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Building Democratic Peace in the Eastern Mediterranean: An Inevitably Ambitious Agenda

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> "I know that it will be extremely hard to proceed with the structuring of a new Middle East as long as we shall not see new realities as a result of the bilateral negotiations. Yet the bilateral negotiations will not hold water unless we have a new Middle East."
>
> Shimon Peres, September 1st 1992

The conundrum is plain to anyone who wants to see it. On the one side, autocratic regimes in the Greater Middle East complain that without a "resolution" of the Arab-Israeli conflict they cannot accept calls for extensive political, social or even market reforms. The end of "Israeli occupation", we are told, is a *sine qua non* for domestic change and there could be no real progress without "justice" for the Palestinians.[1] Putting aside for the moment the logic of these claims, it is clear that crying foul and vilifying Israel is highly convenient for the region's authoritarians – serving at once to divert public anger, justify political oppression, excuse sclerotic economies and resist exogenous pressures to democratise.[2] Yet on the other side, the notion that ambitious strategies for Middle East democratisation can be effectively pursued in isolation from the Arab-Israeli conflict is erroneous, for two very different sets of reasons:

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1 See: Walter Russel Mead, *Why They Hate Us, Really,* Op-Ed, The New York Times, April 21 2004; Martin Indyk, *Back to the Bazaar*, vol. 81.1 Foreign Affairs (Jan-Feb 2002).
2 See: Barry Rubin, *The Real Roots of Arab Anti-Americanism,* Foreign Affairs (Nov-Dec 2002).

First, because whatever the logical merit of the Arab argument, the sense of grievance is real, deeply entrenched and cannot be ignored.[3] The linkage made in the Arab world between Western demands for democratic reforms and the "Palestinian issue" was perhaps best conceptualised by the 22 Arab authors of the Arab Human Development Report (2002). The conflict, the report found, is: "a contributing factor to the region's democratic deficit, providing both a cause and an excuse for distorting the development agenda."[4] An acknowledgement of the linkage was completely absent from early drafts of the Bush administration's new Greater Middle East Initiative, and only made it into the text of the 2004 G8 summit at the last minute.

These sentiments in the Moslem world are not merely rhetorical expressions. An analysis of the decade-long experience of the Euro-Mediterranean Partnership (EMP) and the OSCE Mediterranean Partners in Cooperation effort (MPC) poignantly show that Arab reference to lack of progress in the Middle East Peace Process (MEPP) has consistently served to thwart progress across all three baskets of existing regional initiatives – in economic, security and political reform.[5] If the linkage between democratic reforms and peace making is not openly recognized and adequately addressed in future policies, what will prevent the new plans from stumbling on the same issue?

Pursuing wholly distinct reform and peace agendas is also flawed for a second set of reasons. Namely, it ignores the fundamental relationship between comprehensive security and peace, on the one hand, and open, de-

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3   For example, the scrapping of the March 2004 Arab League Summit – which was supposed to discuss a proposal on political, social and economic reforms in the Arab world produced at an Alexandria conference two weeks earlier – was squarely blamed by the Tunisian hosts on: *"the deadlock of the Palestinian issue"*. Hesham Yussef, Director of the Secretary's Office of the Arab League, cited in Marina Ottaway and Thomas Carothers, *The Greater Middle East Initiative: Off to a False Start*, Carnegie Endowment for International Peace, Policy Brief No. 29 (March 2004).

4   UNDP Arab Human Development Report (2002).

5   See: President of Malta, H.E. Professor Guido De Marco, *A Strategy for the Mediterranean,* Chatham House, London, October 25th 2000.

mocratic societies, on the other.[6] It is correct to link democratic transformation and efforts to achieve peace in the Middle East, not in the negative sense done by reform-recalcitrant Arab regimes, but through a positive recognition that democratic transformation in the region is ultimately the sole hope for achieving the conditions of true security and peace.[7] Separating the question of the Arab-Israeli conflict from the one about lack of human rights, good governance, democracy, the rule of law and market economies in the Middle East, therefore, misses the crucial interconnectedness of the two issues – democracy and peace – to the detriment of both peace-making and governance reform efforts. The chronic absence of the "normative dimension" from peace-making efforts in the Middle East has been a fundamental failure of past strategies, particularly (but not exclusively) in the Israeli-Palestinian arena. The old "land for peace" formula needs, in other words, to be complemented with a "reforms for peace" agenda.

The argument made in this article is essentially that in order to unpack the "No reform without peace. No peace without reforms" conundrum, the West needs to pursue peace in order to support democratisation, and to pursue democratisation in order to support peace.[8] Both goals can and must be advanced dialectically (not sequentially or in a simplistic "tit-for-tat" manner) through a robust strategy, led by a revitalized transatlantic partnership.

It is also submitted that, at least initially, the new strategy should focus on creating a better regional context for democratisation and peace on two interrelated levels – Israel-Palestinians and the Eastern Mediterranean.[9]

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6   In the scope provided, I cannot begin to adequately address the complex relationship between democratic norms and peace. For a brief overview see: Larry Diamond, *Developing Democracy: Towards Consolidation* (1999), chapter 1.

7   See: Nathan Sharansky, *The Middle East Needs a Helsinki,* International Herald Tribune, March 30, 2004; Natan Sharansky, *From Helsinki to Oslo,* (2001) Issue 1, Journal of International Security Affairs.

