# RESHAPING THE MIDDLE EAST:
# Why and How?

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Contents

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PREFACE

This paper is composed by a set of notes and materials that have been collected and written sporadically. The initial idea was to write a book on the subject, however, due to other engagement, this project is now interrupted. The main argument in this paper is open to falsification and challenges are welcomed.

A part of the present study will be published as a chapter in a forthcoming book (UCLA Press: A Matter of Principle: Humanitarian Arguments for the War in Iraq).[1]

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RESHAPING THE MIDDLE EAST: Why and How?

**'England [the USA] has to fulfil a double mission in India [Iraq]: one destructive, the other regenerating the annihilation of old Asiatic society, and the laying the material foundations of Western society in Asia [the Wider Middle East]'.**
**(Karl Marx, The New-York Daily Tribune, August 8, 1853).**

INTRODUCTION

The tremendous event of 9/11 has had and still has an enormous impact on the Middle East. Its most important effect is the injection of a 'new' dynamism into the Middle Eastern political arena. Some observers entitled this new era as a transformative moment (Kelly 2003). The main assumptions in this paper are as follows:

1. The need for change is motivated by the fact that the Middle East remains the most static region of the world.

2. The continuation of the 'stability' prior to 9/11 is highly threatening the world security. Therefore it must be changed.

3. External support is required to initiate the democratization process in the Middle East.

# 1. INVESTIGATING THE PROBLEM

<u>A failed region with dangerous stagnation</u>

The Middle East is the world's most static region. Since the Islamic revolution in Iran in 1979 and until the fall of Saddam's regime in 2003, nothing has substantially changed in this region. The entire world has gone through a tremendous transformation of all kinds. The Cold War has ended, the Soviet empire is disintegrated, the apartheid system has come to its end, and the entire Europe has become democratic. In Latin America, democracy is replacing military dictatorships; Communist China is becoming capitalist, and so on and so forth. In the Middle East, non-democratic and brutal regimes continue their domination. Israel and Lebanon are the only democratic regimes of the region; the former is a brutal occupying power and the latter a confessional democracy. Many had hoped that the Oslo and Washington arrangements of 1993 would bring a real change to the region; the opposite happened. The world was expecting that the end of the Gulf War in 1991 would lead to a 'new world order'. Nothing in this direction did happen. In Saudi Arabia and in the Sheikhdoms of the Persian Gulf, tribalism, discrimination of all kinds (religious, political, gender, and ethnical in particular) continue. In Iran, when Mohammad Khatami was elected president in 1997, a large majority of Iranians had hoped that this event would change the Iranian situation and that the Reform Movement would prevail. The result was catastrophic. Under the first presidency of Khatami, assassination of intellectuals and members of the opposition was continued by agents of the Ministry of Intelligence. In 2001, Iranians gave Khatami a second chance. He spoiled it dramatically. In Syria, Bashar al-Asad has succeeded his autocratic father; the Ba'th old guard is continuing his absolute control over the destiny of the country. In Jordan, the young King Abdallah II became king after the elimination of his uncle Prince

Hassan by the late King Hussein. In Egypt, since 1981, President Mubarak reigns over the land of the Pharaohs. In Israel and in Palestine, the vicious circle of occupation, resistance, violence and terrorism is becoming a part of the daily life without any real solution in sight. In this situation, continuing with a false 'stability' which perpetuates stagnation is threatening the world's security.

There are two types of stability: mechanic and dynamic. The former refers to the *dictatorial stability* and the latter to the *democratic stability*. Rawls talks of 'stability as a balance of forces' and 'stability for right reasons' (Rawls 1999, 44-45). Dictatorial stability applies to a situation where order is established by force, terror and systematic intimidation, and where there is no substantial free adherence of the population. Such stability because of the lack of free support of the population and the lack of a genuine democratic control over political decisions, leads to an arbitrary foreign policy. Great issues such as war and peace, cooperation and conflict are decided by either a single person or a limited non-elected group. Dictatorial stability seems robust on the surface, but in the core, it is quite fragile indeed. Since the dictatorial construction does not permit any room for plurality, its resistance to political vibrations is extremely limited, and the risk that the whole construction collapses is always present. In the dictatorial stability, accountability is an alien practice, and responsibility remains hidden and non-questionable.

Democratic stability refers to a situation where order is established on the basis of the population's free participation in the political process. Decisions on foreign policy are taken after a careful deliberation between the responsible and elected authorities. In a democratic stability, the political flexibility is high and the entire construction constantly interacts with the rival forces. The democratic stability appears fragile on the surface. In reality it is a robust construction which is able to react

prudently and adequately to internal and external shocks. Democratic stability is a responsible order where transparency is required.

The Middle Eastern stability previous to 9/11 was and still is a mechanic and a dictatorial stability. Until 9/11, the situation was *grosso modo* bearable for the USA and other western countries. To them, this stability was profitable too. As President George W. Bush said: 'for decades, free nations tolerated oppression in the Middle East for the sake of stability. In practice, this approach brought little stability, and much oppression. So I have changed this policy' (Bush 2004). The radical change in the American policy is due to the tragic event of 9/11. This event was in reality the last straw which broke the American's backs. The 9/11 came after a serial of events in which American and western citizens, embassies and installations during two decades had been targets for terrorist activities: in Tehran, Beirut, Paris, Nairobi, Dar al-Salaam, Luxor, in Cairo and many other places worldwide (Argentina, Indonesia, the Philippines etc.). Therefore, the 9/11 (2001) represents for the Middle East what the 11/9 (1989) represented for the Eastern European countries. On one important point do these two major events differ. The stability that governed in the Eastern European region was of a dictatorial type imposed by the USSR. As a dependent region, the Eastern European countries did not independently represent a threat to the Western European countries nor to the USA. The real threat came from the USSR. At that time, NATO had a single rival and interlocutor: Moscow. The situation is completely different in the Middle East. In this region, there is no super power equivalent to that of the USSR which by itself can take comprehensive decisions about regional or global security. Furthermore, there is no clear interlocutor but a lot of enemies. The entire region is fragmented among small and large states; all non-democratic and without any cohesive political constructions. Existing regional associations such as the Arab League or the Gulf Cooperation

Council (GCC) are far from being unity-making institutions. The lack of centralized institutions or a powerful state in this region makes impossible any compromise, any deal, or any political opening which could assure a durable stability. The protracted political stagnation on the one side, and the great danger that this situation contains for the world's peace and stability on the other, are two factors which make the political change in the Middle East urgent.

One could ask why precisely the Middle Eastern and the Muslim world at large are threatening the security of the world, while, in terms of casualties, other parts of the world, Africa in particular, dramatically exceeds the number of casualties which originate from the Middle East. More than one million people were massacred in Rwanda and Burundi; each year, millions of people die of hunger, aids etc. Despite the cruelty of the facts, the rude reality is that the African tragedy is limited to Africa itself however and does not have much contagious effect over other parts of the world. Neither the world political, social nor economic and financial situation are significantly affected by the African tragedy. This is not the case of the Middle East. An explosion in Jerusalem, or a quick Israeli military expedition in Syria, or Saddam Hussein's reluctance to co-operate with international inspection agencies have an immediate impact on the bourse in Tokyo, New York and elsewhere. The impact on the oil prices in the world market is even more sharp and rapid. Furthermore, experiences have shown that in some circumstances great events in the Middle East are affecting the result of the US presidential elections, which was for example the case of President Jimmy Carter's defeat and the victory of President Ronald Reagan in 1980 as a consequence of the hostage crisis in the American embassy in Tehran. The pro-Arab policy of President George Bush (the first) is mentioned as being the cause of his defeat in 1992. The considerable impact of the crisis in the Middle East on the presidential election of

November 2004 seems obvious. Based on these facts, it is legitimate to consider the Middle East as a 'particular' region with a special potential to affect the world's peace and security.

Moreover, during the last three decades, the Middle East has been and still is the world's greatest producer and exporter of *oil, terrorism and emigration*. It is a well-established fact that not only are the world's far largest oil reserves found in the Muslim world, but equally that the large majority of world-wide terrorist actions are undertaken by someone who call themselves Muslims. Furthermore, the large majority of world emigrants are Muslims. These three elements together constitute what we may call the *Islamic triad*. In this situation, allowing a group of autocrats to repress their own population, to violate the basic human rights, and to produce global terrorism is not tolerable. In justification of their acts, some of these autocrats evoke Islamic, tribal and national values and particularities (*Islamocracy*). It is highly objectionable that all these values and particularities are always interpreted in favour of repression and arbitration, and never in the direction of freedom and political plurality. Stoning, cutting hands, feet, and ears off the people, torture and terrorism do not belong to the culture of humanity in the 21st century. Other autocrats of the region are using the threat of Islamists as a pretext for their repressive policy. This is a false argument since precisely the very nature of these regimes is what is producing Islamism.

