mainstream Shi'a. Thus, the relations which have been cemented between Syria and Iran since 1980 are stronger than an alliance because they have religious roots. The two dimensions give the Asad regime the ability to move freely within the two worlds of Pan-Arab Nationalism and Islamic radicalism. Nevertheless, the latter dimension is more basic than the former. During the Iran-Iraq war (1980-1988) Syria did not hesitate to side with its co-religionists the Iranians, who are not Arabs, against an Arab country, Iraq, which had even the same ideology as Syria, that is, the Pan-Arab Nationalism of the Ba'th Party! It is not surprising that in the Middle East religion triumphs over ideology.

One could argue because of this second dimension of the Asad regime, Syria was not unhappy with the war. First, Syria voted in favour of UN Security Council Resolution 1441 of 8 November 2002. This was a surprise for those who had taken Syria's public statements at face value. For instance, the US Secretary of State, Colin Powell was elated by Syria's vote in favour of Resolution 1441. Second, what Secretary Powell should have known is that Syria has been actively supporting the Iraqi opposition whose objective is the toppling of Saddam Husain. This is especially true of the largest and most powerful Shi'i organisation within the Iraqi opposition, the SCIR, that is, the Supreme Council of the Islamic Revolution (*al-Majlis al-A'la lil-Thawarah al-Islamiyah*) headed by Muhammad Baqir al-Hakim. Thirdly, the war against Saddam Husain's Iraq has greatly benefitted the Asad regime in Syria. The first advantage is that it has eliminated Syria's rival Ba'hist regime in Iraq, and thus rendered Damascus the sole standard bearer of the secular Pan-Arab nationalist ideology for whatever it is worth. The second advantage is that with the overthrow of Saddam Husain the political and military vacuum which has been created in southern Iraq would be filled in by the partisans of SCIR, al-Da'wa Party and others who are beholden to Iran and Syria. Ironically the American-British successful war against the Saddam Husain regime has removed the last barrier for the triumph of Shi'i fundamentalism emanating from Iran which Khomaii had dreamed of and had unsuccessfully tried to achieve in the last six years of the Iraq-Iran War of 1980-1988. A leading Iranian clergyman stated on 9 April 2003, that "the downfall of Saddam will be the happiest day for the Iranians." The dream of Iranian Shi'i clergymen (whether Khomaii or his successors) has always been to capture the holy cities of Shi'i Islam, al-Najaf and Karbala'. Al-Najaf is the Vatican-Oxford of Shi'i Islam, and al-Karbala' is where the ethos of Shi'ism was created with the martyrdom of Husain on 10 October 680 A.D. Muhammad Baqir al-Hakim, the president of SCIR had declared, on 21 March 2003, that he and his militia will be moving to Basra in the wake of the defeat of Saddam Husain. Already al-Hakim's Badr militia has infiltrated into southern Iraq. Al-Hakim himself returned to Iraq soon after, but was killed with ninety-five others in a carbomb which exploded just outside the al-Imam 'Ali Mosque in al-Najaf on 29 August 2003. The Asad regime would welcome a link up with Iran via southern Iraq, that will further advance the 'Alawi-Shi'i alliance which had emerged in 1980. Third, if the Kurds of Iraq end up having a greater autonomy, this will strengthen Syria's position as it has been supporting Kurdish insurgents for the last two decades including the PKK. Fourth, if the Syrian-Iranian strategic alliance would ultimately succeed in incorporating southern Iraq, then it will become a formidable wedge between the Sunni Arab heartland and an increasingly Islamic Turkey. Fifth, a Syrian-Kurdish alliance could

make a Turkey dominated by Islamists doubly vulnerable through its Kurdish minority and through its Alevi minority who are the co-religionists of the Syrian 'Alawis who have controlled power in Syria since 1970.

Thus the Islamic Revolution in Iran has been a boon for the Asad regime throughout the Middle East region, and has led to a greater use of terrorism against the West and in particular against the United States. In a recent study I have argued that there has been a misunderstanding of the significance of Khomeini's Revolution. "Khomeini left two legacies which are still popular in the Middle East: the demonization of the US as 'the Great Satan', and the suicide bomber." This ideology of the Islamic Republic of Iran suited the late president of Syria Hafiz al-Asad, because it has been from the beginning anti-Western, and in particular anti-American and anti-Israeli. By riding the wave of Shi'i fundamentalism, the Asad regime has been able to tap a segment of the Shi'i community in Lebanon which has been influenced by the Iranian Revolution. In 1980 the Shi'i militia Amal which was originally founded by Imam Musa al-Sadr was taken over by the Syrian proxy Nabih Birri. Since then it has served as a major instrument of the Asad regime in Lebanon. Birri's Amal was unleashed by Syria against the Palestinian camps in Beirut and southern Lebanon during the period 1985-1988 that resulted in the decimation of the Palestinian camps and in inflicting heavy casualties among their residents. Because of his services to the Asad regime, Birri was rewarded in 1992 when he was appointed president of the Lebanese Chamber of Deputies.

In June 1982 the Asad regime and Iran created Hizbollah in Lebanon. Since then it has become the major terrorist organisation utilised by Syria in cahoots with Iran to achieve their objectives in Lebanon and beyond. Hizbollah as an instrument of the Asad regime has killed hundreds of Americans. It began with the bombing of the US Embassy in Beirut on 18 April 1983 which killed forty-nine people and injured more than a hundred. On 23 October 1983, a suicide bomber targeted the US Marines of the Multi-National Force in Beirut killing 241 Marines and wounding seventy others. Another ten US Marines were killed in separate incidents (on 29 August 1983, and 4 December 1983) when shelled by pro-Syrian militias other than Hizbollah. On 18 January 1984 the president of the American University of Beirut, Professor Malcolm Kerr, was assassinated on campus by Hizbollah. On 16 March 1984 an American diplomat William Buckley was kidnapped by Hizbollah, and he was tortured and eventually killed. On 20 September 1984, a suicide bomber from Hizbollah attacked the US Embassy Annex in 'Awkar in the vicinity of Beirut killing twenty-three people and injuring sixteen others. On 14 June 1985 TWA (flight 847) from Athens was hijacked by Hizbollah and when it landed in Beirut the hijackers killed an American Navy diver Robert Stethem, and threw his body on the tarmac. On 17 February 1988 Lieutenant Colonel William

Higgins, who was an American observer with the United Nations in southern Lebanon, was kidnapped by Hizbollah and he was subsequently killed by his abductors. If one just adds up the number of Americans killed by Syrian proxies and in particular by Hizbollah the figure could reach three hundred people, that is, more than those killed in combat fighting in the Gulf War of January-February 1991, and in the War on Iraq of March-April 2003. Therefore it was a gross underestimation when an official of the Bush Administration described Syria, on 14 April 2003, as “a member of the junior varsity axis of evil”. Syria’s record in terrorism makes it a distinguished member of the “axis of evil”. Together with its partner Iran, Syria should be regarded as the leading terrorist states in the Middle East since the early 1980s.

Although Syria is on the US Department of State’s list of states which sponsor terrorism, it has never been held accountable for its support of terrorism. There were two exceptions. First, the bombing by US of Syrian anti-aircraft artillery on 4 December 1983, but two US Navy jets were downed and one US pilot was killed while another was captured. The other case was the car-bombing on 8 March 1985, in the Shi’i suburb of Beirut aimed at the spiritual leader of Hizbollah, Muhammad Husain Fadlallah. The latter survived although more than eighty persons were killed and more than two hundred were wounded in the blast. The Reagan Administration claimed later that this covert operation was done “without CIA authorization”.

After 11 September 2003, the list of the twenty-two most wanted terrorists issued by the US did not include any of the Syrian intelligence officers who had been responsible for terrorism. There was a slight progress in the pursuit of terrorists by including in the list of the twenty-two ‘Imad Mughniya and two other members of Hizbollah. Hitherto Hizbollah’s leader Hasan Nasrallah had claimed that “in Lebanon, the Lebanese Muslim fighters [Hizbollah] were able to expel the US Marines through the martyrdom [terrorist] operations, and the United States could do nothing.” Nevertheless Mughniya is merely a leading operative of Hizbollah. The masters of Mughniya and the whole of Hizbollah are Iran and Syria. But as usual the punishment of Syria was not even considered despite 11 September 2003. One of the reasons was that Syria had supposedly provided the US with information on Al-Qa’ida which was described by David Satterfield, Deputy Assistant Secretary of State for Near Eastern Affairs, as “substantial and [which] has helped save American lives”. This was a reference to the imprisonment by Syria of Muhammad Haydar Zammar, a Syrian-born naturalized German citizen, who played a fundamental role “in the formation of the Hamburg cell that led the 11 September 2001, attacks in the United States”. Zammar was an exception because most of Al-Qa’ida members who were able to flee from the War on Terrorism ended up in Iran, Syria and in Syrian-occupied Lebanon. Senator

Bob Graham (as the chairman of the Senate Intelligence Committee) stated that “the training centers where the next generation of international terrorists are being prepared ... are primarily in Syria, in the Syrian controlled areas of Lebanon and in Iran.” For example, ‘Usbat al-Ansar which is linked to Al-Qa‘ida openly operates in the Ain Helwah Palestinian camp close to Sidon. Hizbollah has trained Al-Qa‘ida members since the mid-1990s. After the failure of the attempt at blowing up the World Trade Center in February 1993, a meeting was held in Khartoum attended by Iranians and chaired by Osama Bin Laden in which he sought the assistance of Iran and Hizbollah. Consequently Bin Laden sent an Al-Qa‘ida team to Hizbollah training camps in Lebanon. From then on Al-Qa‘ida has adopted Hizbollah’s *modus operandi* as Rohan Gunaratna has perceptively observed: the “coordinated simultaneous attacks”. Both the bombing of the US embassies in East Africa on 7 August 1998, and 11 September 2001 fitted the pattern.

Despite the full support which Syria has given to Hizbollah acting as its major terrorist organisation, all the American administrations from Ronald Reagan to George W. Bush have continued to appease Syria, even when the terrorist operations were undertaken by Syrian proxies. Usually some other country is blamed for the terrorist operation and is punished, while Syria remains untouched. For instance when the President Reagan bombed Libya on 16 April 1986, it was primarily due to the terrorist operations targeting the counters of the Israeli El-Al airliner in the airports of Vienna and Rome on 27 December 1985 killing scores of Americans and Israelis. When the two surviving terrorists were interrogated and put on trial it was found out that they belonged to Abu Nidal’s Palestinian organisation, and were not sent from Libya but from Syria! Even after 11 September 2001 the appeasement has continued. For instance when the US Congress began on 11 November 2002, the process of adopting the Syria Accountability Act, David Satterfield argued it was not “the right time [sic]” to hold Syria accountable. Soon after the Bush Administration managed to convince the Congress that the Syria Accountability Act should be shelved because “it would complicate Middle East peace efforts”.

There has been a slight change in policy toward Syria since the War on Iraq. On 13 April 2003, the Syria Accountability Act was reintroduced in Congress by the Democratic Representative from New York, Eliot L. Engel, and the Republican Representative from Florida, Ileana Ros-Lehtinen. Under the new proposal “Syria would be held accountable for any attacks committed by Hizbollah. The proposal would also find Syria in violation of United Nations Security Council resolutions because of its occupation of Lebanon.” Secretary of State Colin Powell found it expedient after his visit to Damascus on 3 May 2003, to threaten the Asad regime with the Syria Accountability Act. Powell is hoping to change Syria’s

behavior by these threats. Syria responded by closing down the offices of Islamic Jihad, Hamas, and the Popular Front for the Liberation of Palestine-General Command. This was depicted by the Bush Administration as “a breakthrough in dealing with Syria”. But these organisations operate freely in the Palestinian camps in Syria, and also in Lebanon which is controlled by the Asad regime through a puppet government. Therefore closing three offices means nothing in reality. As long as the Bush Administration is seeking through diplomatic means only to change Syrian policy toward terrorism the chances for achieving that goal are nil. Terrorism has become an integral part of the Asad regime. The use of terrorism by Syria has been so successful that it deterred others from punishing it. These terrorist organisations and in particular Hizbollah in Lebanon have become weapons in the hands of Syria to defend itself. The notion that the Asad regime in Syria will give up these terrorist organisations, let alone dismantle them, is a mirage.

