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DEMOCRATIC TRANSITIONS

WORKING GROUP DISCUSSION PAPER

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This draft is intended to serve as a discussion paper for the Democratic Transitions working group at the 2012 U.S.-Islamic World Forum. The final paper will be completed after the Forum, and will include a summary of the working group's discussions and a set of policy recommendations. Please visit http://www.brookings.edu/about/projects/islamic-world/us-islamic-world-forums for draft and final versions of all four 2012 Forum papers.

Democratic Transitions

<u>CONVENERS</u>

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Convened by the Brookings Doha Center, this working group will address the emerging tensions that threaten prospects for successful democratic transitions, with a focus on Egypt, Tunisia, and Libya. These countries are facing growing ideological polarization and severe economic challenges. The working group will discuss the extent to which the transitions in these three countries are comparable, what lessons can be learned, and the necessary steps to ensure smooth transitions. This group will bring together Arab activists and leaders along with U.S. and European officials to discuss the appropriate role for the international community in supporting democratic transitions.

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Democratic Transitions

Introduction

Egypt and Tunisia have both held relatively successful elections, ushering in parliaments with popular mandates. Both countries also saw landslide Islamist victories, provoking fear among both Arab liberals and the international community, particularly in the West. Libya presents a critical third case of a political community being created almost literally from scratch. With three ongoing transitions, the Brookings Doha Center working group on Democratic Transitions aims to provide a venue for addressing the emerging tensions that complicate and threaten prospects for successful transitions. Seeking out shared lessons from each country case, the working group discussions will focus on issues of economic recovery, civil society development, and regional security, and ask what sort of assistance the United States and other international actors can or should provide. After the formation of political parties and the election of parliaments and presidents, the transitions have begun—or will soon begin—moving into a second stage of reforming old institutions and, where appropriate, fashioning new ones. For rising Islamist parties, it means moving from an oppositional posture to one of governing. In Tunisia, for example, the ruling Ennahdha party has found itself the target of growing disappointment—and angry protests—over the slow pace of economic change. Now the most visible representative of a new ruling order, Ennahdha has been accused of using excessive violence to suppress demonstrations in recent months. These developments present a new set of quandaries for outside actors.

In Egypt, the political polarization is considerably worse. A thoroughly mismanaged transition has cast doubt on the legitimacy of the entire process. The constituent assembly was suspended by court order, pushing Egypt into constitutional limbo. Egyptians will vote for a president without knowing the powers of the office. And with several presidential candidates disqualified, a significant number of voters feel that they have been effectively disenfranchised. Meanwhile, liberals have questioned the legitimacy of the current parliament, with some suggesting that the body be dissolved and the election results annulled. As a result, the country's three main representative bodies—the parliament, constituent assembly, and the presidency—have become sources of contention and controversy rather than unity.

The risk of derailed transitions is a real one, which makes the role of the international community all the more important. Yet, even here, the answers are as difficult as ever. The role of international actors in supporting transitions—through foreign aid, civil society support, and technical assistance—has become controversial in Egypt, leading

to an unprecedented breach in U.S.-Egypt relations. Nationalism and xenophobia are at an all-time high in Egypt, creating an atmosphere of divisiveness, with various parties—leftist, liberal, and Islamist alike—accusing each other of foreign funding. This trend is likely to continue: as Arab countries become more democratic, governments and opposition will use nationalist sentiment to appeal to voters. Such an atmosphere makes it more difficult for the United States and other western powers to visibly support the Arab transitions, ironically at the very time when their economic and political assistance may be needed most.

The Growing Perception Gap

The Obama administration has tried to get on the "right side of history," with President Barack Obama repeatedly proclaiming his support for Arab democratic aspirations. In his May 19, 2011 speech on the Arab Spring, President Obama stated: "It will be the policy of the United States to promote reform across the region, and to support transitions to democracy." In the first Brookings Doha Center transitions dialogue in January 2012, one U.S. official acknowledged that past relations with autocratic regimes had caused much "pain, suspicion, and fear" and that having the Muslim Brotherhood in power in a place like Egypt would be in U.S. interests if it meant a more democratic and stable Egypt.

U.S. officials say that the Obama administration has shifted its policy after decades of bipartisan support for autocratic regimes at the expense of democratic reform. In Egypt, the Obama administration could have stayed with what it knew—the Mubarak regime— but instead helped to usher its close ally out of power. Instead of opposing the Muslim Brotherhood's rise to power, it reached out to the movement and began formally engaging with its leaders in October 2011. Yet, despite what policymakers view as a significant policy pivot, anti-Americanism remains at unprecedented levels and has sharply increased in countries like Egypt. Remarkably, in a Pew poll conducted *after* the revolution, more Egyptians said they approved of both Osama Bin Laden and Al Qaeda more than they did the United States. Not surprisingly, American policymakers are frustrated that their efforts to re-align U.S. policy are receiving little credit in the region.

