The Middle East and Europe

the power deficit

edited by B.A. Roberson

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The Middle East and Europe

Bringing together some of the leading analysts of the two regions, this book explores many of the key issues that have informed the relationship between the Middle East and Europe. The book evaluates the prospects for international relations between the Middle East, including North Africa, and Europe in the changing climate of international relations after the Cold War.

The contributors demonstrate that Europe's trade and commercial relations have been increasingly effective throughout the region, evolving strategies which work to ensure vital economic development between the two regions. But these economic strategies continue to be threatened by the lack of security in the region, by the dependence of both the Middle East and Europe upon US influence and by the growing divergence of European and US approaches towards the Middle East.

B.A.Roberson is Lecturer in International Relations at the University of Warwick.

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Preface

The majority of the chapters in this book emerge from a panel in the inaugural Pan-European Conference on International Relations held in Heidelberg, Germany, in 1992. Those original papers were initially prepared and edited as a special issue of the *Middle East Journal,* published in Washington, DC in Spring 1994. We are particularly grateful to Phebe Marr, on whose suggestion the approach to the *Middle East Journal* was made and whose recommendation encouraged them to devote an issue to our consideration of European-Middle Eastern relations. We very much appreciate their reader's comments and helpful suggestions.

There have been a series of Routledge editors who have had an interest in a revised and enlarged consideration of European-Middle Eastern relations: Gordon Smith, who expressed an early interest; Caroline Wintersgill, who gave us the green light and, lastly, Patrick Proctor, under whose guidance and encouragement, together with the reader's recommendations, the volume has been further revised and enlarged. Initial work on the endnotes and the creation of the bibliography was carried out by Stephen Calleya, supported by the Warwick Research Fund. The bibliography in its final form is the careful work of Margaret Roberson, for which I am truly grateful.

B.A.Roberson
London, January 1998

Abbreviations

ACRS	Arms Control and Regional Security
AIS	Islamic Salvation Army
ALN	National Liberation Army
AMU	Arab Maghrib Union
ASALA	Armenian Secret Army for the Liberation of Armenia
ASEAN	Association of South-East Asian Nations
BBC	British Broadcasting Corporation
CFI	cost, freight and insurance
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
CJTF	Combined Joint Task Force
CSCE	Conference on Security and Cooperation in Europe
CSCM	Conference on Security and Cooperation in the Mediterranean
DPFI	direct private foreign investment
EC	European Community
ECO	Economic Cooperation Organization
EFTA	European Free Trade Association
ENI	Ente Nazionale Idrocarburi
EU	European Union
FIS	Islamic Salvation Front
FLN	National Liberation Front
GAP	South-East Anatolian Project
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
GNP	gross national product
ILSA	Iran-Libya Sanctions Act

IMF	International Monetary Fund
IRI	Islamic Republic of Iran
MEPF	Middle East Peace Facilitation
MIF	Multilateral Interdiction Force
NAFTA	North American Free Trade Area
NATO	North Atlantic Treaty Organization
NGO	non-governmental organization
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum-Exporting Countries
OSW	Operation Southern Watch
PA	Palestinian Authority
PEI	portfolio equity investment
PKK	Kurdistan Workers' Party
PLO	Palestine Liberation Organization
RND	National Democratic Rally
SIS	Schengen Information System
TEU	Treaty of European Union
TREVI	terrorism, radicalism, extremism, international violence
UAE	United Arab Emirates
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNRWA	United Nations Relief and Works Agency
UNSC	United Nations Security Council
UNSCOM	United Nations Special Commission
US	United States
USSR	Union of Soviet Socialist Republics
WEU	Western European Union
WMD	weapons of mass destruction

1
Introduction

B.A.Roberson

The cessation of the Cold War has changed the international environment considerably, affecting regional and international relations and altering the character of issues and the dynamics of change. This introduction will ascertain and assess what is changing as a result of the end of the Cold War. It will view the impact of these changes on both Europe and the Middle East[1] and, in particular, on the nature of the relationships between these regions.

Changes at the end of the Cold War

The end of the Cold War was unexpected, traumatic for many, unpredictable and bewildering in its lack of direction and consequences, presenting no clear vision as to what was to emerge in its wake. What was evident was the collapse of the bipolar world that structured the international relations of the Cold War. As the ideological basis for the conflict faded into the background with the break-up of the Soviet Union in 1991, the rationale for the existence of the alliance system formed in the era of the two superpowers disappeared. Nonetheless, the demise of the Soviet Union did not bring an end to military power as a potent force in the international system. It remains a crucial factor in the relations among states, particularly as regards nuclear power and the emerging development of conventional weaponry capable of awesome mass destruction. Simultaneously, with the existence of largely unregulated international financial markets and as production has become increasingly globalized, economic considerations began to take on a more important role in the policies of governments. With these developments, the lifting of Cold War pressures on irrepressible forces shaping societal change brought a release of ethnic hatreds and nationalist aspirations, further complicating the governance of national and international affairs.

The effects of the end of the Cold War on Europe

From the outset, the collapse of the Eastern bloc and the barriers that had divided Europe presented European governments with a completely unexpected situation. Europe's security was transformed from one which had been protected by the mutual deterrence of the superpowers to one in which, on the whole, the European

security matrix did not suggest military power as a primary or even a likely solution to the problems of the region. This is not to imply that the structures of military force do not continue to provide the basis for the credibility of political and economic influence and, critically, for the defence of the nation, but that these structures should be transformed into systems of cooperation.[2] The validity of an assessment downgrading military power is underlined by the largely conflict-free collapse of communist rule, followed by the gradual establishment of constitutional governments and the beginnings of a painful transition from command towards largely laissez-faire economies. The exception has been the demise of Yugoslavia and the tragic collapse of order. In these circumstances, the level of Europe's new and different insecurity was heightened by the uncertainties on its eastern periphery should any of the East's new fragile institutional arrangements fail, leading to reversals and a feared potential flood of migrants towards Western Europe. In these circumstances, traditional military responses would be likely to be inappropriate.

Together with these changes in the military/strategic environment, the end of the Cold War has left an international oligarchy in place with a hierarchy of power in favour of the continued predominance of the United States *vis-à-vis* Europe, Japan and the rest of the world. While the realities of the current situation point to the United States as the remaining superpower, it has exhibited indecisiveness from time to time on the international stage, in that, apart from the second Gulf War (1991), it has shown a reluctance to place its forces abroad in dangerous undertakings in pursuit of a stated policy except in very limited and time-restricted circumstances.[3] Because of its financial and political constraints as well as those of domestic politics, the United States has had far fewer funds and less political will to throw at problems and situations abroad, with the consequence that the policies it has pursued on the world stage sometimes have not been as convincing as it would have liked or have pre-emptively expected others to bear the costs of conforming to its policies.[4] However, the United States has retained its predominance in the power hierarchy and its focus has been shifting onto the need to enhance its economic competitiveness abroad. On the other hand, European governments have begun to reconsider security issues both individually and through the EU, NATO and the WEU, though a consensus remains that the United States would still 'play a major role in their security'.[5] The key complication is the lack of clarity as to what the threats are.[6] Thus, while this problem remains, it will be difficult to develop well-defined solutions. There are other largely intractable problems that impinge upon Europe. These revolve around such concerns as the changing configurations of the international system, the continued existence of a nuclear threat on the periphery of Europe, the proliferation of weapons of mass destruction, the shifting mood of international values and the perceived threat of mass migration into Europe, particularly from Eastern Europe and the Maghrib.

Even with all these external concerns contributing to European insecurity, the preoccupation of Europe, as of many regions, remains largely on its internal developments, on its own social, economic and political problems, its own prospects and internal security. Europe itself contains an environment of increased social

strains induced in part by the end of the Cold War and by the adjustments required by global and economic transformations. It is a Europe still in the process of defining itself as an autonomous unit, involved in strengthening and creating institutions to facilitate the convergence of interests among its member-states, and in developing means of dealing with out-of-area problems that are increasingly becoming in-area concerns.

Indeed, when it has come to the remainder of the European periphery and the Middle East, the problems of these areas have not been regarded in the same light as those in the East. There are several reasons for this. Threat of a strategic nature to Europe has come from the East for the last fifty years. Relief from the severity of this threat did not necessarily refocus it elsewhere. The threat from the East was first and foremost a military/strategic threat. There was no such threat of the same quality emanating from other parts of the periphery. Concerns associated with other parts of the periphery were amorphous. They were not life-threatening and had not required the same sort of intensive, institutionalized cooperation that the threat from the East had required and which so characterized Europe. In particular, NATO addressed one type of strategic threat to Europe while, for instance, the EU addressed another—the rather complex threat of Germany and the culture exemplified by the devastating 'civil wars' of nineteenth-and twentieth-century Europe. Because the problems of the Middle East were not considered life-threatening to Europe, there was little compulsion to agree on the approach to be taken to the region. Instead, European states individually pursued their interests towards individual Middle Eastern and North African states, coming together on any of the issues in the region that might require a joint position to be taken.[7] It should be remembered that, historically, only a handful of European states have had a deep involvement in the region and thereby developed a more profound interest, though this has not prevented Nordic countries from developing an expertise and an active involvement with Middle Eastern and Mediterranean issues. At the level of the European Union, it has operated a series of trade and commercial agreements with individual Mediterranean states, an intermittent Euro-Arab dialogue between the EU and Arab League states on non-political matters and a closer interest in the GCC (Gulf Cooperation Council; a sub-regional, semi-EC look-alike organization) and the AMU (Arab Maghrib Union; a relationship in suspension).

The effects of the end of the Cold War on the Middle East

The legacy

In a major sense, Middle Eastern politics is not simply a product of the Cold War but is more a consequence of the legacy that the European powers bequeathed to the region. The European legacy stemmed from the impact of occupation in the aftermath of the First World War, which had serious consequences for the region, both physically and psychologically. The Great Powers had come to view the region

as fragmented—never as a unified whole.[8] In terms of individual powers, the Middle Eastern region, certainly from the onset of the First World War, was sliced up according to the Great Powers' individual strategic needs. What this, of course, meant was that there has been little common ground in terms of perspectives on the region between the Europeans and the West, on one side, and the Middle Easterners, on the other. The peoples of the Middle East were forced into colonies and protectorates in the nineteenth and early twentieth centuries in North Africa and into mandates in the core area of the Middle East (after the First World War) which were structured for them and contributed to the emergence of an ideology among the peoples of the region that denied the validity—particularly the moral validity—of these results.[9] The twentieth-century occupations, though of short duration, bequeathed arbitrary boundaries and new entities, some of which were unlikely to have emerged naturally. More disastrously, a legal framework was introduced to allow the wholesale immigration of a European people into one of the mandates, Palestine. This subsequently produced a gradual, then rapid, displacement of many of the indigenous Palestinian Arab people, forming the basis for a long-running series of crises in the region. Arguably, this advanced the development of a Palestinian identity. The agreements emerging in the aftermath of the First World War also produced the anomaly of the Kurdish nation divided up among the new entities and neighbours.

Part of the European legacy to the region has been to contribute to the emergence of a complex of sovereign states very much like that found in any other region of the world. A characteristic of this region as part of the Ottoman Empire was open trade, commercial flows and relatively easy movement of peoples within the same basic framework of law—the Shari'a and Ottoman *kanun.*[10] This had been the case long before the Ottoman Empire. Indeed, it had been the practice of Muslims to live in any part of the Islamic world, not just their birthplace, and to do so with psychological ease.[11] This historical legacy has bequeathed a sense of unity, of relatedness, connectedness, cognition of mutuality, of shared fundamental values and shared attitudes to authority, government and legitimacy. (This has not produced, however, strategic common vital interests and firm alliances among the subsequent states in the region.) Thus, in a broad sense, this long-standing, constantly reinforced, overarching, identifiable cultural community in the Middle East has given it a distinctive identity, even though within the social terrain there is considerable diversity in the life experiences of the peoples. This has produced a peculiarity in the region that is not overcome by the brief span of the mandatory period and which contributed to keeping global Cold War issues at bay. It is a complex peculiarity, which has lent a particular character to the multiple identities of the peoples of the Middle East. An aspect of it has been a perception of the interruption of the 'divinely' ordained Islamic society, brought about by Western intervention.[12] There is a sense of something interrupted rather than of a natural social and political evolution into the modern era. More specifically, there is a sense of social development fractured, of political development hijacked, producing a psychological unease with the present over and above deteriorating economic

conditions and the need to find the centre again—an Islamic society or some version of it—that would lead to some modicum of control over their situation. This has formed the psychological base for the social discontent that has contributed to the rise of political Islam and the pressures for political and economic reform.[13] What is unlikely to be overcome from the mandatory era is the emergence of states. History, on the whole, does not show that once empires have collapsed they are able to reconstitute themselves later, or that states, once having formed in the modern era, easily or willingly allow themselves to disappear into a larger grouping. Finally, what can be said about the European legacy is that it structured the politics of the region into neat packages within which a 'new' politics emerged from the disarray brought on by the disappearance of the Ottoman Empire. While the European legacy affected the content and particular focus of politics in the region, the Cold War, on the other hand, had more of an effect on the style, manner and 'bounds of the possible' within which Middle East politics evolved.

Cold War

While the world of the Ottoman Empire was blasted apart and the mandates imposed, in another sense the emerging peoples and states of this region, once independent, focused upon their relationships and the creation of norms and institutions to support new aspirations and perspectives. After the Second World War, this contributed to keeping global Cold War issues at arm's length while the politics of the region, including that induced by the European legacy, and the security of the states concerned would be pursued vigorously, utilizing the superpowers and the Cold War for their own purposes. It is in this situation that both superpowers were in competition for influence in the region. Both sides in the Cold War sold arms to the states in the region, which allowed Middle Eastern governments to pursue their conflicts at a higher level of aggression.[14] In other words, their arms policies made it possible for Middle Eastern countries to wage war at a higher level of technology and with greater confidence. Concomitant with this were the centralizing effects of modernization, which gave these governments significant power independent of the traditional checks and balances that emanated from other centres of influence in society.[15] The various crises in the Middle East originated with the Middle Eastern countries themselves; the superpowers were drawn into these conflicts in response to developments that were not of their making and were also not to their liking, largely because they were irrelevant to their strategic concerns. Despite the interdependent relationships (primarily comprising the strategic position of the region, the presence of a critical natural resource and massive arms sales to the area), the superpowers had comparatively little ability to influence the politics of Middle Eastern states that on occasion came into conflict with the national/ strategic interests pursued by the superpowers in the area. This apparent powerlessness did not apply to all aspects of superpower relations, however. Middle Eastern states, for one reason or another, occasionally opted for war as a solution to a crisis, which did not appear to be with superpower acquiescence or necessarily to

superpower advantage. Once war did occur, however, it was the superpowers that were able to determine the outcome. Through the prudent use of logistic support for their allies and the threat of intervention, they were able to bring about an end to the fighting without altering the basic status quo, thereby avoiding a clash between themselves and evading involvement in the underlying causes of the conflict, as well as preventing a decisive outcome. Throughout this period, the European states played almost no political role but endeavoured to maintain their commercial and trading interests, even with Soviet friends in the region.

Thus, in large part, Middle Eastern states were able to pursue their own policies within the domestic and external constraints common to the region.[16] Despite the arms sales, economic aid and diplomatic support that each superpower offered, it was the strategic value of the Middle East and the superpower competition that gave the states in the region at this time the leverage to pursue relatively independent foreign policies. This independence was made easier since superpower concerns did not wholly address themselves to the security needs of Middle Eastern states. Also, the driving global component of superpower objectives in the region lacked a sense of immediacy for Middle Eastern states faced with security problems related to their legitimacy, to ethnic, political and social discontents, and to regional threats.

It is in these circumstances that the wars in the region did not resolve the burning issues: rather, it was the Cold War that led the superpowers to back their Middle Eastern allies, leaving the key problems unresolved. It is only after the Cold War that the opportunity has emerged to address some issues bequeathed by the European legacy, in particular the Palestine problem. And this has occurred through outside intervention rather than from within the region. When an agreement—the Oslo Declaration—emerged between the central protagonists in the region—brokered by a European state not historically associated with the Middle East—it foundered for lack of active outside intervention. When moves came from within the region which would arbitrarily alter this legacy—the Iraq-Kuwait dispute—again, these brought in dramatic and decisive outside intervention. Nonetheless, when it came to resolving some of the issues resulting from the legacy the problems of Palestine and of boundaries—its fixtures have rarely been displaced; rather, they have been reinforced.

As regards ideology and the Cold War, the ideological development in the region and the rhetoric of Middle Eastern governments did not lend themselves to the East-West dichotomy. Arab nationalist ideology focused on the issues of the region and was neutral to the Cold War, in the sense that it was not a central or even a secondary component of Middle Eastern foreign policy.[17] Instead, ideology focused on the struggle to define the peoples of the region in unitary terms and ultimately prescribed a non-aligned position towards the West, though not necessarily towards the Soviet Union.[18] One of its main foci was the Palestine question, whose origins were closely associated with the West. While Arab intellectuals and the professional classes gravitated towards pan-Arabism,[19] it was more difficult to discern what political ideas motivated the bulk of the population.[20] What was clearly evident was their adherence to an Islamic value system. Hence the attention governments would

give to the formalities of Islam, and the use of religious language intermixed with Arab nationalism to convey their policies to the people and to elicit their support. When the policies proclaimed in the name of Arab nationalism failed, as it was clear that they had done by the mid-1960s,[21] alternatives crept forward, challenging it as an ideology and a plan of action. Indeed, gradually, an Islamic ideology did emerge.[22] Again, this was a natural impulse arising in the region to address the outstanding and accumulating issues that Middle Eastern governments, on the whole, had not successfully addressed and on which Arab nationalist ideology did not focus. Thus, when the demise of the Cold War and Soviet bloc occurred, an ideological shift in the Middle East had already taken place, and not for Cold War reasons. The disappearance of the Cold War had little direct effect on the content of politics, though its disappearance did alter the way the politics resulting from the European legacy was circumscribed. In other words, it contributed to the creation of conditions to address outstanding issues in the region.

The end of the Cold War

Thus, by the time of the collapse of the Soviet Union and the end of the Cold War, the major shift in ideological orientation in the region had already occurred—from a focus on Arab nationalism to Islamism, beginning from the mid-1960s.[23] The final blow to the last vestiges of Arab nationalist ideology in its familiar form came with Iraq's attack on, and retreat from, Kuwait in 1990–91. Iraq's retreat was brought about by an international coalition organized by the United States. Nasser's stricture that Arab governments should only ally themselves with other Arab governments, as a minimum requirement of Arab nationalism and a maximum attempt to create an Arab order in the region, was finally and utterly discredited.[24] This barely functioning ideology might have limped on much longer in the background of Islamism if this conflict had not forced Arab governments to face the harsh reality produced by the choice they had made in 1990: their security for the foreseeable future ultimately would be in the hands of the United States. The choice of confrontation with Iraq, rather than mediation and negotiation to find an 'Arab' solution, firmly established these conditions.

As regards the Middle Eastern economy, there is firmer ground for suggesting a more direct Cold War influence. The Middle East has had a turbulent economic experience in recent times. It has been a truism that the Cold War made it possible for states in the region to play one superpower off against another, gaining military and economic benefits in the process. While the Cold War justified the way in which the two superpower blocs structured and organized their own economies, in the Middle East the focus was on independence, development and security against regional enemies and against direct and indirect international impositions. To promote rapid economic development, many of the states in the region resorted to some version of a socialist or command economy—a very large public sector. Pursuit of this approach as the means to development was assisted by internal savings, economic aid or grants secured from either or both of the superpower blocs

and/or oil-producing states.[25] This basic formula began to come under pressure well before the Cold War period came to an end. The financial flows in the region from the oil-producing countries to the range of non-oil-producing Middle Eastern states during the Cold War occurred largely for reasons of the security of the states against regional threats. The consequence was that these financial flows could be and were transient, appearing and disappearing for a variety of reasons, such as a change of leader, political suspicions, policy disagreements or approvals.[26] By the 1980s, the conditions under which governments and states functioned had noticeably altered. Demographic change had become a factor in the 1970s. By the 1980s, it contributed significantly to increased food and other imports by governments.[27] Economic growth was unable to keep up with demographic trends. To ensure stability, governments engaged in job creation and other policies that benefited influential groups.[28] Government debt accumulated. While oil states could deal with debt by digging into their savings, others had to borrow. In the 1980s, wars and falling oil prices brought a decline in GNP per capita. This downward spiral in Middle Eastern economies became pronounced with the second Gulf War, when the GNP of the region declined by 4 per cent.[29] Thus, though the Cold War led to superpowers supporting and aiding their allies in the region, it is the regional states' pursuit of their policies and conflicts, together with the vagaries of the oil market and other global economic conditions, which have exposed the states in the region to the situation of the new world order without superpower conflict.

How are relations between Europe and the Middle East affected by the end of the Cold War?

History of the relationship

It is useful to consider first the background to Europe's current relationship with the region. Europe's early relationship revolved around trade and commerce. Since the sixteenth century, Europe's involvement with the Ottoman Empire had been formalized by diplomatic relations and the Capitulations agreements,[30] the latter providing the framework by which Europe could establish and maintain a trading relationship with the various parts of the Empire. In the late eighteenth century, as the shift in the power balance between the Ottoman Empire and Europe became observable, these relations began to change, as Europe's imperial concerns shaped European strategic interests. These interests emerged with the changing character of trade in the wake of the industrial revolution and the maintenance of an acceptable balance of power in Europe. The integrity of the Ottoman Empire became a strategic concern of the Great Powers of Europe as part of their broader imperial strategies for stability. It was the onset of the First World War that brought about a loosening of the ties that bound European interest to the maintenance of the integrity of the Ottoman Empire. At the end of the war, the victorious powers embarked on the dismemberment of the Ottoman Empire, dividing the Arab

provinces between Britain and France in the form of League of Nations mandates. As regards policies, the mandated territories and their peoples were viewed in terms of their resources, markets and strategic location, with little interest in their culture, traditions, beliefs and possible community of interests.

During a comparatively short period from the end of the First World War and the emergence of independent states in the region, the European governments, in particular Britain and France, effectively controlled much of the Middle East. International boundaries were set, governmental institutions based on Western values were established (though not necessarily allowed to function as such), and trade and security interests, as well as relations, were underwritten and expanded.[31] When independence from the mandates occurred, it brought little change to this structure of relationships other than the end of direct European political dominance. With the emergence of the Cold War and Arab nationalism as primary external and internal influences, the attempt by European governments to continue the 'management' of the governing elite in most of the region weakened and failed before the end of the 1950s. As a result of this decline of influence, together with the results of the rapid political, economic and social changes that swept the region, the core of European interests came to focus on negotiated commercial and trade interests and to a lesser extent on their political and security interests. During this period, without the independent use of power, Europeans had to learn how to negotiate their way in the Middle East. This practical adjustment established the basis upon which, subsequently, they would pursue their interests and relations in and with the region.

The question of the maintenance of the European legacy to the region, that is, the European-established state system, including the emergence of the State of Israel and, sporadically, the political order, particularly in the core of the Middle East, fell to the United States and the Middle Eastern states themselves. Nonetheless, European states continued to pursue individual policies having less and less to do, however, with the pursuit of political and strategic advantage in the region in the traditional sense.

The post-Cold War transition

It is upon the basis of these various strands of historical experience that Europe and the Middle East face and relate to each other in the current post-Cold War transitional period. The Middle Eastern governments, for their part, have failed to 'set to rights' particular aspects of the heritage resulting from the brief European intervention (a focus of Arab nationalist ideology), that is, the question of boundaries and the single Arab state, and the presence of Israel and its consequences for the Palestinian people and the region. Middle Eastern governments had pursued domestic and external strategies justified by these objectives which today have left the region politically fragmented and dependent upon the United States for security. Many governments, faced with discontented populations, many of whom are increasingly organized into a variety of political Islamic oppositions, are unable

to devise functionally effective policies for regional cooperation among themselves to deal with their common problems. Nor are they able to exert significant influence on the policies pursued in the region by the United States. Within the Middle East, there are contradictory pressures at work. At each level—international, regional and national—forces have interacted to produce conditions that threaten to destabilize the region. Almost every country is facing severe economic conditions which, according to the IMF, result from both the need to institute serious decentralizing budget-cutting reforms and the need for strategies to address the demographic shift that has produced a younger, employment-hungry population. But economic liberalization has been carried out in piecemeal fashion and in response to the pressures that governments have felt: that is, in an ad hoc manner.[32]

This is occurring within conditions that are in the process of creating a new security order. Europe, for its part, as a former power in the region, is now facing changed circumstances as the constraints and economic rationale of the Cold War have fallen away.[33] In the enforced adjustments, it continues to focus on the problems of governance in the EU, on the consolidation and extension of a common market to strengthen and secure its competitive position in the emerging global economy. It does this in an environment of considerable uncertainty, not only on its eastern periphery and in the Middle East but also within an ill-defined global environment in transition. It contends with a tense Middle Eastern region that has become a significant market for Europe and is its main supplier of oil.[34] While Europe is centrally concerned with its economic relationship with this region, it has been drawn into developing political stances on crucial issues,[35] some of which have placed it at odds with the United States and which have caused divisions and raised anxieties within its own ranks.

The post-second Gulf War period

In the Middle East, the conjunction of the end of the Cold War and the second Gulf War has produced a set of circumstances in which policies pursued by the United States are working to change the terms of reference in the region. What has emerged in the aftermath of the war is that security and policy in the Persian Gulf have become wrapped within the pervasive influence and virtual presence of the United States. Equally, in the Levant, in the context of the Middle East peace process, the United States has insisted that all Arab parties deal directly with Israel, as the de facto hegemonic regional power, in order to settle their differences.

The conjunction of the end of the Cold War and the second Gulf War has exposed a Middle Eastern region in crisis—politically as well as economically—and this is occurring in an international context of expanding processes of globalization, with all their attendant consequences. Stability and a reduction of tensions in the Middle East are required, in order that appropriate solutions for the severe demographic and economic pressures variously weighing on each country may be developed. Thus, the need for a political resolution of the conflict-generating differences in the region is urgent, in order to allow greater attention to be paid to

domestic affairs. The peace process is crucial to this. The costs to the Arabs of creating a new order of which Israel would be a part are high in terms of the disillusionment engendered in Arab populations by failures in regional policies. This is further compounded by the growing crisis of trust in the credibility of Arab regimes in their management of domestic as well as regional affairs. Should the peace process fail, Arab politics would continue to be enmeshed in circumstances that are increasingly unacceptable for order in the Middle East.

The strength of the US position does not give much space to EU/European involvement in the Middle East except increasingly to allow Europe to facilitate the US position at the margins.[36] The EU, although an economic power, lacks the ability to project the military power of its member-states, and with the existing structure of the international market it has been unable to translate its economic power into real political influence. Although it has an institutional structure for the development of a common foreign and security policy, it has yet to devise an acceptable and effective mechanism for this purpose. What it can do so far is to coordinate and possibly harmonize the foreign policies of member-states on some issues. It may be able to give grants, aid and support, as in the case of the Palestinian Authority.[37] But this does not give it or the member-states any leverage in the bilateral tracks of the peace process, nor do the declarations of the EU. Nor, for that matter, does the British government statement in support of the future Palestinian state with East Jerusalem as its capital alter the situation.[38] On the other hand, EU interests in the Middle East have very broadly coincided with those of the United States. Because the United States is willing and has the capability to pursue these interests (stability, the flow of oil at a reasonable price and the peace process) effectively, the EU and member-states have, by and large, resigned themselves to a general support of US initiatives in the Middle East, whether they involve war, sanctions, diplomacy or trade. In recent years, however, the effectiveness of US policy in the region has shown signs of faltering, at the same time that a divergence between the United States and Europe has appeared, especially with regard to US sanctions policy. Even though the United States is recognizing the inadequacy of its policies, it is also involving itself in actions that are complicating the perception of a regional balance of power—what appears to be US—Israeli-Turkish strategic cooperation.[39]

While this is one way of looking at it, another is that US policy in the Middle East since 1945 has been based on an assumption of European cooperation.[40] Europeans, on the other hand, since the Suez crisis, have had a deeply embedded policy of cooperation with the United States to secure the maintenance of the Western sphere of influence in the Middle East.[41] Since the second Gulf War, it has become important to the EU and the member-states to work towards a redefinition of the interests and role of Europe alongside the United States in the Middle East. While the Middle East is important to the EU, the latter has other concerns of a vital nature which are viewed as more important: the problems of the institutional development of the EU, the Atlantic Alliance, Eastern Europe and the CIS. This has left Europe with little room to manoeuvre in the Middle East. Having largely

lost their ability to influence the region centrally, European states sidelined or readjusted their security and strategic concerns in the region in order not to conflict with US vital interests there. In recent decades, Europeans have honed their relationships with Middle Eastern states to concentrate their efforts on retaining or acquiring new market shares to buttress their commercial and trading interests in the region. After the Cold War, this non-strategic approach of the European states to the Middle East or, rather, the melding of their Cold War strategic interest in the Middle East with that of the United States has, in fact, led them to place a high premium on stability—not only for trade and commercial reasons but also to ensure an acceptable flow of oil at reasonable prices. It is the approaches to the fundamental issue of the maintenance of stability in the region, without which the other vital interests of Europe are endangered, that has led to the questioning of the US 'dual containment' policy—a policy that may be contributing to instability.[42]

It is within these confines that European-Middle Eastern relationships are being pursued since the decline of European power in the region. The European side of the relationship was reconstructed so as to reflect its limited political involvement and commitment, and to concentrate on the contractual, business-type aspect, whether in trade and commerce or in the importation of labour. In the process, the EU has attempted to formalize its interest in the Mediterranean and Middle East by the establishment of economic association frameworks through which its member-states have conducted their bilateral relations.[43]

The other side of the relationship is a Middle East that is politically and economically unintegrated,[44] which harbours an intensely hostile political environment. Middle Eastern countries, whether oil producers or not, are faced with unsatisfactory economic development and rapidly rising, increasingly sophisticated populations who nurture growing expectations and aspirations and are increasingly dissatisfied with being ruled by out-moded, ineffective, corrupt governance.[45] A regional environment of insecurity is compounded by the involvement of outside powers that have never been much concerned with political modernization in the Middle East.[46] It is an area comprising states with fractured societies, in a high-risk regional environment. In addition to this, these societies are confronted with the globalization of almost every aspect of life—trade, technology, communications, politics—affecting not only domestic life but also the governance of the state. These forces of change have been undermining the ability of regimes in the Middle East to rule their peoples, increasingly driving them to the use of the ultimate power of the state to manage the complexity of societal needs and the requirements of regime survival.

In these circumstances, the problematic of Middle Eastern states more than at any other.time since their inception is one of survival in their present form and the need to reduce external pressures and threats in order to deal with exceptional domestic circumstances in which solutions are poorly defined. Hence the acceptance of the terms of the peace process that entailed peace with Israel, despite its double-edged implications. The complication for the Arab governments is that the peace process brings forward the issue of the economic integration of Israel into the

Middle East, which may not take place smoothly.[47] The prospect of a militarily and economically strong Israel in the region, when it may be felt that not all political issues have been settled between Israel and the Palestinians, in particular, is unsettling to many Arab governments and is criticized, possibly resisted, both by the Arab intellectual and professional classes and, particularly, by the foreign Arab media and public opinion. Nonetheless, should it occur, integration of the Israeli economy into the Middle Eastern regional economy is unlikely to address, or provide solutions to, the crises of Middle Eastern societies.

The relationship between the economy and political developments is more observable in countries at some times than others. The pressures that bear down upon the Middle Eastern economies and diversely feed into politics emanate from both inside and out. In the background is the inexorable globalizing of the international economy. The oil-producing countries have been linked into the international economy because their principal resource has played an important role in the international market and the economies of the developed world, and in the past they have been a major source of international credit. But both the Gulf states and the rest of the Middle East suffer from similar internal pressures on their economies:[48] the exceptionally high rate of growth in their populations, the increased consumption of imports, the high expenditure on the military have presented governments with anomalies concerning social, economic and security needs and the ability to supply these needs. As regards the Gulf states, the recent wars in the region have had a devastating effect upon their reserves accumulated during periods of high oil prices. This has reduced their ability to solve problems through the easy dispensation of money. The rest of the Middle East faces the prospect of marginalization in the international economy.[49] The problems facing these countries are dire. As a result of limited natural resources, inadequately developed human resources, low levels of investment in social and economic infrastructures and in industry, mismanagement of the economy and insufficient agricultural development in the face of increasing water insecurity, the prospects for some time to come for many in these countries are not particularly promising.[50] Solutions to the region's problems are confronted by the seeming inability of these countries to involve themselves in sustained cooperative associations; rather, they have a continued interest in their felt need to devote sizeable proportions of the national budgets to military expenditure.

Conclusion: power deficit

The end of the Cold War has given Europe the opportunity to chart a new, more influential relationship in the newly emerging order in the Middle East. The European states had long since lost their ability to engage in power politics on their own in the region, or anywhere else for that matter. This is a deficit that the Treaty of European Union (TEU) has taken steps to rectify in the Common Foreign and Security Policy,[51] but change will be a long time materializing, if it ever does. The EU and its member-states have strategic interests in the Middle Eastern region that

are largely, and most importantly, secured through Europe's transatlantic relations. During the Cold War, the concerns of EU member-states regarding the Soviet threat to their security were coordinated with US objectives in Europe. Elsewhere, the American global reach was expected to pursue its crucial interests and, by implication, the interests of Europe through the protection and maintenance of a stable international economic order and the containment of communism. With the end of the Cold War, European states found themselves retaining only residual influence in the Middle East, lacking the autonomous ability to project power to buttress the further development of their interests. Therefore, European security capabilities have remained firmly bound to US support and agreement, unable even to deploy traditional military capability on their own under NATO. This is the case with the Combined Joint Task Force organized within NATO, which cannot be deployed without US acquiescence.[52] Despite the aspirations of the TEU to endow the WEU with the eventual capability to serve the security and defence needs of the EU, it continues to have an ambiguous role in the security of Western Europe. As evidence of this, the rapid reaction force structure that is being developed under the WEU is to be deployed for additional Mediterranean security. While the EU is autonomous in its decision-making except where NATO assets are concerned, it is nonetheless limited, in that its force capability is designed primarily to deal with potential low-level crises emanating from the region.[53]

Once Europe's wartime recovery was secured, it has been in the field of economics that it has had its greatest independent success. Its growing economic power has proved to be the most effective means at hand to project its influence beyond its borders and has given it its greatest post-war influence globally. Stability in the Middle Eastern region is crucial to Europe. Though Europe is limited severely in acting on the security front in the Middle East, it can act economically. It is primarily through its economic strategy that Europe has scope for gaining influence in the region, though it would be contingent on stability. As an example of this, in the aftermath of the second Gulf War, the possibility of an end to the Arab-Israeli conflict and the settlement of the future of the Palestinians has brought forward the prospect that far greater attention will be given to economic reforms and concerns about the impact of globalization on the Middle East. It is clear from the policy aspirations of both the United States and Israel that there has been an expectation of reaping economic benefits from the breakdown of trade barriers between Israel and the Arab world. It is in these more congenial circumstances that the EU, pursuing roles in the multilateral negotiations of the peace process and support for the Palestinian Authority, has devised a strategy to enhance the role of Europe in the Middle East, although it has been unable to play a major part in the developing regional peace process. This strategy was designed not only to further its role and position in the Middle East but to strengthen its overall sphere of intra-regional influence among Europe, Eurasia and the Middle East. The ultimate aspiration is the emergence of an economic zone incorporating around forty countries and some 800 million people.[54] In other words, the EU's strategy for dealing with the threats to stability in the wider Middle East, whether they be from political Islam, the

population explosion, failed or inadequate economic management or policy, democracy and human rights, migration or organized crime, has been the creation of a free trade zone in which the values that Europe associates with its own economic success are found. The stability brought to Europe through economic cooperation would be transposed to the Middle East, incorporating the two areas into a co-prosperity sphere.

Notes

1 In the discussion that follows, the term 'Middle East' will also include the countries of North Africa.
2 Jeffrey D.McCausland, *Conventional Arms Control and European Security,* International Institute for Strategic Studies, Adelphi Papers no. 301, Oxford, Oxford University Press, 1996.
3 *Ibid.,* pp. 54–9. See Phebe Marr's analysis in 'The United States, Europe and the Middle East', chapter 4 of the present book.
4 William Drozdiak and John Harris, 'Chirac Warns US of Reprisals over Sanctions: Europe Signals its Resistance to Boycott of Rogue Nations'; Rick Atkinson, 'Washington and Bonn Collide on How Best to Deal With Iran', *International Herald Tribune,* 28 June 1996, p. 1.
5 Paul R.S.Gebhard, *The United States and European Security,* International Institute for Strategic Studies, Adelphi Papers no. 286, London, Brassey's, 1994, pp. 20f.
6 Identification of some threats has been mooted—international terrorism, organized crime, illegal immigration and nuclear weapons proliferation. See Michael Evans, 'Euro Chiefs Agree Defence Force for Mediterranean', *The Times,* 16 May 1995; Claire Spencer, 'Building Confidence in the Mediterranean', *Mediterranean Politics,* vol. 2, no. 2, 1997, pp. 23–48.
7 For example, the position taken on the Palestinian issue in the Declaration by the European Council on the Middle East Peace Process in Florence, 21–22 June 1996, http://europa.eu.int/en/record/florence/flore-en.html, pp. 13–14, and on the Cuba, Iran and Libya legislation, *The Times,* 28 June 1996.
8 Roger Adelson, *London and the Middle East: Money, Power and War, 1902–22,* New Haven, Yale University Press, 1995; L.Carl Brown, *International Politics and the Middle East: Old Rules, Dangerous Game,* London, I.B.Tauris, 1984.
9 See Bassam Tibi, *Arab Nationalism: A Critical Enquiry,* 2nd edn, London, Macmillan, 1990.
10 Ottoman law was known as *kanun* law and was 'in no sense a legislative enactment, but rather a codification of existing law—a tabulation of legal rules'. B.Lewis, *The Emergence of Modern Turkey,* Oxford, Oxford University Press, 1966, p. 107.
11 Talal Asad and Roger Owen (eds), *Sociology of Developing Societies: Middle East,* London, Macmillan, 1983; John O.Voll, 'The Islamic World as a New Worlds System', *Journal of World History,* vol. 5, no. 2, 1994, pp. 213–26.
12 See, for example, Ghassan Salamé, 'The Middle East: Elusive Security, Indefinable Region', *Security Dialogue,* vol. 25, no. 1, 1994, p. 22, where some of the consequences of the 'tension between the mythic and [the] state' are explored. This was

a'divinely' ordained society produced by the intertwined secular/religious social, political and economic society of the Ottoman Empire.

13 B.A.Roberson, 'Islamic Belief System', in R.Little and S.Smith (eds), *Belief Systems and International Relations,* London, Blackwell, 1988, pp. 85–108; John O. Voll, *Islam: Continuity and Change in the Modern World,* 2nd edn, New York, Syracuse University Press, 1994; James P.Piscatori, *Islam in a World of Nation-States,* Cambridge, Cambridge University Press, 1986; Dale F.Eickelman and James Piscatori, *Muslim Politics,* Princeton, Princeton University Press, 1996.

14 B.A.Roberson, 'The Impact of the Superpowers on the Middle East', Paper 3, Block II: 'Superpower Rivalry and Global Political Competition', *Global Politics,* D312, Milton Keynes, Open University, 1988, pp. 23–35. See also B.A.Roberson, 'The Relevance of Realism in the Search for Security', in William C.Olson (ed.), *The Theory and Practice of International Relations,* 8th edn, Englewood Cliffs, NJ, Prentice–Hall International Editions, 1991, pp. 234–40.

15 L.Carl Brown, 'The Middle East: Patterns of Change, 1947–1987', *Middle East Journal,* vol. 41, no. 1, 1987, pp. 26–39.

16 Bassam Tibi, *Conflict and War in the Middle East, 1967–91: Regional Dynamic and the Superpowers,* London, Macmillan, 1993.

17 See Tibi, *Arab Nationalism, op. cit.*

18 Tibi, *Conflict and War in the Middle East;* P.Seale, 'Regional Order: The Implications for Syria', paper presented to the British International Studies Association/ International Studies Association Conference, London, 1988.

19 Abdallah Laroui, *The Crisis of the Arab Intellectual: Traditionalism or Historicism?,* London, University of California Press, 1976.

20 Sami Zubaida, *Islam, the People and the State: Political Ideas and Movements in the Middle East,* London, I.B.Tauris, 1993.

21 Fouad Ajami, *The Arab Predicament: Arab Political Thought and Practice since 1967,* Cambridge, Cambridge University Press, 1992.

22 See, for instance, John O.Voll, 'Fundamentalism in the Sunni Arab World: Egypt and the Sudan', in Martin E.Marty and R.Scott Appleby (eds), *Fundamentalisms Observed,* London, University of Chicago Press, 1991, pp. 345–402.

23 Ajami, *op. cit.*

24 Seale, *op. cit.*

25 Soviet aid up to 1989 in millions of rubles, from *Izvestiya,* 1990:

Syria	6,742
Algeria	2,519
Egypt	1,711
Libya	1,707

Ishac Diwan and Lyn Squire, 'Private Assets and Public Debts: External Finance in a Peaceful Middle East', *Middle East Journal,* vol. 49, no. 1, 1995, pp. 69–88; Alain Félar and Oussama Kanaan, 'An Assessment of Macroeconomic and Structural Adjustment in the Middle East and North Africa since 1980', *Middle East Policy,* vol. 5, no. 1, 1997, pp. 102–10.

26 Salamé, *op. cit.,* pp. 22–4; Tibi, *Conflict and War in the Middle East;* Y.M.Sadowski, *Scuds or Butter? The Political Economy of Arms Control in the Middle East,* Washington, DC, The Brookings Institution, 1993, pp. 11–24.

27 Harry Brown, 'Population Issues in the Middle East and North Africa', *RUSI Journal,* February 1995, pp. 32–43; J.A.Billand and R.Springborg, *Politics in the Middle East,* 4th edn, New York, HarperCollins, 1994; Alan Richards, 'Economic Roots of Instability in the Middle East', *Middle East Policy,* vol. 4, nos 1 and 2, pp. 175–87.

28 Sadowski, *op, cit.,* pp. 11–24, 78–82.

29 Gary Sick, 'Iran: The Adolescent Revolution', *Journal of International Affairs,* vol. 49, no. 1, 1995, pp. 145–66.

30 Capitulations agreements of one sort or another between the Middle East and Europe had existed since much earlier times. They allowed for Europeans engaged in trade in the Ottoman Empire to remain under their own national law. See C.J.Tarring, *British Consular Jurisdiction in the East,* London, 1887, p. 4; E.A.Van Dyck, *Report on the Capitulations of the Ottoman Empire,* part I, Special Session, Executive Documents, no. 3, Washington, DC, US Government Printing Office, 1881, pp. 85–6; Adam Watson, *The Evolution of International Society: A Comparative Historical Analysis,* London, Routledge, 1992, p. 217; B.A.Roberson, 'The Expansion of International Society and Judicial Reform: The Case of Egypt', Ph.D. thesis, London School of Economics, 1998.

31 See, for instance, Afaf Lutfi al-Sayyid-Marsot, *Egypt's Liberal Experiment: 1922– 1936,* London, University of California Press, 1977, chapter 3 and 4.

32 Roger Owen, 'The Transformation of Systems of Economic and Political Management in the Middle East and North Africa: The Lessons So Far', *Review of Middle East Studies,* vol. 6, 1993, pp. 15–34.

33 Ole Wæver, 'The European Security Triangle', in Jaap de Wilde and Hakan Wiberg (eds), *Organized Anarchy in Europe: The Role of States and Intergovernmental Organizations,* London, I.B.Tauris, 1996, pp. 245–66.

34 In 1995, of 9.6 million barrels per day imported into Western Europe, '5.5 million came from the Middle East and North Africa'. Rosemary Hollis, 'Europe and the Middle East: Power by Stealth?', *International Affairs,* vol. 73, no. 1, 1997, p. 16. See *Forum: Newsletter of the Economic Research Forum for the Arab Countries, Iran and Turkey,* Cairo, vol. 1, no. 4, December 1994; Gerd Nonneman (ed.), *The Middle East and Europe: The Search for Stability and Integration,* 2nd rev. edn, London, Federal Trust for Education and Research; Brussels, Trans-European Policy Studies Association, 1993; Committee for Middle East Trade, 'The Middle East in the World Energy Scene', *Committee for Middle East Trade Bulletin,* London, August 1993, pp. 10–13.

35 Venice Declaration, 1980; Declaration by the European Council on the Middle East Peace Process in Florence, 21–22 June 1996, http://europa.eu.int/en/record/florence/flore-en.html, pp. 9–10, 13–14. See Phebe Marr's discussion of the US-European differences over the US Dual Containment policy and subsequent sanctions legislation, *op. cit,*

36 See, for instance: on the role played during the second Gulf War, Martin Landgraf, 'The Impact of the Second Gulf War on the Middle Eastern Policy of the European Union', *Orient,* vol. 35, no. 1, 1994, pp. 81–94; on the European Commission's financial support for the Palestinian Entity or the prisoner and body exchanges negotiated by German intelligence, Christopher Walker, 'Israelis Exchange Prisoners

for Bodies', *The Times,* 22 July 1996, p. 10; and, of course, the Norwegian brokering of the Oslo agreement—the Declaration of Principles between Israel and the PLO.

37 Hollis, *op. cit.,* pp. 15–30.

38 See speech given in London by Malcolm Rifkind, secretary of state for foreign and commonwealth affairs, to the charity Medical Aid for the Palestinians, 23 May 1996.

39 See Reuters, 4 December 1997, and the *International Herald Tribune,* 8 January 1998, regarding US-Israeli-Turkish joint naval exercises in the Mediterranean. Reactions from the Middle Eastern region, Reuters, 7 and 29 December 1997.

40 Robert J.Art, 'Strategy and Management in the Post-Gold War Pentagon', in Gary L.Guertner (ed.), *The Search for Strategy: Politics and Strategic Vision,* Strategic Studies Institute of the US Army War College, Contributions in Military Studies, no. 143, London, Greenwood Press, 1993, pp. 72–3, 76–8.

41 The whole Middle East fell within the sphere of influence of the West from the end of the Second World War to the mid-1950s. More precisely, the Middle East came largely within the British sphere of influence until, with the contraction of British power, the United States gradually assumed an influential position in the region. Roberson, 'The Impact of the Superpowers', p. 23.

42 Eric Watkins, 'The Unfolding US Policy in the Middle East', *International Affairs,* vol. 73, no. 1, 1997, pp. 1–14; see Zbigniew Brzezinski, Brent Scowcroft and Richard Murphy, 'Differentiated Containment', *Foreign Affairs,* vol. 76, no. 3, 1997, pp. 20–30.

43 The most recent is the pursuit of the Euro-Med Partnership Initiation. European Commission, *Strengthening the Mediterranean Policy of the European Union: Establishing a Euro-Mediterranean Partnership.* Supplement 2/95 to the *Bulletin of the European Union,* Luxembourg, Office for Official Publications of the European Communities, 1995.

44 Intra-regional trade in the Middle East is at 6 or 9 per cent, Rodney Wilson, 'The Economic Relations of the Middle East: Toward Europe or within the Region?', *Middle East Journal,* vol. 48, no. 2, 1994, pp. 268–87.

45 See, for instance, F.Gregory Gause III, 'The Gulf Conundrum: Economic Change, Population Growth and Political Stability in the GCC States', *Washington Quarterly,* vol. 20, no. 1, 1997.

46 Olivier Roy, *The Failure of Political Islam,* London, Harvard University Press, 1994.

47 Laura Drake, 'Peace through Containment: A Cold War Paradigm for a Postwar Middle East', paper presented to the Annual Conference of the International Studies Association, San Diego, California, 16–20 April 1996.

48 See, for instance, Gause III, *op. cit.*

49 Nemir Kirdar, 'The Need for Economic Integration in the Middle East', *Forum: Newsletter of the Economic Research Forum for the Arab Countries, Iran and Turkey,* Cairo, vol. 3, no. 2, June 1996, p. 3.

50 'Economic Research Forum', *Forum: Newsletter of the Economic Research Forum for the Arab Countries, Iran and Turkey,* Cairo, vol. 2, no. 4, December 1995, p. 3.

51 The Treaty on European Union, its annexes and the Final Act, were signed in Maastricht, 7 February 1992. Europe Documents, no 1759/60, Brussels.

52 Philip H.Gordon, '"Europeanization" of NATO: A Convenient Myth', *International Herald Tribune,* 7 June 1996. The point is made that NATO assets, indeed American assets, cannot be utilized without American consent. CJTF was agreed in June 1996,

and is supposed to allow Europeans to pursue military operations or interventions abroad using NATO assets, and by implication American assets.

53 Michael Evans, ‘Euro Chiefs Agree Defence Force for Mediterranean’, *The Times,* 16 May 1996.

54 ‘South Europeans look to North Africa, Levant for New Partnership’, Section: In the News, 22 May 1995, Compass Newswire.

2
Torn between the Atlantic and the Mediterranean
Europe and the Middle East in the post-Cold War era

Ghassan Salamé

Europe is in search of a new approach to the Middle East. Since the end of the Second World War, European policies in the Middle East have been torn between the old continent's geographic contiguity, historical familiarity and privileged trade links with the Middle East and its ideological-strategic association with the United States. 'Atlanticism' meant a predisposition to recognize the preponderant position of the United States in the Middle East and to adjust to it. A more independent line and a will to challenge US preponderance generally have been characteristic less of newly assertive Europeanists than of old-style nationalists. Hence, General Charles de Gaulle's 'politique arabe de la France' was a natural appendix of his decision to withdraw from the military branch of NATO in 1966. The bold oil initiatives of Enrico Mattei of Italy's Ente Nazionale Idrocarburi (ENI) were aimed at challenging US companies' predominance in the Middle Eastern oil market. Greece's generally pro-Arab line had basically been a way to show some independence from Washington, which Athens perceived as being too complacent towards Turkey. Developing a specifically European line towards the Middle East, therefore, has been the result of a worldview in which some European governments wanted to express their independence from the United States and, to an extent, their unease with the constraints of the East-West divide and Cold War alignments.

Now that the bipolar divide has disappeared, the natural reaction in Europe has been for states to forgo attempts to assert their independence. With varying levels of enthusiasm, European governments joined the US-led anti-Iraqi coalition in 1990–91, expressed support for the reinvigorated US-engineered peace process, and swallowed their anger at having been deprived of most post-war trade dividends in the Gulf. Greece, Spain (in November 1993 Juan Carlos became the first European monarch to visit Israel) and the Vatican have normalized their relations with Israel. Signs of benign neglect are numerous: in France, a country which had gone further than any other in stressing an independent role in Middle Eastern affairs, former foreign minister Roland Dumas—a socialist—emphatically wrote the obituary of his country's 'politique arabe', dismissing it as 'a sheer illusion'; the prime minister, Edouard Balladur, of the rightist, neo-Gaullist Rassemblement pour la République, did not even mention the Middle East in his cabinet's two-hour 'declaration de politique générale' before the parliament. Crucial political events in Algeria, Egypt and Lebanon have been met with much less concern than before. Aid was partly

redirected to other destinations, notably to the now emancipated eastern half of Europe. Public interest in the Middle East appears to be limited when the issues at hand do not have clear domestic repercussions.

Beyond these regional adjustments to global change, a new vision of Europe's approach to the Middle East has yet to be formulated. Conceptually, there is indeed a basic unease in the very definition of the two terms—'Europe' and 'the Middle East'—of this relationship. Only an arbitrary decision would help in dealing with a plurality of definitions. If the Atlantic Ocean is the western limit of Europe, delineating its eastern border is something of a 'mission impossible'. Is membership in the European Union an overriding parameter? Does one agree with Ralf Dahrendorf, for whom 'the European house ends where the Soviet Union, or whatever succeeds it, begins'?[1] Or should one borrow from de Gaulle's vision of a Europe stretching 'from the Atlantic to the Urals'? The task of defining the Middle East has been one of the twentieth century's most dizzying—as well as frequent—puzzles. Now that the Soviet empire has disappeared, definitions have become even more complex, and the dual temptation is there to consider *Mitteleuropa* as an integral part of Europe, and to incorporate the Central Asian republics in any vision of the Middle East. No definition of either one of the two terms is beyond contest; no definition is innocent. Herein lies the organic shakiness of any discussion of Euro-Middle Eastern relations, observers being asked to assume the existence of these two actors, to convince themselves of their very existence and of their analytical relevance. It always will be possible to make a case for the non-existence of either one of these two terms.

Paradoxically, at least since 1956 (the year of the Suez crisis), only the introduction of a third term—'the United States'—into this shaky equation has made Euro-Middle Eastern relations politically relevant and intellectually substantive. Although European approaches to the Middle East have often been different from those of their US counterparts, there is a plurality of European national approaches, different from each other, or even contradictory to each other. On many issues, some European governments have been much closer to US policies than to their immediate neighbours' views. Pluralism, therefore, has been the essence of 'Europeanness'. This is embedded in the centuries-old strength of European nationalisms, and in the Middle Easterners' perceptions of the continent. Arabs, Iranians and Turks have yet to be convinced that 'France', 'Britain' or 'Germany'—categories with which they have been familiar through many past centuries—are becoming less relevant. Europeans also have to convince themselves and the world that being European does, indeed, decisively determine their political *Weltanschauung.* It goes without saying that neither this fact nor its perception by others—notably by the Middle Easterners—is established to the point of making these introductory observations a merely scholastic exercise.

From a historical perspective, the present could be considered exceptional. History, since the time of the Crusades, has been replete with European intimacy with the Middle East, a closeness that will probably be renewed in the future. Ellen Laipson rightly noted that 'Europe has, and is likely to continue to have, a more

sustained and durable political, economic, and cultural presence in the region than either the United States or the Soviet Union'.[2] As a result there exists a widespread feeling of frustration with the present phase, in which Europe so clearly lacks the influence that it had for centuries and, in all likelihood, will have again in some not too distant future. Compounding this lack of influence is the feeling that the Middle East could constitute a threat to European security, notably through the proliferation of ballistic missile technology that places Europe, but not the United States, in range,[3] not to mention the demographic pressure which is entailed by a strongly established equation: in 1992, 209 million people were residing in the non-EU countries of the Mediterranean with an average per capita annual income of $1, 589 ($993 if Israel and Turkey are not counted), compared to 347 million people living in the EU countries, with a GNP per capita of $19,242 a year. This differential will necessarily be aggravated when, according to present population growth trends, the EU will include some 376 million people in the year 2010, compared to 304 million in the non-EU Mediterranean countries.[4]

Many Europeans think that US involvement in the Middle East is somehow a transient factor triggered by oil imports, the Arab-Israeli conflict and containment of the Soviet Union. The Soviet Union no longer threatens US interests, and although Gulf oil can hardly be replaced with some other source of energy, European dependence on it is much greater than is that of the United States. It also seems possible that the Arab-Israeli conflict may be resolved in the not too distant future. For all these reasons and some others, related to the evolution of the American political scene itself, it is possible to imagine a gradual decrease in US involvement in Middle Eastern affairs at the end of this 'transitional phase', during which European dominance in the Middle East has been challenged, indeed overshadowed and replaced, by that of the United States.

Rather the United Nations than the United States

Aware of their sensitivity to Middle Eastern issues, and of their limited influence in affecting events there, European countries have been reluctant to leave the region wholly to the United States. Significant European economic interests in the area, reliance on Middle Eastern oil and gas exports and concerns about public opinion make it difficult for any European leader to condone passive behaviour, although smaller states—such as the three Benelux countries—are more willing to do so than Britain or France; of course, the latter two held, at least until the 1956 Suez crisis, dominant imperial positions in that part of the world and have not entirely relinquished their wish to reinstate their past role, though in new forms.

There is a general trend that makes the United Nations a palatable framework through which Europe can approach the Middle East. In the UN Security Council, Western Europe is represented more than adequately, with two permanent members. In the General Assembly, European countries can count on the support of many of their former colonies in the Third World, notably the African countries. Consequently, when it comes to the Middle East, continental Europe has often

spontaneously based its views on UN Security Council resolutions and preferred operating through UN institutions. This reliance on the United Nations has served to mark some distance from Washington and has provided common ground for a wide variety of national attitudes. The election in 1991 of a francophone secretary-general in the person of Boutros Boutros-Ghali was viewed as an additional asset, at least in France.

In dealing with the Middle East, European policies are torn between globalism and regionalism. The globalists are leaders involved in foreign affairs who are sensitive to their countries' position in the world, while regionalists are more sensitive to their countries' bilateral relations. Consequently, globalists tend to approach the Middle East from an international perspective. This was illustrated consistently during the 1991 Gulf War, when France and Britain clearly let their alliance with the United States override their own special links to Iraq and Kuwait. They were anxious not to convey the impression across the Atlantic of being unreliable partners in times of need. Fearing for their rank in the world (and for their position *vis-à-vis* a resurgent, reunified, Germany) London and, to a lesser extent, Paris made themselves the echo, when they were not the instigators, of US firmness in dealing with the Iraqi challenge.[5] Globalism meant a joint Western effort to punish the aggressor.

Nationalists of various colours tended, on the other hand, to use regionalism as a justification for their opposition to aligning with US views, even when they had been indifferent or hostile towards Iraq. This was particularly clear in France, where the government rapidly joined the anti-Iraqi coalition, while leaders as different as Jean-Pierre Chevènement (a socialist), Jean-Marie Le Pen (a far right nationalist) and Georges Marchais (a communist) came to oppose the coalition on the assumption of French special views of (and interests in) the Middle East.

In other countries, most notably Germany and Italy, opposition to the coalition was rooted in popular, still vivid, pacifism rather than in some special view of the Middle East. These two countries have had a consistent mercantilist approach towards the Middle East. When the crisis erupted, public opinion was clearly less enthusiastic for military participation (which for Germany at that time was still prohibited by the constitution). A few mass demonstrations against the war took place, and it was common to see Italian pacifists preaching their opposition to war in Italian city centres. Polls showed that a substantial number of Spaniards thought of the coalition attack on Iraq as 'an unjust war'. Many critics of the coalition were, indeed, old-style pacifists who had spent most of the preceding years opposing the deployment of US missiles in Europe, or calling for neutrality in the East-West conflict. They basically opposed their countries' participation in the coalition on the basis of anti-US feelings that sometimes dated back to the Vietnam era. They were no advocates of some special vision of Euro-Arab relations; they were, on the contrary, inverted globalists.

Opposition to the 'leave it to the United States' syndrome has also been illustrated in European reactions to the launching of the Arab—Israeli peace process in Madrid in 1991. At that time, the Netherlands, which tends to be pro-US, was

chairing the then European Community (now, and henceforth, the European Union), a fact that made it easier for the Community to content itself with observer status at the peace talks and a supportive speech in Madrid. Not all Europeans were happy with this limited role while an already decaying Soviet Union was given a much-coveted 'sponsor' status, and the Egyptians were represented by a fully fledged delegation. Europe's restricted position at the Madrid conference was too reminiscent for many European officials of the unilaterally US-managed Camp David process in 1978–9. Some Europeans expressed considerable scepticism about the structure of the new peace talks and indicated clearly their determination to widen the Europeans' role. This meant, among other initiatives, an active rapprochement between Israel and several European countries and, indirectly, a much tougher stand on Palestinians accused of past violent behaviour (as demonstrated when George Habash, leader of the Popular Front for the Liberation of Palestine, tried to obtain medical treatment in a Paris hospital in February 1992).

Since the bilateral peace talks were being single-handedly managed by Washington, Europeans tried to follow them through a troika with a revolving membership while devising for themselves a more determining role in the multilateral talks, particularly in regard to the economic cooperation and refugees committees (and later, for France, in the arms control committee as well). They partially succeeded, although the dominant feeling on the continent remained that Europe had not been given a satisfactory share in the process—neither in its concept, nor in the bilateral talks—but was being asked eventually to sustain a potentially substantial share of any cost needed at the end of the process to rebuild and develop the area.

This situation is a far cry from an era when Europe had indicated specifically its distance from the United States by developing a more balanced approach to the Arab-Israeli conflict. Although reluctant to recognize the Palestine Liberation Organization (PLO) as 'sole legitimate representative of the Palestinians', the European Union in 1973 gradually started to recognize that the United States was too closely aligned with Israeli positions. This recognition led to the Venice Declaration of 1980, and then to the 'Dublin formula', in which the Palestinians were to be represented within a joint Arab delegation for the Euro-Arab Dialogue. While still ostracized by US diplomacy, the PLO chairman, Yasir Arafat, visited many European capitals, including Paris in 1989. The end of the Cold War, by terminating the superpowers' confrontation in the Middle East, deprived Europeans of the opportunity of devising a third approach between alignment on either one of the two sides. Russia joined the process—'the only game in town'—and Europe could only choose between two evils: accept a minor role in the peace talks, or leave them to the United States, as during the Camp David negotiations. With more or less enthusiasm, Europeans came to support the Madrid process, betting on a growing role while the process itself unfolded.[6]

The 1993 agreement between Israel and the PLO produced mixed reactions. The accord proved correct the Europeans' basic assumption that no progress could be made in the negotiations without prior mutual recognition by the two warring

sides. They were gratified that the Norwegians were able to succeed where the Americans had shown impotence in pushing the negotiations forward. The Europeans, despite a certain smugness that US guidance of the peace process had proved insufficient, also observed that the US government was in a position to adjust to this breakthrough and to translate it into a political bonus for itself. The Oslo agreement and US diplomatic hesitations in the Clinton administration's first year—together with active Israeli diplomatic efforts and Arab calls for European involvement—led European governments, not content with being the largest financial contributors to the peace process, to seek a larger political role in that process.