Syria and the Peace Process

When President Hafiz al-Asad died in June 2000, his son Bashar had already been groomed for six years to take over power. Therefore it is not surprising that in foreign policy the new President of Syria, Bashar al-Asad, has been following in his father’s footsteps. As I have shown clearly in my book entitled *Syria’s Terrorist War on Lebanon and the Peace Process*, the Asad regime in Syria has been waging a war against the peace process since 1974 despite its public statements in favor of the peace process. The major reason why the Asad regime has been against the peace process is the fact that it is an ‘Alawi sectarian regime which has no legitimacy in Syria. Therefore it is vital for the survival of the Asad regime to be in confrontation with Israel via Lebanon. This explains the reason for not letting the Lebanese government, which is a Syrian-controlled government, send the Lebanese Army to the border with Israel when the security zone was dismantled and Israeli troops withdrew from southern Lebanon on 24 May 2000. Instead of the Lebanese Army, Syria had dispatched its major terrorist organisation, Hizbollah, to the Lebanese-Israeli border to keep the confrontation with Israel alive. Just before his death, Hafiz al-Asad claimed that Mazari` Shib`a a piece of land in the Israeli-occupied Golan Heights, belonged to Lebanon, and therefore the Israeli withdrawal from southern Lebanon on 24 May 2000, is not complete as Mazari` Shib`a is still under Israeli occupation! This flagrant pretext to prevent the Lebanese-Israeli border from being pacified was imposed on the Syrian puppet regime in Lebanon. Since the Israeli withdrawal from Lebanon, Hizbollah has accumulated as many as 9,000 Katyusha rockets with a range of 12 miles, and Syria has provided Hizbollah with the 222-millimeter rockets with a range of up to 18 miles. Scholars and policy-makers who think that the

Asad regime in Syria wants the Golan Heights back are indulging in wishful thinking. The continued occupation of the Golan Heights by Israel is indispensable for the survival of the Asad regime in Syria.

Syria under Hafiz al-Asad had created through its terrorism obstacles to impede progress even in the Israeli-Palestinian negotiations. Hafiz al-Asad had escalated the fighting through Hizbollah against the Israelis in southern Lebanon which led in turn to retaliation in April 1996 in the form of the Israeli Operation of Grapes of Wrath. Consequently Prime Minister Shimon Peres lost the elections of May 1996 to Benyamin Netanyahu. The latter's victory had virtually halted, for three years, the Israeli-Palestinian peace process.

Bashar al-Asad did not need to do much in terms of fighting the peace process because soon after he came to power the Camp David Summit, convened in July 2000 by President Bill Clinton, including the Israeli Prime Minister Ehud Barak and the Palestinian President Yasser Arafat collapsed. This was followed by the eruption of the al-Aqsa or Second Intifada on 28 September 2000. Since then the peace process of the Arab-Israeli conflict has reached a dead end.

It is highly unlikely that the Israeli-Syrian peace process could be revived in the aftermath of the War on Iraq because, to start with, it is contingent upon the reactivation of the Israeli-Palestinian negotiations. The re-election of Ariel Sharon in January 2003 and his formation of a hardline cabinet have already diminished the chances for any progress in the Israeli-Palestinian peace process. Consequently President Bashar al-Asad does not have to bother about the peace process, which will be anyway another charade similar to that of the Syrian-Israeli negotiations which spanned the period from October 1991 until March 2000, and which produced no results whatsoever. Only under certain circumstances that Syria would seek the resumption of direct peace negotiations with Israel without any conditions, and the purpose of this resumption of negotiations will not be to make peace but to ward off an imminent war by either Israel or the United States.

The Israeli newspaper *Ma'ariv* revealed that a secret meeting took place in Amman, Jordan, in early March 2003, between the Syrian president's brother Mahir al-Asad and Eitan Bentzur, a former director-general of the Israeli Foreign Ministry in which the former "offered to reopen negotiations without any preconditions—something Damascus has never offered in the past". The Israeli Prime Minister Sharon declared that he was ready to negotiate with Syrians but not immediately waiting for American pressure on Syria to run its course.

In conclusion the overthrow of Saddam Husain's regime does not mean that the Syrian President Bashar al-Asad will see what Colin Powell has

described as “a new strategic situation”. But on the contrary it will provide Syria with the opportunity to meddle in Iraq’s internal affairs. Syria has tremendous influence among the Shi’i fundamentalists in southern Iraq because the Asad regime has supported them directly and through its strong alliance with Iran. By 28 September 2003, it was estimated by L. Paul Bremer, the civilian head of the Coalition Provisional Authority (CPA), that out of 248 foreign (non-Iraqi) infiltrators who were captured in Iraq 123 were Syrians. Delegations of Iraqi tribal chiefs and of leaders of Pan-Arab political parties have visited Damascus during the months of September-October 2003 and have met President Bashar Asad. Syria has also influence in the northern region because of its special relations with the leading Kurdish leaders, namely, Jalal Talabani and Mas’ud Barazani.

Syria’s dependence on terrorist organisations like Hizbollah to achieve its objectives from the early 1980s makes it almost impossible for Syria to abandon terrorism as the Bush Administration is hoping. Terrorism has become an organic part of the Asad regime. Despite the declaration of the War on Terrorism after 11 September 2001, this will not affect Syria as long as the policy pursued by the United States is devoid of holding Syria directly responsible for its sponsorship of terrorism.

The EU's CFSP and the Middle East Challenge

Steven Everts

Senior Research Fellow, Centre for European Reform

Introduction

We all know the story of the man walking in the hills and getting thirsty. He approaches a farmer and asks him for directions for a good pub in the area. The farmer thinks about this question for a while, and then answers: the first thing to say is that I would not start from here. Reflecting on the question what the EU can and should do in the greater Middle East gives one the same feeling.

The manner in which European leaders have chosen to handle, or rather mishandle, the Iraq crisis has inflicted serious and possibly lasting damage to the EU's ability to frame and implement a credible set of policies towards the greater Middle East. Iraq has of course for years been the Achilles heel of EU foreign policy—it is the international issue on which member-state perspectives has been most divergent. The nature and depth of the policy disputes were perfectly understandable and predictable. But not the way in which leaders have chosen to formulate and express their views. The first three months of 2003 have seen an extraordinary amount of finger pointing, backbiting and bad-mouthing. Trust among Europe's leaders, a vital element to oil the wheels of international co-operation, has rarely been lower. Both the war party and its opponents are to blame.

Thus the prospects for a meaningful EU role, as opposed to national ones, are exceptionally poor. Moreover, the Iraq crisis has, in many respects, confirmed what many have argued are the intrinsic and long-standing obstacles to the EU's development of an effective Middle East strategy: lack of cohesion, lack of resources, lack of international credibility.

Quite apart from the question whether to use force or not against Iraq, the member-states also often have different views on who should take the blame for the latest outburst of violence in Israel-Palestine. Similarly, EU member-states do not possess the military capabilities of the US. True, the EU is better at deploying “soft power”—the ability to influence other countries by persuasion and attraction—as EU officials are keen to point out. But too often the EU is reluctant to link the vast amounts of money it spends to a clear political strategy—and that reluctance is undermining EU influence and standing. Too often, the EU is unwilling to annoy or confront anyone—be they corrupt members of the Palestinian Authority, Israeli hard-liners or authoritarian leaders of “failed states”.

While all this is true, none of it is pre-ordained or unchangeable. This paper will argue that a more coherent and effective EU strategy towards the multiple challenges of the Middle East is difficult but necessary and possible. While the EU clearly can and must improve its performance in the greater Middle East, Europeans should not become overly pessimistic. It is often hard to get quick results in foreign policy, and especially so in the Middle East. This is a region with many intractable problems which countless wars, outside interventions and myriad peace plans have not managed to solve. Europeans should remember that the US, despite its political cohesion, military power and global influence, has also been unsuccessful at “sorting out” the Middle East. At the time of writing—April 2003—the US, together with the UK, has just waged a successful war that led to the toppling of Saddam Husain. But serious question marks remain regarding the ability of the US to manage the transition towards a more pluralistic, inclusive and tolerant form of Iraqi politics. Managing post-Saddam Iraq is a real poisoned challenge for the US: if they stay long and embark on a deep transformation project—as the neo-conservatives demand—then accusations that America is overstaying its welcome and has embarked on an imperial project will surely emerge. But if the “other America”—whose attention span is short, whose demands are that “our boys are brought back home” and whose inclination is to offload the complex task of nationbuilding to an under-resourced UN—than the complaint will surely follow that Washington has, yet again, implemented a hit-and-run operation which can change the names of the regime of a country but not its underlying dynamics.

One underlying argument of this paper is the need for policymakers from both Europe and America to come up with more joined up strategies, thinking more about so-called “spillover effects”. For instance, the war against Iraq makes a peace accord between Israelis and Palestinians more urgent but probably also harder to achieve. In the long term a successful military campaign in Iraq, coupled with a more democratic regime in Baghdad, could have a powerful, transforming effect on the region. But it is

neither likely nor automatic that victory against Saddam would unleash a real “tsunami of democratisation” as Joshua Muravchik, of the American Enterprise Institute, has predicted.¹ In the short term at least, the war against Iraq is likely to increase anti-Western sentiments and bolster authoritarian regimes.

Iraq, Israel-Palestine and promoting more democracy are linked in another important way: how Europe and America behave on one issue affects their general credibility. So, European politicians should realise that Israel will not listen much to European views on kick-starting negotiations with Palestinians unless Europe shows that it is serious, not just about Israel's security concerns, but also about WMD proliferation. Likewise, the US should acknowledge that unless it is prepared to also lean on Israel, many in the Arab world will see it as hypocritical when it made the case for war against Iraq on the basis of WMD possession and non-compliance with UN demands. Both America and Europe need to accept that unless they tackle the broader question of political transformation of the region, any progress on either Iraq or Israel-Palestine is likely to be both superficial and short-lived.

This paper will set out what the EU could and should do with respect to Iraq, the Middle East Peace Process (MEPP) and the question of political and economic reform in the region. Since the background of each of these problems will be assumed familiar, it will focus primarily on the types of reforms that could make the EU a more influential and effective actor.

The EU and Iraq: Time for a More Pro-active Stance

For all their well-known differences over the rationale and legitimacy of the war against Iraq, all Europeans—and indeed the wider so-called international community—now need to forge a consensus on the nature of the New Iraq. Given the sour mood and the bruised feelings on all sides this will be difficult to achieve. On the American side, more so perhaps than the UK side, there is an understandable but misguided urge to avoid giving the UN a leading role on the civil administrative side. Present American thinking suggests that the administration merely wishes to accord the UN a “consultative” role in the period that Jay Garner runs the country before an Interim Iraqi Authority can take over.² Why, Americans including Colin Powell say, would we want to hand over control over Iraq after we have carried the burden of toppling Saddam and, worse, to an organisation like the UN that has shown itself singularly incapable of taking effective action against Baghdad? Likewise the opponents of war are understandably

¹ *New York Times*, 19 August 2002.

² *Guardian*, 26 April 2003.

reluctant to pay for the damages and reconstruction of a conflict which they consider premature if not illegal, and especially so if that effort is controlled by the US plus UK and not the UN. Another dispute centres on the need for independent verification of any possible finds of WMD. Here too the US is bent on minimising any UN involvement whereas others stress that only a UN-process can ensure that any proof of Iraq having WMD programmes will be accepted as genuine by the Iraqis themselves, by regional players and the wider international community.

On present trends it looks difficult to foresee a compromise. And yet such a grand bargain is necessary. Kosovo shows that a divided UNSC can come together after a conflict in giving a proper mandate to a UN-led reconstruction operation. France and others need to realise that continuing to resist US/UK plans and actions may make the country feel good about itself. But it is unlikely to increase French and broader European influence on the nature of the New Iraq and how it fits into a new regional order. Similarly, Washington and London should realise that a proper UN role is the only way to get broader (European and Arab) financial and political support. “Doing” Iraq quickly and alone (speedy victory and then a quick handover to a new Iraqi regime) may sound do-able in neo-conservative think tanks. The reality, as evident already in Iraq but also in Afghanistan, shows the clear limitations, in terms of policy effectiveness, of military unilateralism. The chances of getting Iraq “right” are directly and positively correlated with the number of countries involved and hence on the scope and nature of UN involvement.

For the Europeans, the need to map out their vision for the New Iraq is clear if they want to break out of this damning predicament of having to choose between reluctantly going along with US plans or saying No and marginalising themselves in the process. Seeking refuge in doing humanitarian work only—the EU as some sort of giant Florence Nightingale—is not an option.

Given the deep internal divisions and the likely state of Iraq after the war it is clear that outsiders, especially the US but also Europeans, will have to play a long-term role. But given the publicly stated aversion of the Bush administration to “nation building”, will the US stay the course and provide the required resources for post-conflict stabilisation and reconstruction? The choices America has made in Afghanistan—such as initially opposing an extension of the mandate of the international security force ISAF beyond Kabul and failing to stump up the money it had promised to the Karzai government—do not instill confidence. Condoleezza Rice has said that this time the US will stay the course. But Europeans and Iraqis in exile are not so sure.