Indeed, a significant gap in perceptions has opened up between the United States and the Arab world. Arab activists and protesters criticize America for not doing nearly enough to support the Arab uprisings. They argue that nothing fundamental has changed, that the United States has been behind the curve in every country facing mass protests, and that it continues to arm, fund, and otherwise support many of the region's most autocratic countries. Yet, at the same time, many of these same activists call for a *greater* American

role in the region, hoping that the United States will support their struggle against repressive regimes, in countries like Syria, or elements of the old regime, as in Egypt. These seemingly conflicting sentiments—anti-Americanism coupled with a desire for the United States to be *more* involved—continue to be a source of confusion for American observers trying to determine what the appropriate role of the United States can, and should, be during the Arab Spring.

This leads to a key set of questions this working group will address: What tangible policy shifts would signal to Arabs that U.S. policy has, in fact, changed? It may be the case that the gap between what the United States and other western governments are able, or willing, to do, and what Arabs would like them to do is simply too large to traverse in the short-run—considering how deep-seated and long-standing much of the resentment is. What may be required, rather, is a longer-term vision and framework for engaging with Arab publics and the governments they elect. This working group identifies three key areas for such engagement—economic recovery, civil society engagement, and regional security.

Economic Recovery

The political disenfranchisement, repression, and humiliation that came with decades of authoritarianism were hugely important in sparking the Arab uprisings, but so too was a continually deteriorating economic situation. Interestingly, both Egypt and Tunisia experienced unprecedented GDP growth and were hailed as a success stories by international financial institutions in the years leading up to the revolutions. Yet the gains were not redistributed, producing growing resentment among millions who felt they were being left behind. Rampant corruption, and rising unemployment—particularly among the youth—compounded the sense of despair that sent so many into streets and squares across the Arab world.

Since the revolutions, however, the economies of the transitional countries have struggled rather than improved. Economic downturns in each of these countries—in part due to the wariness of investors and tourists—have posed a continual threat to the course of these transitions. In Egypt, growth declined from 7.2 percent in 2009 to just over 1 percent last year, while international reserves have sunk from $36 billion to $16 billion. In Tunisia an economy that is heavily reliant on foreign investment and tourism has suffered similarly, shrinking by 1.8 percent in 2011, while unemployment soared from 14 to 19 percent.

Worsening unemployment, dwindling foreign currency reserves, and growing debts all contribute to the fragility of any "revolutionary gains." In Egypt patience has in many

cases begun to wear thin, and voices calling for the familiar "stability" of former regimes have gained in confidence. As Tunisia has shown, poor economic performance—even if led by newly elected popular Islamist forces—can lead rapidly to a crisis of expectations. Solutions have been further complicated by the politically charged, high-stakes environment of these transitions. In these circumstances, political forces have been focused not on economic solutions, but on advancing their social and political agendas. Incumbent governments and political hopefuls alike have played to populist, nationalist sentiment by, for instance, increasing subsidies or expanding public sector employment (as was done in Egypt). Furthermore, little attention has been paid to the macroeconomic structural reforms that are needed to bring new vitality and sustainability to these economies.

Crucially, the politics of accepting foreign assistance has achieved a new prominence as a result of rising nationalist sentiment. In countries that have always had a history of strong popular resentment of "foreign interference," political forces have played to that sentiment, proudly refusing international aid, even while their economies suffer. In Egypt, an absence of legitimate executive authority has exacerbated this problem. Interim governments, which have been appointed by the Supreme Council of the Armed Forces (SCAF), first refused and then accepted an International Monetary Fund loan, but funds continue to be withheld due to what the organization describes as a lack of political consensus behind the move. Investors and donors are hesitant to provide substantial funding to governments that are temporary, unstable, and not fully accountable to their own people. With an elected and relatively stable government, Tunisia may be faring better, with increasing awareness among key funders, particularly the United States, of the need to provide direct foreign assistance.

Given these factors, as well as budgetary constraints on the part of western and other partners, questions need to be asked about the nature of assistance that can or should be provided. What type of support do these Egyptian, Tunisian, and Libyan actors feel would be most effective in supporting their economies? Is there more need for short term assistance—in the form of aid or loans—or should the emphasis be on establishing new preferential trade packages or long-term investments? What conditions, if any, should be attached to assistance coming from western governments? What role should Gulf states play in supporting economic recovery, and how is their role seen inside these countries?

Civil Society Engagement

Economic recovery is clearly crucial to ensuring that transitions do not regress. However, the long-term success of efforts to build stable democracies will depend on more than economic stability—and on more than simply holding elections. Civil society has a

critical role to play in delivering not just the hardware, but the "software" of democracy—holding the executive and the legislature to account, as well as defining and applying concepts such as human rights, the rule of law, and free speech in these newly developing contexts. As a cultural shift in the nature of interaction between state and society takes place, civil society organizations are already playing a critical role in fostering debate on deep-seated and hotly contested issues such as economic development, the role of women, and the role of religion in the country's laws. In situations where political processes are complicated by ideological or identity-based differences, civil society groups can provide a vehicle through which national dialogues can be hosted.