8   I refer to the term "the West" as meaning those nation-states (and the edifice of supranational institutions they control), which are characterised by and committed to open societies, representative democracy, the rule of law and market economies.

9   I refer to the term "Eastern Mediterranean" in a similar way that the term "South East Europe" has been used to describe the Balkans – a sub-region on the EU's doorstep with multiple conflicts that need to be comprehensively addressed, through democratic region-building. Geographically, the term is not definitive, but includes,

This agenda, while still hugely ambitious, is more concrete than calls to transform the Greater Middle East – "from Marrakech to Bangladesh".[10] Its integrated emphasis on democratisation and peace making should make it attractive to both Americans and Europeans, which will enhance its credibility and legitimacy in the region. Focus on the Eastern Mediterranean also lends itself to extending existing pan-European structures (EU, NATO, OSCE, Council of Europe) and integration dynamics (notably Turkish EU candidacy) to implement the new strategy – rather than assume the costs inherent in trying to generate new indigenous institutions. A US-EU led "democratic peace" strategy for the Eastern Mediterranean, furthermore, could leverage their combined powers and build on the dependencies of Eastern Mediterranean countries on US security and EU trade/aid. A revamped MEPP coupled with a new "Eastern Mediterranean Peace and Democracy Pact" would also help shape an "arc of reform" to Iraq's north, west and south; aiding the country's post-war transition, and creating new opportunities for transatlantic rapprochement.

Beginning to translate this conceptualisation into policy would involve four main aspects – sketched out in the remainder of this article.

I. Reinventing the "indispensable partnership"

Close and sustained cooperation between the US and EU Member States is essential if an effective peace and reform strategy for Israel-Palestinians/Eastern Mediterranean is to materialize.[11] Sceptics might posit several arguments why such a strategy will falter on this ground alone. One claim is that the threats emanating from the Middle East are too amorphous to create the same "meeting of the minds" produced by the Cold War, and

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from north to south: Turkey, Cyprus, Syria, Lebanon, Jordan, Israel, the Palestinians, Egypt (and possible Saudi Arabia).

10 Ronald Asmus and Kenneth Pollack, *The New Transatlantic Project,* Policy Review (October/November 2002) No. 115, pg. 3-19.

11 This does not mean that the strategy should be confined to US-EU cooperation, only that this relationship represents the core of the actors involved. The strategy should involved other transatlantic actors (such as Canada and non-EU members of the OSCE) and arrangements (such as NATO, Council of Europe and OSCE).

that there is no sufficient agreement on how to deal with them.[12] A second argument is that the rift opened between the US and some European states in the last three years is a sign of a deep strategic divergence, undermining prospects for future cooperation in a region that has historically divided the two.[13] Moreover, one could argue that the EU possesses leverage and credibility in the Middle East in large part by virtue of not being associated with the US, and that a common US-EU strategy would appear to Arab regimes as being an "imperialist" Western project.

These allegations have some headline appeal, but none are persuasive in the context of the strategy proposed here. The threats emanating from the Middle East may be less visible than the red flags and tanks of the Soviet Union, but they are understood to be very real and are sufficiently well defined for American and Europeans to coalesce around – even if this coalescence will happen over time and grow by accretion. It was less than three years ago, for instance, that the two (among others) adopted a UN Security Council Resolution 1373 that, for the first time, recognized acts of international terrorism as representing a threat to international peace and security within the meaning of the UN Charter. Today the US State Department is reportedly negotiating with its European counterparts a common statement of reform principles and a series of coordinating bodies to guide Western engagement with Arab governments in the economic, diplomatic and defence arenas.[14] In the intermittent period there has been a positive explosion in transatlantic dialogue over the common threats facing Europe and America, and a growing conversation about the need to reorient what Chris Patten recently called "the indispensable partnership" towards building a democratic peace in the Middle East.[15]

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12 See for example: The Economist, *Leader: 60 Years On* (June 5-11, 2004).

13 An argument exemplified by Robert Kagan, *Power and Weakness,* 113 Policy Review (June-July 2002).

14 Tamara Cofman Wittes, *The Promise of Arab Liberalism,* No. 125 Policy Review (June/July 2004).

15 Chris Patten, EU External Relations Commissioner, *Europe and America – has the transatlantic relationship run out of road?* Lady Margaret Hall, Oxford, 13th February 2004.

Moreover, a combined peace-making and democratisation agenda for the Eastern Mediterranean would provide stronger "glue" than a democracy promotion strategy that is absent a conflict resolution component. Some European states may vehemently disagree with the current US administration on a variety of issues inside and outside the Middle East, but there is no broad rift among them on what an Israeli-Palestinian peace deal should look like. Both have strong interests in finding a stable solution to the conflict. Both are formally committed to the logic of a democratic peace among Arabs and Israelis – as exemplified in the Quartet's much-abused Middle East Road Map.[16] Both realise – perhaps more so after the Madrid and Istanbul bombings in Europe, and America's debacles in Iraq – that, at the very least, transatlantic cooperation is highly desirable because most of the goals each side wants to attain are more likely to be achieved if supported by the other.

