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DIFFICULT BUT NECESSARY: A TRANSATLANTIC STRATEGY FOR THE GREATER MIDDLE EAST

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Introduction

The US and Europe have to succeed in an exceptionally difficult undertaking. They have to meet not just a single or double challenge, but a triple one:

A. They need to prove, to each other and the rest of the world, that the principal rationale of the US-European partnership is indeed no longer the bilateral relationship and the broader European agenda, but their ability to tackle, together, the growing problems of a troubled world. Terms such as 'global partnership' are easy to trot out at summits and conferences. But both elements – the partnership and the global bit – are fiendishly hard to put into practice.

B. They need to forge such an alliance for action on the region, which has historically most divided them: the greater Middle East. The unspoken assumptions, the formative experiences, along with the interests and reflexes behind European and American policies on the greater Middle East are – for historical, political and other reasons – sharply different, and likely to remain so for years to come. If the problems of the Middle East were not so urgent, one would be inclined to say: let's test-drive this global partnership elsewhere, in South East Asia or Africa.

C. Europe and the US must forge this common strategy towards the challenges of the Middle East against a background of the worst transatlantic 'bagarre extraordinaire'. As the BBC's political correspondent Andrew Marr put it: the last few months have been the diplomatic equivalent of The Perfect Storm. Indeed, the fact that the handling of the Iraq crisis degenerated so rapidly into such a spectacular row, underlines the validity of points A and B. Moreover, the fact that leaders of both sides have chosen, quite unnecessarily, to personalise their differences, hinders the necessary efforts at restoring the overall health of US-European relations. The prospects for an effective transatlantic strategy on the Middle East are, accordingly, worse.

The argument of this paper is that, notwithstanding these obstacles, a robust transatlantic strategy for the greater Middle East is both possible and necessary. Both sides will need to take risks; make concessions; rethink existing approaches; confront domestic constituencies; and most of all commit significant resources including political capital. And even then success is far from guaranteed. Nonetheless the risks and opportunities thrown up by the greater Middle East cry out for a comprehensive US-European strategy for political action. The scarlet thread running through the suggestions below is a vision of foreign policy as an agent of change, not as a tool to keep or manage the status quo.

A bit of very recent history

Even when in mid-March the international row over Iraq had reached its zenith, both American and European politicians and analysts thought that after the war cooler heads would prevail. The conventional wisdom held that all sides would come together and forge a sensible compromise on Iraq. And if a compromise could be reached on building the new Iraq, this would then pave the way for a broader restorative effort leading to closer co-operation on Israel-Palestine, Iran, trade, AIDS and so on.

The mainstream view was that the anti-war faction, driven by a hard-headed calculation of its interests, would want to be involved in shaping the new Iraq – and be prepared to make the necessary policy shifts. Surely relations with the US were too important to Germany, France, Russia and others for the rancorous state of affairs to continue? In turn, the US and the UK would welcome greater international involvement in Iraq – to share the burden of stabilising and rebuilding the county – and to increase the chances of the transition's success. They too would benefit massively from an international rapprochement – and be prepared to adjust their policies accordingly.

However, the dominant mood in both the pro and anti-war camp continues to be one of disbelief and defiance. The failure – so far – to find any weapons of mass destruction, or even evidence of an advanced WMD programme plus persistent allegations of political manipulation of intelligence assessments has hardened the view of the war sceptics that the US and the UK had hyped the Iraqi threat to sell a war the US especially had decided on anyway. Moreover, the failure to prevent the looting of the Baghdad museums or to restore basic public services, plus the shooting incidents in Falluja and elsewhere and the only partial progress on the restoration of order have reinforced the idea that the US is, despite ample warnings prior to the campaign, ill-prepared and perhaps uninterested in tackling the all-too-predictable 'day after' problems. The coalition's efforts suggest a lot of infighting among competing agencies and agendas, leading to much improvisation and delay. The war sceptics mantra remains that is easy for a superpower to win a war alone but much, much harder to build the peace. America's patchy record at previous attempts at nation-building does not instil confidence.[1] The bottom line is that for the vast majority of the European public, and even majority of governments, the Iraqis are oscillating between disillusionment and resentment at US 'occupation'.