Furthermore, the general backwardness of the Arab societies is confirmed by the United Nations Development Programme (UNDP 2002, 2003). To mention only a few examples of the UNDP reports, Arab countries have not developed as quickly as comparable nations in other regions. For the most part, the region lacks open and accountable governance. Women's participation in the workforce, and in political and professional life, trails behind the rest of the world. In spite of substantial progress in school enrolment, the region is still deprived concerning

educational level; 65 million adults are still illiterate, almost two-thirds of them women, and 10 million children are out of school. Investment in research and development is less than one-seventh the world average, and Internet connectivity is worse than in Sub-Saharan Africa. Inter-Arab cooperation remains an unfulfilled dream although it is vital to the region's ability to survive and compete. The overall GDP of the region at the end of the 20th century (US$604 billion) was little more than that of Spain ($559 billion). After the oil boom of the 1970s, most of the economies of the Middle East and North Africa either stagnated or declined. One in five Arabs still lives on less than $2 a day. The two reports point out an urgent need for future reforms.

The combined population of the 22 Arab countries was 280 million in 2000; 5% of the world. Arabs are younger than the global average: 38% are aged 0 -14. Migration within, from and to the Arab region is an important demographic feature, as is urbanization. Half the population lives in cities compared to a quarter in 1950. Growth rates are still high: there will be between 410 and 459 million Arabs in 2020, with a slightly older age structure than that of today.

On the positive side, Arab countries have made tangible progress in improving literacy: adult illiteracy dropped from 60% in 1980 to around 43% in the mid-1990s; female literacy rates have tripled since 1970. Yet, 65 million adults are illiterate, almost two-thirds of them women – this is not expected to disappear for at least a quarter century (AHDR 2002). The whole Arab world translates about 300 books annually, one fifth of the number that Greece translates (AHDR 2003).

Despite differences across the region, all Arab countries face three critical deficits: freedom, women's empowerment, human capabilities and knowledge relative to income.

## 2. THE CAUSES

### The structural roots of stagnation

The Middle Eastern particularity is enhanced by its complexity. The complexity essentially emanates from the fact that in the Middle East, unlike in other regions, not only one or two elements are blocking or hindering the progress; there are a number of closely interrelated elements. In such a situation, it is hard to identify the 'cause' and distinguish it from the 'effect'. Is imperialism and external constant interference in this region the cause of backwardness or is the latter rather the cause of the former? Is Islam an obstacle to political modernization or is it caused by other factors? In this perspective, we need to reduce the multitude of factors into a meaningful number which will enable us to better understand the Middle Eastern situation. The selected factors are the following: 1) Asiatic mode of production (or non-production) and persistence of the rentier economy; 2) Oriental despotism; 3) religious obscurantism, and 4) strong external interference. See figure 1.

*Figure 1. The circle of stagnation*
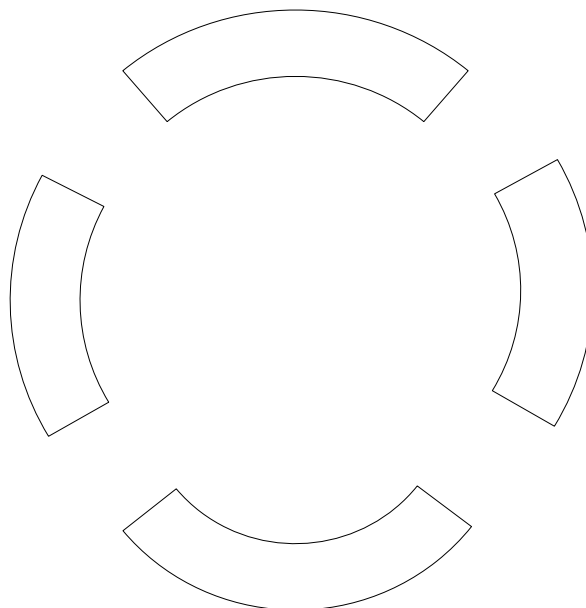
Historically, the above elements are self-reinforcing and constitute a closed vicious circle. Therefore, the Middle East has not been witnessing any qualitative change consisting of a transition from a stage to a new one. In broad outline, the general situation of the Middle Eastern societies is submitted to a synchronic order (the static model) in opposition to the diachronic order (dynamic model).

## 2.1 The Asian Mode of Production thesis and the rentier economy

The Asian mode of production (AMP) refers to Marx's 'mode of production' which identifies social formation in terms of epochs. In this way, the Asian, ancient, feudal and modern bourgeois modes of production may be designated as progressive epochs of socio-economic order. In Marx's view 'the mode of production of material life conditions the social, political and intellectual life-process in general' (Marx 1973, 503). In *The German Ideology*, he specified that the mode of production is as follows: 'the way in which men produce their means of subsistence depends first of all on the nature of the actual means they find in existence and have to reproduce'. He added that this form of production is a definite form of expressing their life; a definite mode of life (Marx 1964, 121). This statement curiously reminds us of the famous statement of Ibn Khaldun (1332-1406), a native of North Africa and the author of *Prolegomena/The Muqaddimah*. Departing from a general principle, Ibn Khaldun states that 'differences of condition among people are the result of the different ways in which they make their living. Social organization enables them to co-operate toward that end to start with the simple necessities of life, before they get to conveniences and luxuries' (Ibn Khaldun 1989, 91). The AMP represents the longest and the most stubborn mode of production. This is due 'to the fundamental principle on which it is based, that is, that the individual does not become independent of the community; that the circle of production is self-

sustaining, unity of agriculture and craft manufacture etc.' (Marx 1964, 83). In contemporary Middle East, the AMP is essentially expressed through the rentier economy. A rentier economy is defined as one where the rent situation predominates. Second, a rentier economy is an economy which relies on substantial external rent. Third, in a rentier state, only few are engaged in the generation of this rent (wealth), the majority being only involved in its distribution or utilization. Fourth, a corollary of the role of the few, in a rentier state the government is the principal recipient of the external rent in the economy (Mahdavi 1970, 428; Beblawi and Luciani 1987, 51-52).

In his well-documented study, entitled *Does Oil Hinder Democray?*, Michael L. Ross (2001) demonstrates that more than half of the government's revenues in Saudi Arabia, Bahrain, the United Arab Emirates, Oman, Kuwait, Qatar, and Libya have, at times, come from the sale of oil. The governments of Jordan, Syria, and Egypt variously earn large locational rents from payments for pipeline crossings, transit fees, and passage through the Suez Canal. Workers' remittances have been an important source of foreign exchange in Egypt, Yemen, Syria, Lebanon, Tunisia, Algeria, and Morocco, although these rents go (at least initially) to private actors, not to the state. The foreign aid that flows to Israel, Egypt, and Jordan may also be considered a type of economic rent (Ross 2001, 329).

Ross has explored the alleged link between oil exports and authoritarian rule following three causal mechanisms: 1) the rentier effect; 2) the repression effect; and 3) the modernization effect. Referring to Beblawi and Luciani (1987), Ross states that the rentier effect 'is through what might be called a 'taxation effect'. It suggests that when governments derive sufficient revenues from the sale of oil, they are likely to tax their populations less heavily or not at all, and the public in turn will be less likely to demand accountability from – and

representation in – their government' (Ross 2001, 332). The repression effect is the second causal mechanism which transforms a 'rentier state' to a 'rentier absolutist state'. The reason for this transformation originates from the power of repression. There is no doubt that 'Citizens in resource-rich states may want democracy as much as citizens elsewhere, but resource wealth may allow their governments to spend more on internal security and so block the population's democratic aspirations' (Ross 2001, 335). The final and third explanation is derived from the modernization theory. In this connection, the question is about the linkage between development and democracy due to wealth *per se* or not. The answer is negative. Otherwise if democracy automatically resulted from wealth alone, then Kuwait and Libya would be models for democracies, which is not the case. Ross believes that the rentier repression, and modernization effects are largely complementary. The rentier effect focuses on the government's use of fiscal measures to keep the public politically demobilized; the repression effect stresses the government's use of force to keep the public demobilized; and the modernization effect looks at social forces that may keep the public demobilized. All three explanations, or any combination of them, may be simultaneously valid (Ross 2001, 337).

Ross's four findings confirm that: 1) oil does hurt democracy. Oil does greater damage to democracy in poor states than in rich ones. We assume that Ross by 'rich states' mean 'productive states' or at least states where wealth is predominantly based on no-rentier production; 2) the harmful influence of oil is not restricted to the Middle East. Oil wealth has probably made democratization harder in states such as Indonesia, Malaysia, Mexico and Nigeria; 3) the non-fuel mineral wealth also impedes democratization; 4) there is at least support for three causal mechanisms that link oil and authoritarianism (Ross 2001, 356-358).