Finally, what about the argument that when it comes to the Middle East the EU is better off disassociating itself from America? Apart from striking many Americans as being somewhat escapist and disloyal, this approach is unlikely to fly for a number of reasons: First, such a disassociation will not be confined to policy in the Middle East. An ongoing absence of a shared strategic vision will undoubtedly spill over to undermine cooperation in areas where Europe has important stakes – including the world trade system and the environment. Second, as Youngs asserts, "Where differences with the US are overstated genuine opportunities for joining forces may be lost, and the danger arises of Middle Eastern states being able to play the US and European states off against each other – to the benefit of neither the EU nor US. This has happened particularly with Syria, Iran and also Turkey"[17]. Further rifts would broaden the scope for spoilers to use "divide and rule" tactics, to the detriment of both Americans and Europeans. Third, to transform the dysfunctional politics of the Eastern Mediterranean through the use of "soft" and "sticky" power (which is both a European interest and

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16 A Performance-Based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict (April 30th 2003).

17 Richard Youngs, *European Policies for Middle East Reform: A Ten Point Action Plan*, The Civility Project, Working Paper No. 1, The Foreign Policy Centre (2004).

its philosophy) would necessitate close EU-US cooperation. As Pirouz and Leonard rightly observed: '[T]th EU's "constructive engagement" approach – hoping that economic liberalisation will bring about political change – is unlikely to disturb the sleep of the autocratic rulers.'[18] Just as America cannot go it alone with "hard power", in other words, Europe is unable to deal with the multiple threats emanating from its volatile eastern and southern peripheries by itself. This is especially true of Iran and Syria. More positively, Europe and America's joint dominance of a complex network of supranational institutions (including NATO, the OSCE and OECD) and their cumulative 40% of global GDP and trade, afford them unequalled "soft" and "sticky" power – provided they leverage it together.[19]

A reorientation of transatlantic relations to the gradual transformation of the Middle East is, therefore, both necessary and feasible – provided the task is approached collaboratively and with genuine, long-term commitment. Moving towards a EU-US plan for the Eastern Mediterranean would involve three main sets of changes:

- Both the EU and US need to conduct a thorough review of the way each currently approaches security, trade, aid and public diplomacy; and to substantially upgrade their individual capacities to build democratic states in the Eastern Mediterranean.[20]

- To avoid surprising each other the US and EU need to acquire new shared institutional "hardware", enabling continuous high-level coordination of policy initiation, development and implementation. This should not be confined to EU-US relations per se, but involve adapt-

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18 Rouzbeh Pirouz and Mark Leonard, *How to Change the Middle East*, Financial Times, 15 September 2003.

19 On "soft power" see: Joseph S. Nye, *Limits of American Power,* 117(4) Political Science Quarterly (Winter 2002-2003) 545-560. On the concept of "sticky power" see: Walter Russell Mead, *America's Sticky Power,* Foreign Policy (March/April 2004).

20 On this point see: Urban Ahlin, Ronald Asmus, Steven Everts, Jana Hybaskova, Mark Leonard, Michael McFaul, Michael Mertes, *A Transatlantic plan for democracy,* International Herald Tribune, March 15, 2004.

ing and leveraging existing international, Atlantic and pan-European structures.[21]

- New "software" is also required. In essence, Western nations need to have fundamentally different relations with countries that commit to a democratic peace agenda in the Eastern Mediterranean than with countries that don't; and they need to coordinate these relations among them to ensure optimal persuasive impact. Military and civil aid, access to markets, trade preferences, movement of persons, diplomatic privileges – all need to be coherently and credibly linked to the strategy, and new methods developed to support reformists.

A "Transitional Trusteeship" for the Palestinians

The imperative of a EU-US led strategy for democratic peace building is most starkly manifested in the Israeli-Palestinian context – where a legacy of displacement and occupation, a decade of Arafat's corrupt, authoritarian misrule and nearly four years of brutal conflict have combined to reduce Palestinian society to pathological chaos, traumatize Israeli democracy and empower extremists utterly opposed to co-existence. A committed drive to realizing the Quartet's vision of: "two-states, Israel and an independent, viable and democratic Palestine, living side by side in peace and security" should therefore be one of the two major aims of a new strategy for the Eastern Mediterranean.[22]

How to get there? Although the Quartet mechanism itself is currently in tatters, the common understandings reached by the members of the Quartet (the US, EU, UN and Russia) on what is required for a just and stable Israeli-Palestinian peace, represent an important meeting of the minds and provides a sound basis for a revamped US-EU strategy. The commitment made in the Quartet's July 2002 Join Statement that: "Implementation of an action plan, with appropriate benchmarks for progress on reform measures, should lead to the establishment of a democratic Palestinian state character-

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21 See also Richard Youngs, *Supra,* note 17.
22 Joint Statement by the "Quartet" (US, EU, UN and Russia) following their New York meeting, 16 July 2002.

ized by the rule of law, separation of powers, and a vibrant free economy that can best serve the interests of its people" appears to embody a shared recognition that a simple "land for peace" formula is inappropriate in the Israeli-Palestinian context, and that a fundamental democratic transformation in Palestinian controlled territories is essential if a stable peace is ever to emerge.[23]

This conceptualisation of the conflict marks an important departure from the Oslo-to-Camp David II paradigm – a paradigm that bet on Arafat's dictatorship to deliver security and peace with, as Yitzhak Rabin put it: "no Bagatz [petitions to a Supreme Court] and no Bet'zelem [an Israeli human rights watchdog]".[24]