Perceptions of the situation in Iraq have direct consequences for views on the future of the transatlantic relationship. In France, for instance, senior policy-makers believe that the Iraq war was not only premature but that 'Iraq is about to go wrong' and that France should sit tight, wait for Iraq to become a failure after which a more humble America would be willing to renegotiate the transatlantic contract on more favourable terms. The first part of this assessment (Iraq going wrong) may well be true. The second (renegotiating on favourable terms) almost certainly is not.

But also on side of the US and UK there has been a hardening of positions based on a strengthened conviction that they were right all along. For the coalition, the war has been a great success. The doomsayers got it wrong – again. Iraq is free. Casualties on all sides have been minimal. The solemn predictions of the war sceptics that the Arab street would rise and that Middle East would go up in flames have not materialised. The coalition can take sober satisfaction at a job well done. After initial glitches, the post-war reconstruction of Iraq continues apace, supported by a large number of countries including Poland, Denmark, Spain, Ukraine and the Netherlands. Moreover, the signs are that Syria 'got the message' and is moderating its behaviour in accordance with US concerns. Friends of the US, such as Qatar and Bahrain, have come out of this conflict stronger – and are making more tentative efforts at more pluralistic forms of politics. The 'transformation of the greater Middle East' agenda may be daunting but is, in essence, on track.

Like the war-sceptics, Washington also stresses that a serious effort at fence mending across the Atlantic would be welcome – but it is for the others to recognise they were wrong and adjust accordingly. As US National Security Advisor Condaleezza Rice has reportedly said: Russia will be forgiven, but Germany will be ignored and France punished. That statement bespeaks a high degree of self-confidence but not of magnanimity.

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[1] *Minxin Pei and Sara Kasper, Lessons from the past: the American record on nation building, Carnegie Policy Brief 24, March 2003.*

The net result of these trends is a persistence of discord, not a rapid and intense rapprochement after the catharsis. It is clear that constructive international co-operation cannot take place on present levels of personal distrust. The somewhat artificial bonhomie of the G-8 summit in Evian has not resolved the underlying differences in perspectives. Leaders are not in the mood to make up and move on. And yet co-operate they must. On the Middle East. Despite the poor prospects and all that has happened in recent months.

The comprehensive transatlantic strategy for the greater Middle East advocated consists of at least four elements:

1. The new Iraq: a new bargain for international involvement
2. Israel-Palestine: staying the course of the roadmap
3. Iran: avoiding the next transatlantic bust up
4. The crisis of governance: how to promote political and economic reforms throughout the region.

1. The new Iraq: a new bargain for international involvement

By mid-April 2003, the US together with the UK had waged an impressive and successful war terminating the regime of Saddam Hussein. But serious question marks remain regarding the ability of the coalition to manage the transition towards a more pluralistic, inclusive and tolerant form of Iraqi politics. The risk of political (not geographic) fragmentation and a slide into violent clashes among competing groups is real.

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 grow. But if the 'other America' – with a short attention span, with demands that 'our boys are brought back home' and with a strong inclination to off-load the complex task of nation building – prevails, then the complaint will surely be that Washington has, yet again, implemented a hit-and-run operation.

Thinking about post-war Iraq conjures up a matrix with two axes: international involvement can be long or short; and it can be mainly a US-led or a UN-led effort.

Long, US-led	**Long, UN-led**
Short US-led	**Short, UN-led**

Polemics and pot shots aside, there are legitimate why policy-makers might opt for any of these four options. For instance, one does not have to be a UN-hating member of the neo-conservative, triumph list Right to acknowledge that the UN system and its track record in managing post-conflict transitions have flaws. Nor is it per se unreasonable for the coalition to want to maintain the leading role on the security side.