European policy-makers are right to fear that America might perform a “hit-and-run” operation. The US might well be inclined to quickly hand over the difficult task of maintaining order and reconstructing the country to an interim government with questionable credentials and poor prospects of being accepted by the regional powers.

Of course any EU plans for post-Saddam Iraq should be flexible and able to accommodate a wide range of possible scenarios. The key questions include: how will the popular reaction to the US-led military presence evolve in coming weeks and months? Another factor which is still unknown is what the role the neighbouring states want and can play (e.g. very difficult Turkish-US relations, role of Iran, Gulf monarchies, Jordan and so on).

The EU has a respectable, if far from perfect, track record in managing and assisting post-conflict transitions. It should draw on that experience to build a coherent strategy based on:

- The security situation (peacekeeping force and possible NATO involvement, reform of Iraqi army, plus training of the security and police forces);
- Political transformation (interim government, new constitution, relations among ethnic groups, judicial reform, preparations of local and, eventually, national elections); and
- Economic reconstruction (rebuilding of infrastructure, such as the oil industry and schools/roads/hospitals, the introduction of a new currency and so on).

The EU should also draw up a trade and debt forgiveness package. And the EU should make sure that key regional states, such as Iran, Turkey, Jordan, Saudi-Arabia and Syria are all involved in shaping the new Iraq—without giving any of these states a chance to exert excessive influence or settle “old scores”.

Any plans for the occupation of Iraq should draw the appropriate lessons from the Balkan and Afghanistan experiences. There the allies learned that a very modest security presence in the capital alone is not enough. From the start there will have to be a robust security force throughout the country: to maintain order, avoid reprisals and help distribute humanitarian aid.

Western efforts to rebuild and help Iraq become a more democratic, economically successful country will represent a Herculean task—even if the country is far more developed than Afghanistan and even if it has substantial oil reserves. It will probably require external assistance for decades to come. Unless Europe develops its own ideas on the shape of post-conflict Iraq, US plans—good or bad—will form the blueprint of post-Saddam Iraq. If the Europeans want to move away from their excessively

reactive posture in foreign policy, they will have to set aside their well-known differences over the need for military action and come up with their own plans now.

Israel-Palestine: How to Promote a Negotiated Settlement

For all their divisions over Iraq, the EU and its member-states have an increasingly common perspective on the other great issue of the Middle East: the Israel-Palestine conflict. Most European governments argue that, to counter accusations of double standards, political negotiations aimed at achieving a final settlement must begin as soon as possible. Many Arab critics point out that it is hypocritical of the West to have waged war against Iraq on the basis of non-compliance with UN demands, while Israel is allowed to flout them.

What should the EU do in concrete terms? First, on the diplomatic front, the EU should continue to push the US to now move towards implementing the Quartet's roadmap for establishing a Palestinian state by 2005. Progress towards publishing, let alone implementing, the roadmap has been painfully slow. Periodically there are calls for Europe to develop a separate peace plan. However, the US is indispensable for brokering and implementing any peace deal. A European initiative that lacks American backing would be stillborn as the Israelis could reject it without consequences.

With the Israeli elections out of the way, and with on-going progress on Palestinian reform and especially the appointment of a Prime Minister with clout—Abu Mazen—there are no longer any good reasons to hold up the parallel implementation of the road map's provisions. Whenever Europeans raise the need to attach greater priority to the Israel-Palestine question and especially the need for action, Americans tend to say “but we all agree what a final settlement will look like”. This is true, but no longer good enough. There is a compelling need to move towards implementation. President Bush has spoken of his “personal commitment” and said that he is willing to spend as much time and resources as Prime Minister Tony Blair has on the Northern Ireland. Europe's leaders, and Tony Blair especially, should hold him to the promise.

Second, European governments, together with the US, should prepare plans for an international peacekeeping force to police a final settlement. It is difficult to foresee such an international force operating on the West Bank and Gaza in present circumstances. But across Europe and the US, defence planners are coming to the conclusion that an international force should take over the occupied territories after an Israeli withdrawal. They argue that only an external force can compensate for the lack of trust among the parties after years of violence.

NATO could well play a role in organising a post-Saddam peacekeeping force in Iraq. Why could it not do the same in Israel-Palestine? Constant European pleas for a more active and even-handed US stance are justified. But such arguments might carry greater weight if European governments showed they were prepared to support a settlement, not just with extra money, but also with troops for a NATO-led peacekeeping force.

Third, the EU should learn to leverage its trade and aid policies in support of its political strategy. The EU needs America for a peace plan and the provision of a security force. But it does not need Washington to decide how to spend its money. When trying to increase its leverage in Israel, the EU should reflect on why so many moderate Israelis distrust it. Many Israelis to the left of Ariel Sharon claim that Europe is insensitive to their plight. They feel that only the US takes their security concerns seriously. Yet in cultural or political terms they often feel closer to Europe. If the EU wants to enhance its influence, it needs to improve its image with those in Israel who share its basic objectives. It could do so by upgrading its partnership with Israel through deeper political ties and systematic Israeli participation in EU policies, for instance on crime and migration. But such steps would depend on the Israelis first reaching a settlement with the Palestinians. In addition to providing incentives, the EU should also be ready to use some sticks. For example, it should keep a firm line on the question of exports from Israeli settlements. Such exports should not be labeled "made in Israel", and should no longer enter the EU on preferential terms.

The EU should use a similar mix of carrots and sticks with the Palestinians. In the past, EU aid came without significant strings attached. Continuous US and Israeli insistence on further Palestinian reforms has probably been excessive; reforms are hard to implement in the context of continuing occupation. But the Palestinian Authority (PA) needs to make the transition from a liberation movement to a government. Clearly, a corrupt and authoritarian PA is not what the Palestinians want or deserve. Nor is it a credible partner for the Israelis. So the EU should make its €250 million annual aid to the PA conditional on tangible progress towards democracy and good governance. Despite the appointment of a Prime Minister and notwithstanding the good work of Salem Fayad it is still true that Yasser Arafat continues to exercise an unhealthy degree of control over the PA. The EU should help to groom a new generation of Palestinian leaders, and insist that the Palestinian Legislative Council has the ultimate say over the distribution of European donations.

On the incentive side, the EU should continue to spend money to alleviate the humanitarian crisis, and thus reduce the appeal of extremist groups. It should also step up support for various "state-building" projects. There should be more targeted aid for the security forces and more money for

civil administrators and legal experts preparing a new constitution. The EU must signal that it will help the Palestinians to build and run their own state provided all Palestinian groups forswear terrorist tactics.

To be successful in the Middle East, the EU needs a mixture of grand strategy and precise initiatives. Both Israelis and Palestinians would doubtlessly object to some of the measures suggested here. But the EU should learn to assert its position more forcefully and risk being criticised for it. A more effective European Union strategy on Israel-Palestine is both necessary and feasible.

Tackling Poor Governance in the Arab World

Apart from Iraq and Israel-Palestine, a new issue is reaching the top of policy-makers' agendas: the "crisis of governance" afflicting most countries in the region. There is a growing sense that "Arab state failure" is not just a political or socio-economic problem, but also the source of many security threats. At the same time, neither US nor European policy-makers have a clear idea of how they can promote higher standards of governance, more respect for political pluralism and greater religious tolerance.

From North Africa to Central Asia a band of countries is, in essence, failing to meet the challenges of modernisation and globalisation. Of course, circumstances vary enormously from country to country. Turkey is far ahead of most other countries—perhaps because it never found oil. There has also been some hard-fought progress towards more inclusive and accountable political systems in countries such as Bahrain, Qatar and Iran. The satellite TV station al Jazeera has highlighted these differences and increased the pressure on laggard countries such as Saudi Arabia to follow suit. Nonetheless, nearly all countries in the region are suffering from sclerotic and oppressive political systems, widespread human rights violations, arbitrary legal systems, endemic corruption, rising demographic imbalances and economic stagnation.

In a thought-provoking article, "The New Transatlantic Project", Ron Asmus and Ken Pollack, two senior US analysts, discussed what they describe as "the key strategic challenge facing the US and Europe".³ They summarise it as "the toxic brew of radical anti-Western ideologies, terrorism, rogue states, failed states, and the drive to acquire weapons of mass destruction across the region from North Africa to Pakistan". It is perhaps typical for Americans like Asmus and Pollack to leave out Israel-Palestine from their list. Nonetheless, they are right to claim that the

³ Ronald Asmus and Kenneth Pollack, "The New Transatlantic Project", *Policy Review*, October-November 2002.

region's woes go far beyond America's fixation with Iraq, or Europe's preoccupation with Israel-Palestine.

How can the EU and the US respond? It is clear that there is no quick-fix solution. It requires a long-term strategy to transform the political and economic systems of the region. Since 11 September 2001 political leaders have stressed that a military campaign alone will not be enough to tackle the problem of terrorism. American politicians concede that even if the US killed Osama bin Laden and dismantled the Al-Qa'ida network, it would still not have won its war on terror. One could add that while the US has been successful in toppling Saddam Husain, this still does not mean that it has solved the problem of WMD falling into hostile hands. It should be clear that without a stronger commitment to transforming the political dynamics of the region, there is a danger that the West is treating symptoms not causes. In that case, the names of the rogue states, failed states and terrorist groups will change, but not the underlying problem of widespread anti-Western sentiment in the region.

Interestingly, not only Western analysts and policy-makers are concerned about the "crisis of governance". Experts from the region are sometimes even more critical in their assessment. For instance, the by now well-known UNDP report also argued that large sections of the Arab world are suffering from poor economic growth because of bad governance and a basic lack of freedom.⁴ Crucially, Arab experts and intellectuals wrote this damning indictment, not IMF bankers or other Western specialists. Using the pertinent phrase that the Arab world is "richer than it is developed", the report presented some hard-hitting conclusions:

- In the past twenty years, the twenty-two members of the Arab League have had the lowest growth in income per head in the world, outside sub-Saharan Africa. Productivity levels are declining, while unemployment is on average 15 per cent.
- Demographic trends make this situation worse: youth unemployment is rising and reaches 40 per cent in some countries. Nearly half of young Arabs want to emigrate.
- Women are severely marginalised in Arab political systems and broadly discriminated against by both law and custom. More than half of Arab women are illiterate.
- Access to technology is poor: only 0.6 per cent of the population uses the internet and only 1.2 per cent owns a PC.
- On average only 330 books are translated annually into Arabic. More worryingly, the cumulative total of books translated into Arabic since

⁴ Arab Development Report, UNDP, May 2002.

the ninth century is about 100,000 titles, almost the same number of foreign language books translated into Spanish every year.

The importance of the report is that it challenged the traditional approach of Western governments and multilateral institutions to promoting economic development. Too often in the past, this has meant Western pressure for structural economic reforms while largely ignoring the underlying political and social shortcomings, particularly the impact of autocratic systems on development. Frequently, short-term calculations drove Western governments to support “moderate” Arab regimes as these presented themselves as bulwarks against radical Islam. But in many cases this strategy has had pretty disastrous results: poor development outcomes, more support for political extremist groups (including Islamic fundamentalist ones) and greater migration pressures.

The conclusion is clear: the Arab world needs more open, more pluralistic political systems. This is, firstly, in the direct interests of the inhabitants of the region. But it also benefits Europe and the US. It is of course easier to advocate a democracy-oriented policy than to frame or implement one. But some core elements for such a policy should be:

- Sustained, high-level pressure on Arab states to respect political and civil rights and to create a genuine pluralistic political system;
- Pressure to carry out institutional, legal and constitutional changes; and
- Increased aid to NGOs and a broad range of civil society activists, including moderate Islamists.

Old school diplomats, particularly in Europe, are often keen to emphasise that a sudden introduction of democracy in Arab countries would lead to virulently anti-Western forces winning elections. This happened in Algeria in 1992, when the Islamic GIA was poised to take power, before the second round of the elections were cancelled.

But at the same time, few can claim that the status quo is either sustainable or attractive. Opponents of promoting more democracy in the region—because people in the region “are not ready” or because “it will let in the Islamic fundamentalists”—often sound like defeatists. They should explain what is so good about allowing political repression, economic stagnation and a concomitant rise in anti-Western sentiment to continue. Of course, full-scale democratisation will not take place overnight—nor does it have to. But progress in the direction of greater accountability is highly desirable and possible. It is important that European and American leaders signal to people across the region that they will from now on attach a much greater priority to tackling poor governance and human rights violations.

