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**'Looking Ahead'  
Challenges  
for Middle East  
Politics and  
Research**

*Volker Perthes (coord.)*

EuroMeSCopaper . 29

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Volker Perthes (coord.)  
Stiftung Wissenschaft und Politik, Berlin

April 2004



This report was produced with the financial assistance of the European Commission, under contract n° ME8/B74100/RELEX/2000/016-F1 - CRIS 2000/2121, within the framework of the EuroMeSCo Working Group V activities. The text is the sole responsibility of the authors and in no way reflects the official opinion of the Commission.

EuroMeSCo papers are published with the support of the European Commission  
by the EuroMeSCo Secretariat at the IEEI  
Largo de São Sebastião, 8 - Paço do Lumiar — 1600-762 Lisboa - Portugal,  
Telephone +351 210 306 700 - Fax +351 217 593 983  
E-mail : mednet@mail.telepac.pt - Homepage <http://www.euromesco.net>

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## Editor's Introduction

Volker Perthes

This report is made up of the papers presented at the workshop, 'Looking Ahead: Challenges for Middle East Politics and Research', held at SWP (*Stiftung Wissenschaft und Politik*, the German Institute for International and Security Affairs) in Berlin, between 5 and 7 December 2003, in cooperation with EuroMeSCo. Its purpose is not to offer just another analysis of the state of affairs in the Middle East and North Africa, or to debate current events and developments. Rather, it is intended to help set the agenda for policy-oriented research, and possibly the policy agenda, on different aspects of Middle East politics and society. For if researchers specialising in the region are unable to examine new questions, how can political decision-makers be expected to develop sound policies?

Through a brief analysis of relevant political and research areas, each contribution seeks to address the following questions: what questions should be asked, which should be the priority research topics, and what approaches should be adopted? How can academia contribute to finding theoretical and practical answers to the problems in the Middle East and Mediterranean region? What has academic research overlooked or ignored in the past? Have we been blinded by 'established truths' that do not allow us to see the reality of the Middle East and regional policies, to analyse them clearly and to devise new policy approaches? Are we actually taking 'lessons learned' into account, after so many peace plans, reform initiatives, and dialogue projects? Or are we as academics perhaps merely producing 'more of the same' whenever time-honoured approaches run into difficulties?

The latter, in particular, may be the case with regard to the Arab-Israeli conflict and peace process, which is why a large proportion (eight in total) of the articles in this volume are devoted to the subject. Subsequent contributions look at different actors, particularly those upon which academic observers as well as political actors from Europe have pinned much of their hope as potential agents of change over the last decade or so. These are the elites on one hand, and civil society on the other (it being acknowledged that the two concepts overlap). Again, the question is what we have learned about these groups, and whether research is actually asking the right questions. Are these groups able and/or willing to bring about change, and if so, what kind of change do they want? How is one to deal with an increasingly complex field of actors on a theoretical level? Who should be partners for cooperation in a practical sense? Are we still correct in assuming that there is a 'quest for participation'? Is this, in principle, what political change in the region will be about?

Clearly, questions of economic structure, international economic relations, and economic policies are key determinants in developments in the region. In this field, contributions by both 'theoreticians' and 'practitioners' may point the way towards devising a research agenda and partly overcoming the stagnation which seems to have affected both the economies of the region and the literature that analyses them.

Finally, there is little doubt that the geopolitics of the Middle East and North Africa is shifting. Following the geopolitical revolution caused by the Iraq war, we will likely have to revise and build on the concepts and analytical approaches that have so far helped us to understand regional developments. What do national and regional security, regional cooperation, arms control, and multilateralism mean in the Middle Eastern/North African environment post-Gulf War III? Are there new game rules, or are there no longer any rules at all? If we want to look ahead, what questions and themes should we underline?

In sum, the present report deals with subject matters on the agenda, but also with the issue of the relevance of policy-oriented research. If we assume, naively perhaps, that academia can contribute to better policies, we have to start by getting our own research agenda right.

# Chapter I – The Middle East Conflict and the Peace Process

## The Israeli-Palestinian Conflict: Re-Thinking Approaches, Concepts and Strategies

Muriel Asseburg



What policies and strategies for the Middle East are on the agenda, and what is the state of academic research? I will answer this from an academic and European point of view, complemented by the views of practitioners from the region. There are three developments in the Israeli-Palestinian arena that I consider to be most significant, which are the basis of the research and policy agenda that I propose.

First, local players, academics and politicians have undertaken some important initiatives, which show that a compromise solution is possible. The Geneva initiative is one of them of course. Geneva has demonstrated that there are partners on both sides who are able to negotiate a solution and has detailed what that solution might look like. These initiatives have already had an impact on the discourse in both societies, particularly among the political class, refocusing debate towards possible solutions. They have also put pressure on the Sharon government to present initiatives of its own and to demonstrate its willingness to engage in negotiations. They have prompted other parties in Israel, such as Labour, Shinui, and the Yesha Council, to put forward their own 'peace plans'.

Second, there is a clear international stance favouring a two state-solution, and the Security Council has adopted the Road Map as a way to achieve that goal. At the same time, however the Road Map process was stillborn, and the international community has put little pressure on the parties to fulfil their peace plan commitments. The US lately withdrew even further from active engagement in the Road Map process, a trend that is unlikely to be reversed before the 2004 presidential elections and that, in the case of a change of administration, may be prolonged for quite some time.

Third, which makes the above more worrying, developments on the ground are working against a viable two state-solution and we are fast approaching the emergence of an Apartheid state. Palestinian territory is being carved by the ongoing settlement effort, with the construction of further by-pass roads and the erection of the separation wall that encircles and isolates whole cities and villages from their agricultural lands, and bar access to the exchange of resources. These processes will prevent the emergence of a viable Palestinian state with contiguous territory and therefore a durable two-state-solution. The ongoing violent struggle in the Palestinian territories, moreover, contributes to further de-institutionalising and weakening of governance structures, and destroying the social fabric.

In light of this rough and brief outline, I would suggest three main issues for research, strategic thinking and political action.

1. *A European strategy towards the peace process.* First we need to develop a coherent European strategy regarding the peace process. There are clear and principled European positions on the Israeli-Palestinian conflict and its resolution. And there are also policies to support peace building and to create multilateral structures. However, there is no consensual operative strategy to address the current stalemate and put a stop to the current cycle of violence. This means there is no clarity about whom to pressure and support, or how to influence debate in the region. A European strategy must encompass all European institutions and fully utilize the different EU instruments to fulfil European principles and positions. Academics and policy planners should play a key role in this – this is particularly important considering that we need a EU that is prepared for and capable of filling the gap left by a reluctant United States.
2. *Cooperation and Dialogue.* Who are our partners? Who should we address? How do we involve the societies in the region? Europeans, and EU-funded cooperation projects for research and academic dialogue, are usually linked only to certain sectors in the region that represent a very small social segment. In Israel, we cooperate primarily with *Ashkenazi*, leftist and liberal academics and politicians, and Arab-Israeli organizations. Thus, important segments of society are almost entirely excluded from the dialogue, including the religious sector, and groups such as *Shas*, but also the *Likud* and related research institutes, which are rarely addressed by Europeans. Restricting ourselves to a small segment of liberal and secular interlocutors, something that also happens in the dialogue with the Palestinians means that groups with an animosity towards Europe are not sufficiently addressed. We also fail to understand how a majority of people in the region feels about not being included in a dialogue. What is worse, we are sometimes prone to try to make political leaders out of those we are close to when in fact they lack grassroots support.

3. *Binational policies.* We are fast approaching a situation where a two-state-solution may be nearly impossible to implement or actually no longer work. It is therefore time to think about a binational state and outline different scenarios. Now, I say this reluctantly because I am aware of the dangers inherent in tactically favouring a one-state-solution – the recent *Yesha* Council plan for one type of one-state-solution gives us an idea of what this option might look like. I am therefore NOT proposing that we drop the two-state-solution and cease to invest in it – not least because the international community and solid majorities in both societies support it. On the contrary, I see an ever more urgent need to focus European efforts on its realization. At the same time, however, we should not ignore developments on the ground and must be prepared to address them. The EU must clarify what kind of solution it is willing to accept and what kind of settlement is unacceptable – and remembering that Israel is a potential partner in the Wider Europe initiative. The EU must ask what a one-state or two-state solution would look like and which scenario is most sustainable. It must also examine appropriate institutional arrangements to safeguard democracy and thereby guarantee principles such as equality for all citizens, mutual recognition, and fairness. Is a consociational model feasible and how would it work in the Israeli-Palestinian context? Or do we prefer a confederation? Institutional arrangements are not just important in case of a one-state solution, but also for a two-state scenario, as it is necessary to find better ways to integrate the Arab minority in Israel, and to explore option for future cooperation between the two states.

As a student of the Palestine-Israel conflict, I totally agree with Volker Perthes on the need to introduce a new approach to policy-oriented research and not only to compare notes or report to one another what we already know about current events. After the 1967 war the Palestine question became more central in all Middle East issues and has since then had a direct influence on the politics of the region.

Issues such as land, people and their rights, the development of political and religious Zionism and the perpetuation of conflict despite numerous attempts at mediation, have increased in their international importance. We also face the question of how to analyse the current conflict: are we witnessing an endless state of war or a 'bi-national condition' in one land, or is there a process of colonialism and a 'settler state' in control in the West Bank and Gaza Strip? Whatever the case, what scenarios can we envisage for the future?

I believe one of the points think tanks and researchers should continue to address is that of the major episodes that have shaped relationships between people, affected decision-makers and led to a new era in which one superpower dominates the globe. The difference between study and research programmes today and those of previous years is that we have greater access to facts and information than we had a few decades ago. We should benefit from that. Over the last three or more decades the following events and *phenomena* are of particular significance and help us to understand conditions as they are now.

1. 1967 – The June War
2. Camp David I, 1978 and Peace Treaty between Israel and Egypt
3. The Iranian Revolution in 1979
4. The Gulf War in 1991 and the Oslo Accords 1993
5. The Peace Treaty between Israel and Jordan in 1994
6. September 11, 2001
7. Afghanistan (Taliban) and Iraq (Saddam Hussein) and the US led occupation of both countries
8. Islamophobia and the Question of Fundamentalism
9. Israel's continued obsession with the '1948 War of Independence', which is yet to be concluded as Sharon sees it, and the Palestinians enduring another 'Nakba' (catastrophe) with cantonization and 'Bantustan'-style rule (*Intifada* of 1987 and 2000)
10. A new era of unilateralism – the US vs. Europe and the UN

## The Israeli-Palestinian Conflict: A Synopsis

Mahdi Abdul Hadi



Alongside these events/*phenomena*, civil society has witnessed undergone change and numerous crises over identity, leadership, the rule of law, democracy, the role of the private sector and economic decline and poverty.

If one looks at these episodes in a wider context the following topics for research suggest themselves. They can be divided into two 'baskets': global issues (which also have an impact on the region), and region-specific issues.

## First basket - Global Issues

- Security issues and regional/international cooperation
- State, society and politics (in particular the relationship between the US/Europe and the Arab World)
- Fundamentalism and the hijacking of religion
- Democratisation and the Arab regimes
- Human rights issues, emigration and state policies

## Second Basket- Regional Issues

- Identity and cross-cultural understanding
- Identifying opportunities and challenges for leaders and elites
- Ethnic minorities in the Arab world and the issue of political opposition
- Bi-national conditions in the making (Palestine-Israel and the question of Jerusalem)
- The disillusionment and disenfranchisement of youths (over 50% of the population of the region are under the age of 25)

Think tanks and researchers can work on these two 'baskets' in parallel and not necessarily in the same order. Each topic can be further divided into sub-categories. In addition there is also a need for a database with up to date demographic statistics.

We must attempt to free ourselves from the burden of history and not to say always "it happened before and that is why it must be this way now". As regards the question of Palestine, partition has not worked for the last fifty-six years – maybe it is time to think differently.

## The Israeli-Palestinian Conflict: Dynamics of Cooperation

Salah Abdel Shafi

Let me start by looking at the most significant development in Israel and Palestine of the last year or more, which is the separation wall. I think it is not just a security construction or an infrastructure but rather, as Muriel Asseburg rightly states, it is something that will have long-term political implications. These certainly need to be studied in more detail. In Israeli political discourse, even within the government, it is claimed that this security wall can be removed once there is a political solution, and that it does not constitute a political border. The reality on the ground however looks very different: the huge investment in construction, the military orders that have been issued, and the whole set-up surrounding the wall shows that this is a long-term project. Incidentally, this is not a new idea: Sharon drafted the plan himself in the mid-1970s. It does indeed support Sharon's vision for a political solution to the conflict. When he talks about the establishment of a Palestinian state on 42% of the West Bank, this is the same 42% that will be encompassed by the wall. At present, construction is proceeding on the Western side, but there are plans for construction on the Eastern side. This would result in a Palestinian mini-state surrounded by Israeli territory.

Moreover, it would render a two-state solution completely irrelevant. The long-term implications are already being discussed within Israeli academia and also among Palestinians: people are starting to consider a one-state solution, because there will be only two alternatives. One is an apartheid state, and this is what will probably happen if Israel goes ahead with the wall, or there will be a bi-national state, which seems very remote. I have my doubts that this is what Sharon is working towards.

Of course, the humanitarian implications of the wall are appalling: tens of thousands, if not hundreds of thousands of Palestinians will be trapped by it, and this is what is happening on the ground today. In addition to the 1948 refugees and the 'dispossessed' of 1967, we will now have a third category of refugees: the people encircled by the wall, who will be caught between it and Israel proper.

I would like to focus on some interesting recent developments on both the Israeli and the Palestinian side. On the Israeli side, the critique coming from the mainstream, even from the security and military establishment is significant. I am referring to the critique that was voiced by the chief of staff, Moshe Yalon, regarding the attitude of the Israeli government when it comes to certain measures towards Palestinians, and the Sharon government's attitude, which led to the failure of the Abu Mazen

government. Also very interesting are the statements of four former chiefs of the Shin Bet, and the mounting criticism within the government. Tommy Lapid, the minister of Justice, and his Shinui party are now demanding the removal of certain settlements, for example in the Gaza strip, as a unilateral step prior to resuming negotiations. I think this is a very interesting development because it shows that part of the security and military establishment is gradually realizing that the military option is not going to solve the conflict or bring security or prosperity to Israel. Rather, it is leading to a further deterioration in the security and economic situation inside Israel.

A second development is the Geneva document, which I think represents an awakening of the Israeli Left: it woke them up from their 'winter sleep'. The initiative includes a clear, detailed, well-defined political programme that can be presented to the Israeli public as a viable alternative to the policies of the Sharon government – I am not saying "the programme", as so far Sharon has not presented any political programme. Recent opinion polls in Israel show that support for the document is on the rise: the most recent poll commissioned by Ha'aretz found that 36% of the Israeli population oppose the document, 31% support it, and the rest are undecided. Considering that the initiative is only two months old, these results appear very promising. Of course the Geneva document also has implications for Palestinian society and, from a distance, one probably gets a wrong impression about the reaction inside Palestine to the initiative. While it may seem that opposition to the document outweighs support, I think opinion polls show clearly that at least half the Palestinians support the document. Of course it is extremely difficult to sell the document at a time of mounting and continuing frustration, hopelessness, and lack of trust not only in the Israeli government, but also in the Israeli Left. Palestinians are concerned that the very same people on the Israeli side who negotiated this document were previously in government positions. This shows that, among Palestinians, the Israeli Left is not necessarily more trusted than the Israeli Right.