At the same time it is also clear that absent international legitimacy, which the now-famous phrase of a 'central' role for the UN was all about, plans for the political future of the new Iraq are bound to fail. Many groupings in Iraq, and most of Iraq's neighbours, distrust US motives. Entirely predictably, they are starting to bombard the coalition with irreconcilable demands and complaints. They stand ready to exploit any hesitations and mistakes on the part of the US and UK the moment they happen – as indeed they already have.

Moreover, the many countries opposed to the war have signalled that they will not stump up significant resources needed, if the UN does not run the reconstruction effort especially on the political-administrative side. Some voices in old Europe are even relaxed about a US failure in Iraq.

The time has come for a new international bargain on Iraq. War opponents will have to make a greater contribution – not just in financial terms but also in troops – and act accordingly in the relevant

international fora (NATO, UN and EU). For example, the EU is at present not using its extensive experience in post-conflict transitions to maximum effect, because of the misgivings of some countries about the war. By the same token the coalition must realise that the Iraqi effort is not going well. To succeed, it will need greater contributions from non-coalition members and, most of all, more legitimacy. The US administration must accept the need to internationalise the stabilisation and transformation of Iraq. In short, both sides need to be more magnanimous than they have been.[2]

The unanimous passage of a new UNSC resolution on Iraq in late May 2003 was a useful step forward. However, the rebuilding of Iraq would be easier and more likely to succeed if the resolution had specified a larger role for the UN. The resolution allows a UN representative to "assist" in the formation of an Iraqi government. The US should resolve the resolution's ambiguity in favour of enhancing the role of the UN in shaping the next government of Iraq and the country's political system. For if a future Iraqi government is seen to be appointed by the UN rather than the US, it will have more of the legitimacy that it requires to impose its authority.

In Afghanistan, Hamid Karzai has found it difficult enough to shake off the impression that he is a US stooge – and he was appointed first by a UN-managed conference in Bonn, and subsequently reappointed by a *loya jirga* that was fairly representative of the various groups that make up Afghan society. The Pentagon should remember that the combination of US-led forces and UN-authorised government has worked relatively well in Bosnia, Kosovo and Afghanistan.

Perhaps even worse is the Pentagon's insistence that Hans Blix and his team of UNMOVIC inspectors are excluded from Iraq. If WMD are finally found, no one outside the US will trust what American weapons inspectors say. United Nations inspectors need to be involved in the verification of any WMD finds. Thankfully, the UNSC resolution passed in May leaves open the possibility of UN inspectors returning.

In the first few months after the end of the war, the Pentagon's management of Iraq has been as inept as its conduct of the war was brilliant. Hopefully, the US will come to appreciate that running and rebuilding Iraq is an enormous task, and that it will need all the money and expertise that others are able to contribute. Still angry about French behaviour over Iraq, the Bush administration sees little reason why "the axis of weasels" should be allowed to help. But the administration should note that France has some of the most experienced engineers and other specialists for working in a country like Iraq. It has far more qualified administrators and policemen who can speak Arabic than the US. The same is true for Russia and Germany.

If France, Germany, Russia and others who opposed the war are to take part in rebuilding Iraq, they cannot be excluded from the economic benefits. France and Russia are owed large sums of money by Iraq – even if they choose, as hopefully they will, to write off much of the debt. Their oil companies have contracts which must be honoured. And their businesses should not be excluded from construction contracts.

Iraq will require many tens of thousands of international peacekeepers for years to come. America will not be willing to provide all of them. This administration especially does not like peacekeeping. That is why there are more European than American soldiers in Afghanistan today. As Joe Nye has observed: "It tends to eschew nation-building and has designed a military that is better suited to kick down the door, beat up a dictator and then go home, rather than stay for the harder work of building a democratic polity."[3]

But the US army also has less legitimacy in the eyes of Iraqis than an international force. This is surely a mission for NATO, the world's most experienced peacekeeping organisation. France has even indicated that it is open to such a mission for NATO.