The 1980s were also characterized by the growth of US military interventionism in the Middle East, a development that accompanied and probably accelerated the end of the Cold War. For a number of reasons, Washington had traditionally been reluctant to intervene in the Middle East. With the exception of going ashore in Lebanon in 1958, the United States tended to avoid direct military intervention. (Although there were nuclear alerts during the 1967 and 1973 Arab-Israeli wars, these were in relation to potential Soviet intervention rather than in reaction to developments in the Middle East proper.) The 1980s witnessed the attempt to rescue US hostages in Iran in 1980, active support of the Mujahidin guerrillas in Afghanistan throughout the decade, the 1983 bombardment of pro-Syrian targets in Lebanon by US Marines participating in the multinational peacekeeping force, the April 1986 bombing raid on Libya that almost killed Colonel Muammar Qadhafi, and the April 1988 attacks against Iranian naval facilities in the Gulf. Topping the list is the deployment of US forces against Iraq in the battle for Kuwait. One of George Bush's last actions as US president was the deployment of some 21,000 Marines to Somalia in 1992.

As long as no US military interventions were taking place in the Middle East, Europeans supported the principle of strict non-intervention, showing much less concern for the presence of Soviet military experts in the area than their US counterparts. In the 1980s, Europe was embarrassed with almost each new US show of muscle. For example, the Italians clearly showed their displeasure with strong-arm tactics during the 1985 *Achille Lauro* incident by refusing to support efforts by US military forces based in Italy to capture the Palestinian hijackers of the Greek cruise ship. In 1986, the French government refused to grant US military planes the right to fly over France en route to attack Libya. Greece was also far from wholeheartedly joining the US anti-terrorism crusade. Europe's attitude began to change with the end of the Cold War, when it joined both the coalition against Iraq and operations in Somalia, while remaining generally opposed to the use of force in former Yugoslavia until the February 1994 Sarajevo market shelling in which more than sixty people died.[7] In most cases, Europe was left with the usual two choices: join a US initiative or be left on the sidelines. Unable to move independently in the Middle East—something that is still feasible in some African countries[8]—European governments can no longer count on a countervailing Soviet pole to express some 'centrist' position of their own.

The European alignment with US policy that marked the immediate post-Cold War era is in a continual process of review. Germany's participation in the UN operation in Somalia, once thought the beginning of a new German military role in the world,[9] ultimately produced mixed feelings when it appeared that US leadership on the Somalia front was inconsistent; German politicians who were supportive of the operation were dismayed to learn via radio about the planned 1994 US withdrawal from Somalia. In France, the rightist government elected in 1993 showed much less interest in UN military expeditions after years of Paris being the major contributor of troops for UN peacekeeping operations. France has also questioned the usefulness and wisdom of the sanctions imposed on Iraq for its invasion of Kuwait. Although no French official has openly called for the lifting of these sanctions, there is some pressure from oil companies and industry to consider that possibility. This is now openly echoed by French diplomacy, as seen at many UN Security Council meetings to renew sanctions on Iraq at which proposals to take into consideration the positive behaviour of the Iraqi authorities in matters of arms control, and the recognition of Kuwait by Iraq which was at last made in November 1994, have been endorsed by France, Russia and China. Tariq Aziz, the Iraqi deputy prime minister, was allowed to enter France in autumn 1993, officially 'for medical treatment' (and then in January 1994, with no reference to such an excuse), and several high-ranking Iraqi civil servants from the oil and foreign affairs ministries had official talks in Paris, starting in July 1993 and February 1994. For commercial and political reasons, many Western European governments (but not Britain) are not insensitive to Egyptian, Russian and Turkish calls for a revision of the very restrictive status imposed on both Iraq and Libya. More recently, there has been widespread disquiet among governments in the Middle East over the devastating effects of the sanctions on the Iraqi population.

A slow change is, therefore, noticeable. If, in the immediate post-Gold War era, European governments were aligned with US leadership on Middle Eastern issues, in 1993–4 the mixed signals from Washington, the acrimonious debate over the General Agreement on Tariffs and Trade (GATT), tension over the Bosnian issue and US calls for a reorientation of the United States towards the Pacific are encouraging Europeans to devise a unified position of their own. This new trend has been strengthened by the ratification of the Maastricht Treaty in 1993 and the transformation of European Community into the European Union (both leading to the adoption of as well as the installation of the Western European Union (WEU) as a response to the continent's security needs). Based on its Petersburg Declaration of June 1992, the WEU intends to contribute to the establishment of 'a European security framework' whereby it develops an operational role (possibly in areas of the Middle East and North Africa) for humanitarian missions, evacuation of European nationals in countries where their lives are threatened and peacekeeping as well as peace-enforcement operations.[10] As for the European Union, the Maastricht Treaty reinforces structures for permanent consultations on foreign affairs and forms the foundation of a 'common policy'. Although majority rule has yet to be accepted by member-states—notably Britain—in diplomatic matters, the Europeans were able to

devise a common position on North African questions at their 1992 Lisbon Summit[11] and to adopt the New Mediterranean Policy.

Nationalism and humanitarianism

The traditional European view of the Middle East has often followed a class line. European political establishments have tended to be rather patronizing towards this area of their colonial expansion, while public opinion tended to view the Middle East with a mixture of fascination and fear. The end of the Cold War has made establishmentarians even less visionary, while public opinion seems to follow two contradictory paths. In many countries, neo-nationalist chauvinistic trends have emerged with a clear anti-immigrant, and generally anti-Muslim discourse. On the other hand, thousands of young Europeans are engaged in non-governmental organizations' (NGO) relief activities in large, impoverished parts of the Middle East. Today's neo-nationalism and humanitarianism are not only contemporary but actually tend to reinforce each other. For example, both are based on the idea that the immediate Third World—particularly the Muslim one—is becoming too threatening to European societies' wellbeing, if not their national identities. To curb the threat, neo-nationalists want to close borders and possibly send millions of immigrant workers now residing in Europe back to their countries of origin. Humanitarians, on the contrary, see the remedy in reaching out to these peoples and in helping them improve their lives in their home countries.

The two central factors explaining this new cleavage are widespread unemployment and the erosion of leftist ideologies. Unemployment has reached high levels: 22 per cent in Spain, more than 12 per cent in Belgium, France and Italy, worsening in other countries. The European average in 1993 was higher than 10 per cent. (In France the ratio of unemployed among those between 18 and 25 years old is double the general average.) Although it has been demonstrated often that citizens rarely rush to perform menial jobs if and when migrant workers leave, chauvinistic populism remains a potent vehicle for demagogic mobilization under such conditions. Jean-Marie Le Pen's right-wing National Front confirmed its appeal in France by gathering 13 per cent of the vote in the March 1993 parliamentary elections. In Italy, the emerging Northern League has been as hostile to foreign workers as it has been towards providing large subsidies to Italy's own underdeveloped south. For its part, the fascist Italian Socialist Movement recorded a very enviable showing in the November 1993 municipal elections and then in the 1994 legislative election. In Germany, disenchantment with reunification has drawn thousands of young Germans into neo-Nazi racist attacks on political refugees. In all European countries, the victims of this neo-nationalism have been overwhelmingly marked by their Middle Eastern origins as Arabs or Turks, although similar phenomena have also been recorded against immigrants from the former Eastern bloc. This resurgence of old stereotypes necessitates that any European approach to the Middle East start at home, as an embarrassing, indecisive and

sometimes contradictory mixture of reactions to domestic pressures and foreign policy initiatives.

The erosion of leftist ideologies ended the 1960s pattern of ideological solidarity with the Third World. No Europeans are now ready and willing to demonstrate their support by joining the Algerian National Liberation Front[12] or being trained militarily in Palestinian camps. Solidarity is now expressed in humanitarian, rather than diplomatic or ideological terms. The 1980s, therefore, witnessed the flowering of dozens of NGOs operating in the Middle East, with less and less interest in the causes of the peoples they were helping. Afghanistan was a watershed: it caused many formerly leftist European intellectuals to start looking at the United States in a much more favourable light, and others to express both their rejection of communism and their generosity towards the Third World by helping the Afghan Mujahidin. These new humanitarians, however, could not adjust to intricate Afghan politics, let alone to the emerging anti-Western chauvinism within Mujahidin ranks. What is left of this bitter experiment is an insistence on relief tasks and human rights advocacy, and a deeply felt alienation from intricate Middle Eastern politics. The French physicians who started Médecins sans Frontières, for example, created an NGO that has branches in most EU countries, and by itself has involved thousands of European employees and volunteers all over the world. The group is developing a worldview of itself, *sans-frontièrisme,* which is firmly anti-racist at home and critical of Third World dictators abroad, and which is quite popular among younger Europeans.[13]

This new humanitarian approach has recently taken a more politicized turn. Humanitarianism is not simply an NGO issue—although most NGOs survive thanks to public subsidies, notably from the European Union—but has become a state affair. This change occurred in the immediate aftermath of the 1991 Gulf War, embodied in the support given to the Iraqi Kurds in the spring of 1991. The British prime minister, John Major, made support for the Kurds a theme of his legislative campaign, while the French president, François Mitterrand, established a fully fledged cabinet portfolio for humanitarian action throughout the world. He appointed to this position Bernard Kouchner, the founder of two major relief NGOs. Kouchner quickly became the most popular member of the cabinet. He took credit for UN Security Council Resolution 688 on the protection of the Iraqi Kurds and for many General Assembly statements. Humanitarianism, therefore, was 'nationalized', even militarized, with the deployment of military contingents for humanitarian missions in a dozen locations in southern Iraq. This state involvement led many Europeans, in quite stunning numbers, to support the use of force for humanitarian purposes. A poll published in April 1993 in *La Croix* showed a rate of support among French people of 76 per cent for such policies.[14]

This change in the humanitarian approach, although very popular on the northern shore of the Mediterranean, was viewed with increasing hostility on the southern shore. Most new, militarized humanitarian missions were related to an Islamic area: Bosnia, Eritrea, Kurdish areas and Somalia, not to mention the Caucasus. While Iran, the Sudan and many other governments rejected the very

principle of the new right of interference, others, such as Iraq and Turkey, were compelled to accept it; at the same time, pro-Western governments were embarrassed to acknowledge this basically Western right to intervene in their own backyards. Middle Eastern countries were ready to acknowledge the lack of support that this humanitarian 'crusade' was encountering in Russia and the United States, as well as the Chinese hostility it triggered. They were relieved to see that by 1993, with the dismal record of humanitarian activism in the former Yugoslavia and elsewhere, such activism was abating. The decline was notably played down by the French cabinet, although it remains quite popular in public opinion.

This new pattern in European attitudes is fundamentally different from the 1960s complete identification with (and immersion in) Third World politics. The new generations of Europeans are more discerning, indeed more vocal, in their criticism of those peoples they are helping. They are, in any case, more reluctant to identify with Third World leaders or to espouse Third Worldism in general, thus maintaining a clear distance, and reinforcing a deep feeling of estrangement between the two sides of the Mediterranean. For European youth, Europe is Europe and the Middle East a foreign area where they volunteer to suit their own ideals, not the local warlords. Governments, envying this popular infatuation with humanitarian action, desire to divert the credit for themselves. For these reasons, volunteer activities have been transformed into policies partly aimed at concealing European governments' inability to devise clear policy on the Middle East, to implement it and to influence events in that part of the world.

State humanitarianism was thus an alibi for a deficient, sometimes non-existent, Middle East policy. While being self-congratulory in their advocacy of human rights and free elections and in their defence of endangered minorities, European governments soon discovered that they had become prisoners of their own discourse: European politicians were generally reluctant to condemn the 1992 Algerian *coup d'état* that deprived the country's Islamists of their electoral victory; governments toned down their support of the Kurdish cause when it appeared that Turkey could possibly be destabilized by Kurdish separatism or when inter-Kurdish battles erupted; many Europeans became more complacent with Morocco's King Hassan II despite his debatable record on human rights and his suppression of the Saharawi movement. Humanitarianism has also suffered from a lack of similar enthusiasm on the other side of the Atlantic, where the difference between a classic military intervention and a humanitarian one is not readily distinguished. This different attitude stems from the vehement opposition of North American NGOs to their governments' intrusion into their domain. All these factors contributed to the gradual phasing out of humanitarianism as an explicit replacement for political influence.

Humanitarianism hence proved to be fashionable as a corrective both to neo-nationalism at home and to European governments' lack of determination and consistency in Mediterranean affairs. But this function could not have been played upon for long. It soon appeared that neo-nationalism was indeed on the rise almost all over the continent and that governments had to devise political approaches to political problems. The Kurdish issue proved to be extremely political; the explosion

of Yugoslavia could not have been dealt with by humanitarian measures alone (which is why many now think of these as having had perverse effects on the continuation of the conflict); the failure in Somalia was depressing, not to mention the rift it triggered between Italy and the UN. Humanitarianism was finally an inedaquate answer to situations where Islamism was on the rise: in liberated Afghanistan, in Sudan and elsewhere.

Views of Islamism

The widespread feeling of organic dissociation between Europe and the Middle East has been strengthened by Europeans' anxiety about—when it was not a clear hostility towards—Islamist revivalism. 'Islamism' has been a central theme in the past fifteen years, both in government and in public opinion. Although sharing some US government views of the phenomenon,[15] European views tend on the whole to be somewhat more panic-driven and show much less understanding of the Islamization of the political domain.

Four factors make the European reaction to Islamism different from that on the other side of the Atlantic. First is the well-entrenched idea that Islamism will affect domestic politics, thanks to the presence in Europe of millions of Muslims. This idea was not brought home to the United States until the February 1993 World Trade Center bombing in New York, but it is vivid everywhere in Europe. Immigrants, even when they have acquired permanent residency or a citizenship status in Europe, remain sensitive to their countries of origin. This is especially notable when immigrants have no practical chance of acquiring the nationality of their country of residence, as is still the case in Germany and, to a lesser extent, in Britain. Islamist movements are active in Germany among 'guest workers' of Turkish and Kurdish descent. The Islamic Salvation Front (FIS) tries with no real success to win the hearts of Algerians living in France. The Salman Rushdie affair galvanized the reactions of most Muslims in Britain.

For many Europeans, Islamism starts at home, hence the gradual adjustment of political establishments, after years of hesitation, towards alignment with a clearly anti-Islamist public opinion stirred by nationalist groups.[16] The discourse of well-established political parties, at first very condescending towards those actively pressing the immigration issue, slowly came to resemble that of their adversaries on the far right. In Germany, for example, the Christian Democrat-Liberal alliance, while being tough with neo-Nazis, amended in a restrictive manner legislation on political refugees. The French mainstream came to denounce the immigrants' *odeur* and to call for the re-establishment of identity inspections in the street. The rightist government in France has made roundups of North African Islamists a routine practice and it often appears that, on North African matters, the Ministry of the Interior has much more influence than the Quai d'Orsay.

More specifically with respect to Islam, Europeans encouraged their Muslim compatriots to develop a more open, secular-oriented brand of Islam. In February 1993 the French socialist government refused, for the first time, to grant visas to

about thirty Egyptian and Algerian imams who in the past had come every year to preach in French mosques during Ramadan. The government made a partially successful attempt to extract the Paris mosque from the Algerian government's control and to put it in the hands of local Muslims. The general view is that it is easier to deal with European Muslims when they are not under foreign Islamic influence, and that it is urgent to dissociate the domestic problems posed for secular governments by Islam from Islamic revivalism in the world as a foreign affairs issue. In autumn 1993 a tough policy on FIS partisans in France signalled the end of any complacency towards Islamist ideas among Muslims resident in France. In practice, this translated into a new, more openly supportive policy towards the present regime in Algeria, a policy only half-heartedly shared by France's partners in the European Union, and later partly reviewed by the French government itself.

A second factor in the European reaction to Islamism is the recurrence in Europe, or against Europeans travelling in Islamic countries, of acts of terror explicitly related to Islamic movements. Americans experienced this phenomenon during the hostage crisis in Iran and later when US hostages were taken in Beirut. For Europeans, though, feelings of vulnerability are more widespread. For a while, indeed, it looked as if terrorism and Islamism were synonymous; for public opinion, probably stirred by recurrent spectacular coverage in the media of 'the Islamic wave', the two phenomena are still the same. Governments, however, knew better; the Yugoslav tragedy came to their rescue, making it apparent that the villain in the Bosnian drama was certainly not the Muslim. The Bosnian crisis—and to a lesser extent fanatical Hinduism in the Indian subcontinent—helped greatly in reassessing simplistic ideas conveyed in the media of an almost organic link between Islam and violence. Many people were reminded that, after all, neither the Austrian archduke nor Alexander of Yugoslavia had been assassinated by Muslims. The ensuing conclusion is less one of fear of Islam than a more widespread fear of violence in the immediate vicinity of Europe.

The third factor determining European reactions to Islamism is the fear of new waves of immigrants fleeing the establishment of Islamist governments in the Middle East. This is based on the experience of the waves of 'white Iranians' who fled their country after Khomeini took over and Lebanese who fled civil strife in their country. In times of unemployment, Europe fears the Islamist's victim trying to find refuge (and a job) in Europe as much as it fears the Islamist.[17] Hence the very restrictive attitude to refugees from the Balkans and the likelihood of very restrictive immigration policies if the FIS takes power in Algeria. The first legislative initiative of the new government in France in May 1993 was to produce more restrictive legislation, according to which nobody could obtain French citizenship without asking for it. The overwhelming rightist majority refused to vote for the proposal before introducing additional restrictive amendments making it more difficult for North African natives to become French citizens.

Finally, and most importantly, political culture in most European countries seems less able or willing to accommodate religious politics than that of the United States. Notably in France, there has never been a substantial 'Christian Democratic'

tradition. The mere wearing of a headscarf by a Muslim teenager in a state school is perceived as a threat to republican secularist values. In May 1993, the minister of the interior did not hesitate to appoint as an advisor on immigration a controversial author who had dared to question the very compatibility of Islam with French institutions and with democracy. There is a growing uneasiness about anything that mixes religion and politics. The predicament of Muslims in mixing their faith with secular politics is perceived as something that ultimately has to change for their integration into their new countries to be fully achieved.[18]

Beyond Islam, and specifically Islamism, what is at stake is the place of religion and of communitarian feelings in European societies. In France, secular republicanism has meant an implicit exclusion of religion from the political domain. In other countries, such as Spain and Italy, religion had been domesticated by the state rather than excluded. In Germany, citizens pay taxes to their churches, not only to their government. In the Netherlands, most education is run by confessions. It appears, therefore, that Islamism has challenged the established domestic consensus between politics and religion, as was duly noted by practising Christians and Jews when the position of Islam in these societies became a publicly debated issue. On the whole, Germans and Scandinavians were more at ease accommodating yet another faith in their public spheres. Southern Europeans, however, felt unable to do so without questioning their own relations to the dominant Catholic church. All this confirmed a widespread, though generally implicit, feeling that Islam, let alone Islamism, could not be viewed, at least in Europe, as a mere foreign policy issue.

The Japanese model's attraction

Among young Europeans, the idea of a special relationship with the Middle East is far from being as well established as it is among older generations. On the contrary, young diplomats do not hesitate to compare Japanese trade successes in the Middle East to their governments' old-style emphasis on cultural links and classic diplomacy. Mercantilism, which has never been absent, has recently gained ground, first in Northern Europe, then in Southern Europe. Country by country, the general pattern has been that the former colonial power has an enviable share of its former colony's trade. This has been the case with France in the Maghrib, Italy in Libya and Britain in Oman and the Sudan. Japan is credited with military irrelevance, political neutrality and a lack of historical special links to any countries in the Middle East—all factors conducive to establishing excellent trade relations there.[19]

The best advocate of European trade with the Middle East has been Hans-Dietrich Genscher during his long tenure as Germany's foreign minister. Not overly burdened with political considerations or with self-restraint in technology transfer, Genscher pursued an aggressive trade policy, cutting out a lion's share of Middle Eastern imports for his country in both Turkey and Greece and, more interestingly, in Iran and Iraq. Germany signed an economic and technological agreement with

Iraq in 1981 after that country's war with Iran had erupted. Other agreements were signed with Iran, Libya and Syria while these countries were the targets of US-led Western ostracism. German industrial companies have been singled out as main sources for military (and sometimes chemical weapons) programmes in many Middle Eastern countries.[20]

Italy has followed a similar line. For most of the past forty years Italian industrialists have been more concerned with the Middle East than their country's political establishment. Italian colonialism had been marked by insignificant numbers of settlers, which made decolonization easier. Fearing accusations of a relapse into fascism, however, Italy, which was refused admission to the United Nations until 1955, made a point of forgoing any attempt at building an independent political approach to the Middle East. A'Mediterranean policy' would have been too reminiscent of Mussolini's imperial dreams of the *Mare Nostrum.* After 1973, a few steps were taken (notably by the prime minister, Aldo Moro) to build up a political profile, but these attempts were also made to emulate other European countries and to facilitate Italian inroads into the then-thriving Middle Eastern markets.

While Italian politicians were reluctant to develop a high profile, Italian industrialists were extremely active. Most notable were Enrico Mattei's bold oil initiatives: signing long-term contracts to purchase oil above the market price from producers, first with Egypt, then with Iran, Libya and Algeria. His death in 1962 was followed by a more prudent oil policy, as if the political establishment's reluctance to challenge US interests had been extended to the oil sector. Piecemeal, however, Italy has been successful in diversifying its sources of energy within the area —and in increasing dramatically its share of Middle Eastern imports thanks mainly to small-enterprise marketing skills—but not in attracting investments from the oil-producing countries. Politically, Italy has been associated with a role in producing the 1980 Venice Declaration (adopted during Italy's presidency of the European Community), and with having taken an independent line during the Tehran hostages and *Achille Lauro* crises. The Italian government's main contribution has been to turn a deaf ear to US pressures to discourage business with so-called Arab radicals.

Technocrats in Brussels feel very much at ease with a 'trade and aid' approach. In the next five years, the European Union will offer 5.5 billion European currency units in aid to Arab countries in need, representing 22 per cent of total EU foreign aid.[21] In the past few years, Egypt has been the primary beneficiary of European largesse, followed by Turkey, Morocco, Algeria and Tunisia. The emancipation of Eastern Europe has not affected these volumes substantially: between 1985 and 1991, the European bloc countries disbursed $10.7 billion in public aid to Eastern Europe (excluding the former Soviet Union) compared to $9.2 billion to Turkey and the Maghrib.[22]

In terms of trade, Eastern Europe and the Middle East (including Turkey) have been equal: about 4 per cent of extra-EU trade. It is in terms of direct investments that the emancipation of Eastern Europe has negatively affected the Middle Eastern

partners of the European Union. Western Europeans invested $5.6 billion in two years (1991–2) in the former, compared to $3.7 billion in Turkey and the Maghrib.[23] This discrepancy is due, among other factors, to the fact that labour in Eastern Europe is still relatively cheaper than in most Middle Eastern countries. For example, the European Union estimated that an average monthly wage for a blue-collar worker was $76 in Rumania, $110 in Bulgaria and $208 in Poland; in comparison, a worker received an average monthly wage of $135 in Morocco, $210 in Turkey and $264 in Tunisia.[24]

Adept at the neo-classical economic approach, the European Union has believed in the virtues of foreign trade for economic development at least since 1972, when the global Mediterranean policy was adopted. This policy, contrary to the Lomé I and II Accords with Africa, did not result in a collective agreement but in a country-by-country approach. The failure of a regional accord admittedly was caused less by Europe than by the complexities and feuds in the Middle East. The Europeans were aware that a piecemeal approach would increase bidding by the various Mediterranean states, each seeking an even better deal than its neighbours. These agreements, however, were quite similar: tariff reductions on agricultural products, albeit with some quotas and seasonal limitations. The reductions were reviewed when the minimum prices system of the Common Agricultural Policy was adopted, making the system a potent protectionist obstacle *vis-à-vis* the Maghrib. Duty-free regulations were promulgated for industrial products, with the exception of petroleum products and most textiles. New limitations were enacted to avoid mere repackaging in the area of imported parts; later limitations were put on imports of clothing, shipping, steel, synthetic fibres, machine tools and motor cars. As for the textiles, the Europeans put pressure on many countries to restrict their exports unilaterally.

Middle Eastern governments have been satisfied with their trade terms with Europe, although highly critical of the constant extension of similar terms to other countries in the world because this process has gradually eroded the preferences they enjoyed. Constraints and restraints on exports as well as on technology transfers are too numerous, however, to be left alone. The feeling that the European Union can hardly dispel is one of selective protectionism. Past experience indicates that whenever a country that depends on European markets succeeds sufficiently well to become a competitor, supposedly free entry is liable to disappear. This experience casts doubts on the European Union Mediterranean policy and the development prospects it is intended to provide.

Instead of dispelling these doubts, the European Union has confirmed them by policies adopted towards Egyptian cotton, Turkish textiles, Moroccan oranges and Gulf petrochemicals. Protectionist lobbies have become quite influential in both Brussels and Strasbourg, the seat of the European Parliament. These lobbies have succeeded despite having been weakened at the state level by national governments' overriding political considerations. Recognizing the growing influence of bureaucrats in trade policy, Turks and Israelis decided to establish their own lobbies in Brussels. Arab governments, however, have been slower in adjusting to the new

Eurocratic game. Nevertheless, from Morocco to the Gulf, Arabs gradually have developed a genuine interest in Brussels politics.

The Gulf of all dreams

Trade, notably with the oil-producing countries of the Gulf, dominates European economic relations with the Middle East. For many years, Europeans competed in that area among themselves as much as with the United States and Japan. Each of them secured a share of that profitable market for the decade 1973 to 1982. Then, a downturn in oil revenues narrowed the market and made the competition tougher, while downstream investments in and exports of Gulf petrochemicals met with hostility from European producers. Cognizant of specific Gulf interests as much as of the dismal failure of the Euro-Arab Dialogue, EU countries engaged in highly technical negotiations with the six Gulf Cooperation Council (GCC) countries.[25] The negotiations were launched by the Luxembourg Accord in June 1988, and have been pursued at ministerial and expert levels. Both sides are aware of many basic factors: 90 per cent of GCC exports to the European Union consist of crude oil and its derivatives, while the Union alone imports some 30 per cent of oil exports.[26] More importantly, Gulf oil exports will certainly increase in the next few years, probably in a dramatic fashion, due to the depletion of non-Middle Eastern sources and to the availability of very large reserves and the relatively low cost of production in the Gulf.

On many issues, European and GCC views are quite apart. On the protection of the environment, for example, GCC producers feel that the proposed energy/carbon tax is too heavy on oil in comparison to coal. The GCC countries contend that they are already getting less than 25 per cent of the final price of each barrel of oil sold in Europe. The Italian Treasury, for instance, receives $50 billion in annual taxes on a consumption of 1.9 million barrels of oil a day; in contrast, the UAE gets some $12 billion in annual revenues for the same amount of exports. When the CFI (cost, freight and insurance) price of a barrel of crude oil to the European Union is $20, the tax on petroleum products is 56 per cent on average.[27] Meanwhile, a solid European petrochemicals lobby made up of thirty companies, employing some 600, 000 people, has been actively opposing free trade agreements with the GCC and blocking the ratification of a bilateral agreement between the two entities. The lobby calls for a negotiation within the GATT framework, even though the GCC countries are not yet present at these talks. GCC officials also point to the paucity of European investments in Gulf industries.

Europeans are deeply conscious of their vulnerability *vis-à-vis* the Gulf. Their heavy reliance on Gulf oil and their large share of the area's trade are far from being matched by their political influence or their military might in that sensitive part of the world. There, more than in any other part of the Middle East, Europeans have to contend with US strategic supremacy. Expressions of their autonomy are made on specific issues, such as their attempts at normalization of their relations with Iran or arms contracts. The latter, thanks to the successful obstructionist tactics of the

pro-Israeli lobby in the US Congress, have led to the diversion of many an arms contract from US to European companies. Other large contracts are won in small GCC countries that resent a heavy Saudi-US hand, notably in Oman and the UAE. On the whole, however, Europeans have tended to see the Gulf as a market rather than a strategic concern. They do not think—at least since Britain's withdrawal in 1971—that they can or should challenge US supremacy there for a long time. It is also true that the Gulf petro-monarchies, while insisting on the diversification of their international relations, do consider the United States their paramount protector.

North African headaches

Closer to Southern Europe, the Maghrib has become a pressing issue. Around 4–5 million residents in France and the Benelux countries are of Maghribi extraction;[28] one-third of them are citizens. Since 1986, hundreds of thousands of Tunisians and Rifi Moroccans have immigrated—many of them illegally—to Italy and Spain respectively. Two-thirds of Maghribi trade, both in imports and exports, is with the European Union—although based on a serious asymmetry, since trade with the Maghrib accounts for less than 5 per cent of all EU foreign trade.[29] Millions of European tourists spend their holidays in North Africa, and local economies still depend on remittances from expatriates in Europe. French is the paramount lingua franca, and most European media are watched with a passion on the southern shore of the Mediterranean, exacerbating a mixed feeling of exclusion from Europe's riches and a fascination with its success.

Although members of the Arab Maghrib Union (AMU), the Maghribi countries do not approach the European Union in a collective manner, and the Europeans respond likewise. For many years, Algeria was the crucial country in the Maghrib, thanks to its exports of oil and gas and to a very active foreign policy. With domestic turmoil in Algeria and sanctions imposed on Libya, Morocco asserted itself as Europe's interlocutor par excellence. This led Rabat to dream, for a while, of full membership in the European Union, something that Europeans never seriously considered. Nevertheless, Morocco received consideration for its stability and for the renowned 'wisdom' of its king. It also received primacy in the possible establishment of a free trade zone, initially between the European Union and Morocco. The free trade zone would be enlarged to include Algeria and Tunisia , but Mauritania and Libya would be kept out for the foreseeable future. The entry of any Maghribi country into a free trade agreement with the European Union remains debatable in the short run because the North African governments would lose significant import fees. North African countries can benefit only if their products remain much cheaper than those of their European counterparts. This explains the reluctance of Tunis to negotiate, compared with Rabat's enthusiasm.

This piecemeal approach is quite different from the pre-1992 hopes for a European-AMU deal. Europeans have reluctantly come to the conclusion that the Maghrib is not making progress with its attempts at some form of institutional

unification. Maghribi integration has been met in Europe with a mixture of scepticism, because of the failure of past experiments, and encouragement.[30] Southern Europeans are more interested in a dialogue. The idea of a 'five plus four' dialogue—Algeria, Libya, Mauritania, Morocco and Tunisia plus France, Italy, Portugal and Spain—was adopted and soon expanded into a 'five plus five' formula in order to include an enthusiastic Malta on the European side. As soon as the issue of Malta's inclusion was settled, the 1988 Pan-Am bombing over Lockerbie, Scotland, blocked any deal with Libya, and the Europeans refused to involve Mauritania because it already enjoyed preferential treatment as a signatory to the Lomé Accords.

The only real collective endeavour with some chance of immediate implementation is the Euro-Maghribi pipeline, which could increase Algeria's gas export capabilities by 25 to 30 per cent on completion in the year 2000. Spain is particularly interested in the completion of this project, which would allow it to increase its reliance on gas from 7 to 12 per cent of all its energy needs. This explains why Spain is ready to offer the largest contribution to the estimated cost of $2.5 billion. France and Portugal have been less supportive of the project.[31]

The view in Europe is that 'something has to be done' in the Maghrib to foster political stability and economic development and, consequently, to weaken the attractiveness of Europe as a focus for new waves of immigration. What is to be done is still an open question. The case of Morocco demonstrates why it is difficult to reach a policy consensus. The fact that one-third of Moroccan exports to the European Union consist of agricultural products has triggered Southern European countries' hostility towards the privileged treatment of Morocco.[32] Hence, a situation exists in which the Southern Europeans are the most enthusiastic with regard to helping the Maghrib, but also the most reticent to offer it trade preferences, a paradox that has yet to be resolved.

The Maghrib is also viewed increasingly as a threat. Drugs originating in or transiting Morocco are an example. Boat people of African origin have made Tangiers their gateway to the European paradise, although the Spanish navy is now more active in shore surveillance. North Africans' widespread popular support for Iraq during the Gulf crisis led many Europeans to reassess their classical view of the Maghrib as somewhere fundamentally different, or at least distant, from the Levant. Libya has been a permanent headache; many Maghribi leaders would not dare to condone unconditionally the West's ostracism of the ambitious colonel who has been ruling that country since 1969. Alleged Iranian recruitment of Maghribi Islamists has added to Europeans' feeling of threat as much as the economic crisis that has been pushing abroad thousands of new expatriates every month. All these factors have resulted in the gradual establishment of entry visas in most European countries for Maghribi citizens.

On the periphery of the Middle East are four African members of the Arab League that are party to the Lomé Accords: Djibouti, Mauritania, Somalia and Sudan. They benefit, therefore, from a system of non-reciprocal trade concessions and interest-free aid packages. However, these countries are part of a system that has generally

been interpreted quite restrictively by the European Union, and thus their privileges have not accounted for much. For example, although relying on cotton exports, Sudan was never able to use Lomé in order to increase its share of European cotton imports—some 4 per cent of the European market. Mauritania used the Accords to export iron ore, which constitutes some four-fifths of its export earnings.[33] Marginal to these limited, poor economies was the effect of a number of Lomé mechanisms such as Stabex (stabilization of export earnings in the face of fluctuations in commodity prices) and Minix (intended to support mineral exports, for which the European Union obtained guarantees against non-economic risks such as nationalization). Aid was also given to these countries, stressing food self-sufficiency, small enterprises and rural development.

Conclusion

Triggering a rather negative attitude on the other side of the Mediterranean, Europeans view the Middle East basically as a security issue for which the catchword has changed over the years from ‘oil deliveries’ to ‘terrorism’ and now to ‘Islamism’. The Middle East, for its part, talks to Europe in terms of economic development, fair settlement of the Palestinian issue, financial disbursements and freedom of movement. The Euro-Arab Dialogue, therefore, has been a complete failure, although the Europeans officially recognized in 1978 that the security of Europe is linked to the security of the Mediterranean region. The issue is in defining the link. Some Europeans would dispute its existence; others tend to see the links as a constraint that should be minimized as much as possible; still others recognize the link as a fact and propose to work actively for the stabilization of a volatile region whose security is joined unavoidably to theirs.

The past few years have seen the marginalization of this third category of Europeans. Because of weariness with the area, or because of a genuine interest in what is happening elsewhere in the world, particularly in Central and Eastern Europe, Europeans with a ‘Mediterranean vision’ are becoming an endangered species. Europeans are, in fact, too busy with themselves and, above all, with the Schengen Agreements—which call for improvements in cooperation regarding security matters—as well as with closer and more pressing issues such as EU enlargement to include new members (from Scandinavia and Central Europe, though not from the Mediterranean region), and the Balkans tragedies to be able to devise, let alone initiate, a new approach to the Middle East. When it comes to that area, European governments seem to be contenting themselves with minimal damage control, crisis management and routine trade enhancement policies. Unless the Middle East can reimpose itself on the European political agenda, it will remain, for some time to come, a relatively low priority.

One conceptual dilemma lies behind such persistent uneasiness with this close and fascinating part of the world: the Middle East and North Africa are viewed in Europe primarily as geostrategic rather than economic or political issues, while pan-European institutions are far from being equipped, let alone ready, to devise a

strategic approach. Hence, there exists a discrepancy between the calls for a pan-European policy and the fact that, despite the transformation of the European Community into a 'union' in 1993, strategic issues are still handled primarily by national governments. On many 'hot topics' such as the concept of citizenship, the role of NATO versus that of the WEU, and the Eurocorps or Islamist revivalism, European governments have not yet reached a general, detailed consensus. Although political coordination is becoming more routine, cooperation on security issues is being developed, and foreign aid policy is being shifted gradually from national capitals to Brussels, Europeans still have a long way to go before convincing their Middle Eastern interlocutors, as well as their US allies, that when it comes to dealing with the Middle East, Europe is already a union.

Europe is undergoing a transitional phase that does not help one to draw any definitive conclusion about its future role as a geopolitical unit in the world system. The contrast between a real drive towards the emergence of unified institutions and policies and the EU's failure to act 'in timely and decisive fashion' on the Balkan crisis is there to remind us that the EU's 'aspiration to act as a political entity on security matters is not matched by the authority and instruments a true sovereign power requires'.[34] This situation allows the EU to be much more active and influential in times and areas of peace than in periods of conflicts and strife. Hence the EU's present dilemma in the Middle East: while fairly aware of its special role in shaping the past and the future of this part of the world, Europe has been handicapped by US attempts at an exclusive US role with regard to the Arab—Israeli issue and by the undisputed US strategic supremacy in the Gulf, as well as by the new challenges posed by Islamic militancy and by numerous still unsettled regional disputes.

Now that the Clinton administration is partly diverting its attention to the US role in the Pacific, the Arab-Israeli conflict appears to be on a hazardous road towards a possible settlement and the European Union is gradually becoming a fact, there is certainly much more room for manoeuvre regarding Europeans rebuilding influence in the Middle East. Until recently, this meant a high level of competition and a rather modest amount of cooperation among member-states. Will this equation be confirmed or inverted? Will the Middle Eastern arena become an example of the European Union's assertiveness as an international body, or will it be an arena for European rivalries? Answers to these basic questions clearly depend on the future of the whole European construction, something that goes far beyond the limits of the Middle East.

Notes

1 Ralf Dahrendorf, *Reflections on the Revolution in Europe,* London, Chatto, 1990, p. 13.

2 Ellen Laipson, 'Europe's Role in the Middle East: Enduring Ties, Emerging Opportunities', *Middle East Journal,* vol. 44, no. 1, 1990, p. 7.

3 The attack in 1986 by two Libyan missiles (which missed their target) on an Italian island is often cited as an example of future threats. Answering call-in questions on French radio during the Gulf War, this author had to encounter dozens of queries about the range of Iraqi missiles. The question of proliferation is indeed becoming a very sensitive question in all European military establishments (and among Euro-parliamentarians as well). Europe has yet to reconcile this new worry with its arms industry's active mercantilism, as well as with Israel's dominant position in non-conventional military technology. How could it prevent Muslim countries from acquiring such a technology when Israel is already a nuclear power? How could it guarantee that missiles could remain directed at exclusively Middle Eastern targets when they can reach European shores? The renewal, before 1995, of the non-proliferation treaty is already triggering a debate in Europe: will it go for aggressive de-proliferation measures, such as the systematic destruction of non-conventional arsenals in potentially hostile countries or for the development of a diplomatic multilateral preventive approach? On both sides of the Atlantic, non-proliferation is viewed as a priority, but a consensus on ways and means is yet to emerge.

4 Figures to be found in Commission des communautés européennes, *Renforcement de la politique méditerranéenne de l'UE: établissement d'un partenariat euro-méditerranéen,* Doc. COM (94) 427, Brussels.

5 Popular rates of approval of the British and French governments remained very high during the crisis. In France, interestingly, between 75 and 79 per cent of recorded answers were favourable. One minister, M.Vauzelle, put it in these terms: 'France wants to be present at the post-Kuwait war regional Yalta'. *Le Monde,* 9 February 1991.

6 Attempts might have been made in autumn 1992, at the apex of the US presidential campaign, to launch a unilateral French initiative, notably between Syria and Israel. They were rapidly discarded. Otherwise, the EU offers some 12 million ecus a year to support the Palestinian Occupied Territories' economy. In summer 1992 additional aid of some $80 million was disbursed to alleviate the negative effects of the Gulf War on those territories. The EU is also the major financial supporter of UNRWA, to which some countries, like Germany, also donate large amounts of bilateral aid. Following the Oslo agreement, the EU has devoted $600 million to the rehabilitation of the Occupied Territories' economy.

7 US B-52s were allowed, during the Gulf War, to fly over Britain, France and Spain and to refuel on their bases. Both Paris and Madrid had refused this authorization in 1986 when US aircraft based in Britain were used against Libya.

8 France ('Africa's Favourite Gendarme', *The Economist,* 27 February 1993), in particular, is still militarily active in sub-Saharan Africa, with no vocal opposition from (and sometimes with the support of) the United States. Some 10,000 French soldiers are still deployed in Africa while some 15,000 others are ready for rapid intervention from their bases in southern France. Is it an implicit 'division of labour' between Paris and Washington? Possibly. The question was more explicitly raised when the US Marines were sent to Somalia, a country that is astride the Middle East and Africa. The Rwanda tragedy in 1994 showed the limits of interventionism even in Africa.

9 In Germany, the constitutional court has refused to forbid the use of German troops for medical, humanitarian and transport jobs outside the NATO realm. 'L'Allemagne répète son nouveau role international', *Liberation,* 22 November 1993. The issue of use of German troops abroad is far from being settled, though it is possible that the

deployment of these troops under a UN flag, far from those Central European areas where Germany has been actively expansionist, is more acceptable. German nationalism remains an unknown, though hotly debated quantity in foreign affairs since 'if the broad middle of German politics accepts that the national flag must not become the property of skinheads and the far right, agreement stops there for the time being'. 'Germany and its Interests', *The Economist,* 20 November 1993.

10 The WEU's (new) flag has been raised, for the first time, on ships patrolling the Adriatic in order to enforce UN-imposed sanctions on Serbia. Though the relationship between the WEU and NATO is still to be clearly defined (is the former an alternative to the latter or an adjunct force within its realm?), the operation is viewed as the beginning of a new era, though European discord on former Yugoslavia does not need to be documented. For a consensual presentation of this issue, see Dieter Mahncke, *Parameters of European Security,* Paris, Institute for Security Studies, WEU, September 1993.

11 General stands on political issues are often easily reached by European top leaders, after agonizing preparatory meetings by several lower layers in their bureaucracies. The translation of these general principles into actual policies is more problematic: when France, for example, decided to stop any form of dialogue with Algeria's Islamists, others were more than reluctant to follow suit. But when both France and Germany decided to ban (Kurdish) PKK activities in their countries, they successfully coordinated their clampdown on this organization. It is true that a common policy on Middle Eastern-related security issues is much easier to reach than on diplomatic issues which might have negative effects on any European trade relations with the area.

12 In fact, one important difference between the FLN struggle in the 1950s and the FIS struggle today for Algeria is the non-existence of any kind of sympathy for the FIS among Western Europeans, right, left or centre.

13 See Médecins Sans Frontières, *Populations en danger,* Paris, Hachette, 1992. The movement defines itself as a member of 'the only party which is resilient to the fall of ideologies: solidarity'.

14 'European Community governments tend to notice human rights violations more easily in countries with which they have poor relations, for example in Islamic Iran but not imperial Iran, or in circumstances where their own electorates take up specific cases.' David McDowall, *Europe and the Arabs: Discord or Symbiosis?,* London, Royal Institute of International Affairs, 1992, p. 22. One can also compare the permanent criticism of the use of Islam as a state religion in Iran or the Sudan and the generally apologetic presentation of the same topic in Saudi Arabia. European (indeed Western) governments have not yet found an acceptable answer to well-founded accusations of double standards when it comes to the protection of human rights or to the implementation of UN Security Council resolutions. Most European leaders now acknowledge this interest-based selectivity, and the subsequent erosion of their discourse on international morality.

15 US government views on this issue were regularly expressed by Edward Djerejian while he was assistant secretary of state for Near Eastern affairs. See his testimony before the House Committee on Foreign Affairs on 9 March 1993 in *Department of State Dispatch,* Washington, DC, Office of Public Communication, Bureau of Public Affairs, 15 March 1993, pp. 149–52.

16 'For Europeans Islam remains profoundly worrying. It is no longer a distant phenomenon, insulated by intervening land and sea. It is now part of the cultural flux

which colours the poorer parts of many West European cities. The London Central Mosque, visible across Regent's Park, or that in Vienna, built in the Ottoman style where once an Ottoman army encamped, are potentially disturbing images. They suggest that the old enemy has crept in by the back door.' McDowell, *op. cit.,* p. 26. This is an excellent comparative approach on European reactions to this problem, in a special issue *of Les Temps modernes,* July-August 1991.

17 This has been clearly documented in a French poll on Algeria in which 55 per cent of those polled opposed giving political asylum to Algerians who might flee after a FIS takeover. *L'Express,* 10 February 1994, pp. 58–77.

18 *Le Monde,* 2 February 1993, quotes a letter of protest sent by the imam of the Paris mosque to President Mitterrand against what he calls 'des mesures d'intolérance caractérisée'. But the government seems intent on sticking to its policy of fostering 'un Islam a la française' which would be immune to interference by Islamic countries. Hence its opposition to the enrolment of non-French Muslims in the School for Imams opened a few years ago in Saint-Léger-de-Fougeret by the Union des organisations islamiques de France whose president is Abdallah Ben Mansour, reputedly close to Ennahda, the Tunisian Islamist organization which enjoys Saudi financial support. Paul Quilès, a former minister of the interior, was very explicit: 'We cannot accept that a religion of such importance can be infeodated to some foreign power.' *Le Monde,* 17 December 1992. The number of Muslims living in France is regularly disputed; an official report published in May 1993 by the Haut conseil a l'intégration indicates that some 1.7 million Muslim foreigners now reside in France, compared to some 400,000 Muslim French citizens and '400,000 to 800,000' *beurs,* French youth of Muslim descent (and probably faith). While France is now heavy-handedly trying to prevent North African Islamists' attempts to mobilize Muslims in France, Germany (where some 2.5 million Muslims live) has to deal with Iranian and Turkish militancy. The Guide of the Iranian Revolution, Ayatollah Khamene'i, has a 'special representative' for Western Europe in the person of Hodjatolislam Ansari, who is based in Hamburg, while Turkish Islamism is mainly represented by Cemalettin Hocaoglou, head of the Islamic Centre in Cologne. Many European governments are critical of Germany for its reputed complacency towards Islamist activities on its territory.

19 Concerning the Gulf War, for example, the difference among the dominant, highly political, European reaction was all too obvious: 'the Japanese public was generally indifferent to the crisis in its early weeks. To the average Japanese, the crisis was "a fire across the river"—a problem that was of no direct concern and therefore better left alone. Although more than 60% of Japan's oil imports come from the Persian Gulf, the Japanese seemed confident of their economy's ability to adjust to an oil price hike. For Japanese industrialists, what mattered most was international competitiveness. As long as an oil price hike affected all industrial economies equally, they saw no compelling reason either to worry about the price of oil or to consider sending Japanese troops to the Middle East." Masuro Tamamoto, 'Trial of an Ideal: Japan's Debate over the Gulf Crisis', *World Policy Journal,* vol. 8, no. 1, 1990–9l, p. 95.

20 This policy is far from being specifically related to the Middle East. In a November 1993 visit to China where contracts for some $40 billion have been signed, Chancellor Kohl startled his European counterparts by inviting Chinese leaders to visit Germany, something which had been in clear opposition to EU rules after the Tien An Men incidents.

21 The term 'billion' is used to mean a thousand million throughout this book. Bishara Khader, *Europa wa al-watan al-Arabi* (Europe and the Arab Nation), Beirut, Markaz Dirasat al-Wahda al-Arabiyya, 1993, pp. 193 and 195; Waduda Badran, 'Al-Arab wa al-Majmu'a al-Europiyya' (The Arabs and the European Com*munity), Al-Majalla al-Arabiyya li al-Dirasat al-Duwaliyya,* vol. 4, nos 1–2, 1993.

22 Commissariat Général au Plan, *L'Europe, la France et la Méditerranée: vers de nouveaux partenariats,* Paris, La Documentation française, 1993, pp. 50–51, 52.

23 *Ibid.*

24 *The Economist,* 10 December 1992.

25 The Euro-Arab Dialogue was an attempt launched after the 1973 oil crisis to discuss relevant economic and political issues in a joint EU-Arab League forum.

26 See Khader, *op. cit.,* p. 187; Badran, *op. cit.;* Ian Goldin, 'Agricultural Policies in OECD Countries and their Impact on the Economics of the Countries of the Arabian Peninsula', *Journal of Economic Cooperation among Islamic Countries,* vol. 13, January 1992.

27 See paper submitted by the Saudi Oil Ministry to the May 1992 Kuwait-Euro Gulf meeting (no date). The European bloc admittedly had been very lax on the issue of coordination with the GCC—its main regional source of energy imports before the famous 'eco-tax' was suggested. That is why the tax was taken as a 'declaration of war' by the Gulf exporters. On the other hand, the European Charter on Energy is concerned mainly with the former Soviet Union, which added to GCC dissatisfaction. See Commissariat Général au Plan, *op. cit.,* pp. 32–3.

28 See Bruno Étienne, *La France et l'Islam,* Paris, Hachette, 1989, pp. 52–3, 80–81; Gilles Kepel, *Les Banlieues de l'Islam,* Paris, Seuil, 1987; Remy Leveau and Gilles Kepel (eds), *Les Musulmans dans la société française,* Paris, Presses de la FNSP, 1988, pp. 27–38, 65–76; see also, Catherine Wihtol de Wenden, 'Le Fantasme de l'impossible integration des maghrébins', *Panoramiques,* Spring 1991, pp. 48–54.

29 Khader, *op. cit.;* Badran, *op. cit.*

30 Maghribis also tend to overestimate the competition among Western powers in their part of the world. Though France had been dominant for a century or so, contemporary France is more than willing to share the Maghribi burden with the other members of the EU, and to consult with the United States on that area's politics. Playing one Western country off against the other presupposes that the area is "a real stake for the competitors. But the Maghrib is increasingly seen as a burden rather than an asset.

31 *Al-Hayat,* 15 July 1993.

32 Khader, *op. cit.,* p. 193.

33 See Gerd Nonneman (ed.), *The Middle East and Europe: An Integrated Communities Approach,* London, Federal Trust for Education and Research; Brussels, Trans

34 European Policy Studies Association, 1992. 34 Michael J.Brenner, 'EC: Confidence Lost', *Foreign Policy,* Summer 1993, pp. 24– 43. For equally (and overly) sceptical American views, see George Ross, 'After Maastricht: Hard Choices for Europe', *World Policy Journal,* Summer 1992; Walter Goldstein, 'Europe after Maastricht', *Foreign Affairs,* vol. 71, no. 5, 1992/3, pp. 117–32, and the five-article series in the *New York Times,* 9–13 August 1993.

3
Relations between the Middle East and the West
The view from the South

George Joffé

The consequences of the war between the Multinational Coalition and Iraq in early 1991 radically changed the relationship between the Middle East and the leading states of the developed world, still conventionally dubbed 'the West'. Many of the old shibboleths that had informed both Western and Arab policy towards the region were destroyed; others were reinforced. At the same time, new factors—some of which have only become clearly perceived in recent years—have emerged to redefine the relationship. The events of 1991, therefore, provide a convenient starting point to reconsider the significance of the generally accepted concept of 'the Middle East' and its future relationship to the West.

The traditional vision of the Middle East has been one of a cohesive set of geographically contiguous states embodying the Arab world at its core and a non-Arab periphery comprising Turkey and Iran, in which normatively common political objectives were seen to be the integrative factors. In large measure, too, its cohesion depended on the existence of the Soviet Union as an alternative patron to the United States and on the environment of the Cold War. There was, in short, an antagonistic balance of power between the two superpowers which generated a considerable degree of global stability, in which the Middle East, as geographically defined, served as a surrogate arena for rivalry between them, particularly over the Arab-Israeli conflict. Israel, in turn, exploited Western anxieties over its security to ensure continued Western support, even when this ran counter to Western interests, as was the case in 1973 with, first, the oil embargo and, later, the rapid rise in world oil prices. Within the Middle East itself, despite the normative commonality of policy objectives and a large number of supra-state integrative institutions, particularly between Arab states in an associative balance of power,[1] the reality was also characterized by dispute and competition for regional dominance. The Iran-Iraq war and the subsequent invasion of Kuwait, not to speak of the chronic tensions between Iraq and Syria, or Syria's hegemonic designs over Lebanon, are evidence enough of the potential for regional conflict.

In addition, Middle Eastern states engaged in a constant competition for superpower attention, so that relations with East and West were contingent, quite apart from the constants that appeared to characterize the Middle Eastern equation. Middle Eastern states had, in short, a degree of freedom of action in which they could select which superpower relationship best served their national interests,

precisely because of superpower interest in the region as a sphere of influence at a global scale, as well as Western interest in Middle Eastern oil and ongoing atavistic concerns over Israeli security. Iraq switched from the Soviet to the American sphere of influence in 1984, for example; Egypt had done this earlier, in 1970. Only states which saw national interest best served by constancy maintained their external relationships, as was the case with the Gulf states and the United States. Other factors, which have come to the fore since 1991, were also beginning to make their presence felt, not least the issue of political Islam after the Arab defeat in 1967 and, more particularly, after the Iranian revolution in 1979.

The Middle Eastern situation was, however, ultimately predicated on the persistence of the balance of power between the two superpowers. In January 1991, that was formally brought to an end in Paris, although its reality had begun to fade long before—indeed, ever since the mid-1980s and Mikhail Gorbachev's accession to power in the Soviet Union. Western interests in the region narrowed down to two: access to Middle Eastern oil, which implied direct concerns over Gulf security in the face of potential threats from Iraq or Iran, and Israeli security, in which the creation of regional peace was seen as the most appropriate response in the wake of direct Western intervention to crush the military power of Iraq. Indeed, that intervention radically altered assumptions about the West's relations with the Middle East. In place of anxieties over the adverse implications of direct intervention in regional affairs, there was now a readiness to contemplate such action and in place of Western toleration of misgovernment and repression within the region for the sake of wider objectives, there now appeared a willingness to address such issues more directly.

Western confidence was predicated on what appeared to be the hegemonic stability created by US global strategic dominance, particularly after the collapse of the Soviet Union in autumn 1991, a development which, initially at least, was enthusiastically endorsed by leading European states. In reality, the past half decade has demonstrated that the situation is far more complex, as geo-economics has come to play a more explicit role in world affairs and as trends towards economic globalization and regionalization have come into play. The power of the United States has been shown to have its limits and the articulation of Western interests has far more the character of a condominium articulated through the United Nations Security Council—now acting as it was originally intended to do for the first time since the Second World War—and through a multitude of multilateral and international institutions. Now, in the Middle Eastern context, Europe is being forced, partially reluctantly, into a more proactive role and this is bound to have long-term consequences on regional politics.

Change has taken place in the political landscape of the Middle East as well, partly because of Western intervention but also because underlying factors of differentiation have been able to exert themselves once the strait-jacket of the Cold War was removed. During the 1990s, for example, Gulf security was dominated by US preoccupations with 'dual containment', the policy enunciated by the Clinton administration in its first term, with Israeli encouragement, whereby both Iraq and

Iran were to be isolated from the international community. This ran directly counter to traditional security considerations in the Gulf region, where Western interests had best been served by supporting one state against the other so as to neutralize the danger they might represent to regional stability. The change in policy itself was predicated on the experience of direct intervention in Gulf security during the Iraqi occupation of Kuwait after August 1990—before that date, Western powers had been loath to intervene directly because of the supposed intolerance of regional populations and governments to such initiatives and the consequent threat to oil supplies; assumptions which the second Gulf War overturned.

In the Levant, US and Western policy took an innovative turn in trying to construct a peace process that would resolve both the conflict between Israel and the states of the Arab and non-Arab Middle Eastern world, and the issue of what should be done about the injustices visited upon the Palestinians. The policy was innovative in that it actively sought to engage in peacemaking by capitalizing on the legacy of Western intervention against Iraq and by drawing a weakened Russia in as a partner, not an antagonist. Its defects resided in the fact that it was predicated on an assumption of symmetry between all the protagonists involved, whereas, in reality, there were massive imbalances, particularly as far as the Palestinians were concerned. In addition, the policy was based on another implicit assumption: that the Arab-Israeli dispute could be separated from the Israeli-Palestinian conflict, an assumption that led directly to the Oslo process in 1993 when the main peace negotiations in Madrid and Washington were bogged down. In fact, the two processes remained interconnected so that by early 1997, even though Israel had signed a formal peace agreement with Jordan to partner the agreement signed with Egypt in 1979, the Arab world was once again finding common cause against it because of Israeli intransigence and the frustrations of the Palestinians.

At the same time, the end of the Cold War had allowed individual states to express their individual national interests far more clearly, with the result that the Middle East ceased to operate as a coherent political region and split into smaller collectivities, each with its own foreign policy imperatives. The contemporary Middle East is characterized, in short, both by its atomization into sub-regions and into states with different perceptions of their regional and sub-regional roles, and by an expansion of its outer limits eastwards into Central Asia and the Indian subcontinent.[2] This is taking place against the background of a relative eclipse in US regional hegemony, and the realization that Europe will have a key role to play in regional affairs—if the European Union can take up the opportunity. For Europe, this is both a challenge and a source of concern: a challenge because of the opportunity it offers to reintegrate—partially, at least—the region under a European umbrella and a concern because of the uncertainties in regional politics that now arise. It is also a challenge in a further respect, in that it will require the European Union to give substance to its common foreign and security policy, in ways that member-states have avoided since the Maastricht Treaty was signed.

The geopolitics of the new Middle East

The Middle Eastern region has now fragmented into at least four components, each governed by different imperatives, particularly as far as foreign policy is concerned. At the same time a new regional grouping has emerged as the region itself has expanded.

North Africa

North Africa has always been somewhat peripheral to Middle Eastern preoccupations which it, in turn, has traditionally considered as marginal to its own interests. In the wake of the end of the Cold War, it has now refocused its dominant external concerns around the Mediterranean and Europe. North African attention is also internalized around the twin problems of militant Islam and strategic tensions linked to the Algerian crisis, to the Western Sahara and to Western isolation of Libya. These issues should have found opportunities for resolution or mediation through the regional organization that was created in February 1989, the Arab Maghrib Union (AMU). However, the role of this organization has been increasingly subordinated by its member-states in preference for bilateral links with Europe, or for bilateral relations between the states concerned, not least because of tensions between Morocco and Algeria and between Libya and its Maghribi partners. The surprise decision by Egypt to join the AMU in November 1994 could revive its fortunes, but this will not be clear for some considerable time, although it has provided Libya with a new strategic partner.

Narth-East Africa

The countries of North-East Africa, particularly Egypt and Sudan, are linked together by their common dependence on the Nile and the socio-economic changes taking place within their own territories and in their immediate environment. Up to 1994 Egypt, it is true, sought to restore the leadership role in the Middle East which it lost during the 1980s. It was, however, by then irrelevant to the real issues and concerns of the Middle East itself because of the peace treaty it had signed with Israel in 1979. Other Arab governments and, indeed, even the PLO have been able to take up the direct challenge of achieving peace in the Middle East instead. As a result, the Mubarak government has been forced into the role of facilitator rather than leader in the current US-sponsored Middle East peace process. Its sub-regional role reflects the patron-client relationships it has historically enjoyed with its neighbours, Libya and Sudan, although relations with Sudan plunged to a new low in the mid-1990s. The Egyptian decision to join the AMU is also an implicit realization of the role it has lost in the Middle East and of its preference, now, for a Mediterranean role instead. It has also become the focus of anti-Islamist leadership inside North Africa as a whole, alongside Tunisia and Algeria, as Sudan increasingly seeks the Islamist mantle and Algeria's crisis worsens.

The Persian Gulf

The Arab states of the Gulf, linked in the Gulf Cooperation Council (GCC) and dominated by their dependence on oil, have in the wake of the second Gulf War opted for increased links with Europe and the United States. Ideologically, the Gulf states have collectively abandoned the essential doctrines of political unity embedded in Arab nationalism and the Damascus Declaration of 1991. Instead, they seek regional security against Iraq and Iran, originally in accordance with the US policy of dual containment but now increasingly through accommodation and cooperation, while Saudi Arabia looks for regional dominance—as its attempts to control the political process in Yemen demonstrate—while it vies for influence with Iran, both within the Gulf region and beyond.

The Levant

Only in the Levant have the twin traditional preoccupations of the Arab—Israeli dispute and the Palestinian problem continued to dominate the political and diplomatic agenda alongside the problem of Iraq. The dominant state, Syria, still seeks to become the essential interlocutor over Middle Eastern peace with Israel—now through an acceptable peace process rather than, as was previously the case, through 'strategic parity' with Israel. Syrian demands for the return of the Golan Heights in their totality, despite Israeli refusal to contemplate such an option, is now the dominant theme in regional affairs and ensures continued Syrian control over Lebanon. President Asad also maintains his long-standing personal and ideological quarrel with Iraq's leader, Saddam Hussein, and his competition with President Husni Mubarak of Egypt for regional leadership, although he is prepared to contemplate cautious collaboration with them, and with Iran, in the face of Israeli intransigence. Iraq, isolated by sanctions and humbled by defeat as well as by the partial loss of sovereign control over its national territory to the United Nations and the Western allies of the Multinational Coalition in Kurdistan and in the south, provides a common focus of concern to the Levant and the Gulf.

The non-Arab Middle East

The end of the Cold War, the subsequent collapse of the Soviet Union in late 1991 and the victory of the Mujahidin in Afghanistan have had the incidental effect of generating a new geographic and diplomatic dimension for the Middle East. Iran and Turkey, the two traditional non-Arab states of the Middle East, have suddenly acquired new potential regional significance as a result. Although there is no doubt that, in the northern Caucasus, Transcaucasia and Central Asia, the Russian Federation will continue to be a dominant economic and political influence in what it sees as the 'near abroad',[3] the six Muslim republics of Transcaucasia and Central Asia are increasingly looking for a new diplomatic environment southwards and westwards. Similarly, the collapse of the Najibullah regime in Afghanistan in

mid-1992 has led to greater Iranian and Central Asian influence there, in addition to the long-standing role played by Pakistan, despite the victory of the Pakistani-backed Taliban movement in 1996. The old concept of the 'Northern Tier' states of Turkey, Iran, Afghanistan and Pakistan has now begun to acquire the intrinsic strategic significance it originally lacked in its Cold War formulation because of these new potential links with the Caucasus and Central Asia.

