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In Pursuit of Democracy and Security in the Greater Middle East

A USIP Study Group Report

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About This Report:

This report summarizes the work of a USIP Study Group established in February 2008. Part 1 sets out General Findings and Recommendations, while Part 2 sets out recommendations and findings pertaining to Yemen, Egypt, Morocco, Jordan, Saudi Arabia, and Lebanon. Part 3 offers an analytical narrative of the assumptions and related questions that guided this study group's endeavors. Our work will continue throughout Winter and Spring 2010, as the group returns its attention to the cases of Afghanistan, Pakistan and Turkey. In the interim, and in the spirit in which this Working Paper is being issued, we welcome comments and insights from our readers, with a view to publishing a final, comprehensive version of the report in early summer 2010.

About this Series:

USIP Working Papers are unedited works in progress. Distributed online, the final version of this paper may nevertheless appear in future USIP publications, peer-reviewed journals, or edited volumes.

A Note About Study Group Procedures:

The findings and recommendations that comprise the heart of this report are based on a series of discussions animated by the case-study reports that were written by our country authors (see list above). Unless otherwise indicated, we have put in quotation marks all language that is taken directly from these case studies.

Acknowledgements:

I would like to begin by thanking all the members of this study group for the time, patience and careful deliberation they put into this important and timely report. Special thanks go to our honorary co-chairs Professors Larry Diamond and Francis Fukuyama, who not only attended almost all our meetings, but also provided regular feedback throughout the course of this study group's work. I also want to recognize Dr. April Longley Alley for her readiness to join this study group towards the end of its work on the Arab World, and for writing a superb contribution on Yemen. I want to further recognize the support that the Muslim World Initiative at the USIP's Center for Conflict Analysis and Prevention received from the Democracy and Governance Office of the United States Agency for International Development. During this study group's deliberations, I was able to bring many of the key insights we gained during our previous USAID-supported MWI-Arab Political Opposition Project. Thus we have USAID to thank for effectively helping this group elucidate the vital issue of regime-opposition dynamics in the Arab World. Mention must also be made of the logistical and substantive contributions to our efforts made by Leslie Thompson and Hesham Sallam. Finally, my thanks and love go out Laurie and Gabriel, for putting up with me during what was a difficult and sad time for our family.

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EXECUTIVE SUMMARY

PART I: GENERAL FINDINGS AND RECOMMENDATIONS

This report offers a set of general and country-specific findings and recommendations to assist the Obama administration in its efforts to tackle escalating security challenges while sustaining diplomatic, institutional and economic support for democracy and human rights in the Greater Middle East.

The working group recognizes that addressing threats from terrorist groups affiliated with al-Qaeda, as well as stemming conflicts arising from the persistence of regional conflicts in the Middle East and South Asia, must be a top priority. But, as the case studies of Yemen, Egypt, Jordan and Lebanon amply demonstrate, long-term political stability, economic development and security also requires a continued and even enhanced U.S. commitment, in both words and deeds, to fostering democratic transformation, human rights and effective governance. The architecture of security and peacemaking must be accompanied by a revived focus on democratic reforms.

Absent such an effort, this study group believes that the already wide political, social and ideological gap between states and societies will further expand, thus making regimes, and even entire states vulnerable to internal and external shocks. It is the task and challenge of genuine reformers in both the regimes and oppositions of the Arab World and South Asia to chart an exit from the cul-de-sac of arbitrary rule and state-managed political reform by defining a common vision of substantive “democratic transformation.”

We believe that the administration can and should assist in this effort. “Articulated in a respectful, matter-of-fact language that abjures preaching or triumphalism,” (Recommendation 4) support for democracy by our highest officials will not only buttress U.S. security interests: it will also advance President Obama’s vision of a new relationship between the U.S. and Muslim majority states, a vision whose parameters he boldly set out during his June 4, 2009 Cairo speech.

In encouraging the Obama administration to forge a strategy that links security to democratic change, we offer what we believe to be a politically feasible long-term strategy, one that is far preferable to either relying on the status quo, on the one hand, or trying to rapidly undermine it by promoting regime change, on the other.

In much of the Arab World, this status quo consists of a system of state-managed, tactical political liberalization that is designed to fend off, rather than to sustain, substantive democratization. As we argue in Findings 9 through 17, while it might appear that semi-autocracy provides for internal stability, in the

long term it fosters a debilitating cycle of political liberalization and de-liberalization. These bouts of political opening and closing rob regimes of what little legitimacy they once had. As we note in Finding 16, “state-managed liberalization can facilitate regime survival, but at the cost of making regimes vulnerable to domestic social conflicts, internal succession struggles, and regional disputes.”

The challenge for advocates of genuine reform in Muslim majority states is to find a way to move beyond the boundaries of state-managed reform, but without inviting a process of internal ideological, social and identity conflicts that would only give regimes good cause to slam the door shut on the reform agenda.

Towards this end, in Recommendations 10 through 13 we set out the elements of a two-fold process of “strategic political liberalization” and “gradual democratic transformation.” Both dynamics require moving beyond a system of U.S. democracy development assistance that has largely relied on “the capacity of civil society groups to demand reforms to one that gives states and their ruling cadres a major role in supplying democratic changes.” For this to happen, U.S. leaders and policymakers must:

Deploy a mix of private and high-level public diplomacy to encourage ruling elites to replace short-term tactical reforms with long-term programs that build the legal and institutional infrastructure for democratic representation. Regimes must be encouraged to repeal the array of exceptional laws, defamation codes, political party registration statutes and religiously based laws that ... hinder free expression and assembly.

This process must go hand-in-hand with increased U.S. support for:

Civil society organizations that have the capacity to strengthen fundamental democratic institutions and processes. Election monitoring organizations, human rights groups and advocacy organizations that promote parliamentary accountability ... are just some of the civil society organizations that can link up to and enhance the capacity of political society, thus advancing a transition from state-managed liberalization to democratic transformation.

Ultimately, enhanced U.S. support for a process of strategic liberalization should create a more level playing field. The constraints and incentives deriving from genuine political competition will not only encourage mainstream Islamist parties to adopt more moderate, consensus-based positions; it should also “reduce the perceived risks of all key actors in regimes and oppositions,” (Recommendation 10-D), thus opening up prospects for a sustained process of democratic transformation.

This dynamic will also require U.S. support for a policy of “democratic engagement.” As we note in Recommendations 14 and 15, by holding a series of frank meetings and dialogues with both regimes and oppositions, American diplomats and policymakers will be better positioned to encourage a process of political accommodation and “pact making” that helps narrow the gap between states and societies.

Some argue that such a process of accommodation could hamper the capacity of regimes to cooperate with the U.S. on strategic matters. However, our case studies indicate that the reverse is true. The experiences of Egypt, Jordan, Yemen and Pakistan all suggest that by associating their repressive policies with U.S. foreign policies, autocracies effectively foster anti-U.S. sentiment.

Conversely, if it is genuine and inclusive of all political forces that reject the use of violence, regime opposition accommodation should increase regime legitimacy, thus enhancing the capacity of Muslim majority states to work with the U.S. in confronting domestic and regional security challenges.

For these reasons, we believe that the administration should “signal to its allies that the U.S. will move along multiple tracks by remaining focused on democratic reform as it advocates negotiations to end regional conflicts” (Recommendation 9). While peacemaking must involve a process of engaging autocratic regimes, we believe that:

The U.S. should make it clear to its interlocutors that engagement does not preclude defending universal principles. ... A continued, high-level U.S. commitment to human rights must be a vital part of a comprehensive security strategy (Recommendation 8).

There is no doubt that the administration’s FY10 request for democracy and governance assistance programs could play a key role in advancing many of the proposals set out above. We applaud the administration for requesting \$1.54 billion for such programs - “twice the amount requested for FY09” (Finding 19). At the same time, insofar as some 86 percent of this aid will go to Afghanistan, Pakistan and Iraq, we are concerned that the administration may be signaling a decreased emphasis on the need for political reform in the wider Arab World.

Moreover, and most vitally, absent U.S. verbal support for democratic reform, increased aid is unlikely to provide sufficient incentives for encouraging strategic political liberalization and democratic transformation. The president and secretary of state, and those who speak in their names, will enhance U.S. security by offering clear and consistent rhetorical support for policies that encourage regimes and oppositions to come to the table of democratic negotiation.