Recent events have greatly devalued the strategic significance of NATO. But if the US puts its weight behind a peacekeeping role for NATO in Iraq – involving troops from France and Germany – it would help to revive the fortunes of a badly-wounded organisation. And that would impress America's allies, by showing that the US wants long-term alliances well as ad-hoc coalitions. As Philip Gordon has observed: "Just as the West overcame its divisions in the Balkans only once NATO deployed on the ground, in Iraq we shall remain divided until we have a collective interest in stability and success."[4]

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[2] *The following section draws on the forthcoming CER pamphlet by Charles Grant, 'Transatlantic chill: how to bring the two sides together'*

[3] *Joseph Nye, "Ill-suited for empire", Washington Post, May 25th 2003.*

[4] *Philip Gordon, "US must fight for Europe's soul", Financial Times, June 2nd 2003.*

Conversely, if the US were prepared to give the UN a leading role in managing Iraq's political transformation, if it accepted the need for UNMOVIC to verify any WMD finds and agreed that sooner rather than later NATO should take over the peacekeeping, then all the opponents of the war have to change positions too. They will then have to make a wholehearted and significant contribution in personnel, financial resources and political commitment. The point of this bargain should be to ensure that in five years time, Iraq is more stable, more prosperous and more democratic than any other Arab state in the region.

Israel-Palestine: staying the course of the roadmap

With depressing predictability, a new cycle of violence has followed the long-awaited publication of the roadmap at the Aqaba summit of June 2003. As if there was any doubt, powerful groups on all sides have made clear they are prepared to mobilise their supporters and resources to kill off the political process before it even began. The escalation of the death toll is matched only by the escalation of adversarial rhetoric. Hamas and Ariel Sharon are, probably consciously, strengthening each other's positions – and both are undermining Abu Mazen and the roadmap. Trust – that elusive but indispensable element for any peacemaking – among the parties has evaporated. Neither side seems willing to implement its commitments under the roadmap. Israel has not stopped its practice of targeted assassinations; Palestinian extremists have not stopped their suicide attacks. The ultimate aims of security for Israelis and statehood for Palestinians is drifting into a never-neverland. Outsiders, meanwhile, are at a loss how they can salvage something from the defunct peace process. Voices, in the US and elsewhere, are growing that peacemaking in the Middle East is doomed to fail; that the obstacles are simply too great; and that the best the outside world can do is to 'manage' what is, essentially, an unsolvable problem.

This view is tempting but profoundly mistaken. The US and Europe have a shared interest in staying the course to push and cajole the parties to return to the roadmap and implement its provisions. Israel-Palestine remains the touchstone issue for the region and, more broadly, the West's relationship with the Muslim world. Neither the US nor Europe will succeed in their other objectives – tackling fanatical terrorism, stemming the proliferation of WMD; promoting political reform – unless they make progress, and are seen devoting resources to making progress, on the Israeli-Palestinian issue. Few things are simple in the Middle East. But the argument that Israel-Palestine is central to unlocking progress on all the other issues is one of them.

Of course, the roadmap is in many respects imperfect and certainly no panacea. But it has the critical advantage of setting out not just the contours of a final settlement, but also the process – the reciprocal steps that both sides must take – of getting there. And unlike the Oslo peace process, it rightly assigns a critical role to outsiders – to monitor compliance and keep the implementation process on track. European leaders must now make a real, public effort in supporting the US in ensuring that the parties stick to the roadmap. When President Bush said at Aqaba that he intended to 'ride herd' it was, perhaps, the first time that European sophisticates appreciated Bush's penchant for Texan imagery.

The US administration in turn must resist the siren voices of defeatism. Similar to the Iraqi case, the US can and should show the same sort of resolve and leadership on the roadmap. What is needed is not hand wringing or passing the issue to mid-level officials. The continued commitment will have to come from the President himself and the other 'big beasts' of his administration.