## 2.2 Empirical evidences

The following empirical evidences are based on official OPEC documents.

*Iran*

Iran's economy, which relies heavily on oil export revenues (around 80% of total export earnings, 40%-50% of the government budget, and 10%-20% of GDP), was hit hard by the plunge in oil prices during 1998 and early 1999, but with the rebound in oil prices since then, has recovered to a great degree. For 2002, Iran's real GDP grew by around 5.9%; for 2003 and 2004 it is expected to grow at slightly slower, but still healthy, 4.5% and 4.4% rates, respectively.

*Iraq*

The first few months of 2003 have been tumultuous ones for Iraq, and this is reflected in its oil export revenue picture. For 2003 as a whole, EIA is forecasting Iraqi oil export earnings of $10.6 billion, down 15% from the $12.4 billion earned in 2002, and only around half of revenues in 2000. This forecast assumes that Iraqi net oil exports start up this month, and will surpass 2 million bbl/d by the fourth quarter of 2003.

*Kuwait*

With oil revenues accounting for about 90%-95% of Kuwait's government income (and around 40%-50% the country's GDP), sharply increased oil prices from early 1999 through September 2001 had positive implications for Kuwait's financial, budgetary, and economic situations. For fiscal year 2003/04 (which runs through March 2004), Kuwait has assumed oil prices of $15 per barrel (for Kuwaiti oil), far below expected prices of around $23 per barrel.

*Qatar*

Qatar's real gross domestic product (GDP) is projected to grow at an annual rate of 5.0% in 2003, after growth of 3.8% in 2002. Growth for 2004 is forecast at 4.7%. This follows a phenomenal growth rate of 11.5% in 2000, which was largely the result of a sharp increase in natural gas exports. Inflation in Qatar remains relatively low, projected at 1.2% for 2003.

*Saudi Arabia*

With oil export revenues making up around 90-95% of total Saudi export earnings, 70%-80% of state revenues, and around 40% of the country's gross domestic product (GDP), Saudi Arabia's economy remains, despite attempts at diversification, heavily dependent on oil (although investments in petrochemicals have increased the relative importance of the downstream petroleum sector in recent years).

*UAE*

The overall performance of the UAE's economy is heavily dependent on oil exports, which account for about 30% of total gross domestic product (GDP). Growth in real GDP had slowed to 1.8% in 2001, largely as a result of cuts in oil export revenues, but it is projected to recover to 2.5% for 2002 and 3.3% for 2003. Growth in the non-oil sectors of the economy is expected to outpace growth in the oil sector over the next several years, as a result of increasing capital investment and the government's expansionary monetary policy.

Egypt which is a small oil producer and is not member of the OPEC, receives $ 2.1 billion aid per year from the USA.

## 2.3 The problematics of taxation

Related to the rentier economy, the taxation system or the lack of such a system constitutes a major obstacle to a democratization process. It is a confirmed fact that taxation has played a major role in the fall of despotism in Europe and the rise of democratic representative regimes. It was the case in French and English revolutions as well as in Sweden, Denmark and some other European countries. The slogan was '*no taxation without representation*'. In the Middle East where the rentier economy is dominant and a personal taxation system is either non-existing or is quite week and disarticulated, the slogan would be: '*no representation without taxation*'. Consequently, in so far as citizens do not pay tax or only very little and where the state is financially

*Table 1. OPEC oil export revenues at a glance*

| | Nominal Dollars (Billions) | | | Constant $2000 (Billions) | | | |
|---|---|---|---|---|---|---|---|
| | 2002E | 2003F | Change | 1972E | 1980E | 1986E | 2003F |
| Algeria | $12.6 | $17.3 | 38% | $5.5 | $27.5 | $7.2 | $16.2 |
| Indonesia | $2.9 | $2.4 | -17% | $3.7 | $31.8 | $7.7 | $2.2 |
| Iran | $18.7 | $23.1 | 23% | $17.1 | $28.0 | $9.1 | $21.6 |
| Iraq | $12.4 | $10.6 | -15% | $6.0 | $57.8 | $10.6 | $10.0 |
| Kuwait | $11.6 | $15.4 | 32% | $11.5 | $40.1 | $10.0 | $14.4 |
| Libya | $10.8 | $12.9 | 20% | $12.2 | $47.6 | $7.4 | $12.1 |
| Nigeria | $17.1 | $20.4 | 19% | $8.7 | $51.0 | $10.2 | $19.1 |
| Qatar | $7.1 | $8.4 | 19% | $1.8 | $11.4 | $2.3 | $7.9 |
| Saudi Arabia | $55.0 | $70.0 | 27% | $19.3 | $223.2 | $31.2 | $65.6 |
| UAE | $18.7 | $23.1 | 24% | $4.3 | $40.3 | $10.5 | $21.6 |
| Venezuela | $19.7 | $19.3 | -2% | $12.7 | $38.9 | $11.1 | $18.1 |
| TOTAL | $186.6 | $222.9 | 19% | $102.8 | $597.5 | $117.2 | $208.7 |

Source: OPEC, June 2003

independent from citizens' contributions, kings, ayatollahs, generals and sheiks will continue to reign practically without any real constraints.

Let us describe briefly the history of the taxation system in this region. The traditional taxation system in the Middle East in the Islamic period has been based on two different interrelated systems: religious taxation such as *Zakât* and *Khums* and non-religious taxation principally in the form of *Iqtâ'* (Cahen 1977). As regards taxation from non-Muslims living under Islamic political authority, they were subject to a higher and supplementary taxation (*Dhimma, Jazya, Kharâj* etc.). The *Iqtâ'*, which in general has been translated into European languages as 'fief', represented a form of delegation to collect taxation from a specific parcel of land or region (*qat'a*). Generals, Khans, Emirs and Governors had to pay to the Caliph or to the Sultan a fixed amount of money in exchange for having the total authority to collect taxation from a parcel of land allocated from the high authority (Caliph or Sultan). The genuine form of *Iqtâ'* was a fixed yearly sum of money payable according to agreement and without any regard to the prosperity of the population (Løkkegaard 1950, 103). The institution of the *Iqtâ'* was a general trend in the Middle East and North African societies which in itself attested the lack of the private property in this vast region. Perry Anderson describes very well the situation under the Ottoman Empire which extended over large parts of Muslim territories. The contours of the Ottoman Empire

'provide a strange contrast with those of the European Absolutism that was contemporary with it. The economic bedrock of the Osmanli despotism was the virtually complete absence of private property in land. The whole arable and pastoral territory of the Empire was deemed the personal patrimony of the Sultan, with the exception of waqf religious endowments. Ottoman political theory, the cardinal attribute of sovereignty was the Sultan's unlimited right

to exploit all sources of wealth within this realm as his own Imperial Possessions' (Anderson 1975: 365).

The difference between that time and now lies in the replacement of *land* as a main resource by *oil*. At the present time, the main resources of countries in the Middle East are still in the hands of non-elected governments or governments of caricatured democracies. The taxation system has also evolved from an archaic system to a bureaucratic one. However, the main problem remains the same: financial control of oil resources by non-democratic states. In the domain of taxation in the Middle East, data are rare and not always reliable. Among the IMF's various materials, 'Working Paper WP/02/67' has been chosen because of its comparative perspective.

The IMF working paper argues that a structural deterioration in public finances, leading to a fiscal deficit, is occurring in the Southern Mediterranean Arab countries (SMCs). The cause of this deficit appears to be a decline in the share of revenue in GDP, that is: these states fail to profit from the economic activities of society. Total revenue consists of tax- and nontax revenue, which again can be divided into subcategories (Table 1).

Starting with nontax revenue, which predominantly stem from state enterprises, sales of assets, fee and charges, and mineral rents, the SMC countries have relatively higher revenues (7,6%) than both the OECD-countries (3,1%) and the selected group of middle income countries (MICs) (3,3%). This is primarily due to sale of oil and phosphates.

Tax revenue (as % of GDP) has been rising in most SMC countries, but this trend has turned negative within the last 2-3 years and is expected to continue that way as the process of trade liberalization goes on.

Income taxes have risen due to an expanding private sector and a strengthening of the tax administration. The SMC countries are close to

the MICs on this parameter (5,1% compared to 5,4%) concealing the fact that Maghreb countries are doing much better than Mashreq countries. The potential for rising revenues through increasing income taxes is present in both Maghreb and Mashreq countries if a broader tax base and a more efficient taxation of the business community and the wealthy persons is obtained. In comparison the OECD-countries are on a 9,8% level.