Another significant issue is the Cairo negotiation between different Palestinian factions for a renewed cease-fire or *hudna*. Although I am confident a consensus can be reached, there is a trend similar to that during the first *hudna*. As in July and August 2003, when Israel continued with its policy of incursions and assassinations during the *hudna*, which finally led to the suicide attack in Jerusalem and the breakdown of the *hudna*, Israel is stepping up its military action in the territories in response to the Cairo negotiations. I am afraid that Sharon will feel cornered by mounting criticism on all sides, including Washington, and that this will lead to further escalation. What Sharon is doing at present is clearly to invite another suicide bomb, which might get him out of his current predicament.

With regard to the US strategy towards the Israeli-Palestinian conflict in the coming year, I think that it will be content to draw some red lines for Israel and ask that they not be crossed. Since the Americans will be busy with elections and Iraq, I do not think we are going to witness their active involvement in the conflict.

I will conclude by saying that the most important issue for research and academia, in my view, is to study the long-term political, economic and social implications of the separation wall, and its implications for the two-state solution. Another interesting issue is Palestinian refugees, which was for the first time tackled in a very open and creative way by the Geneva Accords. Regarding that proposal we need to ask what the economic, social, political implications are for the refugees, not only inside Palestine, but also for refugees in the region, particularly in Jordan, Lebanon and Syria.

To start with, and in order to change some of our previous assumptions, I think we need to fairly assess what went wrong during the last decade, the so-called 'peace decade'. Let us do this by looking briefly at the Oslo framework.

The Oslo framework was based on uncoupling an interim agreement from a comprehensive, final settlement. The idea made sense because some questions were so difficult – the question of Jerusalem, the refugee issue – that putting them on the table simultaneously would have produced an immediate stalemate. However, I think that this gradualism had very perverse effect in that each side became determined to surrender only the minimum, retaining as many assets as possible until the final round of negotiations. This is why the Israelis were reluctant to return territories, and

## The Israeli-Palestinian Conflict: Some Lessons from the Past

Alain Dieckhoff

why the Palestinians were loathe to clamp down on radical groups. The same kind of reluctance is evident, of course, in Israeli settlement policy. The first lesson to be learned from Oslo is therefore that gradualism did not work. The second flaw of Oslo, and simultaneously, the second basis on which it was built, was the bilateral nature of the process. The basic predicament was that a comprehensive deal could only come about through direct negotiations between Israelis and Palestinians. The involvement of the international community was merely cosmetic. Obviously the role of the US was not merely cosmetic, but it is revealing that it never presented a fully-fledged settlement plan. The so-called Clinton parameters were only presented to the parties in December 2000, which was too late. For me, this goes to show that bilateralism does not work.

Having stated that gradualism and bilateralism do not work, we need to think of ways to overcome these flaws. This means, first, that we have to directly negotiate a final agreement without interim steps. Secondly, this final agreement has to involve strongly the international community. Without internationalisation it is impossible, in my view, to achieve a comprehensive settlement.

Unfortunately, the Road Map, which at least last spring, was regarded by a lot of people as the only game in town, suffers from more or less identical flaws. It is also based on an interim logic – albeit a short-term one – that has proven ineffective. Furthermore, the Road Map says absolutely nothing about political perspectives, which was the case with Oslo. Considering these caveats, the Road Map does not seem an appropriate basis to restart the peace process. Of course I understand the political reasons that led to the document. Even so, it is unlikely to result in major advances in the road to peace. As of today, it has not produced anything and is unlikely to do so in the future.

Continuing the assessment of what went wrong and what we underestimated in the past decade, I think we were too narrowly focused on elites in the negotiations. I am not referring to social elites, but rather those who were involved in the negotiation process: we looked closely at what happened in the leadership on both sides, and on the American side. This may have caused us to neglect the internal dynamics within the respective societies, which were shaped by what happened on the ground. Things did change, but we underestimated those changes and the negative impact they had on the collective mood within both societies. On the Israeli side we underestimated the impact of the suicide attacks at the beginning of the process in the mid-90s at least, and we may have underestimated the impact of settlements, checkpoints and other Israeli measures on the Palestinian side.

Consequently, in order to make the peace process more sustainable, we should be aware of two things. Firstly, it is absolutely vital to reduce the discrepancy between diplomacy and reality on the ground. Otherwise, a lot of conferences might be held but peace will remain pie in the sky. Secondly, I agree with earlier contributions to this volume that developments on the ground are working against a two state-solution. However, I disagree with the conclusion. By this I mean that it would be much too early to invest heavily in the topic of a binational state. It took twenty years, during the 1970s and 1980s, for the idea of a two state-solution to become accepted. It is now commonly shared on both sides, even though the content of different two-state solutions may vary. There is also general consensus within the international community on the two-state solution, and it is backed by the mainstream of the population in Israel and Palestine. I think this is hardly the time to disregard such support and to tell everyone that we should now look at scenarios for a binational state. It would be unwise to do this now, and looking at the long-term perspective, it is a highly unpopular idea in Israel. Furthermore, a one state-solution would not solve the conflict. It would rather exacerbate it and might even lead to a new Bosnia in Israel and Palestine. Even though we know that developments on the ground are making the possible implementation of a two state-solution increasingly difficult, I think it is the only option we have. My message to politicians as a researcher would be: time is running out. You have to move very quickly if you want to achieve a two state-solution. Otherwise, you will have a dominant power, Israel, and a subjected population, the Palestinians, and you (i.e., Europeans or Americans) will have to cope with this situation. This makes the putting into practice of a two state-solution ever more urgent.

How can politicians help to achieve this? First, they must be more emphatic, not rhetorically but in action. On the question of the wall, Europeans need to take action

instead of restricting themselves to words. Second, in order to promote a two state-solution I think it is crucial to stimulate domestic debates on the main issues within Palestinian and Israeli society. On sensitive issues, such as the question of refugees, the question of Jerusalem and the settlements, it is vital to leave no room for doubt that absolute justice is impossible to obtain. If you want to have a peaceful settlement of the conflict, you will only get relative justice. The facts need to be faced: all refugees will not be able to return, and it will not be possible to have an Israeli state stretching from the Mediterranean to the Dead Sea. Compromise on these points, as well as on Jerusalem and the Temple Mount, is inevitable. People have to be faced with reality and not just with dreams about an impossible solution. This is why it is crucial to do everything possible to promote an intra-societal dialogue, which is what makes the Geneva initiative important: it is important, not as a blueprint for a solution, but because it raises important questions for societies. The same goes for the *Ayalon-Nusseibeh* petition. These are very important documents because people talk about them. Even if they are opposed, taking positions on them is surely preferable to dreaming about impossible solutions.

I would like to address three points in this contribution. First, by way of introduction, I will briefly consider my own experience in policy-oriented research and its historical background. Secondly, I will elaborate on some specific characteristics of the Middle East. Thirdly, I will look at prospects for change and raise some questions in this regard. I am starting from the premise that the function of policy-oriented research is twofold: to understand and recommend. I believe not enough attention has been paid to understanding in the past.

The *Al-Ahram* Centre for Political and Strategic Studies was founded immediately after a national calamity in 1967, that is, the defeat by Israel. This is one of the reasons among many others why at the time there was little understanding of the other side (Israel) and how to deal with it either in conflict or peacefully. The Centre was established to deal with this problem and increase mutual understanding. We went through two different stages: at the outset, from 1968 to 1974, we were supposed to be a think tank and our task was to advise the presidency on policy; later, from 1974 to date, there was a split between what the people at the Centre thought and President Sadat's thinking at the time. We had to take a very important decision that I think is relevant for all of us who wish to advise: who should we advise? Should it be politicians and decision-makers or the wider public? Our decision was to direct our research at the public.

When advising the public, we face the dilemma of distinguishing different levels of analysis. Any policy has a goal: sometimes this is a value – justice, freedom – and sometimes an objective – to sign a treaty for instance – and at other times it is to serve an interest, such as national security or guaranteeing the integrity of the country. On occasion, we mix all of these, although they are completely different levels of analysis. What are we supposed to do about freedom or justice? These are moral-philosophical issues. As long as we remain on the level of policy that deals with objectives and interests, at least we can inform the public and the politicians about the costs of different possible actions. The public and politicians alike have to realize that they cannot achieve unlimited ends with limited resources. Part of the reason why politics and policies in the Middle East do not function properly is that the balance in the relationship between ends and means is not very clear.

Coming to my second point, let me elaborate on some of the characteristics of the Middle East. Certainly, it is a conflict-ridden region. A possible reading of the situation is that the Middle East largely defined (stretching from Iran to Morocco, and from Turkey to North Africa) has about 8% of the world's population, but 25% of world conflicts since World War II. The costs of this are awesome: about 3 million casualties, about US \$ 1.5 trillion in material costs, about 14 million displaced persons. We find all kinds of wars: wars of intervention, interstate wars, and intra-state wars. This propensity for violence is really understudied. We have different socio-economic schools of thought that tell you this is because states in the region are 'new' states, or that because they harbour conflicting ideologies, such as Socialism, Zionism, or pan-Arabism, they are prone to conflict. However, I propose that before looking at the 'how', we have to understand the 'why'. I am not sure that this has been done to a sufficient extent. Even when we dissect this argument and look at only one of the

## The Israeli-Arab Conflict: The Middle Eastern Context

Abdel Monem Said Aly



propositions, such as the argument that the Middle East has no democratic values or democratic systems, the question of why a Middle East dictator will behave differently from a Latin American dictator remains to be answered. Why did not Pinochet go to war, but why did Saddam Hussein? This is the essence of social and political science research, and I am not sure that we really answer this type of question. Unless we do, it will be very difficult to make a sound judgement.

A third characteristic of the Middle East is that it is a security region. For Europe, the Middle East is not just an opportunity for investment, but for its governments it is about how to manage conflict and how to protect European security. For the countries in the region, security is the number one priority. I am distinguishing security regions from what I call developmental regions, which decide that development is of much higher priority than getting back a lost piece of land or a lost piece of faith. Added to all this, there are pressures on the system stemming from demographic change, with a population that increased from 100 million in 1965 to about 300 million at present. This is a young population faced with declining resources. A fourth characteristic, whether we like it or not, is fundamentalism. Although there is a lot of research done on this, we still fail to understand what motivates a person to commit a suicide bombing in the year 2004. After the ages of enlightenment, of globalisation, of mass communication, somebody decides to take another person's land, and in retaliation somebody decides to blow himself up. I believe this area is not researched enough.

This leads me to a series of questions regarding our research agenda. First, we have a problem with the diversity of the Middle East. Where are the settlements coming from? Where are the suicide bombers coming from? What kind of society produces these *phenomena*? Second, we do not sufficiently understand certain social processes. In the Middle East, there is currently a proliferation, not only of Weapons of Mass Destruction (WMD), but also of mass media. Somehow we shun the issues of socialisation and of political psychology. I am not sure whether somebody is studying the inmates held at Guantánamo: we are looking at this as a legal problem, as a human rights violation, as arrests without specific charges. This is important, but I am sure that Guantánamo is a laboratory for producing Taliban and Al-Qaeda fighters or other agents that blow up targets from Bali in Indonesia to Casablanca in Morocco. What about the globalisation of terror, be it through the movement of persons or, as termed by a project run by the *Al-Ahram* Centre, an 'Electronic Jihad'? These are all black holes in research. I agree very much with what was said in the introduction about looking at the policy options of all sides without morally agreeing with one or the other. In this regard, we have to face the fact that transfer is actually already taking place: about 150,000 Palestinians have left the territories since the start of the *Intifada*. The transfer of 500,000 critical Palestinians would make the West Bank look like the Galilee, which was very calm until 1967 and, actually, until the first *Intifada*. There are plans and we had better look at them.

I will end by looking at what I call the black hole of regional transformation. I will call for the following: firstly, an examination of the goals of politics in the region. Is it peace and prosperity, or salvation? We have to take this very seriously: certain people look at their goal in life as salvation. Secondly, we do not have enough studies of peace making in the region, of its lessons and its failures. We lack basic studies that look at why the *Ta'if* agreement in Lebanon was successful, how a civil war came to an end and a country resumed its life. Thirdly, there is the question of what I call the politics of exceptionalism. Here, I am referring to Israel. Do we have, in addition to a Palestinian question, a Jewish question? How can a country get away with nuclear weapons, with occupation, with settlement policies, and have people be more or less nice about it? In Germany, anti-Semitism is on the agenda as soon a Jewish question is raised. Unless the Middle East and Europe recognize that the Jews are a people like any other, with its goods and evils, a big question mark will remain over the fate of the region.

I will conclude by recommending a comparative regional approach to research on the Middle East. Why is the Middle East different from South-East Asia, Latin America, and Eastern Europe? In a way, we need to relocate the Middle East back into a context of history and science. Looking at it as a unique case of mad Moslems and exceptional Jews really will not lead us anywhere.

## The Prospects for Multilateralism in Peace Process

Emily Landau

I think that there is a real need for more discussion focused on the theory/policy nexus: to understand the theoretical prescripts that consciously or unconsciously inform our thinking about issues in international relations, and to appreciate the policy implications of alternative frameworks that can engender new questions for consideration. I think the introduction has rightly highlighted the need for a re-examination of these questions that we pose as a guide to our research, and I plan to take these guidelines in all seriousness, specifically offering my thoughts on the framing of regional security questions.

Looking at the prospects for multilateralism in the peace process takes me to regional aspects of the peace process in the broad sense of security relations, which is my major focus of research. Interestingly, the word multilateralism is a possible source of confusion – in the past year or so it has become framed as a synonym for the European approach to security problems: acting in accord with, and through UN institutions, which is in direct opposition to the presumed unilateralist approach adopted by the US, with regard to Iraq in particular. My own use of the term will be in the sense of a group of states that pursue a regional, multilateral approach to security issues that impinge on them all. It should be noted, in fact, that this understanding of multilateralism was the basis of the US approach in the context of the multilateral track of the Madrid peace process of the early 1990s.

I will devote my analysis specifically to the challenge of nuclear proliferation in the Middle East, the threats this poses to regional security, and the way this challenge has, and perhaps should be dealt with.

But before moving to this issue, I will briefly consider the Israeli-Palestinian conflict. One contribution that academic research can make to policy decisions at the current stage is in probing the role of Track II diplomacy as well as different forms of unofficial dialogue and negotiations, and their possible contribution to official negotiations. In light of the present situation and the unofficial initiatives that have come to public attention, such as the *Ayalon-Nusseibeh* formula, or the Geneva Initiative signed recently, the following questions call for answers: do these efforts help, or do they give the sense that they are undermining officials in their approach to the conflict? Is a certain degree of ripeness necessary for these initiatives to have a positive impact? Is it better for these efforts to be kept secret until officials are more ready to embrace them (or at least consider them favourably), or should they be brought to the attention of the public as soon as possible in order to gather public support for them? Once they come into the public eye, how should they be handled in order to remain on the agenda in a productive manner? In general, how can one best turn the achievements of Track II into real gains in terms of official peace negotiations?

Turning to the regional agenda in the Middle East, there are, of course, a range of issues that demand attention: issues that were on the agenda of the multilateral talks a decade ago, such as arms control, economic issues, environmental issues, water, and refugees. Problems such as terrorism and the internal state of development in the Arab world, as highlighted by the Arab Human Development Reports, also need to be considered. Again my comments will focus on the issue of arms control and security among states in the Middle East, especially in light of new proliferation threats.

With reference to the ‘established truths’ mentioned in the introduction, which have perhaps blinded us to realities and impaired our abilities to analyse them properly and devise policy approaches, I would venture that this question has direct relevance to the issue of non-conventional weapons and threat perceptions in the region. I am referring specifically to certain assumptions that are made about weapons and their threatening value. The dominant neo-realist approach to international relations tends to view security threats as a direct function of tangible or material indicators of economic, political, and of course military power.