Apart from sticking with the roadmap, Europeans and Americans should also prepare plans for an international peacekeeping force to police a final settlement. When this idea was floated by think tank people in 2002, it was widely dismissed as pie in the sky.[5] It is of course difficult to foresee such an international force operating on the West Bank and Gaza in present circumstances. But across Europe and the US, politicians and 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. Moreover, due to the severe weakening of the Palestinian security apparatus in the past two years, outside forces will have to move in. In the US, Senator John Warner, chairman of the armed services committee, is a leading if lonely advocate of this idea. Interestingly, it has also been discussed in the margins of the Madrid NATO ministerial in June 2003. NATO has already brought Israeli and Palestinian security officials to Kosovo.

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[5] *See Steven Everts, 'A new phase in US-European relations' in Europe after September 11th, CER, December 2001. See also David Newman and Joel Peters, Kosovo as the West Bank, Macedonia as Israel, Haaretz, October 30, 2002.*

Among European defence ministers there is some interest but also a lot of reluctance given the risks involved. While understandable, the Europeans should adopt a more forward-leaning position and be prepared to commit troops. Constant European pleas for a more active and even-handed US stance on Israel-Palestine 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, both the US and Europe need to develop a longer-term strategy of using their financial assistance and other soft power tools to promote a final settlement. The EU should step up its attempts to target assistance to more specific political objectives. It is true that 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 450 million euro annual aid to the PA conditional on tangible progress towards democracy and good governance. The EU should help to groom a new generation of Palestinian leaders. European involvement can help to ensure that the changes in the Palestinian political landscape have an independent rationale, and that Abu Mazen, Salem Fayad and the other do not simply do Israel's or America's bidding.

On the incentive side, the EU should continue to spend money to alleviate the humanitarian crisis, and thus reduce the appeal of extremist groups. There should also be more targeted aid for the security forces and more money for civil administrators and legal experts preparing a new constitution.

With Israel, the EU should reflect on why so many Israelis to the left of Ariel Sharon claim – wrongly – 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. These steps would end the 'strategic loneliness' of many Israelis but of course they 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 to a firm line on the question of exports from Israeli settlements. Such exports should not be labelled 'made in Israel', and should no longer enter the EU on preferential terms.

The US needs to adopt a similar sticks and carrots approach with both Israelis and Palestinians. With Israel, George W Bush must remember how successful his father's overt linking of US credits to a settlement freeze had been. There is no reason to believe why such a principled position from the US would not have the same effect today. And because facts on the ground are rapidly making a two-state solution impossible there is a compelling need to freeze settlement expansions and stop the accompanying actives (settler roads, demolition of olive groves, diversion of water etc).

With the Palestinians the US should make clear that it genuinely supports their national aspirations but that US support will remain conditional upon Palestinian groups forswearing all violent attacks. Washington's offer of financial and technical assistance to Palestinian security services is very welcome. But it needs to complemented with a similar programme that gives US support for various state-building projects. For example, the US could give its support for the provisional Palestinian state, envisaged by the roadmap, to be given various state attributes, including membership of international organisations. The position of Palestinian moderates needs to be shored up, enabling them to demonstrate that non-violence is not only morally correct but also more effective. As with the peace process more general, the security and the political tracks need to go hand in hand.

Iran: avoiding the next transatlantic bust up.

With the wounds caused by the Iraq war barely healing, Iran risks becoming the next big issue to fragment the West. Every week, American criticism of Iran's alleged interference in southern Iraq, its supposed links

with al Qaeda and its support for Hezbollah is becoming more strident. But what really agitates Washington is Iran's nuclear programme. The US is pressing Mohammed El Baradei, the head of the International Atomic Energy Agency, to declare Iran in breach of its non-proliferation commitments. That would punt the issue to the United Nations Security Council for a debate on possible responses, with the US most likely wanting to turn the screws.