With the introduction of a value-added tax (the VAT), the SMC countries run close to the comparator group of MICs when it comes to revenue from domestic taxes on goods and services (7,0% compared to 8,6%). The VAT has been very successful particularly in the Maghreb countries where some countries have VAT-revenues exceeding both middle income and OECD countries. Excise taxes (mainly petroleum products, alcohol and tobacco) are slightly lower than in the MICs, reflecting that petroleum excises are misused for diesel fuel and fuel oil subsidies leading to net expenditure on this account in many SMC countries.

Trade taxes (import duties) are about to decline because of the worldwide liberalization of the international trade (including free trade agreements with the EU, cf. *The Bacelona Process*). Traditionally, trade taxes in the SMC countries are much higher than in the rest of the world, averaging 4,3% in 1999-2000 vs. 1,4% in the MICs and 0,8% in the OECD. The trade liberalization will cause this part of the tax revenue to fall to an estimated level of about 2-4% of GDP presenting the SMC countries with a major fiscal challenge in the years to come.

The future presents major challenges for the SMCs. The trend towards lower nontax revenues in relation to GDP will continue. So will the tax revenues (% GDP) as a consequence of further trade liberalization if reforms are not undertaken. On the other hand there are opportunities at hand to carry through such reforms. A broadening of the tax base and

a strengthening of tax administration, further improvements in the VAT system and an adoption of a flexible exchange rate regime is recommended by the IMF working paper.

*Table 2. Composition of revenue structure in South Mediterranean Arab countries, selected MICs and OECD countries. Measured in percent of GDP.*

| | Total revenue | Nontax revenue | Tax revenue | | | | |
|---|---|---|---|---|---|---|---|
| | | | Individual and corporate taxes | Taxes on goods and services | Trade taxes | Social security taxes | Property taxes |
| South Mediterranean Arab Countries[1] | 25,3 | 7,6 | 5,1[4] | 7,0 | 4,3 | 1,0 | 0,3 |
| MICs[2] | 23,6 | 3,3 | 5,4 | 8,6 | 1,4 | 4,3 | 0,2 |
| OECD countries[3] | 32,5 | 3,1 | 9,8 | 10,0 | 0,8 | 8,5 | 0,7 |

1: Algeria, Morocco, Tunesia, Egypt, Jordan, Lebanon, Syria, West Bank and Gaza
2: Estonia, Hungary, Latvia, Lithuania, Poland, Turkey, Indonesia, Malaysia, Philippines, Thailand, Argentina, Bolivia, Brazil, Chile, Peru, Venezuela
3: Canada, Mexico, United States, Australia, Japan, Korea, New Zealand, Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom. Data collected from different time periods (1995-1999). Trade tax-numbers missing from EU countries (average computed from countries with available data).
4: Number slightly overrated as a result of flawed measurement method in Syria.
*Source:* Karim Nashashibi (2002), 'Fiscal Revenues in South Mediterranean Arab Countries: Vulnerabilities and Growth Potential', IMF working paper, WP/02/67.

### 2.4. The thesis of Oriental despotism

Oriental despotism is perhaps the oldest thesis on the particular situation of the region that in our days is called the Middle East. Aristotle said that 'barbarians are more servile by nature than Greeks, and Asians are more servile than Europeans; hence they endure despotic rule without protest. Such monarchies are like tyrannies, but they are secure because they are hereditary and legal' (Aristotle, *Politics*, III, ix, 3). Niccolo Machiavelli in *The Prince* (1954) puts this crucial question forward: Why did the Kingdom of Darius, conquered by Alexander, not rebel against the successors of Alexander at his death? Machiavelli's answer is clear:

> I answer that the principalities of which one has record are found to be governed in two different ways: either by a prince, with a body of servants, who assist him to govern the kingdom as ministers by his favour and permission; or by a prince and barons, who hold that dignity by antiquity of blood and not by the grace of the prince. Such barons have states and their own subjects, who recognize them as lords and hold them in natural affection. Those states that are governed by a prince and his servants hold their prince in more consideration, because in all the country there is no one who is recognized as superior to him, and if they yield obedience to another they do it as to a minister and official, and they do not bear him any particular affection (*The Prince*, chapter IV).

Montesquieu thinks that the lack of stable private property or hereditary nobility is derived from Oriental despotism. Moreover, Oriental despotism not merely rested on an abject fear, but also on an evasive equality among its subjects – for all were alike in their common subjection to the lethal caprices of the despot. For Montesquieu 'men are all equal in a republican state; they are also equal in a despotic state; in

the first, because they are everything; in the second, because they are nothing' (*De l'Esprit des Lois*, I, 81). Karl Marx for his part established a close relation between the Asiatic Mode of Production and the Oriental despotism. He stated that 'the despot here appears as the father of all the numerous lesser communities, thus realising the common unity of all. Oriental despotism therefore appears to lead to a legal absence of property' (Marx 1965, 69-70). However, the most famous theorist of Oriental despotism remains Karl Wittfogel. Wittfogel 'took Marxism as a starting point, not as a sacred text, and applied it to non-Western societies' (Taylor 1979: 812). Wittfogel's thesis is on the relation between Oriental despotism and the hydraulic problematic (Wittfogel 1957). Wittfogel emphasizes the importance of water in the rise of Oriental despotism. Since the hydraulic agriculture needs a division of labor, a kind of bureaucratic system becomes a necessity. This will lead to the rise of a powerful leader who has double qualities: a great 'engineer' and a 'priest' at the same time. Therefore, in Wittfogel's view, the origin of Oriental despotism lies in the particular hydraulic condition in Oriental societies.

Based on various editions of Oriental despotism, Perry Anderson resumed Oriental despotism's main characteristics as follows:

> state property of land; lack of juridical restraints; religious substitution for law; absence of hereditary nobility; servile social equality; isolated village communities; agrarian predominance over industry; public hydraulic works; torrid climate environment; and historical immutability (1975, 472).

Anderson concludes 'the political history of the Orient was thus essentially cyclical: it contained no dynamic or cumulative development.

The result was the secular inertia and immutability of Asia, once it had attained its own peculiar level of civilization' (Anderson 1975, 483).

Finally, Oriental despotism is not a uniform construction; it takes various forms and different shapes. From the 20th century until now, roughly, the greater Middle Eastern societies experienced the following forms of Oriental despotism: monarchical (Jordan, Morocco), tribal (Saudi Arabia, Kuwait and other Emirates); religious (Iran and Afghanistan under the Taliban); and military (Algeria, Egypt, Libya, Pakistan, Tunisia, Syria and Yemen).

## 2.5 Hegemony of religious mentality and behaviour

Religions do not change by themselves. Time does change and aspects of religion change under the pressure of time. The scope of change depends on the speed, deepness and intensity of the changing time. In a sense, time is like a river which shapes the rock, slowly, patiently and steadily. But what happens if time does not change or not enough or, if the river is no more a river but a mass of stagnated water? That is what has happened to the Middle East where the time has really not changed much, not substantially, in a societal, political and mental sense. There, time is not cumulative and meaningful. It is rather a collection of disparate and disconnected events which are repeating indefinitely.

The Middle East is the birth place of the three main monotheist religions: Judaism, Christianity, and Islam. This specificity has in a way affected the current situation of the region. While Jews and Christians became a minority in the Middle East, Islam continue to be the dominating religion of this area. Therefore, it seems more appropriate to focus on this particular religion than on the two others which somehow have their way to accommodate themselves with fundamental principles of modernity (e.g. democracy and freedom of expression). This is not the case of Islam which strongly resists modernity.

Islam represents a complex and multi-faceted problematic. This short essay aims only to grasp the *essence* of the *dominant* aspect of contemporary Islam; the aspect which determines the agenda for action and designs reaction. Let us begin with a general statement on *religious thinking*.