Still, a breakthrough is prevented by continued attachment to another debunked assumption – namely that a peace settlement (while it may include a hefty dose of international cajoling) essentially depends on political negotiations between Israel and a Palestinian entity willing and able to negotiate and implement an agreement. However, not only is there no credible Palestinian regime today for Israel to negotiate with (as the road map and a host of unofficial 'citizen-driven' initiatives presuppose) but Israeli disengagement from Gaza and the West Bank would leave behind it a power vacuum far more likely to be filled by HAMAS and Islamic Jihad than by anything resembling responsible government. As Dennis Ross observed on March 24th this year: "every Palestinian I spoke with during a recent visit to the Middle East agreed, believing that Hamas would gain psychologically and practically from an Israeli withdrawal." And again, in the same piece: "only Hamas is so far making plans for the day after the Israeli military withdraws from Gaza and parts of the West Bank. In discussions with both Israelis and Palestinians I heard about Hamas efforts to take credit for the

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23 Joint Statement by the Quartet, *Supra,* note 22. See also The Bush Peace Plan speech (24th June 2002).

24 See: Natan Sharansky, *Supra,* note 7. The EU, by far the single largest donor of aid to the Palestinian Authority, was during the Oslo years fully supportive of this approach, believing that by strengthening Arafat's executive authority rather than what were thought to be potentially destabilizing civil society elements, it would promote the peace-process. See: Richard Youngs, *Democracy Promotion: The Case of the European Union Strategy,* (2001) CEPS Working Paper No. 167, pg. 16.

withdrawal, absorb Israeli settlements and shape Palestinian governance after the Israeli departure."[25]

If a Palestinian State was established tomorrow, in other words, it would be a failed state, a rogue state or both. At a time when the international community is investing huge efforts to prevent state collapse and to deal with the dangerous externalities of rogue states, allowing the birth of either would be a grave mistake.

The notion that Israelis and Palestinians will somehow extricate themselves from the trap of war, or that a radicalised, impoverished Palestinian society will be able to live in peace alongside Israel after an Israeli withdrawal, is folly. Palestinian Prime Minister, Ahmed Qurie, has made it clear that he has neither the capacity nor the inclination to confront militant groups, fearing a Palestinian civil war.[26] Nor is Egypt willing to assume security responsibilities for Gaza.

To build a Palestinian state that is normatively and institutionally (as well as territorially) viable; to allow Israel to withdraw from Gaza and parts of the West Bank without risking a HAMAS takeover and dangerous regional instability; to produce new opportunities for Israeli-Jordanian-Egyptian co-operation; to remove what the Moslem world claims is its primary grievance against America and its allies; to create a credible democratic reform agenda in the Eastern Mediterranean (no oil in Palestine); and to help generate a new, positive transatlantic agenda – the US and EU should promote a "Transitional Trusteeship", beginning with the Gaza Strip.

The Trusteeship will be "transitional" in two senses: firstly, it will prevent a dangerous power vacuum and facilitate an orderly Israeli withdrawal, in accordance with the Sharon plan; and, secondly, it will administer the territories and prepare the conditions for democratic Palestinian rule in Gaza – which, if successful, would be extended to the West Bank in the context of

25 Dennis Ross, *Withdrawal Without Reward,* New York Times (March 24, 2004). See also: Mark Heinrich, *Anarchy in Nablus Evokes Disorder of Arafat's Rule,* Reuters, February 5, 2004.

26 Cited in: Daragesh, *Palestinian Security Nominee Refuses Oath,* Associated Press, 7th October 2003.

an end-of-conflict peace settlement. In this sense, the Transitional Trustee-ship complements the Quartet's vision.

A number of variations on the trusteeship theme were floated recently – notably by US Senator Richard Lugar and former Assistant Secretary of State Martin Indyk.[27] My intention here is not to critique or duplicate these suggestions, but merely to make several comments on what the goals and content of a Transitional Trusteeship should include, in the context of a broader democratic peace agenda for the Eastern Mediterranean. These comments need to be read in conjunction with the arguments for a "new deal" for Israel and the establishment of a Peace and Democracy Pact for the Eastern Mediterranean (see below).

Growing experience with a form of international governance described as "Neotrusteeship" (Bosnia-Herzegovina, Kosovo, East Timor, Sierra Leone, Afghanistan and Iraq), demonstrates the importance of an international le-gal mandate (i.e. a UN Security Council Resolution) and robust implemen-tation mechanisms to the legitimacy and effectiveness of the mission.[28]

Unlike the situation in Iraq – which was a after all a functioning sovereign state prior to the American invasion in March 2003 – the urgency of "re-turning sovereignty" to the Palestinians is low, since there has never been, de facto or de jure, Palestinian sovereignty over Gaza (or the West Bank for that matter).[29] This factor is important in reducing the pressures to find a quick fix and an early exit date. Accordingly – and in order to alleviate Israeli, Jordanian and Egyptian fears about instability in the event of a pre-mature exit – the trusteeship will remain in force until it fulfils its mandated goals. Still, the preparation of the Trusteeship's mandate must be preceded by extensive consultation with all the relevant stakeholders in the region who may become part of a peaceful and democratic solution. This will help

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27 See: Richard G. Lugar, *A New Partnership for the Greater Middle East: Combating Terrorism, Building Peace,* Speech delivered at the Brookings Institute, Washington DC (March 29th 2004); Martin Indyk, *A Trusteeship for Palestine?,* 82(3) Foreign Affairs (May/June 2003).