This is the new, multipolar Middle East of the 1990s, in which the cohesive doctrine of Arab nationalism has disappeared and been partially replaced by militant Islam as a unifying force. Islamist doctrines dominate in Afghanistan, Iran and Sudan and have considerable influence in Pakistan, Jordan, Egypt, Tunisia and Algeria, whilst Saudi Arabia maintains its ambiguous status as a guardian of Islamic orthodoxy and a Western ally. Yet independent states also continue to be major actors, with Iran and Turkey vying for the status of regional powers in Asia and the Balkans; Saudi Arabia and Syria seeking a similar status in the Gulf and the Levant respectively; Egypt with similar ambitions, but now marginalized in North-East Africa unless it can exploit its new membership of the AMU to this end, while Morocco and Algeria also struggle for regional hegemony in North Africa itself.

Finally, there is the question of Israel, still preoccupied with a resolution of the conflict with surrounding Arab states and a solution to conflicting Palestinian and Israeli aspirations. Since September 1993, this preoccupation has focused on the potential of the Israeli-PLO peace agreement for achieving peace, both between the Palestinians in the Occupied Territories and Israel and between Israel and the surrounding Arab states. As far as the Arab world is concerned, peace is a tangible and partially achieved objective; the Palestinian issue is, however, another matter. At the same time, Israel has seen its strategic significance and potential as a regional power revive, after a temporary eclipse in the wake of the war against Iraq, as the geopolitical significance of Central Asia becomes a concern for the West. Israel has, after all, been the most active Middle Eastern state after Iran and, perhaps, Turkey, in building new diplomatic and commercial contacts with the southern states of the CIS. The question is whether the policies of the Likud government in Israel, elected in May 1996, will undermine the advances towards regional peace already made, and to what extent it will continue to enjoy unqualified US support, or whether it will be forced to recognize regional strategic realities and thus seek to implement a peace process already severely damaged by loss of trust. To date, it appears that the Likud government's unwillingness to compromise over peace with the Palestinians has doomed the peace process to stalemate, whilst Israel's new strategic links with Turkey have excited Arab anxiety, particularly in Syria, over fears of encirclement.

The new agenda

In fact, these geopolitical considerations relating to the fragmentation of the region are not the only challenge. Regional states are also confronted with other global political concerns that will limit their options and, indeed, have only come to dominate the political horizon because of regional fragmentation.

1. The most significant of these is the growing integration of regional states into the global economy; not just as oil—and primary-product producers but also as a result of economic restructuring in the wake of economic inefficiency and heavy foreign debt. This will severely limit state freedom of action in policy development and execution. Its consequences are best seen in the Euro-Mediterranean Partnership Initiative introduced by the European Union in November 1995. This is a process designed to create economic integration within the Mediterranean region under European aegis and will eventually be extended to the Gulf region as well.
2. Associated with these issues are demands for economic and political 'conditionality' in which Western states insist that economic aid, whether through multilateral or bilateral links, should be linked to a new moral order in the region, based on respect for human rights, guarantees for minority interests and the development of accountable, democratic government. Once again, the Euro-Mediterranean Partnership is likely to become a major vehicle through which such pressures are exerted.
3. Lastly, there are new issues of regional security which reflect Western concern over access to resources and the stability of friendly and dependent regimes. These are heightened by the integration of Central Asia into the Middle Eastern region. Water and oil represent the two resources most likely to threaten regional stability. They are paralleled by the growing crisis over government in the region and the increasing significance of non-state ideological actors in competition with the state itself, particularly political Islam.

To many in the Middle East, however, such issues smack of neo-imperialist or neo-colonialist political interference which, on occasion, becomes intervention against state sovereign immunity or cultural intrusion. Indeed, current Western attitudes intensify these convictions, even though Middle Eastern critics recognize the illegitimacy and intense repressiveness of most governments there and the lack of ethnic integration of their national populations, with the consequent threat of persecution for ethnic and religious minorities. These Western demands for political and economic change are, therefore, immediately treated with profound suspicion. Unless the new agenda for the Middle East is modified, it is likely to become the basis for renewed antagonism towards the West, rather than a platform from which political, social or economic progress might result. From the point of view of the South, this new agenda reflects the changed nature of the post-Cold War world, which is now subject to a generalized hegemonic stability imposed by a condominium of the sole remaining superpower and its allies in the West.

Sovereignty and intervention

From this perspective, fundamental questions of state sovereignty and intervention are now open for reconsideration as far as the West is concerned, alongside issues of global economic integration. And, for the Middle East, its fragmentation places it in

a much weaker position to resist Western demands. This has been particularly highlighted by Western attitudes towards Iraq in the wake of its defeat in 1991, especially over issues of arms control there, together with the implications of the creation of no-fly zones over Kurdistan and the Shi'i south of Iraq. Middle Eastern commentators have become uncomfortably aware that Western attitudes towards the inviolability of state sovereignty are becoming less tolerant of such principles and are turning, instead, towards the possibility of intervention in the name of superior moral and legal principle.

Nonetheless, the basic concept of state sovereignty is still generally assumed to imply absolute legal invulnerability for the state. Indeed, this is the fundamental assumption behind the United Nations Charter, although states derogate sovereign immunity in specific circumstances by adhering to the Charter. This derogation was, after all, the basis on which Iraq was challenged by the United States, acting on behalf of the United Nations, after the invasion of Kuwait. It is, in addition, the justification for the continuing confrontation with the Saddam Hussein regime in the wake of Iraq's defeat. On the other hand, the inviolability of state sovereignty is also the formal reason why Arab public opinion has been so consistently hostile towards Western policy over Iraq and why Arab governments, even those which are pro-Western over this issue at least, have become increasingly uncomfortable with Western actions towards Iraq since the war ended.[4]

Many Western politicians increasingly disagree with this assumption of state sovereign invulnerability, however, as does Western public opinion. Indeed, it is clear—and has been openly demonstrated in the Middle East on several occasions since the start of the 1980s—that Western states clearly believe that they have rights of military intervention.[5] The example of Iraq is, then, only the latest of a series of Western interventions that are increasingly explicitly based on assumptions of a basic right to intervene. Nor are such attitudes confined to the issue of direct military intervention alone. This is particularly true of the West's active promotion of universal standards for human and minority rights and of the generalized belief in the superior moral and practical efficacy of Western-style democratic systems of government.

Theorists and analysts have now begun to develop new approaches to the meaning of sovereignty that will justify all aspects of such intervention. In essence, their basic argument suggests that governments legitimized by democratic consent may legitimately exercise sovereignty and, conversely, governments of states that are not construed to be 'democratic' may not. Intervention in the latter case, in order to provide for such a government or to prevent abuses of human or minority rights, may therefore be legitimate. Such arguments are increasingly bolstered by academic analysis and discourse rooted in semiotics and post-modernist theory. Behind this concern lies the classic justification for intervention offered by John Stuart Mill: 'A civilised government cannot help having barbarous neighbours: when it has, it cannot always content itself with a defensive position, one of mere resistance to aggression.'[6]

The question is, however, to what extent such a unilateral rewriting of the concept of sovereignty will be acceptable in regions such as the Middle East. From a Middle Eastern viewpoint, arguments based on complex political theory or simply on the moral superiority of the West, or even on the universal nature of instruments such as the United Nations Charter or the Universal Declaration of Human Rights, will not do, even if Middle Eastern states have formally subscribed to such views and legal principles—and some, including Saudi Arabia, have not—because public opinion there often sees them as potential tools of oppression, whatever its attitudes towards government. Most people in the Middle East believe instead that 'Power is still the key factor in international relations' and that Middle Eastern states are frequently the victims of Western abuse of power.[7]

Regional security

The threat of repressive, unilateral intervention by Western states is, therefore, very real in Middle Eastern minds and expresses itself in ambivalence towards issues of regional security and government structures and doctrines. Regional anxieties over regional security, in particular, are purely pragmatic in nature and centre on two geographical areas. The first is the Persian Gulf, where the security of oil exports and Gulf Cooperation Council defence against renewed threats from both Iraq and Iran are the major issues. A subsidiary concern here reflects anxieties over what will happen in the new, non-Arab eastward extension of the Middle East, given the continuing strains between the West and the Arab Gulf states on the one hand and Iran on the other. The second is in the western Mediterranean, where North African states are anxious to create a regional security arrangement involving European states in order to avoid those states extending their security interests southwards to include the North African littoral.

Gulf security

Although the Western partners in the Multinational Coalition anticipated a regional security arrangement for the Persian Gulf after hostilities were ended in the second Gulf War, these expectations have been disappointed. Such a security arrangement, enshrined in the Damascus Declaration of 6 March 1991, was to be based on Egyptian and Syrian manpower and to be financed by the Gulf Cooperation Council states. It was also, for Egypt, the culmination of its objective of re-establishing itself as the dominant power of the Middle East. It rapidly became clear, however, that there was a clear disinclination within the Gulf Cooperation Council to trust to Syrian and Egyptian military power for Gulf security needs. Furthermore, the Gulf states were divided on the issue of how collective security could best be achieved, with Kuwait, Saudi Arabia, Bahrain and Qatar seeking bilateral defence arrangements with Western powers (particularly with the United States, Britain and France) against renewed threats from either Iraq or Iran, while

Oman and, to a lesser extent, the United Arab Emirates sought a collective security system involving Iran.

The consequence is that there is still no credible system of collective security in place in the Gulf region. Nor did the bilateral defence arrangements actually simplify the task of regional security, particularly as far as Iraq was concerned. When the three Western allies sought to create an aerial exclusion zone in southern Iraq, 'Operation Southern Watch', in August 1992, they discovered that there was a marked reluctance to offer support from several regional states; Syria, Egypt and Turkey being among them. Even in the Gulf, only Kuwait offered unequivocal support for the operation, while Saudi Arabia was extremely hesitant. This was ostensibly because of the threat to the unity of the Iraqi state but in reality because of the Saudi royal family's anxiety over popular resistance to what might have been seen as sub-servience to Western demands and over the potential expansion of Iranian influence should the Shi'i south of Iraq actually break away as a result of the operation. These regional anxieties culminated in 1996 in an outright refusal to support American military initiatives designed to reverse Iraqi support for one of the factions in Kurdistan.

On the other hand, when Iraq was suspected of preparing a new invasion of Kuwait in October 1994, American and Western military support was eagerly accepted by the Gulf states. It was a tacit admission that a permanent armed Western presence in the Gulf would eventually be the only way in which strategic security could be guaranteed. In fact, this seemed almost inevitable, despite residual reservations on the part of Saudi Arabia, were the policy of 'dual containment'—the simultaneous isolation of Iran and Iraq—to be maintained. Previously, the West, led by the United States, had used one of these two states to neutralize the other. Now that this has been abandoned, a new deterrent force is required and this can only realistically be supplied by the West. It is partly for this reason that the United States has based a new naval force permanently in the Gulf—the US Fifth Fleet.

Indeed, in the absence of a conscious decision by the Gulf states to accept the implications of their rejection of the Egypt-Syria option contained within the Damascus Declaration, the one significant result of all this manoeuvring has, if anything, increased rather than decreased regional tensions. All the states in the region have engaged, since early 1991, in a major arms race, despite promises made in the United States and Europe after the second Gulf War that a future regional arms race would be avoided. Total arms orders from the Middle East—mainly from the Gulf Cooperation Council—up to mid-1993 have been estimated to total at least $50 billion since the end of the second Gulf War with orders for America alone worth $28 billion. Even before the war, the IMF calculated that the six Gulf states were amongst the twelve largest arms purchasers in the world, spending up to 13 per cent of GDP on arms annually, compared with a Middle East regional average of only 5 per cent of GDP. The IMF report, published in mid-1991, went on to point out that, should the Gulf states reduce their arms expenditures to the average level, they would save $30 billion a year.[8]

The non-Arab Middle East

The situation in the Gulf region has been worsened by recent Iranian attitudes towards Gulf security and the role that Tehran apparently intends to play there. Largely for domestic reasons, Iran has also begun a major rearmament campaign. Although the continuing military posture of Iraq and its exclusion from Gulf security arrangements have certainly encouraged such a development, the original reason for it was the need of the pragmatists in the Rafsanjani regime to 'buy off' the radicals who are formally out of power but who still exert considerable influence inside Tehran.[9] A $10 billion rearmament programme began in 1991 and, during 1992, foreign purchases of arms ran at a level of $2 billion.[10] This has continued, for the same reasons, under the Khatemi regime which came to power in 1997, although President Khatemi, like his predecessor, would like to improve relations with regional states.

The major source of arms has been the Russian Federation, a development which has raised fears that, should the current relaxation of the tensions associated with the Cold War be reversed by changes in Russia, a new balance of power inside the Middle East, involving Russia, Iran and other elements of the non-Arab Middle East, could develop. To some extent, Western fears of a massive arms build-up by Iran have been ill-founded; the economic crisis in Iran is such that sufficient funds are not available, even for the programme currently adopted. Nonetheless, the fact that the Russian Federation has supplied a significant submarine capability, together with Iranian access to missile technology and the suspicion that Tehran is engaged in a nuclear weapons development programme, has caused growing anxiety in Gulf and Western capitals.

It is, no doubt, for this reason that the United States, reluctantly supported by Europe which is anxious to avoid confronting Turkish claims on EU membership, has sought to encourage Turkey to become the regional power in the Black Sea and Central Asia. This anxiety has been intensified by the evidence of Iran's determination to establish itself there, if possible. Turkey, indeed, has been reluctant itself to take on this role in Central Asia, finding the Black Sea a far more interesting arena.[11] Nonetheless, there is a clear Western concern to push Ankara in this direction, if only to partner Israel's recent interest in Central Asia as a bulwark against the growth of Iranian influence. Even though Central Asia may still be in disarray and even though the Russian Federation may continue to be the dominant economic influence there, the potential for the rapid growth of Turkish and Iranian influence should not be underestimated. There is, after all, a combined population of around 57 million of whom 45 per cent are of Turkic origin and 65 per cent are claimed to be professing Muslims.[12] Although political Islam is currently of minor significance, its influence is growing and its adherents may well have a role to play in government in some, at least, of the republics in the near future. This certainly seems likely in Tajikistan unless Russian policy on the 'near abroad' specifically seeks to reincorporate Central Asia, as well as the Caucasus, into its security umbrella.

In fact, Iran cannot be completely excluded from Caucasian or Central Asian affairs, given its influence in western Afghanistan and its efforts to create close relations in Transcaucasia—as a mediator between Azerbaijan and Armenia over Nagorno Karabakh, for example—as well as its intensifying relations with Central Asian republics, such as Tajikistan. Thus Western diplomacy—despite its current American-led obsession with 'dual containment'—will eventually have to come to some accommodation with Tehran, whatever role Turkey eventually adopts. In any case, it seems likely that Turkish interests will be dominated by the Black Sea—through the Black Sea Council—and the Balkans—because of the plight of Muslims there, particularly in Bosnia—in the immediate future, with the further reaches of Central Asia being of less interest because of their limited economic potential. At the same time, Turkish interest in Central Asia may grow as a result of the proposed oil export pipeline systems from Kazakhstan and Azerbaijan which may terminate on Turkey's Mediterranean coast. Nonetheless, Iran may well have a major role to play there and even in the Black Sea region, as recent commercial contacts with Turkmenistan, Azerbaijan and Ukraine make clear.[13] It is, no doubt, with this in mind that Iran has sought to revive the Economic Cooperation Organization it shares with Turkey and Pakistan.

The western Mediterranean

The security concerns of states in the western Mediterranean are very different although they have also been stimulated by North African anxieties over the implications of Western interventionism. The specific catalyst for this has been Western antagonism towards Libya over its alleged role as a terrorist state. However, there have been wider anxieties, based both on Western interventionism in Middle Eastern affairs during the 1980s and on northern Mediterranean anxieties over instability amongst the AMU countries, largely as a result of developmental failures and the demographic explosion there.[14] This has resulted in a series of proposals, particularly from Southern Europe and from the Maghrib's traditional protector, France, over new security arrangements.

Perhaps the best known is the 'CSCM proposal' (Conference on Security and Cooperation in the Mediterranean), put forward by Spain and Italy in September 1990.[15] This built on security cooperation agreements that already exist between, for example, Morocco and Spain over air defence and is patterned on the CSCE system (Conference on Security and Cooperation in Europe). The CSCM proposals were designed to deal with all the problems of the Mediterranean, including those of the Levant, and even anticipated expansion into the Gulf region as well. Its primary purpose was to create a stable system of regional cooperation by means of three 'baskets' dealing with security, economic cooperation and human rights. It required that participant states would (1) respect the territorial integrity and border inviolability of member-states; (2) aid regional economic development; (3) reject the use of force and abandon armament programmes; and (4) practise tolerance and dialogue over political, cultural and religious matters. The proposal was to involve

the EC, all Mediterranean littoral states, the GCC, Yemen, Iran and Iraq, and the United States and Canada.

The proposal was, of course, far too complex to be acted upon in the short term—although it was mentioned as a desirable objective in the peace treaty between Jordan and Israel in October 1994—and, in any case, it ran counter to an alternative proposal put forward by France. This was the 'five plus four' proposal, later modified to include Malta and then known as the 'five plus five' proposal. It basically brought together the four EC states of France, Italy, Spain and Portugal, together with Malta, as the states most directly affected by Mediterranean security issues, and the five North African states which form the AMU: Libya, Tunisia, Algeria, Morocco and Mauritania. Its primary purpose was to provide a framework for regional security issues outside both the WEU and NATO. It was also designed to be a forum for the discussion of common issues, particularly those of migration and economic development.

Migration from North Africa is seen as one of the biggest threats to security in Southern Europe in the medium term. North African states are experiencing annual population growth rates of between 2.5 and 3 per cent and their combined populations are expected to rise from the current level of 67 million to between 100 and 140 million by the year 2025. The problem is that growth in employment opportunities only satisfies about half the demand at 200,000 places annually. Only Libya is a labour-deficit economy and labour demand there is largely satisfied by Egypt.[16] In the wake of the second Gulf War, the potential opportunities for migrants from the Arab-speaking world have largely disappeared, as the Gulf states themselves seek migrant labour from Asia.

Europe is thus the obvious and preferred destination for North African migrants. There are, however, over 2.5 million North African migrant workers already present in Europe—between 8 and 10 per cent of the European labour force—and European states are determined that this figure should not rise, in view of growth in xenophobia and racism in EU states.[17] There is a certain irony in this, since French demographers have shown that by 2025 there is likely to be a 30 per cent shortfall in the indigenous European labour supply in precisely those areas in which North Africans traditionally work.[18] German demographers have made similar claims, arguing that there will be a shortfall of 56 million workers in Europe by 2030. No doubt both claims are exaggerated, but they underline the inevitable consequences of Europe's ageing population. There are some claims that the shortfall will be made up with labour from Eastern Europe and the former Soviet Union, but this is unlikely for the same domestic political reasons and because of anticipated economic development there. From a North African point of view, however, the demographic crisis the region faces requires concerted action involving Europe and the 'five plus five' proposal provides a forum for this, as does, in economic terms, the European Commission in Brussels.

There is, of course, a further anxiety expressed by North African states to which the 'five plus five' proposal offered some means of relief. This is the anxiety of direct military intervention, particularly in Libya. The other states in the AMU are both

embarrassed and disadvantaged by Western attitudes towards Libya because they are tied to Libya's defence by article 27 of the treaty which set up the AMU in February 1989. This guarantees mutual defence should an AMU state be attacked. It is not clear whether this would apply in circumstances where the attack was engendered as a result of terrorist activities on the part of the target state. However, public opinion inside the Maghrib would not differentiate and would thus deny to the governments concerned the freedom of action to undertake such a distinction themselves. That is, after all, what happened in the case of the war against Iraq in 1991.

As far as Libya is concerned, there is evidence that similar constraints already apply. All four states were very reluctant to support the sanctions imposed on Libya in April 1992 because of its refusal to surrender the persons accused of the Lockerbie bombing to Britain, France or the United States. Extended sanctions or an actual attack on Libya would cause serious problems in their relations with the West, not least because of domestic popular reaction inside North Africa itself. The 'five plus five' proposal, if it had been fully operative, would have provided a far more equitable forum—and one seen in North Africa to be equitable—for the resolution of this kind of issue.

Since July 1994, however, issues of Mediterranean security have been altered by a growing interest expressed by Egypt. In that month, the Egyptian government called a meeting in Alexandria of Southern European states, together with North African states, at which it was proposed that the 'five plus five' proposal should be expanded to include Egypt as well, in what came to be known as the 'Mediterranean Forum'. Although this implied that Egypt's interests in the Mediterranean dimension of its foreign policy had clearly acquired greater prominence, participants assumed that the focus would remain, as in the past, the Middle East. It was thus to general incredulity that it was learned at the start of November 1994 that Egypt had applied to join the Arab Maghrib Union. In fact, the modalities of this dramatic change in Egyptian policy had been discussed during the Casablanca economic conference at the end of October 1994, when Egypt was granted observer status.

In essence, the Egyptian decision represented a profound change in national foreign policy. The Middle East—the Levant and the Gulf—was to be abandoned as a primary objective and replaced by North Africa, the Mediterranean and Europe. Egypt, instead of being the dominant Middle Eastern state as it had been ever since the time of Gamel Abdul Nasser, was now to become the dominant southern Mediterranean state instead. As far as the Maghrib was concerned, Egypt would now be a counterweight to Morocco in geostrategic terms and the patron of Libya. In fact, the implications of this reorientation in Egyptian policy will take considerable time to emerge. Not least amongst them are the implications for revival and self-sustained development inside the new, enlarged AMU, now that there is an internal market of around 120 million people.

In fact, Egypt had anticipated a new European initiative, the Euro-Mediterranean Partnership, which came into being in November 1995. This is modelled on the old CSCM proposal and is designed to minimize North African migration patterns by

stimulating economic development in the Mediterranean basin. This is to be achieved by the creation of bilateral free trade areas for industrial goods and services by the year 2010 and the subsequent integration of southern Mediterranean economies into a single free trade area—agriculture will be excluded from the agreements until 2005 because of internal European difficulties over the Common Agricultural Policy. Such an evolution of trade and economic links has an immediate security implication, but the Initiative also provides, in the second of its three 'baskets', for political and security initiatives designed to promote good governance, democratization and confidence-building across the Mediterranean. The third basket seeks to improve common cultural and social development and the whole process is funded by 4.685 billion ecus in grants and a similar amount in soft loans from the European Investment Bank during the first five-year period, with more to come thereafter. In reality, the Initiative is designed both to balance European Union expansion eastwards by a concomitant expansion southwards, given the dependence of the southern Mediterranean on access to the European market, and to improve regional security through economic development as well as through limited collective security measures. It will, however, become the dominant vehicle for Mediterranean security in the years to come and is, perhaps, the most significant policy initiative there since the intervention against Iraq in 1990–91.

The nature of government

Quite apart from regional concerns over issues of intervention, there are growing concerns over Western attitudes towards the nature and quality of government in the Middle East. This, in Middle Eastern eyes, is the third item on the Western agenda that gives rise to considerable anxiety in the region. In this respect, Europe and the United States play the role of both mentor and threat, just as they do over the issue of human rights. This duality is perceived not just by governments themselves—hardly surprising, since governmental authority, autonomy and sovereignty are being called into question by Western concerns and pressure. It is also perceived at the popular level, where there is a profound ambivalence over Western attitudes. There is a widespread awareness within the Middle East that government is generally repressive, unrepresentative and incompetent. However, there is an equally widespread belief that Western pressure over the issue has little to do with this but is simply another means by which governmental independence is to be restricted. This is particularly true of Middle Eastern responses to pressure over governmental abuse of human rights there.

Popular concern over human rights in the Middle East is virtually universal. Indeed, as King Hassan II of Morocco admitted in mid-1992, 'la notion des droits de l'homme est devenue un des piliers du droit international'.[19] However, the official definition of what human rights may be is not so easily accepted. For practising Muslims, 'human rights as such is not a separate domain in Islam, but part of the very essence of our beliefs'.[20] For others, the general concept of human rights held in the West is acceptable, but its provenance is suspect because of

Western interventionism and repression in the developing world in the past.[21] Thus, Western pressure over the observance of human rights in the Middle East is often resented as political interference or rejected as culturally alien.

Popular attitudes towards Western pressure for democratic reform of government are similarly ambivalent. For many, the very fact that Western states should apply such pressure is unacceptable, simply because it implies an interference with national sovereignty. For others, Western concepts of democracy are irrelevant, either because the realities of Middle Eastern life are based on patronage-clientage or consultation and consensus-building (*shura* and *ijma*), or because Middle Eastern political culture is traditionally perceived to be concerned with moral legitimacy and justice, rather than democracy.

For moderate Islamists, Western political values may be close to the ideal they seek but their provenance is suspect.[22] They very often welcome the concept of multi-party democracy, with its implication that power is contingent, not permanent, but they fear the hidden agenda in which, as in Algeria, they will be excluded from power if they win in elections. They often believe that the West, despite its protestations of supporting the democratic process, would acquiesce in such an outcome, as it has done in Tunisia, Algeria and Egypt. For more extreme Islamists, the Western political agenda is heretical, for it infringes on the sovereignty of Islam —and in the ideal Islamic world, sovereignty is a divine attribute.[23] In their eyes:

> Political theory in Islam rests on the basis of justice on the part of the rulers, obedience on the part of the ruled and collaboration between ruler and ruled… Political theory in Islam stands on the foundation of conscience rather than on that of law. It stands on the conviction that Allah is present at every moment alike with the ruler and with the ruled, watching over both.[24]

In general, however, few people in the Middle East would deny that the Middle Eastern state has long been in crisis. The simple fact is that few, if any, governments in the Middle East are considered legitimate or legitimized by the populations over whom they rule. In most cases, whatever the justification used by government or by the elite group from which it derives its control of power, the fact is that government and the apparatus of the state have become the property of a specific group within the population and the vast majority of citizens, as a result, feel alienated from government and, indeed, from the state itself. Governments, in response, retain power only by repressive measures, justified usually by recourse to a collectivist ideology such as Arab nationalism, whether in its Ba'athist or Nasirist variants, or Islam, whether as Wahhabist orthodoxy (Saudi Arabia), the Shi'i vision of the *velayat-e faqih* (Iran) or the Salafiyyist concepts of the Ikhwan Muslimin and their modernist successors. Most Middle Eastern states, in short, are innately 'defective'[25] even when they engage in the process of nation-building and, as a result, their governments are also oppressive.

It does not follow, however, that Western democratic models of political organization are necessarily the preferred alternative. Indeed, the problem of the

state in the Middle East relates primarily to issues of governmental legitimacy and restraints on the government's arbitrary abuse of power. Western-style democracy, on the other hand, is traditionally primarily concerned with achieving the balance between personal liberty and social equality in a situation where government is recognized to be legitimate because of the way in which it is established and operates under the rule of law.[26] Furthermore, democratic political systems operate under the basic assumption that all components of society accept the basic constitutional dispensation of the state, so that the interplay of differing views is expressed only within the democratic political arena.

In the Middle East, this is not necessarily the case, quite apart from the issue of whether or not government is legitimate or arbitrary in its use of power. First of all, political culture is consensual, not conflictual, so that the usual mechanism of Western democratic systems is alien to much Middle Eastern political practice. Second, governmental systems are legitimized by ideology rather than by popular acclaim or a national community—the ideology in question today usually being Islam in one form or another, since Arab nationalism has been largely discredited. Third, there is rarely acceptance of the basic constitutional structure of any state outside that provided for by Islam[27]—largely because the process of nation-building is not complete and ethno-linguistic differences within the state render such an acceptance impossible. Lastly, the primary motivation for constitutional change is to ensure access to an impartial system of justice, not one of political representation; to create, in other words, a *Rechtsstaat* in place of a *Machtstaat,* a state based on law and social justice in place of one based on arbitrary state power, rather than a state based on political legitimization through representation.

Western pressure, or even intervention, towards governmental reform, particularly if it seeks emulation of Western political paradigms, is, therefore, likely to be counter-productive. Indeed, in those cases where government legitimization through some kind of democratic process is underway—Jordan and, most strikingly, Morocco—it is largely because the political structures that have been created do respond to Middle Eastern political culture that they may survive. Furthermore, these moves towards democratic evolution occurred without significant Western pressure for change. They are not, therefore, vitiated in the public mind by being seen as examples of Western interventionism within the Middle Eastern political sphere. Explicit Western pressure for political change in directions acceptable to Western governments and public opinion which does not take Middle Eastern sensibilities into account is almost certainly going to be damaging to such initiatives, particularly in the context of growing regional popular hostility towards the West.

Economic policies and issues

Quite apart from issues of security, 'good governance' and human rights, Europe and other states in the developed world profoundly affect the Middle East in terms of economic relations. In addition to the issue of oil-pricing policies, in which the Gulf

states have sought to maintain a common interest with the major consuming countries —to the disgust and irritation of radical OPEC members such as Iran and Algeria— North Africa is now acutely vulnerable to European Union economic policy as the Single European Market has come into being and the Euro-Mediterranean Partnership Initiative has been put into effect. Furthermore, non-oil-producing states in the Middle East, particularly in North Africa and Central Asia, have to face fundamental issues of economic restructuring under IMF and World Bank tutelage. Indeed, such issues also confront Jordan and Egypt, largely as a result of the problems caused by excessive foreign debt.

Europe and North Africa

Until 1995, economic relations between North Africa and the European Union were governed by a series of Cooperation Agreements which provided for unlimited access of North African industrial goods to the European Union as required by the Treaty of Rome, but placed severe limits on agricultural products. Other primary commodities, such as hydrocarbons—Libya and Algeria provide crude oil and refined products, while Algeria is a major natural gas exporter to Europe, ranking third after the CIS and Norway, and Morocco is the world's largest phosphate exporter—were imported without restriction. In return, the European Union provided development aid, worth 3.402 billion ecus under the European Union Fourth Financial Protocol which ran from 1992 to 1996—less than $1 billion a year.[28]

Two events, however, caused this situation to change. First, at the start of 1993, the Single European Market came into operation and, second, in 1996 Spain and Portugal completed the transitional period for entry into the European Union and became full members. In the first case, the major effect was to force North African industrial goods to overcome new non-tariff barriers linked to the new Europe-wide industrial standards (5,000 of them) that were being introduced. This, in effect, discriminated against North African industrial exports and thus ran counter to the spirit, if not the letter, of the Treaty of Rome.

Second, alongside the Single European Market, which guarantees the free movement of goods, services and European Union nationals throughout the European Union, new restrictions have been introduced under the Schengen Agreements, the Trevi Accords and the Dublin Agreement on the free movement throughout the European Union of third-country nationals. Although not all European member-states have put these new regulations into operation, the movement of North African migrants throughout the European Union has in effect been severely restricted. At the same time, there is a strong likelihood that quota systems will be introduced to restrict the flow of new migrants into the Union because of the growth in xenophobia throughout the Community. The new unified market, in short, has meant significant restrictions in access to the European market place for industrial goods and labour from North Africa.

The full integration of Spain and Portugal into the Union has had an even more serious implication for Tunisia and Morocco, which are major agricultural exporters to the Union, alongside Egypt and Israel (which already had a free trade agreement with the European Union, similar to one it has with the United States[29]). Up to 1996, both countries were able to export under the reference price system, which provided special countervailing tariffs to ensure that North African and internal European Union pricing structures should be equivalent. After 1996, this system was to be abandoned in favour of a quota system, with quota levels for exports based on the average export levels between 1980 and 1984—years of drought in North Africa! For Morocco, this meant that its major citrus market would be severely cut back; the same would be true for Tunisia's olive and olive oil exports. Both countries were therefore at the forefront of demands for a fundamental change in their commercial relations with Europe as a result.

Until 1992, the European Community—the forerunner to the European Union—had proved singularly resistant to any proposal for basic alterations in the relationship. However, in January 1992, the European Parliament rejected the European Commission's Fourth Financial Protocol proposal for Morocco and Syria on the grounds of their human rights abuses.[30] Morocco riposted by rejecting the principle of the aid protocols and cancelling a fishing agreement with the Community—which severely damaged Spanish and Portuguese fishing prospects, since fleets from both countries depend on access to Moroccan and Western Saharan waters. In May, the European Commission patched up the quarrel by offering Morocco a free trade agreement, which was eventually to be extended to the whole of North Africa except Libya, and providing a 46 per cent increase in fishing fees under a new EC Moroccan fishing agreement.

This proposal was eventually widened into the current Euro-Mediterranean Partnership Initiative and eventually proposed as a new Community policy for the whole of the southern Mediterranean littoral in October 1994. It was eventually extended to Israel, Tunisia and Morocco as a first step, alongside a new customs union agreement with Turkey, and was accompanied by a 25 per cent increase in aid allocations. The new policy was enshrined in the November 1995 Barcelona Declaration, signed by all fifteen European Union member-states and twelve states for the southern Mediterranean. Other southern Mediterranean states, realizing that, despite the difficulties, the Initiative will become the crucial means of access to the European market, have hurried to participate as well. By early 1997, Egypt, Jordan and the Palestinian National Authority had completed or were close to completing negotiations on similar agreements, whilst Algeria, Syria and Lebanon had applied to start negotiations.

For Morocco, the Initiative marks the first stage of what the government hopes will be eventual European Union political and economic integration, despite the threat it poses to the 60 per cent of Morocco's industrial base which will be too weak to withstand competition with Europe without special transitional measures to ensure economic convergence. The same is true of Tunisia, where one third of companies are faced with bankruptcy and a further third face severe adjustment

difficulties. It also implies the abandoning of the basic assumption behind the European Union's original southern Mediterranean policy—that North Africa should be treated on the same footing as the Lomé Convention group of countries (African, Asian and Caribbean developing countries). Now it will be treated in a similar fashion to the states of former Eastern Europe in terms of economic access, although it still seems unlikely that political integration through full European Union membership will ever be offered. Nonetheless, in the short to medium term, North Africa's commercial relations with the Union—which is its major trade partner, accounting for over 60 per cent of all trade—will worsen. In the longer term, North Africa will find itself increasingly under European pressure over issues such as economic reform and restructuring and, as a result, over its social policies and political development.

Economic and social intervention

In fact, this pressure is not a phenomenon limited to North Africa. Indeed, as states have become increasingly integrated into the global economy in the past two decades there has been a growing tendency for multilateral bodies, which usually articulate the economic interests and beliefs of states in the developed world, to intervene in the economic development of the developing world. The primary justification for this has been the problem of foreign debt, incurred usually as a result of either a 'rush for development' based on borrowed funds for state investment, or as a result of loans acquired in the wake of the first and second oil price shocks of the 1973–4 and 1979–80 periods in order to cover the cost of imported energy. The generally adverse terms of international trade, coupled with a slow down in economic growth in the developing world, meant that many states were unable to meet repayment schedules and had, therefore, to turn to the IMF for help in balancing their external accounts and to the World Bank for financial support in modernizing their economies.

The problem has been that all aid has been conditional on two separate conditions —economic liberalization and increased 'openness' in the economies in difficulties. More recently, the political precondition of 'conditionality' has been added to aid packages. However, even the original economic reforms involved a hidden political agenda, for they reflect the ideological victory of 'neo-classical economics' over 'Keynesian economics' since the mid-1970s. Each of these concepts impinges directly on the sovereignty of the state, particularly in North Africa and Central Asia.[31]

Economic liberalization

Economic liberalization is considered vital by both the IMF and the World Bank, because they also consider that difficulties over debt repayment reflect fundamental weaknesses in the economies of the states concerned, rather than basic factors in the external economic environment. The basic problem, they argue, is the misallocation

of resources through unrealistic pricing policies in the economy concerned.[32] The cure, then, for the inability to maintain debt repayment schedules, is to restore a proper allocation of resources within the economy and this requires the development of appropriate pricing structures. Fundamentally, economies must be converted to free market principles; state control of economic activity must be radically reduced by the removal of state subsidies and the privatization of state assets; fiscal, monetary and exchange rate policies must be adjusted to international norms and the trade regime must be oriented towards exports, whilst not restricting import penetration, through a process of trade liberalization.

Such policies can, of course, cause massive economic hardship and social discontent within the societies concerned. They are therefore potentially a profound factor for political instability and consequent government repression, with all the attendant dangers of abuse of human rights and minority interests. They thus are often accompanied by, or encourage, traditions of harsh, undemocratic government, since this is the only way in which the reforms themselves can be pushed through and effective political control maintained. Furthermore, since they do not allow for the role of the external economic-environment and often operate inside small-scale economies, the net benefits in terms of foreign debt reduction are usually minimal—as the chronic debt crises of Latin America and Africa make clear.

There is, however, another aspect which worsens the picture. This is that the fundamental objective of the reforms in question is to render the economies concerned more efficient, so that the process of economic development and modernization will be accelerated. That, in itself, is a noble objective and should not cause any objection. However, the technique proposed to achieve it is completely experimental. No economy to date has achieved effective economic development successfully in this way. The economies of the developed world grew slowly and usually enjoyed considerable economic protection, if not privileged access to wider markets. The so-called 'Tiger' economies of South-East Asia developed behind protectionist barriers and often in conjunction with specific multinational corporate investment. They also generally enjoyed a partnership between state and private sector that is not permitted under current IMF and World Bank orthodoxies.[33] In any case, the 1998 Asian crisis illustrates the limitations of such a model. In short, the type of economic development forced upon many developing economies actually worsens the conditions under which economic development can successfully occur.

Openness

'Openness' is allied to economic liberalization and is the concept that through the reduction of barriers to international trade and 'the free flow of goods, capital, people and knowledge',[34] economic development will benefit. However, in the short term, liberalization of trade regimes tends to result in a worsening of the trade balance and concomitant monetary and fiscal restraint to compress domestic demand so that the balance can be restored. It does not dramatically improve export

performance, because most developing economies suffer from adverse terms of trade for their primary-product exports. This can only change if they develop adequate export-oriented industrial sectors and can penetrate the vast markets of the developed world, such as the European Union, the United States and Japan.

For this to be achieved, the countries concerned need massive amounts of investment. In effect, 'openness' requires that such investment be sought through direct private foreign investment (DPFI) or portfolio equity investment (PEI), since the reduction of the role of the state in the economy necessarily means that state investment is construed to be a form of interventionism and potential subsidy—which runs counter to subsidy reduction and privatization policies. Official development assistance (ODA) is also discouraged, except as a temporary substitute for private investment, and DPFI or PEI is seen as the appropriate alternative. Domestic private investment, of course, has to attend on economic development before it can play a significant role within the process of economic development.

The problem is that virtually all DPFI worldwide comes from multinational corporations, which tend to be risk-averse in their investment decisions. Developing economies undergoing economic restructuring with the attendant dangers of social and political unrest are not, therefore, attractive investment prospects. Furthermore, fully 80 per cent of all DPFI annually goes to the 'Triad' states of the EC, the United States and Japan and, until 1992, that proportion was rising. In fact, the developing world saw its proportion of DPFI fall from 18 per cent in the mid-1980s to around 15 per cent by 1990. In addition, even though this might imply an absolute growth in value, much of the investment is insecure, since liberalized fiscal regimes allow for the easy repatriation of profits.

All in all, the developing world's overall attempt to attract DPFI is failing, albeit with several notable exceptions and here the rise in private investment is often due to PEI rather than DPFI. The major success story, of course, has been China, together with Latin America, where Brazil and Mexico are seeing significant rises in DPFI—mainly from funds being repatriated by nationals from abroad—and in some parts of Eastern Europe, such as the Czech Republic and Hungary, where European multinational corporations have begun to invest. Even here there are possibilities of impending economic failure and crisis as the Asian and Mexican crises illustrate.[35] However, for the rest, the picture looks bleak even in supposedly promising areas such as Africa. Even though the World Bank has recently suggested that DPFI in the developing world will increase during the next decade, it admits that this will only occur in countries where there are well-developed infrastructures—a condition that does not apply for most of the developing world[36] and, in the Middle East, does not apply to any country which is currently undergoing economic restructuring except, perhaps, Egypt. Tunisia and Morocco, for example, have consistently seen their foreign investment targets undershot, despite major privatization programmes which have been opened to foreign investors. Only in the oil sector has there been a real boom in Middle Eastern and North African investment up to the mid-1990s.

It is true that there has been a significant and steady rise in DPFI going towards the developing world since 1990—from $31 billion in 1990 to $80 billion in 1993

—so that by 1993 it had risen to a level of 80 per cent of the DPFI received by the developed world and has expanded, partly as a consequence of financial globalization, since then.[37] However, no Middle Eastern or North African state figures amongst the top fifteen states receiving such financial flows—which alone absorb almost 50 per cent of the total. The reasons for this reflect the World Bank's own prescient analysis of the necessary conditions for attracting DPFI, given above. The sudden increase in DPFI flows to the developing world also deserve some explanation: in large measure they reflect one-time capital purchases of privatized state assets. Thus, although recent levels of DPFI have been elevated it is most unlikely that they will be maintained, although the general liberalization of investment codes in the developing world will ensure that they do not fall back to previous levels. At the same time, it is unlikely that the Middle East and North Africa will be amongst the major beneficiaries, although the economic implications of the Arab—Israeli peace process—if eventually successful—may improve their economic fortunes to some extent.

Conditionality

The outlook for economic development in the Middle Eastern periphery thus looks rather bleak as a result of the ideological predispositions of the West and multilateral financial institutions. Of course, there is no reason why investors—whether states or private entities—in the developed world should engage in economic activity elsewhere in conditions which they believe will lead to failure. Equally, however, it is hardly reasonable for them to insist on conditions which are untried, the result of ideological prejudice and often require political conditions that run counter to the aspirations and worsen the economic conditions of the peoples concerned.

Conditionality is, however, the latest form of ideological interventionism that is designed to counter the development of adverse political structures. Yet it flies in the face of the fact that economic reform of the type described above usually requires political authoritarianism for success and that private investment flows nearly always depend on political stability, not political liberalization. It is a unique form of interventionism in that it seeks to make economic support conditional on political reform. It is an extension—on a bilateral basis—of the old economic conditionality principle used by multilateral organizations, principally the IMF, whereby economic support, particularly for economies seeking to reschedule foreign debt, was only available if economic restructuring was undertaken in accordance with multilateral preferences.

It can, of course, be argued that the economic and political development agenda, from which conditionality stems, has changed in the eight years since the end of the Cold War. Now it is institutional reform that is seen as the key to economic success in what has come to be called the 'second Washington consensus'. Such views are based on the supposed virtue of political and economic transparency and accountability, which automatically, so it is assumed, imply democratic political and

institutional processes within a neo-liberal economic context. The problem is, however, that unless such approaches are culturally appropriate they cause profound social and economic division within Middle Eastern and North African society, and thus exacerbate the very ills they are supposed to cure. Amongst those who feel excluded there arises a search for a culturally authentic alternative, holistic in its scope and usually antithetical to Western interests and presuppositions.

Conditionality, therefore, however defined, seems to run counter to the whole neo-classical economic reform enterprise. It is open to more serious objections than that, however. It is, first of all, a direct infringement on the sovereignty of the states concerned. Second, it takes no account of the specificity of the ideological change it requires. The concepts of human rights and democracy it imposes do not necessarily relate to the basic values of the societies on which they are imposed. Third, the imposition ignores the fact that there is often no social or political consensus over the structure of the state involved, which is essential if democratic institutions are to survive,[38] as the recent example of the failure of the democratic process in Algeria makes clear.

The issue is not whether populations seek legitimized government—so-called 'good governance'—respect for human rights or recognition of minority rights. There is no doubt that they do. However, they seek authentic and culturally authenticated versions of these basic concepts. In the Middle East, at least, they do not believe that the versions purveyed by the West, even by the United Nations, reflect these basic concerns. They therefore profoundly resent having such values imposed upon them, even if their governments cannot resist. The result is that government in the Middle East and North Africa is de-legitimized by the very process that is supposed to render it more legitimate. That, perhaps, is the most undesirable consequence of ideological intervention of the kind now in vogue in Europe.

Are there, then, no real advantages to be expected from the economic reform processes under way in the Middle East and North Africa, particularly under the Euro-Mediterranean Partnership Initiative? This is clearly not the case, despite the caveats expressed above. Although economic development is unlikely to be as rapid or as all-encompassing as Western economic theorists claim, development will nonetheless occur. At the same time, the economic restructuring that is now enforced on regional states will certainly improve economic efficiency, although it may —indeed, will—worsen social and educational provision unless specific steps are taken to counter such tendencies. Investment will come, although probably at levels far below those anticipated, as other parts of the world offer greater comparative advantage. The danger is, however, that economic development may well become 'leopard spot' rather than universal in nature and extent. Enclave sectors, committed to serving a European-oriented export market and dominated by *maquilladora* (assembly-type) activities, may develop more rapidly than the economy overall, thus distorting economic structures. National economies, as a result, may tend merely to become satellites of the European economy and lose the opportunity for autonomous development.

A further danger is that, in parallel to such distorted economic development, horizontal divisions develop inside national societies. Those engaged in efficient, modern-style economic sectors will tend to integrate into the prevailing and increasingly globalized Western business culture that is already dominant in the developed world. The mass of the population, excluded from these sectors, largely because of the growing economic and cultural differentiation within society, will tend to be thrown back on indigenous cultural archetypes. They will thus feed the tendencies already prevalent throughout Middle Eastern and North African society towards a rejection of Western paradigrns. Politics will, in short, follow social polarization and thus intensify ideological conflict and adversely affect the way in which regional states and the West will interact.

The consequences

The range of interactions between the West and the Middle East has been extensively widened since 1990. It is no longer possible to talk of a region united by common interests and concerns. Instead, issues of sovereign inviolability, security, governmental accountability and economic restructuring dominate national agendas. Moreover, these issues acquire their importance because in every case there is an imperative for change stimulated by Western pressure. The most striking example of this, perhaps, is the Middle East peace process, which is attempting to resolve the related but separate issues of a solution to the Palestinian problem and peace between Israel and the 'front-line states' of Syria, Jordan and Lebanon. Had it not been for the war against Iraq in 1991 and US pressure thereafter, the peace process itself would probably not have begun. Interestingly enough, the Clinton administration's over-eagerness to involve itself in the process, particularly its open partiality for Israel, almost torpedoed the negotiations between Israel and the Palestinian delegation. It was only Norwegian secret diplomacy, allied to the PLO's desperation not to be excluded from any eventual agreement and to the readiness of the Israeli foreign minister, Shimon Peres, to exploit an unexpected avenue to eventual peace, that saved the process from failure in September 1993. Nonetheless, the contradictions concealed within the process itself led back towards failure by the second half of the decade.

Yet, at the same time, the significance of these fundamental alterations in policy imperatives should not be overstated. Some of the changes they imply also have an internal component and would probably have developed eventually in any case. Governmental legitimacy would, for example, inevitably have become a major issue once the Arab—Israeli dispute had been resolved, simply because governments would have no longer been able to claim a spurious legitimacy from their commitment to it. Economic reform would also have been inevitable for reasons of demographic pressure alone. The fact that they have happened in the immediate aftermath of the defeat of Iraq and the end of the Cold War is testimony to the political and diplomatic weakness of the Middle East as a result of its geopolitical fragmentation.

In any case, the Western participants in this policy dialogue have begun to reassess their positions. The World Bank, for instance, has recently abandoned attempts at intervention in policy formulation in Africa on the grounds that it had worsened, not improved, the situation there. Western failure in Bosnia-Herzogovina is bound to force a reassessment of the relevance of intervention. Western governments, in short, are beginning to realize that their initial post-Gold War initiatives at setting a new international agenda have not been particularly successful and may well, in many cases, have been counter-productive. It remains to be seen what damage will have been done to Middle Eastern perceptions of Western values and what effect this may have on future relations between the two regions.

Notes

1. See T.Y.Ismael, *International Relations of the Contemporary Middle East: A Study in World Politics,* Syracuse, New York, Syracuse University Press, 1986, pp. 3–13, 41–65.
2. E.G.H.Joffé, The Implications of the New World Order for the Middle East and North Africa', in S.Chapman (ed.), *The Middle East and North Africa 1993,* London, Europa Publications, 1992, pp. 3–10.
3. International Monetary Fund, 'Eastern Europe and the Republics of the Former U.S.S.R.', *World Economic Outlook May 1992,* Washington, DC, IMF, 1992, pp. 30–47.
4. See E.G.H.Joffé, 'Middle Eastern Views of the Gulf Conflict and its Aftermath', *Review of International Studies,* vol. 19, no. 2, 1993, pp. 177–201.
5. The history of the evolution of a policy of unilateral interventionism is given in Fred Halliday, *Cold War, Third World: An Essay on Soviet—American Relations,* London, Century-Hutchinson, 1989, and in R.C. Freysinger, 'US Military and Economic Intervention in an International Context of Low-Intensity Conflict', *Political Studies,* vol. 39, 1991, pp. 321–34.
6. J.S.Mill, 'A Few Words on Non-intervention', *Dissertations and Discussions,* Harmondsworth, Penguin, 1967, pp. 168–9, cited by J.Mayall, 'Non-intervention, Self-determination and the "New World Order"', *International Affairs,* vol. 67, no. 3, 1991, p. 427.
7. A.Roberts, 'A New Age in International Relations?', *International Affairs,* vol. 67, no. 3, 1991, p. 525.
8. *Financial Times,* 2 January 1993; *Middle East Economic Survey,* 6 October 1992, p. B4; also see E.G.H.Joffé, 'Oil, Wealth and Wealth Distribution', in H. Miall (ed.), *Decision-Making in the Gulf: Lessons to be Learned,* Current Decisions Report no. 5,Oxford, Oxford Research Group, 1991, p. 31.
9. Interview with Iranian official, March 1993. Reasoning for the build-up included preparing Iran to resist a US and Arab threat, supporting the Islamic revolution and its export, and embarrassing President Rafsanjani.
10. Economist Intelligence Unit, *Country Report: Iran,* no. 3, London, Economist Publications, 1992, p. 13.

11 On Turkey's role in Central Asia, see Philip Robins, 'Between Sentiment and Self-Interest: Turkey's Policy toward Azerbaijan and the Central Asian States', *Middle East Journal,* vol. 47, no. 4, 1993.
12 *Encyclopaedia Britannica,* 1993, country tables.
13 Economist Intelligence Unit, *op. cit.,* pp. 9–10, 19.
14 See E.G.H.Joffé, 'European Security and the New Arc of Crisis', in *New Dimensions in International Security,* Part 1, International Institute for Strategic Studies, Adelphi Paper no. 265, London, Brassey's, 1991, p. 61.
15 Ministero degli Affari Esteri, *Italian-Spanish Non-Paper on CSCM,* Rome, Ministero degli Affari Esteri, 17 September 1990.
16 G.Nonneman (ed.), *The Middle East and Europe: An Integrated Communities Approach,* London, Federal Trust for Education and Research; Brussels, Trans-European Policy Studies Association, 1992, pp. 202–3.
17 C.Lacoste and Y.Lacoste, *L'État du Maghreb,* Casablanca, Éditions Le Fennec, 199l, pp. 441–56.
18 L.Chenais, unpublished paper, Geneva, Organization for International Migration, 1990.
19 *Le Monde,* 2 September 1992.
20 Mohamed Naciri, cited by K.Dwyer, *Arab Voices: The Human Rights Debate in the Middle East,* London, Routledge, 1991, p. 38.
21 *Ibid.,* p. 163.
22 For example, Dr Rashid al-Ghannouchi, the leading Tunisian Islamist, who stated that 'The closest model to what we seek is the Western liberal model'. Conference at Chatham House, London, 7 October 1994.
23 A.A.Kurdi, *The Islamic State: A Study Based on the Islamic Holy Constitution,* London, Mansell, 1984, p. 39.
24 S.Kotb, *Social Justice in Islam* (originally published as *al-'Adalah al-Ijtima'iyah fi al-Islam,* Cairo, Maktabat Misr, 1945), trans. J.B. Hardie, Washington, DC, American Council of Learned Societies, 1953, pp. 93, 99. A more modern and more explicit statement of opposition to Western-style democracy was provided by the Algerian Islamist leader Ali Bel Hajj, in a speech at a mosque in Kouba Qadim in Algiers on 15 June 1990, when he argued, 'We will not barter *shura* [consultation] for democracy… it is Islam which has been the victor, as always, not democracy. We did not go to the ballot boxes for democracy.' *Le Monde,* 17—18 June 1990.
25 See M.Heiberg, 'Insiders/Outsiders: Basque Nationalism', *Archives of European Sociology,* vol. 6, 1975, pp. 186–93.
26 J.Roper, *Democracy and its Critics: Anglo-American Thought in the Nineteenth Century,* London, Unwin Hyman, 1989, pp. 204–8.
27 Although there is considerable dispute as to whether Islam does provide a paradigm for constitutional structures, see N. Ayubi, *Political Islam,* London, Routledge, 1990, particularly the discussion on Judge Ashmawi.
28 Nonneman, *op. cit.,* pp. 202–3.
29 P.Landau, *Israel to 2000: Will Immigration Drive Growth?,* Special Report no. M203, EIU Prospects Series, London, Business International, 1992, p. 62.
30 Economist Intelligence Unit, *Country Report: Morocco,* no. 2, London, Economist Publications, pp. 89.
31 The arguments presented here are drawn essentially from T.Niblock and E.Murphy, *Economic and Political Liberalisation in the Middle East,* London, Academic Press,

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32 M.P.Todaro, *Economic Development in the Third World,* 4th edn, London, Longman, 1989, p. 83.

33 An interesting critique of these policies and of their application in Morocco, Chile, Ecuador and the Ivory Coast has been published by the OECD (Organization for Economic Cooperation and Development). It demonstrates that many of the features of these policies are often irrelevant and frequently damaging and recommends a far more subtle and differentiated approach to economic restructuring policies in general. See F.Bourguignon and C.Morrisson, *Adjustment and Equity in Developing Countries: A New Approach,* Paris, OECD, 1992.

34 The World Bank, *World Development Report 1991: The Challenge of Development,* Oxford, Oxford University Press, 1991, p. 88.

35 T.Killick and C. Stevens, 'Eastern Europe: Lessons on Economic Adjustment from the Third World', *International Affairs,* vol. 67, no. 4, 1991, pp. 679–96.

36 The World Bank, *op. cit.,* p. 96.

37 UNCTAD (United Nations Conference on Trade and Development), 1994.

38 For an illuminating account of the degree of hostility initiatives such as 'conditionality' can arouse, see Dwyer, *op. cit.*

4
The United States, Europe and the Middle East
Cooperation, co-optation or confrontation?

Phebe Marr

The new global order

As everyone now knows, the post-Gold War era has not brought a new world of order and stability. Rather, the collapse of the Berlin Wall has ushered in a period of transition and uncertainty to which all countries, large and small, are struggling to adjust. Despite widespread confusion over the future course of events, however, a few trends have begun to emerge with greater clarity. These trends are likely to shape the political environment in which the United States and Europe relate to one another and to the Middle East. What are they? And how will they impact on Western policy towards the Middle East?

Major world trends: the 'era of deregulation'

The first trend has been a loosening of NATO ties and a re-examination of its mission. The collapse of the Soviet Union and the end of the Cold War have led to a 'relaxation of the pressures which bound the United States and its European allies together in a common purpose. As the overarching Soviet threat has disappeared, so, too, has the discipline that helped curb divergent interests and fractious political disputes. As one political analyst has described it, 'ours is a period of international deregulation.'[1] At the same time, both the United States and Europe have felt free to give more attention to long-neglected domestic problems, a tendency fully supported by their voting publics. The result has been a diminution of NATO's ability to confront outof-area problems with any degree of cohesion, as the Balkans dilemma has illustrated.

Second, the United States has been left the sole superpower by default. Despite its military downsizing and its post-Cold War economic restructuring, the United States is the only country with the military assets to achieve global reach and the capacity to lead a military alliance spanning several regions.[2] While the United States has economic competitors in Europe and Asia, it is still the largest, most powerful industrial economy in the world. However, although the United States may have more power than others, in an interdependent and increasingly competitive world, its reach and its ability to command support, both from European allies and Middle

Eastern friends, have been diminished. Moreover, Washington appears increasingly reluctant to exercise that power unless vital United States interests are engaged and unless the costs—economic and military—are carefully examined. The result has been to raise some questions abroad about America's future leadership role and its willingness to exercise it.[3]

Outside the United States and Europe, a third, even more disruptive trend is discernible: the dispersion and decentralization of power. Just as the disappearance of the Soviet threat softened alliance structures, the fragmentation of the Soviet state was a powerful impetus to the weakening control of centralized governments over their populations. Everywhere in the developing world—and even in the industrialized world—the nation state, as the primary organizational structure of international relations, is under attack. Borders have become more porous in the face of transnational threats and pressures (drugs, terrorism, refugees), while the legitimacy of regimes is increasingly questioned. Even the inviolability of sovereignty, the principle underlying the entire nation-state system, has lost ground as repressive regimes such as Iraq or Haiti have caused international crises. The nation state has also been under attack from long-repressed ethnic and sectarian groups, anxious for more power, better representation in government and, in some cases, separation from the nation state itself.

This trend parallels, and runs somewhat counter to, a fourth phenomenon: increased global economic interdependence. Within the industrialized world, this is now an established fact, as multinational corporations and trade blocs such as the EU and NAFTA (North American Free Trade Area) have mushroomed, and free trade has become the new mantra of the G-7. Developing states have been urged by the IMF and other international institutions to restructure their economies, shift to privatization, and develop export-oriented growth strategies as a prelude to joining the new order. States that are not able to accomplish these tasks and compete in the new international economic market place, may face economic marginalization—or worse. Successful states are likely to be more stable; unsuccessful ones, part of a more disorderly world.[4]

Lastly, economic interdependence appears to have spawned yet another trend as states seek to accommodate free market competition on a global basis. A horizontal divide has emerged within almost all states, rich and poor, between better-educated elites who are capable of competing in and benefiting from the new order, and substantial elements of society at lower levels of income and education, who are not. Without some government support, these elements—often the bulk of the population in poorer countries—will pay a heavy price for economic reform. Their refusal to accept the new economic order could mean social upheaval and political instability at home. Even in developed countries, opposition to globalization can cause turbulence, as shown by the French election of 1997, in which voters appeared to reject the austerity measures demanded by French adoption of the Euro.

These global trends portend no major international threat such as that previously posed by the Soviet Union, but a more disorderly world in which the role of global

leadership, especially that of the United States, may be diminished and more selectively exercised.

The Middle East in the new international environment

The trends outlined above all apply with particular force to the emerging Middle East with which the United States and Europe must deal, separately or together.

In this region, the Gulf War was an even more decisive turning point than the end of the Cold War. The Gulf War exacerbated regional divisions in the Middle East, and illustrated the inability of any regional power or organization to settle Arab problems on its own. The war exposed already existing fissures between rich and poor states, as well as divisions between those willing to work with the West and those opposed to any outside interference. The diverse interests of the region have become institutionalized in various regional groups, such as the Gulf Cooperation Council (GCC), the Arab Maghrib Union (AMU) and now the Economic Cooperation Organization (ECO) of Turkey, Iran and other 'Northern Tier' states. As the Gulf War clearly showed, regional leadership is weak. Egypt, while capable of exercising some leadership, cannot pull a majority of Arab states together; even its collaboration with Syria and the GCC in the Gulf War proved ephemeral. Turkey, earlier regarded as a potential leader of the Turkish-speaking countries of the former Soviet Union, has had to accept a more modest role in these countries and is itself falling prey to domestic instabilities. Arabs and Israelis have long shown themselves unable to achieve peace without outside stimulus. In the Persian Gulf, the stabilizing role of Iran has long since gone with the Shah, and the United States has assumed the controversial task of keeping a precarious balance there.

Neither the end of the Cold War nor the Gulf War has brought stability to the region. The Middle East is a prime example of weak states under renewed pressure from ethnic and sectarian groups. In Iraq, the Kurds and the Shi'a, in the aftermath of the 1991 rebellion and its brutal repression by the regime, continued to foster insurgence against the central government. The Kurds in the north, though politically fragmented, continue to hold sway over a wide swathe of territory free of central government control, and under international (US and British) protection. However, the nascent government they established in 1992 has collapsed in inter-party fighting and allowed Turkish military incursions and the intrusion of Turkish and Iranian political influence into Iraqi territory. In Turkey, the Kurdistan Workers' Party (PKK) is leading a rebellion among the Kurds in eastern Turkey which has threatened Turkey's economy and its political stability. In Algeria, a brutal guerrilla war waged by the Islamic opposition against the government has threatened the cohesion of the state. Here, too, an ethnic minority, the Berbers, show signs of separatist intentions.

The Middle East is also a laboratory for the emerging new economic order. Most of the states of the region, burdened by debt and oversubsidized economies, are undergoing restructuring (often demanded by the IMF), to pay off debt and

improve their economic growth. But the shift to market economies and the gradual integration of the Middle East into the global economy has created several sharp divisions. The first is between the wealthier countries, already fairly well integrated into the international market and comfortable with their Western association (Israel, Turkey, the GCC), and the poorer ones, worried about the domestic pain of such an adjustment (Egypt, Tunisia, Algeria, Jordan, Syria). The second is the horizontal divide that exists in all Middle Eastern countries between a Western-educated upper stratum, willing to accept integration, and relatively comfortable with Western values such as human rights, capitalism and democracy, and much of the rest of the population, who fear the social, economic and political costs involved, and who may not share the values of the West. It is to this latter group that the new ideology of Islamic revivalism appeals. Political Islam has been able to capture the imagination of the have-nots as well as of intellectuals looking for indigenous values to replace discredited Soviet and Western philosophies. It is not yet clear whether those who espouse this ideology have the capacity to construct a new system that is functional, but they are challenging the legitimacy of regimes with poor records of economic and political competence.

These trends do not add up to a major, concentrated threat to United States or Western interests in the Middle East, such as that posed by Iraq's invasion of Kuwait or, previously, the expansion of Soviet influence into the region. But they do signal continued instability both within states and across state boundaries, and the potential for interstate conflict that could erupt into unwanted military action and threaten Western interests. The threats are diverse, diffuse and often overlapping. Few of the challenges lend themselves to military solutions or to quick diplomatic or political fixes. Rather, they will take coordinated management from the West over a considerable period of time to reduce tensions and avoid conflicts. The issue here is whether a sustained policy to address these issues is likely, and whether the United States and its European allies will be able to cooperate in the endeavour or whether they will find themselves increasingly at odds over the direction to take.