With regard to Weapons of Mass Destruction (WMD) in the region, in light of the prescripts of neo-realism it has often been assumed that the possession of WMD amounts to a threat. A common inference from this, especially reflected in global treaties, is that dealing with the threat means eliminating the weapons. The elimination of dangerous weapons is no doubt a worthy goal, but in the real world it is not always possible to achieve. Moreover, this path to security ignores the question of the motivation of states to attempt to proliferate, and the fact that even if you are able to effect a setback in WMD development by targeting the weapons themselves, the potential threat in terms of continued motivation to develop these weapons in the

future will not necessarily have been removed. Most importantly, there is the question of the specific threat that the proliferator is trying to counter through its development of nuclear weapons. Within the neo-realist world-view, where weapons are an inherent threat, policymakers are hard-put to devise policies to effectively deal with nuclear proliferation, most importantly because they are not seriously considering these questions.

Other approaches to international relations have advanced the idea that material aspects of international relations exist in a specific social context of interstate interactions and relationships, and it is this context that gives the material factors their meaning, including their threat value. When we take in all seriousness the idea that it is states, through their practices and interactions, that give meaning to weapons, we realize that the questions that we need to be focusing on go directly to the following points:

- National security concerns;
- The nature of inter-state relations that exist in a specific security complex;
- The means of creating regional mechanisms for dealing with such security threats and concerns, within the context of interstate dynamics and relations.

When considering the issue of Iran's nuclear development, the spotlight of international attention has been on the Nuclear Proliferation Treaty (NPT), in light of the expectation that this global treaty through its safeguards agreements, would be able to effectively identify and stop proliferation attempts. But even this global treaty, seemingly focused solely on the goal of eliminating nuclear weapons across the board, is permeated by state interests: those of the Nuclear Weapons States (NWS), especially the superpowers, to maintain a certain arsenal of nuclear weapons; the interests of some Non-Nuclear Weapons States (NNWS) to forgo the nuclear option and enjoy the benefits and protection offered from the nuclear states; the interests of other NNWS to go nuclear in light of other security concerns; and finally the interests of states (the US, Russia and EU states) that come to decide on the fate of suspected proliferators and potential violators of NPT commitments, such as Iraq and Iran – these interests may have more to do with issues such as global rivalry than with the actual security threat implied by nuclear proliferation.

The implication of all this is that when thinking about how to mitigate the dangers of WMD proliferation by means of arms control in the Middle East, efforts must take these state interests and security concerns as a primary factor in devising the means to shape and stabilize security relations, through regional security arrangements.

In a sense, this goes back to the logic behind the Arms Control and Regional Security (ACRS) working group of the early 1990s. But, at that time, the idea for regional security talks came as part of a more general desire to deal with regional issues alongside the bilateral peace negotiations; arms control and regional security seemed to the US organizers as one such regional issue. The interest in the working group was envisioned not as a means of dealing with a specific case of proliferation, but rather to improve the overall atmosphere, and introduce stability in security relations at the regional level. It was clearly the product of liberal thinking in international relations that had begun to influence policymaking at that time – according to this liberal approach, inter-state cooperation, even in the security realm, could be pursued to the benefit of all participants. Today, however, when there is a fear that a regional non-conventional arms race might be sparked in the Middle East, there is surprisingly little interest, if any, in restarting this dialogue. Efforts to stop proliferation focus almost exclusively on the potential weapons development as such, but not on what is driving the state in this direction. Framing the questions differently, as I have suggested above, could regenerate interest in policies that look at arms control in regional terms, and the experience of ACRS could provide a starting point in this regard.

Finally, a word on additional questions that need to be asked if and when contemplating renewed regional security dialogue. There is a real need to probe more deeply the reasons why the ACRS talks ran into problems, and finally reached a dead end. Two explanations are often raised: first, the bilateral peace process ran into serious difficulties, and second, there was irresolvable dispute between Egypt and Israel over the nuclear issue. I would venture that both explanations are lacking. With regard to the first, it is often overlooked that ACRS was put on hold well before Netanyahu was elected Prime Minister in Israel. With regard to the second, once again, it is not only a question of nuclear weapons *per se*, but the meaning that these weapons acquired.

These issues must be seriously reconsidered, and additional directions of explanation explored, in order to devise regional dialogue in a manner that avoids the pitfalls of past attempts. One issue in particular that needs to be elaborated upon is the nature and dynamics of regional relations in the Middle East more generally, especially when contemplating the inclusion of Israel in regional talks.

I recently attended a rather interesting meeting in Rome where Middle East policy advisers from both Europe and the United States met, and the conclusion of the meeting was: the Middle East is in a mess and we do not know how to get out of it. Perhaps this can inspire academics to seek a way out of that mess.

Looking at the European Union's approach to the region, one has to start by noting that the EU is driven, like any other power, by self-interest. Regarding the wider Middle East, at present the main interest of the EU is to maintain stability and prosperity as well as to protect the achievements we have made, especially those resulting from enlargement. However, we would also like to take these achievements beyond the borders of the current European Union. The challenges that the EU, and perhaps the entire world, is going to face in the twenty-first century are: stabilizing global population growth; preventing environmental disasters, particularly those caused by global warming; addressing disparity of prosperity, particularly the unequal distribution of wealth that is causing immigration, crime and instability; and finally, tackling conflicts, on a global, regional as well as national level. I would like to address the issues of prosperity and conflict.

As far as prosperity is concerned, the responses the EU has been working on so far, which can either be supported, criticized or developed by academia, amount to a broadband approach. We have developed all sorts of different socio-economic and cultural instruments that aim to include and bring people to the fore. With reference to the region, the Euro-Mediterranean Partnership aims to create a base level of prosperity through development and reform. This includes the promotion of democracy as well as of human rights and good governance. It can be likened to the CSCE process begun in Helsinki in the 1970s. On top of this there is now a new concept, namely the Wider Europe initiative. It is an attempt to build on existing relations and to widen and deepen relationships with partners not only in the Euro-Mediterranean Partnership, but also in Eastern Europe. On the issue of conflict and stability, Europe is trying to extend a security and stability zone around itself, and to strengthen the international order by orienting it back to a rule-based approach.

As a basis for dialogue, the EU is, together with its partners, also working on reform issues, such as those put forward by the UNDP Arab Human Development Report. Enhancing stability and prosperity also aims to reduce the influence of extremists, both individually and at the state level, which can mean questioning state motives and interests. While trying to work on reform, prosperity and the creation of wealth, but also on a cultural level, Europe is concerned about respecting its partners and ensuring mutual dignity in the relationship, as well as offering its interlocutors a certain political horizon. This is particularly true for the Middle East peace process.

Let me turn to the prospects for policy-oriented research. I think there are several clusters of research topics that need attention, keeping in mind at whom this research is directed. There are several possibilities here. It could be aimed at our partners, at the parties to the conflict or the international community as such. The type of research that needs to be done should firstly be interdisciplinary. The psychological behaviour of decision-makers and of policy advisers is of particular interest here. One should look into threat perspectives: why do people feel threatened and what could be done to overcome this? Camp David I is a good illustration: during the negotiations, Israel kept drawing up new borders between itself and Egypt, while the Egyptians constantly kept asking for the entire Sinai. There was no progress until somebody asked the intelligent question of why they kept drawing new borders and asking for the entire land, respectively. It turned out that the Israelis were afraid of Egyptian tanks on their frontier, a fear that was countered by agreeing to de-militarise the Sinai. One has to look into what the threat perceptions of the parties are, how they can be overcome and how a compromise between the various perspectives can be worked out.

Further insights can be attained from comparative studies: why is it that South-East Asia has developed as it has, while the Middle East seems to remain stuck? Concerning

## The European Union and the Peace Process

Christian Berger



the peace process, there are the obvious examples of Northern Ireland and Sri Lanka, which could be suggestive. Attention should also be paid to general issues influencing decision-makers. One such issue is negotiations: how has the non-negotiable been negotiated in the past? Here, there are several examples throughout the world, South Africa being a prominent one. Conclusions from such studies could be applied meaningfully to the Middle East. Generally, lessons learned from conflict resolution and conflict management in other areas should be taken into account. Of course, this should not prevent us from looking into specific issues in the peace process that could be relevant to the European Union and other international players: should the EU continue to provide assistance to the Palestinian Authority? Two questions need to be answered in this regard. First, as noted by Chris Patten in recent weeks, should we fund occupation? Is the occupying power supposed to provide support according to the Geneva Convention? Second, and far more fundamentally, if we aim at a two-state solution (the massive support given to building a Palestinian state and its institutions was meant to achieve this goal), and this goal is no longer achievable, should we really continue with our support? Perhaps international academia and researchers could provide some answers to this.

Turning to the pitfalls and potential impact of research on the peace process, I fail to detect much influence of academic research in the Road Map. One has to ask whether politicians and diplomats actually take into account what academic research has already discussed and found useful. I think academic research has had too little impact on the drafting of the Road Map, whereas there is an abundance of academic *post-mortems* of the initiative that are being performed and a lot of *ex-post* critique of what should have or should not have been done. This is happening too late, and while it might be helpful for a Road Map II, I have my doubts about this.

Concerning the pitfalls of academic research on the Israeli-Palestinian conflict, I have the feeling that there is a lot of academic writing on the topic, or op-eds as they used to be called, which is politically tainted. Scientific neutrality is sacrificed for the sake of transporting a political message. Policy advisers and policy-makers have to be aware of this.

The European approach both on stability and on conflict resolution is very soft-spoken, while concerning prosperity it disposes of a big carrot. The question is: should one look at using sticks instead? Or should one, which would be my personal preference, 'dangle' rather than merely carry a carrot (i.e. should there be prospects of immediate and tangible rewards for our partners in the Middle East)? These are questions that academic research can help answer. The biggest carrot that we have had so far was enlargement, which has proven effective with Eastern European countries; however, this is not an option for Middle Eastern countries, except possibly for "Wider Europe's little sister". Perhaps there are other things the European Union can offer and we are just not aware of them yet.

The idea of civil society is an academic concept that was quickly adopted in policy circles. In fact, it was adopted by almost everyone: foreign governments and funding agencies, local actors ranging from Islamists to leftists pushing for democratic reform, but also authoritarian and non-democratic regimes. In essence, civil society is one of those happy concepts: who opposes the idea of civil society? In practice, however, the term has been employed to mean so many things by so many different people that, in a way, it means very little at all.

In academic work and policy circles, the initial excitement about civil society was linked to possibilities for democratisation and conflict resolution. What role would civil society play in these processes? Building civil society thus was seen as a way to propel reform and perhaps even hasten democratic transitions. I think that it may still be an idea worth exploring, but I would like to raise some problems related to policy work and academic scholarship that I think merit serious attention and debate.

Jillian Schwedler

To summarize them in no particular order, and intending to be provocative, I would list the following:

- Academic research that is self-consciously structured by the desire to influence policy is constrained by at least two factors: first, there is a desire to prove, or

## Chapter II – Agents of Change: Civil Society and the Quest for Participation

### Beyond Civil Society?

disprove certain causal arguments, such as the idea that a strong civil society leads to increased likelihood of democratic transition. This is not necessarily an unimportant question, but focusing our attention on this one aspect has tended to blind us to other processes. Second, scholarship is subject to funding trends. In the early 1990s, scholars could easily obtain grants in to fund research on civil society, which is no longer true. The trendy topics today – and they are important topics – include social capital and trust; globalisation; women, Islam and democratisation; and transnational social movements. In essence, what I am saying is that academic scholarship is shaped by rent-seeking behaviour, and we need to at least acknowledge this in assessing the types of research questions we are looking at.

- US think tanks are not necessarily any longer places for innovative thinking. They have become places that produce policy analyses that fall in line with particular political outlooks. While I recognize that the situation is very different in Europe, I do think this is an important insight in terms of assessing scholarship and policy implications. There is a strong value in scholarship that is not structured by these trends, and this is where we can find the truly innovative ideas. The more original scholarship is not structured by the frameworks of existing policy debates. Some of these ideas may not be readily applicable to policy debates, but it is up to others to distil the policy implications that emerge from this scholarship. At the very least, I wish to stress that there is significant policy value attached to research that does aim toward immediate policy application.
- Policy makers have taken very seriously the value of funding civil society initiatives in the region, but there are several practical problems and additional academic research could be extremely helpful in addressing them. For example, actors who accept foreign funding are often seen as being co-opted by foreign agents, and this stigma can have serious consequences. Those who accept such funding face two challenges: they can make states very nervous (as the Said Eddin Ibrahim case demonstrated), and they can be subject to very serious criticism from other social actors for having ‘sold out’. Academics can help answer the question of why this occurs: are they accused of betrayal because foreign funding agencies ‘adopt’ them? Or, have they always been perceived as outsiders, so that co-optation by foreigners was merely a convenient label to stick on them?
- Another challenge for policy related to funding is who to fund, and what kinds of projects to fund. Recipients of civil society funding in the region are often of a particular type: they are usually English speaking, they travel easily (i.e., they easily obtain visas for travelling out of the country), and they frequently come from the upper middle-class, if not from upper-class backgrounds and from the *intelligentsia*. This is not to say the selection is not valid, but we are putting our focus on a particular sector in society that is far from representative. This raises the question of how deep an impact these initiatives have. We need to take seriously the stigma of accepting foreign funding; as one Jordanian colleague put it to me, there are two things that can kill a socially generated reform movement. One is government support: if the government says that milk is bad, everyone will start drinking milk. The other is foreign funding: it is seen as being from the ‘outside’, illegitimate and not ‘of society’. How can we support civil society when funding may compromise the perceived domestic legitimacy of the groups that accept funding? By exploring dynamics between various social groups, not only NGOs but also Islamists and more loosely organized and non-English speaking groups, academic scholarship could help answer some of these questions. Academics could also contribute by moving beyond the suggested causal relationship between promoting civil society and democratisation. In particular, I think we need to take seriously the accusation from many sectors, not only Islamists, that foreign funding of civil society in the region is part of a project of cultural imperialism and of promoting a secular agenda for reform. On this view, the groups that accept foreign funding become part of this project. This perception is real and raises serious challenges for promoting civil society. If scholarship begins to look beyond the ‘civil society leads to democratisation’ hypothesis, it might begin to provide some answers that could really be useful to policy analysts.
- Finally, I think we should not neglect the broader political context. Even if it should be true that a strong civil society is necessary for the promotion of democracy, it is also true that for many foreign governments, promoting civil society is often secondary to promoting ‘strong, stable regimes’ that are clearly non-democratic.

This 'double standard' is often criticized in countries in the region and it makes it even more difficult to accept funding from agencies based in countries that are supporting non-democratic regimes. I regard it as one of the big obstacles to promoting civil society from a policy perspective.

I do not mean to suggest that promoting civil society is a futile and doomed enterprise; on the contrary, I think it is extremely important and one of the better foreign policy initiatives to come out of the last decade. However, the assumptions of academic scholarship, particularly the hypothesis that promoting civil society amounts to promoting democracy, combined with challenges to the practical support of civil society, have led into an impasse. Many scholars have abandoned the term civil society as an analytical concept, and have begun to think and hypothesize more broadly about the societal initiatives for reform in other terms. One of the most promising new frameworks emerges from the notion of public spheres. This allows us to think about societal-level activities for political reform, but in a way that is not constrained by the apparent institutional requirements of civil society (i.e., what sorts of organizations count as part of civil society, and which do not). The idea of public spheres also emphasizes the plurality and overlapping dimensions of public spaces, many of which are not constrained by nation-state boundaries. Thus we can think of various public spheres characterized by NGO activities; Islamist groups, charities, and networks; political parties; and so on, many of which intersect and some of which include important transnational dynamics. Thus while I would argue that the notion of civil society fails to adequately capture many of these processes, attention to societal-level activities and practices—which is what the civil society scholarship attempted to analyse—remains an area where dialogue between policy and scholarship could be particularly fruitful.