Roughly, *religious thinking* refers to a specific mental state in which the perception of the world and acts in the world occurs in total accordance with a set of principles, rules and rituals which originates from the divine will and as such are beyond human, genuine understanding. Religious thinking is based exclusively on *belief* and on the *sacred*. Belief, per definition, cannot be criticized nor can the sacred principles, characters, symbols or books. Any attempt at criticism will be interpreted as an offence and will consequently face severe punishment. The Koran is not only sacred; it is the last word too. Mohammad is not only a great prophet; he is the last prophet as well. Once you admit that the Koran is the last word and Muhammad is truly the last prophet, there will be no much room left to new ideas, new thinking, new writings, and in general to reflection, criticism or doubt. Consequently, *religious thinking* is not particularly hospitable to philosophical speculations and critical thinking. The history of Islam demonstrates that attempts to rationalization of the Islamic credo failed dramatically. At the beginning of the 9th century A.D., a group of Muslim thinkers tried to introduce reason into the Islamic culture. They called themselves (or others called them) *Mu'tazala* which literally means *'Isolationists'* or *'Marginalized'* (Van Ess 1984; Lambton 1981). The denomination of Mu'tazala shows in itself the weakness of the place of free *reason* in the Islamic culture; the failure of Muslim Rationalists confirms the inhospitality of Muslim societies for rational and independent thinking. At the same time, we know that long before European Muslims had access to the Greek heritage and its philosophical legacy, Muslims translated Greek books into Arabic and built a bridge between Classical

Greece and future Europe. In a peculiar and sarcastic manner, Montesquieu acknowledged this fact by saying

> 'there were the Mahometans (Moors of Spain) who transmitted sciences to the Occident; since then, they have never wished to take benefit of what they had given us' (Montesquieu [1949]: 1569).

The real question is about the quality and intellectual aspiration of the Islamic philosophy. Muslims knew very well of both Plato and Aristotle. Thus, despite the fact that Aristotelian thinking dominated their logical investigation and their reflections on ethics, their political thinking was fundamentally Platonic (Kraemer 1986: 6). Moreover, their approach to philosophy was more literal and textual than critical. The knowledge was used rather for the purpose of refinement and urbanity (*adab/âdâb*) than as a commitment to a specific philosophical system. Braudel attributes this fact to the force exercised by religion on philosophers. He says 'as admirers of Aristotle, the Arab philosophers were forced into an interminable debate between prophetic revelation, that of the Koran, and a human philosophical explanation' (Braudel 1995: 83). Second, general stagnation of the Islamic civilization was due to the spring of a powerful Islamic dogmatism in the 12th century which aimed at eradicating *philosophy* as a compatible discipline with Islam as religion. This movement was led by theologians such as Al–Ghazâli (1058-1119) and Ibn Taymiyya (1263-1328). The rise of dogmatism put an end to the tolerant, integrative, cosmopolitan and dynamic character which was the dominant trends of the golden age. This situation is well described by the French philosopher Ernest Renan (1823-1892). Renan wrote:

> Passé l'an 1200 à peu près, il n'a plus un seul philosophe arabe de renom…. A partir de 1200, la réaction théologique l'emporte tout à

fait. La philosophie est abolie dans les pays musulmans….Bientôt la race turque prendra l'hégémonie de l'islam, et fera prévaloir partout son manque total d'esprit philosophique et scientifique. A partir de ce moment, à quelques rares exceptions près comme Ibn-Khaldoun, l'islam ne comptera plus aucun esprit large; il a tué la science et la philosophie dans son sein (Renan 1947, 553-554).

It is also highly noticeable that the concept of *freedom* as such does not exist in Islamic tradition and culture. Instead, the concept of justice (*'adl/'adâla*) is the keyword in Islam. For example, the Shi'as believe in five fundamental principles (the Unity of God, the true prophecy of Muhammad, Doomsday, Leadership and *Justice*), while the Sunnis believe only in the first three principles. But nothing on *freedom*, which is after all a new notion for Muslims.

The constitutional revolution in Iran in the beginning of the 20th century was a revolution for *justice* not for freedom. The revolutionaries wanted to establish a *House of Justice* (*'Adâlat Khâneh*) which later turned into the Iranian parliament (*Majliss*). The emblematic inscription on the portal of the old Majliss in a sense illustrated the essential message of the constitutionalist movement. It consisted of two words: *'Adl-e Mozaffar* (Justice of Mozaffar [al-din Shah], who authorized the establishment of the House of Justice. Actually, everything indicates that the Muslims borrowed the notion of freedom from the West. They often used it to demand liberation from foreign domination (*hurriya* in Arabic and Turkish; *âzâdi* in Persian) and not in the common sense of liberty and freedom of man inside the society. As examples of someone achieving 'freedom' from external domination, one can mention the Algerian Front de la Libération Nationale (FLN), Palestine Liberation Organization (PLO) or Movement of *Liberty* of Iran (*Nehzat-e Azâdi- Iran*). In the case of the latter, it should be noticed that despite the existence of the word

'Liberty', in reality the founder of the M.L.I. (Mehdi Bazargan, Khomeini's first Prime Minister), had 'Liberation' in mind. He was profoundly impressed by India's independence movement and in particular by Mawlana Abul-Kalam Azâd, a prominent Muslim leader and companion of Mahatma Gandhi. Azâd has written a book on the 'Liberation of India' published in 1958 in Delhi. Bazargan got his inspiration from Azâd as a Muslim leader and from his book as a description of a successful anti-colonial movement.

In Muslim societies, justice means roughly 'avoidance of excess of *in*justice.' It is a question of conducting negative justice which means assuring relief by elimination or at least reduction of oppression. Furthermore, justice is not organically connected to liberty. In Islamic political philosophy, *justice* has always priority over *liberty*. God is just, so the Prince of Believers must also be just in respecting the Law of God and applying it to everybody without any discrimination. There is only one problem: the Law of God - codified in the Koran and in the *shari'a* – is in itself discriminatory ('Muslims' vs. 'non-Muslims', 'Men' vs. 'Women' etc.).

In the history of Islam, some Muslim thinkers, sects and movements have tried to introduce the *Ijtihâd* which permitted to interpret religion in a more flexible way. This was a rather short experience. Already in the 12th century A.D., the 'mechanism of intellectual reasoning'/*Bâbul- Ijtihâd*' almost ended and efforts to its reanimation failed. In fact, *Ijtihâd* was gradually replaced by *Fatwa* which ironically gave more influence to religious authorities in delivering fatwa often against modernity and freedom of expression (Mozaffari 1998).

Results are as we see today the closed character of Muslim societies and their backwardness in almost every sphere of modern life. That is what A. Medeb calls '*The malady of Islam*' (Medeb 2003).

Already from the 1960s, some scholars opened the discussion on contradiction or non-contradiction between Islam and modernity. Is Islam an obstacle to progress or is it an advantage? (Rodinson 1966; Fish 2002). Looking at realities, we have to admit that Islam has not played a positive role in the direction of progress and development of Muslim societies (see UNDP's reports). Is that inherent to Islam's very nature or is it due to some other factors; this important question is beyond the present study. However, Steven Fish who has accomplished an overwhelming empirical study on relations between Islam and authoritarianism concluded that, at the present time, 'the evidence shows that Muslim countries are markedly more authoritarian than non-Muslim societies, and the situation of women, more than other factors that predominate in Western thinking about religious systems and politics, links Islam and the democratic deficit' (Fish 2002). Fish's conclusion clearly reaffirms that Islam has not contributed positively to prosperity, progress and democratization of Muslim societies. Generally, Muslims attribute their disadvantaged situation to external factors and more specifically to Western interference. This leads us to a brief recapitulation of the external implication in the Middle East.

### 2.6 Constant external intervention

The Middle East is a weak region. A weak region is not self-sustained and is highly sensitive to external penetration. External needs, queries and ambitions determine the nature of regional order as well as modifications to that order. A weak region has therefore a very limited choice.

Two factors, which under normal conditions and in normal regions would surely have been counted among the most favourable factors and not least sources for strength, namely *strategic position* combined with

*richness in oil and gas* have in the Middle East become sources of weakness and submission.

From Alexander the Great to Genghis Khan and to British, Russian and French colonial powers, this region has represented an important strategic passage. Later on with the rise of the United States as a global power, the Middle East became a strategic terrain of confrontation between the USA and the USSR. Due to the collapse of the USSR, the region has no more the same strategic significance. But, as one of the world's richest sources of energy, the Middle East remains a highly strategic region.

External interventions in this region can be divided into *colonial* and *imperial* periods. The colonial period, the longest one, refers to the European colonial domination which began during the 16th-17th centuries and ended with the Suez War in 1956 and the British military withdrawal from the region situated in the East of the Suez Canal in 1967. The Colonial period was replaced by the Imperial period during which the Middle East became a confrontational scene between the United States and the USSR. The war by proxy and ideological struggle ended with the end of the Soviet empire, leaving the USA as the lonely superpower. Usually, external implications occur at the *actor* level. But, considering the deep influence that external actors exercise on structural configuration of this region, we consider them as a part of structures.

During the Cold War, the United States' (*the imperial power*) real preoccupation was to keep the Middle East out of Communist threats by searching for *stability* (Olsen 1994) in this region.