The view from the United States

Both the United States and Europe are searching for formulas to deal with the new array of challenges facing them in the Middle East. On both sides of the Atlantic there is debate on similar issues. But different parameters, different resources and differing historical experiences in Europe and the United States are leading to some divergent views. What is the view from Washington?

A clear trend is difficult to discern as yet, given some of the sharp changes in the domestic political map. Since the end of the Gulf War, the United States has had three elections, all of which have resulted in significant political and personnel changes.[5] The election of 1992 replaced the Republican president responsible for an overwhelming victory in the Gulf War with a new Democratic incumbent committed to concentrating on domestic policy and social change. The congressional election of 1994 replaced a Democratic majority in Congress with an

overwhelming Republican majority for the first time in forty years. The presidential election of 1996 ratified the previous status quo (a split government) by returning a Democratic president and a Republican Congress but whittling down the Republican majority. After a contentious two-year battle between the White House and Capitol Hill, the electorate voted for political cooperation, but not a change in direction. Aside from the partisan issues involved (and they will certainly play a role in foreign policy) are there any common threads in these election dynamics? If so, what might they portend for United States foreign policy? Much of the answer may lie in the new political leadership, their backgrounds and their political culture.

The new political elite and their outlook

First, these elections have brought to Washington a new generation of politicians. In 1992, a president in his sixties (Bush) was replaced with one in his forties (Clinton). With Clinton came a young vice-president of the same generation, and a staff of White House and National Security Council advisors, many of whom were in their twenties and thirties. Their numbers may not have been substantial, but their visibility and their proximity to the Oval Office assured them an influential voice in policy. The 1994 election to Congress accomplished the same result. As Speaker of the House, Newt Gingrich, aged 52, replaced Tom Foley, aged 66. Of the ninety-seven newly elected members of the 104th Congress 23 per cent were in their thirties; 76 per cent were not out of their forties.[6] The 105th Congress, elected in 1996, brought a slightly older group to office, but not by a wide margin. Of eighty-one freshmen, 17 per cent were not out of their thirties; almost half (48 per cent), not out of their forties.[7] These elections indicate that a torch has, indeed, passed to a new generation.

A second characteristic of the new incumbents, a corollary of their youth, was their relative lack of experience in government at national—and certainly international—levels. Many of the White House staff brought in in 1992 had served briefly on the Hill or had had experience in domestic political campaigns. Most had had less experience in foreign policy than those they replaced. The inexperience was even more striking in the Congress elected in 1994. A political observer has written, 'Many of these freshman came declaring—without apology—that they had no previous political experience. Only 26 had any legislative experience.'[8] Some 40 per cent had two years or less of any experience in government.[9] In fact, lack of experience was made a positive virtue by the new Speaker of the House. 'A 20th century America, almost in a perpetual "state of war", may well have benefited from having seasoned leaders,' he wrote in a newspaper opinion article, 'but the 21st century America will benefit more from having regular turnover in its elected leaders… America will gain insight from the influx of new ideas.'[10] The 1996 election rectified this lack of experience, but only slightly. In the White House, those staffers who remained had acquired some four years of experience, often gained in a crucible of crises and mistakes. In Congress, the experience level of incoming freshmen remained about the same; some 30 per cent had no previous

experience in government; about 40 per cent had had two years or less. But over all, some 60 per cent of the House had held prior elected office. However, turnover in Congress since 1992 has reduced political experience as a whole. By 1996, more than half of the House (53 per cent) had arrived since 1992 without prior public service while forty Senators were new to the chamber since 1992. Interestingly, for the first time in four and a half decades, businessmen outnumbered lawyers—reflecting an interest in economics rather than legislation.[11]

A third contrast lies in the origin and background of many of the newly elected officials. They come, largely, from medium-sized cities or towns in the United States heartland. Few are from either coast, east or west, or from large cities and urban centres. President Clinton and many of his entourage hail from Arkansas; his vice-president from Tennessee (although much of his life has been spent in the capital). Of the new congressional representatives, over 60 per cent of the 104th Congress hailed from the interior of the United States, including Speaker Gingrich. Some 22 per cent came from the south; 20 per cent from the mid-west, and 21 per cent from the west and south-west.[12] In the 105th Congress, this feature was even more pronounced. Some 74 per cent came from the interior; almost 36 per cent from the south; 23 per cent from the mid-west, and almost 15 per cent from the west and south-west. Very few, about 15 per cent, came from large, urban environments.[13] This does not mean that the east—and west-coast contingents, with their strong international links, have been completely displaced, but it does mean that their ranks have been thinned, and replaced by new voices with a more 'middle-American' accent.

The new agenda

What do these background indicators portend for United States foreign policy? First, the generation steeped in collaboration with Europeans through its experience of the Second World War, the Marshall Plan and the Cold War has been replaced by the Vietnam generation.[14] The generation of Bush and Baker carried with it a positive affinity for Europe, acquired through working with Europeans in a common effort that was ultimately successful. This was fostered by the presence of 350,000 United States troops in Europe, who went home with lasting connections. These, too, will diminish as the number of troops is cut to below 100,000.[15] By contrast, the Clinton/Gore generation has been shaped by the experience of the 1960s—one of social protest against an unpopular war in Vietnam, as well as an intense concentration on an American agenda of social and economic problems at home. It is perhaps not surprising that Clinton has been the first president not to make Europe the primary focus of United States foreign policy; rather his main thrust has been geo-economic, not geostrategic—a concentration on trade and economic growth at home, and more attention to Asia. (Some of this focus, of course, is also due to changing world circumstances.)

Second, and even more important, has been the lack of experience in foreign affairs, both at the White House and in Congress. Both branches of government

have turned their attention to domestic politics, with which they are most familiar. Interestingly, the Clinton administration came to office with some strong advocates for an activist role abroad, particularly in promoting human rights and the 'strategy of engagement and enlargement' and of expanding democracy and free markets.[16] In time, their views have largely been overshadowed by those who preferred to 'manage' foreign policy in a way that would prevent its intrusion on the main business of reforming the domestic political and economic structure. The clearest evidence of the victory of the 'managers" came in the wake of the debacle in Somalia, when the earlier doctrine of 'assertive multilateralism' was replaced by more restrictive guidelines for United States participation in multilateral peacekeeping operations. This trend has been reinforced in Congress. Despite some congressional rhetoric about the need for a strong (but as yet undefined) defence policy, congressional representatives in both the 104th and 105th Congresses have been less, rather than more, interventionist. Indeed, the danger is that inexperience in foreign affairs will cause legislators increasingly to view foreign policy through a distinctly 'American' lense, with less sensitivity to foreign interests or dilemmas. The influence of Senator Jesse Helms, a Republican from South Carolina, and chairman of the Senate Foreign Relations Committee since 1994, has given powerful impetus to non-interventionism and unilateralism. His insistence on reducing United States contributions to the UN, on reductions in and reorganization of the United States foreign policy bureaucracy, and his sponsorship of the Helms—Burton legislation penalizing foreign companies for doing business with Castro's Cuba, are all indications of a new congressional trend.

Third, in an era of domestic budget cutting, foreign policy may come to be measured by its costs. As one writer has indicated, Congress may attempt to achieve foreign results 'on the cheap'.[17] Congressional attempts to cut foreign aid and to scale back the United States contribution to the UN and to peace-keeping missions all point to a diminution, not an expansion, of the instruments of United States power abroad, even though the United States now spends less than one per cent of its GDP on such aid, ranking eighteenth among industrial nations. The result may be 'a slow erosion of American influence and rising resentment against a country that seems to want to match a high-flying self-image and set of goals to a chintzy bank account.'[18]

There is another cost that newly elected officials, especially those with little experience in foreign affairs appear unwilling to pay: the cost in time, energy and attention that foreign policy takes. Time devoted to international affairs, in this calculation, is time taken away from pressing domestic business. While some reordering of priorities may well be long overdue, there appears to be

> an unwillingness to do the hard work of exercising international leadership and an urge, not merely to share, but to shed, its burdens. A new unilateralism underlies a foreign policy approach which holds that we will deal with the world when we must, but only in our own ways, in our time, and on our own terms.[19]

This tendency will be offset by the stewardship, as secretary of state, of Albright, a strong supporter of United States engagement and multilateral cooperation. A main effort of her tenure is likely to go towards generating public support for United States leadership in international affairs. Notwithstanding this effort, and strong support for her position in the traditional foreign policy establishment, the struggle with those who want reduced involvement abroad and less expensive government at home will continue for the foreseeable future.

Even more significant has been the reluctance on the part of the Vietnam generation—and the public at large—to engage in military activity that might result in significant casualties. The Persian Gulf syndrome, a war won swiftly, with minimal casualties on the United States side and with most financial costs absorbed by Middle Eastern allies, has reinforced these tendencies.

The restless public

Lastly, United States elections have also revealed an American electorate interested in a less intrusive but more effective government in Washington; desirous of change, yet uncertain of the direction it wishes to take. Above all, it is focused on domestic, not foreign, policy and economics, not strategic concerns.[20] In this fluid climate of opinion, a debate on the ends and means of United States foreign policy has already begun. While the outcome is still unclear, the debate is crystallizing around several key issues. To what extent should the United States turn inwards at the expense of foreign policy goals? When and where is an activist policy justified, and for what goals? Should these be limited to national interests, strictly defined, or include 'enlargement' of United States and Western values, such as democracy and free markets? How should the United States seek to achieve its goals—through multilateral cooperation with allies and supporters, through international organizations such as the UN or unilaterally, when it sees its interests threatened? Also at issue are the costs and risks of a foreign policy (economic and military) as measured against domestic needs.[21]

Relations between the United States, Europe and the Middle East

Mutual interests

How will these factors impact on relations between the United States and its European allies as they deal with the Middle East? Already, there are indications that relations are likely to be increasingly disputatious. However, it should be said at the outset that on the Middle East, commonalities of view between the United States and Europe outweigh differences. The first and most important of these concerns shared strategic interests. For both parties, a stable Middle East, free of upheavals and turmoil, is the desideratum. While such a political environment may

be more a wish than reality, the closer the Middle East approximates to stability, the better European and United States interests are served. Wars between states and lethal domestic conflicts can interrupt commerce, create refugees and generate domestic pressures in Europe and the United States for undesired intervention. Southern Europe, with its proximity to North Africa and the Levant, is more vulnerable on this count than the United States.

Second, the United States and Europe have a vital interest in protecting the free flow of oil through the Persian Gulf and from North Africa at reasonable prices. Middle Eastern oil is essential to all Western industrial economies. While Europe is more dependent than the United States on Middle Eastern oil supplies, petroleum is a fungible commodity. Any fluctuation in supply will affect global prices. Oil price rises beyond an acceptable range could cause economic recession, with disruptive social and political consequences on both sides of the Atlantic. In the past decade, both the United States and Europe have engaged in military actions in the Gulf and there is little doubt that they would do so again, if necessary, to protect this vital trade.

Third, the United States and its European partners have strong commercial interests in the Middle East. The Middle East is a major market, of more importance for Europe than the United States, but both depend on the sale of military and civilian goods to offset oil purchases. In an era of increased economic competition, keeping these markets open is a strong shared interest. However, the competition between various European and Asian countries and the United States for market shares in the Gulf has become increasingly divisive. In addition, the European desire for markets has increasingly come into conflict with the United States security agenda in two critical countries, Iran and Iraq, as indicated below.

Also vital are the region's many strategic waterways and lines of communication, essential not only for commerce, but also for United States military power projection, should that be necessary. Chief among these are the Suez Canal, the Strait of Hormuz, the Bab al-Mandab strait, the Strait of Tiran (an important outlet to the Red Sea for Jordan and Israel) the Bosporus and Dardanelles, and ports all around the rim of the Mediterranean which provide access to Africa, the Middle East and Asia. Overflight of the Middle East, which lies athwart three continents, is also critical.

Lastly, the United States and Europe share a more intangible but nonetheless important interest in supporting the spread of market economies and democracies, where possible. This goal may sometimes conflict with other interests, such as stability, and cause the West to acquiesce in authoritarian regimes in vital regions like the Gulf, to help further interests such as oil flows. Nonetheless, both the United States and Europe support human rights and more open societies, as a matter of principle and, generally, in practice, where they do not conflict with more vital interests.

Divergences

However, if the United States and Europe can agree on broad, mutual interests and shared values, increasingly they are in disagreement over assessments of the threats to these interests and, even more, on appropriate means of dealing with them. Some of these, particularly policy towards Iran and Iraq, have been sufficiently deep and divisive to inspire United States legislation, such as the Iran-Libya Sanctions Act (ILSA) in 1996, directed against European allies. This, in turn, has generated European threats to take the United States before the World Trade Organization. Rising tension over these issues can spill over to others and tends to reduce the ability of NATO allies to cooperate on Middle Eastern issues of common concern. Sometimes the disagreements do not pit the United States and Europe against one another but cut across both shores of the Atlantic, as is the case with the debate on the Islamic revival and its challenge to the West.

Some differences between the United States and Europe are inherent in geography, resource patterns and their respective function in the alliance. Europe's geographic propinquity to the Middle East makes its relations with countries on the other side of the Mediterranean more immediate. Europe cannot avoid interdependence, even intimacy. If there is social upheaval in Algeria, the effect may be a flood of refugees in Southern Europe. Over 12 million Muslims of Middle Eastern origin live in Europe, where they have become a significant factor in domestic politics.[22] Because of the ties of these immigrants to their countries of origin, European governments must be more sensitive to politics in the Middle East lest the results spill over into domestic unrest or even terrorism at home. Historically, Europeans have been closer to the Middle East than the United States, through decades of imperial rule, although this phenomenon is fading. In some cases, as in the Gulf, the United States position has come to resemble that of the former British or French empires, with military, economic and cultural influence giving the United States a dominant position.

More important is the economic interdependence between Europe and the Middle East, which surpasses that of the United States. In 1995, Europe imported twice as much of the region's oil (10 million barrels per day) as the United States (5 million barrels per day). The Gulf supplied 24 per cent of Europe's needs; 19 per cent of the United States'.[23] In exports, Germany alone shipped goods worth $20 billion to the Middle East in 1992, the same as the United States.[24] For this reason, trade tends to dominate the EU-Middle Eastern relationship and is the preferred EU instrument of diplomacy. As competition for global markets increases, and the United States leans on sanctions to accomplish security aims, trade policy towards the Middle East has become an arena of increasing friction between the United States and Europe. Europe is opposed to restrictive trade sanctions and secondary boycotts imposed by the United States, while the United States is resentful of European trade policies which undercut its security policy.

By contrast, the United States dwarfs Europe in its military relationship to the Middle East. Its military posture in the Persian Gulf is unquestionably the one on

which others rely to keep the sea lanes open and the oil flowing. It is this force that must deter future aggression from Iraq (in Kuwait) or Iran (in the Straits). United States forces form the backbone of NATO's southern command, especially at sea. While some European forces participate in military actions, such as Operation Southern Watch (OSW) which flies missions over southern Iraq, and the Multilateral Interdiction Force (MIF) which monitors sanctions on Iraq, the brunt of the military burden will fall on the United States.[25] United States strategy calls for cooperation with allies in future regional conflicts, but United States forces are sized and structured to provide flexibility 'and the capability to act unilaterally if necessary'.[26]

This phenomenon has, in fact, produced an asymmetrical division of labour between the United States and Europe in the Middle East. The United States provides most of the military capacity for deterrence; the Europeans are the region's major trading partner. Europe is thus dependent on the United States for the security of a region of key economic importance to it. As competition for Middle Eastern markets between the United States and European countries intensifies, this asymmetry has come to be increasingly resented on both sides. This resentment is feeding divisions over policy. Europeans who want to trade with Iran and Iraq tend to favour constructive engagement with these countries; the United States, which will bear the brunt of military action to deter aggression, espouses coercive diplomacy, such as sanctions, and isolation. On its side, the United States is unhappy at Europeans profiting economically from trade with these countries when the military burden of containing potential aggression falls disproportionately on the United States and its regional allies. In the future, more burden sharing may be sought from the Europeans to help cover the costs of defence.

Case studies: United States-European relations in practice

How is this complex interaction of United States-European interests, goals and instrumentalities, likely to play out in the Middle East over the coming decade? In which areas is there likely to be cooperation? Dissonance? How, and to what degree, is the United States likely to exercise leadership? One way to identify potential outcomes of this interplay is to examine four Middle Eastern issues of critical importance to both the United States and Europe.

The Persian Gulf

The first of these is strategy towards the Persian Gulf, an area where strong mutual interests in the free flow of oil, the protection of trade routes and a desire for stability in the countries of the region have not led to common perspectives and policies. Indeed, policy differences continue to widen, causing increasing contention on a number of fronts.

In an attempt to define a new post-war strategy for the Gulf—one that recognized the new post-Gulf War distribution of power—the Clinton

administration enunciated the policy of 'dual containment' in 1993.[27] This construct made clear that a policy of 'tilting' to Iraq to balance Iran (as occurred in the Iran-Iraq war) or vice versa would not be followed. The United States, in cooperation with regional and European allies, would undertake the responsibility for maintaining a rough equilibrium among forces in the Gulf, and of preventing aggression by deterring hostile regimes in both Iran and Iraq.

Despite the title, 'dual containment' does not mean equal treatment of both countries. The United States favours a much stricter policy towards Iraq, based on continuing an oil embargo and trade sanctions until Iraq has satisfactorily fulfilled all UN resolutions pertaining to the Gulf War, including those mandating the destruction of Iraq's WMD (weapons of mass destruction) and UN monitoring of Iraq's capacity to manufacture them, the return of missing Kuwaitis and material stolen from Kuwait, and respect for the human rights of Iraqi citizens. Since the United States claims that Saddam Hussein cannot fulfil these human rights requirements and survive politically, the policy is tantamount to requiring his removal before sanctions are lifted. The policy of non-recognition of the Baghdad regime was reaffirmed early in the second Clinton administration in a public speech by the secretary of state, Madeleine Albright. She went further. In an effort to encourage a change in Baghdad, she made clear that a change of government could lead to a change in United States policy, that the United States would be willing to enter rapidly into a dialogue with a successor regime and that, if United States concerns were addressed satisfactorily, a whole range of economic and security matters would be open for discussion.[28] The United States has also called for preserving the territorial integrity of the state, a policy that has been weakened by the protection of a distinct Kurdish enclave in the north of the country, and to a lesser extent by a no-fly zone in the south.

With respect to Iran, the United States has called for a change of behaviour in several key areas: Iran's support of international terrorism, its active hostility to the Arab-Israeli peace process, its attempts to acquire nuclear technology and other weapons of mass destruction, its poor human rights record, and its efforts at subversion of regimes friendly to the West. Since 1995 United States policy has hardened, partly in response to continued aggressive and confrontational acts by Iran such as its continued strong support for militant Islamic groups in Algeria, Sudan and the West Bank/Gaza, its continued hostility to the peace process, and the development of a missile capability along the southern shore of the Gulf capable of reaching the entire eastern coast of the Arab Gulf states. In February 1995 the House Speaker, Newt Gingrich, suggested that United States policy would be better served by a new regime in Iran, and congressional funds were reportedly appropriated to destabilize the existing regime.

Responding to congressional pressure, in March 1995 President Clinton blocked a $1 billon Conoco contract with Iran to develop two offshore gas fields, and prohibited United States companies from buying Iranian oil or investing in Iranian projects. In May, the administration announced a ban on all United States trade and investment in Iran. The United States response might have stopped there, but the

Republican-dominated Congress and pro-Israeli groups demanded firmer action. They were spurred, in part, by suicide bombings in Israel, publicly supported by an Iranian Foreign Office official.[29] In September 1995 Senator D'Amato introduced a bill designed to penalize foreign companies helping Iran. Negotiations with the administration finally resulted in a scaled-back bill, signed as law in August 1996. The Iran-Libya Sanctions Act (the bill added Libya) penalized foreign companies investing over $40 million (reduced to $20 million one year later) in Iran's oil and gas industry, requiring the president to take selective actions against such companies. These actions ranged from denial of Export-Import Bank loans to prohibiting imports into the United States from the sanctioned firm.[30] On 28 September it was announced that the French company Total, Russia's Gazprom and Petronas of Malaysia had signed a $2 billion contract with Iran to develop the South Pars field, providing a clear challenge to United States sanctions policy. The announcement prompted a flurry of negotiating activity between the United States and Europe to avoid triggering sanctions and a trade war. Meanwhile, the bombing of a United States military residence in al-Khobar, Saudi Arabia, killing nineteen people and wounding over 400, mainly United States servicemen, hardened United States attitudes.

A deterioration in public rhetoric between the United States and Iran was slightly offset by calls from some academics and former policymakers for a reciprocal easing of relations.[31] This trend was accelerated by the Iranian presidential election of 1997 and the surprise victory of Muhammad Khatemi, considered slightly more liberal on domestic policy, as president. The result was seen as a repudiation of the domestic policies of the clerical establishment and a vote for more cultural freedom. United States spokesmen, including President Clinton, welcomed the election and reiterated United States willingness to engage in a reciprocal dialogue, but also reaffirmed a continuation of United States sanctions policy pending a change of Iranian behaviour. This was followed by a cautious thaw in relations and an increase in cultural exchanges between the two countries which, by 1998, showed promise of moving relations between the two countries in a more positive direction.

The policy of dual containment has come under increasing criticism, especially in Europe, for a number of reasons. The first concerns its costs. Do the United States and its regional partners have the resources to continue with the policy? And how will the burden be shared? Until Iran and Iraq change their regimes or their behaviour, containment will probably require a robust military posture in the Gulf. The costs of this posture—as well as its visibility—are likely to be a burden for Gulf countries, where the United States and its allies are faced with a new, long-term situation: economic austerity in rich oil states. Most Gulf states, but specifically Saudi Arabia and Kuwait, are facing the results of years of oversubsidization, newly acquired debt, flat oil prices, and the costs of the Gulf War. Saudi Arabia has already begun an austerity programme that will cause its citizens some discomfort.[32] A bumpy road ahead economically could mean domestic unrest, particularly among a middle class not yet enfranchised anywhere in the Gulf outside Kuwait. Serious instability could severely undermine the essential Gulf pillar of the dual

containment strategy. Who pays for the enhanced military presence may also become a question for Washington, where an austerity-minded Congress is busy cutting overseas expenditure.

A second weakness of dual containment lies in the inherent structural imbalance of power in the Gulf. The two superpowers of the Gulf-Iran and Iraq—are now hostile to Western interests, compelling the United States to rely on the GCC for its military posture. For long-term containment, the United States will need a broader base of support in the region, including Egypt, Turkey and Israel, a fact that it recognizes.[33] Their support for this policy is much softer than that of the GCC. Turkey, as a neighbour of Iran and Iraq, is unwilling to antagonize either government beyond a certain point. Moreover, its support for the no-fly zone in northern Iraq is ambivalent because of its fear of encouraging Kurdish separatism, not only in Iraq but in eastern Turkey as well. Egypt is willing to play a greater role in the Gulf, but has not been warmly welcomed by the GCC. Moreover, as the peace process falters, Egypt has been increasingly wary of isolating Iraq, which it sees as a counterweight to Iran and to Israel. Israel, while supportive of the policy, is still greatly constrained in what it can do to support the United States in the Arab world. However, in 1996 and 1997 it strengthened military ties with Turkey, significantly shifting the balance against Iran and Iraq. Should these pillars weaken in their support of the policy, more of the burden will fall on the United States and its key Gulf partners, Saudi Arabia and Kuwait; as the 1997–8 crisis with Iraq over UNSCOM (United Nations Special Commission) monitoring revealed, even these countries show signs of discomfort with the United States military posture.

Lastly, European support for the policy is eroding, causing strains in the alliance. France and Russia favour removal of the oil embargo when Iraq has satisfied UN resolutions on WMD. Other European countries such as Spain and Italy, with companies anxious to do business in Iraq, are likely to join these two. They see constructive engagement, combined with some deterrence, as better assuring compliance. Already, disagreements with Europe and Japan over trade policy in Iran have become one of the most contentious 'out-of-area' issues. The United States has importuned Japan and other European countries (mainly Germany) with respect to extending credit, and United States relations with Russia have been strained by Russia's sale of peaceful nuclear technology to Iran.

As a result, strains between the United States and its European and Japanese allies will probably continue or even increase, making maintenance of the policy, at least at current levels, more difficult and higher in cost. There is one caveat, however. The regimes in both countries could undertake actions sufficiently hostile to the West or disruptive of order to convince European doubters of the necessity of the dual containment policy. Continued harassment of UNSCOM monitors by Iraq or hard evidence of Iranian complicity in the al-Khobar bombing are examples. Meanwhile, think-tank studies and academic articles urging revisions of the policy have yet to move Congress or the administration to propose changes in the policy.

The nature of United States leadership is also at stake in the Gulf. Will the United States act unilaterally if it sees its interests threatened, or will it continue to

rely on a coalition of allies in the region and in Europe? The Clinton administration has stated that the United States will act multilaterally if it can, unilaterally if it must. Thus far, the United States has consulted—and attempted to persuade—its European allies. European allies complain that consultation is uneven and often last minute; the United States that consultation may not be possible in fast-breaking emergencies or that it results in watered-down and often ineffective responses to crises. But the tone of debate in Congress, as well as the introduction of new measures to restrict United States participation in UN activities, indicates the thrust of the new unilateralism.[34] If this style of leadership is not modified, it is bound to cause increased tensions with Europe.

The Arab-Israeli peace process

The Arab-Israeli peace process is the area most favourable to United States-European cooperation. Both the United States and the EU want the process to succeed and they have heavy stakes in a satisfactory outcome.

If the peace process moves forward, few differences are likely to emerge between the United States and Europe. Both will strongly support the process. But if negotiations falter, or are thrown into reverse, divergences could emerge on both sides of the Atlantic. Much, of course, would depend on the circumstances causing the breakdown. A prolonged stalemate would probably harm Arabs, especially Palestinians, more than Israelis, raising questions of how to move the process forward, and at whose expense.

By the middle of 1997, a series of shocks had revealed that the peace process was not irreversible and that it remained dangerously vulnerable to local, regional and international political dynamics. As early as the spring of 1995 the process had suffered several relapses due to terrorist attacks, first by an Israeli on Arabs in Hebron and then by Palestinians on Israelis. With a heightened sense of Israeli insecurity and the failure of the international community to translate financial donations into felt economic and social benefits for Palestinians in Jericho and Gaza, the process slowed considerably. Meanwhile, Israel continued to extend settlements in occupied territory, and negotiations with Syria bogged down. Nonetheless, participants continued to negotiate and the United States still engaged in shuttle diplomacy, indicating that the peace process had a high United States policy priority.

Two years later, a series of local events brought the process to the brink of collapse. These included the assassination of the Israeli prime minister, Yitzhak Rabin, in November 1995; the election in May 1996 of Binyamin Netanyahu as prime minister; the formation of a Likud cabinet committed, at the least, to changing the terms of the peace process; the slowdown of negotiations, and renewed Israeli settlement in sensitive areas of Jerusalem. These events were accompanied by mounting Palestinian violence against Israelis, including some by armed Palestinian police; a cessation of security cooperation.between Palestinians and Israelis and, finally, renewed terrorist attacks inside Israel in the summer of 1997. The result was

an almost total destruction of the trust that had gradually been established between Palestinian and Israeli negotiators, especially Arafat and Rabin. At the same time, the multilateral aspects of the peace process also faltered. The Arms Control and Regional Security (ACRS) process lapsed when Egypt insisted that Israel's nuclear programme be included in the agenda and Israel, backed by the United States, refused. Israeli-Syrian negotiations ceased after the Israeli election and by 1997 Syria was making threatening statements about the means it was willing to use to regain the Golan Heights.

In the United States, the decline of the process was accompanied by a debate over whether the administration should play a more interventionist role in the process, by suggesting formulas and even the shape of the final solution, or whether the more modest role of broker should be continued.[35] In August 1997, after a devastating terrorist attack on Israeli citizens, the United States not only moved towards offering substantive suggestions, but also appeared to favour speeding up the process and an early consideration of final-status issues.[36] This is a high-risk strategy, since final-status issues, such as the status of Jerusalem and the amount of territory and the degree of authority to be ceded to the Palestinian Authority (PA), are the most contentious and difficult to resolve. It is not clear that either side is yet ready to make the concessions necessary for a final settlement, or that the United States is prepared to exercise the kinds of pressures that could produce results.

In the United States, there is little domestic political capital to be gained by putting pressure on Israel to make concessions on issues such as settlements, although some members of the administration and the foreign policy community appear willing to move in this direction.[37] Even if the administration is willing to be 'even handed' in pushing both parties forward, it faces a Congress more adamant in its support for Israel and less willing to support the PA under Chairman Arafat.[38] As a result, most of the pressure is likely to be directed at the Palestinians in an effort to restore security and reduce terrorism. Without compensating concessions on the Israeli side, it is questionable how far Arafat and the PA will be able—and willing—to go.

Negotiations on final-status issues are likely to be long and acrimonious, with the potential to ignite partisan factionalism in the United States and undercut the administration's efforts. But if the process does not move forward, and the United States is not seen to be actively promoting it, the resulting failure will make all other United States interests in the region much more difficult to pursue. It will also complicate United States efforts to keep a European consensus on other issues of vital interest to it, notably its policy in the Gulf, where Europe is already moving in a different direction. Indeed, the difficulties here could magnify considerably.[39] The dilemma for the United States will be how much domestic political capital to expend on an issue which could lead to a fractious debate with Congress and yet not risk policy failure in a critical area of the Middle East in which its credibility is heavily engaged.

A United States Congress and administration supportive of a recalcitrant Israel, unwilling or unable to move the participants forward, could create yet another area

of contention with Europe, more supportive of the Palestinians and frustrated by United States passivity. At the same time, a stalemate could provide an opportunity for Europe to play a greater role. Europe has provided $600 million for economic development in Gaza and the West Bank and supports the PA formed by Chairman Arafat. Europe is also a major trading partner with Israel. However, a more vigorous European role in the process does not seem likely. Ultimately, the Europeans may be able to influence the process on the margins and sometimes contribute to a breakthrough in negotiations, but they cannot yet counterbalance potential United States influence with the main protagonists, particularly on issues where the United States has a firm position. Should a complete breakdown occur, United States leadership would be crucial in preventing the spread of violence in the region and in creating new conditions under which the process could move forward in the future. While Europeans have some economic leverage with both Israel and the Arabs, only the United States has the ability to influence Israel significantly. The question is whether the United States has the will and the domestic support to exercise that influence or whether it will be hamstrung by domestic interest groups.[40] Moreover, Europe has been notoriously unwilling to use economic leverage against its trading partners (for example, in the Gulf) in the past.

If stalemate persists or the regional parties are unable or unwilling to move forward, only the United States has the assets to raise the stakes—and the cost—to the parties so as to focus their attention on the need to move ahead. The real issue is not fissures between Europe and the United States over movement on the peace process, on which both agree, but a United States reluctance, for domestic reasons, to be more directly involved, or to expend the political capital necessary for movement. Such a failure could cause the process to unravel, with dire consequences for the region and for United States and European interests as well. For example, a stalemate or collapse could cause Europe's major initiative in the region—the Barcelona process—which is far broader than the Arab-Israeli issue, to founder, with negative effects throughout the entire Mediterranean basin. In the Gulf, the United States would find its dual containment strategy much more difficult to maintain. Because of the stakes at issue, the United States is likely to stay involved, but the road ahead will involve increased strains and costs as the approach to the final-status issues draws near.

The Islamic revival

How to deal with the dynamics of the Islamic revival in the Middle East is likely to be increasingly contentious, but the issue does not divide Europe from the United States. Rather, it is equally divisive on both sides of the Atlantic. For Europe, the threat of militant Islam, epitomized by violence in Algeria, is far closer to home than it is to the United States, although the World Trade Center bombing and other failed terrorist attempts have eroded the United States sense of distance. The emergence of a militant Islamic regime or paroxysms of violence and instability in Algeria could bring waves of unwanted refugees to Europe. Islamic-driven unrest

could spill over into Morocco, Libya and Tunisia, as well as to Egypt, also engaged in a struggle with its own Islamic extremists. On the other side of the Middle East, Iran is accused by the United States of supporting militant Islamic groups beyond its borders and of aiding and abetting terrorism, but the United States is dealing with that phenomenon in the context of its Persian Gulf policy. Thus far, the Islamic component of Iran's foreign policy has not affected the overall United States formula for dealing with Islamic movements as a whole.

Divergent views on political Islam hinge on two questions. The first concerns the nature of Islamic political movements, and whether they represent a serious threat to Western interests. The second relates to policy and concerns the appropriate way to deal with them.

On both sides of the Atlantic there are those who see the Islamic revival and the various movements associated with it as a cultural rebellion against Western values, ideas and institutions, a view most cogently expressed by Sam Huntington.[41] This school of thought makes little distinction between Islamic moderates and extremists, maintaining that the two are intertwined, organizationally and intellectually. Those who espouse this view claim that empowerment of an Islamic government anywhere automatically means a reduction (at best) or the elimination (at worst) of Western influence, with subsequent harm to Western interests.

An alternative school sees these Islamic movements as indigenous responses to social, economic and political conditions at home, and a rebellion against regimes which lack legitimacy because they have failed to deliver services. They tend to distinguish between moderate groups, willing to work peacefully for change, and militant extremists, willing to use violence to achieve their ends. While such movements may reject aspects of Western civilization, in this view such rejection is not the motive force that drives them.

In policy terms, those who view Islamic movements as a 'threat to Western civilization' and a harbinger of the eradication of Western influence would draw a line in the sand that prohibits any Islamic movement into the citadels of power. Such groups oppose both extremists and moderates, a tactic that has been adopted by several Middle Eastern governments (such as Tunisia, Algeria and, more recently, Egypt) under siege from Islamic movements. In the United States and Europe, advocates of this school favour giving full support to the Algerian government in its military struggle against Islamic guerrillas, regardless of the cost. By contrast, those who discriminate between militant and mainstream groups advocate a dialogue with the latter and an opening of political systems to allow some participation by moderates. Violent movements should be firmly dealt with within the parameters of the legal system. Such tactics, they argue, would compel Islamic groups to confront reality, while driving a wedge between moderates and radicals. This tactic would also provide a safety valve for peaceful expression of dissatisfaction and help prevent the kind of explosion that has occurred in Algeria.[42]

The Clinton administration has adopted a nuanced version of the second view. The United States does not regard the Islamic movement as monolithic, but does differentiate between the religion, which it regards with respect, and those who use

it to justify acts of terror and violence, which it strongly opposes. In statements to Congress, the then assistant secretary of state, Edward Djerejian, drew clear distinctions between extremist movements and the Islamic revival as a whole, and cautioned against tarring the entire movement with the brush of extremism. These sentiments have been publicly endorsed by the secretary of state, Warren Christopher, and by Robert Pelletreau, assistant secretary of state until January 1997.[43] The same view has been espoused by several European governments. The Italian government, for example, endorsed a privately sponsored meeting of moderate Algerian opposition leaders, including elements of the FIS (Islamic Salvation Front), held in Rome in January 1995 in an effort to find a compromise solution to the Algerian crisis. This approach, however, was repudiated by both the French and the Algerian governments. In Europe, as well as in the United States, the hard line finds supporters.[44] Some governments are attempting to tighten immigration as a response to Islamic militancy.

The continued dynamism of the Islamic revival, together with the spread of its militant manifestations, is likely to mean an intensification of this debate on both sides of the Atlantic, as well as among Middle Eastern governments and populations. Unfortunately, such a debate is likely to include strident as well as reasoned voices and to produce confusion as well as some clarity. As Islamic-inspired terrorist activities against United States citizens increase at home and abroad, pressures have increased for tighter legislation and heightened surveillance against suspected groups as well as measures against states that harbour them. These have sometimes produced discrimination charges by targeted individuals and groups. Iranian support for groups such as Hizballah and the Islamic Jihad has unquestionably influenced United States trade legislation against Iran.

The Islamic factor has also been prominent in the deaths of over twenty-four Americans and the injury of 400 more in two terrorist bombings in Saudi Arabia, one in November 1995 in Riyadh, and the other at al-Khobar in June 1996. The first, investigated mainly by Saudis, was considered the work of little-known Saudi Sunni groups; the second may have a local Shi'i component. Should investigation produce hard evidence of Iranian complicity in the al-Khobar bombing, political pressures in the United States for some kind of punitive measures would become irresistible. Likely actions, ranging from added economic sanctions to unilateral military strikes, could put increased strains on United States—European relations. Finding such evidence, however, is by no means a foregone conclusion and seems less likely as time goes on.

On the other hand, the position of the United States, favouring a more open democratic process and improved human rights which would allow moderate Islamic elements some open role in political systems, is not to the liking of at least some in Europe, especially France, and, certainly, the Middle East, where some regimes such as Algeria, Egypt and Tunisia feel that this policy opens the door to potentially hostile Islamist governments.[45]

In terms of leadership, this is one issue on which the European states, particularly those bordering the Mediterranean, are likely to have a voice at least equal to that of

the United States. Indeed, the Barcelona initiative, inaugurated in November 1995 and designed to further economic, political and security contacts among northern and southern Mediterranean countries, is a wholly European enterprise that excludes the United States. The Barcelona plan aims at a free trade area to include the EU and Algeria, Cyprus, Egypt, Israel, Jordan, Malta, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority. In addition to trade, the group intends to address security (the creation of a zone of peace and stability) and partnership in social and human affairs, such as education.[46] France is likely to take the lead in Algeria, and probably Tunisia and Morocco. United States influence will predominate in Egypt, the Levant and Iran. Only if Europe adopts a coherent policy on this issue and that policy is at variance with the United States (both unlikely) is this issue likely to divide Washington from Europe.

The new economic order

The 'new economic order' is one issue that has the potential for opening a serious division between the United States and its European partners, and between the advanced industrial nations and the Middle East. The new economic environment presumes an increasingly interdependent world, inextricably tied together by trade, investment, multinational industries and international markets, already in view in much of the industrial world and a handful of the more advanced Asian countries. The Clinton administration has fervently espoused this new order, making trade the single most important focus of his foreign policy. In his efforts to promote free trade, Clinton is likely to get support from Congress, notwithstanding some criticisms of NAFTA. Europe, too, is moving rapidly in this direction as it both deepens and expands the economic structure of the EU.

Two poles of tension are emerging in the wake of the new economic order in the Middle East. The first is the intensification of competition among the industrial giants over Middle Eastern markets. This competition has already strained relations between some European powers and the United States. The United States defence posture in the Gulf has now become intertwined with increased sales of weapons systems from the United States in the interests of inter-operability, of ensuring continued United States commitment to the Gulf, and of keeping United States production lines open. While the United States does not have a monopoly on GCC arms trade, it is vigorous in pursuing sales to the Gulf. Complaints are beginning to be heard in Europe that the United States may be getting more than its share of the lucrative arms trade. This circumstance comes at a time when the United States is attempting to keep the oil embargo on Iraq, virtually eliminating that market, and constricting the Iranian market through trade and credit restrictions. This commercial competition between the United States and Europe is bound to increase and with it tensions and resentments over United States commercial and security policy in the Gulf. Tensions with the EU have risen substantially since the enactment of the Iran—Libya Sanctions Act of 1996, a secondary boycott directed against European and other foreign firms taking advantage of investment

opportunities denied by domestic United States sanctions laws to United States companies. This, in turn, has intensified the debate over how best to deal with Iran —through constructive engagement or coercive diplomacy. By the same token, the debate between business and government in the United States has also sharpened. After Conoco's experience with United States sanctions policy towards Iran, United States business interests have become more vocal in questioning the limits and benefits of sanctions regimes that hurt United States companies and appear to stretch on indefinitely without measurable results. These complaints, however, have not moved Congress. The debate over trade versus security has already extended to Russia and the former Soviet republics. The United States is at odds with Russia over its sale of nuclear technology to Iran, and these differences have extended to United States participation in the construction of oil pipelines in the Central Asian republics and the Caucasus if they run through Iran. These debates have been reflected in academic articles and in policy studies by independent think-tanks questioning the efficacy of preventing pipelines from running through Iran from Central Asia.[47]

Elsewhere in the Middle East the clash over trade competition and security policy is likely to be muted, partly because markets are less lucrative and because United States and European policy is more consonant. Moreover, Europe dominates these markets. The Maghrib states send most of their exports to Europe and are dependent on Europe for their imports. Europe's share of Israel's imports rose from 28 to 47 per cent between 1980 and 1991, while Turkey's rose to 44 per cent in the same period.[48] The new economic order may be an even more divisive issue between the advanced industrial countries, able to compete in the new market place, and the poorer Middle Eastern states, which are not. This divide finds the United States, Europe and possibly Israel on one side of the trench; the rest of the Middle East on the other. (This divide, of course, is not unique to the Middle East.)

Most Middle Eastern economies and societies will need fundamental restructuring if they hope to compete internationally, and they will be compelled to do so to achieve acceptable growth rates. Such readjustments will be painful for substantial portions of their populations. Moreover, the export-oriented growth strategies urged on these states by Western financial institutions may make them more, not less, dependent on world markets, and in particular, those of their Western trading partners. It is not clear that the terms of this trade will be in their favour.[49] In several countries (Morocco, Tunisia, Egypt) exports to Europe have declined in recent years, following European economic integration. Southern and eastern Mediterranean countries have experienced a trade deficit with the EU that has worsened since 1992. In 1992 it was about 4 billion ecus; in 1994, 10 billion.[50] Measures such as raising EU product standards will work against Middle Eastern goods.[51]

In many cases, these countries are not yet ready to compete with Western Europe and the United States. Their populations have lower literacy rates; they have fewer industries that produce products with high value added; they deal in low-rather than high-tech equipment and skills; and they have weaker social infrastructures to

support their economies. A World Bank study shows the Middle East losing in the global competition. Between the mid-1980s and mid-1990s, Middle Eastern and North African economies have had declining per capita incomes, declining productivity and declining investment, while these figures have risen for many countries in East and South Asia and Latin America.[52] Many Middle Easterners fear a new economic dependence on the West and a situation in which their markets may be flooded with Western industrial goods in return for primary products or manufactured consumer goods with little added value. If they do restructure in ways that make them more competitive, the social and political costs may be high. Cutting subsidies and reducing debt, measures that are necessary and long overdue, may increase unemployment in some sectors, and in the short run, wreak hardship on some segments of the population. IMF policies, often blamed for such problems, are now coming under scrutiny in Europe as well as the Middle East, but it is not clear that the general direction of their advice will shift in the near future.

The portion of the Middle East population left out of the benefits of the new economic order, from the lower to the middle class, are the most important source of recruits for Islamic and other radical movements. They can create political instability that derails economic progress. Unless some way is found to cushion the effects of restructuring on the least well-off segments of society—or to bring the benefits of a market economy to these classes faster—support for the new economic order will decline.

One divisive issue just coming to a head is the extent to which the European and United States markets are likely to be open to Middle Eastern exports. The portents are not favourable. As the EU moves towards greater economic integration, it becomes harder for Middle Eastern goods to enter. Overall, the trading position of the Middle East in the EU could become increasingly unsatisfactory because of a widening trade deficit, a factor that could cause the Middle East to restrict EU imports.[53] Much the same could occur in the United States if 'America First' policies, propelled by expansionist trade policies, come. to dominate. Yet, unless Western markets are opened, the new export-oriented growth strategies advocated by the United States and Europe will backfire, producing alienated Middle Eastern governments and populations and worsening the domestic security situation in these countries.

Conclusions

While the United States and European aims in the Middle East remain the same, divergences on threat assessment, policy priorities and, above all, the tactics and methods to be used in meeting new challenges, will hamper cooperation in some areas. These differences are not likely to become severe enough to split the alliance, but if they are not handled carefully on both sides of the Atlantic, they could become much more serious, impairing NATO's ability to take concerted out-of-area action when necessary and making diplomatic efforts increasingly contentious and ineffective. They may also give a boost to initiatives such as the Barcelona process,

designed to supplement United States leadership. However, Europe will find it difficult to take concerted action in the Middle East on its own because of its internal divisions, and because it still lacks sufficient leverage to confront the world's superpower in an area of vital interest to it.

In the Persian Gulf, United States-European differences are likely to sharpen, particularly over policy towards Iran and Iraq. The Europeans will probably continue to trade with Iran, preferring a strategy of cautious engagement designed to strengthen moderate elements and tie them to the West, rather than confrontation. The United States, particularly its Congress, is not likely to loosen sanctions legislation until there is a measurable change in Iranian behaviour, which may be slow in coming. In Iraq, divergences between the United States and Europe are also likely to widen as Saddam Hussein slowly accedes to UNSC (United Nations Security Council) resolutions and France, Russia and others prepare to loosen sanctions and to do business with Iraq. In the absence of a change of policy in Washington, renewed slippage in coalition cohesion and policy confrontation over Iraq are also likely in the UN.

With respect to the Islamic revival, disputes on the nature of the threat and how to deal with it are likely to intensify if the situation in Algeria, Egypt, Palestine and possibly Pakistan worsens. But these differences cut across countries and continents and will probably not pit Europe against the United States. This situation could change if a distinctly different policy line emerges on either side of the Atlantic, or if Islamic activists generate a serious international crisis in a key Middle East country. On this issue, the United States is likely to let Europe take the lead in North Africa, where Europe would bear the brunt of any fallout, but not in Iran, where the United States feels its vital interests are engaged.

With respect to the new economic order, tensions of two kinds are emerging. First is the growing competition for trade and markets in the Gulf, complicated by Europe's dependence on the United States security umbrella and its increasing discomfort with United States security policy towards Iran and Iraq. Second is the potential for worsening terms of trade between the Middle East and the West (Europe and the United States) as economic interdependence increases. The burdens and difficulties of competition for Western markets, as well as of opening Middle Eastern markets to Western goods, may strain Middle Eastern capacities and increase instability if not carefully handled.

Lastly, the peace process, if it continues to advance, will provide the greatest potential for cooperation between the United States and Europe. But if it falters or goes into reverse, tensions could rise over what is to be done, by whom and for whom. Much will depend in this case on how active—and even-handed—the United States is willing to be. The virtual collapse of the process by mid-1997, the serious shift in the Israeli government position on peace terms, and rising Palestinian violence virtually ensure that further advances will come at a much higher price for the United States, domestically and internationally.

The main danger to United States—European relations, and to the relationship of both to the Middle East, may not be these strains but the continued lack of a

sustained foreign policy focus in Washington and a new style of leadership resulting from newcomers in the White House and Congress. The result has been a lack of consistent attention to foreign policy issues; an unwillingness to allocate resources, including time and energy, to simmering international crises, and a short-term focus (two to four years) which expects quick solutions rather than having the patience to stay the course over the long term. Congress can be expected to have a greater say, particularly if divided government persists, making foreign policy decisions difficult to achieve, especially among legislators with minimal experience in foreign affairs.[54]

These factors have contributed to an increasingly unilateral style of diplomacy, at the same time that isolationist sentiment among some—but not all—legislators is increasing. Voices emanating from Congress have increasingly put 'America First' and enunciated a belief that 'the only superpower can simply tell other nations what to do and be obeyed'.[55] Such a political style is not conducive to achieving consensus or even likely to result in 'co-optation'.

At the same time, the United States is increasingly wary of keeping its troops overseas and of assuming a disproportionate share of the costs of international security, especially for European partners benefiting from trade in these areas. The issue of burden sharing, including sharing greater responsibility for security, by United States partners will continue to be a United States priority. Consensus on this issue will remain difficult while policy perspectives differ. Lastly, Europe, while chafing under United States 'superpower' dominance, will probably be unwilling to break openly with its partner on issues of vital interest to both, even while it is unable to organize a cohesive bloc on foreign and defence policy because of its own divisions.

If these tendencies persist, the transatlantic alliance may be in for a period of strain in the Middle East, with trade competition and differences over policy towards Iran and Iraq persisting. To these may be added new strains over lack of progress on the Arab-Israeli track. It is to be hoped that these difficulties will be smoothed over as the debate on foreign policy progresses over the next few years, and inexperienced politicians in the United States acquire foreign policy expertise. But if this is to happen, Middle East specialists on both sides of the Atlantic must redouble their efforts to achieve greater communications and consensus.

Notes

1 Richard N.Haass, 'Paradigm Lost', *Foreign Affairs,* vol. 74, no. 1, 1995, p. 43. This excellent article sets forth the parameters of the current foreign policy debate in the United States. See also Richard N.Haass, *The Reluctant Sheriff: The United States after the Cold War,* New York, Council on Foreign Relations, 1997.

2 This is recognized in the Defense Department's annual report, which states that 'The United States is the only nation capable of unilaterally conducting effective, large-scale miliary operations far beyond its borders." Department of Defense, *Annual Report to the President and the Congress,* Washington, DC, United States Government Printing Office, April 1997, p. 5.

3 The result of these trends has been, according to one writer, 'reduced means: a smaller and less ready U.S. military, strained alliances with both Western Europe and Japan, a still weak and underfunded United Nations, and little public or congressional readiness to support costly military interventions'. Haass, 'Paradigm Lost', p. 55.
4 For an excellent exposition of this theme see E.G.H.Joffé, 'Relations between the Middle East and the West', chapter 3 of the present book.
5 The United States is not alone in turning inwards and in replacing political incumbents. Since the Gulf War, Italy has gone through political upheaval, virtually emasculating its ruling Christian Democratic Party. The French socialists were routed in party elections and Canada saw its ruling party reduced in elections from 154 to 2 seats. Charles Krauthammer, 'In Postwar Snit They Decided to Take a Chance on a Revolution', *International Herald Tribune,* 19–20 November 1994.
6 These statistics have been compiled from a profile of the 1994 congressional freshman class in *Congressional Quarterly* (CQ), Special Report, 'The 104th Congress', vol. 53, no. 1, 7 January 1995, pp. 47–116.
7 Compiled from profiles of the congressional freshman class, *CQ,* Special Report, 'Profiles of Freshmen in House and Senate', vol. 54, no. 1, 9 November 1996, pp. 25–95; CQ, Special Report, 'The Freshman Elect', vol. 55, 4 January 1997., pp. 9–54.
8 Janet Hook, 'Conservative Freshman Class Eager to Seize the Moment', *CQ* Special Report, vol. 53, no. 1, 7 January 1995, p. 47.
9 Compiled from profiles of the congressional freshman class, *CQ,* Special Report, 'The 104th Congress', *op. cit.*
10 Newt Gingrich, Turnover Time', *Washington Post,* 28 March 1995. In fact, turnover in the House has been remarkable in the last two elections. Of the 435 House members, 219, a majority, have been there for less than five years. The House class of 1994 included 87 first-termers; the class of 1992, 110. In the Senate, 11 freshmen were elected in 1994; 12 in 1992, a replacement of 25 per cent in two years. 'We Already Have Term Limits', editorial, *Washington Post,* 29 March 1995.
11 *CQ,* Special Report, 'The Freshmen Elect', *op. cit.,* p. 27; *CQ,* Special Report, 'Profiles of Freshmen in House and Senate', *op. cit.*
12 Compiled from profiles of the congressional freshman class, CQ, Special Report, 'The 104th Congress', *op. cit.*
13 Compiled from profiles of the congressional freshman class, CQ, Special Report, The Freshmen Elect', *op. cit.*
14 This will be partially offset by the secretary of state, Madeleine Albright, an important exception. But even she recognizes this distinction. 'My mindset is Munich; most of my generation's is Vietnam', she said in an interview. Carroll Doherty, 'Albright: A Strong Foreign Policy Voice', CQ, vol. 54, 7 December 1996, p. 3346.
15 William Drozdiak, 'US-German Partnership in Disarray', *Washington Post,* 10 May 1997, p. A20.
16 This strategy is laid out in the report submitted to Congress as required by the Goldwater-Nichols Act of 1986 and signed by President Clinton. Its conclusion states, in part, 'Domestic renewal will not succeed if we fail to engage abroad in open foreign markets, to promote democracy in key countries, and to counter and contain emerging threats.' *A National Security Strategy of Engagement and Enlargement,* The White House, Washington, DC, February 1995, p. 33. It has been reiterated by William Cohen in the Defense Department Annual Report of 1997 which emphasizes United

States engagement abroad and cooperation with Europe and other allies. Department of Defense, *op. cit.,* pp. 2–11.

17 Jessica Mathews, 'Leadership on the Cheap', *Washington Post,* 5 February 1995.

18 *Ibid.*

19 Brent Scowcroft and Arnold Kanter, 'The Perils of Going It Alone', *Washington Post,* 3 February 1995.

20 A recent survey by the Chicago Council on Foreign Relations shows that the American electorate is committed to 'pragmatic internationalism', and expects the United States to play an important role in the world. However, the survey reveals a 33 per cent decline in public support for protecting weaker nations against foreign aggression (since the previous survey four years earlier), a 24 per cent decline in support for promoting human rights, and a 19 per cent decline in support for efforts to improve the standard of living in less developed countries. Contradictions emerge between the goals of leaders and the public. The public sees foreign policy as an instrument for achieving personal economic security to a much higher degree than leaders, and the public is more reluctant than leaders are to commit resources—money and troops—abroad. Nevertheless, there are more traces of altruism among the public than among leaders, including promotion and defence of human rights abroad. Some of these goals, such as the desire to promote human rights and an unwillingness to commit resources, appear contradictory. Chicago Council on Foreign Relations, *American Public Opinion and U.S. Foreign Policy 1995,* Chicago, 111., Chicago Council on Foreign Relations, 1995.

21 This debate can be followed in a number of articles in *Foreign Affairs (FA).* In addition to the article by Richard Haass cited in note 1, these include: Paul D. Wolfowitz, 'Clinton's First Year', *FA,* vol. 73, no. 1, 1994, pp. 28–43; David C.Hendrickson, 'The Recovery of Internationalism', *FA,* vol. 73, no. 5, 1994, pp. 26–43; Anthony Lake, 'Confronting Backlash States', *FA,* vol. 73, no. 2, 1994, pp. 45–55; F. Gregory Gause III, The Illogic of Dual Containment', *FA,* vol. 73, no. 2, 1994, pp. 56–66; Joseph S. Nye, Jr., 'What New World Order?', *FA,* vol. 71, no. 2, 1992, pp. 88–96; and James Schlesinger, 'Quest for a Post-Cold War Foreign Policy', *FA,* vol. 72, no. 1 1993, pp. 17–28. See also Robert W.Tucker and David C. Henrickson, *The Imperial Temptation: The New World Order and America's Purpose,* New York, Council on Foreign Relations, 1992. This list is, of course, merely a sample.

22 *World Almanac and Book of Facts,* Mahwah, NJ, Funk & Wagnalls, 1994, p. 727.

23 Oil figures are from British Petroleum, *Statistical Review of World Energy 1996,* cited in Phebe Marr, 'Persian Gulf', in Institute for National Strategic Studies, *Strategic Assessment 1997,* Washington, DC, United States Government Printing Office, 1997, pp. 84, 94.

24 Rodney Wilson, 'The Economic Relations of the Middle East: Toward Europe or within the Region?', *Middle East Journal,* vol. 48, no. 2 1994, p. 269.

25 The British and French contribute forces to OSW and to the MIF; other NATO members contribute to Gulf operations as needed. At the end of 1996, United States forces in the Gulf included a naval component (organized as the Fifth Fleet) under a Naval Forces Command with its headquarters in Bahrain. This force regularly includes a battle carrier group and other naval assets; a maritime intercept operation enforcing the UN sanctions on Iraq; and a Marine Expeditionary Force with pre-positioned equipment in the Gulf. The Air Force has an air wing conducting OSW, under the command of a Joint Task Force. For deterrence the United States has

forward-deployed Patriot batteries and special operations teams. Although the United States has no permanent ground troops stationed in the Gulf, by the end of the decade it may have pre-positioned equipment for five brigades. The United States has also increased its exercises in the Gulf, although many of these are small in scale. Marr, *op. cit.,* p. 95.

26 Department of Defense, *op. cit.,* p. 13.

27 This strategy was first enunciated by Martin Indyk, formerly the president's Middle East advisor on the National Security Council, in 'The Clinton Administration's Approach to the Middle East', an address to the Washington Institute for Near East Policy, Washington, DC, 18 May 1993. It has been subsequently elaborated on by Anthony Lake, assistant to the president for National Security Affairs, in the article previously cited, 'Confronting Backlash States', *Foreign Affairs,* vol. 73, no. 2 , 1994, p. 45.

28 Speech by Madeleine Albright, 'Preserving Principle and Safeguarding Stability: United States Policy Toward Iraq', Georgetown University, Washington, DC, 26 March 1997.

29 Many in the United States policy community blamed terrorist attacks in Israel, undertaken by groups supported by Iran, for the failure of the Labour government to win re-election and the subsequent slowing of the peace process under the new Likud-led government. There are numerous reports indicating that Iran is funding Hamas and the Palestinian Islamic Jihad, responsible for terrorist attacks in Israel. The secretary of state, Warren Christopher, reported that Iran provided several million dollars a year to these groups. See Kenneth Katzman, 'Iran: Current Developments and U.S. Policy', Congressional Research Service paper, Library of Congress, Washington, DC, 17 November 1996, pp. 6–7.

30 This account has been drawn from Fawaz Gerges, 'Washington's Misguided Iran Policy', *Survival,* vol. 38, Winter 1996–7, p. 7; Edmund Herzig, 'US Sanctions on Iran and their Effect', unpublished paper, delivered at the Royal Institute of International Affairs conference on the Politics of Sanctions, London, Chatham House, November 1995; and Katzman, *op. cit.,* pp. 12–13. For an excellent account of the major diiferences in United States and European approaches to this subject, see Patrick Clawson, 'What to do About Iran', *Middle East Quarterly,* vol. 2, no. 4, 1995, pp. 39–49.

31 For a sample of these, see Zbigniew Brzezinski, Brent Scowcroft and Richard Murphy, 'Differentiated Containment', *Foreign Affairs,* vol. 76, no. 3, 1997, pp. 20–30; Council on Foreign Relations, *Differentiated Containment: U.S. Policy Toward Iran and Iraq,* New York, CFR, 1997 (includes recommendations by an independent study group), and Gerges, *op. cit.*

32 Saudi Arabia put through a 19 per cent budget cut in 1994 and expected to cut the same amount in 1995. Cutbacks are also under way in the cradle-to-grave welfare system that has, in the past, provided free home loans, free electricity, free health care and discounts on airfares and telephone services. Elaine Sciolino and Eric Schmidt, 'Saudi Arabia, its Purse Thinner, Learns How to Say "No" to United States', *New York Times,* 4 November 1994.

33 Indyk, *op. cit.*

34 The best evidence of this trend is to be found in the Republican Contract with America and the bills proposed by the new Republican leadership of the 104th Congress, in particular, the National Security Revitalization Act. The latter included

cuts in United States financial contributions to UN peacekeeping and gave Congress a greater say over committing United States troops abroad. Proposals by the chairman of the Senate Foreign Relations committee, Jesse Helms, cut the so-called 150 account which funds both foreign aid and the operations of United States diplomatic posts abroad. These measures and the tendencies they represent have been vigorously attacked as unilateralist and isolationist by members of the Clinton administration. See Eric Schmitt, 'House Votes Bill to Cut UN Funds for Peacekeeping', *New York Times,* 17 February 1995; Thomas Lippman, 'State Department Braces for Congressional Budget Squeeze', *Washington Post,* 1 April 1995; International Institute for Strategic Studies, 'US National Security: Revitalization or Isolation?', *Strategic Comments,* vol. 2, 22 March 1995, pp. 2–3; and Warren Christopher and William J.Perry, 'Foreign Policy Hamstrung', *New York Times,* 13 February 1995. On the other hand, some aspects of the 'Contract' take a tougher foreign policy stand than the Clinton administration by calling for increased defence spending and promoting NATO expansion. The defence-spending measures generated opposition from budget-cutting advocates, reflecting divisions within the new Republican majority. These measures, subsequently modified in a compromise with the administration, cleared the way for a 86.1 billion budget for foreign affairs and a reorganized State Department that would incorporate the Agency for International Development, and provide $819 million for arrears in dues to the UN that actually total $1.3 billion. Payment will be made if the UN meets a list of United States demands for reform. Jim Hoagland,' Appeasing Jesse Helms', *Washington Post,* 21 July 1997.

35 For examples of this debate see Council on Foreign Relations, *U.S. Middle East Policy and the Peace Process,* New York, CFR, 1997; Shibley Telhami, 'The United States and Middle East Peace: The Troubled Assumptions', in Stephen Pelletiere (ed.), *The Arab —Israeli Peace Process: Assessing the Costs of Failure,* Carlisle, PA, Strategic Studies Institute, United States Army War College, 1997, pp. 1–14; Robert Satloff, 'The Clinton/Albright Plan: Step 1, Fight Terror; Step 2, Make Peace Fast', *Peacewatch* 140, Washington Institute for Near East Policy, Washington, DC, 7 August 1997, pp. 1–2; Center for Strategic and International Studies, 'Getting Back on Track', *Watch,* 178, Washington, DC, 28 May 1997.

36 Steven Erlanger and Alison Mitchell, 'A Meeting that Transformed the U.S. Stance in the Mideast', New *York Times,* 9 August 1997, p. A1; Madeleine Albright,——'The Israeli-Palestinian Peace Process' (speech to the National Press Club), Washington, DC, 6 August 1997, in *New York Times,* 8 August 1997, p. A14.