28 See James Fearon and David Laitin, *Neotrusteeship and the Problem of Weak States,* 28(4) International Security (Spring 2004).

29 Legally, sovereignty over Gaza and the West Bank remains in the hands of the UN.

bolster legitimacy and credibility, identify problem issues and spoilers, engage potential partners in peace and prepare the diplomatic scene for the Trusteeship.

The overarching goal of the trusteeship will be to build a Palestinian state to a point where full authority can be safely vested in a democratic Palestinian government, grounded in civil constitutional norms, able to provide public goods to the Palestinian people, live alongside Israel in peace and contribute to Eastern Mediterranean peace and stability. In broad terms, its aim would be to bring Israelis and Palestinians to the point envisaged in Phase III of the Road Map. This will involve four main dimensions:

Establishing security: A West Bank Palestinian who recently lost a family member to intra-Palestinian factional violence described the PA as a thousand competing authorities each with its own militia.[30] The primary task of the trusteeship must therefore be the establishment of a Weberian state monopoly on the means of violence in Palestinian territories. This will allow the IDF to remove the presence of troops and road blocks which make daily Palestinian lives so wretched. Without establishing conditions of security, as President Bush has said: "Israeli citizens will continue to be victimized by terrorists, and so Israel will continue to defend itself, and the situation of the Palestinian people will grow more and more miserable."[31] Achieving a monopoly on the means of violence will necessitate the deployment of a trusteeship security force capable of: securing the Gaza borders; preventing arms smuggling (notably through the Philadelphi route tunnels); facing down any spoiler; disarming, demobilizing and rehabilitating militant groups (including HAMAS, Islamic Jihad, the Fatah Tanzim and the Al-Aqsa Martyr's Brigades); training and gradually transferring security responsibilities to a unitary, well disciplined Palestinian security force. The idea of a NATO-led or other multilateral force transitioning Israeli withdrawal from Gaza is a challenging one, especially against the background of the Iraq experience. Certainly, such an operation will have to be carefully planned and could only go ahead with Israeli approval. It is nonethe-

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30 Mark Heinrich, *Supra,* note 25.
31 The Bush Peace Plan, June 24, 2002.

less an idea that has gathered momentum over the past year.[32] The vacuum left behind by an Israeli withdrawal risks creating dangerous externalities not only for Israel, Egypt and Jordan, but also for Europe and the US's efforts in Iraq. A situation where Hizbollah and al-Qaeda elements infiltrate and find refuge in Gaza is not unthinkable. More positively, a US-EU led multilateral force – Indyk estimates that 10,000 troops will be sufficient – with an explicit peace mandate will send stabilizing signals around the region, demonstrate American commitment to the Palestinian issue, strengthen the credibility of European foreign and defence policy and strengthen the EU-US partnership in the Eastern Mediterranean.

Normative and economic reconstruction: Immediately upon taking control and establishing an adequate level of security, the Trusteeship must begin to create the social and economic conditions necessary for a free Palestinian society. The Faustian deal, by which extremists provide education, rough justice and social services in return for the minds and bodies of Palestinian youth, must be broken, and replaced with modern, normatively acceptable state structures. A robust post-conflict reconstruction plan is needed to disband refugee camps, create new housing and communal infrastructure, generate entrepreneurship and employment opportunities and transform an educational system that thoroughly indoctrinates Palestinian children to a life of violent struggle and genocidal hatred for Israel and America. Settlements evacuated by Israel should not be destroyed or allowed to fall into the hands of thugs, but administered by the trustees to alleviate Gaza's grave overcrowding problem. A special Donor Group (which ideally should include not only The World Bank and IMF, but Saudi Arabia, the Gulf countries and Israel) should help the trustees fund these projects. At the same time, the trustees, aided by the Donor Group should facilitate the establishment of economic structures aligned with modern Western standards. Here, the trustees could draw on the expertise and courage of indigenous reformists, such as Palestinian Finance Minister Salim Fayad, himself a former IMF official.

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32 See: Steven Everts, *Why NATO must keep the Mid East peace,* Financial Times (29 July, 2003).

Building democratic institutions: Despite risking life and limb, a growing number of Palestinian legislators, academics, NGO leaders, journalists and human rights activists are voicing their resentment of the PA's lawlessness and corruption, and have called for genuine democratic reforms.[33] Still, after decades of mal-governance and trauma, considerable time and resources will have to be invested in institutional and normative state-building. Elections should be postponed until relatively late in the game. To prepare the ground for a meaningful democratic process, the trustees should focus on empowering civil forces (notably women's groups), nurture the establishment of constitutionalism, promote democratic education and encourage the sizeable and highly-educated Palestinian Diaspora in North America and Europe to participate in the creation of a rehabilitated Palestinian society. Only after a period of "detoxification" and renewal, could sound indigenous political institutions and gradual transfer of governmental powers emerge – possibly through transitional legislative, executive and judicial branches, guided by the Trusteeship.