Obviously, if people in the region perceive Western strategy as an attempt to “impose democracy” it is bound to fail. Therefore, Western governments

should listen more to what reformers in the region advise. They should give reform-minded politicians in countries like Jordan, Morocco or Dubai technical and political support, for example by making sure that visiting ministers meet both government officials and opposition leaders. Also, Western governments must tailor their strategies more specifically to the particular circumstances of individual countries. Methods that may work in one country could easily backfire in another.

Equally, the West needs more persistence. In the past, Western efforts to encourage political reforms have all too often been erratic and incomplete. Other interests, such as securing a steady flow of oil, arms export contracts or establishing military bases have too often taken priority. That attitude should change. The US, more than Europe, now seems to recognise that promoting gradual democratic transformation is not a bolt on extra. America's political class is ahead of Europe's in having identified the need to tackle the democracy deficit in the greater Middle East—even if this realisation has not yet led to a coherent, new strategy.

But critics of America are right to question whether the US is really willing to let democratisation considerations override other US objectives, such as getting co-operation in the anti-terrorist campaign. It is also doubtful whether Washington will put in the necessary financial resources. At present the US spends only pitiful sums of money on overseas assistance—certainly when compared to Europe. And the money the US has set aside for democracy promotion projects in the Middle East is a puny \$29 million per year.

Moreover, the US has a massive image problem in the Middle East. Many in the region distrust America's motives and sincerity, seeing its emphasis on democracy as a smokescreen for its plans to attack Iraq. Europe, which has a half decent record in helping countries through painful transitions, evokes more trust.

What Can the EU Do Better?

Improve MEDA Efficiency and Spend More Money on Democracy Aid

By common account the Barcelona process has not been a great success. Commission President Romano Prodi has admitted it “has not yielded all the results we had hoped for”.⁵ That was probably an understatement.

While the Commission is the lead player on the EU side for managing the Euro-Mediterranean partnership, it is not only the Commission that is to blame. Political factors over which the Commission has little influence, such as the Israeli-Palestinian crisis, have taken their toll. Moreover, the

⁵ Speech by Romano Prodi, University of Louvain-la-Neuve, 26 November 2002.

Commission has been trying to improve the way in which it manages its aid and technical assistance programmes. In November 2000, the Council approved a Commission proposal for a new MEDA II regulation. The point of this regulation was to rationalise and simplify administrative procedures. The early signs are that this new approach is delivering some benefits.

A better-run MEDA programme would be a huge step forward—both for EU tax payers and citizens in the region. But even after the new MEDA II regulation the problem remains that the EU does not focus nearly enough attention and resources on promoting democracy, good governance and the rule of law. Since 1996, MEDA has a so-called Democracy Programme (MDP) which gives grants to NGOs and research centres for projects on democracy; the rule of law; freedom of expression; freedom of assembly; freedom of association; and the protection of vulnerable groups (women, children and minorities). But the budget line for MDP is tiny—around €10 million per year.

Of course, there are legitimate doubts on how much money small NGOs can “absorb” effectively. Equally, the EU runs the risk of always funding the same groups: NGOs staffed by English speakers with a Western outlook. These organisations are not necessarily very representative or influential in their own societies. Nonetheless, the case for attaching a higher priority to democracy aid is compelling. If the EU really wants to see a gradual transformation of governmental systems, it should be prepared to commit the necessary resources. It should be technically possible and politically feasible to increase the MDP budget to €100 million after 2006.

Make EU Assistance more Targeted and Conditional

While the EU should spend more money on democracy promotion and non-state actors, the overall sums of assistance it gives are adequate. Instead, the EU’s problem is that its cash has not brought sufficient influence with the region’s governments. In the Mediterranean, as elsewhere, the EU needs to learn to leverage its trade and aid instruments, and link the granting of trade privileges and financial assistance to clear commitments from the recipient countries to promote political and economic reforms. The overwhelming consensus of development experts is that financial assistance will only make a lasting difference if the money is used to back reform-minded governments.

As the Arab UNDP report has stressed, the greater Middle East suffers from a broader crisis of governance. The EU has plenty of resources and expertise to offer. For example, it should spend less money on infrastructural works and more on developing human capital, by prioritising educational projects.

But the EU should be more insistent that promised reforms actually take place in its dealings with the region's governments. That is why the EU should also make its assistance more conditional. The EU has concluded "association" agreements with all countries taking part in the Barcelona process. All these agreements contain clauses on respect for human rights, political pluralism and standards for good governance. They should give the EU considerable influence, but ultra-cautious member-states are too often reluctant to invoke these clauses. Whenever the issue of democratic standards comes up in the EU, there are always some member-states which say that "now is not the time" to take a stand. Or they argue that external criticism, even if it is voiced in private, will be counterproductive.

The EU also creates problems for itself by often putting one particular country "in charge" of managing the EU's relationship with a third country. In many respects, this policy is understandable. Geography, colonial history or other factors can explain the huge variations that exist in the depth and scope of certain political relationships. But it can prove counterproductive. France, for instance, has consistently blocked any EU attempt to press the Algerian government on the massive human rights violations that have been taking place for a decade. Italy has a "special relationship" with Libya, heavily focused on energy exports, which makes Rome reluctant to put pressure on Muammar Ghadaffi's regime. And the country holding the EU's rotating presidency is against the EU taking a tough line—fearing it might jeopardise good relations. As a result, EU rhetoric about "mainstreaming" human rights promotion—meaning that human rights considerations are integrated into all EU policies—is just that: appealing rhetoric, kept separate from the sphere of political action.

The EU should have the courage to link non-compliance with concrete actions, such as the postponement of new projects, a suspension of high-level contacts or the use of different channels of delivery for aid (relying on independent NGOs instead of government-run organisations). The priority for EU foreign ministers should be to "benchmark" and reward those countries that have made progress in political and economic modernisation with extra EU and national assistance. This kind of positive conditionality has been shown to produce some modest results. But to be effective the EU should not exclude punishing others that have failed to comply with the standards they pledged to uphold (i.e. negative conditionality).

Conclusions

For all the public badmouthing in the beginning of 2003 over Iraq, it remains the case that the Middle East should be the next big project for EU foreign policy. Clear European interests—protecting EU security, prosperity and credibility—are at stake. Slowly the EU has been deepening

its involvement with the region. But it is still far from having a coherent and effective policy.

The EU should urgently learn to think about the Middle East in a more strategically rounded way: not just as a security problem, or as a source of migrants or as a market. It should recognise the linkages between issues. For instance, the EU will not be very successful at promoting economic and political modernisation in North Africa as long as it prevents Moroccan tomato growers from selling their produce to Europe's affluent customers. Quite apart from the economic and environmental costs, the protectionism of the Common Agricultural Policy is also eroding EU credibility around the world, including the Middle East.

Second, the EU should learn to practice what some Americans call statecraft: the use of all available instruments to get other countries to behave in the way that you want. In some cases the EU must be prepared to take a principled stand—and risk being criticised for it. But many EU-level and national diplomats have grown used to a softly-softly approach. One senior advisor to Javier Solana has quipped that too often EU foreign policy can be summed up as “speak softly and carry a big carrot”.

These days the EU needs to and can afford to become more assertive in its Middle Eastern policy. Of course, the EU's approach to foreign affairs will be different from America. Europe will always attach more importance to supporting global norms and institutions, to keeping in step with global public opinion, and to promoting public goods. Nevertheless, the EU should state its positions more boldly and with more confidence.

Put differently, it would be good if Europeans used the words “interests” and not just “values” when they discuss what they want to see happen in the Middle East. Once they have defined and achieved a common understanding of their interests, European governments should be more prepared to pay a price for achieving them, by confronting political leaders who oppose EU aims.

Thinking about the EU's Future Neighbourhood Policy in the Middle East: From the Euro-Mediterranean Partnership to "Barcelona Plus"

Felix Neugart

Research Fellow, Center for Applied Policy Research, University of Munich

Tobias Schumacher

Research Fellow and Co-ordinator, Mediterranean Programme, Robert Schuman Centre for Advanced Studies, European University Institute, Florence

Introduction

On 11 March 2003, while the United States and its allies were preparing to engage in a war against Saddam Husain's Iraq, the European Commission published a Communication to the European Parliament (EP) and the Council, entitled "Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours".¹ In this barely noticed² report, the Commission, without referring to the war at all, asserted that the EU, in light of its enlargement, should aim "to develop a

¹ See COM(2003) 104final/11.3.2003 (hereafter cited as "Wider Europe-Neighbourhood"). See also Euromed Report 61/2003.

² Only the French daily *Le Monde* covered the Communication more closely, publishing an article on 19 March 2003 written by Romano Prodi and Chris Patten, entitled "À côté de l'Union européenne, un cercle de pays amis". The Ukraine viewed the Communication's approach as spoiling its chances for EU accession.

zone of prosperity and a friendly neighbourhood—a ‘ring of friends’.³ The Communication aims to outline the Union’s future policies towards non-acceding neighbouring countries on the EU’s eastern and southern periphery, and Turkey, following the accession of the twelve candidate countries. Given its forward-looking title, and the objectives it sets out, one might have expected the report to deal with the geopolitical implications Turkey’s possible accession will have for the EU’s future neighbourhood policies. However, as this is not the case, the report is embarrassingly silent on the fact that the EU’s future territory will end at the northern borders of Syria, the north-western borders of Iran and, most importantly of all, at the northern border of war-torn Iraq.⁴ Although this failure can partly be explained by the EU’s deficient actor capability in the field of foreign policy-making and policy-implementation,⁵ this lack of strategic thinking is nevertheless surprising given the geographic proximity, the historical links between some EU members and Iraq, the EU’s role in the Middle East Peace Process (MEPP), and, as a matter of fact, the urgent need to complement US “hard power” with “soft” or “civilian” skills for the post-war reconstruction of Iraq.

Against this background, this chapter aims to outline a new approach for future EU relations with the Middle East region. It will be argued that the four areas of EU-Middle East cooperation, i.e. the Euro Mediterranean Partnership (EMP), the dialogue with Gulf Cooperation Council (GCC) countries, the EU dialogue with Iran and EU relations with Yemen are insufficiently conceptualised. Accordingly, the first section will give a brief overview and critical assessment of these institutional frameworks. The subsequent section will discuss in detail three profound processes of change that deeply affect these relations: (1) The accession of Cyprus, Malta and possibly Turkey to the EU; (2) the recent regime change in Iraq;

³ “Wider Europe-Neighbourhood”, p. 4.

⁴ Ironically, in the wake of the EU’s failure to act unanimously during the diplomatic tug-of-war over Iraq, Chris Patton stressed that “we [in the EU] must look beyond the immediate arguments and remind ourselves of our long-term interests”. See *Financial Times*, 19 March 2003. See also the website of the Greek Presidency of the EU. [www.eu2003.gr/en/cat/71/]

⁵ On the EU’s limited actor capability in general, see Jan Zielonka, *Explaining Euro-Paralysis: Why Europe is Unable to Act in International Politics* (Basingstoke: Macmillan, 1998). On the EU’s limited actor capability in the Mediterranean, see Tobias Schumacher, *Die Europäische Union als internationaler Akteur im Mittelmeerraum*, (Baden-Baden: Nomos, 2004), forthcoming. For proposals to improve the EU as an international security actor, see Bertelsmann Foundation, *Enhancing the European Union as an International Security Actor. A Strategy for Action* (Guetersloh: Bertelsmann Foundation Publishers, 2000).

and (3) the proposed renewal of EU policies towards neighbouring countries and regions. The third section will give a preliminary account of European interests in the region, assuming that a new EU approach will have to be based on a sound analysis of European interests to avoid the well-known gap between lofty declarations and limited political will for implementation. These interests will serve in the last section as the departure point for a proposed “Barcelona plus”, i.e. a “Euro-Middle East Partnership” (EMEP) aimed at overcoming some of the weaknesses of the present approach, especially its geographical imbalance.

Overview of EU Relations with Middle East and North Africa (MENA) Countries

With the exception of Iraq, with which the EU does not maintain any official relations, the EU's relations with the MENA countries have evolved over time and are, somewhat artificially, compartmentalised into:

- *Relations with Third Countries of the Mediterranean (TCM)*⁶ within the framework of the Euro-Mediterranean Partnership;
- *EU relations with the countries of the Gulf Cooperation Council (GCC)*⁷ in the context of the cooperation agreement between EU and GCC; negotiations on a Free Trade Agreement are currently being held;
- *EU-Iran relations* that are not yet institutionalised; however, negotiations on an EC-Iran trade and cooperation agreement are currently under way;
- *EU-Yemen relations* that are conducted on a bilateral basis and guided by the cooperation agreement on commercial, development and economic cooperation concluded in July 1998.