37 Erlanger and Mitchell, *op. cit.;* Council on Foreign Relations, *op. cit.*

38 For example, on 1 August 1997, Congress went into recess without extending the Middle East Peace Facilitation (MEPF) Act that permits the PA to open an office in the United States; the office was closed. In addition, Congress initiated several actions designed to send a sharp message to Arafat. Benjamin Gilman, chairman of the House International Relations Committee, blocked the release of $10 million in direct assistance to the PA, and Representative James Saxton sponsored an amendment to the MEPF Act to suspend United States aid to all Palestinian agencies for three months, pending actions on improving cooperation with Israel on security. Steven Lee Myers, 'A Lapsed Law Strips P.L.O. of U.S. Office', *New York Times,* 13 August 1997, p. A7.

39 Lawrence Velte, 'The Middle East Peace Process and the U.S. Military', in Pelletiere, *op. cit.,* pp. 15–28.

40 In the fiscal year 1995, Israel received some $3 billion in United States military and economic assistance, Egypt $2.1 billion. Both figures are exclusive of non-government assistance. Institute for National Strategic Studies, *Strategic Assessment 1995,* Washington, DC, Institute for National Strategic Studies, 1995, p. 76.

41 Samuel P.Huntington, 'The Clash of Civilizations', *Foreign Affairs,* vol. 72, no. 3, 1993, p. 22. See also the responses to Huntington's thesis in *Foreign Affairs,* vol. 72, no. 4, 1993, pp. 2–26.

42 For a representative debate on this subject, see Leon Hadar, 'What Green Peril?', *Foreign Affairs,* vo. 72, no. 2, 1993, pp. 27–42; Judith Miller, 'The Challenge of Radical Islam', *Foreign Affairs,* vol. 72, no. 2, 1993, pp. 43–56; and John Voll and John Esposito, 'Islam's Democratic Essence', *Middle East Quarterly,* vol. 1, no. 3, 1994, pp. 3–11, with ripostes by Patrick Clawson, Joshua Muravchik, Barry Rubin and Robert Satloff.

43 Interview with the secretary of state, Warren Christopher, NBC's *Meet the Press,* 4 July 1993, Reuter transcript. For statements of the administration view, see Indyk, *op. cit.;* Edward P.Djerejian (then assistant secretary of state for Near East affairs), 'The U.S., Islam and the Middle East in a Changing World', address delivered at Meridian House, Washington, DC, 2 June 1992; *idem,* 'US Policy in the Middle East', testimony before the House Committee on Foreign Affairs, 9 March 1993, Washington, DC, in *Department of State Dispatch,* Washington, DC, Office of Public Communication, Bureau of Public Affairs, 15 March 1993, pp. 149–52; *idem,* 'Developments in the Middle East', testimony before the Subcommittee on Europe and the Middle East, 9 March 1993, in United States Congress, House Committee on Foreign Affairs, *Developments in the Middle East,* Washington, DC, United States Government Printing Office, 1993, pp. 1–73; and Robert Pelletreau, 'Islam and United States Policy', address to the Middle East Policy Council, Washington, DC, 26 May 1994.

44 For example, while President François Mitterrand of France endorsed the Rome meeting, the minister of the interior, Charles Pasqua, was opposed to a dialogue with Muslim militants. William Drozdiak, 'French Government Rejects Mitterrand's Algerian Peace Talk Plan', *Washington Post,* 7 February 1995.

45 In Algeria, for example, the United States has urged dialogue between the government and Islamist leaders who reject terrorism, a position which has not always found favour with the French government. Pelletreau, *op. cit.,* p. 4. The Algerian ambassador to the United States in 1995 was reportedly charged with the task of altering the United States' 'misguided policy to distinguish between moderate and extremist fundamentalists.… The goal of all is the same'. Daniel Williams, 'In Algeria, the Beginning of Culture War', *Washington Post,* 1 April 1995.

46 Birol A.Yesilada, 'The Mediterranean Challenge', in John Redmond and Glenda Rosenthal (eds), *The Expanding European Union: Past, Present, and Future,* Boulder: Lynne Reinner Publishers, 1998, pp. 177–93.

47 See, for example, Brzezinski, Scowcroft and Murphy, *op. cit.;* Geoffrey Kemp and Robert Harkavy, *Strategic Geography and the Changing Middle East,* Washington, DC, Carnegie Endowment for International Peace, 1997, Chapter 4.

48 Wilson, *op. cit.,* p. 269.

49 *Ibid.,* p. 270.

50 Yesilada, *op. cit.*

51 These include some 5,000 European-wide industrial standards introduced in 1995. Joffé, *op. cit.,* p. 63.
52 The World Bank, *Claiming the Future: Choosing Prosperity in the Middle East and North Africa,* Washington, DC, World Bank, 1995, pp. 3–4
53 Wilson, *op. cit.,* p. 275.
54 This conclusion is reinforced in a detailed study of the difficulties of getting Senate ratification of the Chemical Weapons Convention that the United States administration and most of the public had supported. It concludes that the difficulties may not be temporary, and attributes them to rapid turnover in Senate and House seats in the last decade, newcomers more insular in their outlook, and the reduction in numbers of the internationalist wing of the Republican Party which had previously led bipartisan efforts. 'Never in the modern era has the Senate Republican leadership and key committee chairmen possessed so little personal experience in world affairs.' The executive branch is faulted for ineffectiveness in framing the public debate, episodic interest in treaty ratification, and inadequate high level attempts to persuade key legislators: in short, insufficient attention to foreign policy issues. Michael Krepon, Amy Smithson and John Parachini, *The Battle to Obtain U.S. Ratification of the Chemical Weapons Convention,* Washington, DC, The Henry L.Stimson Center, July 1997, pp. 1–6.
55 Robert Oakley, 'U.S. Must Maintain its National Strategy of Collective Commitment Abroad', unpublished paper, Institute for National Strategic Studies, Washington, DC, 1995, p. 1.

5
Islam and Europe
An enigma or a myth?

B.A.Roberson

Since the late 1970s, there has been increased scrutiny of Islam's potential as a political force that could threaten Europe and the West. The Iranian revolution, the Iran—Iraq war, Sadat's assassination, the kidnappings of Westerners by Hizballah in Lebanon, the Gulf War, the extent to which Saddam Hussein, a confirmed secularist, was able to attract support from Islamic groups across the Middle East and North Africa and, of perhaps greatest consequence, the perceived threat of a 'vacuum' resulting from the demise of both communism and the Cold War—all have brought the question of Islam increasingly into focus. Reinforcing this attention on Islam has been scholarly discussion of clashing civilizations.[1] Considerable criticism has been traded across an imaginary line. One side is accused, amongst other things, of a lack of respect for human rights while the other is accused of promoting a philosophy of materialism that has debased its own society and threatens other societies. In the background to this muted dialogue has been the sense of almost two decades of gradually increasing concern about the growth and changing nature of immigrant communities in Europe, a concern that was made more prominent in recent times by a general slide into economic recession. There are few agreed solutions to these perceived problems, other than episodic government responses to public and societal pressures that at a minimum are designed to restrict the flow of immigrants into Europe.

In these circumstances, governments in Muslim countries have been required to be more sensitive to the demands of their Islamic constituencies and perforce or willingly have acknowledged a role for Islam, usually in their constitutional arrangements and as an element in their domestic, regional or international policies. On the other hand, European governments, the United States and Japan have taken cautious, even sensitive, positions as regards Islam.[2] Governments have responded to new problems and issues emanating from the region via the standard, time-honoured practices of the international system. These practices have included diplomacy in all its guises, the maintenance of treaties and agreements, an adherence to the principles of international law and, if need be, the threat or the use of force. As regards Europe in particular, while its retreat in power terms from the Middle East was undeniable in the aftermath of the Suez Canal and Algerian revolution crises of the 1950s and 1960s, it continued to pursue and expand its trading (including arms) and commercial interests. This not only contributed to the stability of the

European economy and increased its vulnerability to threat but also enmeshed the Middle East more deeply in the interests of Europe's vital concerns at a time when its ability to defend its interests in this region was declining.

This chapter explores the relations of Europe with the Middle East, particularly as they relate to the recent emergence on the international scene of an 'Islamic threat' in the region.[3] This threat appears most strikingly as a focus of occasional alarmist commentaries in the media and has exercised the concern of some academics and government officials. The chapter examines whether there exists within the inner logic of Islam, and in view of the structural and ideational features of the religion, a justification for viewing it as a threat. Discussion converges on the rise of Islamism after the mid-twentieth century, when the power of the state is in danger of becoming an instrument of Islamic, anti-Western politics. In the context of European concerns an ambiguous but tenuous link with Islam is often alluded to with regard to the security of European interests both in the region—oil, trade and political stability—and within Europe—the complex problem of migration into Europe and immigrant communities.

An Islamic threat as regards Europe is not easy to spell out because of the difficulty of neatly defining the meaning of 'threat'. Short of guns being pointed and fired, the notion of threat is complex and subjective: a perception of threat does not suggest correspondence to reality. Threat has varying intensities, varying time-frames and varying foci, whether personal, family, community, nation, state, the international order and so on. Its perception is complex, bound up in the psychodynamic of the individual. This process brings forward the question of the extent to which perceptions of threats are well founded. As this process develops, the validity of threats is weighed up in what could be described as the probabilistic evaluation of intent, capability and vulnerability. The process itself does not remain fixed or static but can vary through its own dynamic.[4] Perceptions may differ from reality and threat perception may include responses and reactions on a number of levels—inter-and intra-societal as well as inter-and intra-state.

The basis of the perceived Islamic 'threat' may have at its foundation the historic clash that took place between Europe, as Christendom, and Arab (later Ottoman Turkish) power, which was Islamic.[5] In the millennium of Arab and Ottoman power, the threat to Europe was both direct (physical) in Southern and Central Europe and intellectual (ideological, that is Islamic). When Ottoman power began to wane, the potential threatening influence of Islam receded. However, at the close of the twentieth century there has been a revival of the idea of an Islamic threat. Exactly what constitutes this threat is not obvious. The form it has taken is multifarious: an attempt will be made here to disaggregate it.

The late twentieth-century concern in the West regarding an Islamic threat begins to take off with the Iranian revolution, an Islamic revolution that had a maximum negative impact on the West. The revolution had overturned a staunch and strategically important ally of the West, the Shah of Iran. Aggravating the situation, the language of the revolution, as with most revolutions, was extremist. The barrage and virulence of anti-Western rhetoric (which also included the Eastern

bloc)—complete with specialized language, such as 'the great Satan', the taking of hostages, and the apparent export of revolution was seen not only as a rejection of international rules and norms but as seeming to indicate an aspiration to alter further the Middle Eastern status quo.[6] Earlier, the Shah had made known his intention to dominate the Gulf region by indicating that Iran would replace Great Britain as the stabilizer in the Gulf when Britain withdrew from 'east of Suez'. This crisis was managed by the American proposal of the 'Twin Pillar' Policy, which mollified Saudi Arabia by also drawing it into a stabilizing role in the Gulf. But this policy did not alter the Shah's ambitions. It has been argued that the Shah looked forward to Iran becoming a superpower in the region.[7] The aspirations of Ayatollah Khomeini, when one abstracts the excesses of revolutionary rhetoric and places ambitions in the context of capabilities, did not differ that greatly from the aspirations and ambitions of the Shah. However, to the United States, the Shah's aspirations and capabilities were viewed as compatible with US global strategy, while the Islamic Republic of Iran (especially in the absence of the Soviet Union) is regarded as a threat to regional order and Western interests. Although at one time Islam was seen as one of the ideological bulwarks against atheistic communism, today it is seen as expansionist and anti-Western. Though the anti-communism of the Iranian revolution was prominent, what had changed was the development of a virulent anti-Western campaign that, to an extent, echoes Arab nationalism in its heyday, albeit reflecting differing objectives. The West was concerned by the possibility of the emergence of other Islamic states on the Iranian model.[8] However, the Iranian revolution did not trigger revolutions elsewhere, though it did inspire other Islamic elements. There is, though, the more subtle influence of a spontaneous Islamization that has affected almost all Muslim countries, which governments cannot ignore and must attempt to manage. The possibility of a domino effect in the region on the basis of the Iranian model was regarded by some in the West as threatening in an area of vital concern. As developments transpired, this scenario remained only as a 'worst case', not a serious contender in the reality stakes.[9]

The implication of the above assumes that should it transpire that several Islamic states were to emerge along radical Sunni or Islamist lines, such a collection of states would be able to cooperate effectively to threaten Europe's or the West's vital interests. An argument will be made in this chapter that cooperation, however, is not an automatic process. For example, when the history of the Organization of Petroleum Exporting Countries (OPEC) from the 1970s onward is reviewed, it is evident that apart from the two spectacular rises in oil prices, OPEC members, even though they have a common interest as oil producers, more often than not have been unable to implement their own agreements, even if to do so could bring about the mutually desired objective of higher prices. Other examples come to mind. The Gulf Cooperation Council states, although they have a common language and culture and common basic religious beliefs, were unable while pursuing common security objectives to arrive at a vital common security policy with regard to the purchase of arms or to form an integrated military command for their common

defence. There are other examples that underline the point. Governments that are inspired by the same political philosophy such as Ba'athism have yet remained fierce enemies.[10] The one example where integration of a sort was attempted between Egypt and Syria during the white heat of the rallying cry of Nasser's call to Arab unity lasted only three years.[11] Would a politicized Islam be able to achieve on the political and/or economic fronts what has not materialized hitherto?

It was unlikely, then as now, that a threat of this nature would have developed. The basic reason for this view rests on the assumption that Middle Eastern state structures, buttressed as they are by forces and pressures emanating from within each society, strongly impede mergers or absorption of states.[12] Further, from the 1970s onwards these states have been becoming more effectively integrated into the world economy, with a certain stratum of people in the Middle East tied into a global relationship in which both sides have vested interests. In other words, there has been a growing and uncontrollable 'interpenetration of societies [which] can be seen in the flow of money and goods, but even more so in terms of people, communications and cultural models'.[13] Culture, identity and security are affected. This has led to defensive and aggressive responses—constricting the openness of societies, whether in Europe or the Middle East—which have economic and strategic consequences. Further, the dialogue between the Middle Eastern states and the West is set in conditions that have an inbuilt *imbalance* of power between the two sides, whether in their military, economic or technological aspects, leaving the vulnerability between the two regions skewed.

Islamic politics

It is within these conditions and circumstances that the phenomenon of Islamic politics appears and the question of threat arises. What does the nature of Islam itself suggest about this issue? First of all, there is the now commonplace observation that Islam is not monolithic or unchanging, and that Muslims hold more than one understanding of Islam. A uniform, singular approach to Islam leading to an organized, coordinated political strategy across the Islamic world, or at best the Arab world, is unlikely. At least one of the contributions to Western understanding to have emerged from the Iranian revolution was an enhanced public awareness of the considerable diversity within Islam. This is an observation that needs to be underlined continually—and more innovatively—as the media and many a public comment suggest a difficulty in grasping the implications of this fact.

To begin with, there is considerable pluralism within Islam. Within its two branches—Sunni (the majority branch) and Shi'a (the minority branch)—there are sub-groups, each of which represents different interpretations or understandings of Islam, though these interpretations radiate around an agreed central core of beliefs accepted by all. These core beliefs are based on the Qur'an and the *sunna* (tradition and example) of the Prophet Muhammad, and centrally concern God, Muhammad and the *umma* (the Community of Believers). For the Shi'a, there is a particular concern for Ali and the imams.[14] The basic importance of the *umma* was the notion

of the absolute equality of its members before God. It was only in such a community that God's will could be done.[15] This is why it has been believed to be crucial that society be Islamic, because the *umma* provides the framework for expressing the religion. This idea of equality, together with its notion of social justice, is crucial to modern Islam.[16]

There is not only religious pluralism in Islam but also legal pluralism. Islam may be a strongly monotheistic religion, but the theology and the religious law, the Shari'a, evolved in a manner that tolerated both vigorous debate and numerous interpretations.[17] While rulers in the past might have officially chosen a particular school of law, they left it open to Muslims to refer to any of the recognized legal interpretations. This is what is meant by Islam not being monolithic. Because of these schools of law and their various interpretations, leading to the observation that the Shari'a embodies a flexible collection of principles, the Shari'a can be said to lack the comparative rigidity of a Western code of laws.[18] It certainly can and is being asked to address the full range of modern problems and issues.[19] Nor is Islam unchanging. These diverse interpretations, many of which emerged long after the era of Muhammad, have meant that a characteristic of Islam has been to present a strong sense of the unity of core ideas, while at the same time giving rise to intermittent fragmentation via new or revised interpretations.[20] Indeed, what are ignored or not always acknowledged in current analysis are the political, social and economic conditions in the past and present that have contributed not only to this effect but to the content of these new perspectives.[21]

But there is a further complexity to the religion, which emphasizes its diversity of opinion. For within the branches, groups and sub-groups of Islam that have emerged in the course of its history, there are further divergences of opinion. These are found in exegetical views and understandings among and within branches and groups that range from the conservatives or traditionalists at one end of a spectrum, to modernists, radicals and on to militants, at the other end. It is here that the real confrontations are found, here that the debate occurs concerning the religion, theology, politics and, particularly, the approach to the state and the conditions of society. It is in this way that in the last 150 years, in response to European imperialism, colonialism and later Western interventionism, the number of groups or movements within each Islamic society have proliferated and have contributed to this contemporary complexity and diversity. Among these groups and movements there are many who variously call for a return to first principles, object to an alleged deviation from Islamic principles, seek to induce governments to assume an Islamic character or even to acquire political power in order to preserve an Islamic way of life against Western cultural and intellectual invasion, or any combination thereof.[22]

This development has generated a perception of a uniformity among these movements. What is observable is that with the development of the state system and modern communications in the region, the drive for Islamic reform has become an internationalized movement with a generalized aim to retrieve and retain the culture and values associated with the divinely ordered society—a society that had become thoroughly penetrated with institutions associated with imperialism and colonialism.

Generally, this reform aims to set out clear distinctions between those institutions that are a legacy of the colonial embrace and those that are required in the divinely ordered society. These latter would work not only to underpin and vitalize Islamic culture and values but would do so through a set of modernized, non-tribal, in a sense classless, institutions.[23] This prescription certainly has had an appeal to many parts of society, whether urban or rural, literate or illiterate, more so in the post-1967 Middle East in which the weakness of the Arab world *vis-à-vis* its enemies and the external world has been starkly revealed and confirmed. More recently, the criticism has hardened, particularly at the radical Islamist end of the spectrum, focusing on the failure of governments to protect or safeguard the wellbeing of the *umma,* accusing them of not fulfilling Islamic obligations to the community or of having become corrupt and pursuing policies that have not promoted the interests of the population and Islam.[24]

The response to these destabilizing conditions and perceptions of failure, both internally and externally, has led to adaptations and divisions within Islamic movements. The dynamics that operate between the Islamist movements and groups and the urban, rural, modernized and traditional parts of society profoundly affect the content and analysis of their ideologies and their potential for success, contributing to further divisiveness in the Islamist movements. To broaden the appeal of the movements, though, has meant adapting ideologies so that they can be understood across the ethnic, linguistic, cultural and historical ties that binds an essentially traditional society together. This has produced a more loosely bound group or organization, in which splintering and schisms can occur as a result of different adaptations or disputes arising from the dilution of the 'modernizing' aspects of the Islamist programme. On the other hand, if an Islamist organization should choose to adhere strictly to its 'modernizing' programme in contravention of traditional values, it will be dealing with the public at a different cognate level and in this way limit its mass appeal. This is the hard choice facing Islamist organizations and groups. They are confronted with the need for a wider appeal and the need to filter this appeal through the barrier of traditional perspectives of the religion, cultural values, political institutional forms and relations. The consequence is a diversity that is engendered not only by differences in dogma and ritual but also by the practical policies, strategy and tactics that are to be used to put the message across.

A further complicating feature of Islam which inhibits unity in the religion is the absence of scriptural support for a priestly class or intermediaries between God and the believer.[25] The individual believer is encouraged by the sacred sources to have a direct relationship with God and, therefore, any believer can be, in effect, his or her own theologian. This is the rationale for many an Islamist or, indeed, any lay person, through his or her own theological knowledge, to develop an interpretation or a following by effective preaching. The consequence of this is that the government of the day can have difficulty in exercising control over the influence exerted in the name of Islam. Where governments usually appoint the *ulama* (learned religious scholars) to key positions in the religious sphere and in government, as well as

attempting to control the mosques,[26] what has been called 'unofficial' Islam appears, a section of which strongly criticizes the *ulama* for collaboration with corrupt governments and for not protecting the religion. In effect, Islamist movements and associations are, on the whole, independent of the *ulama* and religious institutions and are not necessarily affected by the various attempts at government control.[27] On the other hand, governments may not be able to overcome the fragmentary nature of Islam by controlling the *ulama* but they have been able to restrict severely many of these groups by, among other measures, control of the media, restricting access to the political process and repression.[28]

There is unlikely to develop a single Islamic political movement or organization holding sway over the whole region. Every state has its own collection of Islamic associations and groups, each of which will have developed its particular approach to the sacred sources and religious origins as well as particular responses and strategies for addressing the problems and issues of the day within its society. There is no one class or group of people that controls the understanding of the religion. Even the Shi'a, who 'have generally acknowledged the need for a mediator between God and His followers… have disagreed about the nature of the clerical establishment and its specific functions in the Islamic society'.[29] Ayatollah Khomeini—a *marja,* the highest level in the clerical order of Imami Shi'ism[30]—had to apply severe pressure on some of the other ayatollahs[31] in order to pursue his interpretation of Imami Shi'ism, justifying the position and role of the *velayat-e faqih*[32] and, thus, the political rule of the clergy.[33] In other words, despite common perceptions, the Imami Shi'a in Iran are not 'monolithic' in their view of the religion and the *faqih's* contentious political requirements.[34] It is not possible within Islam for one view of the religion to be enforced or maintained.

With this built-in fragmentation of the religion, it is not surprising that there will be different views as to how the Islamic state should be organized. So far, the Islamic state of Iran has few attractive features that would appeal to Sunni radicals other than the fact of its success in constituting itself. Nor, it seems, is there popular attraction to the Islamic systems of Saudi Arabia, Pakistan or the Sudan. These are four very different Islamic states—conservative, populist and military regimes—supporting different interpretations of Islam and rationales for their *raison d'être.*[35] In fact, although there is considerable communication and networking among some of these Islamic groups across the Middle East, North Africa and beyond, including receipt of funding from one or other of the above-mentioned Islamic states, they are very much focused on their domestic situations and problems, with a strong tendency to see their areas embedded in a hostile Western embrace. From this perspective, there may be a rhetorical adherence to the defence and promotion of the universal Islamic *umma* but, in reality, energies of Islamists are invested in influencing the state close at hand rather than in the idea of an overall unified Islamic state or that of the *umma.*[36]

What have become internationalized are the 'modernized', reinterpreted ideas and conceptions concerning the origins of the religion, Islamic society, the Shari'a, the Islamic state and the role of political organizations.[37] These particular ideas have

become widely read, studied and popularized. They have been ideologized, made more rigid and less flexible than is the religion itself. They are available via the communications media, particularly the Internet, to be tapped into by groups or movements in any country, to be manipulated and elaborated to address local problems and conditions. The key contributors to these ideas in the twentieth century have been Hasan al-Banna, Sayyid Qutb, Abu-l-A'la Mawdudi, Ali Shari'ati and Ayatollah Khomeini. The first three are Sunni and the latter two, Shi'i. Apart from a broad common ground, there is considerable difference in concepts among them. Communications technology facilitates the availability of a bank of ideas and concepts, not only those elaborated by al-Banna, Qutb, Mawdudi, Shari'ati and Khomeini and debated by Islamists and secularists, but also those containing intellectual analyses and discourses taking place elsewhere in the world.[38] Thus, there has been not only a sharing of ideas and analyses internationally but competition between ideas increasingly available via satellite television, videos and the Internet. Nonetheless, when the origins of many groups and movements across the Middle Eastern region are scrutinized it is more likely to be discovered that there are indigenous reasons for their emergence.[39] For a threat to have credibility against Europe there would have to be some considerable unity in the Middle East and among Muslims.

Islamic threats

This leads to the question of why there has been a rise of politicized Islamic movements that have come to be labelled either Islamist or fundamentalist and whether they are to be regarded as threats.

A number of factors in the twentieth century have fed this unease in the Muslim world regarding the relationship between Europe and the Middle East, contributing to the enhanced role of Islam. These have been: the destruction of the Ottoman Empire; the secularization of the Turkish state and abandonment of the caliphate; the imposition of the mandates by Britain and France underlining the precedence that their strategic interests had over the peoples and political forces in the region; and the emergence of a variety of military, monarchical and socialist governments girded with an Arab nationalism often adorned with Islamic pretensions.

One main outcome of this evolution, particularly that involving European intervention, is the European legacy to the politics of the region. It is around this legacy, one that was relatively impervious even to the emergence of the Cold War, that Middle Eastern politics has been centred. Middle Eastern governments, until now, have not been able to resolve key aspects of this legacy, such as the Arab-Israeli conflict, or restore the Palestinians to their land, or establish a stable order based on the boundaries and states bequeathed by Europe. Nor have they been able to resolve the dilemmas facing their societies, or address the general absence of social justice. Since the 1960s, what has been witnessed is the increasingly persistent articulation of an Islamic perspective, complete with ideology that is largely pre-occupied with internal order and questioning the lack of legitimacy of secular governments. This

has been a means of dealing with the weight of the actual destructive dynamic of globalizing economic processes and the continued self-colonization of the region with the values, culture and institutions of the West.[40] Under the pressures of the 1970s and 1980s when disillusionment with Arab nationalism had set in, the argument and debate concerning the growing failure of governments to plot successfully a strategy that would address the mounting economic and social problems or deal credibly with key regional problems (such as the Palestinian question) narrowed to that between Islamic modernists and the Islamists, with the secularists losing significant ground.[41] The modernists are those who largely accept the mix of secular and Islamic concepts and practices, with the secular in predominance,[42] while Islamists are looking for a system based solely on Islamic law and practices that they believe can both cope with the needs and demands of modern society and maintain its moral and spiritual commitment.[43] A key point is that the Islamic perspective does not redirect Middle Eastern politics and regional concerns away from the European legacy, though it does suggest alternative approaches to address the domestic ills of their societies. Thus, the integrated aspect of these historical legacies—economic, social and political—has contributed to the contemporary regional and local responses and, in particular, to the politicizing of part of the Islamic reforming trend.

A feature of the 1980s and 1990s has been not only growth in the number of politically active groups, with a variety of approaches to the religion and to the strategies for achieving their goals, but also the observable Islamization of Muslim societies. Those labelled as Islamists believe and press for the introduction of an Islamic order as an achievable aim. They are differentiated into many groups and factions, ranging from those that are in a position to play a role within the limitations of their country's political process—for example, the Muslim Brothers in Jordan[44] and Hizballah in Lebanon or, until recently, the Muslim Brothers in Egypt and the FIS in Algeria—to those groups and associations more impatient with the political process and given to political action—the Jamiat Islami. At the extreme end of the spectrum are groups that resort to violent methods to achieve their aims, the Jihad groups.[45] It is not just this collection of groups that have emerged across the Muslim world that has led to Western concern: equally, Islamization can be seen in almost all Muslim societies, including Muslim communities in Europe. Given an all-encompassing vision of life, Islamization embodies the transformation of the norms and values of the individual and society to conform to the sense of purpose, justice and egalitarian liberation found in the common conceptions of Islam.[46] The complication for analysts is in the understanding of the phenomenon.[47] Islamization via the implementation of government measures is widespread on the part of both secular and non-secular governments. For the purposes of the argument here, when governments become involved in introducing varying Islamization measures, the result is a variety of national approaches as to what constitutes Shari'a requirements in terms of law. Consequently, there is a lack of uniformity, which may be at odds with the aspirations of the Islamist argument calling for an Islamic state and implementation of the Shari'a. But, most importantly, the results override the great

tolerance of differing legal interpretations and the range of principles represented by the various recognized classical schools of jurisprudence. It is these that have given to the Shari'a its ability to accommodate and be relevant to the ages through which it has passed.[48] In other words, this negating of a central feature of Islam—its tolerance and flexibility—is and will be antithetical to a lasting unity, as well as to harmony in diversity.

As regards the question of threat, if the region gives the impression of volatility, it is not because of the growth of Islamist activity. Rather, it is the deeply rooted underlying problems in the region that have given rise not only to Islamist activity, but to discontent in general. It is this that has contributed to the volatility of the region and the impression of threat. In the post-Gold War world, the basic problems of Third World countries remain. When the Middle East was freed from direct Western political domination, Middle Eastern governments were either thwarted by outside intervention from pursuing particular nationalist policies (Iran) or pursued domestic and regional strategies (Egypt, Iraq, Syria) which for a time seemed to allow for progress in economic development within the context of historical, cultural and Islamic values. But, fifty years on, there are some aspects of people's lives in the region that are little changed. They still live largely with systems of rule that are, on the whole, strongly dominated by the military, where the traditional distance between the ruler and the ruled has been maintained. While modernization has brought with it continual change, if not transformations, to the Middle East, affecting among other things the composition of forces in these societies, it has done little to alter the basic political divisions within society. The economies of the region as they have developed have taken on welfare characteristics at the expense of self-sufficient productive development. In the post-Cold War period, governments are now finding it necessary seriously to consider restructuring their economies through privatization. While this would remove the state from the management of parts of the economy, it would also have the adverse effect of creating additional stresses in society and, in general, lowering expectations. It is the conjunction of these various outcomes on the political, economic, social and cultural fronts that has exposed the fatally flawed post-independence strategies of governments in the region, which have left people adrift, without a secure sense of their future.

The earlier question of whether the Islamist political activities were a threat should be considered in light of the proposition that they are a manifestation of this crisis, which each Middle Eastern society is confronting. The failure of governments to resolve domestic and regional problems except through war and oppression discredits them and increases the attractiveness of alternative solutions. To the extent that these basic issues are not addressed by each government, to that extent it is likely to face a crisis of legitimacy, to the advantage not only of Islamists but of other discontented forces.

The perspective from Europe

Islam in its Islamist form has come to be viewed by some as a threat to the European order. The trigger for this view was the Iranian revolution with its political excesses and anti-Western rhetoric.[49] Augmenting this view was the terrorism, associated with some Islamist groups, directed not only against Western 'symbols' but also against the corruption, decadence and incompetence of Arab governments. However, Islamists were not the only terrorists, either in the Middle East or in Europe. From the 1960s onward, terrorism was drawn into Europe from the Middle East by Israelis and Palestinians attacking each other, by divisions amongst Palestinians, and by conflicts between Middle Eastern governments and their political exiles. It was not until the 1980s that the spotlight focused on Islamic groups as engaging in terrorism.

The potential threat that is of prime concern to Europe is that to the assured, adequate supply of oil from the Middle East, at reasonable prices. Although it is likely that the Middle East as a source of oil for Europe will remain static,[50] it is still viewed as a strategic resource, not only for industry but also for its availability to the military.

Middle Eastern oil policy in the 1970s showed some degree of coordination at a time when, exceptionally, demands tended to match availability. Since then the oil market has been in surplus. Experience of Arab states' diverse views on how oil can best serve their objectives makes it seem unlikely that effective coordination will emerge from OPEC, either in regard to production or price. This leaves security of supply dependent on regional security. But with states in the region deeply divided among and within themselves, this will pose a potential problem for Europe.[51]

In recent years, a new threat has emerged that has societal implications. With the demise of the Cold War, the multi-civilizational and multicultural character of the world has come more sharply into focus, never more so than in Europe itself. Europe in the post-war era has become unintentionally multicultural and multi-ethnic. This has led to a blurring of the boundary between Europe and its periphery. Indeed, the periphery has long since arrived in the heart of Europe. Migrations have played their part in this phenomenon. Though migrations have been a recurring phenomenon in Europe, what makes the issue particularly cogent in the present situation has been the magnitude and character of the migration and the economic conditions within which it has occurred.[52]

The end of the Second World War brought with it vast migrations of peoples dislocated by the events of previous decades. Much of this involved people returning to their countries of origin. As Europe began its recovery from the effects of war, labour shortages developed. These shortages were overcome by labour migrations from Third World countries, encouraged by host countries. Since the 1970s, many European governments have experienced economic difficulties that equally entrapped the economies of the Third World as the world recession deepened. The continuing migrations became a sensitive matter at various times in different countries[53] and acquired a place on the political agenda. Increasing unemployment,

the restructuring of the industrial landscape, the decline of 'inner cities', the increasing advocacy by governments of self-reliance, contributed to a decline in community and cultural identity. The pace of change was at a rate that made adjustments difficult and engendered insecurity. More recently, in conjunction with the collapse of the Eastern bloc, the rise of the political right and the growing influence of the media have contributed to a heightened awareness of the changing character of Europe which, among other things, has led to a focus on the size of immigrant communities and the migration of peoples into Europe.[54]

In these circumstances, the immigrant community emerges as a social problem. The focus is on their cultural differences, appearance, values and behavioural characteristics, which are thought to inspire resentment in competition for jobs and hostility in the belief that the national community is being undesirably altered. Coincident with this, however, is the undermining of the national community, particularly those hardest hit by governments' abandonment of full employment objectives, by the restructuring of industry in a competitive international market and by the transformation of work through the information revolution. The subsequent decline in employment accentuates an increasing lack of identity in a fragmenting community. Thus, the frustrations that emerge in European populations cannot be solely attributed to the immigrant community. Politicians, though, not concerned with the analytical niceties of the situation, feel compelled to deal with the problem with an eye to future elections.

Governments' perceptions do not correspond with the fact that their immigrant communities are stable, but have been distorted by Islamist activities elsewhere that have on occasion impinged on European domestic politics. For example, the excesses of the Iranian revolution and the subsequent awareness in Europe of the rise of Islamist activism in the Muslim world coincided in the 1980s with the onset of a prolonged recession among the industrialized economies and with the structural changes that have since been occurring in its wake. Almost overnight, Europeans became aware of the Muslim communities within their midst. It was a sensitivity that worked to relate Muslim communities in Europe to Islamist activities in the Middle East. Muslims in the Middle East and the Maghrib, because of their own mounting problems, are attempting to clarify their own identity, searching for a renewed sense of direction. The most visible aspect of this has been the activities of Islamists—all of whom have been seen as anti-secular, anti-Western and anti-liberal. The extremism and violence attributed to some Islamists in the Middle East are projected by Europeans onto their own rather quiescent Muslim communities. In the process, the symbolic accoutrements of Islam create a threatening image for Europeans when viewed in Europe. Translated into the political, this image creates a disjuncture between that which is symbolic (and helps Muslims to access their world) and that which is real. The result was an increased intolerance of Europe's own Muslim communities. To equate the manifestations in the Middle East with the long-standing Muslim communities in Europe is to distort and in the end to contribute to an exaggerated misreading of the cultural developments in the Arab world.[55]

In Europe, this phenomenon is best exemplified by the French experience. Since the 1960s, migration into France, primarily in response to the needs of French industry, has comprised non-Europeans and non-Christians, easily differentiated from the native French by language, religion, custom and colour. The French government has customarily pursued a policy of socializing migrant children into French secular tradition, in the belief that this would facilitate integration into French society with little risk to social cohesion. These policies were to some extent successful. Recent immigrants, however, largely ghettoized at the periphery of major French cities and socially stigmatized, were caught in rising social tensions, aggravated after 1974 by declining economic conditions and prospects and, at one level of understanding, antithetical to the cultural values and customs of France. Thus, the traditional French policy of integrating immigrants into French society began to fail when the composition of migration changed, with larger numbers of migrants coming from North Africa. This occurred at a time of persistent decline in economic prosperity, contributing to conditions favourable for the rise of discontent. For the Muslim community in France, discontent has led to the growing influence of Islamism, a trend that appeared to perpetuate the divide between Muslims and the wider society. Islamism had taken root in North Africa and was growing in influence in society, threatening their fragile political systems in circumstances that were, in many important respects, quite different from the conditions experienced by Muslims in France. Islamism, within its own terms, is currently fundamentally undemocratic, while Islam as a religion has shown the ability to accommodate itself to any political system. Islamism is also seen as virulently anti-Western and a threat to governments and societal stability in the region, entailing a potential knock-on effect on international commerce. It is in this context of Islamism that difficulties with the Muslim communities in Europe are viewed. The terrorism, violence and extremist pronouncements of militant Islamist groups elsewhere are projected not only onto Islamists in Europe but onto Muslims in general, without regard for the differing circumstances and the differences among Muslims. In this way, the Islamic threat takes on a generalized form.[56]

Each European state has its own particular experience with the development of immigrant communities and the phenomenon of increasing migration and, as a consequence, each has pursued its own immigration policy. However, in creating a single market within the institutional framework of the EC (later the EU),[57] European states, while allowing for the free movement of goods and peoples within the Union, were confronted with the need to ensure security at the external borders of the EU as well as the regulation and control of the movement of goods and people into the EU.[58] Concurrent with these developments, in the 1980s, deteriorating conditions in Eastern Europe and the Middle East appeared to many to be a precursor to a flood of migrants to an economically troubled EU—an EU that was becoming committed to the removal of controls at internal borders. There was an obvious need to structure the external borders in order to control illegal entry into the EU as well as illegal movement of immigrants within the EU. To address these problems, five of the member-states (Germany, France, Belgium,

Luxembourg and the Netherlands) formally agreed at Schengen (Luxembourg) to consider the harmonization of their legal systems as they related to crime and border controls.[59] For this purpose, organizational and information structures would be established to formulate policing operations. This would require defining illegal acts, harmonizing jurisdictional and judicial differences and the establishment of information and communication centres (SIS)[60] for the coordination of activities to ensure the security of the external borders.[61]

However, the EU, though it is a body moving towards 'ever-closer union' in principle, is quite limited in determining sensitive areas of social policy of its member-states. The migration problem is an example of this. The Schengen Agreement reflects this limitation in that it is an expression of intentions,[62] not proposals for action. To implement the intention of Schengen, other working groups outside EU competence, operating on an ad hoc basis, were formed. Most noted of these was the TREVI[63] group of Justice and Interior Ministers. Initiated by the European Council, this group meets to promote cooperation among police forces within the EU on matters that threaten social order.

Another such intergovernmental structure, known as the Ad Hoc Group on Immigration, was formed in 1986 and meets as required to discuss problems related to issues involving immigration and asylum.[64] The EU Commission, the policy-proposing body of the EU, is represented informally on the working groups and reports developments to the EU Council of Ministers, the decision-taking body of the EU.

The EU Commission is also represented on the Rhodes Group of Coordinators, inaugurated in 1988 to bring into line the activities undertaken by various groups formed by governments to deal with the implementation of the Schengen category of concerns.[65] In the European Parliament, a Committee on Civil Liberties on Internal Affairs observes the activities of these groups for violation of EU human rights obligations.

Why has the EU not taken a more active role concerning the Schengen Agreement? Within the EU, there is some consensus on intentions, but on the details involved in implementing these intentions member-governments are reluctant to use the framework of the EU for discussion on the harmonization of immigration policies. This follows an inclination of member-states similar to that seen in the EU's reluctance to bring foreign policy and security under the scrutiny of the EU. In areas regarded as highly sensitive, member-states are very reluctant to allow the EU and its Commission to become involved—at least until member-states themselves have worked out and enlarged the common ground, evolved agreed and workable procedures in a non-enforceable environment and thereby gained trust in each other to bring the matter fully working into the EU. This is seen, for instance, in the details of determining the state responsible for considering an application for asylum worked out by the intergovernmental Ad Hoc Group on Immigration, which then became the draft for the Dublin Asylum Convention of 15 July 1990.[66]

While EU competence is limited in this area, measures adopted by the EU have tended to reflect the framework of Schengen as well as work prepared in the various

working groups. In the Maastricht Treaty, the 'Third Pillar'—Justice and Home Affairs—confirms the requirement for intergovernmental cooperation of member-states in specific areas of 'common interest'.[67] Parallel policies are pursued by member-states which have the effect of managing border controls through increasingly exclusionary regulations. Nonetheless, the trend is clear at the EU level. The implementation of the Single Market requires the achievement of a situation where member-states can feel secure with the increasing disappearance of internal borders while firmly controlling entry into the EU.

The European governments and the EU are pursuing these policies not simply because of the threats that exist to Middle Eastern governments and to stability in the Middle Eastern region, but because of the potential impact of these threats on European interests. One of these interests is the large Muslim communities in Europe, whose members are living under conditions and with expectations that are quite different from those of their co-religionists in the Middle East. Politicians and the Western media to a great extent tend to ignore these differences and to project upon the Muslim communities in Europe the excesses of Middle Eastern Islamists. Layered with this view of their own Muslim communities is the image of Europe being flooded with 'Islamic' migrants fleeing their own countries' difficulties for the refuge of Europe and thus forming a potentially serious threat to the stability of Europe.

To consider the European Muslim communities—particularly their first and certainly their second generations—in terms of Islamist activities elsewhere is clearly questionable. These assumptions of identity and homogeneity just do not exist in reality. To shape domestic European and EU policies on this basis is likely to have unwanted side effects for societal cohesion in the future.

But governments are not passive actors with regard to the question of migrations. Though governments in pluralist Western societies operate under constraints of special interests, where the public can be mobilized or are in sympathy with exclusionist policies, governments have the capability to keep the influx of migrants into Europe to manageable proportions, as has been illustrated in the laws and regulations currently being put in place by European governments.

European governments have also expressed concern that growing Islamist influence may lead to the formation of Islamic governments in the Middle East that, in cooperation with other Islamic governments, may create conditions inimical to Western interests. However, despite the alarmist views of some, where Islamists have managed to establish regimes in the Middle East they have not pursued expansionist policies but have been essentially defensive, more concerned with the consolidation of their power, economic stability and the search for greater autonomy than historical circumstances have allowed them. They have also attempted to form alliances, which is a practical strategy for states for their own economic wellbeing and national security.

On a pragmatic basis, once in power Islamists have to deal with the practical problems of addressing the expectations of their peoples and the problems of their economies to maintain their legitimacy. Though Islamists can create problems,

particularly in the Middle East, it does not necessarily follow that they would be a threat to Europe.

Conclusion

In recent years the perception of an Islamic threat to Europe has re-emerged. It is a view, however, that finds little validity in the present world situation. The perception of threat lacks substance, not only in its understanding of Islam, of the divisions that form the fissures in Islam, of the non-religious conflicting interests and perceptions that are an essential part of the make-up of the individual, but also of the dynamics and capabilities embodied in Middle Eastern politics. The Islamic threat is essentially a counterfeit issue imbued with stereotypical misperceptions and a casual commitment to analysis—perhaps, in some cases, a conscious exercise in image creation for tactical political purposes.

The threat to Middle Eastern governments is real but this threat would have emerged in any case because of the lack of legitimacy of these governments and their inability to meet the needs and aspirations of their peoples. The principal features of the 1990s Middle East are not only the failure of Arab nationalism, with its buttressing of local nationalisms, but under-development, ethnic and sectarian divisions, unemployment and under-employment, poverty, corruption, factionalism, lack of human rights, censorship, authoritarianism, continued economic dependence on the West and a sense of moral vulnerability. There is also a sense of an alleged historical opposition between East and West which, since the demise of communism, has increasingly been viewed as the West opposed to Islam. These circumstances, combined with the transitions associated with the post-Cold War era, have produced a diversity of responses within each state and within Islam, some of which attracted the label of 'Islamic fundamentalism' or 'Islamism'. Across the spectrum of Islamic responses, among Islamic activists, the moderate, traditional and conservative laity and the *ulama,* the most vocal and sustained critique of the internal and external conditions that confront these countries and their peoples is that of the Islamists who argue that 'Islam is the solution'. Nonetheless, there are special peculiarities of the structure and order of each polity that affect its Islamic groups, organizations and associations. While it is a distortion to disregard the complexity of the dynamic of social and political forces in play, it is these forces in their entirety that not only will affect the character of political outcomes in these countries but will ensure that the interests of the polity remain a key in its relations with others.[68]

The Middle East is replete with political problems associated with the economic and social effects of modernization and the structural crises that this has brought. A visible aspect of this is the effect of the process of urbanization on societies. This has brought to the surface much political discontent, which many governments manage with increasing difficulty. At the international level, this has contributed to an increasing concern with the prospect of intensified political instability, which has created uncertainty and an element of insecurity in the international order.

These tensions are intensified in the fragmented, complex politics of the Middle East. The difference, however, is that in the Middle East a strong Islamic tradition exists through which political discontent can be channelled. Where the Western model of progress was viewed as having failed, Muslim leaders have been able to articulate and direct the resentment arising from frustrated aspirations and hopes awakened by changes that promised to bring about a more satisfying state of affairs. Islam is believed to be a means by which the new technologies, institutions and processes of the twentieth century can be brought to conform to the just egalitarian society envisaged in Islamic cosmology. Where reality has dealt harshly with Muslims in the form of unjust governments, they, periodically, have been able to draw upon their consensus regarding the core values of Islam in an attempt to force changes in government policies in order to bring them more into line with the ideal. In this way, Islam has maintained its relevance to social reality. Throughout its history, it has not become isolated from the aspirations of people and groups in society, and at times has been utilized in defence of these aspirations. It has been part of the social process. Islam, today, not only affirms the traditional identity of Muslims but serves to orientate their world and helps to integrate them into their society by strengthening their bonds within the community. It further serves to define Muslims against both foreigners and the Westernized elite of their own countries who threaten their value system. As a religion not divorced from politics, it poses a rational political alternative. The consequence is that in Middle Eastern politics it often becomes necessary to frame political appeals in Islamic terms, since Islam is a means of legitimizing rule. Thus, Islam is a significant factor in the domestic politics of the region. It is not only Islam that affects the politics of the region, though it provides one of the frameworks for inter-Arab perceptions. It is these perceptions that have been amply affected by economic dependence, regional rivalries, domestic instability, insecurity and the failed promise of Western forms as the search for a successful strategy is pursued.[69]

The Islamic activities that we see in the Middle East are part of the adjustment process in Islam—part of the reforming process—that allows for accommodation to the modern period and to modernization. Many of the concepts and mechanisms that are currently available in the international bank of ideas for the management of politics and political processes are debated through this adjustment process and discarded or made relevant within the framework of Islam because they are useful or necessary in the conditions of the time. As these activities have intensified over the past fifteen to twenty years and show little sign of abatement in the short to medium term, the West sees them as a threat because of the rhetoric involved and the perceived instabilities created by these pressures. Though the West is concerned with the preservation of those Middle Eastern governments that maintain a status quo favourable to their security and commercial interests, the possible fall of these governments is seen as a threat because of the precipitate changes that would be expected. But change in itself is not a disaster, nor will it necessarily lead to exclusionary policies that would be detrimental to Western interests. As indication of this was the way that the 1973 oil crisis and aftermath was accommodated by the West.

Europeans for their part have put an interpretation upon the Islamic developments in the Middle East that has gradually passed from the recognition that there was something distinctive about Islam in the contemporary period, to either relabelling 'Muslim' communities as 'Islamic' or giving to 'Muslim' an added political and social significance. This is coincidental with the Iranian revolution and the continued political and diplomatic contretemps that have been a feature of Europeans' relationship with Iran.[70] The fact that there is a gradual convergence of the general and rising concern at high levels of migration into Europe (boosted by the collapse of the Eastern bloc followed by that of the Soviet Union) during a period of uneven European economic performance and decline; the decision to create a Single European Market; and the rising strength of Islamist groups and movements across the Middle East and in particular in Mediterranean states, contribute to a particular kind of European response. This convergence has eventually dovetailed with growing economic uncertainty in Europe, with a growing and perceived identity crisis in Europe and the presence of very large and permanent Muslim communities that are perceived as non-integrating and contributing to social unrest.

In Europe, in the course of the 1980s, a general assumption that Islam is inherently undemocratic surfaced in order to support politically repressive policies at home and coloured attitudes towards some of the developments in the region. The rationale for this belief is founded on the concept of the unity of religion and man. The logic of divine revelation in this context will impel Islamists to the rule of man by the Word of God. However, some, considering the historical evolution of Islamic theology within the web of its political, economic and social context, are beginning to suggest[71] that at some periods in its evolution the theology was politically manipulated. Thus, a different, more contextual analysis of theology would produce quite a different understanding of Islam, suggesting that it was much more a tool utilized by the underlying forces shaping the economy, society and politics of the Islamic world.[72] If this is the case, then the blanket assumption that Islam is fundamentally undemocratic may be no more than a reflection of the nature and character of the structures underpinning Middle Eastern society—not of Islam itself.

Therefore, to assume that it is the religion that hinders the possibility of democratic development is flawed; it is more accurately a reflection of the deeper characteristics of a society. Several points have been made in this chapter that have called attention to important characteristics of the religion and suggested that it reflects the transition through which the region is passing. It is a decentralized, fragmented religion, which contains a plurality of ideas and interpretations. There is toleration of quite a wide variety of views on a central theme, many of which emerged well after the Prophet's era. Those emanating from the Prophet's era can be made inflexible as well as flexible. The central values of Islam, particularly equality and social justice, are compatible with European values. Should the deeper characteristics of society and structures of rule change in the Middle East, the necessary principles and ideas for this change are there in Islam to be picked up,

reflected and reinforced. As regards Muslims in Europe, the Islam of the European Muslims of Bosnia, for example, is a reflection of the European expectation of religion as a private affair and of government as civil and neutral regarding all religions.[73] Thus, for European governments to utilize the argument of Islam as inherently undemocratic in order to justify a variety of policies to restrict or repress their Muslim communities is to engage in short-term political tactics that undoubtedly will lead to much greater damage and costs to future societal stability.

Muslim loyalties are a complex of belief systems—only one of which is religious. Within this religion, Muslims are tied together by a commitment to a core of common beliefs. Whatever divisions exist among Muslims, they all hold to these core beliefs, which are reinforced in their Islamic education, in literature and the media. This all contributes to one aspect of a sense of Muslim identity and to a sense of homogeneity in Islam. This appearance of unity, though, is to some extent dissipated through the lack of a central authoritative body in Islam to administer Muslims. But the interests of most Muslims go well beyond that of religion and contribute importantly to attitudes that are shaped significantly by the society and political system in which they live.

When Europe takes note of the Islamic political activism in the Middle East and its potential for changing the political terrain, the fact that an Islamic ideology has emerged which has developed a broad agreement on the redefinition of the Prophet's era should not blur the following reality. This ideology does not overcome one of the key features of Islam—that of its fragmentation and its many interpretations. Within this ideology, there are many different Islamist interpretations and strategies. The groups that fall under the Islamist umbrella are prone to splintering and have found it difficult to cooperate or coordinate, though this aspect may to some extent be overcome. But, even so, it is unlikely to lead to unity or mergers of Islamist groups. Afghanistan is available as an example that is also underpinned by a tribal situation. Although the government was there for the taking, the Islamic groups in Afghanistan did not coalesce. Another prime example is Egypt, which is well documented as having numerous competing Islamist groups, from the moderate to the militant. The point to focus upon when considering the radical and militant end of the Islamist spectrum is that even if a variety of these disparate Islamist groups (particularly Sunni) receive their aid and training from similar sources, such as Saudi Arabia and various Gulf states or Iran, this has not as yet made them reliable instruments of any of these states.[74] On the other hand, some groups supported by them have become threats to the stability and legitimacy of a number of governments in the region—Egypt and Algeria in particular—but the likely reasons for their success are due much more to the combination of steadily declining economic and social conditions, political and economic mismanagement and corruption. The fact that the critique of this situation is forcefully stated via an Islamic ideology should not mask the conditions that have provoked the dissatisfaction and contributed to a political vacuum.

The main point is that Islam is not centrally organized, nor is it likely to be organized, in such a manner as to pose a threat as a unified body. There is little

chance of either a regional Islamic unity being forged (due to the fact that the modern state has become deeply rooted in the region[75]) or numerous Islamic states combining into a bloc fundamentally hostile to Europe or the West. To think that this could happen is to assume that the individual state and its strategic and economic interests could be overcome. It would also assume that a hegemonic state could arise in the region which could play the 'Soviet Union' to 'Eastern Europe', thus ensuring a bloc. There is no such likely possibility. It would also have to be assumed that the international interdependency of the region, together with its increasing incorporation into the globalizing economy, could be reversed or that Islamic governments would think in terms other than some version of a mixed economy, largely on European lines. In particular, this can be observed in the Islamic Republic of Iran once it began to think beyond the war economy that resulted from the Iran-Iraq war.[76] Indeed, a recent study[77] into the economic ideas of Islamist writers seems to suggest an interest in promoting versions of the market economy with Islamic features.

Thus, when Europe looks out upon this scene, there is a need to remember that there -are many aspects to the realities in the Middle East. It would be unfortunate for Europe to be manoeuvred by domestic concerns, in particular, into a confrontation regarding the Islamic agenda without regard to its nuances and to the fact that some governments in the region may be unlikely to ignore the Islamic solution, owing to their tenuous legitimacy and flawed strategies. The positive aspect to this set of circumstances is that each country undoubtedly will have its own tailor-made Islamic solution, which will attempt to address its people's needs and aspirations and re-establish its relations with the outside world in ways that will contribute to its success, thereby reducing the perception of Islamic threat. This would, in any case, be considerably lower than the threat experienced by Europe during the Cold War. Given that Islam is part and parcel of the Middle Eastern scene, to pursue a policy of confrontation may be shortsighted, fail to deal with the fundamentals in the region, prolong the tensions and postpone resolutions to the problems of the region.

Notes

1 Samuel P.Huntington, 'The Clash of Civilizations?', *Foreign Affairs,* Summer 1993, pp. 22–49; Samuel P.Huntington, *The Clash of Civilizations and the Remaking of World Order,* New York: Simon & Schuster, 1996; Barry Buzan, 'Civilisational *Realpolitik* as the New World Order?', *Survival,* vol. 39, no. 1, 1997, pp. 180–89.

2 Witness Britain and the Salman Rushdie affair. We have the example of the British government, in the aftermath of Ayatollah Khomeini's fatwa against Salman Rushdie, officially stating, on the BBC's World Service, its respect for the Islamic religion while firmly underlining its commitment to free speech.

3 John L.Esposito, *The Islamic Threat: Myth or Reality?,* Oxford, Oxford University Press, 1992; Fred Halliday, *Islam and the Myth of Confrontation: Religion and Politics in the Middle East,* London, I.B. Tauris, 1996.

4 For a more detailed and wide-ranging discussion of threat, see, for example, Thomas W.Milburn and Kenneth H. Watman, *On the Nature of Threat: A Social Psychological Analysis,* New York, Praeger, 1981; see also Barry Buzan, *People, States and Fear,* Brighton, Harvester, 1991, pp. 61–7, 73–92.

5 Recent research seems to suggest that the emergence and impact of the Arab expansion under the banner of Islam during the 'Dark Ages' was rather more complex than is usually understood and perhaps should be differentiated from the later impact upon Europe of the Ottoman Empire as a world power. The arrival of Islam during the 'Dark Ages' impinged little upon, nor did it contribute to, the development of Christian theology at a crucial period of the emerging schism between Rome and Constantinople. See the debate over the thesis of Henri Pirenne in *Mohammed and Charlemagne,* London, George Allen & Unwin, 1939. See Richard Hodges and David Whitehouse, *Mohammed, Charlemagne and the Origins of Europe,* London, Duckworth, 1983; Judith Herrin, *The Formation of Christendom,* Oxford, Basil Blackwell, 1987. See Albert Hourani, *Islam in European Thought, The Tanner Lectures on Human Values,* Cambridge University, 30–31 January and 1 February 1989, Cambridge, Cambridge University Press, 1991.

6 A. Kodmani-Darwish, 'International Security and the Forces of Nationalism and Fundamentalism', Paper 2, in *New Dimensions in International Security,* Part 2, International Institute for Strategic Studies, Adelphi Papers, no. 266, London, Brassey's, 1992, p. 46.

7 Gary Sick, 'Iran's Quest for Superpower Status',Foriegn Affairs, vol. 65, no. 4, 1987; David E.Long and Bernard Reich, *The Government and Politics of the Middle East and North Africa,* Boulder, Colorado, Westview Press, 1980, pp. 85–7.

8 B. Tibi, 'The Iranian Revolution and the Arabs: The Quest for Islamic Identity and the Search for an Islamic System of Government', *Arab Studies Quarterly,* vol. 8, no. 1, 1986, pp. 29–44.

9 Indeed, one of the strong motivations driving US involvement in Vietnam was the fear that should the South fall to North Vietnam then the countries of South-East Asia would fall like dominoes to communism. The logic of the hypothesis of the domino effect was eventually discredited but, nevertheless, the imagery involved by the term tends to resurface as a generalized but motivating fear when people are confronted with the potential of hostile change.

10 See Eberhard Kienle, *Ba'th vs Ba'th: The Conflict between Syria and Iraq, 1968–1989,* London, I.B.Tauris, 1993.

11 See Malcolm Kerr's classic work, *The Arab Cold War: Gamal Abd al-Nasir and his Rivals, 1958–1970,* London and Oxford, Oxford University Press, 1971.

12 Manfred W.Wenner, 'National Integration and National Security: The Case of Yemen', in Bahgat Korany, Paul Noble and Rex Brynen (eds), *The Many Faces of National Security in the Arab World,* London, Macmillan, 1993, pp. 169–84.

13 Pierre Hassner, 'Beyond Nationalism and Internationalism: Ethnicity and World Order', *Survival,* vol. 35, no. 2, 1993, p. 56.

14 Hamid Enayat, *Modern Islamic Political Thought,* London, Macmillan, 1982, pp. 1–4; Wilfred Cantwell Smith, *Islam in Modern History,* Princeton, NJ, Princeton University Press, 1977, pp. 1–87; Roy Mottahedah, *Loyalty and Leadership in an Early Islamic Society,* Princeton, NJ, Princeton University Press, 1980, pp. 3–39; James P.Piscatori, *Islam in a World of Nation-States,* Cambridge, Cambridge University Press, 1986, p. 14.

15 Smith, *op. cit.,* p. 19; Louise Marlow, *Hierarchy and Egalitarianism in Islamic Thought,* Cambridge, Cambridge University Press, 1997.
16 George Fadlo Hourani, *Reason and Tradition in Islamic Ethics,* Cambridge, Cambridge University Press, 1985, pp. 23–48.
17 A variety of schools of law, *madhahib* (plural *of madhhab*), emerged-four within the Sunni branch of Islam—and the Shi'a also developed their own schools. Noel J. Coulson, *A History of Islamic Law,* Edinburgh, Edinburgh University Press, 1964, pp. 21–119.
18 J.N.D.Anderson and N.J.Coulson, 'Islamic Law in Contemporary Cultural Change', *Saeculum,* vol. 8, nos 1–2, 1967, pp. 1–31; Gideon Libson, 'On the Development of Custom as a Source of Law in Islamic Law: Al-ruju'u ila al-'urfi ahadu al-qawa'idi al-khamsi allati yatabanna 'alayha al-fiqhu', *Islamic Law and Society,* vol. 4, no. 2, 1997, pp. 131–55.
19 See, for example, Chibli Mallat, 'Tantawi on Banking', in David Powers et al. (eds), *God's Law* (provisional title), forthcoming; Sherifa Zuhur, 'Reproductive Technologies: Rulings vs Meanings', paper given at the Middle East Studies Association Conference, North Carolina, 1993; Kilian Bälz, 'Shari'a and Qanun in Egyptian Law: A Systems Theory Approach to Legal Pluralism', in *Yearbook of Islamic and Middle Eastern Law,* vol. 2, London, Kluwer Law International, 1995, pp. 37–53.
20 As Nikki Keddie has observed, 'revealed religions are in constant flux'. 'Religion, Society, and Revolution in Modern Iran', in Michael E. Bonine and Nikki R. Keddie (eds), *Continuity and Change in Modern Iran,* Albany, State University of New York Press, 1981, p. 21.
21 Nazih Ayubi, *Political Islam,* London, Routledge, 1993.
22 B.A.Roberson, 'Islamic Belief System', in Richard Little and Steve Smith (eds), *Belief Systems and International Relations,* Oxford, Blackwell, 1989, p. 87.
23 Marlow, *op. cit.*
24 Lisa Anderson, 'Obligation and Accountability: Islamic Politics in North Africa', *Daedalus,* vol. 120, no. 3, 1991, pp. 93–112.
25 See, for example, the discussion in Chris A.Eccel, *Egypt, Islam and Social Change,* Berlin, Klaus Schwarz Verlag, 1984, pp. 332–5. Muhammad Arkoun's analysis underlines the modern consequences of this open aspect of Islam. See *Pour une critique de la raison,* Paris, Maisonneuve & Larose, 1984.
26 Anderson, *op. cit.,* pp. 101–3; Raymond W. Baker, 'Afraid for Islam: Egypt's Muslim Centrists between Pharaohs and Fundamentalists', *Daedalus,* vol. 120, no. 3, 1991, pp. 58–9; Robert Bianchi, *Unruly Corporatism: Associational Life in Twentieth-Century Egypt,* Oxford, Oxford University Press, 1989.
27 This is particularly the case in Sunni Islam. See Patrick D.Gaffney's discussion of the broadness and richness of unofficial Islam, which encompasses much more than the Islamist groups in 'Popular Islam', *Annals of the American Academy of Political and Social Science,* vol. 524, 1992, pp. 38–51.
28 Ibrahim A. Karawan,' "Reislamization Movements" According to Kepel: On Striking Back and Striking Out', *Contention,* vol. 2, no. 1, 1992, pp. 161–79.
29 Mehran Tamadonfar, *The Islamic Polity and Political Leadership: Fundamentalism, Sectarianism, and Pragmatism,* London, Westview Press, 1989, pp. 106–7.
30 Imami Shi'a are the largest subdivision in Shi'ism and are sometimes referred to as Twelvers because they recognize a succession of twelve Imams descended from Ali.

31 In particular, his de-'Turbanizing' of Ayatollah Shariatmadari in 1984. Moojan Momen, *An Introduction to Shi'i Islam: The History and Doctrines of Twelver Shi'ism,* London: Yale University Press, 1985, pp. 290–92, 295–6, 298.

32 *Ibid.,* pp. 196–7, 296–9.