PART II: COUNTRY STUDIES

Egypt: Reforming Autocracy versus Promoting Democracy

Finding 9: While state-managed political reform has eroded the legitimacy of the Egyptian government, and while it has failed to keep pace with the rising challenge posed by new social and political forces, this erosion will not necessarily lead to regime collapse. ... Nevertheless, cycles of political opening and closure have widened the gap between state and society. By raising and deflating elite and popular expectations of change, state-managed reform has heightened the system's vulnerability to systematic domestic crises and exogenous economic, political or security shocks. The long-term security interests of the U.S., and, we believe, Egypt, would be best served by a U.S. policy that helps Egypt's ruling and opposition elites shape an effective and feasible strategy for exiting the trap of state-managed, semi-autocracy.

Recommendation 1: If the administration seeks to realize the promise represented in the president's June 4 Cairo speech, and even more so, if it does not intend on signaling diminished U.S. support for political change in Egypt, it must take actions that demonstrate Washington's desire to encourage democratic transformation, even in a context of an enhanced security relationship with Egypt. Towards this end, this study group recommends that Washington engage the emerging generation of Egyptian NDP leaders in a frank dialogue regarding the role of democratization in reinforcing the legitimacy of the Egyptian government.

Recommendation 4: U.S. policymakers should make public diplomacy a key part of any effort to promote democratic change in Egypt. President Obama's June 4 speech was a very good start; but, unless American officials, including the secretary of state, are willing to openly praise Egyptian officials for taking reform measures that hold out a promise of democratization, or to criticize the Egyptian officials when they adopt laws or take measures that restrict democratic and human rights, Egyptian officials will very likely conclude that Washington has returned to a policy of realpolitik.

Jordan: Security Trumps Reform

Finding 5: While the multifaceted Jordanian-U.S. partnership has enhanced the domestic security of the Jordanian state, over time it has eroded the political legitimacy of the regime. ... Many Jordanians view their country's relationship as one of dependency on, and thus subservience to, U.S. security agendas and priorities. As a result, since 1989 domestic opposition to the regime has either been sparked by, or has tended to crystallize around, popular and elite opposition to regional developments associated with U.S. and Israeli security initiatives. ... Seeking to deflect internal opposition, Jordan's leaders have

backtracked on previous political openings. Thus, “every unpopular U.S. measure in the last 15 years has been accompanied by a reduction in political freedoms.”

Finding 6: Amman’s active support for the Bush administration’s “War on Terror” was undercut at home by the “passing over of 100 temporary laws all designed to curb political freedoms.” Moreover, the credibility of U.S. support for democracy in Jordan has suffered directly as a result of the close association between de-liberalization and Amman’s support for U.S.-backed regional security initiatives. Because many Jordanians attribute cycles of political opening and closure to what they perceive as Washington’s lukewarm support of the first and its implicit backing for the second, the legitimate efforts of Jordan’s leaders to confront domestic and regional security threats do not benefit from sufficient popular support or legitimacy. This is a recipe for long-term domestic instability.

Finding 8: Although political openings could facilitate Islamist mobilization of opposition to the U.S., it does not necessarily follow that democratic reform must inevitably undercut the efforts of Jordan’s leaders to work closely with Washington or even Israel. While many Islamist politicians oppose these efforts, public opinion polls taken in the wake of Jordan’s peace treaty with Israel demonstrated that 80 percent of Jordanians supported the treaty, providing that it “would bring more economic development, a resolution of the Palestinian-Israeli conflict, and a more ‘friendly’ U.S. stance in the region.” It is because these hopes have been repeatedly disappointed that Islamists are able to use elections as a means of mobilizing opposition to Washington, and by association, to the pro-Western policies adopted by successive Jordanian governments.

Recommendation 1: This study group applauds the Obama administration’s determination to advance Palestinian-Israeli peacemaking. But while recognizing that successful peacemaking could open up space for democratic reform, we believe that Jordan’s long-term political stability could be undermined by a policy that completely subordinates the challenge of democracy to the exigencies of regional security. Thus, we urge the Obama administration to demonstrate through both words and deeds a renewed U.S. interest in supporting efforts at democratic transformation in Jordan.

Lebanon: Beyond Confessional Insecurity?

Finding 5: Diplomatic initiatives aimed at promoting national reconciliation and sovereignty are unlikely to succeed if they outstrip the capacity of the country’s fragile consensual system to sustain feasible political reforms. This was the case during the 2005 to 2007 period, when outside actors took positions that at times exacerbated the dispute between the pro-Syrian/Iran “March 8 Coalition” and the pro-Western “March 14 Coalition.” Indeed, while Washington’s staunch rhetorical defense of the 2005 “Cedar Revolution” was meant to strengthen Lebanese

democracy, absent a negotiated solution acceptable to both sides (and that was backed by key regional players), U.S. diplomacy failed to help Lebanese leaders forge a strategy for exiting their escalating conflict.

Finding 10: Many Lebanese have welcomed President Obama's efforts to define a new basis for a broader dialogue with the Muslim World. Signaled by his June 4 Cairo speech, if this rhetorical effort is bolstered by a clear policy of active U.S. support for an inclusive process of national reconciliation and political reform, it could help the Lebanese move beyond the instabilities of sectarian power sharing. If, on the other hand, the words and actions of top U.S. policymakers appear to unduly favor one particular faction, the promise represented in Obama's new vision will not be realized. In addressing the complexities of Lebanon's fragile politics, the President must balance the alluring strategic logic of backing Washington's closest Lebanese allies with the political logic of promoting a wider dynamic that gives potential adversaries of the U.S. a stake in Lebanese reform.

Recommendation 4: The U.S. should avoid taking positions on the course of Lebanon's internal politics that suggest an effort to isolate or exclude any political party. Moreover, the U.S. should avoid trying to use its military, diplomatic or economic leverage to force a drastic change in the existing rules of the confessional power sharing system, or to support the efforts of any group to unilaterally alter these rules. Because such efforts invariably intensify sectarian conflict, the U.S. should provide diplomatic and economic support for a serious and sustained national dialogue aimed at moving beyond confessional politics.

Morocco: Liberalizing Apathy?

Finding 6: If political liberalization and economic reform have unfolded without destabilizing Morocco, both processes have occurred in the absence of sustained and substantive democratization. "The main risk" today is that Morocco "will reach its outer limits in a kind of stalled semi-authoritarianism that is less resilient when confronting the major political and security challenges that lie ahead." Liberalization absent democratization could eventually undermine the effectiveness and legitimacy of Morocco's political establishment, its institutions and its leaders.

Finding 13: High-level praise by U.S. diplomats, policymakers and national representatives of Morocco's "democratic experiment" has sometimes had the unintended effect of abetting a liberalization strategy that has failed to strengthen ... the country's representative and judicial institutions. A more balanced and constructively critical stance would help the country's leaders address the political, economic and security challenges they now face.

Recommendation 3: Where appropriate, U.S. policymakers at the highest levels should use a mix of both public and private diplomacy to accentuate the political challenges Morocco faces. Rather than describing Morocco as a “paragon of reform” or the Arab World’s “leading democratizer,” American officials should offer a balanced and realistic assessment of the actual strengths and weaknesses of the political system. A shift in language could enhance the leverage of genuine reformers, while also encouraging a genuine and productive dialogue between ruling and opposition elites regarding the benefits of genuine but gradual democratization.

Yemen: A Narrow Counterterrorism Lens

Finding 12: Democratic reform may seem like a luxury Yemen cannot afford in the context of the deteriorating security situation. However, a long-term strategy of democratic transformation could in fact help to reverse the regime’s escalating legitimacy crisis, thus giving it the domestic leverage it requires to tackle social, economic and national security challenges. President Saleh desperately needs to share the blame for, and burden of, improving a deteriorating economic situation by sharing power with national institutions, local government and local leaders. Moreover, he needs to regain legitimacy that has been lost in the course of a brutal campaign against Houthi insurgents in the north and against the southern secessionist movement. In both cases, elements within these opposition groups are still willing to compromise and negotiate. But, the price will certainly be a degree of political power sharing, as well as improved stewardship of the national economy that facilitates development in the geographic periphery.

Recommendation 1: The Obama administration must widen the aperture beyond counterterrorism to include critical issues of political and economic reform. Political power sharing, decentralization, transparency and endemic corruption must be addressed to achieve the U.S. goal of effectively combating the instability that provides fodder for al-Qaeda. In practice, widening the aperture means augmenting diplomatic and development instruments of power in Yemen. The Obama administration has already increased economic aid, but this aid must be delivered in the context of a new diplomatic strategy. U.S. diplomats in Sanaa and in Washington must communicate clearly to President Saleh that the U.S. sees a direct connection between genuine economic and political reform and improved domestic security conditions. In addition to conveying this message privately, the same must be said publicly.