## Perspectives for Policy-Oriented Research from the Euro-Mediterranean Partnership

Bettina Huber

This paper is based on one main assumption and question. The main assumption is that there actually *is* a quest for participation by civil society in the Southern Mediterranean region. The main question is why the Euro-Mediterranean Partnership (EMP) has not helped this quest for participation come to the fore, and what policy-oriented research could do to catalyse this process.

Let me shortly recall the main features of the EMP. Its main objective was to create an area of dialogue, exchange and cooperation guaranteeing peace, stability and prosperity. For this purpose, a partnership was established in three main fields, the so-called baskets: political and security issues, economic affairs, and social, cultural and human affairs. Civil society comes into play in the third basket and is accorded a role in this dimension of the partnership. As such, the EMP is a new microcosm in which basic questions regarding the theory and practice of civil society would need to be observed: who is actually part of civil society, what is the nature of donor-civil society relations, how is cooperation influenced by the fact that civil society is used as a foreign policy tool? Unfortunately, this is not being properly researched at present. Since the EMP is an artificially created geographical space, research on civil society focussing on the Euro-Mediterranean area is only slowly emerging.

The argument in this paper is that two main issues need to be investigated in greater depth and more systematically:

1. The impact of EU civil society interventions on societal dynamics, and how this feeds back into the goals of the partnership (i.e., if and how spill over effects have occurred);
2. The impact of activities on the macro-level, such as political actions conducted within the first basket, on civil societies, and their implications for reaching the goals of the EMP.

You may well ask what definition of civil society I am using. My answer is that the definition itself is part of the mess. As the next section on the role of civil society will show, there is no clarity with regard to the concept even within the partnership. As we are all aware, the definition of civil society tends to vary according to the political outlook of specific actors (liberal, neo-liberal, alter-globalisation, to name but three). This phenomenon is replicated within the EMP.

In my presentation, I undertake a quick and rough evaluation of the EMP, starting with a short look at what the role of civil society is in the partnership, then at why there has

been dissatisfaction. Finally, I propose some policy-oriented research questions to help overcome this discontent.

In the founding document of the EMP, the Barcelona Declaration, civil society is mentioned in the section on the 3<sup>rd</sup> basket as having two main functions:

First, its function is to develop the EMP by contributing to greater understanding in the region. Second, the parties commit themselves in a one-liner (in one page on the Third Basket) to strengthen civil society and supporting democratic institutions and the rule of law, by which one infers that civil society is a feature of the democratic system.

The fact that civil society is only cautiously and very vaguely dealt with – especially with regard to its political function – reflects the contradictory and diverging attitudes towards civil society in the North and the South of the Mediterranean respectively. It should be emphasized that it is not only the Southern Mediterranean Partner Countries (SMPCs) that were pleased to see civil society confined to the realm of cultural cooperation; Southern European states have also been happy to consent to a de-politicised ‘civil society’ for the sake of stability. And when it comes to the actual participation of civil society in policy formulation in the EMP, Northern national governments also fall short of exemplifying the democratic practices demanded from their Southern partners.

In short: the role of civil society in the EMP is far from clear, and different actors view it differently. While this raises a first big question, namely, what could possibly come out of a process where so much politically motivated lack of conceptual clarity, two main functions of civil society can be identified: greater understanding between civil societies on the one hand, and supporting democratic practices within societies on the other.

*Why is there a sense of dissatisfaction with regard to civil society involvement in the EMP and what contributions could policy-oriented research make to improve the status quo?* The best way to find out is to look briefly at whether the EMP has reached its two goals with regard to civil society. The assessment is sobering: there is certainly a gap in understanding, and there is no real progress on the democracy front either. In terms of partnership and understanding, the Euro-Mediterranean is not a happy couple. While xenophobia is on the rise in the North, so are militant Islamist movements in the South – both playing into one another’s hands. In terms of democratisation, the big picture is equally disappointing. In Egypt, for example, which is definitely not the worst civil society example in the region, licenses for civil society associations are still only conceded after review by state security services, and anti-war activists – mostly from left-wing parties – have been imprisoned and put on trial in the wake of the Iraq war. These are some of the reasons that have led critics to assert that the EMP fails in its approach.

But is the EMP responsible for this sobering reality? On a micro-level, the picture does not look as gloomy. In terms of cultural partnership, various exchange programmes have encouraged increased exchange between (civil) societies in the Euro-Mediterranean area, such as programmes for audiovisual productions, cultural heritage, and youth encounters, among others. In terms of democratisation, various programmes to support civil society associations with a direct or indirect focus on democracy have been undertaken by the European Commission.

However, there are questions that need asking and that have been tackled insufficiently in evaluations and research: why has no strong counter-dynamic been created against the vicious circle of xenophobia and extremist Islamism? What has been the influence of EU interventions on the dynamics within and between civil societies? As mentioned above, I will divide the research questions developed on the basis of this assessment in two parts.

1. *The impact of EU civil society interventions on societal dynamics, and how this feeds back into the goals of the partnership.* The main question here is whether civil society actors supported by the European Commission and the European Union have been among those pushing the partnership forward. The fact is we do not always know the answer to this question. This opens a research avenue because these medium- and long-term qualitative impacts are difficult to assess

## What is the role of civil society in the EMP?



and have not been systematically followed. Knowing the answer would help us to identify agents of change, and why. This is therefore an issue worth researching. In a similar way, it should be asked how many people we have actually reached. A Euro-Mediterranean film festival in Beirut or Cairo is certainly a good thing, but who attends and, above all, who can afford it? It seems that the EMP has been a process confined to social elites, and to a secular Western-oriented clique in the South and a metropolitan elite in the North. If this were the case, it would be worthwhile reflecting on how this could be changed.

The relation between the EU as donor and civil society needs to be researched on a more vertical level as well. Has EU funding supported agents of change or has it changed agents?

- The bulk of funding has been going to professional NGOs with 2-3 staff –which does not seem to be the most efficient tool to develop a broadly based Euro-Mediterranean social and human partnership. Do these NGOs have a real base or outreach capacity? Do the associations funded represent real societal concerns, or the economic, political and/or individual interests of a narrow elite that sustains clientelist networks while pleasing donor agendas, in which case gaps between projects and societies would be widened even more? In other words: has EU funding sustained prevailing social systems and gaps within and between societies?
  - Along the same lines it should be asked how EU actors can deal with the fragmentation of civil society and the fact that broad-based social movements (such as unions) are mostly co-opted by the state, and are therefore unlikely to advance the quest for participation. How can EU actors support the development of strong social movements that can influence global, national or local public agendas?
  - Administrative procedures have a high impact on donor-civil society relations: administrative project structures tend to suffocate a major characteristic of a functioning civil society: spontaneous reactions to current political, social and economic developments. A major challenge is therefore organizing flexible, participatory administrative processes while ensuring accountability, transparency and effectiveness.
  - Internal EU structures have impacted on civil society cooperation in the EMP. The choice of projects seems to be influenced by attempts to balance national interests within the EU, which can be more important than the quality of the projects themselves. The impact of deficiencies in the EU Common Foreign and Security Policy on the EMP should therefore be researched in greater depth.
  - And last but not least, while it has been quite natural for policy-makers to consult with business groups in policy-making even in the Euro-Mediterranean context, why do they not equally consult other civil society groups? How can any intervention be successful when the stakeholders are not consulted? In essence, is civil society seen as an actor or as an object?
2. *The impact of actions in the 1<sup>st</sup> basket on civil society and their repercussions on reaching the goals of the EMP.* Certain structural conditions, such as the rule of law and human rights (particularly freedom of association and opinion), are essential for civil society to be able to act. In the EMP, most of these issues are dealt with within the framework of political cooperation, the First Basket. However, prominent cases such as Tunisia show how certain political signals by the EU partner states help to sustain structural constraints on participation. A question that needs to be asked is whether civil society can do the job without political support. If the answer shows that civil society simply is not a priority on the agenda, should it be made one and how? Another set of questions relates to how certain political decisions (such as outlawing the non-military wing of Hamas, or abstaining from condemning Israel's security wall in the UN Security Council) have affected the partnership between (civil) societies.

## Conclusion

To answer all these questions is not an easy task. However, greater clarity could help to prevent a further widening of the gap between and within societies on both shores of the Mediterranean. Some of the questions raised – such as the role of NGOs within civil societies, civil society-donor relations, and qualitative impact assessments, are

being constantly researched in other disciplines such as sociology or development studies. Now that foreign policy has discovered civil society as a tool, it might be useful to transfer existing knowledge into foreign policy research. At the practitioners' level, the European Commission in particular is tackling many of the problems mentioned. Thus, the decentralization of the European Commission gives reason for optimism regarding monitoring and evaluating change, and eventually identifying partners that are agents of change. At times, a review by "outsiders" can help. Evaluation in the public sectors of democratic entities tends to be strongly subjugated to the pressure for success arising from public accountability. As this sometimes hinders honest evaluations and effective learning processes (in my view it does), independent policy-oriented research might have to fill this gap.

It is well known that Arab states did not emerge as a result of a domestic socio-economic process of unification. Instead, they were created according to external imperatives, which imposed the need to articulate these societies and economies into state structures within the international space. The inherent dependency of the Arab state, and its lack of reflection of national interests and processes, had an important negative impact on the national legitimacy of those regimes.

In trying to compensate for this inherent weakness, Arab states were forced to create whole ideologies relating to the historic importance (pan-Arabic or pan-Islamic) of the nation. They reflected a lack of legitimacy as well as the weakening of traditional culture in a stagnating socio-economic climate. In such an environment, oppression and social containment manifest themselves in different forms of corruption, social bribing, through oversized welfare systems as a means of patronage, and through social manipulation.

*Why are Arab states resisting change and reform?* In analysing the resistance of Arab states to modernization and progress, we can discern a number of domestic and external factors.

Faced with the double challenge of socio-economic backwardness and national defeat *vis-à-vis* external powers, Arab societies split in two: a pseudo-modern faction dedicated to dialogue with the outside on one hand, and a pseudo-traditional faction dedicated to the management and regeneration of backwardness on the other. External factors included international bipolar competition, rent economies, the geopolitical position of the region, as well as the Arab-Israeli conflict. These external factors perpetuated the direct financial and political external support given to these regimes and obstructed further socio-economic progress. Both internal and external factors, contributed to what we could describe as a relative stagnation within Arab societies, leading to a further strengthening of rent economies and consequently, to the obstruction of productive forces.

In a society based on a rent economy, the development of the means of production is no longer vital, nor is material and human development in society. Instead, distribution and redistribution of wealth (corruption and patronage) becomes the main tool for social manipulation.

The destruction of civil and political society, coupled with the nation-wide failure of development projects, as well as the considerable financial support from oil-exporting countries, led to the emergence or revival of different types of traditional and shadow economies, with their accompanying solidarity systems, Islamic charities, political Islam, and the resurrection of "communal society" trying to fill the welfare gap left by the state. This, in turn, further undermined the already insufficiently developed notions of citizenship, democracy and a national state. Gradually, the weakened state became more and more limited in its capabilities and is unable to escape from crisis.

The following developments have ushered in a new era and created a different context for Arab states: major changes in the petrol market after the 1973 oil shock; globalisation; the end of the bipolar system; the wars in the Gulf; the September 11, 2001 attacks; and finally, the fall of Baghdad. These factors radically changed the available options and the challenges to growth in Arab states and societies. They have resulted in the following consequences for the Middle East: the rent economy is no longer the sole or dominant type of economy; a complete shift in socio-economic and strategic choices and alternatives has occurred; the US attitude regarding the regional geopolitical system after September 11, 2001 has changed significantly; and cultural and Islamic factors have gained in importance.

## The Arab States: New Era, Renewed Contradictions?

Samir al-Taqi

### Domestic Factors

### New factors, New Era: The International Dimension

## Threats and Pressures for Change in the Role of the Nation-State

Domestically, the following threats and pressures for change present themselves to Arab states: a weakened nation-state with a stagnating rent economy, and failed development projects; the destruction of political and civil society; traditional communal societies challenging the loyalty system of the state and creating their own loyalty and solidarity systems; a hasty retreat of the state from welfare system; identity issues.

Externally, there are the pressures of international and regional trade agreements on national states, as well as the war on terrorism.

All these factors are exercising tremendous pressures on societies and states in the Middle East. The main question is how to contain these major challenges and prevent chaos. It is no longer possible to approach the problems of the region as Lord Salisbury said, namely, "If anything happens, it would make things worse, so the interest of Britain is that nothing should happen".

The system described above is sure to collapse one day. Thus, one needs to ask how this collapse can be softened. It has to be recognized, however, that new, positive elements and factors are also emerging, many of which necessitate further research in terms of state-society relations. These are: changes in values of present generations, and a reconsideration of the meaning of modernism, human rights, Islam, identity, peace, and individual rights; the gender issue and its impact on political choices; the respective roles of and possible interaction between "communal" society and civil and political society; the revival of civil society in the region; the building up of networking skills and grassroots democratic processes among different solidarity systems, promoting participation; the liberalization of the "official" civil society movement; expected scenarios for change in state-society interrelations; the promotion of legislative reform; a newly emerging business society.

## Morocco: Civil Society and Political Culture

Abdelhay Moudden

First I would like to consider the function of the academic in the Arab world, and more specifically, as it relates to my own case, Morocco. Hopefully, this should have some relevance for other countries as well. I think it is fair to say that something akin to a *dialogue des sourds*, a dialogue of the deaf, is taking place at the moment. Intellectuals and policy makers in the Arab world and in the West are so absorbed listening to themselves talk that they cannot listen to the other side. Additionally, their dialogue is so closed that they are ignoring other academics that are outside the circle, and they are also ignoring society, which consequently has no voice in this dialogue. This needs to be recognized and we have to seek ways of breaking this closed circle. One idea in this regard might be to translate works by people outside the circle into the language of the other side, so that excluded views get a voice. Another way of breaking the circle is by promoting student exchanges on the Internet or through the media, so that ideas different from the all too familiar ones inside the circle, on the *sentiers battus*, can be debated.

Secondly, I would like to consider some Moroccan experiences in the realm of civil society that I think provide some food for thought. In 1998, the socialist Youssoufi government came to power. This change of government can be considered the single largest transfer of elites from civil society to the heart of decision-making. The incoming cabinet was essentially made up of former civil society activists and academics. This unprecedented change normally could only have happened in a revolutionary setting, and yet, in Morocco it happened in a non-revolutionary setting. The head of the Political Science Association, the Association of Economists, as well as human rights associations and those of journalists, writers, among others, all became part of the government.

The lesson learned from this experience is that in spite of this massive transfer from civil society to government, there was very little qualitative change in decision-making. This could be an excellent case study for those of us who are interested in assessing the role and prospects of civil society as an agent of change. It could also be of significance to other countries that have not gone through this yet, or that have not yet realized the tremendous significance of this event, which went largely unnoticed by the rest of the world. The main explanation for the lack of change in policy making after the transfer is that civil society entered the realm of politics completely unprepared. Therefore, decisions became repetitive of those taken by previous governments. I would even go as far as saying that the boldest decisions under the Youssoufi government were taken by the monarchy, or the Palace, and not by political parties, or elements of

civil society now in government. Two examples are the change in family law, and the creation of the Royal Institute for Berber Studies. I consider these decisions 'wise' inasmuch as they have succeeded in diffusing tension, advancing reforms as well as building a consensus within society on these topics.