33 His successor, Ali Khamene'i, whom the regime declared a Grand Ayatollah and *marja,* does not have the theological reputation or the religious authority of Khomeini. The consequence has been the slipping away of theological authority from the position of the *velayat-e faqih* with the amending of the constitution, while real political authority was retained by President Ali-Akbar Hashemi Rafsanjani. H.E. Chehabi, 'Religion and Politics in Iran: How Theocratic is the Islamic Republic?', *Daedalus,* vol. 120, no. 3, 1991, pp. 69–91. In recent years, when it was tentatively suggested that Ali Khamene'i should become *marja e taqlid,* there was significant resistence throughout the Shi'i clergy at large because of his lack of qualification.

34 Momen, *op. cit.,* pp. 196–7, 296–9.

35 Ibrahim A.Karawan, 'Monarchs, Mullas, and Marshals: Islamic Regimes?', *Annals of the American Academy of Political and Social Science,* vol. 524, November 1992, pp. 103–19.

36 J.O.Voll, *Islam: Continuity and Change in the Modern World,* 2nd edn, New York, Syracuse University Press, 1994, pp. 152–5.

37 What is also occurring in the recent modern period of internationalization is an implicit systematization in all areas of life.

38 See, for example, Mona Abaza, 'The Discourse on Islamic Fundamentalism in the Middle East and Southeast Asia: A Critical Perspective', *Sojourn,* vol. 6, no. 2, 1991, pp. 203–35.

39 See Farzana Shaikh, *Islam and Islamic Groups,* Harlow, Essex, Longman, 1992, for an attempt at a comprehensive coverage of the range of groups that have emerged in each country in the Islamic world.

40 Luciano Pellicani, 'The Cultural War between East and West', *Telos,* no. 89, 1991, pp. 127–32.

41 The intellectual response that has been identified (Enayat, *op. cit.,* pp. 69–159) is as varied as in the past and is what might be expected, considering the extent of the problems and their complexity. It has ranged from a completely secular response to Islamic modernism, Islamic liberalism, Islamic socialism, Arabism, nationalism and various forms of Islamisms. These responses have been part of the struggle to find explanations and solutions to the generally felt crises experienced by these societies. See also Albert Hourani, *Arabic Thought in the Liberal Age,* Oxford, Oxford University Press, 1962; Smith, *op. cit.,* 1977, pp. 59–88; C. Caldarola, *Religion and Societies: Asia and the Middle East,* Berlin, Mouton, 1982; Asaf Hussain, *Political Perspectives on the Muslim World,* London, Macmillan, 1984, pp. 117–90; Issa Boulatta, *Contemporary Arab Political Thought,* Albany, State University of New York Press, 1993.

42 Akbar S.Ahmed, *Postmodernism and Islam: Predicament and Promise,* London, Routledge, 1992, pp. 163–7. See also, for example, the works of Abdallah Laroui, Hachan Djait, Muhammad Abid al-Jabiri, Muhammad al-Nuwayhi, Hasan Sa'b and Muhammad 'Amara.

43 Ahmed, *op. cit.,* pp. 158–63. See, for example, the works of Hasan al-Banna, Abu-1 A'la Mawdudi, Sayyid Qutb, Marwan Haddad, Mustafa Mashhour, Salim al-Bahnasawi, Yusuf al-Qaradawi, Hasan al-Turabi and Rashid al-Ghannouchi.

44 Sabah El-Said, 'Between Pragmatism and Ideology: The Muslim Brotherhood in Jordan, 1989–1994', Washington, DC, The Washington Institute for Near East Policy, Policy Paper, no. 39, 1995; Raad Alkadiri, 'Jordan's Fading Democratic Facade', *Mediterranean Politics,* vol. 3, no. 1, 1998, pp. 162–7.
45 John O.Voll, 'Fundamentalism in the Sunni Arab World: Egypt and the Sudan', in Martin E.Marty and R. Scott Appleby (eds), *Fundamentalisms Observed,* London, University of Chicago Press, 1991, pp. 345–402.
46 Bryan S.Turner, *Orientalism, Postmodernism and Globalism,* London, Routledge, 1994, pp. 89–91.
47 See Ann Elizabeth Mayer, 'Law and Religion in the Muslim Middle East', *American Journal of Comparative Law,* vol. 35, 1987, pp. 127–84, for her useful analysis of the 'Islamization Trend', pp. 150–84.
48 Bälz, *op. cit.*
49 See Fred Halliday, 'Western Europe and the Iranian Revolution, 1979–97: an elusive normalization', chapter 6 of this volume.
50 'The Political, Economic, Social, Cultural and Religious Trends in the Middle East and the Gulf and their Impact on Energy Supply, Security and Pricing', James A.Baker III Institute for Public Policy, Rice University, Study no. 3, April 1997, p. 24 of the Executive Summary; Committee for Middle East Trade, 'The Middle East in the World Energy Scene', *Committee for Middle East Trade Bulletin,* London, August 1993, pp. 10–13.
51 'The Political, Economic, Social, Cultural and Religious Trends', *op. cit.*
52 See the debates of the Parliamentary Assembly of the Council of Europe, 'Confrontation on "Aliens in Europe: A Threat or an Asset?"', Committee on Migration, Refugees and Demography, Strasbourg, 20–21 March 1984, pp. 1–21.
53 See *Courier,* no. 129, 1990, p. 44, for example. British public discussion about the nationality question began in 1970; it began in France in 1985–6.
54 Ian Budge, Kenneth Newton *et al., The Politics of the New Europe: Atlantic to Urals,*London, Longman, 1997, chapter 17.
55 S.Avinieri, 'Politics Abroad', *Dissent,* Fall 1993, pp. 412–13.
56 Alan Riding, 'France, Reversing Course, Fights Immigrants' Refusal to be French', *New York Times,* 5 December 1993. Foreign populations in France in 1994 were: Portuguese (650,000), Algerians (614,000), Moroccans (573,000), Italians (253,000), Spaniards (216,000), Tunisians (206,000) and Turks (198,000). From OECD 1994: Table B1, quoted in S. Castles, 'How Nation-States Respond to Immigration and Ethnic Diversity', *New Community,* vol. 21, no. 3, 1995, p. 298. 'In addition there are over 1 million immigrants who have become French citizens, about half a million French citizens of non-European origin from "Overseas Departments and Territories" and an unknown number of Algerians who entered as French citizens before Algerian independence in 1961.' Castles, *op cit.*
57 The European Community (EC) has been through a number of phases. Originally, there were three Communities—the European Coal and Steel Community (ECSC) (1950), the European Economic Community (EEC) (1958) and the European Atomic Community (Euratom) (1958). In the late 1960s, the decision was taken to merge the three Communities—in effect into the EEC. From that time and during the period of the merger process, they became known as the European Communities (EC). When the merger was completed in the 1980s, it became known as the European Community (EC) in the singular. With the ratification of the Maastricht Treaty in

1993, the EC became the European Union (EU). The term EC is used when referring to the supranational aspects of the EU. EU is used when referring to EC plus the intergovernmental aspects. For the purposes of this chapter and for the convenience of the reader, the term 'EU' will be used for all these different designations.

58 David O'Keeffe, 'The Emergence of a European Immigration Policy', *European Law Review,* vol. 20, no. 1, 1995, pp. 20–36.

59 In 1990, Italy became a signatory to the agreement, followed by Spain and Portugal in 1991, Greece in 1992 and Austria in 1995. To date, Britain, Denmark and Ireland have not subscribed to the agreement. Klaus F. Zimmermann, 'Tackling the European Migration Problem', *Journal of Economic Perspectives,* vol. 9, no. 2, 1995, p. 59; 'Schengen Opens the Way for Free Movement of People', *Courier,* no. 151, 1995, p. 43; Budge *et al., op. cit.,* pp. 383–4; see Juliet Lodge, 'Internal Security and Judicial Cooperation beyond Maastricht', a paper of the European Community Research Unit, University of Hull, 1993.

60 SIS is a central information bank on criminal activities. Andrew Duff, John Pinder and Roy Pryce, *Maastricht and Beyond: Building the EU,* London, Routledge, 1994, p. 114.

61 Mike King, 'The Impact of Western European Border Policies on the Control of "Refugees" in Eastern and Central Europe', *New Community,* vol. 19, no. 2, 1993, p. 185; Giuseppe Callovi, 'Part II: Western Europe: New, Old and Recast of Immigration Questions in the Post-Cold War Period. Regulation of Immigration in 1993: Pieces of the European Community Jig-Saw Puzzle', *International Migration Review,* Summer 1992, pp. 352–72; Duff *et al., op. cit.,* p. 105.

62 The intentions embodied in the Schengen Agreement have been largely incorporated in Title VI (Provisions on Cooperation in the Fields of Justice and Home Affairs) of the Maastricht Treaty.

63 Trevi was formed in 1975 and has been incorporated into the Schengen intentions. *Duff et al., op. cit.,* p. 113.

64 Elspeth Guild, 'Towards a European Asylum Law: Developments in the European Community', *Immigration and Nationality Law and Practice,* vol. 7, no. 3, 1993, pp. 89–92.

65 Duff *et al., op. cit.;* Callovi, *op. cit.,* p. 361.

66 O'Keeffe, *op. cit.,* p. 21.

67 *Ibid.,* pp. 25–6.

68 See entry on Islamic fundamentalism in Iain McLean (ed.), *Oxford Dictionary of Politics,* Oxford, Oxford University Press, 1996.

69 I have drawn freely from Roberson, *op. cit.,* pp. 105–7. I would also acknowledge the influence of Ernest Gellner, 'State and Revolution in Islam', *Millennium: Journal of International Studies,* vol. 8, 1979–80, pp. 198–9, on an aspect of this argumentation.

70 See Halliday, *op. cit.*

71 See the interesting introductory chapter in Ayubi, *op. cit.*

72 *Ibid.*

73 John Kifner, 'In Sarajevo, A Different Kind of Islam', *New York Times,* 15 December 1993, p. A20.

74 These groups also compete for funds and will accept monies from both Iran and the Arab Gulf states, including Saudi Arabia. See Chris Hedges, 'Egypt Fears More Violent "Holy War" by Militants', *New York Times,* 19 December 1993. In January 1998,

interior ministers of the Arab states decided to work together to restrict the terrorist activities of militant Islamic groups. *International Herald Tribune,* 7 January 1998.

75 Evgenii Primakov, *Mission a Baghdad,* Paris, Éditions du Seuil, 1991, p. 166.

76 In fact, Samuelson remains the key textbook in economics departments in Iranian universities.

77 See Timur Kuran's interesting investigations and analyses of Islamic economics, 'Fundamentalisms and the Economy' and 'The Economic Impact of Islamic Fundamentalism', in M.E.Marty and R.S.Appleby (eds), *Fundamentalisms and the State: Remaking Polities, Economies, Militance,* vol. 3, London, University of Chicago Press, 1993, pp. 289–301, 302–41.

6
Western Europe and the Iranian revolution, 1979–97

An elusive normalization

Fred Halliday

> You saw that the Imam issued a fatwa against an apostate and said that he should receive a religious punishment, then European governments withdrew all their ambassadors from Iran. Does that happen in the case of an ordinary book? Does that mean that the governments of Britain, France, Italy, and I do not know where, are showing sympathy for the life of a person? They mow down thousands of human beings for a small matter. Which one of them has not killed masses and masses of people? Which one of them would not kill thousands of people if their interests dictated so? Do they show sympathy for human beings?
>
> …the British government dislikes Iran's independence more than anything else. They are the same ones who plundered this country for years. Now the country is independent and they are upset. So what are we to do? The British government would like to come to the Persian Gulf if it got the opportunity right now—just like in the time of Lord Curzon—and stand there and issue orders to the governments around the Persian Gulf, including Iran. Well, the people of Iran will not allow any government, be it the British or American government or any other bully, to interfere in our affairs, our demands, our great aspirations and our holy beliefs. What has it got to do with them?[1]

Enduring incompatibilities

Most analysis of the foreign relations of the Islamic Republic of Iran has focused on either its interaction with its neighbours in the Middle East or its relations with the two predominant powers of the 1980s, the United States and the USSR. Yet the history of relations between Western Europe and the Islamic Republic of Iran (IRI) presents as many analytic challenges as that of any other aspect of the international relations of the Iranian revolution.[2] The purpose of this chapter is to examine Iran's relations with Western Europe in the period up to 1997, that is through the rule of Ayatollah Khomeini (1979–89) and the two presidencies of Rafsanjani (1989–97). The intention is to link a narrative of these relations to some broader issues,

in Europe's external relations on the one hand and Iran's domestic policies on the other.

At the time of the revolution, and repeatedly thereafter, politicians in Iran and observers in Europe argued that, in contrast to the United States and the USSR, the twin 'Satans' who had dominated modern Iran, Western Europe could, and would, enjoy a better, privileged and more stable relationship with Tehran. If initial difficulties were ascribed to the legacy of Pahlavi associations and to Iranian resentment at Western European, particularly British, ties to the monarchy, the hope was expressed that once the first tempests of revolution were over Iran could establish beneficial relations with these states, in both the economic and political domains. With a series of exacerbating factors in the early and middle 1980s—the Iran-Iraq war of 1980–88, Iran's 'export of revolution', the detention of Western hostages in Lebanon—relations continued to be bad, but by the end of the decade, with many of these questions nearing resolution, hopes were again expressed, on both sides, that the situation could improve.

The end of the war with Iraq, in August 1988, led to a thaw: the German foreign minister, Hans-Dietrich Genscher, visited Tehran in November 1988, his French counterpart Roland Dumas was there in February 1989, President Mitterrand was later expected to visit, as was the British foreign secretary, Douglas Hurd. In the event, a series of new and disparate issues—the dispute over Iran's condemnation of the British writer Salman Rushdie that began in February 1989, a fresh wave of assassinations of exiles, support for the new wave of Islamic militancy in the Arab world, a set of bilateral diplomatic incidents—combined to produce a further crisis in Tehran's relations with Western Europe. Meanwhile, the clerical leaders in Tehran continued to denounce European hostility. When in the mid-1990s another thaw began, it ended abruptly in 1997 with the verdict in the Mykonos trial in Berlin and the termination of the critical dialogue. More than a decade and a half after the Iranian revolution, the anticipated normalization, let alone reconciliation, had not, therefore, eventuated: not only Britain, but also the other major EU states—France, Germany, Italy—continued to have stormy relations with Iran, both for shared, multilateral, reasons, and for recurrent individual ones. Brussels had, from 1992 to 1997, qualified its relationship with Tehran as 'critical dialogue' in contrast to 'constructive dialogue'. The dream of a reasonable Iran and a compliant Western Europe had not been realized.[3] Only in 1998, following the accession of President Khatemi to office in August 1997 and a thaw in US—Iranian relations did substantive progress become possible again.

Examination of this record may be significant for several reasons. First, in its own right, the history of the IRI's relations with Western Europe is an important part of Iran's overall foreign policy record and of the European states' relations with the Middle East: beyond their intrinsic importance, these are countries which, together, accounted for over a third of all Iran's foreign trade and to which Iran looked for increased trade, investment and credit in the hope of a major economic redevelopment of the country.[4] Second, examination of the European-Iranian record casts light on the relations of both parties with the two major powers, the

United States and the USSR. For Iran, what such an analysis suggests is that, even without the record of the Carter and previous US administrations *vis-à-vis* the Shah, and even if Washington had conducted its policy towards Iran in a radically different way in the course of the revolution, and had sought to befriend the Islamist forces as early as was realistic, this would have been no guarantee of better relations with Iran. The obstacle to normalizing relations with Western countries in general went beyond the specific difficulties of the US Iranian relationship.[5] On the European side, the difficulties that were encountered with Iran showed how far it was caught in the polarized US– Third World relationship—Iran saw the Europeans as accomplices of US imperialism, while Washington viewed with displeasure any European deviations from its line.

Examination of the conduct of Iran's relations with Western Europe may also illuminate the overall formation and direction of the IRI's foreign policy. It may indicate how factors that made for tension in its relations with the Western Europeans in the past and, in particular, domestic political constraints may endure. This chapter examines that connection: it argues that the conduct of Iran's foreign policy towards the Western Europeans, as much as that towards the United States and the USSR or towards other states in the Middle East, was not as haphazard or as unpredictable as many outside thought. It reflected a set of considerations, domestic and international, that continued to affect it into the late 1990s—the legacy of pre-revolutionary interference and animosity, a divided post-revolutionary polity within, a region in social and political effervescence without. The difficulties Iran continued to face, both within and without the country, suggested that there was no purely diplomatic resolution of the problems in sight: like all revolutionary countries, Iran continued to pursue a 'dual policy' of diplomatic contact and revolutionary appeal, to speak with two voices and to postpone consistency. Nor did this lessen with time: as much as under the first regime of Khomeini (1979–89), so under the second of Rafsanjani (1989– 97), Iran was drawn towards strengthening its foreign links but also towards confrontation, intermittent but recurrent, with the outside world.[6] Long after the passing of the first revolutionary enthusiasms, the prospect of the 'normal' and 'de-ideologized' conduct of foreign relations turned out to be, as much as it had been in the first decade and a half, a chimera.[7] Only when there was substantial political and social change within, reflected in Khatemi's assumption of power, did diplomatic progress restart.

Western Europe in the Khomeini period: 1979–89

At the time of the revolution there were several reasons for the expectation that Iran's relations with Western Europe would be better than those with the United States, or indeed with the USSR. In the first place, Western European countries were among Iran's major trading partners and therefore an essential part of the regime's economic strategy, particularly since commercial relations with the United States (the source of nearly 24 per cent of imports in 1978) were deteriorating as a result of political decisions on both sides. Precisely because of the commitment to

the policy of 'neither East nor West' it would have been reasonable to expect that Iran would, if anything, tilt more towards Western Europe and to Japan, to offset the reduction of ties to the United States. Second, while Britain, along with Russia and America, had been closely associated with the external domination of Iran in the preceding decades, this was not so of the others: Germany had historically been seen as supporting Iranian independence, France had enjoyed a special position by dint of having given refuge to Khomeini in the time before his return to Tehran, Italy had no record of imperial domination in Iran.

What actually occurred was rather different, for reasons of both general international relations and of specific, bilateral, relations. In general, three factors in particular made it unlikely that any of these countries could establish normal, let alone close, relations with Iran. One was the crisis that broke out in November 1979 when Iranian militants, with official sanction, took US diplomats hostage, and for which Iran was condemned by America's European allies in the strongest terms. The Europeans did not break off relations over this question, and indeed hoped to use their missions in Tehran to maintain dialogue with the IRI government: in the event, however, the European government that appears to have been able to maintain the closest diplomatic dialogue with the regime was that of Switzerland, a country that was a member of neither NATO nor the EEC. Second, there was the Iran-Iraq war, and the position of neutrality, or in many respects support for Iraq, that Western European countries adopted: at the start, in 1980, Britain and France, as permanent members of the Security Council, were seen (correctly) as having connived at Iraq's aggression by not demanding an immediate ceasefire and withdrawal; the French later supplied arms to Saddam; then, in 1987, during the 'reflagging' operation, the French and the British sent ships to the Gulf as part of the naval protection policy that was seen by Iran as helping Iraq. Third, Iran's revolutionary foreign policy in its manifold dimensions—support for Shi'i radicals in Bahrain and Lebanon, backing for hostage taking, assassination of exiles abroad—antagonized Western Europe. These three factors made it easier for the West to take a critical stance on something towards which, given their behaviour elsewhere in the Middle East (for instance, regarding Iraq), they might have been otherwise more reticent, namely Iran's human rights record.

All of this took place within a context of foreign policy coordination where the United States acted as the ultimate constraint, as it did on the Arab-Israeli question: given their shared interests in the Middle East, and given their membership of a NATO under US direction, the Western countries could not, even if they were minded to, act in a manner radically at odds with the United States. For all the talk of an autonomous EEG-based policy-making ('European Political Coordination') the limits on policy came from Washington.[8] This Iranian case therefore compounds the lesson of the EEC initiative over the Arab-Israeli question, the Venice Declaration of 1980.

The record of the individual countries was, therefore, less surprising if set against this set of general constraints.[9] France was the country that might have been expected to establish the most favourable relations with Iran, given Khomeini's

residence at Neuphle-le-Château in the suburbs of Paris at the end of 1978 and the French connections to a number of those in his entourage, most notably Bani-Sadr, the Khomeini adviser who became the first president of post-revolutionary Iran. But France was constrained in the early 1980s by the general considerations mentioned above, and from 1981 by the fact of its having given refuge to President Bani-Sadr and the Mujahidin-i Khalq leader Rajavi when they escaped from Iran in July 1981. France and Iran collided over Lebanon, where Shi'i militants killed French soldiers. Relations were also stalled by a dispute over the $14 billion that Tehran claimed had been invested by the Shah in the Eurodif nuclear programme, a sum that Iran wished to see repaid. Hopes of an improvement in 1986, when France expelled Rajavi from Paris, were soon disrupted by other developments: Tehran angrily denounced the sale of French Mirage jets to Baghdad; an Iranian diplomat in Paris, Vahid Gorji, was wanted in connection with terrorism; a number of Iranian exiles were assassinated in Paris. In 1981, in the aftermath of the Bani-Sadr and Rajavi arrivals, ambassadors had been withdrawn; later, between 1985 and 1987, thirteen French hostages were held in Lebanon by Shi'i militants close to Iran; in July 1987, following tensions around the Gorji affair when embassies in both capitals were blockaded, relations were broken altogether. In the end, although the French hostages were released in a murky deal, neither France nor Iran seemed to have gained much from their apparently special relationship at the time of the revolution itself.[10]

Germany had a better position in the commercial field, and was constrained by constitutional factors from selling arms to either side in the Iran—Iraq war. Its percentage of the total Iranian import market went up from under 22 per cent in 1978 to over 26 per cent a decade later. But here too expectations were to be disappointed: once Iran had accepted the UN Security Council ceasefire resolution, in August 1988, the foreign minister Hans-Dietrich Genscher sought to take advantage of this opportunity to move quickly and improve relations, hoping in the process to pave the way for a broader improvement in Iranian-Western relations. But Genscher anticipated, amongst other things, an improvement in the human rights situation within Iran and rapid movement on the detention of Western hostages in Lebanon: the failure of either of these to transpire, combined with the outbreak of the Rushdie affair in February 1989, meant that this initiative too was to come to nothing.

It was less surprising that relations between Iran and Britain would have a difficult course to traverse, given Britain's historical role in Iran and its distinctively close relationship to the United States: in mid-1980 the British embassy in Tehran was closed and all staff withdrawn following demonstrations outside the embassy itself, and although some staff returned under Swedish protection, these were again withdrawn in 1987, when a diplomat was kidnapped. In late 1988 British staff returned to re-open the embassy, but in February 1989, the Rushdie affair ensued, and the Iranian parliament, as well as the government, took a strongly anti-British approach.

What is most surprising in retrospect is how misleading much of the public discussion of these issues was, in Iran and in the West, and how far optimism, born of wishful thinking or diplomatic calculation, prevailed. Illusion number one, found both in Iran and in Western European countries, was to see these bilateral relations as divorced from their multilateral, more general, context. Iranian expectations that they could somehow divide the Western European states from the United States or Western expectations that Iran would be willing to deal amicably with countries that were at least indulgent to, and at worst actively arming, Iraq were examples of this. As far as the European states were concerned, the pattern that prevailed was that which had been observed throughout the Cold War and on matters such as Afghanistan, the Arab-Israeli question or Central America: some diplomatic autonomy was allowed, but no direct challenge to the prevailing US position.

Equally illusory were hopes voiced in the West, and possibly shared by 'moderates' within Iran, about how far Iran's foreign policy could be subjected in any reasonable time-scale to the dictates of international conformity as defined by the Western states. One does not have to see ideology as a single, determinant, factor in the shaping of Iran's foreign policy, or indeed of the foreign policy of any revolutionary state, to see that these considerations, mediated not only through the state, but through the Majlis (parliament), public opinion and Iran's revolutionary following elsewhere in the region, put major constraints on what Iran could and could not do. Indeed, in a broader perspective, the illusions about Iran enjoyed in the West, and periodically repeated by Iranian diplomats themselves, recur frequently in dealing with the foreign policy of revolutionary states, as if a better understanding here, or a diplomatic concession there, can dissolve conflicts and differences of interest that often have far deeper underlying roots. The illusions of policy towards Iran are, in many respects, similar to those found in reaction to other revolutions, such as those of France, Russia, China, Cuba, Vietnam,[11] with the added ingredient of Iran's internal politics having been more diverse and uncontrollable than those of most other post-revolutionary regimes.

For Iran, three such underlying factors were of particular, and self-evident, importance. First, foreign policy was a function, in part, of domestic policy, of the conflict of factions within the regime, and of the mobilization by the regime of domestic opinion behind its revolutionary goals: the seizure of the US hostages in 1979 was quintessentially part of such a faction fight, as was, a decade later, the Salman Rushdie affair. If the hostages crisis of 1979–81 served to isolate the more cautious, 'liberal', forces within the regime at the beginning of the revolution, the management of the Rushdie affair from 1989 onwards served a comparable function in the aftermath of the Iran-Iraq war and then in the consolidation of the regime after Khomeini's death. In particular, the attack on Rushdie in mid-February 1989 was accompanied by new pressure on the Freedom Movement of Iran, the party led by Mehdi Bazargan, whose tenure of the premiership was abruptly ended by the seizure of the US embassy on 5 November 1979.[12] Equally a function of internal politics, and in the harshest possible sense, was the assassination of exiles—the eradication of real threats, and the demonstrative punishment designed to deter

others and manifest resolve at home. These reflected policy from the top. While these assassinations were believed to be carried out by special security units, they were directed by the powerful Supreme National Security Council (Shura-yi-ali-yi-amniyat-i milli) on which Rafsanjani sat. Second, insofar as the regime, for all its internationalist protestations, invoked nationalism in its support, and in addition to the sense of Islam itself as being threatened from outside, the record of past intervention in Iran, and of continued involvement, real, imagined or invented, played an important part in the mobilization of domestic support. If this was obviously so, given their historic records, of the United States, Russia and Britain, it became so, by extension, for the other powers: as the vicissitudes of their relations with Iran showed, Germany and France were not so exempt from the 'imperialist' label, and were regarded as on a par with other Western states. Third, an important part of Iran's foreign policy, and of the domestic legitimation tied to it, was the support for revolutionary movements elsewhere in the region: for the Iranian government to have abandoned these—in, say, Lebanon or Iraq—would have cost it politically, *vis-à-vis* both domestic radicals and its Islamist following abroad, as would, in a later period, alteration of its position on Salman Rushdie.[13]

Finally, and never to be underestimated, was the manner in which foreign policy itself was formulated, and the illusions, born of revolutionary zeal or intra-regime tactical calculation, that were so produced: undoubtedly, the greatest illusion of the revolutionary regime was the hope, sustained above all by Khomeini, that a continuation of the war with Iraq would in the end lead to the fall of the Ba'athist regime and the installation of an Islamic republic in Iraq. But other illusions too can be noted: Iran's ability to exploit divisions in the camp of 'world arrogance', the exaggerated belief in Iran's international economic importance, the expectation that it would be possible to normalize trade and investment relations with Western Europe and Japan while avoiding diplomatic relations with the United States.[14] This was particularly evident in the formulations of Iran's economic policy after the end of the war with Iraq, as given by Iranian government and academic experts. Projections for non-oil exports, and for foreign financing, assumed that the Japanese and the Europeans would provide substantial aid to and investment in Iran in the absence of Tehran having established relations with the United States. Whether the experts putting forward this idea really believed it one cannot know, but it was apparently one of those subjects, like diplomatic relations with the United States and Israel, on which debate and the expression of doubt were not acceptable. The hope of substantial Western European assistance was, in any event, tendentious: these countries were prepared to trade with Iran, on the basis of short-term credit, but that was that.

The querulous history of Iran's relations with Western Europe in the first post-revolutionary period up to the 1980s was not, therefore, the result of accident, misperception or some temporary aberration on the Western European side: it reflected deeper incompatibilities, on both sides, including, for the Europeans, the need to avoid conflict with the United States. The same applied, with some variation, to the post-Khomeini period where, in a changed situation, a new set of

difficulties emerged, on the domestic as much as on the international front. In addition to the restrictions of revolutionary ideology, the growing internal paralysis of the regime, indeed the very success of Rafsanjani in building a domestic coalition in the Fourth and Fifth Majlis elections and government apparatus, made Iran less able to adapt to the new international circumstances. For the Europeans many of the same considerations, bilateral, Community-wide and transatlantic, continued to operate.

Policy after Khomeini: the domestic constraints

During the second decade after the overthrow of the Shah's regime, the Islamic Republic of Iran might have been expected to enjoy a more secure position than at any previous time. Internationally, it had three major wind-falls: in 1991 the defeat in the war over Kuwait of its main rival Iraq, on the western flank; in 1992 the overthrow of the communist party regime in Afghanistan, on its eastern flank; and, most spectacular of all, in 1991 the collapse of the USSR, on the northern front. For the first time in over two centuries, Iran faced no major enemy in the region, and its influence—strategic, economic, cultural, religious—was spreading into areas of the former Soviet Union where it had not been a significant force for centuries. Internally, the situation would also appear to have been more secure. The government structure set up after Khomeini's death in 1989, with the emergence of an executive presidency around Rafsanjani, had endured. The elections of April 1992 for the Fourth Majlis, and those of April 1996 for the Fifth, both returned a Majlis in which the majority of the deputies were supporters of the president's line. There appeared to be considerable agreement amongst the top leadership as to the course of policy to pursue. No significant organized opposition existed within the country.

Yet this picture of apparent strength was misleading. Beyond specific concerns about internal or foreign policy there lay a deeper question which involved both domestic and international factors, namely that of where the revolutionary regime was going, and how far it could continue to resist the pressures of the outside world. Whilst in the short run the IRI regime was secure, it faced some of the same longer-term pressures that in the end brought down the communist system. Here we must return, as in so much discussion of the international orientations and options of the IRI, to the domestic dynamics of the revolutionary regime: in the 1990s, as much as in the immediate post-revolutionary period, these remained the determinant of much of what Iran did, and did not, do.

The impression given by the Iranian regime in the first half of the 1990s was certainly one of consolidation and unity. This was evident in at least three key respects: governmental unity, control of the state apparatus and parliamentary authority. Those running the country were the former students and political followers of Ayatollah Khomeini; despite some differences of emphasis in their statements there was no 'power struggle' and they were able to preserve effective political cohesion. The two main figures in the political arena, who had in effect

formed an informal ruling group even in the last years of Khomeini's life, and had apparently put pressure on him to end the war with Iraq in 1988—President Rafsanjani and the religious leader Khamene'i—appeared to have found a means of working together; no other major political authorities existed, in part because of Khomeini's success in crushing them, in part because non-clerical figures who played important roles in the government seemed unwilling or unable to challenge the dominant clerical duo. Until his death in 1995, the one evident potential source of opposition, Khomeini's son Ahmad, maintained an independent position but, by virtue of his reticence, appeared to lend support to the regime.

Control of the state apparatus also seemed to be secure: the armed forces were run by a network of loyal appointees, the civil service, although often recalcitrant, had also been subjected to Islamic revolutionary control. If there was a problem in the administrative system it rose from the continuing fragmentation of power, as between different factions in Majlis and bureaucracy, and the pluralism of institutions, arising from the revolution itself, as much as from any inherent bureaucratic opposition or challenge to the regime. The issue of parliamentary authority was significant in Iran, since, in contrast to almost all other modern revolutions, it had allowed, within clear limits, a measure of political pluralism to operate: even though there were no parties, factions and alliances, as well as outspoken individuals, were able to challenge government policy in the parliament and in so doing to appeal to constituencies within the country itself.

In this respect, the elections of April 1992 marked an important step in the consolidation of power by President Rafsanjani. Through a process of electoral screening and the vote itself, the majority of the 'radicals' who had criticized his policies and blocked reforms were excluded from the new parliament.[15] The largest group in the new parliament were lay supporters of the revolution, but not from the most radical faction. Known in Persian as the *muqallidin,* or 'followers', the outlook of these non-clerical elements has been described as 'modern, but not Western'.[16] The aura of authority shifted from rhetorical espousal of Islam to a more cautious revolutionary commitment: most of the seats in the new cabinet went to non-clerical people with university qualifications. The two candidates in the Tehran election who got the most votes were a mullah known above all as a family man, and a former POW in Iraq. The consolidation of this new post-revolutionary and technocratic elite of the *muqallidin* coincided with a cautious retreat from other aspects of Islamic revolutionary ideology: a loosening of control on music, greater freedom to travel, an apparently more emollient attitude to exiles wishing to return, an increased emphasis on the Persian pre-Islamic heritage.

Organized resistance to the regime also appeared to be a thing of the past. If in the period up to 1981 there had been significant opposition to the regime, this now appeared to have been overcome. The main urban-based groups—the Mujahidin, various fragments of the Fedayin, the Tudeh—had been more or less crushed by the mid-1980s, even if the first retained a presence abroad, based in Iraq, and with a significant propaganda network in Western Europe and the United States. Among the ethnic groups the Kurds had been the strongest and had waged guerrilla war

against the regime for some years, but internal divisions within and repression, followed by Iraq's attempt to improve relations with Tehran, had weakened the Kurdish opposition and they too were no longer a significant threat. Monarchist sentiment may have been strong, as a form of nostalgia if nothing else, but no significant monarchist organization existed. While political developments in any dictatorship are liable to surprises, it would seem that no significant organized challenge to the regime existed, from forces within or without the Islamic revolutionary camp.

This picture of stability was, however, misleading in several respects, not because it failed to see challenges that existed but because a focus on short-term stability may be wrong. As the collapse of the Soviet system demonstrated, revolutionary regimes may fail in ways other than those of overt political challenge, internal conflict or direct challenge from abroad through war. Other kinds of pressure may operate, over a longer period of time, to halt and ultimately undermine such regimes. Two such pressures in particular were pertinent to the Iranian case: the first was the inability of the regime to take policy initiatives, precisely because of the coalitions and compromises it had made to secure its internal position; the second was the erosion of the legitimacy of the regime as a result of its failure to meet criteria of success established by international comparisons, and in particular by perceptions on the part of the population of what were desirable standards of economic performance. Both of these trends operated over time and were offset by features of revolutionary regimes found *inter alia* in the Iranian case—confrontation with the outside world, an emphasis on the threat of corruption and subversion from abroad, a defiance of what are seen as anti-national, 'imperialist' or, in this case, un-Islamic influences, periodic resorts to exemplary repression and apparent revisions of policy in the light of changed circumstances.

Developments in Iran during the post-Khomeini period would seem to have followed this pattern. The success of the Rafsanjani regime in consolidating power internally, culminating in the 1992 Majlis elections, and repeated in 1996, involved making compromises with the 'radical' opposition, entrenched above all within the administration, and in espousing loyalty to the legacy of the dead leader. The result of this was that while Rafsanjani appeared to enjoy undisputed power, he was not able to take substantive initiatives in what was a rapidly changing international situation or to confront the chronic paralysis of the Iranian economy. As in the days of the Shah, bold and inspiring policy guidelines were announced and, when appropriate, shifts took place: the underlying problems of the economy were not, however, addressed.[17] Industrial production continued to stagnate and, by international standards, its performance fell further and further behind: despite its population of close on 60 million, Iran was a nugatory exporter of manufactured goods, below Haiti or Zimbabwe,[18] and its labour force was disqualified from competing in international markets. Agriculture remained, as it had been in the time of the Shah, unable to meet more than around half of Iran's food needs: the investments of the IRI, while in some social respects well focused, did little to meet the growing demands of an increased population. In other respects the turmoil and

demagogy of revolution were irrelevant to major, fast-moving problems: first, the rise in population, over 3 per cent per annum, amongst the highest in the world;[19] second, the comparative deskilling and degradation of the Iranian labour force, compared to other Third World populations.

To these two social trends was added a third, namely the deterioration of the energy situation. If in the aftermath of the revolution Iran cut its oil output to below half, from over 6 million barrels a day to well under 3 million, this reflected at first political choice and the reality of Iraqi destruction of facilities; but in 1988, while Iran was keen to increase its level of output, it could not do so, first because it could not renegotiate its OPEC quota and, second, because, given the terms it was offering, it could not easily attract the investment needed to revitalize fields neglected for a decade or more. The opinion of many Western oil exporters was that if Iran did not rapidly implement policies to modernize its oil output and deal with difficulties within its oil fields, it ran the risk of a 'production collapse', a major loss of future oil potential. To this was added Iran's failure to capitalize on its greatest natural resource of all, its gas reserves, second in the world only to those of Russia. For Western Europe this meant that Iran came to matter less as a potential energy source. Non-OPEG output was rising and the world energy map altered. In the aftermath of the breakup of the USSR a major change in the economics of the gas industry took place, as the newly independent republics became able to negotiate separate oil and gas contracts with Western firms. Within the space of a few years a new geography of production and transport was created, which threatened to exclude Iran for a generation from what could have been its greatest export earner, gas.

The cause of this lay, as in regard to issues of foreign policy itself, in the inability of the leadership to take clear decisions that would have allowed agreements based on joint production and 'risk sharing', and so broken with the past practice and constitutional restraints of the IRI.[20] But Iran's political options compounded this, as US pressure ensured at the time that Iran would not be chosen for the main pipelines being built from Azerbaijan or Central Asian states to Western markets.

This political paralysis at the top was matched by the growing disaffection of the population with the regime, not because of its political record, which cost it surprisingly little, but because of its poor economic performance. Initially, the IRI had been able to divert criticism on this score: its appeal to anti-Western austerity, its promise of redistribution, the euphoria of the revolution, the war with Iraq—all put off the pressure for economic growth. But by the late 1980s these excuses had become less effective, with the result that discontent increased. Complaints at corruption and inefficiency grew, nostalgia for the prosperity of the Shah's period returned, the end of the war with Iraq raised expectations. Part of this process was internal, the surfacing of demands always present but concealed; part, however, was external, the breakdown of the revolutionary insulation which the IRI, as much as other revolutions such as the Chinese and the Soviet, had used to divert popular demands for improved living standards and greater availability of consumer goods, which led to increased dissatisfaction. In the Iranian case this insulation was in any case less as memories of the 1970s were still fresh. Here the end of the war with Iraq,

by opening up the possibility of travel and increased contact with members of the community in exile, played a role, as did the collapse of the USSR. The paradoxical result of this latter process was, as we have seen, that far from Islamic Iran influencing the godless and corrupt areas of Central Asia, it was to some degree the latter, itself strongly influenced by the secular Iranian consumerist culture of exiles in the United States, transmitted via music cassettes and video, that had its influence on Iran: according to Persian-speaking journalists who visited them, in Samar-kand and Dushambe the singer Gugush was more popular than the preacher Khomeini.

It was against this background that an economic and social malaise came to the fore in 1992, just at the time when the political success of the regime seemed to be secured. On the one hand, one academic observer from Iran, speaking at an oil company seminar in 1992, remarked that now there was only one Grand Ayatollah in Iran, 'Ayatollah Dollar', and that the corruption and acquisitiveness of the IRI leadership were resented by much of the population. On the other hand, in the spring of 1992 serious social unrest broke out in a number of cities, beginning with Shiraz, Arak and Mashad, and spreading to other areas of the country. Comparable disturbances occurred in the south-east Tehran district of Islamshahr in April 1995: there was no evidence of any organization behind these protests, but they seem to have reflected popular frustration with economic problems and the decreased ability of the regime to suppress dissent, either through coercion or through revolutionary mobilization.[21] The rioters were the very people whom the regime had relied on to overthrow the Shah and consolidate their power base in the post-1979 period: the protests did not challenge the ability of the regime to rule, but they did indicate that the legitimacy of the regime had seriously declined in regard to an issue on which it was unable, for political reasons, to take major initiatives.

This inability to meet popular expectations was matched by an uneasy and apparently unsuccessful policy towards the middle classes within the country and towards the large, mainly elite, diaspora of over a million without. While in some respects regime policy eased, with encouragement to exiles to return and some greater toleration of the middle classes within the country, this was an at best partial process. Harassment of women who were deemed not to be properly dressed continued. Regime spokesmen waxed indignant at foreign cultural influences, not least satellite dishes. Arbitrary and cruel punishments persisted, including over a hundred executions in 1991.[22] Travel in and out of the country remained subject to uncertainty. While an increasing number of exiled Iranians felt able to return to the country on short visits, far fewer took the decision to return. The uncertainty of the regime's opening and relaxation was nowhere more evident than in regard to political liberalization: the most prominent opposition group, the Freedom Movement of Iran, continued to be the object of arrest, vilification and control; no other significant divergence from the regime's consensus, in organized political form or in the press, was tolerated. Up to the spring of 1997 and the election of Khatemi, the Islamic Republic of Iran remained to some extent an anomaly amidst

revolutionary regimes, a dictatorship with some elements of licensed pluralism, but a dictatorship none the less.[23]

Foreign relations under Rafsanjani: after 1989

The internal paralysis that characterized the Rafsanjani presidency had a major impact on foreign policy, including that towards Western Europe. As already indicated, Iran appeared by the early 1990s to have greatly improved its international position and to have been freed, through its own policies or those of others, from the constraints under which it had previously operated: on its side, it had encouraged, if not commanded, the release of hostages from Lebanon, had made a number of overtures to Western Europe, and had removed one of the domestic constraints on increased international economic involvement by allowing for foreign borrowing, valued at up to $18 billion, in the next five-year plan. International businessmen were returning to Iran, amongst them representatives of the oil companies such as BP, with which Iran had been in conflict in the past. Some relations with the World Bank and the IMF were restored. Without either side drawing too much attention to it, Iran was importing considerable quantities of goods, mainly food, from the United States—if not directly, then via Dubai and other Gulf ports. However, this apparent improvement in Iran's international political and economic relations belied a continuing set of difficulties, the product of at least three separate considerations: the unresolved diplomatic legacy of events since 1979, domestic constraints within Iran itself, and the two-sided consequences of the post-Khomeini changes.

The continuing conflict in which Iran found itself was evident in several regards. First, despite some overtures, it did not, and appeared unable to, normalize diplomatic relations with the OECD countries as a whole. Relations with the United States remained frozen: the US deployment in the Gulf in 1991 after the Kuwait war alarmed Iran. No one in either Washington or Tehran appeared able to break the deadlock. In the United States there remained a groundswell of opposition to improving relations with Iran, fuelled by anger at the seizure of the embassy in 1979, the detention of Western, particularly US, hostages in Lebanon, and Iran's continued support, verbal and more, for terrorist actions. Once Iran came out against the Madrid Arab—Israeli peace talks, pro-Israeli sentiment in the US focused more antagonistically on it. In neither the diplomatic nor the political communities of the United States was there much enthusiasm for improved relations with Iran: about the only motivation for so doing was strategic, in the light of the uncertainties in Central Asia and the Gulf, but this was a minority view, leading to the observation in 1991–2 that about the only person in Washington in favour of improved relations with Iran was President Bush himself. For the rest, Iran remained a convenient danger and, something easier to assert in a post-Gold War world when strategic rivalry with the USSR had ended, a country that was not as important as it might previously have been. Iran ranked with Cuba as one of the countries in the world that Washington was least likely to 'forgive'. It was,

therefore, consistent with this atmosphere, that when it came into office in 1993 the Clinton administration should have enunciated a policy of 'dual containment' *vis-à-vis* Iran and Iraq in the Persian Gulf.[24] In June 1993 the secretary of state, Warren Christopher, appealed to European states to 'treat Iran as an outlaw' and to engage in 'a collective policy of containment'. In 1995 and 1996, under pressure from the US Congress, the Clinton administration went much further, barring all US trade and financial services with Iran. The Iran-Libya Sanctions Act of 1996 threatened sanctions against firms from other states that invested over $40 million in Iran's energy industry.

If the endurance of Washington's conflict with Iran was explicable, the continuing tension between Iran and Western European states was less so. Despite some hopes of improvement after the end of the Iran—Iraq war, the visits of Genscher and Dumas and increases in trade, the diplomatic record remained bad. Relations with the UK remained below ambassadorial level because of the Rushdie and other affairs: in July 1992 the visit of a Foreign Office official to Tehran, allegedly to prepare for a visit by the foreign secretary, Douglas Hurd, was cancelled after three Iranians were expelled from Britain on charges of espionage, with the suspicion that they had been involved in an attempt to kill Rushdie; when the prime minister, John Major, met with Salman Rushdie in May 1993 this led to renewed denunciations of Britain by Iranian politicians.[25] Relations with France had been improving in 1991, and there was even talk of a possible visit by President Mitterrand to Tehran: but they quickly soured after the assassination of the exiled leader Shahpur Bakhtiar in Paris in July 1991. At the end of 1993, on the eve of the trial of Bakhtiar's presumed assassins, Paris appeared to be trying to assuage Iranian hostility, past and anticipated, by sending back to Tehran two Iranians suspected by Switzerland of involvement in the assassination of another political exile. Defended by the government of Edouard Balladur on grounds of 'national interest', this action infuriated the Swiss, who mounted an uncharacteristically vocal public campaign of criticism. Whether it would bring the French any benefits in Tehran remained to be seen.[26]

On the German side, the foreign minister Hans-Dietrich Genscher's attempts to improve relations with Iran after 1988 had been blocked by the Rushdie, hostages and human rights issues. In 1991, however, there was a temporary development: Genscher again visited Tehran; Ali-Akbar Velayati, the Iranian foreign minister, was in Bonn, and hundreds of German soldiers were despatched to western Iran to help with the humanitarian assistance to the Iraqi Kurdish refugees.[27] With the release of the last two German hostages in June 1992, there were hopes in both Bonn and Tehran of an improved relationship, but these soon proved unfounded.[28] Genscher's departure from the Foreign Ministry was accompanied by a noticeable sharpening of German policy towards the IRI, evident in more overt official support for Rushdie and in a reduction of credit guarantees for trade with Iran. Cultural relations between the two sides were almost broken as a consequence of the banning of Iranian publishers from the Frankfurt book fair, the world's largest, after German writers protested at the Rushdie policy.

In Iran, radicals began more openly to criticize German policy and to demand an apology from Bonn for its attitude. In 1993 relations underwent further ups and downs. On the one hand, the Iranian government was implicated in the assassination of exiled Kurdish leaders in the Mykonos restaurant in Berlin in 1992. At the same time, German political and intelligence officials established a dialogue with their counterparts in Iran, in an apparent attempt to induce the Iranians to alter policy. The attempt by Bonn to keep a line open to Tehran was explained in part by Germany's wish to maintain its long-standing economic interests in the country, and partly by the hope that such a dialogue could open a channel for influencing the Islamic Republic. Whether it could succeed was at first unclear; what was evident was that it provoked considerable criticism inside Germany, and a public objection from the United States.[29]

The two incidents that evoked particular hostility were a visit to Bonn of the Iranian minister of security, Ali Fallahian, in September 1993, and a telephone call by Chancellor Helmut Kohl to Rafsanjani on 22 September 1993. German officials claimed that these initiatives were concerned either with humanitarian questions, notably the release of German nationals held in Iran, or with attempts to induce Iran to moderate its foreign policy, especially with regard to the 1993 agreement between Israel and the PLO. Neither domestic critics, the United States nor Israel were convinced by these justifications. In late October 1993, the Bundestag debated the question of policy towards Iran, following criticism from the Alliance 90/Greens parliamentary group, who claimed that Germany's policy contradicted EU policy, and that policy on Iran was being run by the intelligence services, not by the Foreign Ministry.[30] When the Berlin court finally reached its verdict on the Mykonos assassination in April 1997 and confirmed Iranian state involvement in an act of terrorism, the German government had to declare its dialogue with Iran closed.

Even with Italy there were problems, as a result of a Mujahidin attack on Italian diplomats. The tone of this continuing confrontation with the West as a whole, and suspicion of Western Europe, was well conveyed in the speech by Ayatollah Khamene'i on the fourth anniversary of the fatwa against Salman Rushdie, quoted at the beginning of this chapter.

In the economic field, the improvements were also small; despite much talk of developing relations with the IMF and World Bank, their loans were limited, and there was little prospect of them providing aid for development projects; the $18 billion in foreign credit stipulated in the five-year plan was regarded by most expert observers as much higher than Iran could obtain. As already noted, Iran was unable to take advantage of the opportunities provided by its largest natural resource, gas, to sign new long-term agreements, because it was still retaining conditions that did not apply in the world situation of energy glut, and bound by the clauses in its constitution limiting contracts with foreign companies. Tehran missed important opportunities which other states, including the newly independent states of Central Asia, were willing to take.[31] By 1993, the overall economic situation had worsened, with Iran becoming a significant debtor for the first time since the revolution, and its sources of credit, even for short-term trade, becoming less available.[32]

The drying up of credit in late 1992 and 1993 reflected a number of factors: some of these were economic, but there was clearly a shift in mood in Western Europe, itself partly a reflection of continuing US policy of containing and limiting the influence and power of Iran, but also of a more coordinated EU view on the Rushdie affair. At the same time, this inability to develop relations with the OECD states, except on a commercial basis, reflected the situation within Iran itself. The latter accounted for the paralysis on the opening up of new gas contracts. It also accounted for certain policy initiatives which antagonized the West and, to some extent, other states in the region: Iran's denunciation of the Madrid Arab-Israeli peace process,[33] support for Islamist fundamentalism in Sudan and Algeria,[34] continued backing for the Hizballah in Lebanon and for Islamist forces in Tajikistan and Afghanistan. Iran's perception of an emerging strategic rivalry with Turkey, the latter acting as a stalking horse for the United States, the Transcaucasian and Central Asian regions, was also a product of the need to find targets for continued domestic militancy, but a trend that made improvement of its overall international situation more difficult.[35]

In addition, the development of the international situation within the region during the first half of the 1990s was not, despite its evident benefits, unequivocally in Iran's favour. First, the end of the Cold War and the collapse of the USSR meant that the international strategic concern which, even in times of animosity, the West had entertained for Iran, subsided. The tendency to marginalize countries as no longer important affected other countries in the region, such as Yemen, Sudan and Libya, as well as Iran. This also had implications in the economic field: with Turkmenistan and Kazakhstan eager to sign agreements on natural gas production and export with Western firms, Iran, despite its great advantage in this field, was in a weaker position, and therefore the more easily bypassed, given its uncertain political condition and the resistance to accepting current market terms. Second, the collapse of Soviet control along the northern frontier did open the possibility of increased Turkish influence, something that alarmed Iran, not least because of the economic and cultural ties this would establish at the expense of the IRI. The decision, for example, of the new Azerbaijan regime to replace the Cyrillic alphabet by the Latin, not the Arabic-Persian one, and the growth of direct economic ties between Turkey and Central Asia concerned Iran, whose press, and some officials, openly denounced Turkish influence in what was seen as a traditional part of 'Greater Iran'—*Iran-i bozorg* or even, as some called it, *Khorasan-i bozorg*. The war between Armenia and Azerbaijan also posed the threat of yet another flood of refugees. The very fact of these being areas of traditional Iranian cultural influence was, as we have noted, a two-sided one: hopes of a militant Islamist movement developing in these states were soon disappointed, and where one did, in Tajikistan, it was soon attacked by neo-communist forces and the Russian army.

Conclusion: revolutionary inertia and its costs

The pattern of Iran's relations with Western Europe reflected, therefore, two broader processes: on the one hand, the dynamic of foreign policymaking in a revolutionary situation, where considerations of domestic politics, ideological commitment and revolutionary optimism coexisted with more realistic or cautious options and led to a foreign policy in two registers; on the other, the gradual consolidation of a post-revolutionary consensus which, by dint of its very breadth, encompassed a range of opinion and so precluded major changes in foreign policy. The policy of the European Union, as expressed through the officials of the commission responsible for relations with Iran, was, until the Mykonos verdict, one of 'critical dialogue'. Brussels was not in a hurry to improve relations with Iran and, in particular, was insisting on improvement in four areas: Rushdie, human rights, military expenditure, and policy on the Arab—Israeli peace process.[36] Far from Western Europe being an exception to Iran's external policies, the European states, for all their economic importance and their political distinction from the United States, were involved in the broader pattern of hostility between the Islamic republic and the outside world that, on its own, was not to be overcome: this hostility coexisted with trade and diplomatic initiatives, and limited the prospects of 'normalization'. For its part, the IRI regime appeared to be in no immediate danger, and had taken a number of initiatives designed to consolidate its domestic and international situations. This was most evident in the conduct of regular elections and in a number of specific international initiatives. Yet, until 1997, these were not sufficient to overcome the isolation in which Iran found itself, or to address the growing impasse in which the country found itself internally.

The problem which the IRI leadership had was that the very compromises and solutions they found internally both blocked the revitalization of the economy and led to an ambiguous and continuingly confrontational foreign policy. With the population evidently tiring of revolutionary promises, as epitomized in the riots of the spring of 1992 and later years, and with expectations of an opening to the outside world increasing, up to the end of Rafsanjani's presidency the regime was doing too little and doing it too late to take control of the course of events. This may have posed no immediate danger for the revolutionary state, but it suggested that, over time, its domestic credibility and international position would continue to be eroded and that, in a way roughly comparable to what had happened in the communist countries, this could in the longer run spell the end of the Islamic revolutionary experiment in Iran. It was the recognition of this decline, coupled with the growth of discontent from below, that led to the explosive election of Khatemi in 1997.

For their part, the Western European states remained committed to the 'critical dialogue' until 1997, maintaining diplomatic and trade relations while restricting support for economic development and conveying concern at a range of Iranian policies. Differences of interest and shades of independent initiative could certainly be detected: Germany, in particular, retained a long-term, economic and political

interest which led it, on occasion, to explore openings with the IRI. However, such a dialogue and the bilateral initiatives it allowed were constrained by the broader political and strategic constraints that had operated since the revolution of 1979. At the end of the second decade after the founding of the Islamic Republic, 'normalization', espoused by all, had remained elusive. It took the election of a new Iranian president, together with an improvement in Iran's relations with the United States, for the impasse to be broken.

Notes

1 Ayatollah Khamene'i, speech to seminary students on the fourth anniversary of the fatwa against Salman Rushdie, BBC, *Summary of World Broadcasts,* Part 4, *The Middle East and North Africa,* ME/1615 A/6, 17 February 1993.

2 For other accounts see the chapters by Anoushiravan Ehteshami, 'Iran and the European Community', and George Joffé, 'Iran, the Southern Mediterranean and Europe: Terrorism and Hostages', in Anoushiravan Ehteshami and Manshour Varasteh (eds), *Iran and the International Community,* London, Routledge, 1991. For a general account up to 1988 see Anthony Parsons, 'Iran and Western Europe', *Middle East Journal,* vol. 43, no. 2, 1989, pp. 218–29.

3 The most detailed general coverage of these issues is that of the monthly *Echo of Iran* (London and Tehran). For Iranian views on relations with Western European states see the translations in the BBC *Summary of World Broadcasts,* Part 4, *The Middle East and Africa,* or the appropriate sections of the FBIS (Foreign Broadcasts Information Service); see also statements and reports in *Kayhan International* and *Kayhan-i Havai.* The policy of Western governments can be gleaned from a number of sources: for Britain, the ministerial statements in *Hansard,* and the reports of the diplomatic correspondents of the main London papers; for France, *Le Monde* and *Le Monde diplomatique;* for Germany, the reports contained in the annual *Nahost Jahrbuch* of the Orient-Institut, Hamburg.

4 In the pre-and post-revolutionary periods, the four major Western European states have accounted for between 40 per cent and 50 per cent of Iran's total imports: see Parsons, *op. cit.,* p. 228. By far the most important partner has been Germany which has, in recent years, accounted for over a quarter of all Iran's imports. See further discussion on trade in chapters by Ehteshami and Kamran Mofid in Ehteshami and Varasteh, *op. cit.*

5 For example, one underlying theme of James Bill's eloquent and perceptive *The Eagle and the Lion, The Tragedy of American-Iranian Relations,* New Haven and London, Yale University Press, 1988, is that there could have been an alternative policy to the Iranian revolution, based on a more open and informed approach to the Islamist forces: the fate of those who did espouse a more sympathetic policy, from France and the Soviet Union to Kuwait and the PLO, throws doubt on this picture of a specifically US-Iranian incomprehension. To argue this is in no way to endorse the alternative critique, much voiced after the revolution by Brzezinski and others, according to which a more forceful support of the Shah could have saved his regime: see my discussion of the US literature, 'Iran and the Reagan Doctrine', *MERIP Reports,* no. 140, 1986, pp. 31–5.

6 On the current politics of the post-Khomeini period see *Echo of Iran.* For analysis, see Mouna Naim, 'Les contradictions des héritiers de Khomeiny', *Le Monde,* 6–7 December 1992; Anoushiravan Ehteshami, *After Khomeini: The Iranian Second Republic,* London, Routledge, 1995; Mehdi Mozaffari, 'Changes in the Iranian Political System After Ayatollah Khomeini's Death', *Political Studies,* vol. 41, no. 4, 1993, pp. 611–17; Mohsen Milani, 'The Evolution of the Iranian Presidency: From Bani Sadr to Rafsanjani', *British Journal of Middle Eastern Studies,* vol. 20, no. 1, 1993, pp. 82–97.

7 On the 'dual policy', see E.H.Carr, *The Bolshevik Revolution,* Harmondsworth, Penguin, 1973, vol. 3, pp. 69–116.

8 Perhaps the closest analogy in post-1945 alliance politics was policy on China: Britain and France had diplomatic relations with Peking but they kept to a broad NATO consensus and, as the British diplomats found out during the Cultural Revolution, they received scant thanks from the Chinese.

9 For more detailed background on these countries, see Parsons, *op. cit.*

10 For one graphic account of the Lebanese hostages affair and its impact on French domestic politics, see Pierre Peau, *La Menace,* Paris, Fayard, 1987. For lively coverage of 'la guerre des ambassades', see the coverage in *Liberation* for July 1987.

11 have gone into this in comparative perspective in '"The Sixth Great Power": On the Study of Revolution and International Relations', *Review of International Studies,* vol. 16, no. 3, 1990, pp. 207–21; reprinted as chapter 6 in my *Rethinking International Relations,* London, Macmillan, 1994.

12 On the first period, see Shaul Bakhash, *The Reign of the Ayatollahs,* London, I.B.Tauris, 1985, chapters 4 and 5; for the second see Jean Guéyras, 'En Iran, la liberalisation avortée', *Le Monde,* 2 March 1989.

13 On Iran's export of revolution, see Wilfried Buchta, *Die iranische Schia und die islamische Einheit 1979–1996,* Hamburg, Deutsches Orient-Institut, 1997.

14 Presentations to conferences at Stiftung Wissenschaft und Politik, Ebenhausen, Germany, October 1989, and the Royal Institute of International Affairs, Cumberland Lodge, March 1992.

15 On the elections see *Le Monde,* 12–13 April 1992, and 14 April 1992; Farzin Sarabi, 'The Post-Khomeini Era in Iran: The Elections of the Fourth Islamic Majlis', *Middle East Journal,* vol. 48, no. 1, 1994, pp. 89–107.

16 am grateful to Mehdi Mozaffari for explication of this term, and for analysis of the elections.

17 For an overview of the economy see World Bank, *Iran, Reconstruction and Economic Growth,* Washington, DC, World Bank, July 1991.

18 See World Bank, *World Development Report, 1993,* New York, Oxford University Press, 1993, Table 17, for imports of manufactured goods by OECD countries from individual countries: $676 million for Iran, $799 million for Jamaica, and $1.3 billion for Sri Lanka. The contrast with Iran's two non-Arab neighbours, with which it has much in common in terms of natural endowment and population, was even more striking: Turkey, $6.8 billion; Pakistan, $3.2 billion. Given that the composition of 'traditional' exports, such as carpets, was still very high in this total, the picture was even more unfavourable.

19 The figure for the 1980s of 3.7 per cent per annum population increase may be accurate, but may not reflect a demographic rise only, since some of this, perhaps 0.5 per cent or more, may have come from the influx into Iran of refugees, from Iraq and

even more so Afghanistan. World Bank, *Iran, Reconstruction and Economic Growth,* p. 74.

20 Article 81 of the constitution is clear: 'Granting contracts to foreigners for establishing corporations and firms dealing with commercial, industrial, agricultural, mineral affairs and services, is absolutely prohibited'. Text of the constitution in *Middle East Journal,* vol. 34, no. 2, 1980, p. 196.

21 For analysis of the riots see 'Le pouvoir iranien reconnait implicitement la gravité de la crise sociale', *Le Monde,* 14–15 June 1992; for Islamshahr, see *Le Monde,* 6 April 1995; Asaf Bayat, 'Squatters and the State: Back Street Politics in the Islamic Republic', *Middle East Report,* no. 191, November–December 1994, pp. 10–14. For regime reaction, in a speech by Khamene'i blaming the disturbances on 'counter-revolutionaries', see BBC, *Summary of World Broadcasts,* ME/1405/A2, 12 June 1992.

22 Amnesty International, *Amnesty International Report, 1991,* London, Amnesty International Publications, 1992.

23 On the overall character and structure of the regime in the post-Khomeini period see Ehteshami and Kamran Mofid in Ehteshami and Varasteh, *op. cit.*

24 For a perceptive study of this issue, see Geoffrey Kemp, *Forever Enemies? American Policy and the Islamic Republic of Iran,* Washington, DC, The Carnegie Endowment, 1994.

25 The claim, frequently made by Iranian politicians, that it was theologically impossible to set the fatwa aside was quite false: on several grounds it could have beenvoided. Its maintenance was a *political* decision.

26 'Expulsion of Iranians by France Angers Swiss', *International Herald Tribune,* 8–9 January 1994.

27 Deutsches Orient-Institut, *Nahost Jahrbuch 1991,* ed. Thomas Koszinowski and Hanspeter Mattes, Opladen, Leske & Budrich, 1992, p. 16.

28 On the release of German hostages, see *Le Monde,* 19 June 1992; on the subsequent deterioration, *Echo of Iran,* no. 61, February 1993.