Regional and cross-border cooperation: One of the major shortcomings of the Oslo-to-Camp David II paradigm has been the general failure of key actors in the region (especially Egypt and Saudi Arabia) to assume responsibility and play a constructive role in the peace process. As Senator Lugar recently put it: "the nations of the Greater Middle East must be brought into the process of resolving the conflict. They cannot continue to expect the U.S. to address these issues on their behalf, and then complain the U.S. is not doing it right."[34] Accordingly, the fourth dimension of the trusteeship must be to facilitate collaborative cross-border problem solving especially among Israel and Egypt. An often-ignored dimension, cross-border cooperation is practically a necessity for tiny, overcrowded Gaza – with its dire demographic, employment, water, energy, sanitation, drug smuggling and infrastructure problems. Certainly, as soon as conditions allow, Israel should consider increase the number of Palestinian workers allowed in. At the same time, Egypt should allow Palestinians from Gaza greater access

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33 See: Dan Diker and Khaled Abu Tomameh, *What Happened to Reform of the Palestinian Authority?,* Jerusalem Issue Brief Volume 3 No. 20, March 3rd 2004.
34 Richard C. Lugar, *Supra,* note 27.

into empty Sinai, to pursue legitimate economic activities, travel and even residence.

II. A New Vision for Israel

Western policy makers have grown accustomed to taking for granted Israel's strength and stability. Ironically both friends and foes of Israel have vested interests in perpetuating this image. Friends, in order to put on a brave face, help deter those who still seek Israel's annihilation, and to promote favourable comparisons between democratic Israel and the rest of the Middle East. Foes, in order to portray Israel as a potent aggressor, imperialist in its designs and reprehensible in its treatment of the Palestinian underdog. Yet, as only a few have so far dared to publicly admit, the truth of this image has over the past four years been compromised to a dangerous degree.[35]

The last four years have taken a terrible toll on Israeli society, leaving many Israelis feeling beleaguered at home and isolated abroad. The trauma of countless terrorist attacks which have taken the lives of over 1000 civilians, has been coupled with the worst economic down turn in the country's history – with 3 successive years of shrinking GDP – the departure of over 200,000 Israelis (many of them young, highly-educated and secular), and rising anti-Semitism in Europe and the Arab world. A growing number of Israelis are worried about the deteriorating state of their society, but are powerless to make positive changes in a public arena trapped in a narrow survivalist discourse.

An Israeli withdrawal that does not leave behind it a competent and responsible Palestinian entity, will almost certainly worsen Israel's security and economic situation, which will make Israel more jittery in its responses, which in turn would increase regional instability.

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35 See: Former Speaker of the Knesset (1999-2003) and former chairman of the Jewish Agency, Avraham Burg, *A Failed Israeli Society Collapses While Its Leaders Remain Silent,* Forward (August 29, 2003).

Moreover, unless an Israeli withdrawal from Gaza and parts of the West Bank is accompanied by powerful security guarantees and endorsement of the international community, it risks being interpreted in the Arab world as a victory for terror – emboldening extremists from Gaza City to Damascus, from Jenin to Fallujah. Arab aggression against Israel did not begin with the 1967 occupation of land, and it is unlikely to cease with the evacuation of land alone.

Domestically, a worsened security and economic situation after withdrawal will empower illiberal elements in Israeli politics, silence the majority that is supportive of territorial concessions in return for genuine peace, paralyse the Israeli left and centre-left, and further strain relations between Israeli Jewish and Arab citizens.

To avoid this dangerous scenario, the US and EU need to reach out to the Israeli public, showing the way to a safe, controlled exist from Gaza and offering a tangible vision for a better future. The new vision should contain both hard and soft security components:

Ensuring security after an Israeli withdrawal from Gaza: To reassure Israelis, deter those who would wish to take advantage of a "Zionist retreat" from "Arab lands" and establish a new security context in the Eastern Mediterranean, an Israeli withdrawal from Gaza needs to be complemented with collective security guarantees. The June 28-29 NATO summit in Istanbul is expected to generate ideas for promoting deeper military and political relations with Israel and a number of Arab states. In the aftermath of the summit, the US and EU Member States should advance the role of NATO as a security safety net in the context of Eastern Mediterranean peace-making. Certainly this could include a concerted push to upgrade the NATO Mediterranean Dialogue (as was envisaged by the 2002 Prague summit) – encouraging in particular NATO-Egyptian-Israeli-Jordanian security cooperation.[36] A more advanced formula would extend the Partnership for Peace (PfP) initiative, or its equivalent, to those Eastern Mediterranean countries that subscribe to the democratic peace agenda advanced by

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36 The NATO Mediterranean Dialogue encompasses Algeria, Egypt, Israel, Jordan, Mauritania, Morocco and Tunisia.

the US and EU. In the case of Israel, which eventually will be expected to relinquish control of the strategic depth provided by the West Bank, the PfP framework could serve as a "waiting room" for eventual NATO membership. This will create a phased integration mechanism that could be conditionally linked to progress in the peace process.

Israel in Wider Europe: A bold offer of greater political and economic inclusion needs to be extended by the EU to Israelis – a majority of whom wish for closer integration with Europe, but feel alienated by the EU mainly because of its perceived pro-Arab bias.[37] Rather than try to act as a "counterweight" to American policy or threaten to employ coercive measures against Israel (an approach which will almost certainly prove counterproductive) the EU would do well to utilize its new Wider Europe initiative to offer Israel a qualitatively enhanced relationship, in the context of a withdrawal from Gaza and eventual peace deal with the Palestinians.