The Euro-Mediterranean Partnership

The Euro-Mediterranean Partnership (EMP) is the most comprehensive and far-reaching policy the EU has in the area, especially given its sophisticated CSCE-like structure that distinguishes between cooperation baskets concerning (1) political and security issues; (2) cooperation in the field of commerce and finance; and (3) a platform for cultural and social dialogue. Established in November 1995 as the successor to the Renovated Mediterranean Policy and the *approche globale*, the EMP, however, can

⁶ The Mediterranean partners are Algeria, Morocco, Tunisia, Egypt, Israel, Jordan, Syria, Lebanon, the Palestinian Autonomy Areas, Turkey, Cyprus and Malta. Relations to the latter three were hitherto covered by the accession partnership. Libya currently has observer status in the Barcelona Process, though it can become a full member once it has accepted the Barcelona *acquis*.

⁷ GCC members are Saudi-Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman.

hardly be called a success story. Although the EMP was never envisaged as a quick-fix solution for problems in the area, its results have not met expectations, particularly with regard to the first and second baskets. This failure is due to the institutional and structural constraints of the EU's foreign policy-making system, the existence of complex horizontal and vertical interest divergences, and problems with incomplete contracting in the EMP's main instruments, namely the Barcelona Declaration and the new Europe-Mediterranean Association Agreements (EMAA).⁸

With regard to political and security cooperation, it soon became clear that the somewhat idealistic European conception of the EMP as a separate, but complementary process to the Middle East Peace Process (MEPP) is intransigent and untenable. Against the background of the deterioration of the MEPP, any proposals on Confidence and Security Building Measures (CSBM), as envisaged by the Barcelona Declaration, remain merely declarative in nature and rather utopian.⁹ This demonstrates the lack of clarity and agreement between the EU and its Mediterranean partners, as well as among the TCM themselves on the notion of security that shall form the basis of the political and security partnership.¹⁰ While the Barcelona Declaration and the EMAAs suggest that the three cooperation

⁸ *Incomplete contracting*, as Williamson and Majone put it, must be understood as the opposite of *relational contracting*. The latter refers to contracts that are marked by a lack of detailed stipulations. They concentrate only on general principles, on the issue-areas the parties want to deal with and on the relevant rules for dispute settlement. In contrast, *incomplete contracting* assumes that the parties aim for completeness with regard to the content of the agreement, the action corridor, the action options and the final allocation of possible gains. That completeness is hardly achievable can be explained by the differing negotiation powers of the parties, contract-specific information deficits or by events that either happened in the aftermath of the signing of the contract or that were ruled out *ex ante*. In detail, see O. Williamson, *The Economic Institutions of Capitalism* (New York, 1985) and G. Majone, "Non-majoritarian Institutions and the Limits of Democratic Governance: A Political Transaction-Cost Approach", *Journal of Institutional and Theoretical Economics*, 157, 2001, pp. 57-78.

⁹ The creation of common arrangements for conflict prevention and conflict management, favoured by the EU's southern European member countries and Israel, also had to be downgraded to a long-term ideal. Moreover, the Pact on Peace and Stability, which, according to its proponents France and Malta, was intended to provide a normative and institutional framework for political dialogue and crisis prevention, is now seen by most of the Arab TCM as far too ambitious.

¹⁰ On that point, see Tobias Schumacher, "From Barcelona to Valencia: The Limits of the EU's Political and Security Partnership with the Southern Mediterranean Countries", in Bo Huldt, Mats Engman, and Elisabeth Davidson (eds), *Strategic Yearbook 2003 Euro-Mediterranean Security and the Barcelona Process* (Stockholm: Elanders, 2002), p. 222.

baskets are complementary, they do not refer to the term security at all. This sign of incomplete contracting has proven problematic as it gives every partner country exit-options and the opportunity to interpret the content of the first basket according to its own needs and interests. The EMP not only fails to take into account the traditional understanding of territorial (state) security characteristic of TCM, which has been shaped by years of suspicion and the disrupted MEPP, but it also ignores other territorial conflicts in the wider Mediterranean area and the unique security threats of each of the TCM.

As a matter of fact, as long as some TCM are formally still at war with each other, the security-related principles of Barcelona remain meaningless and any military-related confidence and security building measures impossible. This, in turn, leads to four other conceptual problems with the EMP. First, while the Barcelona Declaration refers to CSBMs, it overlooks the fact that TCM do not have bilateral and multilateral relations based on their implementation. Second, whereas security policy in (EU-)Europe has a distinct multilateral character and whilst most of the EU member countries are also members of NATO and the OSCE, security policies in TCM are unilateral. Euro-Mediterranean relations are thus asymmetrical with respect to the pooling of military resources.¹¹ Third, due to their experiences with European colonial rule, the peoples and political elites of countries in the Maghreb and Mashreq regions are wary of stronger European involvement in national security matters. Fourth, in contrast to the Cold War, which was marked by a strategic balance, such a balance does not exist within the EMP context. Neither the EU nor the TCM consider the relevant other a military security threat. This is also the case in South-South relations, where such a balance can hardly be said to exist given Israel's military superiority. Hence, the conceptual design of the EMP, its orientation towards the CSCE process and the inherent idea of CSBMs¹² do not adequately reflect the security realities of the

¹¹ On this point and the subsequent two, see Fulvio Attina, "Partnership and Security: Some Theoretical and Empirical Reasons for Positive Developments in the Euro-Mediterranean Area", in Fulvio Attina and Stelios Stavridis (eds), *The Barcelona Process and Euro-Mediterranean Issues from Stuttgart to Marseille* (Milan: Giuffrè, 2001), p. 40.

¹² Indeed, it could be argued that the originally envisaged idea of Confidence and Security Building Measures in the Euro-Mediterranean context was replaced by the concept of Partnership Building Measures (PBM) at the Euro-Med Foreign Minister's meeting in Palermo on 3-4 June 1998, anyway. However, as PBM are mainly aimed at the societal and cultural levels, and not the security level, the new focus on PBM implies a downgrading of the EMP's preoccupation with security and reduces the original scope of the first cooperation basket considerably.

Mediterranean area.¹³ Moreover, as Syria and the Lebanon have decided to boycott all EMP Foreign Minister meetings since the outbreak of the Al-Aqsa-Intifada, two further insights have to be noticed. First, this decision has undermined the EMP's underlying cooperative spirit and constitutes the final negation of the EMP's complementarity principle (in relation to the MEPP). Second, and more gravely, it makes clear that Europe's understanding of the EMP as a permanent forum where protagonists of the MEPP can meet and discuss, regardless of setbacks in the latter, is flawed.

While parts of the first cooperation basket's failure can be attributed to the EU's inability to construct and implement a real *Common* Foreign and Security Policy and, hence, the EU's inability to offer a viable and comprehensive security framework for the Mediterranean area, another weakness of the process is its highly Euro-centric character and the lack of a real sense of partnership.¹⁴ This is particularly visible—though in contrast to the frequent Commission statements and the so-called Euro-Mediterranean Free Trade Zone (EMFTZ)—in the second cooperation basket on economic and financial concerns. With the adoption of the EMAAs, all TCM, except for Syria, which is still engaged in negotiations, had to accept that the decade-old pattern of asymmetrical trade, i.e. free trade in the field of industrial goods and preferential access for agricultural products—heavily impeded though by a highly sophisticated system of non-tariff barriers—and now supplemented by the principle of reciprocity, would continue. As the latter mainly benefits EU exports, the second chapter from the perspective of the TCM has not really improved their position as trading partners. So far, eight years into “Barcelona”, no TCM, apart from the two hydro-carbonate exporters Algeria and Syria, were able to reduce or reverse the negative trade balances from which they have

¹³ In that respect the Action Plan, that was adopted at the EMP-Foreign Minister's meeting on 22-23 April 2002 in Valencia, must be seen as a continuation of the status quo as the section on the first chapter is not only the shortest but also the one that contains the least concrete provisions.

¹⁴ It is the Secretariat-General of the Council of Ministers and the foreign ministry of the respective EU Presidency that are responsible for the preparation and the follow-up of the sessions of the EMP's Senior Officials Committee. This implies that every single political- and security-related decision falls under the sole competence of the 15 EU member states, which, in turn, guarantees that the risk of a creeping sovereignty loss, which might occur through an inclusion of the Commission or the TCM, is greatly minimised. Also the Euro-Med Committee for the Barcelona Process is prepared and followed by the services of the European Commission and the EU Council. Since Germany in 1995 opposed the creation of a permanent EMP-secretariat, the TCM can not do much more than either try to co-manage or simply oppose EU decisions, or try to make use of bilateral special relationships with individual EU members.

suffered since the beginning of the 1970s. Instead, contrary to one of the EMP's main objectives, i.e. developing more balanced trade relations between the countries of the two shores,¹⁵ EU exports in the period 1996-2002 significantly exceeded not only the TCM exports, but in absolute terms, exceeded the amount of exports the EU had ever achieved since the early 1960s.¹⁶ In particular the EU's increased exports of food products and agricultural goods carries a lot of weight as it indicates that the TCM heavy dependence on food imports has not changed under the EMP.¹⁷ Other conceptual weaknesses and rather non-partnership-like aspects of the second basket relate to a) the dubious GATT-conformity of the EMFTZ-provisions;¹⁸ b) the envisaged 12-year transition periods to eliminate all tariffs on industrial goods and some tariffs on agricultural products;¹⁹ c) the effect of the elimination of tariffs on the TCM markets, their state budgets and the investment climate;²⁰ d) the right of residence and the free

¹⁵ See for instance article 1 (2) paragraph 3 of the EMAA with Morocco.

¹⁶ See Tobias Schumacher, *Die Europäische Union als internationaler Akteur im Mittelmeerraum*, (Baden-Baden: Nomos, 2004) forthcoming, pp. 291-337.

¹⁷ See Tobias Schumacher, *Survival of the Fittest. The First Five Years of Euro-Mediterranean Economic Relations*, EUI-RSCAS Working Paper, forthcoming, p. 12.

¹⁸ *Ibid.*, p. 13. According to article XXIV of the GATT, FTAs are always exceptions to the "Most Favoured Nation" clause, but are allowed under certain circumstances. As the main objective of a FTA must be the elimination of *all* tariff and non-tariff barriers within a maximum period of ten years, no EMAA apart from the one concluded with Israel and the Palestinian Authority, complies with the GATT. For further details, see Erwin Lannon, "The Compatibility of the Euro-Mediterranean Regional Integration with the Multilateral Rules", in Paul Demaret, Jean-Francois Bellis and Gianni Jiménez (eds) *Regionalism and Multilateralism after the Uruguay Round*, (Brussels: Demaret, 1997), pp. 771-802.

¹⁹ On the one hand, due to the low economic development of the TCM, the 12-year period might be too short. On the other hand, it is in particular the gradual liberalisation that could turn out to be counter-productive: To compensate for the loss of tax income generated by the elimination of tariffs on goods that must be liberalised in the first years of the 12-year period, TCM governments might be tempted to subsidise those products. As a consequence, non-competitive companies might be kept clinically alive, resulting in welfare losses. TCM governments might also not take advantage of the transition period as an opportunity to smoothly adapt enterprises to the changing market conditions. These developments, in turn, would simply postpone the political costs, and transmit misleading investment signals.

²⁰ As lower input costs could lead to price reductions, increased competitiveness, and a greater demand for some products, other goods which do not benefit from tariff elimination might be confronted with a demand decrease. As their producers do not possess the relevant financial means for adaptation, enterprises may have to lay-off workers and downgrade their production. This risk has led many to believe that

movement of labour and,²¹ finally; e) the rules of origin of regional input factors of TCM exports.²²

*The EU-GCC Relations*²³

EU-GCC relations have been rather exclusive, though for the most part limited to mainly trade and economic issues. The relationship is marked by a very low degree of intensity and does not reflect the geographical proximity or the vital links in several fields existing between the two sides. Certain EU member states have been significantly involved in the past and present. However, it has not yet led to significant collective engagement on the part of the EU as such. A striking example in this respect is the fact that the Gulf region is the only region of the world where the European Commission does not have a diplomatic delegation. Not even the 1988 cooperation agreement between the EU and the GCC was effective in lifting EU-GCC relations to a higher and more qualitative level of cooperation, because it failed to include the issues which most concerned the parties. Several reasons for the underdevelopment of EU-GCC relations can be identified. First of all, the GCC as a regional organisation does not match the EU in its objectives and institutions. The GCC originated as a security pact and has made progress in economic cooperation, but has not yet succeeded in establishing a common market among its members. In contrast, the EU is based on economic cooperation and is, at least according to the Amsterdam treaty and the widespread rhetoric of EU policy-makers, (slowly) developing a foreign policy and security dimension. On some of the issues where a close cooperation would be to the very benefit of both sides, e.g. energy and investment, neither the EU nor the GCC enjoy a strong mandate. Because of the importance of issues

(contd.)

more than 60 per cent of all enterprises in the Maghreb will have to be closed down. Needless to say, that this would have an enormous effect on the socio-economic conditions and on migration. Another factor of concern is the high dependence of most of the Arab TCM on tariff incomes. Once the liberalisation process has been completed the loss of tariffs and, hence, of state incomes will put the existing political systems under severe pressure. Furthermore, the dismantling of all tariffs for industrial goods could result in the departure of those external entrepreneurs that will then lose the strategic advantage of protected markets.