29 BBC, *Summary of World Broadcasts,* ME/1835 MED/9, 2 November 1993. On the Department of State criticism of Bonn, see 'U.S. Objects to Bonn-Tehran Links', *International Herald Tribune,* 16–17 October 1993. Israel, for its part, made clear that it was opposed to any such openings to Tehran. According to the *Sunday Times,* 14 November 1993, cooperation had gone further, and included the supply to VEVAK (Iranian Ministry of Intelligence and State Security) of surveillance equipment, but these reports may have reflected intra-alliance irritation rather than the facts.

30 Record of debate, Deutscher Bundestag, Stenographische Berichte, 12. Wahlperiode, 182. Sitzung, Bonn, 29 October 1993, pp. 16157–70. On revelations of German connections with the Iranian secret services, see *Die Tageszeitung,* 20 December 1993.

31 See *Financial Times,* 3 July 1992, for details of major oil and gas deals signed by Kazakhstan with the United States, Britain and Italy.

32 On growing problems in foreign payments and credit during 1993, see Vahe Petrossian, MEED Special Report, *Middle East Economic Digest,* 19 February 1993; and *Financial Times Survey 'Iran',* 8 February 1993.

33 For characteristic denunciations by, respectively, the leader of the republic, Ali Khamene'i, and the head of the judiciary, Yazdi, of the Arab-Israeli peace negotiations, see BBC, *Summary of World Broadcasts,* ME/1207/A/5, 19 October 1991, and ME/1208 A/8, 21 October 1991.

34 Were a pro-Iranian Islamist regime to come to power in Algeria this would certainly occasion a heightened European anxiety about Iran's influence and intentions.
35 Fred Halliday, 'Iran and Transcaucasia', in John Wright and Richard Schofield (eds), *Transcaucasian Borders,* London Geopolitics Series no. 5, London, UCL Press, 1996.
36 Interview with European Union official responsible for Middle Eastern affairs, 11 January 1994.

7
Turkey
Europe in the Middle East, or the Middle East in Europe?

Philip Robins

Before 1989 it all seemed relatively simple. Turkey was unambiguously part of the Western world, having been a member of NATO for more than four decades. Its orientation was firmly anti-communist which, in a bipolar world, meant standing against the Soviet Union, notwithstanding various efforts to take the tension out of bilateral relations. For as long as the Republic had existed, Turkish leaders had emphasized the country's European vocation; since 1963 this had been formally recognized and accepted through the association agreement with the forerunner to the European Union, the European Economic Community.

On the other hand, the Middle East was viewed with distaste and suspicion. The Turkish elite's view of the Arab world was Orientalist, minus the sentimentality. Within Turkey, foreign relations, Europe and the Middle East included, were subject to a broad consensus among those at the top, which gave the impression that Turkey's international position was set in stone.

If the events of the late 1980s produced a 'bonfire of certainties', Turkey suffered from the flames more than most. The collapse of communism, both as an ideology and in the form of state power, eliminated the central element that Turkey shared with its strategic partners, namely a common external threat. The demise of communism weakened (possibly fatally so) the standing of NATO, the most important club to which Turkey belonged. It also changed the outlook and priorities of the club to whose membership Turkey most earnestly aspired, the EU. Indeed, it is now quite possible to think of a Union with as many as thirty member-states which does not include Turkey.

If the EU is now more politically distant from Turkey, even as it physically expands eastwards, the 1990–91 Gulf crisis has drawn attention to the inextricable links that still bind Turkey to the Middle East. Domestically, the perception of Turkey's place in the world has also changed. The electoral rise of the Islamist-oriented Welfare Party means that some of the core values of Turkish political life and the country's approach to the external world are now contested in a way that they have not been for more than sixty years.

It is clear from even a brief and cursory view that Turkey's recent relations with both the West and the Middle East have been subject to change. Moreover, in a world where relationships are less clear-cut than those which existed in the old bipolar system, it is to be expected that ambiguity and complexity will be more in

evidence than before. But have the changes in the world radically reformulated Turkey's relationship with Europe and the Middle East? Can we still refer to Turkey's European vocation? Does Ankara still aspire to membership of the EU? Could Turkey replace its relationship with the EU with another set of multilateral relations? With respect to the Middle East, has Turkey's marginality been ended? In what way is Turkey a Middle Eastern country? It is towards these questions that the discussion that follows will be directed.

The view from within

It is a commonly held view that Turkey's strong commitment to being part of Europe dates from the time of the founder of the modern state, Mustafa Kemal Ataturk. In fact, Turkey's orientation towards Europe pre-dates Ataturk. During its early expansion, the Ottoman conquest was directed against the European continent, where world economic and political power was concentrated. In the later stages of its existence, the Empire clearly put its relationship with Europe at the top of its priorities. The Porte valued its European provinces more highly than those in the Middle East. It was only after the loss of its Balkan possessions that the Ottoman Empire became an exclusively Middle Eastern state. The growing influence of Europe in the Empire may also be seen in other areas. Architecturally, European ideas came to predominate, so much so that the last imperial palace to be constructed, the Dolmabahce Saray, was indistinguishable from other royal creations of the time in continental Europe. In the field of public administration, law and education the Ottoman Empire came increasingly to emulate Europe.

Ataturk's contribution was to take this increasing preference for a European orientation and put it at the centre of state ideology. His was a positivist's choice, based on the perception of Europe as a scientific centre of gravity. In so doing, he sought to replace Islam as the unifying characteristic of the latter stages of the Ottoman Empire. He also sought to snuff out the growing ideology of pan-Turkism, which offered an alternative basis for state ideology. He sought to push through the Europeanization of Turkey in two ways. First, he borrowed heavily from European practice. In perhaps the most symbolic of all his reforms, the Latin alphabet was introduced to replace the Arabic script as the medium for written Turkish. Ataturk completely overhauled the country's legal system, introducing for the most part the Swiss civil code, the Italian penal code and German commercial law. Other changes included the adoption of the Gregorian calendar.

Second, he attempted to suppress those influences that he considered to be arcane and retarding; in short, those influences that he perceived to be inimical to Turkey's European orientation. These were principally Middle Eastern in origin. Consequently, Ataturk outlawed the country's religious orders and drove them underground. He also initiated a purge of Arabic and Persian words from the Turkish language.

The course on which Ataturk had set Turkey was to be perpetuated for the next five decades. At the forefront of consolidating and codifying his ideas was the state

elite. It was the military officers, bureaucrats and intellectuals who comprised this elite who were to turn the views that Ataturk had held into the increasingly rigid ideology of Kemalism. They espoused European ideas and adopted European values. They aspired to being part of Europe in its various guises, from the political to the strategic to the cultural.

Even those who rejected the basis of the state drew their critiques and their alternative political prescriptions from Europe. When attempting to rebel against the state, it was to fashionable ideas of the European radical left that Turkish intellectuals turned in the 1960s. The residue of this orientation can still be seen today. Consider the violent radicalism of Dev Sol, which so closely resembles the Red Army Faction and the Red Brigades. Note the Marxist-Leninist origins of the main Kurdish revolutionary movement, the Kurdistan Workers' Party (PKK).

Indeed, it was to the ideas of nationhood and self-determination that Turkey's Kurds increasingly turned after the failure of the early revolts in the predominantly Kurdish areas in the 1920s and 1930s. At that time the ideological vehicle for opposition to the newly constituted state was that of Islam. The idea of a Kurdish national identity was little explored outside a small intellectual circle in Diyarbakir. It was the manipulation of tribal loyalties and a call to the defence of Islam that brought Kurds flocking to join these early rebellions. From there on in it was to European ideas of a separate ethnicity that the opposition movement in south-east Turkey increasingly turned.

This orientation of values towards Europe was eventually buttressed by material developments. The economic fortunes of Turkey have become increasingly integrated with Western Europe, but only, it is important to note, in the relatively recent past. The fact that Turkey had a low-cost, pre-dominantly agrarian economy provided certain complementarities with the high-cost, industrialized economies of north-western Europe. However, it was only the liberalization of the Turkish economy in the early 1980s that gave a real fillip to bilateral economic relations. This has resulted in three types of economic integration.

First, Europe and Turkey developed an extensive visible trading relationship. Turkey emerged as a supplier of low-cost, high-quality exports to Europe, especially in the textile and knitwear industries. Since the trailing off of effective demand from the Middle Eastern oil-exporting countries in the early 1980s, the EU has consistently accounted for more than 40 per cent of Turkey's export earnings; the figure for 1995 being 51.0 per cent.[1] The leading economies of the EU have, in turn, supplied Turkey with capital and consumer goods. Thus, the EU has rapidly built up its profile as an exporter to the Turkish market, from a base of 29 per cent in the early 1980s to 44 per cent a decade later.[2]

Second, Turkey became the destination for large numbers of European tourists, especially from Germany. In 1995, of the record 7.7 million tourists who visited Turkey, some 1.7 million were from Germany, the largest single country group.[3]

Third, Turkey became a supplier of cheap labour to the Federal Republic of Germany and, to a lesser extent, other European economies. In 1993 there were nearly 2.8 million Turks resident in Western Europe (defined as the EU plus

Sweden and Switzerland), making Turks the largest single minority in the region. Of this figure, over 1.9 million were to be found in Germany.[4] The export of labour pre-dated the liberalization reforms which Turgut Ozal began to steer through from the late 1970s onwards. However, having only begun in 1961,[5] the labour migration phenomenon is still a relatively recent one.

The effect of this deepening economic relationship between Turkey and the EU has been to create a sinuous relationship, which can be neither easily severed nor replaced. Most importantly, perhaps, the effect of these economic ties has been to widen the social base which is involved in and has prospered from the relationship with Europe. No longer is the European orientation of Turkey dependent on a narrow and increasingly fossilized stratum of officers, state officials and intellectuals. It has now been extended to include export-oriented big business, involved in supplying the European market; local conglomerates active as agents and distributors for European imports; smaller businesses that are active in the distribution and retail sale of such imports, and that have also benefited from the boom in the tourist industry; and the families of Turkish expatriate workers, who have prospered from the wealth that has been remitted to Turkey.

Indeed, it is arguable that economic interest has eclipsed both ideology and identity as the basis of Turkey's continued European relationship. It is certainly the case that those who seek to challenge the orthodoxies of identity and ideology within Turkey, most obviously the Welfare Party, do not seek to disrupt the economic relationship between Turkey and Europe, though they remain sceptical about both Turkish membership of the EU and the basis on which the Customs Union was concluded. This is because the Welfare Party sees nothing amiss in a close commercial relationship with Europe, provided that it is mutually beneficial and helps to foster an economically strong Turkey.[6] Such a wily political leader as Professor Necmettin Erbakan is unlikely to jeopardize the increasing electoral success of his party by advocating a complete break with Europe if it would entail unemployment, bank-ruptcies and faltering prosperity.

It is ironic and fortunate, from a Kemalist perspective, that the deepening economic relationship with Europe has taken place over the past fifteen years, a period when the traditional load-bearing joists of the relationship, identity and ideology, have begun to buckle. Indeed, since the late 1940s and the advent of multi-party democracy, a process of incremental change away from the hardline policies of Ataturk has been taking place. This has been most evident with regard to religion in a country where piety remained strong in the rural areas. When aggregated over four decades, this incremental change has been profound: compulsory Islamic education has been introduced in the state school system, even for non-Muslims; an Islamic school sector has been established; mosque building has proceeded apace;[7] growing numbers of Turks now go on the annual pilgrimage;[8] and the religious orders, though still formally proscribed, have re-emerged with a reputation for respectability and influence.[9]

These trends were accelerated in the 1980s. First, this process was artificially stimulated by the generals, when they used their three years in power to encourage

Islamism as a bulwark against assorted left-wingery. Second, Turkey showed itself to be not immune to the intellectual and ideological fashions of the Middle East, as Islamism in Turkey followed a trend broadly identifiable across the region.

As Islam reasserted itself as a faith, a value system and a set of social networks, the narrow and precarious base of the Kemalist elite became increasingly apparent. Inevitably, the old certainties of Kemalism—the universality of Turkish identity, the centrality of the state, and antipathy towards organized religion masquerading as secularism—were questioned. The notion of a Turkish—Islamic synthesis, which had its origins in the 1950s, acquired greater currency, becoming the focus of a widespread debate. Intellectuals and state bureaucrats could no longer automatically be assumed to be Kemalist; fears grew that the security services, and even the army as the ultimate guarantor of the whole system, could be the subject of entryism.[10]

The 1990s has arguably seen the old Kemalist system in Turkey enter into terminal decline. The notion of Turkey as a state consisting entirely and exclusively of Turks (save for a few Armenians and Greeks) is no longer tenable; the Kurdish insurgency combined with a reawakening of individual national self-consciousness has seen to that. Moreover, the state itself is in retreat, marginalized economically by the growth of the private sector; marginalized culturally by the eruption of private television and radio channels. Today, even the secularist parties compete for the approval of the heads of religious orders, as they struggle to compete electorally with the Welfare Party. The Kemalist elite in Turkey, therefore, is confused, embattled and demoralized. Only the career ranks of the military are still capable of fighting back, as the political pressure on the Welfare-led government between February and June 1997 and the continuation of the security strategy in the south-east illustrate.

With transition and confusion at home, accompanying transition and confusion abroad, Turkey's alignment with Europe, as with most other things, cannot be taken for granted. Identity and ideology are failing as the props of a pro-European vocation. Ironically, a stronger cement, with a potentially wider support base, that of economic interest, is replacing the foundation of yesteryear. For all the uncertainty, Turkey's strong association with Europe is not seriously in jeopardy.

Turkey and the Middle East

The First World War was a defining moment in relations between the Middle East and what would shortly emerge as the modern state of Turkey. It established the perception, still strong in the minds of many Turks, of the Arabs as duplicitous and disloyal. It was also a war in the course of which many Turkish soldiers died hundreds of miles from the Anatolian core of the Ottoman state, for reasons which went little beyond the imperialist logic of retaining territory, regardless of how distant and marginal that territory might be. It was, therefore, almost with relief that the Ottomans were divested of the residue of their empire; the newly constituted Turkish Republic, with Mustafa Kemal at its head, was consequently unequivocal in confirming the parameters of the new state.

For the next seventy years, Turkish views of the Arab world remained pejorative. There was a brief alliance with Iraq during the ill-fated Baghdad Pact. After a slow start, Turkey showed itself to be as capable as any other state of sublimating its collective sense of superiority in order to obtain contracts from the Arab oil producers; the extensive profile of Turkish contractors in Libya is proof of how good at such an approach Turks had become.[11] In the 1990s, Ankara has cultivated the Gulf Arabs in search of arms sales, and the Palestinians in pursuit of construction contracts. With the ironic exception of Jordan's King Hussein and Crown Prince Hassan (ironic in view of the Hashemite leadership of the anti-Ottoman Arab revolt during the First World War), it is doubtful whether relations between the Turks and the leaders of any Arab state can really be described as cordial.

Unsurprisingly, relations between Turkey and the non-Arab states of the Middle East have consequently been much better. In the 1920s and 1930s, Ataturk and Reza Shah were both politically close and philosophically like-minded. In the 1950s, Turkey and Iran were firm allies, first in the Baghdad Pact, and then, at the behest of Israel, in the informal 'periphery pact', which grouped, as David Ben-Gurion put it, the states 'beyond the Arab fence'.[12] The Iranian revolution ended the special relationship with Turkey. It was succeeded by ideological tension, pitting the standard-bearer of Islamist revolution against the bastion of secularism. This in turn overlaid the latent competition between two regional powers of similar size and strength.

With the fall of the Shah's Iran, it was Israel that remained as the state with which Ankara felt the greatest affinity. Israel was the one other state in the region espousing democracy, secularism and a pro-Western alignment. For reasons of expedience, however, the Turkish elite has periodically chosen to obscure its positive view of Israel.[13]

Turkey's inauspicious experience of the Middle East has helped to confirm and consolidate its preference for Europe. As in the relationship with Europe, commerce is a barometer. Business with the Middle East boomed in the late 1970s and early to mid-1980s. But in the mid-to late 1980s and into the 1990s, an oil-led recession curtailed commercial opportunities, thereby dampening interest in the region. Though Saudi Arabia was Turkey's leading market for imports and exports in the Middle East in the 1990s, it still consistently lagged behind the market share of France, Italy and the UK in Europe, where, of course, Germany remained the dominant trading partner. Indeed, it is instructive that when the leader of the Welfare Party, Necmettin Erbakan, speaks of Islamic solidarity he regards Turkey as being at the head of such a group of states, rather than of a partnership among equals. Erbakan tried to display this leadership during his year as prime minister, when the so-called D-8 group of primarily Islamic countries was established at his initiative.[14]

It has often been said that Kemalist Turkey would like to emulate Japan in its relations with the Middle East. That is to say, that its relationship would be based on mutual economic interest, and hence would be shorn of the complications brought about by political dealings. Such a strategy is, however, untenable. One key constant that distinguishes Turkey's relationship *vis-à-vis* the region from that of

Japan is that of geopolitics. Clearly, for a state that abuts the region, trade and commercial profit are unlikely to be the only factors of significance in moulding relations. In fact, three factors have emerged over the past six or seven years, which dictate that Turkey will not be able to disengage politically from the region in a way that it would perhaps like. These are: regional power relations, internal interference and the loss of strategic depth.

Regional power relations

The Iraqi invasion of Kuwait in August 1990 underlined the fact that Turkey cannot divorce itself from the power relations among states in the Middle East, for two reasons. First, regardless of how much Ankara wishes it were not the case, Turkey has an interest in the strategic balance of the region. Were Iraq to have developed weapons of mass destruction and acquired control of Kuwait's $100 billion or more in offshore investments, it would have boosted Baghdad's power to a degree almost unimaginable. This would have affected Turkey's calculations and ultimately would have threatened its interests, if only indirectly. Ankara, for example, might have been pushed into a closer relationship than it would have wanted with Damascus and Tehran in an effort to contain Iraqi power through a new regional balance. Alternatively, it could have found itself the target of enhanced Iraqi military threats, most obviously over water policy regarding the Euphrates River.

The second reason is that the presence of oil and Israel makes the Middle East a region of strategic importance to the United States. Even if Ankara is prepared to treat the affairs of the region dispassionately, the United States is not. By extension, the relationship which exists between Turkey and the United States—fellow allies within NATO, and a middle power—superpower relationship which inevitably makes the former a supplicant to the latter—would make it difficult for Turkey to ignore requests for assistance from the United States, without there being significant costs in their own bilateral relationship. These could affect any number of third-party issues of core importance to Turkey, including a range of bilateral problems with Greece, the future of Cyprus and access through the Turkish Straits for Russian oil tankers.

Of course, it should not be construed that one can extrapolate limitlessy about Turkish foreign policy from the Iraq—Kuwait crisis. On the contrary, there were aspects of that particular crisis that are unlikely ever to be repeated. The dominant, mould-breaking personality of President Turgut Ozal, who luxuriated in gesture politics, is one. The clear-cut nature of the case, with annexation compounding invasion, is another. It therefore became much easier for Turkey to overturn its unwritten rule of foreign policy to divorce its relations with the Western alliance from its regional policy once unequivocal Security Council resolutions had condemned Iraq, and instructed the international community to introduce a set of sanctions against Baghdad.

Even just five years later, and with Ozal dead, aspects of Turkey's old-style foreign relations are reasserting themselves. The incrementalism and caution of old

has returned. Turkey is wary of being drawn into impractical or high risk arrangements that will leave it exposed. Hence, for example, Ankara's lukewarm reaction to the US 'dual containment' policy directed at Iraq and then at Iran. While Turkey's foreign-policymakers undoubtedly feel at home with a more prudent approach to the Middle East, they are indulging in self-delusion if they believe that Ankara can afford to ignore changes in the region. The actions of Turkey in 1990–91, when it cut the Iraqi oil pipelines and permitted the Incirlik base to be used for American bombing raids, mean that other regional powers certainly will not ignore Turkey in making their future calculations.

Internal interference

Since the early 1970s, Turkey has had to cope with its extremist groups finding a haven and even receiving outright support in the Middle East. Some of its radical leftists underwent guerrilla training with Palestinian groups; after the advent of the civil war, Lebanon became a base for Turkish extremists. In the 1970s and 1980s, Lebanon was also the base for the Armenian Secret Army for the Liberation of Armenia (ASALA), which prosecuted a campaign of assassination against Turkish diplomats during this time. Troublesome as these operations were, they did not affect the Turkish body politic. It was the growth of militant Kurdish nationalism in the mid-to late 1980s and the attempts to spread radical political Islam, the effects of which began to be visible around the same time, that made the issue of internal interference a critical one for the Turkish state.

Of the two issues, clearly the Kurdish insurgency has been the most pressing. According to official estimates, there were 5,570 deaths as a result of the insurgency in 1994 alone, out of a total figure of 14,000 over a ten-year period. Though the Turkish state has claimed that the situation has now been contained, there were still 3,468 deaths attributed to the insurgency in 1995.[15] Moreover, this respite has been bought at a fearful price: 250,000 members of various branches of the security forces (including the Village Guards) were deployed in the south-east; 3,000 villages razed to create a *cordon sanitaire;* the financial cost of the military operations alone estimated at US$7.5 billion per annum.[16] The gravity of the Kurdish insurgency prose-cuted by the PKK has offered Turkey's neighbours an increasingly attractive way of exerting leverage over Ankara. There have been claims that virtually all of Turkey's neighbours have dabbled with the PKK over the past ten years; the most persistent cases, however, have involved states located in the Middle East.

The state that Ankara has most often identified as being an active supporter of the PKK is Syria. The PKK has long used the Syrian-controlled Bekaa Valley as a venue for camps for military training and ideological indoctrination. While Damascus has somewhat unconvincingly protested that this is a matter for the Lebanese government, there has also been evidence of direct Syrian complicity. The Syrians are accused of playing host to the PKK leader, Abdullah Ocalan, and of permitting PKK operatives to traverse their territory en route to the Turkish border. For the best part of a decade, the Kurdish issue has cast a shadow over Turco-Syrian

relations. In 1987 the two sides signed a wide-ranging agreement, which included a security protocol in which Damascus pledged to cooperate in the fight against terrorism. It did not take long for Ankara to become frustrated at the results of this accord. Much of the last eight years has seen Turkish policy towards Syria wrestle with the overriding aim of persuading Damascus to break completely with the PKK. The repeated failure of the Syrian regime to end its relationship with the PKK has, in turn, been grist to the mill of Turkish perceptions of Arab leaders as guilty of mendacity and, hence, as totally untrustworthy.

Syria is not, however, the only problem in the Middle East as far as the Kurdish insurgency is concerned. Arguably, the situation in Iraq has posed a larger problem. This is not because Iraq is perceived to be a more important sponsor of the PKK, though there have been accusations to that end, especially in the early 1990s. The bigger problem *vis-à-vis* Iraq has been the political vacuum that has existed in Iraqi Kurdistan for much of the past fifteen years, both during long periods of the Iran-Iraq war and, subsequently, since 1991 and Iraq's Gulf crisis defeat. The PKK has found that the absence of strong state authority during such times means that it can use territory close to the Turkish border largely unhindered. Iran too has occasionally been accused of aiding the PKK, though usually through the provision of small-scale material help, such as safe houses.[17]

The Kurdish issue and the PKK have helped to increase the philosophical and cultural distance between Turkey and its Middle Eastern neighbours. The Turks hold that while they do not interfere in the internal affairs of Syria, Iran and Iraq, their neighbours freely exploit their domestic difficulties; that while Turkey rigorously abides by international law, their neighbours are much less principled; that while Turkey abhors terrorism, their neighbours have been frequent sponsors of such action. This is a view that one suspects is widely held within Turkish society. At the level of the Kemalist elite, it translates into a strong empathy for the State of Israel, which is perceived to be the only other state in the region that adheres to such core values of the Western-dominated international community and that has suffered accordingly.

This clear-cut differentiation between Turkey and the Middle East becomes clouded when one looks at the issue of the sponsorship of Islamism in Turkey. The most visible and most controversial, though arguably the least important, aspect of this phenomenon is that which involves Iran. For the cradle of revolutionary Islam, Turkish secularism is a heresy and a provocation. Though *raison d'état* has usually governed Iranian policy towards Turkey, the regime in Tehran has periodically tried to undermine the secularist values of its neighbour. Usually, this has taken a half-hearted and indeed counter-productive form, such as the repeated refusal of visiting Iranian dignitaries to visit the mausoleum of the founder of modern Turkey. There have, however, been accusations of more sinister activity, from the sponsorship of Islamist terrorism against secular intellectuals to the support of anti-secular demonstrations.[18]

Of more significance has been the involvement of religiously oriented institutions based in Saudi Arabia. This is a greater cause for concern for three reasons. First, it

has involved the injection of sizeable financial resources into Turkey over a period of many years. Second, this funding has been regarded as largely uncontroversial, perhaps because, unlike Iran, Saudi Arabia too is a country in which the Sunnis form the majority; perhaps, alternatively, because of the Saudi kingdom's pro-Western reputation. This has made it easier for prominent Turks to become involved in the dispersal of such funds. Third, many Turks actually welcome the re-Islamization of Turkish society, for which this finance largely has been used. Examples of the uses to which this finance has been put include a massive mosque-building campaign and a large number of student scholarships. There have been recurrent accusations, still apparently unproven, that political groupings have been the recipients of large donations, with the Welfare Party the most prominent suspect.[19]

The Kemalist elite, or at any rate the hardliners who have not been tempted to begin to hedge their bets, abhor this interference, and the cultural and political change that it is perceived to be helping to bring about. Some have been outspoken on the matter. It is not clear that their outbursts, which sometimes verge on the hysterical, find a strong resonance within the broader Turkish society. This is the heart of the matter. The Kemalist elite in Turkey identifies itself as defiantly European, even if it does not always conduct itself in a way that the dominant liberal, humanist paradigm in post-war Western Europe would recognize. For the mass of Turkish society, Islam, as a faith and as a way of life, is taken much more seriously. This does not make Turkey 'Middle Eastern', but, after decades of utter alienation from the Middle East, it does give the Turks an increasingly shared reference point with the region to the south.

Loss of strategic depth

A key reason why Turkey has long been able to keep its political distance from the Middle East has been its geographical depth. Turkey's main population centres, industrial areas and tourist sites are to be found in the western, coastal or central parts of the country. The south-east has long been a region of underdevelopment, with a large net outward migration westwards. This strategic depth meant that Ankara could afford to be relaxed about the periodic turmoil in the Middle East, perceiving it as posing little direct threat to Turkey's interests.

This situation has now changed, for two reasons. First, the Turkish government has begun to develop the south-east, most obviously through the South-East Anatolian Project (GAP), which involves an ambitious programme of capital investment in dams, hydroelectric power and irrigation. It is expected that the GAP will result in a massive increase in agricultural production and agri-industries, with the hope that the Middle East will emerge as the export market for such output. The implementation of the GAP over the past decade has sharpened differences between Turkey and its riparian neighbours, Syria and Iraq. This emerging economic vulnerability will be exacerbated if a network of pipelines is constructed to bring hydro-carbon exports from the Transcaucasus and Central Asia, running, as they then will, through eastern Turkey. Increasingly, Turkey has economic interests

which its Middle Eastern neighbours can more easily threaten than has been the case in the past.

Second, the proliferation of longer-range delivery systems possessed by Middle Eastern states, together with a strong desire to acquire non-conventional weapons, has increased the potency of the direct threat to Turkey from the region. The investigations of the UN Special Commission have revealed how extensive was Iraq's development of medium-range missiles and weapons of mass destruction. Today, Iran is strongly suspected of trying to acquire nuclear weapons, while Syria is believed already to possess chemical weapons and medium-range missiles. The acquisition of such missiles and the increasing possibility that they will be given a non-conventional payload will represent a qualitative increase in military threats to Turkey. Though the realization of such threats may be five to ten years away, it is important to remember that public perception does not always respond rationally. During the war against Iraq in January and February 1991, there were widespread fears that Iraqi Scud missiles would hit Ankara and even Istanbul.

Turkey has no comparable missile programme of its own. Neither does Ankara possess weapons of mass destruction. Its only protection is the NATO nuclear umbrella, especially in its deterrent capacity. The credibility of this deterrent, however, in turn depends on the credibility of NATO, and on Turkey's place within the organization. With the future of NATO, to say the least, uncertain over the medium to long term, and Turkey's geographical depth now largely negated, the perception of threats from the Middle East is likely to become more acute in the future. The days of a complete Turkish disengagement from the Middle East, largely in any case a fantasy, have gone.

Turkey and Europe

In spite of the strong identification that the Kemalist elite has traditionally had with Europe, the relationship has been shot through with ambivalence and equivocation on both sides.

The elite in Turkey has identified itself as being European; it has also aspired to membership of European institutions, almost, it has to be said, for the sake of it. Two examples illustrate this contention. First, Ankara's pursuit of full membership of the Western European Union has been disproportionate to the track record, current performance and future potential of the organization. Second, though the Turkish elite vigorously pursued the conclusion of a customs union with the EU, an arrangement that came into force on 1 January 1996, yet it did so without a systematic examination of its potential impact on the different sectors of the Turkish economy.

In reality, this obsessive preoccupation with being considered European and collecting membership of European organizations has had less to do with the nature of Europe and more to do with domestic Turkish dynamics. The Kemalist elite in Turkey wanted integration with Europe as a way of shoring up Turkey's European orientation. This rationale parallels the political motivation behind the admission of

Greece, Portugal and Spain into membership of the European Community: the desire to shore up democracy in Southern Europe and prevent the re-emergence of dictatorships. As Turkey's Kemalist elite has become more embattled in the face of the pluralist forces that characterize the complex nature of Turkish society, so has its insistence on its European vocation become more shrill.

Evidence that the drive to be recognized as European flows from the insecurity of the country's Kemalist elite rather than, for instance, from the manifest nature of a shared value system, can be seen in the normative differences between Turkish and Western European political culture. In Turkey, the Kemalist elite clutches on ever more desperately to its Kemalist ideology. Following the demise of communism, Kemalism is the last of the great authoritarian ideologies in Europe. The ideas of Mustafa Kemal and the codification of these somewhat disparate thoughts into a rigid set of values emerged between the 1920s and the 1950s, the formative years for Europe's other authoritarian ideologies, fascism and communism. Kemalism was a product of its time. It is, therefore, no surprise that it ended up sharing characteristics in form and practice with these other authoritarian ideologies. But, in the Europe of the 1990s, such characteristics are regarded as being worse than merely anachronistic; they are regarded with deep distaste. The views which Kemalism espoused—the centrality of the state, the military as the guardians of politics, the strength of the nation, corporatism—and which remain evident in Turkish political culture, are all profoundly out of step with the political values of Western Europe.

A second example of the normative differences between Turkey and Western Europe is in the field of human rights. Over the past ten years the principle of human rights has emerged not merely as a core value of Western European politics, but as an increasingly central determinant of foreign policy. Consequently, European institutions, notably the European Parliament and the Council of Europe, have become increasingly vocal on the issue, while national governments too have been obliged to take human rights more seriously. Turkey, as the European country with the worst record in terms of human rights abuses, has come in for sustained criticism from non-governmental organizations, national governments and transnational institutions. Overwhelmingly, the response of Turkey's government, parliament, bureaucracy and media has been to reject such criticism and to ascribe other, more sinister motives to such reports. With some honourable exceptions in the press and within Turkey's emerging, yet still vulnerable, civil society, the country's elite appears not to have understood the nature of the criticism, let alone worked effectively to put its house in order.

The persistent failure of Turkey to live up to what are considered to be the norms and values of Western Europe has, in turn, increased Europe's sense of ambivalence towards Turkey. There is little doubt that Europe brings much historical, cultural and religious baggage with it in its perceptions of Turkey. It is genuinely difficult for many Europeans to dissociate Turkey from its Ottoman predecessor, which, in turn, is irredeemably perceived as an Oriental state that sought the subjugation of Europe and Christendom. Consequently, many Europeans find it difficult to

conceive of Turkey as European. Superimposed on this backdrop has been a long list of factors that have given contemporary focus to this latent negativity. These include the country's human rights record; its history of military interventions in domestic politics; the continued presence of Turkish forces in Cyprus; the large outpouring of asylum seekers, almost exclusively to Western Europe; the underdevelopment of the Turkish economy, relative to the EU; expectations of new waves of labour migration; and growing xenophobia against Turkish communities in parts of Europe.

The European view is, however, far from being uniformally negative. Turkey has long been viewed as a trusted partner in European security, based on its staunch membership of NATO during the Cold War. Since 1989, Turkey has shown itself to be a force for stability, showing particular restraint over such problem areas as the conflict in Bosnia and the fighting between Armenia and Azerbaijan. With regard to relations with the EU, an association agreement has existed since 1963; the 1989 opinion, though a disappointment for the Turks, did not challenge Ankara's right to seek full membership; an enhanced political dialogue was introduced as a result of the Lisbon Summit in June 1992; a customs union has come into force.

The problem for the pro-European elite inside Turkey is that, while the list of problems between Turkey and the EU continues to grow, the factors that have bound the two parties together are becoming weaker. Three such factors are highlighted here: diverging security perceptions, the return of the Balkans as a centre of conflict and instability, and the expansion of Europe.

Diverging security perceptions

During the Cold War, there was relative unanimity among the members of NATO as to the source and nature of the security threats faced by the Western alliance. Of course, there were some differences in perceptions among members, for instance between flank countries, such as Turkey and Norway, and those in the central theatre. Moreover, it was by no means certain that NATO as a whole would have confronted the USSR militarily in the event of a limited attack on Turkey. Even so, such doubts and differences never became so acute as to amount to a strategic divergence in perceptions.

The demise of the Cold War, the bipolar world and the looming existential threat from the Soviet Union has ended the strategic consensus that prevailed within NATO for some forty years. The crisis provoked by the Iraqi invasion of Kuwait in 1990 and the war that followed briefly camouflaged this new situation. Since 1992, new differences among the various members have begun to open up, not least over the formulation of policy towards the former Yugoslavia.

Of all the members of NATO, it is Turkey whose security considerations have been least affected by the transformation in the international order. Turkey still has a large, well-armed and potentially hostile neighbour to the north in the form of the Russian Federation, the successor state to the Soviet Union. The temporary security respite which was provided by the collapse of the USSR has been reversed by the

retention of Russian bases in Armenia and the agreement for Russian troops to return to Georgia. In short, Turkey once again has Russian forces on its border. A variety of different issues exist that could give form to a latent mistrust between Ankara and Moscow. These include a resumption of conflict in the former Yugoslavia; access through the Turkish Straits for Russian-bound supertankers; instability in the Transcaucasus; competition for influence in Central Asia; and the final routes for a number of pipelines to take hydrocarbons from the former Soviet south to international markets. The atmosphere is further darkened by the uncertain future of domestic politics in Russia, and the potential for the emergence of ultra-nationalist or communist demagoguery.

By contrast, virtually everywhere else among the NATO members of Europe perceptions have been transformed. The newly acquired freedom for the countries of Central and Eastern Europe has ensured that Russian troops are now hundreds of miles from the post-Second World War fault line on the continent. Russia no longer presents a credible, proximate military threat, though there are also very real worries about the stability of Russia and its longer-term political orientation.

Ankara shares the views of London and Washington in wanting to preserve a strong and coherent NATO, and in wanting to maintain a large American presence in Europe. This view of NATO as representing continuity with the pre-1989 period is arguably already outdated. Some European states would prefer to see the continent take responsibility for the stability of the region. The United States appears to have little inclination for maintaining a large troop presence, and has already greatly slimmed down its presence in comparison with the Cold War era. In addition, disagreements have opened up within NATO ranks over Bosnia.

From a Turkish perspective these trends are the cause of some dismay. Of all the various international organizations that Turkey is a member of, none compares with NATO in terms of military power and political weight. Were NATO to wither, Turkey would be left with few institutional ties of any strength with the Western world.

The return of the Balkans

Throughout the 1970s and 1980s, Lebanon became a byword for civil war, lawlessness, unrestrained bloodletting and opaque and complex political calculations. In the political lexicon of the day, 'Lebanonization' replaced the term 'Balkanization', which in the past had been used as a collective term to describe such phenomena. Since the collapse of the former Yugoslavia and the war in Bosnia-Herzegovina, coming as it did soon after the end of the final chapter of the Lebanese civil war, the term 'Balkanization' has, in turn, superseded 'Lebanonization'. With instability lurking just beneath the surface across the Balkans and the ever-present possibility that conflict in Bosnia might re-erupt, there is a growing likelihood that the Balkans will once again be detached from Europe in the cognitive maps of European public opinion.

This, of course, would be highly unfortunate for Turkey. In trying to establish its European credentials, Turkey has always had to fight against its tenuous geography. While it is quite true that eastern Thrace is part of the European continent and that Istanbul is a European as well as an Asian city, it is also the case that by far the greater part of the land mass of the state of Turkey lies in Asia. Turkey's geographical predicament is similar to Russia's; there is undoubtedly a Turkey in Europe, but so much more of it is clearly not in Europe. If the Balkans is to be mentally detached from the rest of the continent, then even Turkey will have lost this token geographical presence in Europe.

The re-emergence of the Balkans as a region of chronic instability and conflict is of more than purely technical significance for Turkey. It involves two major threats that could severely disrupt or even, in a worst-case scenario, end what relationship the country does have with Western Europe. The first threat is the possibility that renewed unrest in some part of the Balkans, whether Bosnia, Albania, Macedonia or elsewhere, could end up in a general Balkans conflict. Within such a scenario, Turkey's direct involvement would not be automatic; Ankara would certainly not seek such an involvement with enthusiasm. But the danger is there, especially if its old enemy Greece should also become involved,

However, Turkey's direct entry into a generalized conflict is not the only danger. A Balkans conflagration could affect Turkey's communications with Western Europe, and, hence, its ability to supply markets there. Indeed, Turkey has already suffered a big disruption in its road communications as a result of the war in the former Yugoslavia. In 1995, supply lines had to be switched away from Yugoslavia to Bulgaria and Rumania. Should this second route be disrupted for any reason, then Turkish trade with Western Europe would be greatly affected, in terms both of access and the cost of alternative forms of transport. This could, in turn, threaten the economic relationship, which, it has already been argued, is now the major bond between the EU and Turkey.

The expansion of Europe

In the late 1970s, Turkey was a serious candidate for full membership of the EC. It had long enjoyed an Association Agreement with the Community. The principles of customs union and even full membership had been conceded. The advent to membership of Greece, Portugal and Spain meant that economic backwardness and geographical distance were no longer viewed as a practical impediment. Distracted by internal political difficulties at a time when Ankara arguably had its greatest opportunity to join, the attitude at the time of the Ecevit-led coalition towards the question of membership was somewhat complacent.

Some twenty years later the outlook is very different. Two successive enlargements have taken place, the most recent being the core of the EFTA states. Entry negotiations formally commenced with a further six countries, including Cyprus, at the end of March 1998. At the Luxembourg summit in December 1997, the EU formally agreed to include eleven more countries in a second wave of

candidates, including the likes of Bulgaria and Rumania, countries that Turkey never dreamt could be worthy of prior consideration. With Ankara now being placed in a third category on its own, there is little chance of the full accession of Turkey this side of the year 2025.

Those in Turkey who aspire to EU membership find this situation deeply unsatisfactory. They point out that until recently many of these states were members of a military bloc that was hostile to Western Europe and the values of the EU. Moreover, they point out that many of these countries had economies which, within recent years, had been run along centrally planned lines, rather than according to the liberal principles which prevail within the EU. Indeed, Turks point out that their economy is still more liberal and sophisticated than the economies of many of their membership rivals.

There can be little doubt that the current situation is deeply unfair. The Turks who complain have a right to feel aggrieved. Yet Turks also have to realize that this situation has been brought about as a result of altered circumstances; they are the accidental rather than the intended victims of systemic change. At an official level, Ankara has been pragmatic enough to pursue that which was on offer, namely a customs union, rather than insisting on that which was not, full membership. The establishment of a customs union will deepen the economic relationship between Turkey and the EU. It will also help to underline that, at the level of economics and public policy at least, Turkey is better qualified for full membership than many other countries apparently now ahead of it in the queue. This may help to underpin the economic relations which increasingly have bound Turkey to the EU. Realistically, it is unlikely to accelerate Turkey's accession to full membership—if that takes place at all.[20]

Conclusion

A question such as 'Is Turkey a European or a Middle Eastern country?' is one that begs a subjective answer. Thus, it is possible to receive a multitude of varying replies, depending on whom one asks the question of, their country of residence, their country of origin, their position within society and so on. The range of replies is likely to be more varied since the transformation in international relations at the end of the 1980s. Ambiguity, complexity and confusion have replaced many of the relative certainties of the recent past.

Some trends, however, are discernible. Arguably the clearest trend is that the ties that have bound Turkey so securely to Europe in the past are loosening. At the strategic level, the old sense of a common bond in the face of a common threat has dissipated. At the institutional level, the decline of NATO is threatening to jeopardize the one club of any substance in which Turkey has long enjoyed full membership rights. At the same time, Turkey is experiencing a set of rapid internal transformations. These are helping to render contestable all the old domestic certainties of identity and orientation. The unleashing of new forces, however, does not involve unmitigatedly negative implications for Turkey's European vocation.

Far from it. The liberalization of the Turkish economy has seen trade with the EU accelerate. This, in turn, is creating a domestic base of support for interaction with the EU that could well prove more resilient than the private values of an embattled elite.

The Turkish economy is, in short, more clearly orientated towards the EU, even as the strategic, institutional, cultural and philosophical waters become increasingly muddied. This seems to suggest that Turkey is less clearly European in a self-conscious sense, even as the sinuous nature of the relationship persists.

One thing above all is clear. One should not make the mistake of equating this difficult relationship between Turkey and Europe with a growing sense that the country is somehow more intrinsically Middle Eastern. From an international relations perspective, Turkey is part of the Middle East. That is to say that Ankara cannot ignore the events which take place in that region, and will certainly not be omitted from the calculations of local powers; increasingly Turks are having to wake up to this fact. Subjectively, however, the situation is different. The collective sense of disdain and distaste for the Middle East within Turkey remains as deep and as enduring as ever among the majority of the population. While Turks may be becoming more ambivalent about their European identity, they do not seek to embrace the Middle East as a substitute.

Notes

1 State Institute of Statistics, Prime Ministry, *Statistical Yearbook of Turkey 1996,* Ankara, SIS, 1997, p. 518.
2 C. Balkir and A.Williams (eds), *Turkey and Europe,* London, Pinter, 1993, p. 136 (citing various issues of 'Main Economic Indicators').
3 *Turkish Daily News,* 27 January 1996.
4 F.Sen, Director of the Turkish Research Centre at the University of Essen, writing in *the Turkish Daily News,* 10 November 1994.
5 This was the year of the first labour agreement between the Federal Republic of Germany and Turkey.
6 Erbakan was quoted by Reuters, 29 December 1995, as saying: 'We are not against the customs union. We are against the form of the agreement, the text and theway it is being applied.'
7 There are now an estimated 700,000 mosques in Turkey, one for every 900 members of the population.
8 In 1994, an estimated 60,000 Turks went on the *hajj.*
9 Those closely associated with *tarikats* (Sufi religious orders) now run media empires and successful holding companies, in addition to their more spiritual pursuits. Perhaps the best gauge of the growing importance and respectability of Fetullah Gulen, arguably the most influential *hoca* of the day, was the way in which he was courted by the secular political leaders, including Bulent Ecevit, in the months prior to the December 1995 general election.
10 The 1990s has been punctuated by announcements of groups of officers being expelled from the armed forces for alleged involvement in religious politics, the majority

because of connections with the *tarikat* led by Fetullah Gulen. Though these expulsions are numbered in the tens rather than the hundreds, the numbers of Islamist sleepers, together with the strength of support for political Islam in the wider, conscript ranks, can only be guessed at.

11 Turkish contractors have been awarded contracts worth in excess of $13 billion in Libya.

12 M.Brecher, *The Foreign Policy System of Israel,* London, Oxford University Press, 1972, p. 48.

13 This was the case, for example, between 1979 and 1991, when diplomatic representation was confined to the second secretary level. It remains incongruous that in the same year that Turkey was downgrading diplomatic relations with Israel, Egypt was concluding a full peace treaty with its historic enemy.

14 For a contextualized discussion of the D-8 in the foreign policy of the Welfare-led government, see Philip Robins, 'Turkish Foreign Policy Under Erbakan', *Survival,* Summer 1997, pp. 82–100.

15 *Turkish Daily News,* 8 January 1996.

16 Reuters, 9 November 1993.

17 *Sabah,* 21 February 1992.

18 Examples of these are the assassination of the journalist Ugur Mumcu in January 1993, and support for those protesting against a headscarves ban on university campuses in 1989, respectively.

19 See, for example, *Dawn,* 21 September 1973, and Emin Colasan, 'Para ve Refah', *Hurriyet,* 13 May 1994.

20 Recent years have seen repeated examples of symbolic and substantive setbacks for Turkey in its quest to be included in the group of countries to which the enlargement process would apply. These setbacks have included: the failure of Turkey to secure an invitation to attend either the Cannes or the Madrid summits in June and December 1995 respectively; no mention of Turkey in the Madrid declaration on the states with which entry negotiations will commence; Turkey not being invited to attend the opening of the Inter-Governmental Conference in Turin in March 1996.

8
Algeria
France's disarray and Europe's conundrum

Claire Spencer

Fragmented relations

Europe's relations with Algeria present a fragmented picture still shaped by Algeria's past as a colonial possession and erstwhile province of France from 1830 to 1962. This reality has impeded other European governments from making the kind of cultural, economic and political inroads enjoyed by France, even when individual French governments have expressed little official interest in Algerian affairs since Algeria's hard-fought independence in 1962.[1] It has also not facilitated the coordination of European policy towards Algeria either by the European Community (EC) or by its successor, the European Union (EU), except in the field of trade and commercial cooperation. Where commerce has characterized the most important aspects of Europe's relationship with its southern Mediterranean partners, Europe's relative neglect of the cultural and political aspects of this relationship has mattered little. The outbreak of violence in Algeria since 1992, however, and its increase in ferocity since the end of 1996 have raised questions about the extent to which Europe can and should react to this threat to human life and security so close to its southern shores.

The imperative for the EU to pay more attention to a problem eliciting only limited responses over five years was accentuated by the atrocities committed from the late summer of 1997 and at the beginning of Ramadan, the month of Islamic fasting, in January 1998. The kind of violence committed against unarmed civilians in 1997 was repeated, with even higher casualties, in early 1998. On two occasions in August and September 1997, between 200 and 300 men, women and children were massacred overnight in villages to the south-west of the capital, Algiers. Many had had their throats slit, were mutilated, decapitated or disembowelled. Later in September 1997, 200 more residents were killed in their homes in Bentalha, a suburb closer to the southern edges of Algiers. By January 1998, the focus of violence had shifted west to the Reliziane district, where 412 villagers were slaughtered in similar fashion in an overnight attack, followed by 200 more encircled and burned to death a few days later in the same area.

In each case, what shocked international opinion as much as the methods of killing, were reports that none of the security forces had intervened to protect

civilian lives, despite the proximity of military barracks and army posts to the sites where the long-drawn-out murders took place.[2] Previous analyses have tended to explain the conflict in Algeria in terms of a struggle by militant Islamists to impose by force the Islamist state denied to them when the Algerian army cancelled the general elections of late 1991. Even though doubts have been raised in the past about the intentions and actions of Algeria's military-backed government in seeking to thwart the Islamists' ambitions, the 1997 massacres raised more fundamental questions about the rationale for the continuing violence. Attributing the killings to Islamists has not entirely explained why the majority of victims had themselves been supporters of the now-banned Islamist party, the Islamic Salvation Front (FIS), denied victory in the elections of 1991–2. Accounting for why the security forces did not intervene, despite eyewitness reports that the commanders of local barracks were alerted soon after the massacres began, has not completely allayed suspicions of official complicity in the killings. Even without substantial evidence to back these suspicions, the inability of the Algerian government to safeguard the lives of its citizens continued to be confirmed in subsequent reports of attacks against civilians.

There are a number of reasons why Europe has been reluctant to become engaged in developments in Algeria, which it is the purpose of this chapter to explore further. The question of European intervention in the Algerian crisis may well be premature, even if at the beginning of the British presidency of the EU in January 1998, the foreign secretary, Robin Cook, stated Europe's intention of no longer standing by and doing nothing to prevent 'this mindless violence against innocent people'.[3] What the EU might be able to do will necessarily.reflect Europe's priorities in relation to Algeria. Until the reactions of early 1998, there was little to suggest that the EU, as an institution, had given much consideration to the issue in a concentrated or focused manner.

Yet less than two years before the 1997 massacres, the European Union launched a new Euro-Mediterranean Partnership Initiative—or 'Barcelona process'—which sought explicitly to strengthen the EU's role in the political as well as economic development of the Mediterranean region. Of most note in the Barcelona Declaration of November 1995, outlining the aspirations of this Partnership, are provisions for respect for human rights and the settlement of conflict by peaceful means. These provisions have been signed not only by the EU's fifteen member-states, but also by the twelve Mediterranean partners invited to participate in this initiative, including Algeria. No direct linkage has yet been made between a generalized respect for human rights included in the terms of the Association Agreement under negotiation between the EU and Algeria, and the Algerian government's duty to protect the lives of its citizens in the short run.

The main thrust of the Barcelona process remains economic, on the grounds that many of the region's ills and sources of instability have economic roots. Nevertheless, European neglect of the more immediate causes of insecurity in the region may, if not redressed, jeopardize long-term policies to increase levels of foreign direct investment in the region. Thus far, foreign investment in and exploitation of Algeria's Saharan hydrocarbon reserves have remained to a large

extent ring-fenced from the civil disorder in the more heavily populated north of Algeria. This reality notwithstanding, Europe's proximity to the apparently relentless descent of Algeria into violence of an increasingly barbaric and incomprehensible nature has lent grist to the mill of those who suggest that Europe cannot stand by and do nothing, indefinitely.[4]

Europe's inertia: desired or ineluctable?

The question of what might be done from the outside, and by whom, has detained many observers of Algerian affairs. This is not least because of the strongly worded resistance of the Algerian government to accepting any foreign intervention in events deemed to be within the boundaries of Algerian sovereignty alone and susceptible to an Algerian solution. The hesitation of Europe, however, also exemplifies levels of consternation, misapprehension and incomprehension of the dynamics of the Algerian situation, rooted in the limited contacts mentioned above. Where economic interests are unaffected, it also means, bluntly, that fewer European governments have any direct reasons to care about the fate of Algeria and its citizens. This lack of concern translates either into silence or into protests about the difficulty of getting involved in a situation over which the international community can have little influence.

There are also pragmatic reasons for this. The case of Algeria, more than other foreign policy issues in Europe's immediate hinterland, both implicitly and explicitly concerns one EU member-state more than the others. Where EU foreign policymaking in general is weak—under the aspired-to but as yet unrealized Common Foreign and Security Policy (CFSP) outlined in the 1992 Maastricht Treaty—it is weaker still where the domestic and regional concerns of a key EU member-state are perceived to be more directly engaged. For many years, one might argue, this has deterred the formulation of decisive EU policy towards issues such as the future status of Cyprus and its application for membership of the EU, as well as Turkey's prospects for EU membership, all of which affect Greece's national and security interests more than those of other EU member-states. In the case of Algeria, the articulation of policy by France, or even its absence, has had similar deterrent effects. There is the added tension for individual European governments of having to justify to domestic populations why violence committed within Algeria's own borders should command their attention and resources in the face of other pressing demands. Only France, and to some extent Algeria's neighbours Morocco and Tunisia, have suffered any significant external effects since 1992.

In the aftermath of the Balkans crisis, and in the context of the ambivalences still expressed about European objectives and achievements in the former Yugoslavia before the United States intervened, the formulation of policy towards Algeria is also overshadowed by policy considerations in the more broadly defined sphere of European security.[5] The expansion of NATO, the future of relations between the Western European Union and the EU itself, and the relationship of both to NATO have detained the attentions of policymakers longer than the relatively limited and

regionally confined violence in Algeria. Despite the changes in foreign policy priorities advanced by the British Labour government, it remains doubtful whether issues perceived largely in terms of the abuse of human rights will prove forceful enough to shape European policy, in the absence of more tangible reasons arguing in favour of European involvement. The Balkans experience has also illustrated the difficulty of designing policy which is likely to have the desired effect. By this is meant bringing an end to the violence, without entrenching Europeans in a protracted conflict in which their interests are likely to be only vaguely defined and articulated in the first place. Underlying all of these considerations is the lack of clear leadership and responsibility in responding to the Algerian crisis. Where the French government has hesitated, or even blocked the tentative initiatives of others, such as the Italian government (on two occasions, in 1997), the main alternative centres of European decision-making (Brussels, Bonn and London) remained silent until January 1998. It has been the international agencies of the United Nations (UN) that have provoked the strongest wrath of the Algerian government for suggesting—as have the UN secretary-general and the UN high commissioner for human rights, Mary Robinson—that the international community takes a justified interest in the loss of human lives in Algeria and that international observers be sent to Algeria to try to understand its motives. Whether it was to be the UN or the EU that would take the lead in reacting to the challenge remained in abeyance, however, while the attention of both was focused on the Iraq crisis in November 1997, and only taken up again when the scale of death—over a thousand people murdered in the first week of Ramadan—brought Algeria to the world's attention again at the beginning of 1998.

The greater importance attached to priorities in the Middle East—for the most part mapped out by the United States rather than Europe—has also hindered the formation of a coherent European focus on Algeria. In this regard, it is interesting to observe that it has been the French government that has made the most pointed attempts to map out a more vigorous European agenda towards the languishing Middle East peace process, almost in defiance of US leadership on the issue.[6] This contrasts with a somewhat more muted French approach to what are sometimes perceived as 'Anglo-Saxon' encroachments, usually of a commercial nature, in North Africa in general and Algeria in particular. Despite significant levels of US and British investment in the Algerian hydrocarbon sector,[7] the 'Anglo-Saxon' bloc (most frequently represented in NATO) has not sought to fill the policy void towards Algeria. In January 1998, the US State Department expressed its concern and support for some kind of international inquiry into the human rights situation in Algeria.[8] Beyond this, however, there have continued to be a number of long-standing limitations to greater US engagement in and with North Africa, of a similar kind to those limiting the involvement of Europe in general.

Europe and Algeria: from the Cold War to Algeria's 'Second War'[9]

In the 1960s and 1970s, Algeria did not detain Europe's attention for long, except as a laboratory for President Boumedienne's efforts to create a modern, independent and populist state from the aftermath of the hardest and most bitterly fought decolonization struggle of the latter half of the twentieth century. Algeria's revolutionary credentials meant that Europe took an interest in Algeria's relations with Cuba and other 'socialist brother states', both in and outside the 'non-aligned' movement. However, this did not damage Algeria's image sufficiently to prevent the EC from drawing up cooperative trade agreements with the Algerian government to parallel those concluded with Algeria's neighbours, Morocco and Tunisia. Like so much of what occurred in the 'out-of-area' regions of the Mediterranean and Middle East before the age of détente, most real European concern with Algeria was most directly linked to its military, economic and ideological links with the USSR, however fragile or exaggerated these may have been.

Of individual European states, only France retained privileged access and links to its erstwhile colonial territories. Recent revelations have shown that this post-colonial relationship extended to France's continued use of the Sahara for chemical testing as late as the mid-1970s.[10] Ironically, this was a situation that derived from the complexity of relationships engendered by eight years of Franco-Algerian confrontation during the War of Liberation of 1954–62. A large part of Algeria's young officer class had trained in France and, in a significant number of cases, had served alongside their French counterparts in the French army before the nationalist wave in Algeria swept them into the ranks of the Algerian National Liberation Army (ALN). These officers formed the backbone of the new Algerian state that emerged in 1962. More than thirty years later, their continuing presence at the head of military commands constitutes a key element in the politics of Algeria's independent existence. This francophone elite has not given way to attempts since the 1970s to replace French with Arabic as the language of national administration and politics. Their predominance in both political and military terms has also given rise to the longest-standing European assumption about Algeria, namely that only French officials know the collective heart and mind of the Algerian nation and are the only outsiders to understand what goes on there and why.

From the late 1980s, Algeria once again became a kind of laboratory for the scrutiny of outsiders: first, as an example of rapid and internally driven democratization in an era that preceded the fall of the Berlin Wall, and second, as an example of a potential Islamist state in the making at a time when Islamist opposition movements seemed to be sweeping through the Mediterranean and Middle East. The phrase 'arc of crisis' came increasingly to dominate international security thinking of a 'domino state' nature, as possible successor or satellite states to Iran were identified in the Muslim world. In both cases, what is striking is the way in which, largely under US influence, the Algeria issue was perceived first and foremost as a representative of a broader set of phenomena, and only secondly as a particular,

and even somewhat singular, set of developments rooted in Algeria's own history. Algeria in fact gained prominence as a case study within a wider and pre-existing set of concerns about Islamism as a transnational cause of instability. This has crucially shaped much international concern about Algeria since the rapid rise of the Islamic Salvation Front (FIS) from 1989, as fears of the regional spread of Islamism have waxed and waned.[11]

As the Cold War reached its end, Algeria similarly provided a window onto the processes and mechanisms of democratic transition, as it moved politically from being a centralized, single-party and authoritarian state to an ostensibly more representative multi-party system. The inclusion of Islamist parties in this process, and amongst them, the rapidly popular FIS added additional topicality to questions already being raised about how firmly embedded—or not—the democratic instincts of Islamist parties might be. As Eastern and Central Europe threw off their Cold War chains, the democratization of Algeria took on the allure of a parallel, 'developing world' case study of democracy, in which the number of new political parties formed (up to sixty in less than two years) became a measure of the breadth rather than depth of the process.

In subsequent years, this case-study approach has continued to enjoy most appeal in the United States, at a greater geographical remove from Algeria than Europe. In the post-Gulf War period of the mid-1990s, the United States has been more concerned than Europeans with containing Iran, Iraq, Sudan and sub-state Islamist activism—of the Hizballah and Hamas variety in Lebanon and Israel—perceived to pose threats to America's allies and interests alike in the Levant and the Gulf. As a result, the evolving Algerian situation has been examined much more for its potential overspill effects abroad than for the internal damage to have been caused since the abrupt cancellation in 1992 of the nascent democratization process. The Algerian military's cancellation of elections in early 1992 and Algeria's subsequent descent into violence in fact came as an unwelcome surprise to Western policy-makers. In the liberalized atmosphere of the post-Gold War era, Algeria's moves towards democratization (seen as a desirable development) were counter-balanced by the preferences of the electorate for the Islamist option represented by the FIS (seen as an undesirable development). Formulating official positions that amounted to choosing the lesser of two evils made the formation of coherent international policy particularly problematic. These were, namely, the reversal of the Islamists' victory and the suspension of democracy by the military on the one hand, and the accession of the Islamists to power and the risk of their dismantling democracy—for other reasons—on the other.

The responses of both the United States and Europe were thus muted in 1992, the official French position being one of declaring France's solidarity with the Algerian people in resolving the situation themselves; the US government similarly distanced itself from passing anything that might appear to be a judgement on the military's actions.[12] For the first four years of the ensuing conflict, official US positions alternated between speculation about the consequences of an Islamist takeover in Algeria and encouragement to the military-backed government to

negotiate a settlement with all those who had renounced violence, including moderate Islamists. Since the direct election of President Liamine Zeroual in November 1995, and the constitutional revisions of November 1996, the White House ceased to encourage inclusive negotiations in favour of acquiescence in the return to general and local elections held during the course of 1997. No official protests were raised when a number of Algerian parties, including the moderate Islamists included in the government coalition, alleged that the election results had been rigged in favour of the new party, the National Democratic Rally (RND), created to form a civilian support base for President Zeroual.

In the meantime, the influence of the FIS representative-in-exile in the United States, Anwar Haddam, waned to the extent that he himself was arrested and imprisoned there for irregularities relating to his application for asylum. From 1995 to 1998, the key assessment driving US policy was that the regional overspill effects of radical Islamism from Algeria had not been as damaging to US interests as might once have been predicted. Thus, only residual American concern remained with containing violence and ensuring a minimal level of democratic governance, not least to ensure a predictable environment for the growing economic presence of US hydrocarbon interests in Algeria. In other respects, American regional priorities had moved on to other issues—such as the future regional status of Turkey following the fall of the Erbakan (Islamist) government in 1997, and renewed diplomatic efforts towards a settlement of the Cyprus issue.

For the Europeans, however, Algeria remained and remains—a messy and incomprehensible neighbour, which nonetheless proves difficult to ignore entirely. Until the European press renewed its interest in Algeria in 1997, the EU's approach to the political aspects of the crisis—as opposed to its economic relations, which have been somewhat divorced from political realities—has continued to be dominated by an implicit sense that only France understands its dynamics. Yet French policy in the period from the outbreak of violence in 1992 to 1997 has not been consistent, and not only because of changes in the French government and presidency over that period. At times, such as the last months of the Mitterrand presidency, there have been several French policies towards Algeria running in parallel with each other. The most prominent of these was led—incongruously but also tellingly—from the Interior Ministry under Charles Pasqua. This reflects the fact that Algeria is as much a domestic issue for France as it is a foreign policy concern. The reasons for this relate not only to the large Algerian population resident in France itself, but also to the various unresolved dimensions of France's historical presence in Algeria, many of them of a psychological nature barely understood from outside.