European governments are also coming to the conclusion that Iran's nuclear programme is incompatible with Tehran's assurances that it only has a civilian purpose. Crucially, this more critical European stance is the product of their own intelligence and other assessments – not because Europe is simply toeing Washington's line. All Europeans now recognise that Iran is fast becoming a test case both of the future of the NPT and, more broadly, their foreign policy ambitions.

Over the past years, the US and Europe have been agreed that Iran has a poor record on human rights, democracy, support for terrorist groups and the proliferation of weapons of mass destruction. But both sides have adopted diametrically opposed policies vis-à-vis Iran. Washington has sought to isolate Tehran and punish it for those aspects of Iranian behaviour it considers unacceptable. Europe has pursued a policy of conditional engagement with the aim of supporting the reformist camp led by the twice-elected President Khatami. The EU argues that Iran's domestic politics remain in flux despite setbacks for the reformist camp. EU diplomats add that they have a better feel for the domestic situation because, unlike the US, they have embassies in Tehran. For instance, very few Europeans believe, as some Pentagon hawks do, that Iran is 'ripe' and that an end to the Islamic regime is just around the corner.

The EU's policy of conditional engagement has had only modest and partial success. The main carrot that the EU is offering is the prospect of a trade and co-operation agreement from which Iran would draw large benefits. The EU has said that progress in these talks depends on concrete changes in Iranian conduct. When Chris Patten, the external relations commissioner, visited Tehran in February he confirmed that the EU is prepared to continue its negotiations – and by implication resist US pressure to cut off ties. But it expects concrete results in return. Indeed, prior to Mr Patten's arrival, Tehran released a number of prominent dissidents and decided to allow in UN human rights inspectors for the first time. Iran has also stopped its unspeakable practise of stoning and amputating limbs of criminals – partly as a result of EU pressure.

The EU must now prove that 'conditional engagement' can work in the area of non-proliferation. A consensus is quietly emerging among American, Europeans and Russians that Iran is developing nuclear weapons – or at a minimum wants to get close to the nuclear threshold. Officially, Tehran denies this. But from Iran's perspective their neighbourhood must look distinctly threatening with a nuclear Israel and US troops next door in Iraq and Afghanistan. The Iranians must also note how America has treated North Korea differently from Iraq. Tehran's conclusion can only be to accelerate Iran's nuclear programme. If so that could be the end of the NPT and set in motion a destabilising process whereby others regional players also seek to obtain nuclear weapons.

This cannot be in Europe's interests and it should respond accordingly. The EU should make clear that Europe expects verifiable reassurances regarding Iran's nuclear and missile programmes. Above all, Europe must insist that Iran signs the IAEA additional protocol, which would pave the way for tougher inspections of nuclear installations. Iran may continue to balk at this. But the EU should point out that Iran and the EU have a shared interest in proving, to Washington's sabre-rattlers and to rest of the world, that inspections can be effective.

In particular Europe should make clear that if Iran refuses to sign and implement the additional protocol allowing IAEA "challenge inspections" it would soon terminate trade negotiations. Some EU governments will oppose such an ultimatum. But the EU must now show it can act tough when required – to defend its own interest and not just to forestall the belligerent hawks in the Pentagon.

The US, for its part, should lead an international coalition to tackle the problem of Iran's nuclear challenge. But it should resist pressures to adopt a formal policy of regime change. Of course, Europeans would also like to see deep reforms taking place in Iran – that is the point of their policy of supporting the reformist

camp. But there would be no European support for a policy of armed support for opposition groups. There is already considerable disquiet in Europe that, as Elizabeth Pond put it, neo-con zealots are seeking to 'play God' in the Middle East.[6] Radek Sikorksi shocked European participants at a recent transatlantic conference when he said that at the American Enterprise Institute the mantra is that 'Baghdad is for wimps, real men go to Tehran'. The notion that it is for Iranians themselves to determine their political future will remain the bedrock of European thinking. Thus if the US would openly seek to overthrow the Tehran regime or to perform 'surgical strikes' on suspected Iranian facilities, it would find itself without support from a single European leader.