INTRODUCTION

At his inauguration, President Barack Obama declared that the U.S. rejects “as false the choice between our safety and our ideals.” In stirring words, he added the following:

Our founding fathers ... drafted a charter to assure the rule of law and the rights of man. ... Those ideals still light the world, and we will not give them up for expedience's sake. And so, to all other peoples and governments who are watching today ... know that America is a friend of each nation and every man, woman and child who seeks a future of peace and dignity, and we are ready to [lead once more](#).¹

As it debates how to translate this bold promise into practice, the administration faces escalating security threats in regions of the Muslim World of vital strategic interest. In the Arab World, local al-Qaeda affiliates are active in North Africa and in Yemen in particular. In South Asia, the reassertion of the Taliban is shrinking the effective borders of the shaky state of Afghanistan, while a similar dynamic may be undermining Pakistan. If the Taliban expands its reign of terror, al-Qaeda will gain further sanctuary to reassert control over their fractured movement. At the same time, in many quarters of the Greater Middle East, weak democracies or liberalized autocracies have renewed their rule, but at the cost of further disaffecting a young generation and thus undercutting the legitimacy of existing governments.

These trends have unfolded in a region whose most enduring conflict is further away from resolution than ever before. As the 2006 Lebanon war and the January 2009 Gaza war show, the persistence of the Arab-Israeli dispute has laid bare the weakness of Arab states and the divisions between them. Stepping into the breach, Iran has extended its influence, a development that has further exacerbated Shi'ite-Sunni tensions in Lebanon, Bahrain, Saudi Arabia, Pakistan and Afghanistan. Dispirited by this story of weak states and sectarian fragmentation, Muslim youth are looking to Islamist movements for answers. Some eight years after 9/11, public opinion polls show that Al-Qaeda remains a powerful symbol of resistance to American military, political and cultural influence.

These disquieting trends have concentrated the attention, talents and resources of an administration that is wrestling with unprecedented challenges at home and abroad. Coming on the heels of Iraq's struggle to forge a more unified and legitimate government, these developments urgently merit an enhanced effort to strengthen the architecture of security and peacemaking in the Middle East and South Asia. The challenge for the new administration is to pursue this

¹ <http://www.nytimes.com/2009/01/20/us/politics/20text-obama.html>

vital goal while honoring President Obama's pledge to promote freedom and human rights.

The United States Institute of Peace Study Group on Reform and Security in the Greater Middle East was convened to address this challenge. Directed by Daniel Brumberg and co-chaired by Larry Diamond and Francis Fukayama, this bipartisan group of scholars, policy experts and grassroots activists brings a vast store of knowledge and grassroots experience. This report summarizes the group's main findings and provides concrete recommendations to help policymakers and activists alike devise new strategies for promoting security and democratic reform in the Middle East and South Asia.

This study group has focused its work on the post-9/11 experiences of Egypt, Lebanon, Morocco, Jordan, Yemen, Afghanistan and Pakistan. These states share two broad traits. First, to varying degrees, they have tolerated or in some cases promoted state-controlled political reform, and/or have allowed the channeling of U.S. official or non-governmental aid to domestic political reform programs. Second, having sustained close strategic relations with Washington, these states provide revealing arenas in which to probe the complex challenges involved in sustaining a dual agenda of democratic reform and security.

As we focus on experiments in state-managed reform undertaken by pro-Western regimes, we exclude states that have been unfriendly to U.S. security concerns, and/or that have maintained a pervasive level of control inhospitable to the narrowest of political reforms. These cases of "full autocracy" include Tunisia, Syria, Libya and Iran. In addition, while noting the importance of the Iraqi case in the overall evolution of U.S. democracy assistance programs, because it is a unique example of externally generated regime change that has no parallel in the Middle East, Iraq is not included in the cases studies that serve as the empirical focus of this group's inquiries.

Our report is organized into three parts. **Part I** presents the study group's general findings and recommendations. While drawing insights from a broad range of country studies, our master conclusion can be summarized as follows: Although there is no one-size-fits-all solution, long-term political stability, economic development and security in the Middle East and South Asia requires a sustained U.S. commitment, in both words and deeds, to promoting democratic transformation, human rights and effective governance.

Part II sets out our case-specific findings and recommendations. Our findings highlight the very different levels of political change, economic development and institutional development that characterize each of our eight cases. Our recommendations flow from these differences, and thus point to a nuanced set of policies and strategies for advancing a process of "democratic transformation" that we believe could enhance domestic and regional security.

Part III of this report, “The Freedom Agenda: Enduring Challenges,” provides a wider historical and analytical lens through which to read the study group’s findings and recommendations. This narrative section of our report spells out the key analytical assumptions that framed our deliberations, particularly regarding the costs and benefits of moving beyond a policy of U.S. backing for state-controlled reform in the Middle East.

PART I: GENERAL FINDINGS AND RECOMMENDATIONS

Towards a Comprehensive Strategy for Security and Reform

Finding 1: The administration faces a range of security challenges in the Middle East and especially in South Asia, where the Taliban or affiliated groups are undermining state authority in Pakistan and Afghanistan. These challenges require a renewed focus on promoting security, and on advancing state-to-state peace agreements between Israel and its Arab neighbors, and between Pakistan and India. The architecture of security and peacemaking in the Muslim World must be a top priority for the administration.

Finding 2: This study group commends President Obama's call for a new, comprehensive approach to the Muslim-majority states. Administration officials, including the president and the secretary of state, have on several occasions expressed their support for assuring that this new approach will include U.S. attention to the critical issues of democracy and human rights. Indeed, in his June 4, 2009 Cairo speech, the president declared that the rule of law, transparent government and the "freedom to live as you choose" are among the "human rights" that the U.S. "will support ... everywhere." But thus far, it remains to be seen how this commitment will fit into the administration's more active and high-level focus on geo-strategic and security challenges.

Finding 3: A failure by the United States to stand squarely on the side of human rights and democracy in Muslim-majority states will increase public cynicism about U.S. intentions, and deprive efforts to build security cooperation and resolve regional conflicts of credibility. In this sense, effective U.S. tolerance - and even moreso, support - for autocratic regimes undermines American security.

Recommendation 1: A comprehensive approach for dealing with the diverse states that comprise the Greater Middle East requires a continued and even enhanced U.S. effort to promote political change, human rights and effective governance. A gradual, but forward-moving, process of democratic transformation (whose elements are set out in Recommendations 9 through 14) need not undermine governments that cooperate with the U.S. On the contrary, democratic transformation could increase public legitimacy for addressing local and regional security challenges, thus facilitating geo-strategic cooperation between the U.S. and its Muslim World allies. In this sense, democratic reform and security can go hand in hand, each reinforcing the other.

Recommendation 2: This study group keenly supports the administration's efforts to combat terrorist organizations in the Greater Middle East and on a global level. At the same time, we urge the administration to recognize that counterterrorism operations conducted in concert with governments that have

weak democratic legitimacy, or which abuse the human rights of their citizens in the name of fighting al-Qaeda's many local or regional affiliates, will be difficult to sustain. To confront the threat of terrorism, the administration should encourage regimes to take seriously the vital need to adopt political reforms aimed at narrowing the expanding gap between states and societies.

Diplomatic Strategies for Promoting Reform and Security

Finding 4: U.S. democracy assistance efforts have been undercut by a widespread perception in the Muslim World that Washington has not consistently advanced the cause of pluralism and democracy. The tempering of high-profile public support for political reform and human rights by American leaders and top policymakers during the last years of the previous administration intensified this credibility gap. This dynamic has encouraged autocrats while demoralizing democratic activists who look to Washington for both leadership and support.

Finding 5: The election of a new administration in Washington has created both hope and some anxiety in the Middle East and wider Islamic World. Democratic activists and regime leaders are looking to President Obama, Secretary of State Clinton, and other American officials for clear signals as to the place of human rights and democracy promotion in a U.S.-Muslim World foreign policy. If these signals are muddled or inconsistent, autocrats will be emboldened while democratic forces will once again conclude that Washington is subordinating principles to power.

Recommendation 3: Given the window of opportunity before it, the administration should move with care and dispatch to define the place of democracy and human rights in Washington's overall policies toward Muslim-majority countries. Careful attention should be given to narrowing the gap between rhetoric and reality so that both regime and opposition leaders in the Middle East and South Asia have a distinct sense of American strategy for promoting security and reform.

