

ECONOMIC AND POLITICAL DEVELOPMENT IN THE MIDDLE EAST

MANAGING CHANGE, BUILDING A NEW KIND OF PARTNERSHIP

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EXECUTIVE SUMMARY – CHAPTER 6

U.S.-ARAB STRATEGIC COOPERATION in coming years will be crucial to confronting common regional challenges, but to be effective it will need to overcome the tensions of the past eight years. These tensions arose not merely from differences between the United States and its major regional Arab partners over the war in Iraq, U.S. counterterrorism policies, American neglect of the Arab-Israeli conflict, and its approach to Iran, but also from the Bush administration's start-and-stop attempts to encourage democracy. Bush's Freedom Agenda produced slim gains, while creating cynicism about American interest in democracy among regional activists, as well as tensions with Arab leaders. In the face of heightened public resentment of the United States in the region, U.S.-Arab strategic cooperation now faces greater scrutiny, and its underlying logic is less compelling and clear—to the publics both here and in the region and to some policymakers—than in the past. U.S. relations with Egypt, rooted in cooperation on Arab-Israeli peacemaking for over thirty years, have suffered as the peace process has faltered and domestic governance and human rights issues in Egypt have become a more prominent bone of contention. U.S.-Saudi relations have improved in recent years after the deep strains imposed by 9/11 and differences over the priority given to the Palestinian issue, but in the minds of many on both sides, the issues that divide outweigh those that bind.

As tempting as it may be, President Obama cannot simply set aside concerns over democracy and development in favor of securing other interests. The challenges of domestic reform are increasingly the primary focus of many regional actors. They are a major topic of public and private conversation both in countries that are modernizing and prospering, and in those that are not. Demands for improved government and economic performance are pressed by international lenders and

investors, as well as by local elites and hungry or angry publics. These heightened demands for reform are conditioning the environment within which the United States must operate to secure its interests in the Middle East in coming years.

The United States no longer faces a choice between supporting democratization and economic liberalization or protecting a mythic status quo. The region is already in the midst of transition. America has a clear stake in helping its key Arab partners, notably Egypt and Saudi Arabia, achieve smooth transitions on several levels:

- from closely controlled economies to ones that are open to vibrant local and global competition;
- from political systems that force their citizens to choose between supporting autocratic regimes and joining (illiberal and often autocratic) Islamist movements to a more diverse and open political marketplace; and
- from an aging political leadership to a new generation that may—or may not—prove more enlightened.

Disengagement from the domestic problems of the Arab world is a tempting policy option for the new U.S. president. However, with heavy investments and interests throughout the region, the United States cannot afford to walk away from its role in shaping the region's future.

America's long-term interests are still best served by encouraging its authoritarian allies to move along a path of liberalizing political and economic reforms. The United States should use its economic and political leverage to help build a more stable and prosperous Middle East that gives a vast and rising young generation hope for the future and reason to resist

the dark visions purveyed by regional radicals. Only through more open and transparent political and economic systems will the region be able to accommodate the demands of its unprecedented youth bulge; only through expanding participation in politics will Arab leaders be able to develop their political legitimacy with this new generation and build public support for key policies, including both painful economic reforms and strategic cooperation with the United States.

Building a sustainable and effective policy to encourage Arab political and economic development will require a more honest balancing of America's strategic priorities. The mismatch between the Bush administration's lofty freedom and democracy rhetoric and the roller-coaster inconsistency of its actions has seriously eroded U.S. credibility. In particular, the Bush administration's conflation of democracy with elections produced illiberal results and undermined support for the deeper social and cultural changes and institution building that underpin real democratic progress. It is important for President Obama to stake out clearly the values America stands

for and will actively encourage and to make a case for democratic reform that speaks to the needs and aspirations of Arab citizens. But he must also acknowledge that political evolution takes time, and that the United States, while retaining significant influence over many of the region's authoritarian rulers, cannot dictate terms to them. Moreover, any American role in encouraging liberal change in the Middle East must acknowledge the inevitable tensions between promoting reform and securing other strategic goals. America's role is to provide a framework that incentivizes reform for local leaders and to support efforts by local reformers, while placing democracy and development into the context of broader U.S.-Arab strategic cooperation.

It is also time to institute in-depth reviews of U.S. relations with Saudi Arabia and Egypt, in order to place American policy on political and economic reform in a coherent context that anticipates and resolves necessary trade-offs between reform and other strategic goals. This process must take place before the soon-expected leadership transitions in Egypt and Saudi Arabia.