Finally, the US and Europe, together with key regional players and Russia need to work out a regional security framework. A key weakness in the West's current approach is that it is stuck on a negative agenda (preventing Iran from becoming a nuclear state). It seemingly has little to offer in return. The Iranians, invoking the broad bargain underpinning the NPT, hint that they might be prepared to sign the additional protocol but underline that they want access to key technologies. Both the US and Europe have refused such a quid pro quo arguing that if Iran has nothing to hide it should simply co-operate with the IAEA.

But it should not be too difficult for the West to formulate an approach that takes Iran's legitimate security concerns seriously while explaining that going nuclear is not the answer. Many in Iran are currently convinced that even if Tehran co-operated with the West, Washington would try to overthrow it anyway. That is why along with a principled and tough approach on the need for Iran to fulfil its NPT requirements, the US and Europe also need to develop a set of confidence building measures aimed at demonstrating the benefits to Iran of working with the West. The US should make it crystal clear that if Iran forswears nuclear weapons, it will not become a target for American (or Israeli) attack. After the Iraq war, the security situation in the region is more amenable to a new approach – and Iran deserves a place in a regional security structure. In this regional dialogue, Israel's extensive WMD capabilities will need to be discussed. Further incentives for Iran to comply with US and European demands could be a clear offer of full diplomatic ties, a trade agreement with the EU and the prospect of WTO membership later on.

At present hardliners in Washington and Tehran are driving policies – and conforming each other's worst fears. It is no exaggeration to say that the US and Iran are on a collision course. But it is not too late for cooler heads to prevail. A robust and joint US-European approach, clearly focused on Iran's nuclear ambitions together coupled with a positive agenda of working towards a regional security system might be a better agenda for relations between Iran and the West than the one currently pursued by hardliners on both sides.

The crisis of governance: an effective strategy for political and economic reforms.

The broader 'crisis of governance' in the greater Middle East has now reached the top of policy-makers' agenda. Europeans and Americans agree 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.

In their 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 U.S. and Europe".[7] 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".

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. Without such a strong commitment, 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.

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[6] *Elizabeth Pond, European shock and awe, The Washington Quarterly, 26, 3, Summer 2003.*

[7] *Ron Asmus and Kenneth Pollack, The New Transatlantic Project, Policy Review, October-November 2002.*

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.[8] Crucially, Arab experts and intellectuals wrote this damning indictment, not IMF bankers or other Western specialists. 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, Western pressure aimed at 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.

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 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 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. 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 on Iraq or the anti-terrorist campaign. Deputy Secretary of Defense Paul Wolfowitz gave exactly the wrong signal in May 2003 when he lamented the fact that the Turkish army had not campaigned more forcefully for US troops to be allowed to use Turkey for a Northern front. The Turks may have mishandled the US request but the final decision was the product of a democratic process (i.e. a parliamentary vote). It is critical that democratic reformers in the region can point to concrete examples how the US has accepted decisions taken democratically – even if they go against stated US policy.

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 even

[8] *Arab Development Report, UNDP, May 2002.*

when the Millennium Challenge Account is included. The money the US has set aside for democracy promotion projects in the Middle East is a puny $29 million per year.

Finally and most importantly, the US has a massive image problem in the Middle East.[9] Many in the region distrust America's motives and sincerity. Surveys by the Pew Research Center, show that the Iraq war has made America's image abroad worse, especially in the Muslim world.[10] Special Projects Director Elizabeth Muller Gross has summarised the findings: 'The war with Iraq has really hurt people's opinion of the US around the world, and this represents a further decline from where they were in 2002 which in itself was a precipitous decline from 1999 and 2000.' A lot of people in the Middle East, including democracy activists, have become much more wary after the Iraq war which they saw as the result of a narrow, power and national-interest driven agenda.