Recommendation 4: A policy that backs "gradual democratic transformation" requires clear statements of support from our highest policymakers, including the president and the secretary of state. Articulated in a respectful, matter-of-fact language that abjures preaching or triumphalism, such statements should highlight concrete challenges of democratic transformation in specific countries, while pointing, more broadly, to ways in which political change can enhance domestic security and economic development.

Recommendation 5: As a general rule, this study group does not support the use of aid conditionality as a tool with which to pressure governments into pursuing democratic reforms. However, Washington should make it clear through words and deeds that governments that do facilitate political change could reap a

range of benefits, including enhanced strategic cooperation with Washington, and economic aid from programs such as the Millennium Challenge Corporation. This group believes that incentives are usually more effective than penalties; however, in cases of gross human rights abuses or widespread electoral fraud, Washington should consider using aid conditionality as a tool for securing adherence to basic international norms of human and political rights.

Recommendation 6: Given the proximity of Western Europe to the Middle East, and the challenge of absorbing immigrant populations, Washington's Western allies may be tempted to revert to a policy of *realpolitik*. The administration should address this looming prospect by pursuing a dialogue with our European allies around a common set of strategies that facilitate the pursuit of democracy and security. A more coordinated U.S.-European approach will deter the efforts of autocrats to leverage security issues and thus skirt the challenges of domestic political change.

Engaging Regional Friends and Rivals

Finding 6: Efforts to address the architecture of security and peacemaking in the Middle East and South Asia create opportunities for autocrats to leverage their strategic relationships with the U.S. to deflect pressures for political reform. Similarly, regimes that have embarked on market reforms point to the progress they have made (or problems they have encountered) on the path to structural adjustment and privatization to argue that "economic security" should take precedence over democratic change.

Recommendation 7: The U.S. should not facilitate these efforts to invoke the geo-strategic relationship with Washington, or the fight against terrorists, as a pretext for avoiding political reforms, or to use market reforms as an excuse for sustaining authoritarian institutions and practices. Washington's friends in the Middle East and South Asia derive significant geo-strategic and economic benefits from their relationships with the U.S. They will not give up these assets when pressed or encouraged to adopt or to sustain a process of gradual democratization that brings regimes and opposition groups that reject violence around the table of negotiations and mutual accommodation.

Recommendation 8: As the administration focuses on security and peacemaking in the Middle East and South Asia, it is likely to engage states and non-state actors that have been antagonistic to U.S. security interests. We recognize the strategic logic behind engaging key actors such as Iran, Syria or the Taliban. At the same time, we believe that the U.S. should make it clear to its interlocutors that engagement does not preclude defending universal principles of human rights as set out in the U.N. Human Rights Charter, to which Iran, among others, is a signatory. A continued, high level U.S. commitment to human rights must be a vital part of a comprehensive security strategy.

Finding 7: The persistence of the Arab-Israeli conflict has hampered democratization in the Middle East, particularly in those states directly affected by the conflict. This dispute has given ruling autocrats a convenient excuse for maintaining a host of emergency laws and other autocratic measures designed to maintain “national unity.” Moreover, it has sapped the energy and focus of opposition groups, thus facilitating the divide and rule tactics that regimes use to avoid democratic reform. Given this record, we applaud the administration’s renewed commitment to producing a comprehensive Arab-Israeli peace. We also support continued efforts to reduce the tensions between India and Pakistan over Kashmir. Regional peacemaking is a key element of a successful security policy.

Finding 8: This group also recognizes that there is a certain tension between the process of peacemaking and democratization. Given the hostility of some parties or leaders towards Israel, regimes fear that democratization might undermine support for peace negotiations or for the preservation of existing peace treaties with Israel. However, efforts to silence critics of peacemaking have often associated the Arab-Israeli peace process with the regime-led de-liberalization, thus conflating problems of regime legitimacy with the very idea of negotiating with Israel. Efforts to disentangle these two dynamics could serve the twin goals of regional peacemaking and enhancing regime legitimacy.

Recommendation 9: This study recognizes the multiple and sometimes competing priorities that the administration must juggle in the Middle East; however, we believe that the administration can and should signal to its allies that the U.S. will move along multiple tracks by remaining focused on democratic reform as it advocates negotiations to end regional conflicts. Moreover, through a mix of quiet and public diplomacy, U.S. policymakers should encourage leaders to pursue peace for its own sake, rather than invoke their role as regional peacemakers as a justification for skirting the domestic challenges of democratization.

The Destabilizing Consequences of State-Managed Liberalization

Finding 9: Those who argue against a comprehensive strategy to promote both security and political reform assert that democratic change will undermine U.S. security interests in two ways. First, it will strengthen the political influence of Islamist forces, many of which reject cooperating with the U.S. on a range of political, economic and strategic issues. Second, political reform will undermine state coherence by exacerbating conflicts between Islamists and their secular, ethnic or nationalist rivals, thus inviting violent civil conflict. Advocates of these arguments point to events in Palestine, Egypt and Lebanon in 2005 and 2006 to advance the realist case for deemphasizing U.S. support for democratic reforms.

Finding 10: This study group does not contest the assertion that, under certain conditions, political reform can produce some of the above negative outcomes. Like all truisms, the “democracy = instability” thesis carries some truth, while suffering from many specific liabilities. Indeed, democracy by its very nature must introduce an element of uncertainty, risk and thus heightened dissension into the political arena. If the U.S. is serious about promoting democratic change, it must be prepared to accept some measure of uncertainty. At the same time, and as we suggest below in Recommendation 10, this group also believes that the cause of democratic change would be well served by encouraging reforms that lower the perceived risks of reform, especially for regimes and the particular groups that they support in their effort to sustain regime survival.

Finding 11: This study group is concerned that those who see democratic reform as introducing unacceptable risks, and who thus advocate a realist agenda, base their arguments on a superficial analysis of the brief and unprecedented period during which Washington advanced the “Freedom Agenda.” A dispassionate analysis of events in Palestine and Egypt suggests that Islamist electoral gains (especially in Palestine, where Hamas won a majority of seats in the Palestinian Legislative Council) resulted from particular local and regional conditions rather than any intrinsic organizational or ideological advantages enjoyed ipso facto by Islamist forces. Generalizations based on these two cases can lead to bad policymaking.

Finding 12: A careful analysis of the 2006 Palestinian elections also suggests enduring lessons regarding the relationship between domestic political reform and regional peacemaking. While realists argue that Hamas’ electoral success reveals the intrinsically destabilizing effect of democratization, in fact, the “sidestepping of political reform by successive U.S. administrations” undercut the Palestinian leadership. Had there been, over a period of 10 years, “consistent attention to issues of governance and democracy building including regular local elections and national elections, Palestinian institutions would have sunk more legitimate and sustainable roots.”² Moreover, instead of setting the stage for Hamas’ sudden victory, a steady flow of feedback issuing from a more democratic process would have encouraged Palestinian leaders, and the international community, to address the many issues undermining Fatah’s unity and legitimacy, not least of which was the widespread problem of corruption. In this way, governance, accountability and peacemaking might very well have been mutually beneficial.

Finding 13: This domestic risk problem associated with democratization is not a consequence of Islam itself, or a reflection of unalterable cultural factors. Nor is this risk exclusively or largely a function of the domestic and foreign policy

² *Palestine Case Study Report*, prepared by Nathan Brown, for the USIP Study Group on Reform and Security in the Greater Middle East.

orientations of Islamist political parties. While some Islamists have articulated positions unfriendly or sometimes hostile to U.S. security objectives, others have indicated a readiness for their governments to cooperate with the U.S. on domestic and regional security issues - providing that progress is made on key regional issues, such as the Arab-Israeli conflict. But whatever their positions, the bid to exclude Islamists from elected (or non-elected) governments has freed Islamists from being held accountable for the domestic and regional consequences of their positions. Oppositional politics shorn of accountability and genuine representation is a recipe for radicalism and domestic polarization.

Finding 14: The ideological orientation and influence of Islamist parties is partly a consequence of government policies that keep non-Islamist parties weak while allowing Islamist parties sufficient room to present - or seem to present - a threat to non-Islamist leaders. This kind of state-enforced “protection racket” presents non-Islamist domestic democratic activists - and their international supporters - with a difficult choice between tolerating autocratic security or falling down the seemingly black hole of democratic change. Moreover, by maintaining a polarized political field, this “protection racket” strategy makes it very difficult for more moderate Islamist voices to break from the fold and advance their own ideas and agendas.