And yet, the field of civil society has become one of contestation and mutual suspicion, both internally and with regard to the role of external actors. Internally, parties from across the ideological spectrum hold a variety of views on civil society groups, often arguing that they are either partisan or simply advancing "foreign agendas." Islamist parties in particular have often criticized certain organizations—and the media in particular—as representing the interests of incumbent elites, and distorting the image of groups such as the Muslim Brotherhood or Ennahdha. Groups of all political hue, meanwhile, have again played to rising nationalist sentiments, accusing each other of receiving foreign funding.

In this context, foreign assistance to civil society groups has become an area fraught with tension and difficulty. In Egypt, government-led harassment of nongovernmental organizations (NGOs)—both local and foreign—has frayed relations with international partners. Meanwhile, new laws that threaten to further restrict the funding and activities of these groups are being drafted. Article 11 of the Mubarak-era law banned any activity that "threatens national unity" or "violates public order."[1] In January, the SCAF-appointed government announced new draft legislation which managed to be even more restrictive. Among other things, it would empower the government to monitor all NGO expenditures, block funding sources, and unilaterally dissolve organizations or remove their boards of directors.[2] A year after the revolution, such ideas continue to enjoy support.

It is imperative that civil society institutions enjoy the public credibility and legitimacy necessary to make their work effective. Yet local and international actors alike have often cited the extent to which capacity-building and knowledge-sharing exercises can be beneficial for both parties. How then can such assistance be provided in ways that do

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[1] Law No. 84/2002 on Non-Governmental Organizations, http://www.icnl.org/research/library/files/Egypt/law84-2002-En.pdf.

[2] Text of new draft law on Non-Governmental Organizations, http://www.icnl.org/research/library/files/Egypt/MOSS2012-En.pdf.

not compromise the groups involved? In what specific areas do local groups require external assistance? How can local and international actors work to build the trust necessary to facilitate the development of a robust civil society? And how can external actors assist in the reform of existing civil society organizations or institutions?

Regional Security

For decades, western governments' concepts of regional security have hewed to the concerns and policies of Arab autocrats. Seeking to maintain the stability that ensured economic interests, Israeli security, and undisrupted counter-terrorism cooperation, international actors have been happy to defer to the strongmen of the region. Egypt—the recipient of $1.3 billion per year in U.S. military aid—played a pivotal role in maintaining the dynamics of that regional stability. The uprisings of 2011, however, have destroyed that notion of stability, and proved—as one U.S. State Department official put it—that "any stability that compromises people's rights and dignity" is "imperfect and illusory."

As new political forces come to the fore in Egypt, Tunisia, Libya, and Yemen, the challenge of maintaining regional security remains as great as ever. The establishment of democratic politics in these countries will likely lead to foreign policies that are more reflective of the concerns of their publics and more independent of U.S. priorities in the region. While political parties have almost universally sought to solicit international approval by promising to "maintain international treaties," they have also stated that, in government, they must reflect the will of the people.

The Arab uprisings have already led to a deterioration of security in many spheres. As Syria descends into internecine conflict, the threat of regional conflagration remains very real. With the Asad regime fighting for survival, and Shi'a protesters maintaining their struggle in Bahrain, many are increasingly willing to subscribe to a narrative of Iranian expansionism that raises tensions further. In North Africa, revolutions have destabilized an area that stretches from the south of Morocco to Libya. There is growing concern that this "zone of instability" is providing refuge for militias, jihadists, and other groups intent on destabilizing neighboring countries in North and West Africa. In Egypt meanwhile, continual pipeline sabotages—fourteen since last year—have raised questions over the security of the Sinai.

Security sector reform has become a key issue as states democratize and the interests of ruling military elites come under threat. Application of the "Pakistan model" in Egypt and elsewhere, where the military is supposed to play a "guiding" role in the

democratization process, has largely been undermined by the existence of weak civilian governments and periodic direct military rule in Pakistan.

If regional security remains a prime concern for international actors, how can they most effectively assist in ensuring that it is maintained in this fast developing environment? To what extent will the core regional interests of the United States and others conflict with those of emerging political forces, and how can those conflicts best be mediated? How should these relationships be managed in cases where Arab regimes or militaries are complicit in the maintenance of authoritarian political structures?

Questions for Discussion

Economic Recovery

- What type of support do Egyptian, Tunisian, and Libyan political actors feel would be most effective in supporting their economies?
- Is there more need for short term assistance—in the form of aid or loans—or should the emphasis be on establishing new preferential trade packages or long-term investments?
- What conditions, if any, should be attached to assistance coming from western governments?
- What role should Gulf states play in supporting economic recovery, and how is their role seen inside transitioning countries?

Civil Society Engagement

- How can capacity-building and knowledge-sharing assistance be provided in ways that do not compromise the groups involved?
- In what specific areas do local groups require external assistance?
- How can local and international actors work to build the trust necessary to facilitate the development of a robust civil society?
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Regional Security

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