²¹ None of the EMAAs grant people from the TCM free movement within the industrial EMFTZ.

²² Although the TCM were recently granted the diagonal cumulation of origin, these provisions are not only below the full cumulation (as it exists within the EU) but they also discourage South-South trade given the likely hub- (the EU) and spokes- (each TCM) effect of the EMFTZ.

²³ This section is partly based on the Bertelsmann Foundation's Center for Applied Policy Research's work *The EU and the GCC. A New Partnership*, (Guetersloh: Bertelsmann Foundation Publishers, 2002).

that have remained primarily under the control of EU member governments, bilateral relations have prevailed—sometimes with mercantile undertones, especially in the field of arms trade—that tend to hamper common EU action.

Irrespective of the existing cooperation agreement that provided for annual Joint Council and Ministerial meetings on the level of Foreign Ministers, the parties have not yet been able to establish a regular political and security dialogue. The reason for this failure is mainly the lack of agreement on the issues to be discussed, in addition to different interpretations of terrorism, a topic to which EU member states attach high importance after the 11 September 2001 attacks, and, indeed, human rights. It is in particular the latter that has on occasion raised concern, mainly among the Northern EU member states and within the EP. However, given the different notions and interpretations of human rights and, moreover, the rather heterogeneous interest structure within the EU, with some member states being unwilling to enforce human rights and democratic standards, it is hardly surprising that no real dialogue in that regard has yet materialised. Another explanatory factor for the absence of such an all-encompassing political dialogue seems to be—as in the case of EU-Yemen relations—the fact that the GCC is the EU's sixth largest export market worldwide and one of its most important hydro-carbonate suppliers. Since the Union does not want to risk either these oil supplies or its huge trade surplus, which amounts to around €7 billion, it has hitherto opted for a trade-dominated strategy that benefits both parties and does not put pressure on the authoritarian regimes within the GCC.²⁴ For the time being, it remains to be seen whether the current negotiations on an EU-GCC Free Trade Agreement (FTA) will lead to more comprehensive and less exclusive relations.²⁵ Given the fear the GCC-countries ruling elites have of external intervention in domestic affairs and the EU's impeding dualism between intergovernmentalism and supranationalism in foreign policy matters, no sudden breakthrough should be expected.

EU-Iran Relations

Although the EU is amongst Iran's three most important trading partners—in 2001 the trade volume exceeded €13 billion—the two parties never entered into contractual relations. Only recently, on 12 December 2002, the

²⁴ For a detailed account of EU-GCC trade relations, see Rodney Wilson, "EU-GCC relations: towards a free trade agreement and beyond", in Christian-Peter Hanelt, Felix Neugart, and Matthias Peitz (eds) *Future Perspectives for European Gulf Relations*, (Munich, Guetersloh: Bertelsmann Foundation Publishers, 2000), pp. 93-109.

²⁵ The decision to re-launch the 1988 agreement dates back to the joint EU-GCC ministerial meeting held in Granada in 1995.

Commission, on the basis of a communication approved by the Council in May 2001, opened negotiations with the Iranian government on a trade and cooperation agreement. In addition, there is a permanent dialogue conducted by the rotating EU-Presidency on political issues and the fight against terrorism. These latest developments, followed by the very first human rights dialogue between the two sides on 16-17 December 2002 in Tehran, come after a history of troubled, at times even turbulent and tense relations.²⁶ The European-Iranian relationship until 1979 was mainly economic and marked by rapidly growing interest among European investors in Iran, albeit without formal institutionalisation. The relationship suffered a severe set-back in the aftermath of the Islamic revolution, the outbreak of the Iran-Iraq war, and, eventually, the hostage-taking of European citizens in Lebanon by pro-Iranian forces. Relations deteriorated even further in 1989 after the Iranian clergy imposed a *fatwa* on British writer Salman Rushdie, and in the wake of the 1992 assassinations of four Kurdish-Iranian opposition politicians in the Mykonos restaurant in Berlin. These events led to the adoption of a new approach that originated in Germany on the part of the EC that was labelled “critical dialogue” by the European Council in Edinburgh in December 1992.²⁷ The critical dialogue on issues such as human rights, Iranian support of international terrorism and the Rushdie file was eventually held twice a year on the state secretarial level. Yet, this has not led to any substantial results²⁸ and should be seen as another prime example of EU intergovernmental declaratory (foreign) policy-making that had no direct leverage on the Iranian ruling elite. In fact, EU countries continued to be at odds with each other over how to best deal with Iran.²⁹ The recent opening of negotiations on a free trade and association agreement have to be understood in light of both the electoral success of the reform coalition in the Iranian parliamentary elections in February 2000 and President Khatami’s comfortable re-

²⁶ On the history of European-Iranian relations after World War II, see Anthony Parsons, “Iran and Western Europe”, *Middle East Journal* 2 (1989), pp. 218-229. For a more recent account, see Reza, Mohammad, Saiabadi, “Progress and Regress in EU-Iran Relations since 1989”, *Security Dialogue* 1 (1998), pp. 123-125.

²⁷ See Bulletin of the EU 12-1992.

²⁸ The Iranian government did, however, revoke the *fatwa* on Rushdie in September 1998. Yet, it is doubtful that this was any direct result of collective EU pressure in the context of the critical dialogue. It is more likely related to Khatami’s election as President in May 1997.

²⁹ Greece and Denmark probably represent the two extremes within the EU. Whereas Greece actively worked towards closer economic and political cooperation with Iran, Denmark pulled out of the critical dialogue in August 1996 on the grounds that the dialogue was ineffective with respect to its objectives.

election in June 2001. They are not an expression of a convergence of national interests amongst the governments of the fifteen EU member states or even the result of a long-term strategic vision of the EU—in particular when seen in light of Iran's putative plans to go nuclear. Instead they reflect the lowest common denominator within the Council and the economic interests of some European countries.³⁰

EU-Yemen Relations

In contrast to EU-Iran relations which have been dominated by political issues, the EU's approach towards Yemen has to be analysed in the wider context of EU development cooperation, as Yemen is the only country on the Arab peninsula that the World Bank categorises as a "Heavily Indebted Poor Country".³¹ Institutionalised bilateral relations date back to 1984, when the two parties signed their first cooperation agreement that was later extended to the entire territory of unified Yemen. This agreement was eventually replaced by the agreement on commercial, development and economic cooperation in July 1998. The bilateral relationship was temporarily strained due to Yemen's opposition to the UN Security Council resolution 678 and the 1991 Gulf war, and because of the war between the Arab Yemen Republic in the North and the People's Democratic Republic of the South in 1994. Nevertheless, it can be considered as stable, though of minor political importance to the EU. Both agreements mainly have focused on trade and development, with political issues being left on the backburner. Although the EU has provided more than €220 million in financial aid since 1978, it has never made this aid—in contrast to the negative conditionality clauses stipulated in the current agreement—conditional upon good governance, compliance with international human rights standards or the continuation of the democratisation and liberalisation process that slowly began after the country's unification in 1990. Despite the fact that the country has ridden on a wave of authoritarianism since the late 1990s,³² neither the Commission nor the Council have dealt with this issue in any depth or put any pressure on the Yemeni government. Instead, the EU seems more concerned with

³⁰ Export-oriented EU-countries like Germany, France, Italy and the UK, which already are Iran's main trading partners, have a strong interest in further enlarging their export shares in the Iranian market.

³¹ World Bank, *World Development Report 2001/2002* (Washington D.C.: World Bank, 2001).

³² See www.freedomhouse.org

maintaining the high trade surplus which it has enjoyed since 1993, and which amounts to €500 million.³³

The Impact of Change

The EU's current policies toward the region will be affected by three profound processes of change. First, the EMP was carefully crafted to include four non-Arab southern partner countries, namely Cyprus, Malta, Turkey and Israel. Two of them, however, Cyprus and Malta, will join the Union in 2004 in the context of EU enlargement. The third country in this group, Turkey, is also part of the accession process, and a date for the start of negotiations might be set at the end of 2004. This leaves Israel as the only non-Arab country with eight Arab partners. Since the multilateral track, especially in the political and security field, has to all intents and purposes been paralyzed by the virtual demise of the Israeli-Arab peace process, the polarity between Israel and the Arab countries will undoubtedly continue. Even if the current efforts to implement the roadmap and to achieve a permanent settlement of the conflict (which would have to include Syria and Lebanon) were to prove successful, peace between Israel and its Arab neighbours would probably be restricted to nothing more than an acceptance of co-existence on the lines of the "cold peace" between Israel and Egypt. Visions of including Israel in a comprehensive economic process of integration in the region, such as the famous "new Middle East" often referred to after the signature of the Oslo accords, are unlikely to materialize in the near future. Instead, given the threat of suicide attacks, borders between Israel and her Arab neighbours, including the future Palestinian state, are expected to remain closed for some time to come.

Second, regime change in Iraq is bound to reshape the political geography of the Middle East. The question of Iraq's future is of crucial importance not only to the transatlantic partnership but for the development of a cohesive European policy both in and towards the region. It will release Iraq from its long-standing isolation in the international system and from being branded as a pariah. This, in turn, will provoke the EU to abandon its policy of treating Iraq as a *quantité négligable* and, depending upon American approval of course, to take up relations as soon as the political circumstances allow. Although the EU has not yet come up with a strategy

³³ Eurostat, *External and Intra-European Union Trade – Statistical Yearbook 1958-2001*, (Brussels: Eurostat, 2003); *Monthly Statistics 1/2003* (Brussels: Eurostat). Even the European Parliament, usually one of the strongest proponents of human rights and democratic standards, keeps astonishingly silent about the domestic political developments in Yemen.

towards Iraq,³⁴ the emerging relationship will at some point prompt the question of how Iraq can be integrated into the EU's neighbourhood policies in the region, currently divided into four different sections, as outlined above. To avoid a further fragmentation of EU-Middle East interrelations, however, relations with Iraq should not be designed on a purely bilateral basis. Instead, they have to be embedded in the Union's most wide-ranging foreign policy approach towards the Maghreb and Mashreq region, namely the EMP.

Given Iraq's close economic and cultural ties with the Mashreq/Eastern Mediterranean region, it would make perfect sense to attach Iraq to the EMP, at least in the long run.³⁵ Yet, a future Iraqi accession to the Barcelona Process will render the somewhat artificial concept of a partnership with "Mediterranean" countries even more questionable,³⁶ as Iraq, after Jordan, would be the second southern partner country without access to the Mediterranean Sea. In contrast to some scholars arguing that reference to the term Mediterranean has "a positive connotation for the European and several of the Med partners"³⁷ this must not be seen as an obstacle as neither the Barcelona Declaration nor the respective Europe-Mediterranean association agreements *expressis verbis* restrict the EMP to Mediterranean riparians. And even if this would actually be the case, it has to be recalled that the Barcelona Process was never intended to be fully inclusive, having left a handful of Mediterranean rim states outside.³⁸

Third, the European Union is currently envisaging the establishment of a new EU neighbourhood policy for the non-accession countries in Eastern

³⁴ See Giacomo Luciani and Felix Neugart, *Toward a European Strategy for Iraq*, Policy Paper (Guetersloh: Bertelsmann Foundation, March 2003).

³⁵ This is not supposed to lead to a kind of exclusive sub-interregional Euro-Mashreq community, as some observers suggest. See Michael Emerson and Natalie Tocci, "The Rubik Cube of the Wider Middle East", CEPS Report 2003.

³⁶ On the artificiality of the Mediterranean as a region, see Michelle Pace, "Rethinking the Mediterranean. Reality and Re-presentation in the Creation of a 'Region'", in Finn Laursen (ed.) *Comparative Regional Integration: Theoretical Perspectives*, (Arlington: Ashgate, 2003), forthcoming.