Finding 15: State-controlled political liberalization serves as a safety valve for venting political and social discontent, and for allowing a modicum of peaceful coexistence between opposition groups. This system gives civil society groups some space to demand or push for change, while assuring that states remain the ultimate suppliers of whatever political change does emerge. Under this formula, the demand for change coming from society does not compel regimes to supply genuine democratic reforms. Moreover, under this formula, opposition parties that do cross an ambiguous and arbitrarily defined red line of acceptable dissent are often quickly the victims of state repression. This has been the fate, in particular, of Islamist groups, especially those that have tried to turn the instruments of state-managed liberalization against regimes.

Finding 16: In the short term, state-managed political liberalization can provide one means of securing domestic political stability and security. However, in the long run, tactical liberalization does not endow parliaments with real authority or accountability. Nor does it offer an effective arena for negotiating social or identity disputes. At best, state-managed liberalization allows for cycles of liberalization and de-liberalization. Over time, these cycles widen the gap between society and the state, robbing regimes of what little legitimacy they once enjoyed. State-managed liberalization can facilitate regime survival, but at the cost of making regimes vulnerable to domestic social conflicts, internal succession struggle, and regional disputes.

Finding 17: Mostly by default, and perhaps to some extent by design, U.S. democracy assistance has abetted the above dynamic. Successive administrations have invested in a strategy that places a heavy burden on civil society organizations and NGOs. It is assumed that demand for change articulated by these groups will eventually compel regimes to supply reforms. However, because these groups lack the capacity to advance change beyond the boundaries established by regimes, or because many of them are indirectly controlled or manipulated by regimes, tactical liberalization often ends up undercutting rather than advancing democratic change. By wittingly or unwittingly supporting this paradoxical dynamic, the U.S. may be undercutting the long-term stability of its allies in South Asia and the Middle East.

Towards a Strategy of Gradual Democratic Transformation

Recommendation 10: U.S. democracy assistance organizations must rethink how their programs do (or do not) facilitate a process of state controlled political liberalization, one that often ends up hindering rather than advancing genuine democratic reform. What is urgently needed is a comprehensive strategy that assures that the demand for change articulated by political parties and civil society groups promotes or is accompanied by a genuine and growing state supply of substantive constitutional, legal and institutional democratic reforms. This will require a strategy that advances a gradual but effective dynamic of democratic transformation.

Recommendation 11: An effective strategy of gradual democratic transformation requires an integrated approach that pivots around four interrelated elements:

- A. A process of political change that undercuts the “protection racket” by which regimes weaken non-Islamist voices and organizations, thus leaving domestic actors with the option of choosing between ruling autocracies and Islamist oppositions, or simply not participating in politics. To counter this destabilizing mix of ideological polarization and popular apathy, the U.S. should encourage strategic, rather than tactical, political liberalization. By “strategic political liberalization” we mean constitutional, legal and administrative reforms that make it easier for more groups and interests to compete, thus creating a more level playing field. Over time, this pluralizing dynamic might encourage new social and political actors within both Islamist and non-Islamist camps to seek common ground. Moreover, a strategy that promotes a more pluralistic playing field could also reduce the perceived risks that regimes, and the various groups they protect, associate with democratization, thus making it easier for genuine advocates of reform to push beyond the boundaries of state-managed reform.

- B. A shift from a strategy that heavily relies on the capacity of civil society groups to demand reforms to one that gives the states and their ruling cadres a major role in supplying substantive democratic changes. To forge an expanding synergy between the demand for change and its supply, U.S. leaders and policymakers should deploy a mix of private and high-level public diplomacy to encourage ruling elites to replace short-term tactical reforms with longer-term programs that build the legal and institutional infrastructure for democratic representation. Regimes must be encouraged to repeal the array of exceptional laws, defamation codes, political party registration statutes and religiously based laws that they use to hinder free and pluralistic expression and assembly in the civil society realm, in the private and state-owned media, and in the arena of political party activism. In short, the U.S. should support programs that make it more likely that pluralizing policies will advance rather than obstruct democratization.
- C. Continued and even enhanced U.S. (and Western) support of civil society organizations that have the capacity to strengthen fundamental democratic institutions and processes. Election-monitoring organizations, human rights groups and advocacy organizations that promote parliamentary accountability, effective governance and judicial independence are just some of the civil society organizations that can link up to and enhance the capacity of political society, thus advancing a transition from state-managed liberalization to strategic liberalization and democratic transformation.
- D. A process of political change that balances the uncertainties of democratization with institutional, constitutional and legal guarantees that reduce the perceived risks of all key actors in regimes and oppositions. To advance this balancing act, the U.S. should encourage regime-opposition dialogues. In contrast to the state-managed monologues that many liberalized autocracies have orchestrated, these dialogues should provide a forum for genuine, inclusive and open debates directed at redefining the legal and constitutional ground rules for political participation. These dialogues, and the agreement or political “pacts” that arise from them, must include all political forces that renounce violence and accept basic principles of democratic governance, pluralism and human rights.

Finding 18: The timing and sequencing of the above, four-part formula will vary according to level of social, economic, institutional and political development of each state. As a general guideline, we suggest that U.S. policymakers distinguish between three different types of states:

- A. Liberalized Autocracies, i.e. those semi-authoritarian states that have promoted some measure of state-managed elections, representative

institutions and the rule of law. While practiced in the art of controlling reform in ways that enhance their rule, these states might also be best placed to rework existing institutions and laws in ways that facilitate gradual democratization. Morocco, Kuwait, Jordan, Tunisia, Egypt and perhaps Lebanon are all examples of such states.

- B. Traditional Autocracies, i.e. states that have relied on more traditional or informal mechanisms of dialogue, interest articulation and representation to contain and mediate social and political conflicts. Saudi Arabia is the most obvious example of such a state. Its reliance on traditional consensus building instruments, in addition to the prominent role that its rulers give to a conservative clerical establishment, suggests a more cautionary strategy focusing on political liberalization rather than formal democratization.
- C. Weak states, i.e. states that do not exercise a sufficient degree of national sovereign authority and organizational capacity to fully extend governing institutions into the hinterland. In such states, of which Afghanistan is one obvious example, hopes for long-term democratic transformation rest on addressing the immediate challenges of state-building and effective governance.

Recommendation 12: Given these different developmental trajectories, this study group recognizes that gradual democratic transformation is a prolonged process, and may require a sequencing process by which each element of the above four-part formula feeds into the next one. But phasing should not be used as an excuse to stall political change, or to revert to a “reform” strategy designed to prevent substantive democratization. Democratic transformation requires gradualism and sequencing to have any hope. It must also be informed by a strategic commitment to a cumulative, system-wide transformation of the basic rules and institutions of political life.

Recommendation 13: Because the country-specific contours of a long-term strategy of democratic transformation are still to be defined, we recommend that democracy assistance organizations within and outside the U.S. government undertake a systematic review of all cases of U.S.-backed political reform in South Asia and the Middle East. The goal of this review should be to identify the nature, size and mix of constitutional, legal and institutional reforms necessary for advancing beyond the boundaries of state-managed, tactical reforms.

Democratic Engagement

Recommendation 14: Any effort to reformulate regional and country specific strategies for encouraging democratic transformation will require a parallel process of democratic engagement. By “democratic engagement” we mean a

sustained effort by U.S. officials, as well as non-governmental organizations, to pursue a candid and constructive dialogue with ruling elites regarding the political, economic and security benefits that might accrue to these elites from a process of gradual democratization. These efforts to articulate the benefits of substantive political reform should be directed at engaging those leaders whose actions and words suggest a genuine interest in democratic transformation. At the same time, U.S. policymakers should avoid an uncritical embrace of those leaders who in the name of national or regional security argue for sustaining the longstanding, and increasingly stagnant, strategy of state-controlled political reforms.

Recommendation 15: An effective democratic engagement of ruling elites also requires a parallel U.S. engagement of all opposition political and social activists who reject the use of violence, intimidation or political exclusion to achieve domestic political change. While this dialogue must include Islamist leaders, it must not privilege any one group. Because one of the key goals of such dialogues should be to promote a process of democratic transformation that is inclusive and pluralistic, this study group believes that U.S. government leaders and policymakers, as well as non-governmental actors, should devote diplomatic, organizational and economic resources to programs that help political leaders in the Greater Middle East build new bridges of cooperation and conciliation across the sectarian, religious or ideological divides of their respective societies.