Why have the political parties been unable to make these decisions? One explanation amounts to the political science equivalent of a conspiracy theory: the Palace has been preventing the political parties from taking 'good' decisions, so that the monarchy itself could take credit for them – an exercise of 'divide and rule'. However, the evidence that we have concerning the two cases mentioned does not support the 'divide and rule' explanation. An alternative explanation can be found in political culture: civil society is very much affected by the authoritarian culture present in Morocco, whereby decisions are not taken by democratic means and there is no experience whatsoever in consensus and alliance building. This is not exclusively rooted in what one might call traditional authoritarianism in Arab or Moroccan culture. Rather, it is a by-product of the authoritarian nature of the communist and socialist parties, as well as the authoritarian culture of 'scientism': the mistaken belief that academics have a monopoly on truth and can do without society and without building consensus.

Another possible explanation for the failure of civil society actors to change policy once they were part of government is that the whole tradition of civil society and academia has been built around opposing the government, rather than around proactive decision-making. I think the Moroccan case is instructive for countries where the opposition has not entered government yet. There has to be some reflection on how to prepare civil society for entering into government and taking political decisions. Finally, there is a lack of experience in building coalitions and negotiating in Morocco. These are areas where further research is needed.

I would like to end by considering another serious dilemma that we face. When an opposition that contributed to the maintenance of utopia, the idea of a better society, becomes a part of the government, this results in a void in what one might call a 'secular utopia'. This clears the ground for a non-secular, perhaps religious, utopia to emerge. There is a serious need for maintaining a secular utopia, both in a functional sense and in order to create expectations and hopes for a better society.

The premise of the Arab Elites Project conducted at SWP during the past three years was that one indispensable way of understanding political outcomes in the Middle East, or in other regions for that matter, is to study those who exercise power. The groups that we have dubbed 'politically relevant elites' in the context of our project include all those who can take relevant decisions, influence strategic decisions, set the discourse or define national interests.

It seems justified to argue that if one wants to understand political outcomes, it is necessary to look at *political* elites and not at elites in a broader sense. Generally, attempts on the part of political elites to keep economic and business elites out of politics have been rather successful. There are a few exceptions: Lebanon in particular; but even here it is debatable to what extent Hariri can be considered an 'independent' politician, or whether he is in fact a product of politics. In most of the Arab republics and monarchies, however, attempts to keep business elites away from political decisions have been quite successful so far. No Khodorkovskys have yet emerged in the Arab world. There are no independent business people who try to threaten those in power, who have their own political agendas and aim for government or regime change. The business leaders who have gained influence in the course of liberalization processes during the past twenty years or so, were either too weak to implement their political agendas, or easily repressed and done away with by those in power. At the end of the day, this is not a question of political sociology, as elite studies are, but of political economy: Khodorkovsky clearly is an independent oil businessman, and oil is not in the hands of businessmen in the Arab world. This topic leads us into rent theory, oil and power.

There are a number of interconnected topics that need further research: firstly, rather than studying economic or business elites, which were left out of the SWP project scope, the pacts and coalitions that emerge in what Brumberg and others call 'liberalized autocracies' should be researched in more detail. This is because business

## Chapter III – Agents of Change: New Elites and Political Change

### Introduction

Volker Perthes

does acquire an important role in politics after a certain period of liberalization, but does not set the agenda. Thus, certain pacts between business and political elites are formed, but we do not yet fully understand how they function. For the most part, in most of the Arab world, really big money is still acquired through one's connection with the powers that be, rather than the other way around.

Apart from these pacts, we should also study the transformation of the heirs' agendas (the agendas of those who inherit political and economic power). If the hypothesis 'big money results from political power' holds true, and if power and money are inherited, would the agendas of those who in the end hold both not undergo certain changes? Another field of study is related to the challenges faced by the incumbents once they start trying to run their respective countries and deal with political, economic and other difficulties. Astonishingly, it seems to me that not much has changed in this field over the past decades. By chance, while preparing a class for my students, I recently came across a text written by Zartman twenty-one years ago. In 1982, he wrote, 'The new elites are facing an increasingly clear challenge: to perpetuate the systems of co-optation and control that are guaranteed to overtax the resources of the country, and create a reaction in the coming period, or to reorient elite activities towards more productive and distributive activities and expectations, if only pre-emptively.'

It seems fair to say that those groups then seen as the 'new elites' have failed to reorient their economies towards more productive activities. Yet, in contrast to Zartman's expectations, they have managed to stay in power. Political pre-emption on the part of the existing political elites seems to have consisted of a strategy of technical *modernization without political-institutional change*. The new elites are actively defending this approach and acknowledging that this is what they are doing. A second strategy, which is less commonly debated, is that of increased *representation without competition*. Representation has increased in virtually all of the countries we are researching, as the new elites have realized that expertise that is present in society has to be utilized in one way or another. Various experts are thus represented in consultative councils (*majalis al-shura*) and in parliaments, but representation remains non-competitive.

In conclusion, let me outline four topics that are on the agenda for policy-oriented research. The first topic is the ability of emerging elites to manage change gradually, without inviting foreign powers to intervene. This has become an even bigger challenge after the Iraq war. However, as analysts and academics, we cannot simply extrapolate from the Iraqi or Palestinian examples and try to make these cases fit other developments. Instead, we have to follow closely which kinds of dynamics are taking place in different societies.

Secondly, we should look at the links between elite change and demography, or generational change. We have touched upon this in our project at SWP, but have not fully explored the topic. There are basically four generations in politics in the Arab world today. First, there are those born before 1940 (the 'outgoing' political elites: King Fahd, Presidents Mubarak and Ben Ali, as well as the late Hafiz al-Asad). Next there are those born between 1940 and 1960, who at best managed to become ministers and prime ministers, but did not make it to any top leadership positions. Then there are those born between 1960 and 1980, the generation of Bashar al-Asad, Muhammad VI, King Abdallah and Marwan Barghouti, if you wish, who are now pushing for power quite violently or have already gained it. The fourth generation actually constitutes the majority of the population in the Arab world: those born after 1980. They have no say in decision-making today and, more importantly, they are unlikely to gain a say for a long time to come, as the 1960-1980 generation will be so young upon reaching power that it will most likely hold on to it for another twenty or thirty years at least. The fourth generation will thus be crowded out of political representation for the foreseeable future, with obvious implications for politics and social struggle.

Thirdly, we should research the effects of training and research abroad on political elites in the Arab world. In my view, we tend to overestimate the impact of foreign training. My favourite example in this regard is that of Bashar al-Asad, who studied to be an optometrist in London and then, one may rather unfairly say, tried to apply what he learned in a British hospital to the administration of Syria, rather than importing the principles of Westminster democracy. We might face a problem of Western 'imaging' here: many Europeans and Americans regard their education systems and societies as so strong and powerful that they think everyone coming to study in the West will adopt European/American values, systems of governance, and political structures.

However, this is not necessarily the case: people may well become engineers, dentists and military officers without renouncing their own upbringing, values and social networks.

Finally, I would like to highlight a question already raised by Muriel Asseburg with reference to the Israeli-Palestinian case, and which is of crucial significance for German and European policies: when studying elites, are we trying to make up the elites that we prefer, rather than researching those who are likely to emerge? Certainly, there is a particular type of elite that we would like to engage with, and not in a few cases, we try to create it for our convenience. Palestine is a clear-cut case study of this: German development aid payments are partly used to create, or try to create, a 'better' political elite, one that German policy makers would vote for if they had a vote in Palestine. Most probably, this elite would not get a majority of votes in Palestinian elections, but it certainly is to the liking of Western donors and policy makers. We may thus be trying to make up an elite, rather than looking into who is likely to emerge were democratic elections to be held, and co-operating with these emerging elites.

The following comments are based primarily on insights gained from research on the Algerian elite within the SWP Arab Elites project. The goal of these comments is threefold:

1. To identify some research challenges and deficits;
2. To suggest ways of approaching them to the benefit both of researchers and policy makers;
3. To exemplify the approach on some examples drawn from Algeria.

One of the big challenges we are facing in many Arab countries at the beginning of the new millennium is an apparent paradox: in the past decade we have seen what we considered promising new actors emerge and become politically relevant. Some of these actors have become heads of states, others have attained influential positions in state institutions, others again have been influential at certain times and less so at other times. These new actors are not only substantially younger than their predecessors but generally also differ in educational backgrounds and historical experiences, and they display new attitudes and engage in reform-oriented discourses. Yet, all these developments have not translated into any profound changes of political regimes, modes of governance, or policy outputs.

I would like to raise two questions regarding this apparent paradox. Firstly, are we considering the right time frames? I would argue that in the case of some countries – Saudi Arabia for instance – our expectations are too short term-oriented. However, in the case of many other Arab countries change is, in my view, not exclusively a question of time, and we need to ask the following question: Did we have misconceptions regarding these actors and the factors that influence their choices? The position taken here is that this was indeed the case, and that an important, if not the main fallacy in research on new politically relevant actors has been the tendency to analyse these actors in isolation from their complex respective contexts. Let me be a bit more specific.

The things that count for understanding these actors, their political behaviour and their choices are not so much new educational experiences, new reform-oriented attitudes and discourses, and not even their socio-economic ('class') backgrounds. Nor is an exclusive focus on formal political structures and processes the key to understanding them. What counts are the ways in which new actors are embedded in specific vertical social and economic structures – both formal and informal – and the interests, constraints, obligations and strategies that result from this embeddedness. What counts, moreover, are the specific ways in which these new actors are included into existing formal and informal political structures and/or the ways in which they are neutralized. Finally, I would argue that the national level does not suffice as sole level of analysis. National elites are produced on the local level, they have backward links they have, moreover, transnational ties.

## New Actors and Political System Change: Some Ideas for a Research Agenda

Isabelle Werenfels

### 1. What are the challenges?

## 2. Four suggestions for a new policy-oriented research agenda

Most of the research deficits mentioned above can be addressed by way of an interdisciplinary approach focusing on the following aspects.

*Analysis of political opportunity structures.* By political opportunity structures I refer to 'the broader set of political constraints and opportunities unique to the national context' at a given time. Opportunity structures may not be able to predict who will emerge at what point in time, but they can predict chances for new actors to emerge. Furthermore, they allow us to take advantage of those chances, and to better identify the timing of potential interventions. They can also help explain the phenomenon of temporary elites, that is, of actors who gain influence and momentum during a specific period of time, and then quickly lose them again.

*Analysis of recruitment mechanisms,* or rather: the analysis of the ways in which incumbent elites try to integrate emerging actors into the system and/or to neutralize them. Co-optation is probably the most frequently encountered one among such mechanisms, but not the only one. An analysis of such mechanisms can, for instance, explain why a strong civil society and/or strong democratic forces are, in many Arab countries, always on the brink of emerging but never really emerge. Understanding the mechanisms of integration (or neutralization) of emerging elites might enable us to make suggestions for pre-empting or countering dynamics that weaken promising new actors.

*Analysis of social and economic networks.* We need to understand the web of specific obligations and constraints that result from the mutual social and economic ties between actors. Only in doing so can we understand the potential gains and losses at stake for particular actors as a result of specific reforms. Obviously, quantitative network analysis would be an attractive option for understanding elite networks, but the data needed for this is hard to come by. Even though such an analysis is not feasible, it nonetheless makes sense to try and understand the specific nature of the different networks elites are part of. If we know what exactly elites risk by taking certain decisions, we have an indication as to how they will decide.

*Analysis of dominant socio-cultural perceptions of politics and governance.* Here I am referring to the perceptions of acceptable or desirable, and of unacceptable or undesirable behaviour in politics, as well as the practices that result from this. We need to understand, furthermore, how transactions between leaders and their followers are conceptualised, or through which means change is perceived to come about. Understanding these perceptions can give us important clues as to the political psychology dimension in elite strategies and choices. If, as was the case with 90% of my interview partners in Algeria, violence rather than negotiations is perceived to bring about political change, we have to take this into account when trying to sell the concept of democracy. Democratisation measures pushed by the EU may not fall on fertile grounds unless we understand the kinds of qualities leaders need to have in order to emerge as such. The fact that Saddam Hussein acted as if he had weapons of mass destruction, when he apparently did not, can be explained, among other things, with concepts of pride, honour and masculinity. Elites do cater to what is expected of them or what they think is expected of them. In all this, to return to economic networks, distribution may be a key word of equal importance to participation and representation.

## 3. Exemplifying the new research agenda

### Example No.1

Let me elaborate on the benefits of an approach including all the above suggestions by using three examples from Algeria.

If we want to understand why, in 2001, a strong protest movement emerged in Kabylia in the course of a few weeks, and why this movement managed to extract concessions, notably the recognition of Tamazight as a national language, we need to look at political opportunities, mobilizing structures and framing processes. In the spring of 2001, there was an interplay of the following: popular frustration with elected bodies on the local level; upcoming elections on the local and national level; a new balance of power between the military hierarchy and the political executive on the national level; the framing of the movement as one which defended not only particular (ethnic) interests but national ones; support of the movement by media on the national and international level; campaigning by human rights groups on the international level; and negotiations between Algeria and the EU over an association agreement. The interplay of these factors allowed this protest movement to gain enough weight to extract concessions from ruling elites. Once some of these factors ceased to matter,

the movement lost its clout. Precisely because these opportunity structures were not understood, discrete and laudable efforts by foreign diplomats to meet with leaders of the movement in order to help channel the movement into a constructive political force came much too late and yielded no tangible results.

My second example shows the relevance of understanding specific recruitment mechanisms and patterns, of embeddedness in economic networks and of socio-cultural perceptions. In 2002, almost 90% of Algerian MPs were exchanged in elections. As a result the average age of MPs dropped substantially. Moreover, many of the MPs came from new professional groups and engaged in new reform discourses. Yet, their political behavior and choices hardly differed from the previous MPs'. If we want to understand this, we need to take into account that the ways they acceded to election lists did not differ from the ones their predecessors had taken: election list places depended on financial transactions and other goods that were exchanged or promised, and MPs were burdened by obligations, such as culturally rooted expectations of reciprocity. Another thing that remained unchanged were the social and economic sanctions for non-cooperation, and the new MPs' relationship to authority: dissent within most parties remained taboo. Not surprisingly, these new actors were not likely to develop independent ideas and to push them once they entered the national political arena. The only actors who presented a different picture, tolerated dissent in their parties, and achieved list places through what can be considered a democratic pre-selection, were moderate Islamists. This is an important point often ignored by Western observers. Only if we understand the 'corridors of constraints' that shape actors' strategies and choices can we realistically assess whether reform rhetoric is likely to be followed up by acts.

My third example shows the relevance of transnational economic and political networks for understanding conflicts within the Algerian elite. In 1999, President Bouteflika was elected with the support of the generals who were ruling the country at the time. Four years later, the Algerian core elite is deeply engaged in fierce struggles between Bouteflika and a part of the military hierarchy that wants to prevent his re-election in 2004. The main reason for these struggles are the president's (partly) successful efforts to emancipate himself from army control and become the prime decision-maker. Bouteflika was able to do this on the one hand because of his excellent ties to Western heads of state, which made him the indispensable civil face of the Algerian system. On the other hand, Bouteflika managed to get a foothold in the economy by privileging investments on the part of international companies (from Gulf states, for instance, where Bouteflika had been in exile in the 1980s) run by people close to him. The main bone of contention between him and the generals, however, seemed to be Algeria's hydrocarbon industry, the fief of certain generals and the backbone of the Algerian economy. Again, the president managed to circumvent the generals by bringing in his transnational networks, primarily Gulf state as well as US businessmen and companies. Should Bouteflika be re-elected, he is likely to push through planned reforms in the hydrocarbon sector that will further favour his foreign business partners and lessen the generals' influence. Analysing economic networks thus benefits our understanding of what really is at stake in intra-elite struggles, and of the power bases of different elite factions. This in turn gives us an indication of who might prevail over time in such struggles.