³⁷ Eric Philippart, "The Euro-Mediterranean Partnership: A Critical Evaluation of an Ambitious Scheme", *European Foreign Affairs Review* 2 (2003), p. 219.

³⁸ Philippart, *op. cit.*, also argues that whereas Jordan was a Mediterranean country until 1967 and, hence, must be considered as a Mediterranean "hinterland", this does not apply to Iraq. Apart from the fact that Jordan even before 1967 did not have direct access to the Mediterranean Sea, Philippart, in this context and with regard to the latter point, certainly overestimates the meaning of being "Mediterranean" in particular and the socio-cultural notion of belonging in general.

Europe and in the southern Mediterranean.³⁹ This idea would in the long run offer EU neighbours a share in the internal market, including the free movement of goods, services, capital and people, though without representation in its institutions. Despite some flaws,⁴⁰ this represents a serious effort to design a proactive EU strategy for those countries bordering on the Union which will not be offered full membership for the foreseeable future. Much will depend on whether and when the EU will open accession negotiations with Turkey, as the accession of the largest economy in the southern Mediterranean will require a reappraisal of the geographical design of the EU's southern neighbourhood.⁴¹ If and when Turkey joins the Union, the EU will be faced to share borders not only with Syria, but also with Iraq and Iran. Hence, the prospect of Iraq and Iran both being part of the EU's immediate neighbourhood within about a decade has far-reaching implications for the proposed EU neighbourhood policy.

These processes of change should thus be taken as a starting point for a comprehensive reform of the EU's policies in the Middle East aimed at (1) overcoming the current compartmentalisation; (2) adjusting the geographical and functional geometry to regional patterns in the political, economic and social realm; and (3) concentrating limited funds on promising projects with parallel interests. Nonetheless, such a thorough rethinking of Europe's approach to the region requires first a definition of European interests.

A Preliminary Discussion of European Interests

The Middle East shares not only geographical borders with Europe, but also important historical experiences and conflicts.⁴² Indeed, throughout much of modern European history it has come to be perceived as Europe's "other", with Europe's growing identity mirrored against a once powerful neighbour in decline. Most observers simply take it for granted that the

³⁹ See COM(2003) 104final/11.3.2003.

⁴⁰ In particular in countries like Russia, Belarus and Ukraine, the Commission's proposal was received with mixed feelings as they claimed that the strategy paper ignores the political, socio-economic and cultural (religious) differences between what was defined by the Commission as the EU's Eastern neighbourhood and the Southern Mediterranean.

⁴¹ See also Tobias Schumacher, "Dance In – Walk Out: Turkey, EU Membership and the Future of the Barcelona Process", in Nathalit Tocci and Ahmet Evin (eds), *Towards Accession Negotiations: Turkey's Domestic and Foreign Policy Challenges Ahead*, (Florence: RSCAS, 2004), forthcoming.

⁴² See for example Georges Corm, *L'Europe et l'Orient. De la balkanisation à la libanisation. Histoire d'une modernité inaccomplie*, (Éditions La Découverte: Paris, 1991).

Middle East is a region of utmost importance for the EU and its emerging foreign policy. Given the geographic proximity and the close historical ties between both regions, this is a legitimate assumption, yet it should not prevent a thorough analysis of concrete interests that the EU and its member countries may have in the Middle East. A basic assumption, shared almost unanimously, is the inherent danger of the destabilization of the region and, hence, the need to maintain stability. Yet, this overall goal has to be analysed carefully to avoid premature conclusions. While stability in relations between states is certainly an important objective, too strong an emphasis on stability within states may not be, given the authoritarian and oppressive nature of many Middle Eastern countries. Indeed, giving excessive importance to the maintenance of the present political order may exacerbate political, economic and social tensions in the long run and spark the kind of crisis which the EU wished to avoid in the first place. At the risk of considerable over-simplification, the following EU interests in the Middle East seem to be relevant:

- *Prevention of Inter-State Confrontation.* The Middle East is a region with a history of protracted armed conflict, e.g. several major wars between Israel and its Arab neighbours as well as the long and bloody war between Iraq and Iran. Given its geographical proximity, armed confrontations in the Middle East will generate spill-over effects for the EU, e.g. in terms of humanitarian costs and increased migration.
- *Prevention of Military Threat.* Currently, no state or non-state actor poses a direct military threat to the member countries of the EU. Yet, the development of long-range missiles by certain states in the region and the pursuit of nuclear, biological and chemical capabilities may well give these actors the potential for blackmailing Europe in the not too distant future.⁴³
- *Prevention of Domestic Conflict.* The lack of democratic legitimacy, authoritarian characteristics and the dismal economic performance of many Middle Eastern states render them prone to domestic instability and conflict. Major social tension and violent conflict is bound to have repercussions on the EU, in analogy to the spill-over effects of inter-state confrontation. Therefore, the EU has an interest in fostering accountable and representative institutions in Middle Eastern countries that adapt to the challenge of political integration and economic development.

⁴³ For an overview of the political and socio-economic risks in the Maghreb and Mashreq regions, see Tobias Schumacher, "Krisenpotenziale an Europas südlicher Peripherie. Politische und sozioökonomische Trends in dem Grossraum zwischen Rabat und Damaskus", *KAS Auslandsinformationen* 10 (2002), pp. 4-30.

- *Energy Resources*: The Middle East region holds more than two-thirds of the global proven oil resources and, in addition, substantial reserves in natural gas (NG). The EU currently imports around 45 per cent of its oil supplies from the region,⁴⁴ but this share is bound to increase substantially in the future given the region's vast reserves and the increasing demand from the EU. The EU wishes first and foremost to secure free access to energy resources. It is interested in securing development of and investment in the future capacity of the region's major oil producers to meet the significantly increased demand. Furthermore, the EU aims to keep energy prices in the medium range, for too-high prices would hurt economic growth while too-low prices would encourage consumption and increase air pollution.
- *Economic Development*: The economic performance of Middle Eastern countries since the 1980s has been rather disappointing and the region has, in relative terms, fallen behind other developing areas. Despite the rather low purchasing power of Middle Eastern societies, the region is of major importance to the EU in terms of European exports as the latter enjoys high trade balance surpluses with most of the MENA countries.⁴⁵ Hence, the EU is interested in fostering the economic development of Middle Eastern economies, preferably based on its own model of regional integration. It aims at increasing the potential of the regional market and its attractiveness for European investment and goods.
- *Control of Migration*: Some EU member states perceive that politically and economically motivated migration is now staining their absorption capacity. Although there are no standardized figures on migration flows into Europe, immigrants from North Africa in particular are believed to enter in substantial numbers into southern EU member states. Among asylum seekers, those from Iraq alone accounted for 11.8 per cent of all asylum applications lodged within the EU in 2002.⁴⁶ The EU expects Middle Eastern countries to create incentives and opportunities for their populations to curb illegal migration as well as to crack down on criminal "human trafficking".
- *Cooperation on Terrorism*: The devastating attacks of 9/11 have proven the potential danger of ideologically-driven terrorists seeking to inflict as much damage as possible on civilian targets. The EU is interested in seeking the cooperation of Middle Eastern countries on this issue on a pragmatic basis, especially in arresting residents involved in terrorist

⁴⁴ Of all MENA countries Algeria is the EU's most important oil supplier.

⁴⁵ See Tobias Schumacher, *supra* note 17, p. 11.

⁴⁶ See UNHCR, Asylum Application Lodged in Industrialized Countries: Levels and Trends, 2000-2002, Table 9.

acts abroad and in controlling financial flows. Yet, it has to be kept in mind that since there is no agreed-upon international definition of terrorism, some Middle Eastern countries may attempt to portray dissident groups operating freely in European countries as “terrorists”.

- *Protections of Human Rights*: The treaty of Amsterdam (1997) commits the EU to the “development and strengthening of democracy and the rule of law as well as respect for human rights and the basic freedom” (Article 11). While the emergence of democracy and the rule of law in the Middle East is certainly a long-term project, the EU has a more immediate interest in preventing human rights violations and gross social injustice which fuel migration to the EU.
- *Protection of Environment*: The ecological systems of Europe and the Middle East are highly interdependent. The EU has an interest in fostering cooperation with Middle Eastern countries on issues like the reduction of pollution of the Mediterranean waters or ensuring the implementation of the Kyoto Protocol on the reduction of emissions.
- *Credibility as Foreign Policy Actor and Counter-balancing US interests*: The European Common Foreign and Security Policy (CFSP) is still in its infancy and has yet to develop and fine-tune its institutions. The Middle East region where, in contrast to Eastern and South Eastern Europe, the accession to the Union is out of question, is an important field for establishing the EU’s credibility as a foreign policy actor, especially as a potential counter-weight to the dominant United States.

Towards a Future Euro-Middle East Partnership

In the light of both the processes of change and the interests outlined above, the EU will be forced to consider a redefinition of the existing EMP’s geographical scope and, hence, transform it into a more inclusive and more open “Barcelona plus” or, in other words, into a Euro-Middle East Partnership (EMEP) aimed at overcoming the divisional architecture of EU-MENA relations in the long-run. This umbrella-shaped project would allow for several bilateral and/or multilateral inter-, intra- and sub-regional cooperation clusters, and thus would abandon the all-inclusive multilateralism that has been so seriously hampering the Barcelona Process.⁴⁷ It would include a permanent inner core of full members entitled to participate in all three—improved—cooperation baskets (EMP southern partner countries, and, subject to the accession of Turkey, Iraq and, at a later stage also Iran), and an outer group of countries (GCC and Yemen) that

⁴⁷ As there is currently no common ground for a comprehensive multilateral cooperation, regional and sub-regional projects should be allowed without the imperative participation of an EU member.

would participate in only some areas. In that sense, the different cooperation speeds, i.e. the variable cooperation geometry, has the advantage of taking the respective national and regional specifics into account.⁴⁸

As this would clearly enhance Euro-Arab relations and reflect the long-standing demands of most of the TCM, Israel, on the other hand, would be granted a strengthened bilateral association status and invited to participate in those areas of “Barcelona plus” where progress could be achieved without a preceding political solution in the Middle East.⁴⁹ It is not only against this background that the idea of releasing Israel from the EMP, thus tying it closer to the EU through full free trade and preferential cooperation beyond the EU’s Research and Development Framework Programme (RDFP), finds support.⁵⁰ As outlined above, Israel’s inclusion in Middle East regional cooperation and integration frameworks still remains, for the time being, very unlikely. There remains the fact that the EMP has not made any real difference to the EU’s bilateral association agreement with Israel, as the latter has constantly been pushed to the sidelines by its Arab neighbours whenever regional cooperation projects were envisaged in any of the three baskets.

Of course, in light of the current tensions within the transatlantic partnership, the idea to tie Israel closer to the EU could be interpreted in Washington as another effort to aggravate the already tense relationships between some EU member states and the US. Moreover, some may also argue that such an association would be counterproductive to a solution in the Middle East, as it would signal that the EU treats Israel outside of its regional context. These views, however, seem to be only partially correct as they tend to overlook that in recent years, Israel has already enjoyed

⁴⁸ Of course, the political and economic composition of the GCC members and of Iran differs substantially from most other Middle Eastern countries. Nonetheless, a progressive inclusion of GCC countries and Iran in many dimensions of an emerging EMEP seems to be warranted. Principally, the geographical scope of the EMEP would include Libya as well. Hitherto, however, the Libyan political leadership has not made an effort to change its status from an observer to the EMP to a full participant.

⁴⁹ This is not to say that Israel, in principle, can not simultaneously engage in bi- or multilateral efforts to normalise Israeli-Arab relations.