Assistance Programs, Governance and Security: Balancing Regional Priorities

Finding 19: This study group fully appreciates the Obama Administration's efforts to increase U.S. funding for democracy and governance assistance programs in the Middle East and South Asia. We note that for FY10, the administration has requested \$1.54 billion, twice the amount requested for FY09 by the previous administration. While this is a positive step, by itself increased funding will not engender greater democratization and/or a process of political change that enhances the security of states or regions. To make a positive difference, it is critical that this funding be guided by a wider, coherent, long-term strategic vision of the goals and purposes of such funding, as well as the most suitable programs and mechanisms for achieving these goals. This group has outlined the core elements of such a strategy in the above discussion of "democratic transformation" (Recommendation 11).

Finding 20: To the extent that the administration's funding requests are guided by a broader strategic logic, it would appear that this logic remains closely wed to U.S. security priorities and initiatives. Indeed, Afghanistan, Pakistan and Iraq account for 86 percent of the total democracy and governance assistance

request for FY10, while funding for the Middle East has “increased, but far more modestly - up 14% from \$190 million allocated in FY09.”³

Finding 21: This prioritization of Iraq and especially South Asia, is both understandable and necessary. Nevertheless, this study group is concerned that the above-cited level and concentration of funding could signal diminished U.S. support for democratization in the Arab World. We note, in particular, that requests for democracy and governance programs in two Arab countries of central concern to U.S. security interests, Jordan and Egypt, have been cut by 40 percent. Moreover, as we shall discuss below, in some instances Washington has agreed to conditions that allow host governments to have a significant or even determining say over how some of these funds are spent.

Finding 22: Democracy assistance providers are increasingly concerned by the efforts of some U.S. governmental agencies to attach, or allow the attaching of, nebulous “security conditions” to bilateral aid agreements. While their purpose is to preclude advocates of terrorism from participating in aid projects, these conditions can also be manipulated or misused in ways that block legitimate, nonviolent democracy advocates from working with U.S. democracy and human rights assistance providers.

Finding 23: This study group has taken note of the concerns expressed by democracy assistance providers in the public and private sectors concerning the negative impact of the above described “securitization” of U.S. democracy assistance. When this dynamic gives regimes effective veto power over the allocating or spending of aid assistance, it not only detracts from the effectiveness of such assistance; it can also enhance the leverage of those domestic elites seeking to block or weaken democratization programs.

Recommendation 16: This study group believes that democracy assistance programs can make a positive contribution to the political stability of host countries. Nevertheless, we also believe that as a general rule, the content and goals of U.S. democracy assistance programs should not be linked to or subordinated to U.S. security strategies. Thus, we urge the administration to take concrete and symbolic steps to demonstrate that the shift in aid toward South Asia does not signal a retreat by Washington on the question of democratic reform in the Arab World. President Obama’s June 4 Cairo speech provided one venue for making this point. But it must be followed up by a consistent message from our highest foreign policy officials lest Arab leaders conclude that the administration does not have the political will to provide strong diplomatic support

³ Stephen McInerney, *The Federal Budget and Appropriations for Fiscal-Year 2010, Democracy, Governance and Human Rights in the Middle East* (Project on Middle East Democracy, Washington D.C. 2009), page 3.

for its proposed 14 percent increase in FY10 funding for Middle East democracy assistance.

Recommendation 17: We urge the administration, and USG democracy assistance organizations in particular, to open a dialogue with the NGO community concerning the impact of new or proposed security measures on the capacity of U.S. democracy assistance organizations to forge effective partnerships with civil society groups in host countries. For this purpose, we recommend that USAID, together with the State Department's Bureau of Democracy, Human Rights and Labor (DRL), form a broadly based committee that would analyze the level, scope and impact of such measures over the last four years. We further urge the administration and USG democracy assistance organizations to reject any efforts by host governments to unilaterally impose conditions on democracy and governance aid agreements, whether those agreements are between government bodies, or between host government bodies and U.S. NGOs. All such agreements should provide for a process of mutual consultation that takes into account host government concerns without handing over veto rights to host governments.

Finding 24: In the absence of legal and institutional mechanisms that make government bureaucracies and security establishments accountable to the public, political liberalization can unfold in concert with corruption, thus weakening regimes' legitimacy and state coherence. Without stronger mechanisms of control and accountability, economic aid flows to the Middle East have been siphoned off by regime cronies in business and security sectors. A similar, but even more pervasive, dynamic can be found in Pakistan and even more so in Afghanistan, where the populace sees the military or police as little more than predatory threats.

Recommendation 18: This study group takes note of the administration's proposed FY10 increase for governance assistance, particularly in Afghanistan and Pakistan. But it is essential that the USG clearly signal that it expects host governments to make effective use of such assistance, particularly in their security sectors. Given the checkered history of Pakistan's security apparatus, it is essential that the U.S. work with the Pakistani government to define new measures for verifying how governance-security sector reform aid is allocated and spent. For this reason, this study group views the Kerry-Lugar ["Enhanced Partnership with Pakistan Act of 2009"](http://lugar.senate.gov/sfrc/pdf/Pakistan.pdf) as an important step in the right direction.⁴ For similar reasons, we also support the administration's effort to encourage President Karzai to define and pursue a serious anti-corruption policy. Indeed, we believe strongly that the administration, in concert with USG and international partners, should use a mix of positive and, where necessary, negative incentives to encourage a serious and sustained strategy for professionalizing the military

⁴ <http://lugar.senate.gov/sfrc/pdf/Pakistan.pdf>

and especially the national police. Absent such an effort, the military struggle against the Taliban can have little hope of success.

PART II: COUNTRY STUDIES

Egypt: Reforming Autocracy versus Promoting Democracy

Finding 1: After a decade of de-liberalization, in the fall of 2002 Egypt experienced a surge of civil society activism. On the domestic front, popular dissatisfaction with deteriorating economic conditions provoked labor protests and strikes. On the regional front, Israel's incursion into the West Bank, and even more so, the 2003 U.S.-led invasion of Iraq, provided the impetus for the creation of new opposition movements such as Kifaya. Yet if "the ... reform movement in Egypt ... emerged in opposition to U.S. policy," opposition leaders argued that popular dissatisfaction with the course of U.S.-Egyptian relations was rooted in the regime's failure to promote any sense of genuine democratic accountability.⁵

Finding 2: These developments posed a challenge for an autocratic regime that had spurned any efforts by domestic political forces to influence Egyptian security policies. Since the 1970s, those policies had been rooted in a strategic alliance with the U.S., and by extension, in Cairo's support for Arab-Israeli peacemaking. A recipient of more than a billion dollars annually in U.S. military aid, Egypt's partnership with the U.S. expanded when Egyptian troops participated in the 1991 Operation Desert Storm. Biannual U.S.-Egyptian military exercises ("Operation Bright Star") expedited passage of U.S. military vessels through the Suez Canal, and regular permission for U.S. over-flight rights, have deepened this strategic partnership, thus strengthening the domestic and regional leverage of Egypt's leaders.

Finding 3: After 9/11, this relationship experienced the multiple policy agendas of an administration wrestling with unprecedented security threats. On the one hand, Washington looked to Cairo for assistance in the "war on terrorism." Having suffered numerous terrorist attacks, Egypt readily backed the Bush administration by providing intelligence on radical Islamists, and by facilitating the rendering of detainees, some of whom were interrogated or tortured while in Egyptian custody. On the other, Cairo faced a U.S. administration whose highest leaders had repudiated the realist position that Arab autocracies provided the key to domestic and regional security. There is little evidence to suggest that policymakers in Cairo or Washington considered how the longstanding U.S.-Egyptian security partnership would be affected by the new and untested Freedom Agenda.

Finding 4: In 2005, responding to domestic and foreign calls for political reform, President Mubarak announced that Article 76 of the Constitution was to be amended to allow for multi-candidate presidential elections. But far from

⁵ All quoted sections in this section of our report are taken from the *Egyptian Case Study* authored for this study group by Dr. Samer Shehata.

heralding a new era, the amendment, and the laws that grew out of it, set out “restrictions on candidacy” that “insured that all subsequent presidents would come from the ruling party.” By shifting control over presidential succession from the military and into the hands of the ruling National Democratic Party (NDP), the 2005 “reform” helped to civilianize, and thus in some ways strengthen, state-controlled political participation. As a result, prospective voters had little reason to take the reform seriously: During the September 2005 presidential elections, fewer than 23 percent of registered voters went to the polls.