Europe can be of help here. For well known reasons it evokes more trust than America. Thus a joint transatlantic strategy for promoting democratic reforms can have three positive effects: First, it can increase the strategy's chances of success by making sure the message comes from a more trusted source. Second, by working out a common strategy with the Europeans, the US can learn from Europe's mistakes – and perhaps be persuaded to adopt a more sensitive discourse. Third, a joint transatlantic strategy for democracy in the Middle East can have real therapeutic effects on the US-European relationship itself. It could be the common project around which to rebuild the transatlantic partnership.

What would this mean in practice? 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. Extra pressure to carry out institutional, legal and constitutional changes.

In all discussions with people from the region, at all levels and in all setting, Europeans and Americans need to bring up the questions of political pluralism, human rights and religious tolerance. Europe and America also need to stress the need to embed the tentative moves towards more democratic forms of politics taking place in the region. Concretely this means paying particular attention to the need for anchoring piecemeal reforms in legal texts and practices, ensuring that independent media hold ruling elites to account, and championing those forces – inside governments and outside – that advocate political and economic modernisation.

★ More money and better-targeted assistance for NGOs, civil society groups including moderate Islamic ones.

It remains a scandal that especially the US has such a warped sense of budgetary priorities: it allocates close to $400 bn for defence but less than $15 bn for non-military forms of international engagement. But it is also a question of needing new priorities within the foreign aid budget. As the Arab UNDP report has stressed, the greater Middle East suffers from a broader crisis of governance. Both the US and the EU should learn to spend less money on infrastructural works and more on developing human capital, by prioritising educational projects.

The US and the EU should also put real money behind various democracy promotion projects: supporting independent media, human rights NGOs, parliamentary and judicial training, various civil society projects and so on. It should overcome its phobia of working with moderate Islamic groups.

★ Make financial assistance more conditional

Governments in the region have, by and large, accepted the need for deep political and economic reforms. In speeches and contacts with outside actors government representatives invariably promise a step change in the respect for human rights, government accountability, the fight against corruption and so on. This paradigm shift is welcome. Moreover, in the context of the EU's 'association agreements' and the US's Millennium Challenge Account, both sides of the Atlantic have established some benchmarks and

[9] *Marina Ottoway, Promoting democracy in the Middle East: the problem of US credibility, Carnegie Working Paper 35, March 2003.*

[10] *Pew Research Center, Views of a Changing World 2003.*

monitoring processes. The next step is implementation. That is why the both 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 should be to benchmark and reward those countries that have made progress in political and economic modernisation with extra assistance. This kind of positive conditionality has been shown to produce some results. But to be effective the US and Europe should not exclude punishing others that have failed to comply with the standards they themselves have pledged to uphold (i.e. negative conditionality).

★ Start work on an 'OSCE' for the greater Middle East

The multiple problems of the greater Middle East require a long-term, multi-faceted campaign, working simultaneously on security issues, political reforms and economic modernisation. It will also entail the sustained involvement of outside partners, principally the US and Europe. And it will need some form of institutional mechanism to make this kind of co-operation sustainable, to avoid unnecessary duplication and to promote positive synergies between different efforts in different issue areas. In short, the region needs some sort of OSCE for the greater Middle East.

The US and Europe need to take the initiative and call upon the countries of the region to join them in setting up this new organisation, perhaps called the Partnership for Reform. The effort should be loosely based on the familiar three OSCE 'baskets' centred on security, human rights and economic issues. To signal their commitment, and sense of urgency, the US and Europe must stress that the PfR should be up and running in 2004 with a small headquarter in Istanbul – the city where Europe meets Asia and where both Byzantium and the Ottoman empire have left their imprints. Most of all Istanbul is where, on a daily basis, a fascinating experiment is taking place to prove that democracy, nationalism, peace and stability are not an 'inconsistent quartet'.

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