The research agenda outlined above can reveal links and correlations that are vital for policy makers because they show, among other things, who stands to lose or gain from certain reforms and to what extent, and they allow for a realistic assessment of reform possibilities and limits, as well as of chances for agreements being honoured. They, moreover, allow us to identify and possibly support actors who stand to lose less from reforms. A research agenda as complex as the one outlined above may sound megalomaniac, but it is my credo that only by considering the above factors and choosing such a broad approach can we give decision makers the information they need in order to decide where, when and how to intervene, what partners to bet on, and to be fully aware of any unintended effects their interventions may have.

## Example No. 2

## Example No. 3

## Conclusions

## Challenges in Studying Actors and Structures in the Middle East

Abdulhadi Khalaf

September 11, 2001 was regarded as a wake-up call: we suddenly discovered that our knowledge and perceptions of the Middle East are not up to standard. We were unable to predict the immensely significant developments occurring before and after September 11, 2001. Optimists would say that this wake-up call will change the agenda. I doubt this, however. The reason for my pessimism is that we have already managed to sleep through a number of wake-up calls in the past.

One example is the 1973/74 oil shock, where the discrepancy of power between the oil producers and the oil consumers, as well as the exploitative relationship between the two parties, was exposed and successfully challenged. We came to realize that for decades, the oil producers had been exploited and robbed of their money. That wake-up call, we hoped, could have somehow corrected political relations between the two sides, and induced the research community to study power relations between 'haves' and 'have-nots', producers and consumers, as well as to analyse oil companies and the leverage they have in domestic politics. However, nothing happened: within a few years of the correction of the oil boom that happened in 1973/74, everything went back to what Edward Said would have called our 'usual style of thought,' that is to say, essentialising the Middle East and looking at the region as exotic, as 'not like us', as devoid of details and unlike Germany or Europe, which possess competing structures and networks.

The next wake-up call that followed was the 1978/79 Iranian Revolution, which called our stereotypes and prejudices into question once again. Again, we were completely unprepared for the developments, as illustrated by an American president referring to Iran under the Shah as 'an oasis of peace and tranquillity in the Middle East' three months before the latter's fall. The Iranian Revolution did not lead to profound changes in our thinking on the region, in spite of the fact that much of what happened afterwards questioned a number of our premises, stereotypes and findings. Consider how the fall of the Shah reduced the Nixon doctrine to irrelevance: that doctrine had been one of the most innovative ones for the Gulf to emerge for some time. Yet the wake-up call of 1978 did not produce the academic reconsideration one might have hoped for. In fact, subsequent events even prolonged and amplified the failures of academia and hastened reversion to our 'usual style of thought.'

Another event that we failed to learn the appropriate lessons from is the endorsement of Islamist groups and Mujahideen by an American president in the context of the Cold War. Again, academia failed to warn politicians of the possible consequences of these actions. The rise of Islamism was regarded as highly problematic, even dangerous, to domestic politics in other parts of the region, but because of the conflict with the Soviet Union, Islamism and groups of political Islamism were generously supported throughout the duration of the Afghan conflict.

I could cite a number of other wake-up calls, among them the Second Gulf War and the declaration by President George Bush Sr. of the dawn of a New World Order. No qualitative changes in policy were made although such a change was acutely needed. Only now, long after the liberation of Kuwait, we are told that there is a democratic deficit in the Middle East and that we all have to go back to our drawing boards in order to democratise the region.

It was only after September 11, 2001 that we started questioning our previous assumptions. However, I have a feeling, which is not a well-defined position yet, that this wake-up call will have no result either. We will all go back to studying our usual subjects and with some notable exceptions, the mainstream of academic research will continue essentialising the Middle East and reaffirming pre-conceived ideas about the region and about political images of it. We are dealing with a region that has been doomed by essence. Here I refer to the dominating voices within the field: the Lewises, the Pipes, and the Ajamis of this world and their likes, as well as their echoes in the academia and mass media. I do not want to belittle the achievements made through the diligence and humanity of researchers all over the world in overcoming bigotry and stereotypes. However, I must note that the Lewises, the Pipes, the Ajamis and their echoes continue to dominate the field, jealously maintain its colonial legacies, and shape the contours of our discourses on the Middle East.

My suggestion is that we should earnestly challenge essentialisation, that we distance ourselves as much as we can, and that we seek to convince politicians, our benefactors, (in Sweden, for instance, research is totally dependent on state and para-state funding) of the self-defeating nature of the dominant discourse on the region. Otherwise it will remain difficult to overcome the commonly shared belief, that the Middle East is an exotic region, and not a region like any other: full of contradictions, conflicts, consensus and promise. Without overcoming the prevailing stereotypes our field will remain, in spite of all our efforts, dominated by its Orientalist tradition and its self-fulfilling prophecies.

Let me turn to some concrete suggestions. Research on the Gulf region has been dominated by an essentialising practice that was, however, not static but has certainly evolved over the decades. In the 1960s, we would complain about the paucity of research on the Gulf region. However, we have been flooded, since the oil boom of the 1970s, with publications of a diverse nature. Still, the Gulf remains nearly synonymous with oil. Very few things have been written about power relations in the Gulf States for instance. One area, which is particularly under-researched, is the demography of the Gulf: what are the political ramifications of the present demographic composition of the Gulf, and what are the likely consequences of this demographic structure? I have a few ideas on further research questions relating to this, but I am sure that other participants will have other suggestions to add. Firstly, what will the future consequences of the percentage of foreign migrant workers be, which varies from 40% in Bahrain to more than 90% in the United Arab Emirates (U.A.E.), especially considering the ramifications of globalisation and an improved understanding of human rights, as well as the conditions imposed by the World Trade Organisation (W.T.O.) on the Gulf states? The second topic is what some Gulf researchers call the 'time bomb', i.e. the youth factor. This problem is probably more acute in the Gulf, where the young population exceeds 45%. Demographic pressures together with abundant and cheap imported labour from the Indian subcontinent and elsewhere set off several social quandaries including unemployment and lack of 'adequate' employment.

Another area that I was happy to be able to work on while in SWP, and that I think should be researched more thoroughly, is the role of the elites in the Gulf States. Many hitherto dormant groups in the Gulf are starting to find their voice: they are emboldened, among other things, by geopolitical changes following the Iraq war, but also by political opportunity structures introduced by globalisation, such as new capacities for communication. How will emerging elites make their voices heard and impact on politics after decades of being docile?

A third research agenda I would propose relates to how geopolitical changes in the region affect two other groups, namely women, and those sections of the population opposing granting more rights for women. Traditional elites are losing influence because of a weakening of the state: external influences, foreign NGO funding and civil society building, as well as decreasing volumes of rent are responsible for an erosion of state power.

Fourth, I would propose to look at the effects of democratisation on the monarchies in the Gulf. We know roughly how Syria could democratise by looking at experiences in Argentina, Chile, or elsewhere. In the Gulf, however, monarchies have been protected by British colonial power and supported since the 1950s by American power. How will they react to demands for democratisation? What kinds of political reform are likely to occur? A question of unique relevance to the Gulf, in my view, is what role will be played in the future by the ruling families – not only the Kings, sheikhs and Sultans, but by the thousands of princes in each of these states. A likely scenario, once change sets in, suggest that these princes are not likely to act in unison and as a collective, but will behave as most normal people would do, i.e., by clamouring for the spoils and in defence of their own individual interests. We need to study how intra-family squabbles can turn into serious political causes for instability in the region and beyond. Examples of a particular type of family conflict, between siblings, can be witnessed among the *Sudairi* brothers in Saudi-Arabia, and is likely to be emulated elsewhere in the region. We have already seen ominous signs of it in Abu Dhabi, the UAE, where *Awlad Fatima* (the sons of Fatima) managed to have one of their number appointed as Vice Crown Prince, an unprecedented move, and title, in the history of the emirate.

# Chapter IV – The Economic Dimension of Change

## Introduction

Ulrich Wurzel

### 1. What questions should be asked?

#### 1.1. *Need for a General Assessment of the Economic Situation and Earlier Developments*

If anybody wants to discuss the challenges for policy-oriented research on the economics of the Middle East, he or she should first develop a systematic understanding about the exact nature of the economic challenges facing the region. This means describing the most pressing problems and conflicts that are relevant to the economic development of the region. It might be thought that this could or should be done in a rather *general* way: taking stock of what has been happening in the past, and of the results and outcomes of past developments. In undertaking this kind of general assessment we would develop at least some understanding of where we are now and why. By understanding the past and developing a clear analysis of the current situation, we would then be in a position to make up our minds about important issues for the economic *future* of the region.

#### 1.2. *Lack of Focus*

I feel that we might get lost if we proceed in this way, however. Reality is complex, and so will be the many findings and insights we arrive at if we start with a rather general assessment of the situation; we might lack focus. Moreover, we would still have to get our priorities right in selecting among the many results such an approach is likely to yield. Some topics would inevitably have to be excluded.

#### 1.3. *The Need for Research on the Challenges Faced by Specific Political and Economic Actors*

There is a particular need for research focused on the challenges that specific groups of political and economic actors are facing. We should start by identifying our potential target groups: people and organizations that could potentially benefit from our work. We might even call them our “customers” or “potential clients”. In other words, we could commence by taking the specific challenges that specific target groups are facing as a *point of departure* for our debate.

#### 1.4. *The Social Responsibility of Science*

My remarks may create the impression that as policy-oriented researchers we should become “intellectual service providers” for those in a position to demand our services. This would be a bit like working in a market for goods or services: someone demands a particular service, and another supplies it, and there is usually a cost involved in the transaction.

Everyone here will agree, however, that the generation of scientific knowledge is different from the production of toothpaste or soft drinks. There is something like a social responsibility of the scientific community to the general society as a whole. The latter will certainly include people or groups of people who do *not* define themselves as “target groups” or “potential customers” of our research.

The point is that when we only respond to the demands of actors or groups that are powerful enough to reach us, less privileged groups will be excluded. Among these, we usually find the people who are most severely affected by the policy decisions of more influential actors – the victims of these policies, in other words. Consequently, we have to ask ourselves whether the priorities of powerful economic and political actors really are the most relevant for the economic development of the region. How should we choose our research questions and what standards should apply?

For now, let us return to our understanding of what we consider *important topics* for policy-oriented research on the economies of the Middle East. Which are the most pressing questions? Which are the most important areas of research for the different relevant groups of economic and political actors? Taking a further step back: which are the most important challenges for the economies in the Middle East?

#### 2.1. *General Research Questions*

To my mind, the most important question is as simple as it is complex: why do other regions on this planet seem to develop quite dynamically and often very successfully while Middle Eastern economies lag behind and are unable to develop sufficiently to generate substantial increases in economic wealth? Why is the

### 2. Challenges for the Middle East

development gap between them and the economies in other regions getting wider? Nearly all indicators of economic, technological and human development clearly show a lack of development in the Middle East. Middle Eastern economies obviously have a real problem in a number of areas, including growth, investment and Foreign Direct Investment (FDI), competitiveness of businesses and national economies, technology, regional cooperation, and employment.

## 2.2. Problems and Symptoms: Relevant Research Areas Growth

Growth figures show that most Middle Eastern economies fail to create enough wealth and income for their populations. Where living standards are rising, the rate of growth is much lower than in other parts of the world. What is worse, in the countries witnessing substantial population growth, economic growth is insufficient to maintain stable, let alone increasing living standards. In all Middle Eastern countries, growth rates are insufficient to create jobs and employment for very young populations.

Growth requires investment, in machinery and equipment and people. There is a need for capital accumulation, of real and in human capital. However, the investment that is taking place in the Middle East is simply insufficient. The lack of private sector investment is largely related to the limited prospects of economic success. Many Middle Eastern products are simply not as competitive on international markets as comparable products from other world regions.

With only a few exceptions, there is an enormous lack of competitiveness among Middle Eastern firms in international markets. Apart from directly impacting on living standards, this also creates real obstacles to trade liberalization, as called for by Euro-Mediterranean economic cooperation and integration, for instance. Lack of competitiveness is particularly obvious if we compare the productivity of Middle Eastern producers to Asian or Latin American ones. There are a number of structural reasons for this that need to be addressed.

Middle Eastern economies are not very successful in adapting internationally available technologies to their needs, or in creating their own technologies. There is still a high degree of dependency on technology imports, a situation that is not desirable for economic development. Among other factors, the necessary conditions for successful adaptation and creation of technology are missing.

In spite of the similar historical and cultural background of many Middle Eastern countries and societies, there is a remarkable deficit when it comes to regional cooperation in trade, production, research and development alike: only about 4% of trade in the Arab world is intra-regional.

Another problematic field is employment. In most Middle Eastern countries, populations are rather young and increasing. This leads to a huge need for employment creation, which is largely non-existent however. Even in countries where new jobs are being created, the population still grows faster than the job market.

The economic problems of many Middle Eastern countries are, of course, also reflected in the current state of *non-economic* indicators of development. All in all, the picture is rather gloomy. All this clearly means that fundamental change is necessary.

In trying to answer the question *why* the Middle Eastern economies are lagging behind, we obviously have to deal with a very complex set of reasons, which are, incidentally, not all economic. If the underlying reasons for economic development problems in the region are complex, our analysis must also be.

## 3.1. General Approach: Research on Potential Changes

A shared understanding of how to deal with this complexity is necessary. Research, including policy-oriented research, often takes place under tight budget constraints. Consequently, we have to decide how much of our limited time and resources we want to devote to varying relevant research questions, and develop guidelines for a focused *research agenda*. Policy-oriented research by definition has to look for points of impact where *changes* in policy can lead to a change in reality. Having identified such areas, researchers then have to propose alternative

Investment and Foreign  
Direct Investment

Competitiveness –  
-Businesses and National  
Economies

Technology

Regional Cooperation

Employment

Social or Human  
Development Indicators

3. Searching  
for a “Way Out”

policies and strategies. In my view, the following are the most important questions to be addressed:

- How to define priority areas;
- How to understand the relevant causes and effects of a given problem;
- How best to assess the feasibility of policy-changes;
- How best to conduct research on alternative policies;
- How to propose, to the right people, alternative ways of handling the problems;
- How to find the “right people”?
- How to develop ideas to implement new policies and strategies to yield sustainable real-world improvements?
- Searching for points of impact to facilitate change: short- and long-term orientation

Focusing on priority areas by no means implies using short-term measures. Indeed, the development of a long-term perspective is indispensable. The following are needed:

- (i) A focus on *short-term activities* in order to address issues that cannot wait for a solution
- (ii) *Long-term scenarios and strategies*, as well as *long-term research*, in order to deal with issues that need more complex and detailed knowledge and understanding. This can only be achieved by means of focussed research over longer periods of time and systematic long-term observation of particular real world *phenomena* and developments.

## Building Potential

*Long-term activities* must focus on what we could call “potential building”. The *potential* of a business or a national economy derives from its ability to react to change in its surroundings. Potential, in the sense of responsiveness, enables the respective systems to face the newly emerging challenges under conditions of complexity, rapid change and turbulence. Systems – businesses, industries as well as national economies – must be prepared for *intelligent reactions* to change in their operating conditions.

Concerning the long-term perspectives for economic development in the Middle East we therefore have to ask ourselves what must be done to build-up potential (in the sense of responsiveness). Additionally, we have to search for and identify what I have been calling “suitable points of impact” for intervention, guidance and regulation. There should be a focus on the state and its role and the general topic of economic policy reforms.