Finding 5: When, in the wake of the November 2005 elections, candidates affiliated with the Muslim Brethren registered electoral gains, Washington failed to publicly criticize Egyptian officials for allowing the violent intimidation of would-be voters. Cairo’s ensuing de-liberalization - signaled by the imprisonment of presidential candidate Ayman Nour, the postponing of Municipal Elections, the arrest of Muslim Brother activists and the renewal of the Emergency Law - solicited little high-level public criticism from U.S. officials. U.S. officials did work behind the scenes to temper Cairo’s autocratic policies. But Egyptian officials and opposition activists viewed Washington’s reliance on quiet diplomacy as a strategic retreat from the Freedom Agenda.

Finding 6: By praising the 2005 constitutional reform and at the same time failing to delineate how “Egypt’s elections ... must meet objective standards that define every free election,” U.S. policymakers may have unwittingly abetted a dynamic of state-managed reform that over time has only eroded the legitimacy of the political system in the eyes of many Egyptians.

Finding 7: The U.S. response to November 2005 elections illustrated how unprepared U.S. policymakers were for a process of change that cracks open the doors of participation for Islamist candidates. Yet this challenge should not be exaggerated; the Brotherhood “has long been committed to peaceful political participation.” Indeed, it is virtually impossible to envision a “plausible scenario by which the Brotherhood could come to power.” Still, because the Brotherhood is far better placed than any other group to mobilize support, it has the capacity to weaken the longstanding system of state-controlled reform. There is no doubt that the capacity to undermine semi-authoritarian rule poses a challenge to Egypt’s leaders.

Finding 8: The growth and vibrancy of a wide range of civil society organizations and social movements poses an additional challenge to Egypt’s leaders. Provoked in part by the accelerating push for economic reform, foreign investment and privatization, the sprouting of these new voices may very well outstrip the capacity of Egypt’s ruling institutions to capture, contain or otherwise co-opt or negotiate with its challengers. If, as seems likely, state-managed political reform does not provide a long-term and effective means of addressing these social, economic and political forces, Egypt could pay a high cost, not

merely in terms of its political stability, but also in terms of the overall stability of its drive for economic reform.

Finding 9: While state-managed political reform has eroded legitimacy of the Egyptian government, and while it has failed to keep pace with the rising challenge posed by new social and political forces, this erosion will not necessarily lead to regime collapse. That event has been predicted as many times as it has failed to occur. Nevertheless, cycles of political opening and closure have widened the gap between state and society. By raising and deflating elite and popular expectations of change, state-managed reform has heightened the system's vulnerability to systematic domestic crisis and exogenous economic, political or security shocks. The long-term security interests of the U.S. and, we believe, Egypt, would be best served by a U.S. policy that helps Egypt's ruling and opposition elites shape an effective and feasible strategy for exiting the trap of state-managed, semi-autocracy.

Finding 10: A process of gradual democratic transformation in Egypt could reduce the risk of opening up political space for all actors, thus creating opportunities for political reforms that reach beyond the confines of tactical political liberalization. Such a strategy should capitalize on the ample credibility and authority of prominent civil society and professional groups who have effectively militated for a process of strategic liberalization - one that abets democratization. Of these, the Judges Syndicate is crucial. Its demands for judicial independence are central to any hopes for democratic transformation. Beyond the rule of law, a range of reforms and initiatives are needed. These include the following: lifting the emergency law, removing legal restriction on freedom of expression and organization, revising and liberalizing the party registration limitations, and installing serious, independent institutions to monitor, control or deter corruption.

Finding 11: U.S. policymakers have no clear democratic strategy for addressing the Islamist challenge to this system of semi-autocracy. More generally, U.S. policymakers and democracy assistance providers lack a coherent strategy for responding to the calculated efforts of Egypt's leaders to manipulate constitutional and legal reforms to their advantage. Absent this strategy, U.S. policymakers are likely to continue relying on the default button of realpolitik.

Finding 12: Gamal Mubarak, who may succeed his father as president, has made this case by arguing that the boundaries of political reform must be defined by the exigencies of national development and economic "security." In the coming year, he and the "new reformers" in the National Democratic Party (NDP) are likely to argue for modest political liberalization accompanied by continued efforts to repress mainstream Islamist forces. Thus the nature of Egypt's semi-autocratic system will endure, securing a measure of vulnerable quasi-stability at the expense of a deeper and wider public legitimacy.

Finding 13: It is too early to tell whether President Obama's June 4 Cairo speech signals a determination by the new administration to strike a more effective balance between maintaining the security relationship with Egypt and pursuing the democratic challenge that the President articulated before his local (and global) audience. The administration's security priorities may complicate this effort. Given the prominent role that Cairo is now playing in efforts to resolve the Palestinian-Israeli conflict, as well as Cairo's worry over Iran's growing regional influence, Egypt's leaders will probably argue that any ambitious democratization effort will undercut Egyptian and U.S. security interests.

Finding 14: Absent a bold and sustained effort by high level U.S. officials to follow up on President Obama's June 4 Cairo speech, democracy activists in Egypt may very well conclude that Washington is not serious about promoting political reform. Indeed, absent high-level U.S. engagement on the democracy question, it is very likely that the emerging generation of leaders within the NDP will conclude that Washington will back a state-managed "reform" program that has little teeth.

Finding 15: The administration's Egypt-related FY10 aid request could further signal diminished U.S. support for democratization and governance reform. Funding for the previous two years had already dropped from \$54.8 million in FY08 to \$20 million in FY09. For FY10, the administration proposes a further \$2 million cut. Out of total democracy and governance funds for FY10, only \$7 million is for civil society programs, further reducing support for NGOs, which had already been slashed by 70 percent in FY09. When contrasted with total U.S. assistance to Egypt for FY10, U.S. democracy assistance accounts for a mere 1 percent of total funding, whereas military assistance makes up 84 percent. Given that U.S. military assistance will remain the same for FY10 (\$1.3 billion), it would appear that Washington is prioritizing security over democratic reform.

Finding 16: In addition to reducing aid requests for democracy assistance in general and civil society programs in particular, it would appear that the administration has agreed to Cairo's demand that Washington no longer provide bilateral assistance to NGO organizations that are not officially registered with the Egyptian government. This comes against the backdrop of the total elimination in FY09 of all U.S. funding (\$10 million) for unregistered civil society groups. This decision could reinforce the perception that the administration lacks the political will to encourage Egyptian leaders to democratize.

Recommendation 1: If the administration seeks to realize the promise represented in the president's June 4 Cairo speech, and even more so, if it does not intend on signaling diminished U.S. support for political change in Egypt, it must take actions that demonstrate Washington's desire to encourage democratic transformation, even in a context of an enhanced security relationship

with Egypt. Towards this end, this study group recommends that Washington engage the emerging generation of Egyptian NDP leaders in a frank dialogue regarding the role of democratization in reinforcing the legitimacy of the Egyptian government. While many of these leaders are wary of democratization, U.S. policymakers should use the opportunity presented by whatever political liberalization measures Egyptian “reformers” propose to push for a dynamic of gradual democratic transformation.

Recommendation 2: Egypt has advanced significant economic reform, while the constitutional reforms adopted by Cairo in 2005 might go some way to shifting power from the military to the political elite. However, privatization in the absence of political accountability breeds corruption, while civilianization without democracy can strengthen autocratic institutions and processes. Because both processes widen the gap between rulers and the populace, U.S. policymakers should make it clear to their Egyptian counterparts that neither economic reform nor civilianization of authority can be equated with, or substituted for, a substantive process of democratic transformation.

Recommendation 3: U.S. policymakers should encourage Egyptian leaders to begin adopting the range of liberalizing measures and initiatives set out in Finding 10. U.S. policymakers should emphasize to Egypt’s leaders that a serious bid to advance the rule of law and the institutions of horizontal accountability between state and society will enhance the stability, legitimacy and authority of Egypt’s own governing institutions. Similarly, U.S. policymakers should also push for an independent corruption commission, while emphasizing the growing costs to Egypt’s political and economic security that could ensue from a failure to tackle these challenges of governance and development.