Such an approach is gathering support in some European policy circles. Chatham House's Rosemary Hollis, for example, rightly argued that the EU can play a far more effective role in resolving the Arab-Israeli conflict, by recognizing the security risks that Israel will incur in the context of withdrawal and offering it a new European "strategic depth".[38] Some senior officials in Brussels are reportedly also contemplating a dramatic upgrade in EU-Israel relations, in this context.

The Wider Europe initiative launched by the Commission in March 2003 provides a sound basis for developing such a policy. Unlike the Euro-Mediterranean Partnership, the new initiative proposes country-specific "action plans" and contains ample scope for deep political and economic ties.

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37 See Poll: Israeli Attitudes Towards the EU, March 10th 2004 (available at: http://www.eu-del.org.il/english/DAHAF_SECOND_POLL_RESULTS_EDITED. doc).
38 Comments made in an interview to Ha'aretz. Reported by Sharon Sadeh, *Withdrawing from the Arabs to the embrace of the Europeans,* Ha'aretz 24th January 2004. Dr. Rosemary Hollis is the Head of the Middle East Department, Royal Institute for International Affairs (Chatham House).

It is proposed that a two-phase plan be adopted by the EU: To alleviate Israeli suspicions and empower liberal elements, the first phase would be a package of "up front" incentives, designed to build trust and encourage a secure Israeli withdrawal from Gaza. The EU would reach out to Israel with a positive political and economic signal, offering full access to the Single Market, on a basis similar to that of Switzerland or the European Economic Area (EEA) countries. Israel would be invited to join EU programmes in areas like transportation and energy, Justice and Home Affairs cooperation, the environment, culture and education. In addition, the package could contain enhanced political dialogue, security cooperation and stronger European commitments to fight anti-Semitism.

To encourage sub-regional cooperation between Israel, the Palestinians, Jordan and Egypt, the EU should also contemplate measures such as granting the four cumulative rules of origin, and stating that Arab countries that make peace with Israel will also be able to join the cumulative rule of origin regime for purposes of export into the Single Market. The US could complement this policy, thus leveraging EU-US "sticky power".

A second phase of a EU policy towards Israel will involve a degree of ex ante conditionality and would coincide with a final status settlement with the Palestinians. At that stage EU-Israel relations should assume a qualitatively new character; forming a model of what a closely-integrated but non-member relationship will look like for a liberal democracy in the European neighbourhood. In this context, political ties with the EU could be further deepened with Israel invited to participate in core EU policies and some institutions. In addition, the EU should support full Israeli membership in pan-European organizations such as NATO, the OSCE, Council of Europe and OECD – consolidating a transformation from isolation to inclusion in a peaceful and prosperous regional matrix.

Many Europeans have a visceral contempt for Ariel Sharon and are reluctant to reach out to his coalition government. This attitude is misguided. In its foreign policy the EU has been most successful when it has held out the prospect of inclusion to countries receptive to the allure of European integration. If the Sharon government – which already accepted the imperative

of disengagement from the Palestinians – is prepared to go along with the new strategy, there is no reason for Europe to snub it on personal grounds. A right wing Israeli government that commits to a US-EU plan will benefit from the support of the centre and left. For more right-wing constituents the plan is far more likely to be palatable if followed by Ariel Sharon than by Shimon Peres. (It was after all, Likud's Menachem Begin who achieved the breakthrough peace deal with Egypt in 1979, evacuated the Sinai settlements and handed back the entire Sinai Peninsula). If, on the other hand, a European outstretched arm were to be rejected by the Sharon coalition, the Israeli public would, for the first time in four years, have an alternative agenda to pursue at the polls. Indeed, the Israeli public has for over a decade consistently elected governments committed to a peace settlement with the Palestinians when it has felt that peace was a realistic possibility, and it has punished governments it felt were too hesitant in pursuing peace – Rabin defeating Shamir in 1992, Barak defeating Netanyahu in 1999. The aim of the US-EU strategy, in this context, should be to create a positive alternative vision for Israelis, where none currently exists.

III. A Peace and Democracy Pact for the Eastern Mediterranean

A growing body of research indicates that domestic democratisation processes are strongly influenced by external, especially regional conditions. To improve the regional conditions for Arab-Israeli peace and promote democratic reforms in the Middle East, the EU and US should complement the Israel-Palestine strategy outlined above with a Peace and Democracy Pact for the Eastern Mediterranean (PDPEM).

While a fully developed plan for a PDPEM is beyond the scope of this discussion, the following comments are offered to stimulate further thinking on this policy direction.

The PDPEM concept draws on the Balladur Stability Pact (1993-95) and the Stability Pact for the Balkans (1999) – both of which leveraged economic and political power to address disputes over borders and minority populations, promote economic and democratic reforms, and establish

commitment to pan-European norms such as the Helsinki Final Act, the Charter of Paris, the 1990 Copenhagen Document and other OSCE standards.