At other times, such as during the last days of the Alain Juppé premiership in early 1997, hesitancy and the apparent lack of a clear policy direction have characterized official French responses. While still waiting in the opposition wings, Lionel Jospin commented in relation to Algeria that when France is silent, the whole world is silent.[13] His own accession to government in May 1997, however, did little to modify the impression of extreme French caution in the face of the

increasing violence that beset Algeria from late 1996. It has been left to previous French foreign ministers, such as Hervé de Charette, to suggest that France assume a higher-profile role in seeking a solution to the Algerian conflict.[14]

The vicissitudes of French policy have not left much room for many forth-right initiatives from other European governments, much less by the European Union as a whole. This is partly out of deference to French leadership over the issue, even where this has been lacking. It is also due to the absence of domestic European pressure to evolve more proactive policy towards Algeria, except in France, where important sectors of the population have family, cultural and/or commercial ties with Algeria, and where terrorist bombings linked to the Algerian crisis took place in 1995 and 1996. The revelations—or more accurately, allegations—that emerged in the course of the autumn of 1997 about the potential involvement of the Algerian authorities themselves in these bomb attacks spurred more open appeals in France for something to be done to put a stop to the violence, as witnessed by the demonstrations of 10 December 1997 in Paris.

Yet, in many ways, it has been the anomaly of such a high degree of violence taking place so close to Europe, with so few direct repercussions within Europe—despite the feared consequences—that has shaped the disparate and fragmented nature of the European response to Algeria. This is not to say that Europe's neglect of Algeria has been total, or totally benign. It does mean, however, that confusion about the sources, and hence possibilities for the resolution of the crisis, has continued to govern Europe's intermittent concern. It remains to be seen whether the increased public awareness, not only of the scale of atrocities committed in the summer of 1997 and early in 1998, but also of the extent of torture committed against official detainees, provokes more concerted action. It is more likely to be the case, given the EU's other foreign policy priorities, that European governments still hope that the crisis will diminish over time or resolve itself in the ways so fiercely defended by the Algerian government itself. At the Luxembourg summit of EU foreign ministers in late November 1997, the tenor of the statements of ministers reflected this pessimism.[15]

Limited analysis, limited policy

In many respects, European policy towards Algeria has echoed the same reticence to grasp the nettle as has been seen in the EU's approaches to Bosnia and the prospects for a long-term settlement for the Balkans. It has been shaped by the same contextual presence and influence of the United States as has policy in the Middle East. As Martin Woollacott writes: '[i]t is not just that Europe is disunited and that US leadership then overrides that disunity. It is that the expectation of American leadership *allows* Europe to be disunited.'[16] Given the relative neglect of Algeria by the United States, European governments have not had the spectre of ultimate US arbitration hanging over them. In the absence of this, moreover, there has been little to drive or coordinate a deeper consideration of the dynamics of the Algerian situation within European institutions themselves, beyond monitoring its overspill

effects and the humanitarian considerations raised by organizations such as Amnesty International. Thus, in the aftermath of the indecisive European foreign ministers' summit in Luxembourg in October 1997, it was the European Parliament that took up the initiative in November 1997 to propose sending a delegation to the Algerian assembly in January 1998; this was, however, delayed by a month while a troika mission was sent to Algiers by the British EU presidency that same month.[17]

In keeping with EU approaches to Bosnia, there has similarly been a longstanding persistence in European policymaking circles in seeing the conflict through a particular prism which, once established, has been difficult to shift. In the case of Bosnia, the disintegration of the state was depicted as the result of long-standing ethnic and religious rivalries, rather than as the result of the manipulation of these rivalries for their own political ends by populist and nationalistic leaderships. In turn, Algeria's image as a potential hotbed of Islamist extremism has overshadowed more complex analyses of the sources of the crisis. These are rooted, *inter alia,* in the unresolved relationship between civil and military powers since Algeria's independence, in the limited and arbitrary distribution of political and economic resources and in the unrepresentative and narrowly based nature of the Algerian state. In this sense, Algeria owes its disunity and descent into violence to the political manipulation of nationalistic symbols as much as did the war in Bosnia. The main difference is that very few Algerians have taken up arms in defence of the apparent alternatives on offer, whether by the military in the guise of main taining and defending Algeria's fragile unity or by the Islamist opposition groups seeking to displace them.

Perceiving Algeria through the Islamist prism does not, in fact, withstand the test of closer analysis. Islamist groups are not a united force; nor have they launched attacks against Algeria's security forces or centres of power in ways consistent with the goal of overthrowing the current regime. Most significantly, unless the local reporting restrictions imposed by the Algerian government have disguised more than is generally known, the Islamist groups have not attacked strategic targets with any notable success. The most important of these are the gas pipelines running north from the Sahara, which, together with Algeria's oil exports, account for 95 per cent of Algeria's external earnings. Instead, car bombings, attacks on school buses, and individual and collective killings of civilians have attracted most media attention, with little apparent strategic benefit to any political or ideological cause.

Just as questionable is the perception that the military's renewal of the democratic process from 1995 heralds its own imminent withdrawal from the direct exercise of power over Algeria. Like the Islamists, Algeria's military leadership is not unified, except in its collective wish to retain a firm control over the political system. Seen in this light, the constitutional reforms approved by referendum in November 1996 have laid the groundwork for greater presidential control over the legislature, the presidency already being in the hands of the erstwhile general (who continues as) Minister of Defence, Liamine Zeroual. Following Zeroual's own election in November 1995, the new constitution provides for the president to appoint a third of the membership of the second chamber created to balance the previous single

chamber or assembly. This level of direct patronage is clearly designed to limit the already circumscribed autonomy of the lower chamber, whose legislative powers have also been curtailed by the veto of the upper chamber. Greater constraints have also been placed on the formation, affiliations and operation of political parties, some of which had to change their names to conform to new provisions preventing the use of Islam for political ends.

More serious for the devolution of political power were the protests of political parties that the election results in June and October 1997 had been manipulated. UN observers to the general elections in June 1997 reported some irregularities, but none that warranted international objections. This was not least because the convening of elections was then widely perceived as a means of strengthening President Zeroual's position, so that he could deal more authoritatively with containing the violence. Following the local and municipal elections of October 1997, however, opposition parties organized protest demonstrations lasting almost three weeks to object to the increase to over 50 per cent in electoral support attributed to the president's party, the RND. This party only came into existence in early 1997, making its sudden widespread support at the grass-roots level scarcely credible where other parties—not least the erstwhile single-party National Liberation Front (FLN)—have enjoyed more deeply entrenched local support.

Above all, the democratization process has done little to counter the civilian death toll, which ran alongside the 1997 elections as a macabre, but almost unrelated, sideshow. As the violence continued into 1998, it looked increasingly as though the electoral process and the new institutions created by the 1996 constitution would themselves become the sideshow. For example, on 4 January 1998, the inauguration of the newly elected and appointed upper chamber, or senate, was due to take place in the presence of President Zeroual. In the event, this ceremony went ahead not only under the shadow of the news that was emerging of the Reliziane massacre a few days before, but also with the unexplained absence of the president.

In this kind of environment, it is of little surprise that conspiracy theories have thrived regarding the real causes or beneficiaries of the violence. These range from assertions that factions within the military have been trying to contain President Zeroual's accretion of power by demonstrating that the military situation is not under control, as Zeroual's government claims it is to both the Algerian population and the outside world. Other more complex accounts point to in-fighting among military leaders over who would be responsible—and thus take credit—for brokering the ceasefire agreement with the armed wing of the FIS, the Islamic Salvation Army (AIS), in October 1997.[18] Other accounts point to the limited coordination among Islamists, who have intensified fighting amongst themselves or with the local militias set up and armed by the Algerian army in 1995–6, which are now largely autonomous and outside official control.

Conclusion: the challenge of precedent

Against this background, the real challenge for Europe has been to determine who is responsible for the violence. Lacking any clear evidence, the EU has been understandably reluctant to attribute any responsibility to the Algerian government itself. This is especially difficult as the sensitive negotiations towards concluding a bilateral EU—Algeria Association Agreement continue as part of the process towards incorporating Algeria within the envisaged Mediterranean Free Trade Area. Without the necessary authorization of the Algerian government, there are few precedents on which Europe might draw to respond to the appeals of concerned outsiders to conduct an inquiry on the ground. Even if such an inquiry were to elicit more information than has already come to light through the accounts of journalists and humanitarian organizations, it would be damaging for the EU to be seen to be imputing responsibility where it has no clear strategy for how to respond to its findings.

International human rights law is also weak in providing precedents for external intervention where an internationally recognized government can only be indirectly pressured to reform or strengthen its protection of its nationals, as can be seen from the case of the EU's relations with Turkey. The word 'intervention' is, moreover, extremely loaded: it is often paired with 'military', at least in the minds of governments who fear unauthorized international action within their own boundaries. From the perspective of individual European governments, there may also be resistance from domestic commercial companies with interests in Algeria to unsettling an already volatile situation in ways that could damage their bilateral contracts. They might propose an alternative—and limited—rationale that sought to contain the violence, or to dissuade those behind it from perpetrating it, without provoking any radical change that might bring elements even less accountable than the existing government into power.

These impediments notwithstanding, the longer-term objectives of establishing a 'Charter for Peace and Stability' in the Mediterranean region envisaged within the EU's Barcelona process may well require the creation of new precedents as far as Algeria is concerned. The British government, among others, has clearly stated its concern to elevate the protection of human rights to a higher priority in the conduct of foreign policy. This is not just for humanitarian reasons, but is also motivated by an appreciation of the main basis on which peace and stability have been maintained in the heart of Europe since the end of the Second World War. This is, namely, that open and democratically governed states and societies are less likely to go to war with one another, as well as less likely to impose impediments to free trade and other forms of mutually beneficial cross-boundary interactions of a predictable and peaceable nature. To aspire on behalf of neighbouring states and societies to the same level of freedoms and protection of individual and collective rights is, as a result, not so much a benevolent aspiration on the part of Europe as a form of enlightened self-interest in an increasingly globalized world. The ring-fencing of violence in one region to prevent any impact on another is, as a corollary,

likely to prove increasingly difficult, as well as increasingly undesirable as the EU itself evolves into a more extensive alliance, with more fluid and penetrable boundaries.

The alternative—namely, the greater external protection of the EU's borders—is not only prohibitively expensive, but also unlikely to be of any effect. Thus, the EU's right to enquire into the origins and reasons for the perpetration of violence in Algeria may go beyond current interpretations of international human rights law. In fact, in the context of the humanitarian crises since the end of the Cold War—whether in Bosnia, Somalia, Liberia, Rwanda or Burundi—the question of the right, or even duties, of the international community to transgress what have been previously perceived as the almost sacrosanct boundaries of national sovereignty has been reopened. In other words, where a sovereign government has proved incapable, for whatever reason, of safeguarding the lives of large numbers of its citizenry, there may well be room for the evolution of new international instruments to articulate and act on the immediate defence of individual lives.

For this to occur, however, Europe has necessarily to evolve a more heightened awareness of its own self-interest in seeking a solution to the crisis. Most developments in this direction, however, fail at the point of identifying the complexities both of the situation itself and of the feared entanglements if Europe were subsequently to become more directly involved. It remains the case, though, that few genuine attempts to understand the genesis of the Algerian crisis have yet been undertaken. Where the results of Europe's inquiries might lead in the direction of, for example, greater assistance to the Algerian government in combating violence and 'helping the victims of terrorism'—as was proposed by the EU presidency in January 1998[19]—the very act of reversing the EU's indifference to the death tolls might itself have some small but beneficial effect. Sustained international concern—and observation on the ground—would alert violent factions in Algeria to the fact that their activities were no longer being conducted entirely beyond the scrutiny of the outside world. Some local constraint might, as a result, be exercised.

The Algerian government might well continue to object to the notion of any form of external 'intervention'. The EU could, then—in conjunction with the UN and the United States—explicitly exclude from the outset any form of external 'interference' in their relations with the Algerian government, except the right to know what is going on in Algeria, and why. Some of the questions posed may, in fact, never be answered. If they were to be posed in conjunction with other international bodies, including the World Bank and the IMF, which gave Algeria a clean bill of economic health in 1997, some progress towards understanding what drives the Algerian crisis might be made. As is often the case, the motor for greater European activism in this respect may well be the increasing concern expressed by the US government from early 1998. However, even the sending of an EU 'troika' to start the inquiries has only been a small step in the direction of solving another of the mysteries in Algeria's recent history: why exactly has Europe, so keen to establish new parameters for its post-Gold War security structures, waited so long to react to

levels of violence which would be unacceptable anywhere else in its immediate vicinity?

Notes

1 Benjamin Stora, *La Gangrène et l'oubli: la mémoire de la guerre d'Algérie,* Paris, La Découverte, 1991.
2 See reports in Amnesty International, *Algeria: Civilian Population Caught in a Spiral of Violence,* Amnesty International Index: MDE 28/23/97, London, November 1997, pp. 7–10.
3 Declaration by the presidency on behalf of the European Union, Monday, 5 January 1998: 'Massacres in Algeria' under http://presid.fco.gov.uk/news/1998/jan/05/presdec1 .txt.
4 Prominent individuals such as Isabelle Adjani in France have joined the appeals of journalists to 'do something' for the Algerian population. See Isabelle Adjani's speech, 'Que peut-on faire?', at the demonstrations on Algeria in Paris on 10 November 1997, *Le Figaro,* 10 November 1997.
5 See Jane Sharp, 'Will Britain Lead Europe?', *The World Today,* vol. 53, no. 12, December 1997, pp. 316 19.
6 See Claire Spencer, 'New European Approaches to the Middle East Peace Process?', *Brassey's Defence Yearbook 1997,* Centre for Defence Studies, King's College, University of London, pp. 161–73.
7 In December 1995, for example, British Petroleum concluded a joint exploration and marketing deal worth $3.5 billion over ten years.
8 Roula Khalaf, 'EU in Talks on Killings in Algeria', *Financial Times, 7* January 1998.
9 This is drawn from Lucille Schmidt's critique of French policy towards Algeria in *La Seconde Guerre d'Algérie: le quiproquo franco-algérien,* Paris, Flamarion, 1996.
10 Nicole Grimaud, 'Le Pacte secret de Gaulle-Boumedienne', *Jeune Afrique,* 18– 24 November 1997, pp. 34–7.
11 See Graham Fuller and Ian O., Lesser, *A Sense of Siege: The Geopolitics of Islam and the West,* Boulder CO, Westview Press/RAND, 1995; John W.Holmes (ed.), *Maelstrom: The United States, Southern Europe and the Challenges of the Mediterranean,* Cambridge, Mass., World Peace Foundation, 1995.
12 See Claire Spencer, 'Islamism and European Reactions: The Case of Algeria', *Meditenanean Politics,* vol. 2, 1996, pp. 130–32.
13 *International Herald Tribune,* 4–5 January 1997.
14 See Alain Joxe, 'Repentons-nous sur l'Algérie et parlons vrai', *Le Monde,* 11 November 1997.
15 The Swedish foreign minster, Lena Hjelm-Wallen, was quoted as saying: 'We can't do anything if nobody on the ground wants us to.' See (Reuters wire) Fredrik Dahl, 'EU Condemns "Blind Violence" in Algeria', Luxembourg, 26 October 1997.
16 Martin Woollacott, 'Why Europe is still a Junior Partner to the United States', *Guardian,* 13 December 1997.
17 Philippe Lemaître, 'Le parlement européen veut enquêter en Algérie des janvier', *Le Monde,* 28 November 1997.
18 See International Institute for Strategic Studies, 'No solution to Algeria's endemic violence', *Strategic Comments,* vol. 3, no. 10, December 1997, p. 2.

19 See Declaration by the Presidency on behalf of the European Union, Monday, 5 January 1998, *op. cit.*

9
Middle Eastern trade and financial integration
Lessons from the European Union's experience

Rodney Wilson

The European Union's interest in the Middle East has always been primarily motivated by economic concerns. There are both positive and negative forces conditioning the relationship. On the positive side, in trading terms the region is of much greater significance for Europe than it is for the United States, because of its importance for Europe's oil imports. The Middle Eastern economies are also significant export markets for Europe, especially the Gulf states. On the negative side, trans-Mediterranean commerce has declined, partly because of the European Union, which has resulted in France, Spain, Italy and Greece being more orientated to the north and east rather than the south.

Because the European Union is itself an economic bloc it tends to view the rest of the world in similar terms. Unfortunately, it is clear that the Middle East is not a coherent bloc, as intra-regional trade is minimal and regional conflicts seem to be persisting, if not intensifying. The Iran-Iraq and Gulf wars were viewed with concern, and in the case of the latter, both Britain and France saw the situation as sufficiently serious to get directly involved themselves in the allied effort. Nevertheless, the view has long been held in Europe that the central problem in the Middle East is the Arab-Israeli conflict. If this could be resolved, then the whole situation in the Middle East would be transformed, both politically and economically.

The peace treaties between Israel and Egypt in 1978, and the 1994 peace treaty with Jordan, are viewed by the European Union as positive developments, but there is more scepticism over the likely outcomes of the mutual recognition of Israel and the Palestine Liberation Organization in September 1993. For the Europeans the developments since then in Gaza have confirmed their caution, which contrasts with the continued optimism of many in the United States.

The European Union has nevertheless tended to follow the lead of the United States on Middle Eastern issues. The last major independent initiative by Britain and France at the time of the Suez Canal nationalization in 1956 was to end in disaster. As this was less than one year before the Treaty of Rome was signed, establishing the original European Economic Community, it was not surprising that this was to condition subsequent attitudes. Yet there are European Union concerns on the Middle East which differ from those of the United States, and in coming years the differences may well widen.

One concern of the Europeans is that the United States may simply lose interest in the Middle East if the current peace talks do not make progress and if America's basic optimism is confounded by the difficult regional reality. This fear may be ill founded as the United States is likely to have a continuing interest in both Israel and Gulf oil. Nevertheless, with the ending of the Cold War and the collapse of communism, the United States does not have to worry about global military rivalries. Its disengagement from the Middle East would result in a vacuum which Europe does not have the structures or the inclination to fill. Yet the Middle East is a danger to Europe, and the Mediterranean countries in particular are well aware of their proximity to a potential nuclear conflict between the countries of the region. Israel already has such a capability, Iraq came close to acquiring the technology, and many believe Iran is at present building up its nuclear potential.

The issue of Palestine was the main concern of the Arab side in the Euro-Arab dialogue of the 1970s. The eastern Arab states and the Maghrib nations sought to get the European Union committed to a multilateral peace process as an alternative to the bilateral accords between Israel and Egypt which the United States had supported. Though there were in the end no tangible results, given the reluctance of the European states to pursue an independent line from the United States, the Venice Declaration of 1980 on Palestinian rights was seen at the time as something of a breakthrough.

The European Union was prepared to go further than the United States on the recognition of grievances, and in the 1980s started to treat the Occupied Territories as a distinct entity in their own right in trade negotiations. The West Bank and Gaza were given separate quotas from Israel under the Common Agricultural Policy arrangements, a concession which was to prove especially valuable to citrus producers in Gaza.

Perhaps the most distinctive and positive contribution that the European Union has to make to the peace process is in terms of being a role model for successful economic cooperation that can cement relationships. It is no accident that the European Union was invited to chair the multilateral negotiating sessions on regional cooperation and development. The Middle East, of course, represents a very different economic, social and cultural environment to Europe. Some of the ideas and proposals in this chapter may appear far-fetched to those closely involved with the Middle East. Implementation will of necessity be slow. Yet if the Middle East is not to lag yet further behind other faster growing areas of the developing world, such as South-East Asia and Latin America, a start must be made.

In this chapter, the lessons from the European Union's experience of regional economic cooperation are examined to highlight the specific areas for cooperation and the gains that have been made, some of which could also be realized in the Middle East. Areas of possible cooperation in the Middle East are identified and the alternatives for achieving cooperation discussed. Finally, priorities are suggested for the region, which will certainly have implications for how the Middle East develops and for its relations with Europe and the United States.

Lessons from Europe

The original Arab Common Market was politically motivated by the desire for pan-Arab cooperation, but the model adopted was inspired by the early success of the economic integration efforts of the original six members of the European Economic Community. It is perhaps instructive to consider the European experience, especially the different phases of the integration, to see what is relevant as far as the Middle East is concerned.

This is not so much an examination of history, as clearly the circumstances and context in which Europe found itself in the 1950s were quite different to the position of the Middle East today. Rather, it seems appropriate to examine the specific forms economic cooperation in Europe has taken, and the various stages in its evolution. Before doing this, it would appear to be both relevant and sensible to identify the central economic cooperation issues that concerned the countries of Europe over the last four decades, as the forms of unity agreed at each stage were in large measure designed as a response to these concerns.

Central issues for economic cooperation

Trade and market size

One major problem of autarky is that trading activity and the extent of specialization are constrained by the size of the national market. Policies of domestic self-sufficiency and inward-orientated development mean that the gains from international specialization cannot be realized, and labour and capital are locked into less productive activities, which might be better undertaken abroad. The trade liberalization thesis is that these factors might be redeployed to sectors where the country has a comparative advantage, which would increase their productivity, making it possible to pay higher wages, and give a higher return on capital.

All this only becomes possible once countries cooperate and dismantle barriers to trade, increasing the possibilities for specialization. Given the small size of economies in the Middle East, the arguments for cooperation through trade become particularly strong. Egypt is the only large Arab country in terms of population, with almost 60 million inhabitants, but its national income, which is one measure of purchasing power and market size, is under half that of Portugal, the poorest European Union country, with under 10 million inhabitants. In the case of Israel, which has 6 million inhabitants, the national income figure is less than one half that of Belgium and around the same as that of Ireland, taking account of both north and south.[1]

Cooperation through trade not only makes possible gains from specialization, but also enables industries to overcome indivisibilities in production. It may be possible to establish an industry to serve a regional market that would not be viable within the confines of a restricted national market. High start-up or research and development costs may be major factors in this. Much of the consumer durable

industry in the European Union has to market on a Union-wide basis, as the national sales would not cover production costs. Economies of scale are also significant in most areas of manufacturing, another factor favouring larger market size.

Investment rises through cooperation

Market size, trade and investment are, of course, all connected. A larger market is not only a stimulus to trade, but may also help attract both internal and inward investment. Leading multinational companies seek to establish a presence in each major international market as part of their global business strategy.[2] There are few who can afford to ignore the European Union as a market, as they know their rivals are certain to take up any business not vigorously contested. The Middle East has attracted few multinational companies, apart from those in oil and energy-related areas. Most multinational corporate decision makers view the region as fragmented. Establishing a presence in Egypt will give them little advantage in the Gulf, for example. The latter might as well be served from Europe or Japan.

Economic cooperation not only increases the potential return on investment, but by definition removes political frictions and hostilities, and reduces uncertainties. Many Middle Eastern countries offer favourable investment incentives, but the private capital inflows have failed to materialize because of the uncertain investment climate. In contrast, in the European Union the uncertainty premium has been steadily reduced, and investors are increasingly confident of continuity and ongoing stability.

There are several factors that are responsible for the change in investors' attitudes and perceptions, both within the European Union and towards the Union. The common legal framework regarding trade and investment is of great importance, particularly the knowledge that there is no longer any question of national discrimination in one Union state in favour of its own nationals, to the detriment of those of other Union countries. Common rules and procedures make investors feel at home in dealing with other Union countries apart from those in which they reside. For the external investor a common set of rules makes life much simpler, with significant savings both in time and in the effort needed to understand the procedures, and much more incentive actually to get to grips with the legal framework.

History of economic cooperation in Europe

As in the Middle East today, in Europe during the late 1940s the main concern was with political rather than economic issues. Economic cooperation was viewed as a way of building confidence and creating mutual understanding. The ends were political, the promotion of lasting peace and harmony between France and Germany following two disastrous world wars that had undermined the power and influence of both countries, and the earlier destructive Franco-Prussian War. The

means were economic, promoting normal commercial and business relations so that the people of Europe could see in concrete terms the gains from cooperating rather than the losses from conflict.

The progression envisaged was first for the countries and peoples of Europe to learn to live together, then to work together and, ultimately, to share a common destiny. Through the Middle East peace process, Arabs and Israelis can learn to live together and manage their family squabbles, as the Europeans have done. The next stage for the Arabs and Israelis is to try to work together, if the peace process is to be sustainable. A major purpose of this chapter is to identify areas where working together can result in tangible benefits. Arabs and Israelis share a common geographical region and, in some respects at least, similar values and cultures. The task is to identify what institutional framework is appropriate to ensure that where interests differ they can be reconciled, and that long-term harmony replaces conflict. Proximity facilitates cooperation, but does not always contribute to it, as the Balkans show. The societies in the Middle East are likely to remain pluralist, rather than integrating at the social level. Many Israelis originated in the Arab world, but their religion kept them separate on many levels from the societies in which they lived. Nevertheless, they were largely economically, if not socially, integrated. This is one reason why economic cooperation may be such a good starting point.

The European Coal and Steel Community

The inspiration for European reconciliation came from an initiative from Jean Monnet which was formulated into a detailed plan by Robert Schuman in 1950. Rather than focus on broad issues of international relations, there was an inspired attempt to find a solution to a particular set of economic problems which could contribute towards the political goal of Franco-German reconciliation. The specific focus was the heavy industrial base of Europe, the coal, iron and steel industries, all of which faced an uncertain future. Rather than seek a national solution as the British had done, by taking these industries into state ownership, the plan was to find a European solution, through the establishment of a common market in these products.

The Treaty of Paris was signed in 1951 by France, West Germany, Italy, the Netherlands, Belgium and Luxembourg. This brought the European Coal and Steel Community into existence, and tariffs, quotas and other barriers to trade were removed. Each country had access to the products of these industries, which meant, for example, that it did not matter whether the Saarbrucken industries were in West Germany or France.[3] All customers would have equal access to these basic industrial products, regardless of their location in Europe. For the coal-and steel-producing industries themselves this guaranteed a wider market, an especially beneficial proposition for large producers located in a small economy such as Luxembourg.

The parallels with small Middle Eastern economies are clear, as it is possible to identify economic activities in Jordan, Israel and certainly the West Bank and Gaza that might profit from a larger market. Even for Egypt, the position is not dissimilar

to that of France or West Germany in 1950, as it is possible to envisage a better future for a modernized Helwan steel plant in the context of a wider Middle Eastern market. Nevertheless, the issue of how the benefits of regional integration are shared could well be contentious in the Middle East. It is possible to envisage research and development in high-technology goods being concentrated in Israel, for example, because of its skills and external links with the United States, but such a development may be unwelcome in neighbouring Arab countries. On the other hand, Israel may not welcome being obliged to purchase steel from Helwan rather than cheaper external supplies. There may be scope for trade-offs and bargains to be struck. Any integration scheme must involve give and take.

The Treaty of Rome

The European Coal and Steel Community was very successful in achieving its objectives; indeed, the progress and stability achieved confounded many of those who had been sceptics at the time of its creation. This success encouraged the Benelux countries in particular to seek a wider economic union based on the principle of a common market. An intergovernmental committee headed by Paul-Henri Spaak was established in 1955 following a meeting of foreign ministers in Messina. This recommended that a customs union should be founded, embracing the six countries that had participated in the original Coal and Steel Community.[4]

The British participated in the early meetings of the Spaak committee, but at that time preferred a looser free trade agreement rather than a customs union that would involve a greater pooling of economic sovereignty. A customs union arrangement implied a common external tariff, whereas, in a free trade area, the tariff and quota policies towards non-members can be determined unilaterally. Because of the possibility of re-exporting, however, within a free trade area, much tighter internal customs controls must be maintained, whereas, in a customs union, there can be greater internal dismantling.

On 25 March 1957 the Treaty of Rome was signed, providing for the removal of trade barriers on industrial exports over a six-year period and the introduction of a common policy on agriculture. The treaty was more liberal in tone than the earlier Treaty of Paris, stressing the abolition of state controls and a positive policy on competition.[5]

There was, however, concern that poorer peripheral areas should be supported so that they could enjoy benefits from the union, as a common market would bring most gains to the more competitive. The Treaty of Rome, therefore, talks of balanced expansion of economic activity and harmonious development. Provision is made for regional and social policies. A European Investment Bank was established together with the European Social Fund. The former was specifically designed to help development in peripheral areas and the latter to alleviate hardship. At the same time, it was recognized that there would probably need to be some movement of manpower from the poorer regions of the union to the more prosperous areas: hence, in the Treaty of Rome, there is provision for free mobility of labour. In the

Middle East this would be a contentious issue, as work permits have become more difficult to obtain in recent years.

The Schuman versus the Marshall approach

If there was a Schuman plan for the Middle East in order to secure lasting peace through economic cooperation, does the Treaty of Rome provide an appropriate model for the legislative framework? Which provisions of the treaty are the most relevant for Israel and its Arab neighbours? The Schuman approach has undoubtedly major advantages over the Marshall Plan approach, which stresses financial inflows from outside a region in the form of governmental aid.

In a sense, it is the Marshall approach that has already been tried in the Middle East, implicitly if not explicitly. The substantial governmental financial assistance to Israel and Egypt after the signing of the Camp David Accords has brought little benefit to either economy, only making them more externally reliant. Given the tighter budgetary climate and competitive demands from the former communist countries, it would be unrealistic to expect massive Marshall aid following progress being made in the peace process. The Schuman approach is one of pump-priming to encourage regions to help themselves, whereas that of Marshall is more concerned with turnkey projects at the microeconomic level and with externally dictated structural adjustment at the macroeconomic level.

The Schuman approach stresses regional self-reliance, and there can be little doubt that the Middle East peace process could create the necessary pre-conditions for this. Limited aid on the European Investment Bank model is possible, but the real gains are internally generated from the process of economic cooperation itself. The underlying philosophy is that of wealth creation, not mere income transfer. Ultimately, what matters is the expansion of supply capacity, not the temporary stimulus to demand. The emphasis is on long-term growth, not short-term consumption. It is the supply of local saving that must play the major part in financing development. The decades of conflict in the Middle East have only encouraged the 'begging bowl' approach.

Economic cooperation would bring not only peace, but also regional self-respect. The Schuman approach took Europe beyond reconstruction to emerge once again as a global economic hub. The Middle Eastern countries involved in the peace process could profit from taking a long-term economic perspective. What sort of economic role do they wish to play in the global economy in fifty years' time? Is cooperation an essential prerequisite if they are to gain international self-respect in a competitive world where economic achievement increasingly matters?

Deepening and widening integration

A twelve-year transitional period was allowed for the elimination of tariffs and other trade barriers for the original six members of the European Union. During this period, intra-community trade grew from 44 per cent of the total trade of the six to

almost 60 per cent, which demonstrates the strengthening economic ties. It has been estimated that the dismantling of the trade barriers accounted for almost 30 per cent of this increase with respect to manufacturing, a clear gain from liberalization.[6]

The common market in Europe undoubtedly contributed to a major redirection of trade of the member-states, with the enhanced commercial ties bringing substantial benefits for all participants. Production patterns also changed in response to new opportunities. There was initial apprehension concerning the common market by countries that had hitherto protected industries. To their relief, they soon found that their manufacturing capacity did not become redundant; rather, the response was to develop new lines of existing products and concentrate marketing in particular segments throughout the European Union. This type of specialization would arguably bring benefits in the Middle East, widening product choice and competing as much through quality as price.

Agriculture also flourished in Europe, with rising production despite a falling farm labour force. There were significant qualitative improvements in food production, though of course the policy of price support was costly. In the Middle East, Saudi Arabia and the Gulf states have adopted generous price support policies, but even they do not have the resources to support agricultural prices throughout the region. In this area it would be difficult for the Middle East to emulate the European Union.

The European Union was enlarged in January 1973 with the accession of Britain, Denmark and Ireland. In 1980 Greece joined, and later in 1986 Spain and Portugal became full members, making a Union of twelve. The new members were given transitional periods for the removal of their trade barriers, varying from six years in the case of the 1973 entrants to twelve for the southern members. This additional time for adjustment was needed given the lower level of development of the Spanish, Portuguese and Greek economies. In any Middle Eastern economic union, the timing of the removal of barriers to trade may also have to be phased according to the circumstances of each member.

The 1970s and 1980s will be best remembered in historical perspective as the period of European Union enlargement and consolidation. The emphasis was not entirely on widening, however, as much of the spadework was done on the conversion from a common market to a single market. The Single European Act of 1986 was a major milestone. This came into force the following year, but was not fully implemented until the end of 1992, as it involved a large package of measures.

It is worth mentioning the major features of the legislation to see if any of the provisions have relevance to the Middle East. Some matters clearly might, such as the harmonization of standards, free access to services and non-discriminatory government procurement. Given the significance of government spending in Middle Eastern economies, the latter could have a considerable regional impact.

The access to services would imply that a financial institution established in one Middle Eastern country would have the right to compete for business in another. There are, of course, already regional banks in the Middle East, such as the Arab

Bank.[7] Presumably, institutions such as this would benefit from the enactment and freedoms associated with a single market.

Areas of possible cooperation in the Middle East

The economic conditions and present development environment are, of course, very different in the Middle East to those of Europe at the time of the Treaty of Rome or the enlargements of the Economic Union in 1973, 1980 and 1986. The amount of trade between the Middle Eastern countries is very limited in comparison to intra-European trade before the common market was established.[8] Even the trade between participants in the Arab Common Market represented only a small proportion of their total trade.[9]

There has, however, been more factor mobility in the Middle East than within the European Union, especially labour migration from Egypt and Jordan to the Gulf states. There has also been daily commuting by Arab workers from the West Bank and Gaza to Israel, although this has been halted by the Israelis after each major terrorist incident. Despite this it would be incorrect to compare the current environment for economic cooperation in the Middle East unfavourably with that of Europe in the past. Equally clearly, conditions and circumstances differ, which means it would be inappropriate simply to apply measures and models that have proved successful in Europe and expect similar results. Political will and a degree of commonality in national interest is certainly necessary if economic cooperation is to succeed. The partially favourable experience of the Gulf Cooperation Council would indicate this has been the case, while in so far as Magrib cooperation has worked, it has been because of common external threats as well as common opportunities.

Inward direct foreign investment

It is important in any case not to be too preoccupied with the current situation in the Middle East, as a successful peace process could transform economic prospects and possibilities. A secure peace would change the investment climate completely, which would place the region on a level playing field with areas such as the ASEAN countries, at least for political risk calculations. Multinationals that have held back from direct investment in the region would be more inclined to commit funds in case their rivals gained a market lead. The resultant capital inflows would create meaningful employment of the sort many well of the well-educated youth of the region would find highly attractive.

At the same time, the inward direct investment would be accompanied by technological transfers that could contribute substantially to economic modernization. Saudi Arabia and the Gulf states have benefited from such technological transfers, especially in energy-related industries, and have much modern industrial capacity. In contrast, much of the plant in Egypt and Syria is dated; Israel also lags behind in terms of civilian technology, as few multinational companies have invested in the country.

Though the Middle East is at the centre of Western media attention, and oil sales and defence contracts link the economies with the outside world, to a large extent civilian activity is isolated, cut off from the international economy. Economic cooperation in the Middle East could help build economic bridges to the rest of the world, rather than merely strengthening internal bonds. It is not so much a matter of economic self-reliance as of attracting the attention of decision makers in multinational business.

At present, the view of multinational business is that there are too many small markets in the region, whose limited size means that establishing a presence is not viable. If the region could be viewed as an integrated market, with a choice for companies of service location, then international firms would be much more likely to commit themselves to investment. The Middle East has much to offer international business as a region, but by themselves the individual countries have only limited attractions.

Trade and commercial exchange

In what areas would economic cooperation be most fruitful, if the region is to realize the gains from international corporate investment? Trade barriers would clearly have to be removed between the countries of the area. This could be built into the peace process as part of the normalization of relations. Tariffs are not a major problem, as these have already been reduced under the Arab Common Market and the Gulf Cooperation Council agreements. Nevertheless, quotas were not abolished even between the participating states, and manufacturing was given national protection in its own home market. Often import-substitute industries enjoyed a position of virtual monopoly, but consumers paid a high price for this.

There was trade across the River Jordan even during the Israeli occupation of the West Bank, but this was tightly controlled until 1994.[10] The peace agreement between Israel and Jordan provides for the normalization of commercial relations between the two countries, but its impact on the West Bank economy is more open to question. Exports from the Palestinian Arab rural sector are still confined to a very limited range of agricultural produce. The complete ending of the Damascus boycott was, of course, an important agenda item for Israel, and this can bring gains to all parties if managed properly. Re-exports and entrepôt trade have long been important in the Middle East, and the lifting of trade barriers would present new opportunities. The duty-free zone of Jebel Ali near Dubai has been successful partly because of the economic arrangements of the Gulf Cooperation Council. The Port Said zone has attracted much less business, partly because of the lack of continuing economic cooperation arrangements amongst the northern Arab countries.

More welcome than merely warehousing and distribution, in any case, would be a greater degree of value added at the entrepôt sites. This could take the form of either servicing and the supply of spare parts or even some degree of local manufacturing, using imported components. The fact that there was a larger regional market might

just tip the balance as far as a multinational company is concerned, encouraging it to set up a manufacturing venture rather than a distribution facility.

Transportation infrastructure

Transport planning in the Middle East has been undertaken on a national rather than a regional basis.[11] There are no interstate highways like those in the United States or the European Union, only at best national trunk roads. The railway network is limited to within countries, and run down for the most part. There is not even an airline that can be described as world-class, merely many small national carriers, often with ageing fleets of aircraft and rudimentary computerized booking systems. Shipping fleets are also primarily national, but in practice many imports and even exports are carried in foreign-owned and registered vessels.

The countries of the region generally have substantial deficits on their balances of payments with respect to transport services. Regional sharing and pooling would seem a much better policy than internal competition. European airlines have cross shareholdings and collaborative arrangements for handling bookings to some destinations, and there have even been some merger moves as a result of the open skies policy. In the Middle East there is no similar cooperation. Middle Eastern Airlines may have a regional name, but today it is even more of a national Lebanese carrier than it was twenty years ago. In shipping, Cyprus, with its offshore company legislation, has been able to identify a gap which has generated much welcome business for the island. Regional cooperation could have retained the business onshore.

The most concrete area for cooperation is over road transport. If there was a comprehensive peace in the Middle East, the transport infrastructure could be planned on an integrated, regional basis. The peace between Israel and Jordan has resulted in new crossings being opened across the Jordan, and improvements to the road system are planned to reduce the travel time to Amman to two hours or less from the centre of Israel. Syria has less to gain in this respect from peace with Israel, as it has reasonable links to Beirut and Turkey, but an overland link to Israel, if a settlement with Damascus could be reached, would facilitate Syrian-Egyptian trade as well as commerce with Israel itself.

The trade of Jordan is likely to be redirected through eastern Mediterranean ports, and some Israeli goods for the Far East will transit through Aqaba or even Kuwait given the limited space for facilities at Eilat. There have been proposals to create a duty-free zone encompassing the neighbouring ports of Aqaba and Eilat, rather than having the present artificial divide at the head of the Gulf of Aqaba. Overland trade would be possible between Egypt and the eastern Arab world, ending its commercial isolation from the region. There is a ferry between Sinai and Aqaba, but eastern Sinai is not conveniently accessible from the Nile valley because of topography. In contrast, the northern Sinai route via Gaza is much easier terrain, and there is even a railway to be reopened and exploited. Given inter-Arab tensions, the trade routes through Israel open up new options for those states that have

already made peace with Israel. If Syria was to follow Egypt and Jordan's lead, there would be less need to worry over Iraq hindering its trade access to the Gulf, and even Saudi Arabia would enjoy new options with respect to its routes to the north-west.

Payments and currency

Intra-regional trade and commerce would not only be stimulated in the Middle East by better transport links, but by currency convertibility and stability. The countries of the European Union had free payments convertibility restored within a decade after the Second World War ended, even though exchange controls remained on capital movements. In the Middle East most currencies remain inconvertible, apart from those of the oil-exporting Gulf states.

Small convertible allocations are allowed for private and business travel, but authorization has to be obtained for the conversion of large amounts to pay for imports. All the usual features of soft currency countries are found, from import deposit schemes, to incentive hard currency accounts to pay for imports. Fortunately, most dual or parallel exchange rate systems have now been phased out, as these distorted trading patterns. Such systems were designed to permit the importation of capital goods and other 'necessities' at lower cost than consumer items, but in practice it is not always easy to define the differences between the categories.

The lack of payments convertibility was one of the major factors which undermined the Arab Common Market. There was not much point in having tariff reductions and the removal of quotas when payments remained tightly controlled. The bureaucracy involved in securing permission to have foreign exchange released itself contributed substantially to transactions costs, undermining the potential profitability of trade. This has also been a stimulus to black market currency dealings, and often when official parallel markets have been merged, an unofficial parallel market has appeared.

Exchange rate stability

The International Monetary Fund's policies of market-determined exchange rates have helped to reduce black market activity, as in practice the official rates of deficit countries have declined sharply. Such depreciations bring their own problems of course, not least inflationary pressures which may exacerbate the downward spiral of depreciation. Where exchange rates become volatile this is also highly damaging for trade, as it becomes expensive and difficult to arrange finance and documentary credits. One way round this is to use a vehicle currency for trading purposes, and in the Middle East the United States dollar is widely used for this purpose by both Arabs and Israelis.

One problem is that not everyone has access to dollars. Second, there are seignorage gains when dollars are held for transactions purposes, but these gains accrue outside the region, despite being financed from within. Third, the dollar is

not as stable as it once was, and its volatility against European currencies and the yen does not help Middle Eastern countries, which trade more with Europe and Japan than with the United States.

Certainly there would be substantial gains from payments and currency cooperation in the Middle East being included in the economic agenda of the peace process. There is much to talk about. A single currency is clearly unrealistic in the short term, but a parallel currency for intra-regional trade and commerce to replace the dollar is one possibility. This could be pegged to the Special Drawing Right, to which, interestingly, the Islamic dinar is aligned.[12] An alternative would be to have an exchange rate mechanism, on the European Union model, with the currencies permitted to fluctuate within mutually agreed and predetermined bands. Devaluation or revaluation would be possible, but only after consultation between the participating countries. This was also of course the Bretton Woods model, but just as it has been given a regional dimension in Europe, it could be applied to the Middle East. There are Middle Eastern precedents. The currencies of the Gulf Cooperation Council countries are aligned in this way, and there has been little problem in maintaining the parities.

Since 1993 the European exchange rate mechanism has maintained extremely wide bands, but the principle of consultation remains. In the Middle East the foreign exchange priority should be to establish similar mechanisms for consultation, with the actual determination of any bands a second-order issue. The other issue is currency convertibility for both payments purposes and investment flows. Full convertibility has, of course, always been enjoyed by the oil-exporting states of the Arabian peninsula, and even Kuwait had only to restrict convertibility for a short period during and after the Iraqi invasion. The northern Arab states and Israel have controls on both payments and capital flows. They are unlikely to be able to liberalize unconditionally with respect to both payments and capital flows.

Regional liberalization of payments would be a modest first step, and would help promote intra-area trade. The sterling area and the French franc zone are historical precedents for this, but a Middle Eastern zone would have the significant advantage of being between geographically contiguous countries. Unlike the British and French cases in the days of empire, there would be no question of one currency being dominant. If such an area had been created in the 1970s, the Saudi Arabian riyal might have played this role, but in a time of lower oil prices this is less likely. The Israeli shekel could be a contender, especially in view of the country's improved inflation record in recent years, but Israel's economic position *vis-à-vis* its neighbours is not as strong as Germany's in the European Union, especially in view of the low intra-regional trade levels.

Nevertheless, regional payments liberalization would create a trade preference zone which could promote regional trade. This would have relatively minor balance of payments implications initially, because of the low amount of current intra-regional trade. Starting from a low base it should be possible to make significant progress even in the short run, which would be a very visible demonstration of the gains from regional economic cooperation.

Regional investment flows

The liberalization of investment flows is a potentially more difficult area, as there is a distinct possibility of capital flight to major international financial centres. This problem has arisen in many regions of the Third World where there have been attempts to liberalize capital controls, often as part of an investment incentive policy. In practice, the inflows from the advanced industrialized countries have often proved disappointing, and have been exceeded by outflows of locally owned and controlled capital.

Regional liberalization of capital flows presents fewer problems. Though the countries complement each other and offer distinctive investment opportunities, there is unlikely to be a flight of capital from one part of the region to another, seeking a safe haven. All the countries are in a similar situation as far as political risk is concerned, as the very high-risk countries such as Iraq, Yemen and Sudan are excluded from the calculation, being regarded as of no interest to investors given their current circumstances. Indeed, the major risk identified by investors in the markets of potential interest, which all the other countries share, is that the Middle East peace process will break down. Against this overriding uncertainty, the other political risks seem quite manageable.

There would be considerable advantages if the regional liberalization of capital flows was extended to the Gulf Cooperation Council states, given their significance as sources of portfolio capital. At present, most of the capital outflows from these countries end up in major international financial markets, where the bulk of the governmental, commercial bank, corporate and personal asset portfolios are held. Most of the transfers from the Gulf states to the northern Arab countries over the last two decades have been on an intergovernmental basis, but financial constraints will limit such flows in the years ahead.[13]

In contrast, there is considerable potential for attracting private financial flows from institutional investors and private individuals. Private portfolio investors from the Gulf would need to be assured that disinvestment was possible and that the outlook was for exchange rate stability, as they would not want to see the value of their assets reduced.

Alternatives for achieving cooperation

Having identified the areas where economic cooperation would be potentially beneficial, the next task is to examine which structures would be most appropriate to facilitate these gains. Two specific issues need investigation. First, what form should the cooperation take, especially given the lessons from the European Union and what has been attempted in the Middle East to date? Second, there is the question of the geographical extent of the cooperation arrangements. Which countries should be included, and which excluded?

This is not simply a matter of defining one spatial zone. It may be that initially a core of areas are included, for example Jordan, Israel, the West Bank and Gaza, the

original Palestine mandate, which still makes economic sense. Later, the community could be extended to include Syria, Lebanon and Egypt. A third enlargement might bring in the Arabian Peninsula states. This has been the type of enlargement process undertaken by the European Union.

Alternatively, instead of a time sequence, there could be different levels of cooperation simultaneously. A customs union arrangement with a common external tariff might extend to the core states of the Palestine mandate only. There might be a second level of cooperation involving a free trade agreement with the removal of trade restrictions, but no obligation to agree on a common external tariff or other shared policies. This might encompass Egypt, Syria and Lebanon. At the widest level, the Gulf Cooperation Council countries and a reformed Iraq might be involved, with guarantees on capital flows and possibly mutual consultation on currency alignment and exchange rate policy.

Before considering these issues in detail, it might be instructive to review briefly some of the cooperative efforts in the Middle East to date, focusing in particular on those involving Jordan, Syria and Egypt.

Middle Eastern economic cooperation

Attempts at Arab economic cooperation date from as early as 1950 when the Arab Joint Defence and Economic Cooperation was signed under the auspices of the Arab League. Multilateral agreement was reached on the regulation of transit trade in 1953, but in practice this failed to amount to much, as over-land links from the most populous Arab state, Egypt, would have had to transit through the State of Israel, which was subject to a trade boycott by the Arab states. This hurt all parties, not only Israel.

The most ambitious attempt at Arab economic cooperation was instigated by Nasser in 1958, with the founding of the United Arab Republic. With the two major participants, Syria and Egypt, separated geographically by Israel, it never stood much chance of success. Then there was the Arab Common Market agreement of 1964 between Jordan, Iraq, Syria and Egypt. This was ambitious on paper, but never really took off, and again it was the Israeli factor that damaged the agreement, as Egypt was virtually suspended after the Camp David Accords.

Jordan did, however, benefit considerably from the arrangement, as intra-Arab trade was significant for its economy, especially the small-business sector which served the Iraqi market as well as Jordan. There can be little doubt that Jordan, because of its small size, has much to gain from regional efforts for economic cooperation.[14]

Against this background, it is clear that the Middle East peace process could help to remove some of the obstacles that have inhibited previous unity efforts. The incorporation of Israel into the framework can itself bring gains. Events involving Israel have, of course, had economic consequences for these Arab 'front-line' states, but most economists have treated these as extraneous shocks to the system.

If the peace process moves forward, Israel could become more of a participant in Middle Eastern development. Its role to date has been more destructive than constructive, as its mere presence has stimulated military expenditure in the Arab 'front-line' states, to the detriment of civilian economic activity. In Israel itself the economy has been enormously distorted by the defence sector. One of the most substantial gains from the peace process could be a more balanced and normal development.

Forms of economic integration

THE COMMON MARKET OPTION

There are many options as far as forms of integration are concerned, each type of arrangement suiting a particular set of economic circumstances and objectives. The common market option has already been tried in the Middle East, as indicated above, but it did not address key issues, particularly the lack of currency convertibility. It is in some respects too ambitious as a first step, as it implies agreement over a common external tariff, over which there are certain to be differences of opinion between Israel and its Arab neighbours. This has already been apparent from the Israeli-PLO economic discussions, although under the agreement reached in July 1994 the Palestinians were obliged to accept the existing external tariffs decided by Israel.

A common market is designed to ensure mobility of factors of production as well as traded goods. This raises the potentially controversial issue of free movement of labour. It is important to bear in mind the effects of labour mobility to date. There has been a considerable degree of labour movement between Israel and the West Bank and Gaza, with Arab labour commuting to Israel, and Jewish settlers coming to live on the West Bank and in Gaza. Israel has nevertheless closed its borders with Gaza and the West Bank following each major terrorist incident, which violates the conditions of any common market arrangement.

Land, of course, is not a mobile factor of production by definition, but within common markets it is usual for citizens of any participating state to have the right to purchase and reside on land in any other state. This has caused major problems in the inter-communal talks in Cyprus between the Greek and Turkish leadership, the solution to which can only be political. Similar difficulties must be expected between Israel and its Arab neighbours, which implies a need for political understanding as well as economic cooperation. A FREE

TRADE AREA

A free trade area would appear to be a much easier and more realistic first option. There could, however, be some common elements, as it would strengthen the position of the participants in external trading relations if they could negotiate as a bloc with the outside world rather than as individual states. It should be possible to do this even without a common external tariff. The Gulf Cooperation Council

states do not have a common external tariff on all categories of imports, but they have, nevertheless, been able to negotiate with the European Union as a team, from a pre-agreed position, over petrochemical exports and other matters.[15]

A SINGLE MARKET

A single market is an even more ambitious goal than a common market and it is clear that the necessary preconditions for this form of economic integration are not met in the Middle East. Nevertheless, there are features of the European single market that deserve consideration in the context of economic discussions relating to the peace process.[16] The issue of regional non-discrimination in government procurement, for example, could bring benefits to Middle Eastern suppliers, especially if regional sourcing is substituted for external purchases. This, of course, raises security issues, especially with regard to the sourcing of military equipment purchases. It may still be far-fetched to see Israel as a supplier of military equipment to its Arab neighbours under present circumstances, but the fact remains that Israel is a significant arms exporter to developing countries elsewhere, and it would be well placed both logistically and competitively to supply states in its own region. Military assistance to the PLO may come first, but clearly much political dialogue would be necessary before such trade in military equipment was instigated with Egypt and Jordan, not to mention Syria and Iraq.

The freedom for financial institutions that were regulated in one Middle Eastern country to do business elsewhere in the region could also be beneficial. This could apply to commercial banks, insurance companies and investment institutions. One result would be to ensure that finance was allocated optimally across the region rather than being constrained by national boundaries. This could raise returns on investment, and perhaps feed through to increase the incentive for savings.

In a region such as the Middle East where institutional and legal factors reduce the supply of savings, and where there is considerable evidence of financial repression, a wider market solution could bring significant gains.[17] This could "serve to lessen external dependence on governmental financial assistance from the West. The region's banking system is fragmented, and cross-border mergers could bring benefits. It might also promote stronger indigenous insurance companies, which could offer underwriting services. These are at present mainly provided by Lloyd's of London in the case of major risks. The wider market would permit the development of unit trusts (mutual funds) and investment trusts, as currently the products offered to Middle Eastern investors are largely related to Western equities.

MONETARY UNION

The European Union leaders set themselves very ambitious targets at the Maastricht summit. Agreement was reached on the steps and conditions for achieving monetary union. Provision was made for a European central monetary institution, and a detailed timetable agreed for the moves towards a single European currency.

There was recognition at Maastricht of the benefits a single currency would bring in terms of monetary stability and the reduction of transactions costs for traded goods and factors of production moving within the single market. Once the single currency starts functioning national boundaries will no longer represent economic or commercial frontiers; indeed, since 1 January 1993 their significance has been much reduced.

Could such harmony of monetary interests be recognized between the Middle Eastern states through the peace process? The fact that no Middle Eastern currency has international status is a major disadvantage, as transactions are frequently conducted in vehicle currencies as already indicated. Not only are Middle Eastern currencies poor media of international exchange but, given the inflation problems in many of the countries of the region, they are also recognized to be poor stores of value. This contributes to the low savings ratios and undermines confidence generally.

There is a strong case for placing the issue of monetary union on the economic agenda of the peace process, not least because a strong commonality of regional interests can be identified. As in the European Union, the initial step may be to aim for a banded exchange rate system, then to set targets for monetary and fiscal convergence. Governments within the region are at present subject to IMF constraints on government borrowing. Regional economic agreement over these matters would increase rather than reduce monetary sovereignty.

Extent of coverage of a zone of economic cooperation

The geographical extent of a zone of Middle Eastern economic cooperation may ultimately be politically determined, but, in economic terms, the boundaries are best considered functionally. A free trade area, for example, might encompass much of the region, from Syria and Lebanon in the north to Egypt in the south. The European Union has already made such a suggestion for the region. The zone for capital mobility might include Saudi Arabia and the Gulf states. A single currency may be desirable in the long run for the core countries and regions involved in the Middle East peace process: Israel, Jordan, the West Bank and Gaza. One possibility would be a new 'peace currency' based on the shekel and Jordanian dinar, as both circulate in parallel already on the West Bank. Other countries in the region might choose to align their exchange rates to the 'peace currency'; that would be for them to decide.

Such an approach has many advantages. It is not necessary to have all the countries involved in the peace process agreeing to the whole package. Countries can pick and choose what suits their economic interests best. This flexibility is more likely to ensure acceptability, as is the identification of specific costs with particular benefits.

A multi-dimensional approach means that different countries can participate to varying degrees. It maintains choice and ultimately protects sovereignty over issues in which national interests are felt to be important. At the same time it also brings

into focus the price of sovereignty for limited populations on restricted territorial areas. In the longer term, this may lead to some interesting debates as the trade-offs become more apparent. Out of this may come further progress towards wider and deeper economic integration.

Priorities for economic cooperation

There are many fields where economic cooperation can bring benefits to the regional participants in the Middle East peace process. It is, however, necessary to define an agenda, as it would be difficult to explore every avenue in depth simultaneously. There are choices between concentrating on trade or investment issues. Participants must determine what forms of cooperation to aim at first. Should the priority be a free trade area, a customs union, a common market or a single market? Should currency, payments and monetary matters be considered in parallel or sequentially?

It is clear from the discussion in this chapter that a free trade area may be easier to discuss than a customs union arrangement. All the regional participants involved in the Middle East peace process could usefully be involved in this, especially in the initial meetings to define objectives and consider a time-table. The Casablanca summit in October 1994 was the first time a meeting on Middle Eastern economic issues had been held with Israel, Turkey and most of the Arab countries present. At this the normalization of trading relations was agreed but, interestingly, the main emphasis was on attracting inward investment.[18]

Certain features of a common market may appeal to some groups of participants, such as cooperation over labour mobility. Not all countries may wish to participate in these talks. It is better to include only those that are positive on these matters, at least initially. Capital mobility may interest more of the participants. The issue of investment from external sources needs to be distinguished from that of the flow of funds within the region. There may be more consensus over the desirability of the former rather than the latter. Also separate are the issues of portfolio investment versus direct investment, matters which, as indicated above, were discussed at the 1994 Casablanca summit. The latter involves multinational companies, and the Middle Eastern states, as potential host nations, may take differing stances on this. Portfolio investment raises other questions, such as the desirability of a regional stock exchange and its possible location.[19] A regional bond market might also be of interest to Middle Eastern governments which could tap it for their financing needs. Would it share the same location as the stock exchange and, if not, would that matter?

One priority area that may be of particular interest to Jordan, Israel and the Palestinians is the question of currency. A Palestinian currency could exist as a symbol, rather like Luxembourg or Scottish bank notes, but monetary independence and the creation of a fully fledged central bank to serve the Arab communities of the West Bank and Gaza are not really an attractive option. Such a currency would have to be pegged to an external standard, in any case, if it was to enjoy confidence. It would introduce transactions costs that would inhibit investment and trade, and

retard the growth of Palestinian earnings.[20] A much more attractive prospect would be a new currency standard, the 'peace currency' outlined above, for Jordan, Israel and the Palestinians, which would enjoy international backing. As an entity, the core peace region could enjoy a significant quota with the IMF. The currency would be of considerable significance in the Middle East and would be attractive even to third parties as a medium of exchange and store of value. For Israelis, the merits are clear. They could maintain their own notes if they wished, like Scotland or Northern Ireland, but there would be a currency standard that was much less prone to inflation than the loosely managed shekel has been in the past. The new currency would be on par with the Jordanian dinar and the Palestinian notes. They would be interchangeable in shops, not merely in banks, with no transactions costs for conversion.

Eventually, the parties might even agree to a common form of note, but that would not matter in economic or financial terms. There would have to be monetary cooperation, with a coordinating body for currency management, jointly based in Jerusalem and Amman. The central banks of Jordan and Israel would continue their bank inspection role, and would still act as lenders of the last resort to commercial banks doing business in their countries. The new currency board would have responsibility for foreign exchange reserves to support the new currency standard, and for the day-to-day management of exchange rates.

Such specific cooperation would be an imaginative way of handling a practical problem that has already arisen with Palestinian economic autonomy. A separate currency standard for the West Bank and Gaza would be very much a second-best, non-optimal solution. A common currency standard would constitute the platform from which economic integration could proceed, if there was agreement that such a goal was desirable. Given the advantages, it certainly seems an idea worth exploring. It may well become more urgent if the peace process advances.

Notes

1 Estimated on the basis of World Bank figures.
2 United Nations Centre on Transnational Corporations, *World Investment Report: The Triad in Direct Foreign Investment,* New York, United Nations Centre on Transnational Corporations, 1991, pp. 9–15. For an account of the view of the Middle East by multinational business, see Dan Singer, *Multinational Corporation Survey of New International Peace Scenario,* New York, CRB Foundation, 1990, pp. 7–55.
3 Dennis Swan, *The Economics of the Common Market, 4th* edn, London, Penguin, 1978, pp. 20–21.
4 Ahmed M.El-Agraa, *The Economics of the European Community,* Oxford, Philip Allan, 1980, pp. 16–17.
5 Loukas Tsoukalis, *The New European Economy: The Politics and Economics of Integration,* Oxford, Oxford University Press, 1991, pp. 17–21.

6 Jurgen Muller and Nicholas Owen, 'The Effect of Trade on Plant Size', in A.Jacquemin and A.Sapir (eds), *The European Internal Market,* Oxford, Oxford University Press, 1989, pp. 51–69.
7 Rodney Wilson, *Banking and Finance in the Arab Middle East,* London, Macmillan, 1983, pp. 43–9.
8 United Nations Economic Commission for Western Asia, *Economic Integration in Western Asia,* London, Frances Pinter, 1985, pp. 77 ff.
9 Elias T.Ghantus, *Arab Industrial Integration,* London, Croom Helm, 1982, pp. 63 ff.
10 Hisham Awartani, 'Palestinian Israeli Economic Relations: Is Co-operation Possible?'. Unpublished paper delivered at the conference on The Economics of Middle East Peace, John F.Kennedy School of Government, Harvard University, 14–16 November 1991, pp. 6–7.
11 Rodney Wilson, 'Development of Transport Infrastructure for Inter-State Trade Throughout the Eastern Arab World', in Gerd Nonneman (ed.), *The Middle East and Europe: An Integrated Communities Approach,* London, Federal Trust for Education and Research; Brussels, Trans-European Policy Studies Association, 1992, pp. 175–8.
12 The Islamic dinar is the unit of account used by the Jeddah-based Islamic Development Bank.
13 Bodies such as the former Kuwait Fund for Arab Economic Development now have a wider, extra-regional remit, which is reflected in the name change to the Kuwait Fund for Economic Development.
14 For a background assessment of Jordan's external trading position see Monther Share, 'Jordan's Trade and Balance of Payments Problems', in Rodney Wilson (ed.), *Politics and the Economy in Jordan,* London, Routledge, 1991, pp. 104–22.
15 Rodney Wilson, *Euro-Arab Trade: Prospects to the 1990s,* London, Economist Intelligence Unit, 1988, pp. 88–97.
16 For a review of the single market and its implications see Ernest Wistrich, *After 1992: The United States of Europe,* London, Routledge, 1989, pp. 3–10 and 51–76. Also Valerio Lintner and Sonia Mazey, *The European Community: Economic and Political Aspects,* London, McGraw-Hill, 1991, pp. 42–54.
17 Subrata Ghatak and Fawzi Khatib, 'Inflation, Financial Intermediation and Economic Growth in Jordan', in Wilson, *Politics and the Economy in Jordan,* pp. 125–35.
18 Julian Ozanne and Francis Ghilles, 'Wary Businessmen Welcome Mideast Progress', *Financial Times,* 1 November 1994, p. 7.
19 Rodney Wilson, 'The Creation of Financial Institutions to Promote Economic Complementarity', in Nonneman, *op. cit.,* pp. 169–74.
20 Ephraim Ahiram, 'The Future of Economic Development of the West Bank and Gaza and of their Economic Relations with Israel and Jordan'. Unpublished paper delivered at the conference on The Economics of Middle East Peace, John F.Kennedy School of Government, Harvard University, 14–16 November 1991, p. 9. The author suggests that the Jordanian dinar and Israeli shekel should continue to circulate on the West Bank after an interim settlement, ignoring the transactions costs involved. Perhaps surprisingly, even when fiscal and monetary issues are discussed, the currency question is ignored. See Patrick Clawson and Howard Rosen, 'The Economic Consequences of Peace for Israel, the Palestinians and Jordan', The Washington Institute for Near East Policy, Policy Paper no. 23, 1989, pp. 71–2.

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