## Public and Private Sector in the Middle East: Implications for Politics and Research

Giacomo Luciani

In contrast to several success stories in development in other parts of the world, the Middle East economies have not been performing satisfactorily in the past ten or fifteen years. The record has been negative notwithstanding the fact that at least some of the countries in the Middle East have adopted orthodox liberalization and stabilization policies with the full support of the IMF and the World Bank. Why do these policies appear to be more effective in some countries than in others?

From a political economy point of view, the distinguishing feature of the success stories – including China, India, and South East Asia in part at least, and Brazil and Chile – is the presence of a strong national bourgeoisie. In all these countries, we find a private sector that is able to invest in, and take advantage of the process of liberalization, opening the door to a redefinition of the economic role of the state. In countries where the private sector is weak, a redefinition of the role of the state is only possible if large areas of the national economy are surrendered to multinational corporations. In addition to being robust and able to invest, the private sector in the successful developing countries also displays a strong attachment to its country of origin, thus creating a strong incentive to invest there and not elsewhere. This, incidentally, is the difference between Brazil on one hand, and Argentina and Venezuela on the other: the business elites of Argentina and Venezuela are not interested in investing in their own country. The reasons for private sector disenchantment with their country of origin are debatable, but the phenomenon is, I believe, very clear. Venezuelans seem more interested in banking their money in Miami, while Argentineans invest in Europe.

In countries where the private sector has lost faith, there is a tendency to sell out to multinational corporations as soon as they appear, generally to take wealth out of the country and invest it internationally. The Washington Consensus talks about foreign direct investment (FDI) as well as the role of the private sector, but it does not distinguish between a private sector with local roots and one without. FDI flowing into China, the volume of which is extremely significant, comes from abroad but is mostly Chinese, as the Chinese community outside the country – be it in Hong Kong, Taiwan, Singapore or in the United States – is organizing, managing and promoting investment in China. This is true for India as well. These foreign investors have a long-term commitment to the country, while other kinds are likely to drastically reduce their commitment as soon as difficulties appear.

It is thus extremely important to consider the role of the private sector, its trends and behaviour. If we look at the Middle East and North Africa, we find that generally the private sector is weak. It has been antagonized by the state in many countries, sometimes destroyed (with the notable exception of the Gulf). It is here that the main difference between the Arab Gulf countries and the rest can be found: in the Gulf a major transformation has been taking place over the past thirty years. In the beginning, the state was all-powerful: it controlled all the oil rent, and there was not much beyond worth controlling. The private sector was not really capable of any independent action or decision-making. Through the process of rent circulation, however, the situation has been reversed over the years. The state is still very powerful; I do not buy for a moment the argument that, for example, the Saudi state could be bankrupt. Many states around the world would like to be as bankrupt as the Saudi state, which in fact remains very strong. However, the private sector in Saudi Arabia and other Gulf countries undoubtedly has become even stronger than the state. Today, the Saudi private sector is no longer dependent on the state, and has become an autonomous actor in and of itself, which in many ways has importance in determining the short-term behaviour of the economy. We have witnessed years in which the government has been in difficulty because of low oil prices – for instance in 1998-99 – and yet the economy has managed to avoid crisis because the private sector was investing.

Some numbers serve to illustrate my argument, even though it has to be borne in mind that it is extremely difficult to discuss private sector development in the Middle East due to a lack of reliable figures. There are no solid numbers about the economy in general, and especially few about the private sector. However, it is possible to attempt an informed guess. International banking sources estimate the total of Gulf wealth accumulated internationally at US \$ 1,3 trillion. Of this, approximately US \$ 600 to 700 billion belong to Saudi individuals. If they manage to receive 5 % interest on this per year, and certainly they make much more than this, the annual income amounts to US \$ 35 billion per year, which is larger than budgeted oil revenue and equivalent to 60% of Saudi government expenditure. To the Saudi private sector, income on assets invested internationally certainly is more important than profits on domestic investment. These are telling numbers.

It has been said that the Saudi as well as the Gulf private sector in general have been repatriating their international investment because of September 11, 2001. I do not think that they have been repatriating it in the sense of liquidating their assets; what is more likely is that a bigger-than-usual share of the profit is taken back home instead of being reinvested abroad. Of course some individuals may have judged it best to repatriate all their investments, but we are not talking about investors having repatriated US \$ 1,3 trillion.

These figures show that there is a strong private sector, just as there is a strong government. The respective roles of these two actors are being redefined. Although strong, the government has not been able to produce any growth worth mentioning for the past fifteen years. This is not true for all of the Gulf countries – Dubai and Qatar, for instance, are different. There, the government has been able to perform a much more entrepreneurial role. These countries are growing fast and the government – the ruler, to be precise – functions as the engine of growth. Sheikh Muhammad bin Rashid al Makhtoum in Dubai, or the foreign minister of Qatar, Sheikh Hamad bin Jassem al Thani, are ruler and businessman at the same time, and pursue national growth very forcefully. However, in Saudi Arabia and Kuwait the economy has been stagnating, as manifested by unemployment and increasing social tensions. The emergence of the latter has led to full recognition of the fact that the top priority for these countries is to

get their economies rolling again. In order to do that, the respective roles of the state and private sector will have to be redefined. This much is understood and accepted by the ruling family; at the same time, the private sector has the means to play a greater role and is ready to do so. There is resistance to a new public/private division of labour on the part of some in the bureaucratic elite, signifying the beginning of a polarization that, to my mind, is political in nature. Some in the government elites and some technocrats present themselves as the defenders of society at large, and argue that giving away the best of the government's assets to the private sector would be irrational.

I would like to refer here to some points made by Volker Perthes in his contribution on elites. First, business elites are not a threat to existing regimes, which I think is correct. Business elites have no interest in regime change *per se*; rather, they are interested in co-optation. They know that the regime needs them, and they are bargaining in order to get a larger share of power and autonomy. Whether a colonel or king heads the state hardly matters to them. Certainly, however, they are not content to remain only in business: if the deal in the past has been that the business elites do the business, while political elites do politics, this is no longer viable. Business elites must be co-opted and incorporated into power. Incidentally, business elites are very diverse, and stating that they are not a threat to political power may apply to the majority, but not to all: to my mind, Osama Bin Laden is also a member of the business elite. Today, the name of the game is incorporation of business elites into power.

Second, regarding the contention that money results from political power, and not *vice versa*: I think this is not necessarily true. Obviously, power is very important in getting your share of the pie, but there are plenty of people who are making money and who are not in positions of power. Third, referring to the point that regimes have increased participation without increasing competition, I would contest this view and argue that there is a degree of competition, as witnessed by infighting within the ruling families. This might fall short of democracy, but then very few truly are interested in democracy, because the view is widely held that introducing proper elections will yield a parliament of mullahs, illiterates or otherwise uninteresting characters. The elite – business as well as political – still perceives itself as a modernizing force, which is pulling the country forward, well ahead of the people.

In the rest of the Middle East and North Africa, outside the Gulf region, the private sector remains weak. To a large extent, the reluctance on the part of governments to implement the World Bank doctrine – furthering privatisation, and reducing the role of the state – is tied to the fact that this would inevitably channel substantial control to foreigners due to the absence of an indigenous private sector able to fill in the shoes of the government.

If we project a policy of liberalization throughout the region, this is not going to benefit the private sector in a uniform and widespread fashion. Power and influence will be redistributed to the benefit of the 'new' countries of the Gulf, and to the detriment of the old, established countries. I see developments in the region clearly dominated by the slow, progressive decline of the historical players (Egypt or Syria), and the ascendance of new states with money and a private sector, such as the Gulf countries. This will be obvious in Iraq: who will invest if the process of liberalization of the Iraqi economy continues and foreign direct investment is called to play an important role? It will be the Kuwaitis, Saudis and Emiratis, rather than multinational corporations from the West, which will be scared stiff by the idea of getting involved in such a difficult environment.

Is the region politically ready for this kind of revolutionary redefinition of state and private sector roles? I do not know, but investors from the Gulf are largely perceived in the other Middle Eastern countries as foreign rather than 'domestic'. Some are expatriates or exiles that have made their fortune in the Gulf and must be lured back to their countries of origin. Politically speaking, it is not clear that the older Arab countries are ready to accept the supremacy of Arab Gulf entrepreneurs in the era of globalisation. In this sense, a major unresolved question remains on the path towards regional integration and development.

## Challenges to Economy and State in the Middle East

Al-Fadel Chalak



The economy of the Middle East is a somewhat sad topic. The Arab part of the Middle East represents 5% of the world's population, but only 2% of world GDP. The economy in most of these countries not only consists of a public and a private sector, but also of a third, informal, illegal or parallel sector, which in some of the big cities can make up as much as 60% of the local economy. This leads to the question of whether the informal sector is a breeding ground for extremism, without inferring from this that a vibrant private sector leads to democracy.

The whole economy of the Middle East evolves around the public sector. And yet, in many Middle Eastern countries the distinction between the public and private sectors is blurred, as important national incomes are channelled into private accounts. It has often been assumed that a large public sector is a feature of former socialist states in the Arab world, or of oil-producing countries. However, this might not necessarily be true, as the example of Morocco shows, which neither exports oil nor socialist, but still has large public sector making up 50% to 60% of the economy.

One defining feature of Middle Eastern economies is that in most countries the public sector is so huge that governments use it as a means of bribing their populations. The private sector is generally not antagonistic but rather complementary to the public sector: private sector entrepreneurs tend to work as contractors or importers for the public sector.

A second feature can be described by the concept of waste. Without intending a pun, Middle Eastern economies need a kind of waste management. Billions and billions of dollars are simply wasted. Before the war with Iran, and when Saddam Hussein invaded Kuwait, war costs amounted to 600-700 billion US\$, in each case.

The most active economic actor in the region is the state. However, states in the Arab world, although often autocratic and seemingly powerful, are weak. Although many Arab states have been independent since the 1940s and 50s, priority is still given in the region to cultural symbols and identity, rather than nation building proper. Each inhabitant of the area has at least three identities: Islamic, Arabic, and national.

On the topic of modernity, which is often made into the centre of debates about the Middle East, I think we should distinguish between modernity and progress. Progress can be measured by measuring economic growth, although this might be a rather crude measure. Modernity describes an interval of European history lasting for 400 or 500 years from the Renaissance to the beginning of 20<sup>th</sup> century, and, politically speaking, includes everything from the far right to far left, from dictatorships to democracy. Being such a broad concept, it becomes practically inapplicable to other regions. Modernity is neither a condition for growth nor progress.

I would like to end with some comments on Lebanon and Syria. Having been actively involved in the reconstruction of Lebanon during the first half of the 1990s as President of the Council for Development and Reconstruction, I am certain that after reconstruction the country is economically vulnerable nonetheless. Public debt has risen from US\$ 2 billion in 1990 to US\$ 32 to 33 billion at present. The worst-case scenario is that public debt may lead to a drastic devaluation of the Lebanese pound. If this were to happen and there was no external political will – American or European – to pull things together, the banking sector could be hit, making it collapse. This would cause social turmoil, which could spread from Lebanon into Syria and seriously threaten both regimes.

## Chapter V – Geopolitics and Prospects for Change

### Middle East Geopolitics: A New Agenda for Policy- Oriented Research?

Volker Perthes



#### No Regional Hegemons

While it did not cause the political revolutionary domino effect which American neo-conservative ideologues had promised, the Iraq war certainly constitutes a geopolitical revolution for the Middle East. For the first time since the era of independence, an Arab state was conquered by an external force; and the states of the region did not play any role worth mentioning – at best, they were dealt with as a constraint on the speedy execution of US war plans. If, indeed, the geopolitical situation and the rules of the game have changed significantly, then policy-oriented academic research will also have to review its approaches and themes.

We assume that the US, regardless of the resistance against its military presence, will not leave Iraq any time soon. If that premise proves to be wrong we should expect major instability in the region and crude “self-help” policies on the part of all regional actors: starting with the Kurds pursuing independence, and not setting aside Iran pursuing a military nuclear option or Israel giving up any restraint in the Occupied Territories. If our premise is correct, however, we will have to look at the short- and medium-term impact of the US presence, the strongest military power in the region. One implication for research is that most of the traditional military balance calculations for the Middle East – the “pea-count” of, for example, Iranian versus Saudi jet fighters, or Syrian versus Israeli tanks, will become largely obsolete, at least as explanatory factors for political outcomes. The ability of regional actors to engage in political balancing acts may become more important than the possession of military hardware.

To better grasp the realities and challenges of Middle Eastern geopolitics after the Iraq war, policy-oriented academic research will have to look into three issue areas as follows: regional power politics; regional institutions; external forces and regional designs. I will develop a hypothesis for each of these topics and define what seem to me to be unavoidable research questions.

Regarding the structural division of power in the regional system, our hypothesis is that for the foreseeable future, no regional or sub-regional hegemon will remain, or emerge. All potential regional hegemons – such as Egypt, Saudi Arabia, and probably Israel – will have to consider the US presence rather than becoming Washington’s regional policemen. Smaller and weaker states will be able to deal with the US directly, and probably on terms equal to those of regional middle powers.

This is already apparent on the Arabian Peninsula where Saudi Arabia has clearly lost the sub-regional hegemonic status it used to enjoy in the 1970s and 1980s. At that time, the smaller Gulf Cooperation Council (GCC) states seriously considered Saudi wishes and apprehensions before making any significant foreign or domestic policy move. Decisions like those adopted recently by the ruler of Bahrain, who declared himself King and thereby elevated himself to the same rank as the Saudi monarch, and the decision by the Sultan of Oman to hold comprehensive general elections, or by the Emirate of Dubai to set up a ‘media free zone’ within which even Saudi investors can enjoy uncensored broadcasting freedom, would not have been adopted before out of consideration for Saudi sensitivities. Today, these smaller states take Washington’s rather than Riyadh’s reactions into account before embarking on such moves. Rather than making the smaller states follow its lead, it seems today that the Saudi leadership closely monitors its neighbours’ domestic policy developments, not least so that it can sound out its own reform options.

Egypt’s regional reach will also likely become more limited than it has been in the past. Cairo is unlikely to acquire any decisive role in matters of Gulf security and will have to concentrate mainly on playing a useful role in its immediate neighbourhood, notably as a mediator between Israelis and Palestinians or even between different Palestinian factions. And the termination of Syria’s dominance over Lebanon may only be a matter of time, partly as a result of US and even French pressure, partly because the reasons legitimising Syria’s presence in Lebanon (the risk of civil war *and* the confrontation with Israel) are ever less accepted locally and internationally.

If, regional or sub-regional hegemony is indeed not in the cards for any regional actor, policy-oriented research will have to ask what that means for regional co-operation, particularly in light of the negative impact of hegemonic quests for any substantial degree of political or economic cooperation in the region. Such quests for hegemony have not been the sole cause of the failure of so many attempts to institutionalise inter-Arab political coordination or build sustainable forms of Arab economic cooperation and unity; however, they have certainly been a major contributing factor to these failures.

## Institutional Re-orientation

The Arab League has been declared irrelevant many times, and has survived nonetheless. The Iraq war and its aftermath, however, have likely made for a further reduction of the League's legitimacy and the value that member states attach to it. Thus, we may well see the emergence of new regional or sub-regional organizations, the purpose of which is defined by common functional interest rather than nationalism, and by objectives limited in space, function and time, rather than an "eternal mission".