Three phases are recognizable in the evolution of the imperial rule: the first phase from 1953 to 1990, the second phase from 1990 to 2001, and the third phase begins with 9/11 2001 and is continuing. The first period was characterised by the logic of the Cold War and its consequence: confrontation by proxy between the two super powers (the

USA and the USSR). This phase starts with a CIA coup against the Iranian free and democratic, elected government of Dr Muhammad Mossadeq in August 1953; the first CIA coup since its foundation in 1946. Faced to the Iranian political, deep crisis and to the rise of the Toudeh Party (Communist and pro-Soviet), Americans tried to prevent Iran – an important oil producer country- from falling into the Soviet orbit. The formation of the Baghdad Pact in 1955 (CENTO, since 1958) between the pro-western regional actors (Iraq 'until 1958', Iran, Pakistan and Turkey) with the direct support of the United States and the United Kingdom was among many other tentatives the purpose of which was a neutralization of the Soviet influence in the region.

The second phase begins with the collapse of the Soviet empire and the end of the Cold War. The dominant trend of this period is a continued support to pro-western regional actors and at the same time imposing the policy of double containment against the Iraq of Saddam Hussein and the Islamic Republic of Iran.

The third period is the post-9/11 times, characterized by deep US engagement in transforming the region towards democratization. This period is also witnessing a serious gap between the United States on the one side and the 'Old Europe' on the other.

### 2.7 The US-Europe gap: 'liberty' and/or 'liberation'

On this issue, the following three arguments resume a wider variety of argumentation.

### 2.7.1 Hannah Arendt and the 'revolutionary gap'

The expression 'revolutionary gap' is ours and in many ways it illustrates correctly the essence of difference between Europe and the USA. Hannah Arendt found the origin of the main part of this difference in the gap between the American and the French revolutions. While the

French revolution (1789) was about the social question, the American revolution was about the pursuit of happiness; while the fist one was for justice, the second was for democracy. The word 'democracy' was not used in France until 1794; five long years after the revolution. This revolution was predominantly an egalitarian revolution rather than a revolution for freedom. As Tocqueville remarks 'in America men have the opinions and passions of democracy; in Europe we have still the passion and opinions of revolution' (quoted by Arendt 1963: 224). In fact, the revolution which gave birth to the United States and brought the republic into existence was not caused by 'historic necessity' nor was it a result of organic development, but a deliberate act: the foundation of freedom (Arendt 1963: 219). This is perhaps the reason why the French Revolution devoured its own children and why the same men who began the American Revolution finished the Revolution and even lived to rise to power and office in the new order of things (Arendt 1963: 37). Most importantly, in the French Revolution, the idea of separation of powers was really not the leitmotif of the Revolution, while the application and elaboration of Montesquieu's theory of a division of powers within the body of politics was from the beginning embodied in the American Constitution.

In short, the American perception of some axial notions such as 'freedom' and 'democracy' are very different from the European perception.

### 2.7.2 Kagan and the 'power gap'

Robert Kagan in his well-known book states that:

- Americans are from Mars and Europeans are from Venus: they agree on little and understand one another less and less. And this state of affairs is not transitory – the product of one American election or one catastrophic event (Kagan 2003, 3-4);

- Mainly, he attributes US-Europe differences by the 'power gap'. He states that 'from the end of World War II and for the next fifty years, therefore, Europe fell into a state of strategic dependence on the United States (Kagan 2003, 18);
- Europeans often point to American insularity and parochialism, but Europeans themselves have turned intensely introspective' (Kagan 2003, 67);
- The myth of America's 'isolationist' tradition is remarkable. But it is a myth. Expansion of territory and influence has been the inescapable reality of American history' (Kagan 2003: 86); and
- Jefferson foresaw the establishment of a vast 'empire of liberty' (Kagan 2003, 87).

### 2.7.3 Our point of view

Kagan is right to focus on the 'power gap' and Arendt is right in demonstrating the difference of perception between Europeans and Americans on key notions. Our argument lies in the prolongation of Arendt's magisterial study. We believe that since the Renaissance and the Enlightenment, Europe has developed a highly sophisticated discourse on *liberty* but nothing equivalent on *liberation*. The lack of the notion of 'liberation' in the European philosophy, culture and policy is best explained by the fact that Europe has never been colonised by extra-European powers. For centuries, Europe herself has been a colonial power and never a colony. Therefore, Europeans struggled successfully against *despotism* in their own continent. They constructed an eloquent, elegant and brilliant discourse on *liberty*. Not on 'liberation'. A great part of European political and philosophical literature is consecrated on liberty. From John Locke to Jean-Jacques Rousseau and Voltaire, to Immanuel Kant and John Stuart Mill's famous work *On Liberty* (1869) and to contemporary thinkers such as John Rawls and Jürgen Habermas

and many others, the discourse on freedom of man has cumulatively been constructed. The *Magna Carta* (1215), the French revolution of 1789, multiple revolts and revolutions in different European societies were concrete actions for merely acquiescence of liberty. That is perhaps the reason why no non-European country has ever been liberated or democratized by Europeans. Only the Bonaparte invasion of Egypt can be evoked as a European example of liberation of non-Europeans. In his declaration to the Egyptians (2 July 1798), Bonaparte states that 'I have not come to you except for the purpose of restoring your rights from the hands of the oppressors'. Bonaparte did fail in his enterprise and the French army returned to France after the assassination of general Kléber, Bonaparte's successor.

While European discourse and policy is inner orientated (liberty), the United States' general discourse and principles are both inner and outer orientated (liberty and liberation). America was a European colony, thus, for Americans, the word 'liberation' has a different connotation than for Europeans who have not experienced the same historical conditions. The two following memorable dates illustrate very well the American and European differences on this point: The date 4 July (1776) for Americans is the *Independence Day,*for the French people, the date 14 July (1789) is *la prise de la Bastille* (Bastille Day); the victory of the people over despotism. Actually, not many European countries have a declaration of independence; not in the sense and the spirit of the American *Declaration of Independence*. From this Declaration to the Fourteen Points (18 January 1918) of President Wilson the way is not really very long. The inclusion of the so-called principle of *national self-determination* in Wilson's Declaration, was at that time already a clear sign of discordance between the United States and the old (colonial) Europe. It is a matter of question whether marxism can be considered an European ideology on liberation. If the answer is affirmative, then we

must admit that in the current situation of the world, it is paradoxically the American President (George W. Bush) who is assuming a kind of a 'marxist' mission.

In brief, the absence of 'liberation' from the European discourse has a part of the responsibility in the general character of European foreign policy. Generally, Europeans demonstrate more flexibility in their relations with the world than the Americans. For Europeans, 'dialogue' – constructive or critic - is a *foundational principle*, independent of the identity and character of the partners. Dialogue is to the Americans an *instrument* of diplomacy and not a *principle*. Lastly, the power gap between Europe and the United States has made conceptual differences between them more tangible and more visible.

## 3. SOLUTIONS

### Necessity and modality of change

Change happens when an old ordering of principles is replaced by a new one. Societal changes are usually products of the internal dynamics of a society. Changes can also be caused under external pressure often as the result of external war or severe international crisis.

In the first part of this paper we demonstrated the protracted stagnation and general backwardness of the Middle East. In the second part, roots of backwardness and stagnation were analysed. The four self-reinforcing factors (rentier economy, oriental despotism, dominance of religious thinking, and constant external intervention) are so closely interrelated that an autonomous and internal pressure for *rupture* appears highly implausible and almost impossible. Without a rupture, a radical transformation of Middle Eastern societies is practically beyond any reasonable expectation. Are we expecting that oriental despots

voluntarily proceed to structural transformation of their own society and by doing this do prepare their own fall? Are we expecting that rentier economy which is the main source of political power in this region miraculously and automatically changes its character to become a productive one? Equally, it will be illusory to think that religious mentality can concede the place to a critical thinking by itself. Therefore, the only way to provoke rupture and push these societies forward is an external, strong stimulus. This thesis can of course be challenged but challengers should present a realistic alternative solution. To our knowledge, no such alternative solution exists at the moment. Those who are criticizing the necessity for external *benign* intervention invoke the necessity for an autonomous internal dynamic for change. The question is: why has this autonomous internal dynamic not yet become a reality? The answer is invariably the same: because of external intervention. This argument is only partially true. As it has been mentioned earlier in this essay, the first priority of external intervention has been assuring 'stability' rather than promoting democracy. Since 9/11, this policy has been changed; because the meaning of 'stability' (at least for the Americans) was changed due precisely to the 9/11. Furthermore, responsibility for stagnation is far to be alleged to external actors. Regimes such as Saudi Arabia, the Islamic Republic of Iran, Iraq under Saddam and Syria are inherently anti-democratic and this independently of external factors.