⁵⁰ On that idea, see Alfred Tovias, “Mapping Israel’s policy options regarding its future institutionalised relations with the European Union”, Working Paper No. 3 of the CEPS Middle East Euro-Med Project. Note that industrial goods trade between the EU and Israel has been liberalised since 1989. On 10 June 2003 Israel and the European Commission signed an agreement on renewed participation in the 6th Research Framework Programme to last for the period 2003-2006. Under this agreement Israel will contribute €192 million to the overall budget.

somewhat privileged status. The European Council itself in Essen in December 1994—at a time when the peace process was at its peak—concluded that Israel needs to be treated preferentially.⁵¹ Given that Israel is surely not European, but undoubtedly of it, it should also be mentioned that Israel, apart from being the only non-European country participating in the RDFP, is part of the Western European group to the UN and the Inter-Parliamentary Union and also an observer of the Council of Europe. There are convincing arguments from a (socio-) economic point of view which support the idea of granting Israel favourable bilateral (non-accession) association status as Israel, in terms of GDP and purchasing power, has never been “Southern Mediterranean”. Furthermore, its Human Development Index is amongst the highest in the world and its socio-economic features considerably resemble those of EU member states such as Spain and Ireland.⁵²

Building on the *acquis* of the EMP, with its high level of institutionalization and its comprehensive three-basket approach, the new “Barcelona plus” concept would go considerably beyond the ill-conceived Euro-Arab Dialogue of the 1970s. However, for the EMEP to work effectively and to prevent the EU from falling into what Christopher Hill has aptly described as a “capability-expectations gap”,⁵³ EU member state governments must finally agree on a common vision based on established principles of EU foreign policy and, most of all, they must find the political will to implement it. As the Iraq crisis has demonstrated, EU member countries have yet to develop a common vision and approach to many of the international problems and threats they face, despite that being an indispensable base for any coherent foreign policy.⁵⁴ Consequently, with regard to the EMEP, the EU shall only commit (material and immaterial) resources to fields where a clear convergence of interests between the EU and the partner countries in the Middle East exists. At present, for example, the EU is still not able to spend more than forty per cent of the financial

⁵¹ According to the Presidency Conclusions, the “European Council considers that Israel, on account of its high level of economic development, should enjoy special status in its relations with the European Union on the basis of reciprocity and common interests. In the process, regional economic development in the Middle East including in the Palestinian areas, will also be boosted.” See Presidency Conclusions of the Essen European Council on 9 and 10 December 1994.

⁵² The latest UNDP report on human development ranks Israel twenty-third.

⁵³ See Christopher Hill, “The Capability-Expectations Gap, or Conceptualizing Europe’s International Role”, *Journal of Common Market Studies* 3 (1993), pp. 305-327.

⁵⁴ For a preliminary discussion of basic principles with regard to Iraq, see Martin Ortega, *Iraq. A European Point of View*, EUISS Working Paper No. 40 (December 2002).

assistance committed to various programs in the EMP framework because of the lack of cooperation on the part of the partner countries, their low absorption capacity and the EU's time-consuming and bureaucratic decision-making system.⁵⁵ A convergence of interests also requires the establishment of a true spirit of partnership and a sense of common ownership that neutralizes any impression of EU neo-colonial dominance. Therefore, the stimulus for reform in the Middle East has to emerge from the partner countries themselves, as the impression of an externally imposed reform process is bound to spoil any attempt at successful transformation. This, however, is not to say that the EU does not have any leverage at all to support the latter. Quite the contrary. The EU could make use of its economic clout by transforming the negative suspension clauses into a policy of positive conditionality, thereby providing both the Arab TCM and Israel with incentives to either undertake the relevant liberalisation measures or, as in the case of Israel, to finally make concessions to the Palestinians.

In that respect, the European Commission's neighbourhood policy proposal serves as a perfect—though rather revolutionary—starting point as it suggests offering Southern non-EU countries a stake in the enlarged EU's internal market. Although it is extremely unlikely that the Council of Ministers will ever grant freedom of movement in the EC to citizens of non-EU member states, the concession of the other three freedoms—irrespective of how likely their provision really is—has a strong potential to change the widespread image of the EU as a protectionist and purely neo-liberally-oriented Western power in the Middle East that all-too-often stoops to double-standards to reach its actual objectives.⁵⁶ In addition, it would, at last, allow southern partner countries with considerable comparative cost and competition advantages in the agricultural sector to finally benefit from their association agreements and their fledgling free trade stipulations.

Full free trade in particular between the EU and all MENA countries must form the initial core area for cooperation. Hence, the creation of a Euro-Middle East Free Trade Area (EMEFTA) that would provide for the

⁵⁵ The disbursement rates of MEDA payments during the period 1995-2002 amount to 40.46 per cent.

See [<http://www.europa.eu.int/comm/europeaid/projects/med/financial/1995-002.pdf>]. However, there are signs of improvement as the payments/commitments ratio—taking all relevant budget lines into account—for 2002 alone has reached 90 per cent.

⁵⁶ The recently implemented Euro-Med Market Programme, permitting closer regulatory and legislative approximation of the TCM to the EU's internal market, might be seen as a first sign of the Council of Ministers' principle willingness to follow the Commission's proposal.

complete harmonization of all rules of origin, should be envisaged. Such a zone would not only meet the logic of the Commission's neighbourhood policy proposal, but it would also build upon the already existing EMAs in the context of the EMP, the Mediterranean Free Trade Area (Agadir Process), and the Greater Arab Free Trade Area project (GAFTA). Also with regard to post-Saddam Iraq, the EMEFTA must be considered as an ideal tool.⁵⁷ It would complement Iraq's pre-war efforts to engage in free trade with Algeria, Tunisia, Egypt and Syria and could thereby contribute to the country's reintegration into both regional and interregional economic structures.⁵⁸ Hence, the "Working Group on Trade Measures relevant for Regional Integration", principally established by the 27 EMP Ministers of Trade in early 2002, and the "Working Group on Trade in Services" should be made accessible to Iraq and, in due time, to all other interested Arab non-EMP members. This is to both guarantee their participation in the implementation of the new "Facility for Euro-Mediterranean Investment and Partnership" (FEMIP) and to examine the improvement and liberalisation of the existing regulatory framework on tourism, services, telecommunications and transports.

As the Valencia Action Plan of April 2002 has again confirmed, thus reiterating what was already stipulated in the Barcelona Declaration, it is the latter field, i.e. the transports infrastructure, together with the energy sector, that represent a highly important area for immediate action.⁵⁹ Whereas the energy sector--for unique reasons--is of utmost importance to only some members of a future EMEFTA, namely the EU, Algeria, Tunisia, Libya, Syria, the GCC countries and in particular post-Saddam Iraq, the improvement of the transportation infrastructure is an issue that definitely concerns all potential members of the EMEFTA. As cross-border economic exchange heavily depends on a functioning and effective

⁵⁷ Chris Patten, in an interview given shortly before the Madrid International Donors Conference for the Reconstruction of Iraq, made clear that "whatever the depth of division in the international community over the war, we all have a stake in a stable, open, democratic Iraq. [...] The worrying security situation should not hold us back from planning for Iraq's political and physical reconstruction. The more international legitimacy we can bring to this project the more likely it is to succeed". See: [http://www.comisionadoiraq.org/donors/ing/information/plan_ue.htm]

⁵⁸ See also Chris Patten's article in the *Lebanese Daily Star* of 23 October 2003, in which he explicitly states that "we [the EU] need the involvement of Iraq's neighbours, to establish the context of regional co-operation essential to long-term stability in Iraq."

⁵⁹ See [http://www.europa.eu.int/comm/external_relations/euromed/conf/val/action.pdf] See also the Presidency Conclusions of the Euro-Mediterranean Mid-Term Meeting of Foreign Ministers, adopted in Crete on 26-27 May 2003 under: [http://www.europa.eu.int/comm/external_relations/euromed/conf/cret/concl.htm]

transportation infrastructure, the EMEP, for the EMEFTA to be successful, should have a strong focus on that area. Keeping in mind that transportation has been one of the very few areas under “Barcelona” that has not yet been followed up on by a conference of all EMP transportation ministers,⁶⁰ the idea of a Trans-Euro-Mediterranean transportation network should be enlarged to a trans-Euro-Middle East transportation network with a special emphasis on the South-South component.

While such a network would strengthen the physical links of all EMEFTA countries with each other, the inclusion of Iraq, Iran, Libya, Yemen and the GCC countries into existing decentralised EMP cooperation projects on the level of civil society would clearly have an effect on the already ongoing, albeit insufficient, Dialogue between Cultures and Civilisations, initiated by Sweden.⁶¹ Originally designed with a view to further mutual understanding and combat misconceptions and stereotypes in Euro-Mediterranean relations, the Dialogue initiative has—apart from some academic and elitist conferences—mainly resulted in the Euro-Med-Audiovisual Programme, the Euro-Med-Heritage Programme and the Euro-Med-Youth Action Programme (EMYAP). While the first two, concentrating on a rather tiny and exclusive circle of well-educated experts, have hardly had an impact on Euro-Mediterranean civil society cooperation, the EMYAP, with a focus on youth exchanges (Action 1), voluntary services (Action 2) and support measures like study visits, seminars and training courses (Action 5) must be seen as one of the very few success stories of the EMP. Although it does not escape criticism,⁶² the Commission’s programme evaluations revealed that the EMYAP generated learning effects, true confidence-building, the acquisition of intercultural competence and, most of all, the elimination of prejudices and misconceptions among its participants.⁶³ Most of all with respect to Iraq’s

⁶⁰ The first EMP Ministerial Conference to deal with transportation issues is scheduled for December 2003 in Rome.

⁶¹ See Tobias Schumacher, “The Mediterranean as a New Foreign Policy Challenge? Sweden and the Barcelona Process”, *Mediterranean Politics* 3 (2001), p. 93.

⁶² Apart from the usual organisation and coordination problems during the setting-up phase of new interregional cooperation programs, EMYAP must be criticised for its strong orientation along the Youth for Europe-Programme, for its non-transparent, discriminatory, time-consuming application and selection procedure that characterised it in its early years, and for the fact that it has led neither to the creation of new Youth organisations in the southern Mediterranean nor to new employment opportunities for young people. Two other critical aspects refer to the underlying Euro-centric concepts of civil society and voluntary service.

⁶³ See European Commission, *Projects with Mediterranean Partner Countries*, (DG Education and Culture: ith-d03-038, February, 20, 2003).

years-long political and cultural isolation, but also given the very little flow of intra-Arab cross-border civil society cooperation, these are the effects that make opening up the Programme to additional partners convincing. Such a move had to be accompanied by the further extension of the Tempus Higher Education Programme and the NETD@YS and *e-schola* initiatives, all of which were recently made accessible to the EMP partner countries.⁶⁴ In light of the deteriorating conditions of the rather uncreative education systems in many MENA states, the latter's inclusion in these activities would complement the EMYAP and its proven positive impact. Furthermore, these initiatives could finally provide students with better learning environments that are conducive to enlightened and independent thinking which, in turn, is a prerequisite for starting economic and political transformation from within the societies themselves.

Undoubtedly, these measures may not make it to the front pages of the main dailies in Europe and the Middle East. Nonetheless, they represent concrete and rather "price-worthy" actions on the grounds that they rather quickly bear fruit.

Conclusion

Some may believe that the creation of an EMEP sounds illusionary and far-fetched. And indeed, such an endeavour is—at least for the time being—a function of the political circumstances not only in the Middle East, but also within both the Transatlantic Partnership and the EU itself. However, it must be kept in mind that the EU member states' interest in the regional stability of its southern neighbourhood is actually much greater than that of the neo-conservative-led United States.⁶⁵ In theory, this interest should make it easier for all EU governments to agree on a single strategy towards the region that takes into consideration the different stages of political and (socio-)economic development of each MENA country and that anticipates the EU's future borders. Whereas the above-mentioned rationale and the benefits of such a strategic decision are obvious, the EU, in addition, could

⁶⁴ The principle inclusion of the TCM into these three programmes was decided during the Vth Euro-Mediterranean Conference of the Ministers for Foreign Affairs, held in Valencia at the end of April 2002.

⁶⁵ On this point, see also Volker Perthes, "Europe needs its own plan for the Mideast", *The Financial Times*, 21 March 2003. See also Chris Patten's article in the *Lebanese Daily Star* of 23 October 2003 in which he explains that the EU has to help reconstruct Iraq. He states three reasons: "First and foremost, we have a moral obligation towards the Iraqi people. Secondly, because our assistance will support a rapid transition to an independent and democratic government in Iraq. And thirdly, because it is very much in all of our interests to contribute to regional stability in the Middle East."

give the US and the MENA countries a clear signal that it has its own agenda of how to deal with the problems of the post-Saddam Middle East. In reality, however, it is highly unlikely that the future EU, comprised of twenty-five, twenty-seven, or even more member states, will be able to overcome the sophisticated dualism between intergovernmental and supranational elements of governance that has hitherto characterised and impeded EU external relations. The recent split over the Iraq issue illustrated, once more, that some (potential) EU members still value their capacity to act as veto-players, despite its cost, over the possible gains which might be accrued by a common and unified EU position. Hence, although it is high time to support the “mother of all nation-building”⁶⁶ in Iraq and to restructure EU relations with all Middle Eastern neighbours—in particular in light of the many flaws of the various EU approaches as outlined in this chapter—one would be well-advised not to expect more than just incremental improvements and a step-by-step policy of the EU on its path to establish the EMEP.

⁶⁶ This term was coined by Thomas Friedman, *The International Herald Tribune*, 5 May 2003.



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