The text of the 1999 Pact asserts that: "Lasting peace and stability in South Eastern Europe will only become possible when democratic principles and values, which are already actively promoted by many countries in the region, have taken root throughout…International efforts must focus on consolidating and linking areas of stability in the region to lay a firm foundation for the transition of the region as a whole to a peaceful and democratic future."[39] The same basic logic needs to be applied to the Eastern Mediterranean, though the PDPEM's specific objectives, structure and instruments would of course be somewhat different.

Like the Balkans Pact, the purpose of the PDPEM would be to deliver comprehensive, systemic and normative-based solutions to the region's multiple conflicts. Similar also would be the PDPEM's reliance on joint American and European leadership, and the involvement of the OSCE, Council of Europe, the UN, NATO, the OECD and IFI's. In this context, EU-US "hardware" and "software" for democracy promotion and state-building should be brought to bear in the PDPEM, serving as a model for the Greater Middle East.

Rather than try to generate these conditions indigenously – as was imagined in the "New Middle East" visions of the early 1990s – the PDPEM framework would seek to extend areas of stability eastwards; leveraging existing pan-European institutions and integration dynamics, and linking them with reformists in the Eastern Mediterranean.

In this context, Turkey's progress towards eventual EU membership is an important piece of the puzzle. A Turkey that fulfils the Copenhagen political criteria and is firmly anchored in pan-European regional structures could well project positive "policy export" on, among others, Syria, Lebanon, Iraq and Iran. Coupled with a robust PDPEM peace and reform agenda, Turkey's accession process could help form an "arc of democrati-

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39 Article 11, Stability Pact for South Eastern Europe, Cologne, June 10, 1999.

sation" to Iraq's north, west and south – aiding the country's post-war transition.

In its mechanisms the PDPEM could be led by a US-EU appointed Special Coordinator, that will chair an Eastern Mediterranean Regional Table, which will be responsible for delivering a coherent common policy and reviewing progress under the Peace and Democracy Pact.

The Special Coordinator and Regional Table would supervise country-specific "Action Plans", linking all positive incentives and, where appropriate, coercive measures, to progress under the PDPEM. In addition, the Special Coordinator and Regional Table could advance five cross-regional Working Tables, combining a peace-making and reform agenda: 1) Democratisation, Human Rights and Women; 2) Conflict Resolution; 3) Security and Counter-Terrorism; 4) Economic Development and Cooperation; 4) Education, Norms and Culture.

In its peace-making dimension, the PDPEM would aim to create the best regional conditions in support of the Transitional Trusteeship in Gaza, and later the negotiation and implementation of a fair and viable peace agreement between Israelis and Palestinians. One of the key lessons of the Camp David II experience has been the central importance of gaining Egyptian and Saudi backing for an end-of-conflict deal, prior to bringing the matter to a head. The PDPEM would, therefore, use its clout to gain regional support for a peace-settlement, including the revival of the so-called "Saudi Plan" for normalization of Arab relations with Israel.

Addressing cross-border networks of extremist groups (notably Hizbollah, HAMAS and Islamic Jihad) and the states that support them (notably Iran and Syria) also necessitates a determined, systemic, regional policy. The isolation of militant groups in Gaza and the West Bank, the advancement of Palestinian reforms and the establishment of adequate security conditions for a safe Israeli withdrawal, will all benefit from the containment of extremist groups and the creation of a viable democratic alternative to their ideology of hate. In this context, special attention must be focused on Syria and Iran – both of which actively fund, equip and harbour terrorist groups. The PDPEM could help prevent existing anomalies such the fact that while

the US has recently slapped terrorism-related sanctions on Syria, the EU is preparing to reward Syria with preferential trade relations.

Creating the right regional environment for an Israeli-Palestinian peace would also involve a comprehensive solution to the problem of Palestinian refugees and displaced persons in Jordan, Lebanon and Syria.[40] Even if Palestinian refugee camps in Gaza and the West bank are disbanded and their population fully integrated into a new democratic Palestinian state, the preservation of refugee camps in these countries (12 in Lebanon, 10 in Syria and 10 in Jordan) and their denial of citizenship and other rights, would perpetuate the narrative of violent nationalist struggle, and would continue to feed extremist groups across the Middle East with a steady supply of recruits. The PDPEM would, therefore, need to implement a regional programme to deconstruct refugee camps, support full civic integration for those who choose to remain in their country of residence and help find alternative solutions (including compensation, immigration to Western countries and return to an independent Palestinian homeland) for the remainder.

In conclusion, a combined peace making and democratisation strategy that focuses on Israel-Palestinians and the surrounding Eastern Mediterranean, has the potential of uniting Americans and Europeans, as well as possessing credibility and legitimacy in the region itself. Rather than allow continued Arab-Israeli conflict to undermine yet again necessary democratic reforms in the Middle East, peace making and democratisation need to be

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40 According to UNWRA figures from June 30th 2003, there are 10 official refugee camps in Jordan where 304,430 registered refugees live and a further 1,718,767 registered refugees not in camps. In Lebanon there are 12 camps, and out of a total of 391,679 refugees in the country 225,125 live in camps (mainly along the Israeli-Lebanese border). In Syria there are 10 camps, housing 119,766 refugees, out of a total number of 409,662 registered refugees in the country.

brought together in a positive agenda of simultaneous change. The tasks inherent in such a strategy are formidable indeed, but the potential benefits for the region and the rest of the world are too powerful to ignore, and the alternatives perhaps too costly to tolerate.