### 3.1 Projects for change

Since the end of the 19th century, the Middle Eastern region has gone through various projects of modernization without tangible success. For the purpose of clarity and conciseness, these projects are compressed into four different categories as follows:

### 3.1.1 The Islâh project

*Islâh* which literally means 'correction' and which is usually translated to 'reform' refers to 'reforming Muslim societies without democratization'. This trend, which begins in the 19th century under the impulse of a number of prominent Muslim characters such as Tahtâwi (1801-1873), Khayr al-Din (1810-1889), Kawakibi (1848-1902), Muhammad Abduh (1849-1905) and Jamal al-Din al-Afghani (1839-1897), and is continued in our time with Iranian 'Reformists/*Islâhtalabân*' and 'National-Islamists/*Melli-Mazhabi-ha*', is searching for a common ground between revelation and reason as well as between religious conviction and adopting certain European institutions. At a first glance, this project sounds reasonable and appear to be the most appropriate way in modernizing Muslim societies. Reality is different however. As Sadiki puts it, 'Islâhists in doing so they find themselves torn between *taqlid* (recourse to the authority of the Muslim cleric) and *tajdid* (renewal); between *asâlah* (authenticity) and *hadâthah* (modernity); and between *islâh* (reform) and *dimuqrâtiyyah* (democracy)' (Sadiki 2004: 218). Islam in the Islâhist project occupies a hegemonic position in which Islam is the point of departure as well as the point of arrival. The final goal is rather (genuine) islamization than democratization of the society. Despite its long life, this project has not yet given any concrete results. On the contrary, it has often been recuperated by Islamists.

### 3.1.2 Secular modernization

In contrast to 'reform without democracy', the secular project (socialist and liberal) consists of 'modernization without democracy' (Tehranian 2003). This project began with Mustapha Atatürk and was followed by many leaders and governments in the Middle East such as the Phalavi dynasty in Iran, Abdel-Nasser and his successors in Egypt, the Bassists regimes in Syria and Iraq as well as in Algeria, Tunisia, and Morocco. A

rapid assessment of the output of this project shows a mixture of relative success and dramatic failure. In this connection, Turkey is an example of relative success and Iran a clear failure. The lesson to learn would be that modernization without effective participation of the people is a highly risky enterprise. It will result in elimination or at least in drastic limitation of the civil society; it will also and paradoxically re-enforce religious and anti-modernist forces which gradually become a potent alternative to the governing regime (e.g. Algeria in the 1990s and Iran in the 1970s).

### 3.1.3 The European project: the Barcelona Process

The Barcelona Process, initiated with the Barcelona Declaration of November 1995, grew out of a new EU emphasis on the Mediterranean region as a source of potential security threats following the end of the Cold War.

The Declaration proclaims a 'Euro-Mediterranean partnership' which contains three fundamental aspects: 1) a political and security partnership; 2) an economic and financial partnership; and 3) a partnership in social, cultural and human affairs. The general aim is to promote *peace, stability* and *prosperity* in the Euro-Mediterranean region as political, economic and social issues are perceived as *common challenges*. The means to that end are 'a strengthening of democracy and respect for human rights, sustainable and balanced economic and social development, measures to combat poverty and promotion of greater understanding between cultures.'

As Malmvig points out, this resembles a 'soft' notion of security where the fragile political and economic structures of the Mediterranean countries are perceived by the EU as threats to peace, stability and prosperity (Malmvig 2004: 4).

Regarding the political/security aspect of the partnership, the Barcelona Declaration stresses a 'political dialogue" to promote "internal and external stability'.

The economic/financial aspect of the partnership aims at a 'shared prosperity' for the Euro-Mediterranean region with improvement of living conditions, increased employment and regional integration. Regarding the social, cultural and human affairs, the declaration stresses dialogue and mutual respect between cultures and religions, and obligate the partners to fight racism and xenophobia in addition to terrorism, crime and drug trafficking. In developing human resources the parties approve a strengthening of education and health care, and they agree to the importance of *civil society* and *social rights*. They encourage human exchanges, decentralized cooperation, and the promotion of democratic institutions and the rule of law. Economic developments are expected to reduce migration pressures. Problems concerning illegal migration are to be handled through cooperation and bilateral agreements while the rights of legal immigrants must be protected.

All three aspects of the Barcelona Declaration are coined in a 'Work Programme' which establishes regular meetings at the relevant levels in the different sectors.

Malmvig suggests that the entire Barcelona Process rests on two conflicting security discourses. On the one hand, there is an emphasis on cooperation, dialogue and common challenges. In this 'cooperative security discourse' both parties are believed to be equal. A shared historical past is highlighted in an effort to create mutual respect for core values and distinguishing features of the individual countries, both parties thus refraining from direct or indirect intervention.

On the other hand, the EU obviously perceives the deeper political and social problems of the Mediterranean region as security threats.

Because of this the EU uses its financial aid to put a substantial pressure on the Southern Mediterranean countries to carry through reforms leading to democracy and a liberal market economy. Security threats in this 'liberal reform discourse' are not shared, and the partners are not seen as equals.

These opposing discourses are, according to Malmvig, still present in the 'new Neighbourhood policy' (2003) and the 'Strategic Partnership' (2004) initiatives, which were implemented because of the so far poor results of the Barcelona Process (Ibid.). Other political scientists have argued that the inability of the process to bring a strengthening of democracy and human rights is due to the fact that the EU has weighted short run security and regime stability over long run reforms (Ibid: 5).

What to learn of the Barcelona Process? There can be no doubt about the good intentions of the Europeans to improve the economic, social and political situation in the wider Mediterranean region. However, this process did not prevent the spectacular progress of Islamists neither in the Middle East nor in Europe. In the Middle East, violece and terrorist actions increased even before the 9/11 and concerning Europe, many of the terrorists who attacked New York City and Washington D.C. used European countries as their bases. The 'logic of dialogue' looks beautiful on the paper and as an exiting theme for a successful speech. The injection of an effective reform project needs, beyond the necessary dialogue, a renewed energy and creativity as well as a credible and coherent political will. This is what is missing in the Barcelona Declaration and in the foreign relations of the EU generally.

### 3.2 The project of the USA: democratization of the 'Wider Middle East'

Before going through the American project, it is convenient to present a brief notice on 'democratization' in general.

### 3.2.1 Democratization

Democratization is historically a painful and violent process. This process generally originates from the inside of societies. Some times the process is activated by external stimulus. War remains the most powerful stimulus. Five different types of democratization exist: 1) revolution, 2) war, 3) coup d'état, 4) soft transition, and 5) cloning.

The best example of democratization by revolution is of course the French revolution of 1789. The main characteristics of the French democratization resides in its autonomy and in the fact that the process started without any noticeable external stimulus.

The anti-colonial or anti semi-colonial wars were a powerful motivation for democratization. In this respect, the American Independence War of 1776 remains a classical example. India's independence (1947) falls under the same category. The end of the apartheid system in South Africa has a double character; being a result of anti-colonial struggle as well as a relative soft transition.

A regular War can also be a determinant factor to democratization. The classic examples of this type are Germany, Italy and Japan in the post WWII era. In all these cases, democratization was a consequence of defeat in war. The third category is democratization by coup d'état. Portugal is a good example of such an experience. It was in 1974 that the despotic regime of Marcelo Caetano was overthrown by the military coup of general Spínola and his officers.

Apart from the above types of democratization, soft transition represents a peaceful democratization. The Spanish model is perhaps the best example of this kind of transition. It resumed by the death of Generalissimo Francis Franco in 1975 and his succession by King Juan Carlos who contributed largely to the consolidation of democracy in Spain. The democratization process of the East European countries after 1989 (Velvet Revolutions), belong also to the (almost) non-violent

democratization model. The 'Rose revolution' in Georgia in November 2003 which peacefully put an end to the reign of President Shevardnadze is the most recent example of the soft democratic revolution.

The fifth and the last type of democratization is what can be called imitation or cloning. This is the case of countries such as Australia, Canada and New Zealand. All three countries are former colonies of the British Empire and continue being formally parts of the British Crown.

### 3.2.2 Interruption of democratization

Democracy and the process of democratization can be interrupted or even extinguished. Extinguishing democracy and interruption of the process of democratization may take place in two ways: through democratic channels or by force. In Germany, Hitler acceded to power through a democratic procedure (1933). In Algeria, the electoral process was brutally interrupted by military forces (1992).

A third way of interrupting democracy is by coup d'état. Chile represents a classic example of this category when a US led military coup occurred and overthrew the democratic elected government of Salvador Allende replacing it by a military junta under the leadership of General Augustino Pinochet (September 1973).