One example are the neighbours of Iraq: representatives of this group, which include both the Arab and non-Arab states (Iran and Turkey) bordering Iraq, as well as Egypt, have met several times with the limited, but concrete purpose of coordinating policies with regard to the Iraq war and, after that, to its regional fallout and US-occupied Iraq. One question for research regards the prospects for such a grouping to develop into the nucleus of a more permanent sub-regional structure, or, with the possible participation of those international actors that form the Middle East Quartet (USA, EU, Russia, UN), of a regional organization for security and co-operation along the lines of the CSCE/OSCE model.

Changes are also to be expected in the set-up of the Gulf Cooperation Council (GCC). Yemen and Iraq are knocking on the Council's doors, and, more importantly, the function of this organization, whose original purpose was to strengthen the Gulf monarchies against threats from Iran and Iraq, may have to be rethought. Another example for a sub-regional common-purpose grouping is one composed of the Arab states that share a major interest in the Arab-Israeli issue. Significantly, there are currently two nuclei for such a grouping: the so-called follow-up committee of the Arab League (essentially Egypt, Jordan, Morocco, Saudi Arabia and Syria), created to pursue the implementation of the Arab Peace Plan adopted at the Beirut Arab Summit of 2002, and the US-handpicked group of states (Egypt, Jordan, Morocco, Saudi Arabia, Bahrain, and the Palestinian Authority) the representatives of which met with President Bush at the Sharm al-Sheikh summit of June 2003.

The fact that they would be new does not mean that these frameworks will be better than those that already exist. Policy-oriented research should therefore look at the chances and obstacles for such groups to develop into more permanent elements of architecture for regional security; at their instrumentality for crisis prevention and conflict resolution; and at the linkage between global dynamics and the evolution of regional institutions.

In the international post-Iraq war policy debate, there is much talk about the "remaking", "remodelling" or "reordering" of the Middle East. This is so, astonishingly perhaps, in spite of the actual difficulties that the United States and its allies have been encountering in Iraq. Interestingly, demands for a democratisation of the "Greater Middle East" feature prominently as part of both the agendas of neo-conservative and liberal US circles, the former seeing it as an American, the latter, mainly, as a trans-Atlantic project. Academics at least should ask how this discourse is seen in the region, what signals societal actors in the region are receiving and what reactions the debate produces among Middle Eastern societies.

There seems to be a significant discrepancy between the insistence, within this debate, on the need to "bring order" to the region, and the lack of ideas about appropriate instruments or new and practical approaches to further such goals. Significantly, the soft element of the Bush administration's Middle East strategy – the so-called Middle East Partnership Initiative – seems to be a mere copy of the EU-led Barcelona Process, or Euro-Med Partnership, with greater geographical reach and less financial resources.

Our hypothesis is that regional actors will remain prepared to undermine, and quite effectively, the projects and grand designs that external players may have in mind for the region. This is mainly because regional actors, regardless of their foreign-policy orientations or dependencies on external powers, attach more importance to their parochial interest than to issues of world order, and because they are also prepared to carry relatively higher costs than external players to defend their regionally focused interests. In a sense, post-Iraq war developments may provide new evidence of what Leonard Binder stressed in an article published four-and-a-half decades ago: namely that power projected into the region from abroad would be "broken" by the dynamics of the sub-regional system. Global system dominance, in other words, is not assured when it comes to question of regional order; and even overwhelming military might,

## External Forces and Regional Designs

as applied in Iraq, may not translate into power in a Weberian sense, (into the ability to impose one's will in the face of resistance).

How regional actors in the Middle East defeat the designs of stronger, extra-regional powers inside their sub-system has frequently been studied. During the Cold War era, scholars like L. Carl Brown and others explained this phenomenon by pointing mainly to the ability of regional actors to play external powers off against one another, and to draw them into regional conflicts against their own better interests. The US and the EU, unlike the US and the Soviet Union, are unlikely to give regional players too many chances to play them off against each other, but regional players will likely find ways of drawing either of these two players and others (Russia, Japan and possibly third world powers such as China and India) into taking sides in regional or domestic conflicts. Opportunities to do so may be offered particularly in the context of the so-called international war on terror.

Aside from studying the mechanisms by which international designs for the Middle East may be resisted or undermined locally and regionally, policy-oriented research should focus on the chances and the instruments for constructive third power interventions, be it in the Arab-Israeli conflict, the Western Sahara conflict, internal conflicts such as those in Algeria or Sudan, or matters of regional arms control and security structures. Such research would not only focus on cooperation, it would also best be pursued in a cooperative manner, involving Middle Eastern as well as European and American scholars. Not only policies, but also scholarship may thereby gain credibility.

## The Political Psychology of a Geopolitical Revolution

Finally, there has to be research into the linkages between geopolitical change and societal dynamics. In particular, the political-psychological effects of the Iraq war will have to be contemplated. On a global scale, the fall of the old regime in Baghdad may well be comparable to the fall of the Berlin wall. The main difference, however, is that the wall in Berlin and the communist regimes in Eastern and Central Europe were brought down by the people of these countries, whereas the statues of Saddam Hussein and his regime were brought down by a foreign army. It is not yet clear what this will mean for the political psychology and the political culture of Iraq and of Arab societies at large. It is clear, though, that it will have considerable effects.

## A 'Laundry List' for Geopolitics in the Middle East

Shahram Chubin

It is unusual to be asked to re-conceptualise and consider the research challenges that lie ahead; normally one deals with topical issues only, and funding is based on this. It is nice to be able to do some brainstorming. What I would like to do is to propose a sort of laundry list.

To make a few allusions to earlier contributions, I would firstly like to consider the question of subsystem vs. system dominance, as originally put forward by Binder. Clearly, regional dynamics are absolutely critical when it comes to regional events – the revolution in Iran and its wide-ranging impact, which in some ways may have been more significant than the end of the Cold War, comes to mind. Obviously, geopolitics is somewhat of an abstraction: hence “globaloney.” I think the important thing to say about geopolitics is that it conditions and constrains, but does not determine. Although this should be self-evident, in some of the discussions on state and globalisation it appears not to be so. People have been arguing that the glass is half full: that the state is still strong, still determines events and still provides important functions. However, I do not think this is the point at all; rather, globalisation and the challenge it poses to the state from above and from below – the globalisation of justice and transnational interactions, among other factors – put pressure on the state to act in a certain way. It would be foolhardy of me to try to engage in a debate on whether states are still relevant in the Middle East. I think the idea of an impregnable state à la Saddam Hussein or Hafiz al-Asad that uses repression through state security systems is no longer valid. The price and the policies that this kind of state used in the past are *passé*. This raises a whole series of issues such as what demands are placed on the state and the type of legitimacy it has – legitimacy in terms of performance, accountability, and identity. I would propose that globalisation has changed the way the state acts, and that it is worth researching this to see to what extent it has had to adapt to this new environment.

Secondly, I would like to raise the issue of unipolarity – the US is undoubtedly unmatched militarily. This has important implications, some of which have been discussed in Volker Perthes' contribution on geopolitics. One of them is that, while

intervention in the region during the Cold War was hazardous and had to be undertaken very carefully, at present there are no serious political or even military constraints on intervention. Abdel Monem Said Aly already mentioned the prevalence of violence in the Middle East in his earlier contribution. Interstate conflicts seem to be on the decline, but a high level of violence nonetheless persists, some of it due to outside interventions. The Middle East is the new centre for geopolitics, replacing Europe, which was the primary arena during the Cold War, and will be even more so if efforts in Iraq turn out the way the US hopes they will. US engagement in Iraq is a long-term commitment on multiple levels with implications already alluded to in prior comments – namely, that the US will remain a regional actor in one way or another for some time to come. What are the likely implications of this for regional and national security?

Third, let me turn to the role of the European Union. The emergence of the EU as a geopolitical actor is a novelty in geopolitics. States now have to consider what sort of relationship they would like to have with the EU. If Turkey ever becomes a member of the EU, Syria, Iran and Iraq will be direct geographical neighbours of the EU. The Union is already a very important actor in the Arab-Israeli conflict, and also with regard to Iranian nuclear capability. What role should the EU play in the future? We should be asking ourselves what kinds of responsibilities the EU is willing to take with regard to security issues in the region, taking into account its new global role.

Fourth, considering regional dynamics, one thing that strikes me is that the Middle East has been described as a 'failed region.' It is a failed region not just economically, but also politically, at least in the perception of many people. The Arab Human Development Reports suggest that some people in the region also realize this. There are certain consequences that follow from this, and in the security field it seems worthwhile to look at comparative regional studies, as suggested by Said Aly's earlier contribution. Is it true that, as many in the US contend, deterrence is culturally conditioned? Suicide bombings are not just connected with Islam, but with Islam in its Middle Eastern context. Geographical distinctions obviously play a role here. The relevance of cultural and historical issues and the ways in which states deal with security may be crucial in this regard. We may have to consider what the Middle East would look like if a certain level of Arab-Israeli conflict becomes a simple fact of life for years to come. There may be no solution around the corner – what will this mean? Another ten years of Intifada? What would this mean for specific countries' policies and their chances of development? What would it mean for Europe?

My fifth point relates to the implications of nuclear proliferation for the region. I will not go into details here, but obviously Israeli nuclear capability has been a fact for a long time. There is now virtual proliferation in the Gulf with Iran; how will this affect the region, particularly when there may not be a solution to the Arab-Israeli conflict?

There are a host of issues I would simply like to flag at this point, among them the utility of regional approaches to security, be it ACRS talks, a Helsinki OSCE-like process, the Arab League, or *ad-hoc*, informal coalitions focused on a particular mission, which may then be institutionalised (e.g. 'Iraq's neighbours' or 'friends of Iraq' or 6+2 variations and the like). This raises the question of regional approaches as opposed to 'security complexes', in Buzan's term. The Middle East is under-institutionalised, as are many parts of the South. The role of institutions in regional interactions is part of this question of regional security, and also involves the question of reducing transaction costs. Since the region is very fluid due to developments in Iraq, these issues are all crucial.

Further themes that merit more research are democratisation processes and their relation to peace. Iran is a good example of a country pushing its way towards something that resembles democratic forms: does it mean that it is going to be more peaceful in its behaviour? Other relevant issues are changes in demography and their implications domestically as well as for foreign policy, and finally, the relationship of the region with the EU.

To make a few final comments, I think that we should be ready to expect the unexpected in a region where the unexpected happens with some regularity. What might such unexpected, catalytic events look like? Can we begin to conceptualise these questions? What would happen if there were to be a terrorist attack on the scale of September 11, 2001 in Europe? What if an attack eliminated the entire upper echelons of the royal family of Saudi Arabia? What would be the catalytic event prompting an overt declaration of nuclear capability on the part of the Iranian regime?

On the other hand, what will happen if the US succeeds in rebuilding Iraq, and what will happen if they are not and leave the country in turmoil after a certain time? The latter seems unthinkable politically in many ways, but it remains a possibility. What would the region look like if a new Iraq that emerges is quasi-democratic and reasonably moderate in foreign policy? What would this mean for other states?

As a last consideration for research, I would like to mention the implications that the parochial considerations of states in the Middle East – nuclear proliferation, the Arab-Israeli conflict – might have on a global scale, and the ways in which they affect the policies of other states (e.g. the behaviour of Japan – not to mention Korean – in response to Iranian designs for nuclear weapons).

## Change, Geopolitics and Geo-economics in the Middle East

Abdel Monem Said Aly

I would like to consider three topics: change, geopolitics, and geo-economics. I will look at the issue of change from a seemingly paradoxical vantage point, starting from the premise that it is a phenomenon that is very difficult to measure. Certain indicators have been developed, such as those used in the Arab Human Development Report, the Corruption Perceptions Index, Heritage Foundation reports and the Freedom House index. However, I think that without the ability to measure change, we will not succeed in shaping it. Generally, in the lexicon of political science, we use terms such as evolution, revolution, stagnation, repression and chaos to describe states of affairs affecting different societies. To take one example, Somalia is a completely failed state with no central government; on the other hand there are states with a central government and strong state, such as Egypt. In between, there is a continuum.

Thus, the paradox that presents itself is how to measure change. In 1980, annual per capita income in Malaysia was about US\$600, while in Egypt, at the same time, it was US\$300. Twenty years later, Malaysia is close to US\$10,000 annual per capita income, while Egypt stands at US\$1,400. This gap is considerable, and yet, from the Egyptian point of view, tripling the annual per capita income in twenty years remains quite an achievement. Egyptians' life expectancy was prolonged by ten or eleven years, from 57 years in 1980 to now 67 years, as a result of the progress made during this period, as measured by per capita income. Change is happening; whether it is slow or fast is a different issue. In each case, we need to clearly define which definition of change we are using.

I believe that it is essential to recognize that making a country change is at least as important as keeping a country stable. This is where the security-development dilemma comes in. I am not sure that there is a solution to this, but it definitely needs to be dealt with, especially considering that Europe and the US are major sources of weapons in the Middle East. When you are the source of both butter and guns, this raises serious questions. Why does the US give US\$1,3 billion in military aid to Egypt each year, as opposed to a declining share of economic aid of currently less than US\$600 million per year?

Turning to the distinction between geopolitics and geo-economics, I would list under the heading 'geopolitics' all issues related to the traditional field of politics and international relations: state survival, territorial integrity, threat perceptions, interactions in a zero-sum game. I define 'geo-economics' as a rubric containing all socio-economic factors of interactions among states, which could take place in a positive-sum game: integration, globalisation, cross-boundary NGO interaction, and so on. Research should consider the relations of these fields to one another.

Considering geopolitics, it is true that the most important variable causing change in the Middle East is the US presence in Iraq. The presence of 150,000 soldiers in Iraq and Kuwait – if you add all advisors and diplomatic staff, you arrive at a total US presence of about 250,000 – is double the size of the population of Qatar. There are two aspects to this presence: it represents the superpower in the region, but it also exposes the US to attack and renders it vulnerable. The fact that a total of 400 casualties has led the US to accept demands for a constitution, handing over power to the Iraqis and devising a timetable for this, makes one wonder what will happen once they have sustained 1,000 or 2,000 casualties. I will say that Iraq will be a defining moment for the geopolitics of the Middle East.

It is crucial to understand the interdependence of the Iraqi and Arab-Israeli issues. How the US and Europe are dealing with Israel is of utmost significance. The future

of geopolitics of the Middle East will be decided on the Jewish question. Will Israel be a small, vibrant, dynamic economy, not unlike Singapore, that pursues regional relations and integrates with its surroundings, or will it be an imperial power telling its neighbours what to do, and subjecting any criticism of it to the charge of anti-Semitism, even when the critics themselves are Semitic? Defining the Jewish question is crucial for the outcome of reconstruction in Iraq. I also believe Iran and Syria will play an important role in this process, and in my view the US will only succeed once it understands the nature of this challenge. This raises the question of state survival in the face of a fundamentalist challenge.

Turning to the geo-economics of the region, the crucial question seems to be investment. Foreign direct investment is still lacking, but the reasons for this are not always clear. Egypt is often criticized for fostering bad conditions for attracting foreign investment, and yet, the Heritage Foundation report lists it ahead of Turkey in terms of economic openness. Intra-regional investment is also strong: 22% of investments made in Egypt are Arab.

The media market is not only a cultural variable in the Middle East, but by distributing television movies, magazines, prayers and so on, to a market of 300 million Arabic speakers it has acquired political and economic significance as well.

In conclusion, the institutionalisation in the geo-economic sphere in the form of the Barcelona process does not go far enough and should be increased. There is an idea of expanding the Arab League, and Turkey may apply and Iran may obtain associate status. Finally, how can the West invest heavily in a country like China, which is autocratic and communist, and refuse to do the same in countries in the Middle East that are less repressive? I do not mean to express support for autocratic regimes in the Middle East, but I do regard this double standard as problematic. Generally, I regard European intervention in societal processes of change in the Middle East as harmful.

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