In the Middle East neither liberation from colonialism nor repetitive wars has led to democratization. Paradoxically, the two democratic tentatives to have occurred in the region, one in Egypt under the Wafd party and the other in Iran under Mosaddeq in the 1950s, were interrupted. The former was interrupted by a combination of Great Britain's interests and corruption of the monarchical system, which led to the 'Revolution' of the 'Free Officers' in July 1952. The latter was interrupted by CIA's coup against Mosaddeq's government in Iran (August 1953). The revolutionary coup against King Faruq in Egypt in 1952 and the seize of power by the 'Free Officers' and a similar coup

against King Faisal in Iraq in 1958 and instauration of the republic did not lead to democratization. The first resulted in Nasserism and the second produced Saddam Hussein. The Islamic revolution in Iran in 1979 and the fall of the Shah did certainly not produce democracy either. Even worse, in this case it was a modernizing dictatorship which in fact was replaced by a totalitarian religious regime.

All these cases show that the process of democratization can be pushed forward or be interrupted externally. Obviously, pushing forward the process of democratization  is the declared goal of the American project: a 'treatment by shock' (Kawwas 2004). This project is the result of a deep evaluation of the general situation of this region which because of its dictatorial stagnation is incessantly re-producing despotism and global terrorism. The Americans has arrived at two important conclusions: first, the real roots of terrorism are lying in the Middle East; consequently, the whole region must be profoundly changed. Second, the change must create democratic conditions for Middle Eastern societies. The project is weaved around three axes: 1) promoting democratic and good governance; 2) building a knowledge society; and 3) expanding economic opportunities.

The realization of the American project starts with a 'pre-emptive' war against Saddam Hussein's regime in Iraq. These two elements are inherent parts of the US post 9/11 strategy. President George W. Bush emphasizes this by saying: 'the United states will use this moment of opportunity to extend the benefits of freedom across the globe. We will actively work to bring the hope of democracy, development, free markets, and free trade to every corner of the world' (*Preamble of the National Security Strategy – NSS -* 2002). In this important text, expanding democracy, prosperity, liberty and respect for human dignity is accentuated in different formulations which all are going in the same direction: to change the world not only to a safer but to a better place.

From an American point of view, the great struggle of the 20<sup>th</sup> century between destructive totalitarian visions versus freedom and equality is over (NSS 2002: 1). Furthermore, the NSS stipulates that 'The United States of America is fighting a war against terrorists of global reach. The enemy is not a single political regime or person or religion or ideology…' (NSS 2002: 5).

The Bush administration's decision to introduce radical changes in the Middle East is a revolutionary one. In a crude form, its message to the leaders in this region is very clear: 'Change your behaviour or be ready to be removed sooner or later…. by us'. To achieve their objective, Americans use the '*logic of dialogue*' and the '*logic of force*', alternatively or in combination. Evoking this strategy, some American scholars label it as 'neo-Jacobinism' – 'new democratism' – 'new universalism' etc. (Claes G. Ryn 2003).

Apart from vehement legal critics against the war on Iraq, the project of democratization has strongly been criticized from multiple sides. Professor Amitai Etzioni refers to the Bush administration's plans as an 'American Fantasy' (*Herald Tribune*, March 5, 2004). The Arab League has judged it as an inadmissible external intervention. President Mubarak of Egypt warned of a 'political seism' and a 'whirlwind of violence and anarchy' if 'instant democracy and freedom is imposed on people not ready' (*Le Monde*, April 20, 2004). Sadiki, a Middle Eastern scholar, searches for an explanation of the American project in a combination of political and economic mercantilism by saying that

> a part of the answer lies in the belief that democracies are inherently pro-American, and in the encouragement of the development of private-sector American business relations with the emerging private sector in countries where democracy is being promoted' (Sadiki 2004: 342).

## 3.5 Forces for radical changes

Despite the profound and incurable hostility between the USA and Islamists; they are in complete agreement that the current Middle Eastern political situation must be changed. They are of course in complete disagreement about the outcome and the nature of the change. Islamists in general are working for a Pre-Westphalia Middle East that would be purely Islamic and completely purified from democratic rule and other Western political and cultural influence. The Islamic order must strictly follow the Islamic law as it is formulated in the *Shari'a*. This has always been the dream of Islamists. Already in 1928, Hassan al-Banna, the founder of the Muslim Brotherhood Organization proclaimed the re-instauration of the Caliphate as the main goal of Islamists. The same discourse accompanied by violent actions has been held and effectuated by leaders such as Sayyid Qutb, Ayatollah Khomeini and Bin Laden. In contrast, the USA animated by a Post-Westphalian ideology is deeply engaged in the democratization of the same region.

## 3.6 Forces for status quo

Faced to both the USA and Islamism, two main forces are steadily resisting any political reshaping of the Middle East. The first group is composed by all Middle Eastern regimes which are deploying their maximal efforts to keep themselves in power without proceeding to any tangible and real reform which ultimately would put an end to their monopoly of power. The second group is composed by a number of non-Middle Eastern states and political forces (generally left wing), some European countries (e.g. France and Germany) and some non-European countries (e.g. Russia and China). All these groups are *grosso modo* for the preservation of the current political situation in the Middle East with some cosmetic modifications, but definitely not radical change. The former French Foreign Minister, Dominque de Villepin, resumed very

well this line of conduct when he reaffirmed that 'regime change cannot be a policy on its own in today's world' and 'you have to be respectful of sovereignty' (The Guardian, October 18, 2003).

### 3.7 Forces for 'autonomous' change

Voices inside and outside of this region claim the transformation of social and political life without external implications. A large majority of Arab and Iranian nationalists, leftists (communists, Maoists, anti-globalists) and fractions of the establishment seems to belong to this category. These groups are rejecting any external implication in the process of 'change' in the Middle East. Animated largely by the 'conspiracy theory', they do not recognize any distinction between forms and circumstances of external intervention. All and every intervention of this kind is condemned as malicious and counter-productive.

CONCLUSION

In this paper we argued that the problems that the Middle East is facing are highly critical and must be resolved urgently.

Having demonstrated the necessity for change, we presented various paths that have been proposed to reach a democratic change. We came to the conclusion that the Middle Eastern societies are trapped into a vicious circle that can only be opened by a shock therapy. What makes shock therapy and operation necessary is the protracted structural stagnation which is almost eternized in this part of the world. Consequently, an external intervention with the purpose of provoking a general disarticulation at the regional level is considered not only an opportune but also a necessary operation. Seen from this optic, the war on Afghanistan and on Iraq are following the same logic and should be

taken as a historical opportunity to put an end to perpetual despotism and to dangerous stagnation. After all, this is what Karl Marx recommended to transform the societal structures of India. Those who are condemning the external shock therapy and are preaching for 'dialogue' as an instrument for change, should produce at least one single example that in the Middle East, the societal structures/relations have been transformed/improved based on dialogue alone. A multitude of experiences attest that 'dialogue' can be effective, if it is backed by a credible political will and supported by military capabilities.

A part of the paper was consecrated to the study of transatlantic different and conflicting views on the problematics of change in the Middle East. We supported Kagan's strong arguments about the deepness of discordance between the USA and at least a part of Europe. On this point, we went further on by explaining that on the subject of intervention in the outer world, fundamental differences between the USA and Europe originates not only in the current position of the USA as a hyper-power, but also in the European colonial position in the past, and in the past of the USA as a colony. Furthermore, it was highlighted that the European discourse is basically a discourse for '*liberty*' and less for '*liberation*'.

The very complex problematic of Palestine has voluntarily been put aside. Not only is there a very rich and various documentation on this subject, there is also almost unanimity on the urgency for the resolution of this problematic. Similarly, despite the importance of the war on Iraq, this study has a more general character than to be consecrated to this war.

Furthermore, according to the axial argument of this study the Americans' real and deep engagement in the Wider Middle East is predominantly motivated by a re-assessment of their own strategic interests. The 9/11 has profoundly changed their perception of the

world; their vision on 'security' and especially their own image and their role in the world. The American intervention in the Wider Middle East has already changed the Middle Eastern political agenda. Words such as 'reform', 'democracy', 'election', 'civil society', 'human rights', 'women's participation', 'convent', ' civil disobedience' are now a part of the daily political vocabulary in this region. For the first time in history, a municipal election is organized in Saudi Arabia; elections have also been held in Kuwait, Bahrain and Qatar. Elections in Afghanistan and in Iraq are scheduled for October 2004 and January 2005. One can hardly expect that in 5-10 years, countries such as Afghanistan and Iraq should become more democratic than Russia under President Putin. However, a new process is now initiated. It is a gigantic social experiment. Its success like its possible failure will have a real and deep impact on the future of the Middle East as well as on the future role of the USA. Put differently, the destiny of the world largely depends on this issue.

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