Recommendation 4: U.S. policymakers should make public diplomacy a key part of any effort to promote democratic change in Egypt. President Obama’s June 4 speech was a very good start. But unless American officials, including the secretary of state, are willing to openly praise Egyptian officials for taking reform measures that hold out a promise of democratization, or to criticize the Egyptian officials when they adopt laws or take measures that restrict democratic and human rights, Egyptian officials will very likely conclude that Washington has returned to a policy of realpolitik.

Recommendation 5: This study group urges the administration to reject all arrangements that give the Egyptian government the means of vetoing U.S. democracy programs, and/or for excluding U.S. and E.U. support for non-registered NGOs. While Washington should support the creation of mechanisms that give Egyptian officials a means of commenting on proposals for U.S. support of NGOs or other democracy programs, in principle Washington should not be restricted from such support.

Recommendation 6: By way of promoting a genuine process of gradual democratic transformation, Washington should back efforts by Egyptian reformers and opposition leaders to hold substantive dialogues over the nature, rules and purpose of democratic reform.

Jordan: Security Trumps Reform

Finding 1: There is no state in the Arab Middle East that has a closer, more enduring and more vital security relationship with the U.S. than Jordan. That relationship began in 1957 with the unveiling of the Eisenhower Doctrine, which provided for U.S. assistance to any state threatened by Communist aggression. From 1957 through 2004, total U.S. aid to Jordan amounted to \$8 billion. While U.S.-Jordanian security ties suffered following Amman's 1991 decision not to support the Allied Coalition during Operations Desert Shield and Desert Storm, King Hussein's 1994 peace treaty with Israel reestablished Jordan as a pivotal strategic ally of the U.S.

Finding 2: Seeking to avoid incurring financial, political and strategic losses similar to those that Jordan suffered after refusing to back Operation Desert Storm, in 2003 King Abdullah II allowed the U.S. to use Jordan "as a key site from which ... (to) launch its devastating attack on Iraq."⁶ Beyond providing U.S. troops with access routes into Iraq, Amman trained Iraqi security forces and allowed the positioning of Patriot missiles along its Eastern border, thus helping to protect both Jordan and Israel from Iraqi retaliation. Granted blanket over-flight rights, American F-15s and F-16s carried out regular strikes on Iraq from their bases in the Eastern Mediterranean and in Jordan itself. Finally, Amman provided Washington vital intelligence and cooperation in its struggle against al-Qaeda's leaders, several of whom hailed from Jordan itself.

Finding 3: Amman has secured clear strategic and military benefits from its burgeoning strategic relationship with Washington. Since 2000, it has "received close to \$1.9 billion in U.S. military aid." Jordan has used "these monies to buy some 80 F-16s fighters and Black Hawk helicopters," and to "purchase advanced medium range air-to-air missiles." In addition, in 2003, Jordan not only built a Special Operations Command and anti-Terrorism Center to boost counterterrorism capabilities, it also secured U.S. financing for a "\$99 million King Abdullah Center for Special Operations Training." In no small measure, the growing technical sophistication of the Jordanian military and intelligence serves is a direct outgrowth of the U.S.-Jordanian security relationship.

Finding 4: That security relationship is embedded in a comprehensive set of mutually reinforcing financial, trade and diplomatic bonds that multiplied and

⁶ All quotations in this section of our report are taken from the Jordan Case Study, authored for this study group by Dr. Amaney Jamal.

intensified following the 2003 U.S.-led invasion of Iraq. By the end of 2003, “Jordan was the fourth largest recipient of U.S. aid worldwide, after Israel, Egypt and Columbia.” Total U.S. economic assistance rose from \$150 million in FY02 million, to \$948 million in FY03, while dropping to \$348 million in FY04. In 2003 Amman benefited from a “U.S.-organized ... debt rescheduling timetable at the Paris Club,” and in addition, became the fourth country after Canada, Mexico and Israel to sign a Free Trade Agreement (FTA) with the U.S. Commenting on this development, King Abdullah II stated that “its sends a strong message about the solidarity of our partnership, now and in the future.”

Finding 5: While the multi-faceted Jordanian-U.S. partnership has enhanced the domestic security of the Jordanian state, over time it has eroded the political legitimacy of the regime, particularly (but not exclusively) in the eyes of the country’s Palestinian population as well as some segments of the Trans-Jordanian population as well. Many Jordanians view their country’s relationship as one of dependency on, and thus subservience to, U.S. security agendas and priorities. As result, since 1989 domestic opposition to the regime had either been sparked by, or has tended to crystallize around, popular and elite opposition to regional developments associated with U.S. and Israeli security initiatives, actions or agendas. Seeking to deflect internal opposition, Jordan’s leaders have backtracked on previous political openings. Thus, “every unpopular U.S. measure in the last 15 years has been accompanied by a reduction in political freedoms.”

Finding 6: Amman’s active support for the Bush administration’s “War on Terror” was undercut at home by the “passing of over 100 temporary laws all designed to curb political freedoms.” Moreover, the credibility of U.S. support for democracy in Jordan has suffered directly as a result of the close association between de-liberalization and Amman’s support for U.S.-backed regional security initiatives. Because many Jordanians attribute cycles of political opening and closure to what they perceive as Washington’s lukewarm support of the first and its implicit backing for the second, the legitimate efforts of Jordan’s leaders to confront domestic and regional security threats do not benefit from sufficient popular support or legitimacy. This is a recipe for long-term domestic instability.

Finding 7: “The Jordanian Muslim Brotherhood and its offshoot, the Islamic Action Front, have always detested the role of the West in Jordan.” This hostility is rooted in the opposition of Jordan’s Islamists to the 1994 peace treaty with Israel, in their rejection of the very principle of normalization with Israel, and more broadly, in their opposition to efforts of Washington to protect its regional security and political interests in the Middle East. “Given the strong anti-U.S. sentiments on the ground, and the fact that the IAF uses its anti-American position as a key foundation in its party’s strategy,” increasing levels of political liberalization could threaten” the Jordanian-U.S. security relationship.

Finding 8: Although political openings could facilitate Islamist mobilization of opposition to the U.S., it does not necessarily follow that democratic reform must inevitably undercut the efforts of Jordan's leaders to work closely with Washington or even Israel. While many Islamist politicians oppose these efforts, public opinion polls taken in the wake of Jordan's peace treaty with Israel demonstrated that 80 percent of Jordanians supported the treaty, providing that it "would bring more economic development, a resolution of the Palestinian-Israeli conflict, and a more 'friendly' U.S. stance in the region." It is because these hopes have been repeatedly disappointed that Islamists are able to use elections as a means of mobilizing opposition to Washington, and by association, to the pro-Western policies adopted by successive Jordanian governments.

Finding 9: "Improving U.S. policies in the region may not change the IAF's stance on Israel and the U.S., but it would ... make the messages of the Islamists much less attractive to ordinary citizens." Indeed, the long-enduring tension between reform and security in Jordan could be considerably reduced by U.S. efforts to address the regional security issues of concern to most Jordanians. Jordan's "democratization trajectory" will depend in part on Washington's readiness to back policies that most Jordanians see as advantageous to their political, security and economic interests.

Finding 10: The efforts of the Obama administration to address the Palestinian-Israeli conflict, to stabilize Iraq, and to address the concerns of Muslims through initiatives such as the June 4 Cairo speech, have all helped to undercut the allure of Islamist ideology, thus somewhat mitigating the potential tension between reform and security. But the deeper political and security structure of the U.S.-Jordanian relationship will continue to reinforce the security orientation and goals of the Jordanian state absent a clear and public readiness by Washington to encourage Jordan's leaders to back away from de-liberalization and pursue instead a sustained policy of gradual democratization.

Finding 11: The Obama administration's total FY10 aid request for Jordan suggests the degree to which questions of both military and economic security take precedence over the challenge of democratic reform. For FY10, aid requests for democracy, rule of law and governance projects together count for just 2.3 percent of the total U.S. \$693 million aid program, with requests for economic and military assistance splitting, more or less equally, the remaining 98 percent in aid funds.

Finding 12: Given the daunting economic and security challenges that Jordan faces and the relatively small size of the country's political infrastructure, there may be ample reason for sustaining total aid levels weighted towards economic and security assistance. Nevertheless, this study group believes that the current imbalance in aid levels might not only be interpreted by Jordan's leaders to signal a U.S. reluctance to support democratic reforms, but might also be insufficient in

terms of actual requirements for sustaining an effective level of support for democracy, rule of law and governance programs.

Recommendation 1: This study group applauds the Obama administration's determination to advance Palestinian-Israeli peacemaking. But while recognizing that successful peacemaking could open up space for democratic reform, we believe that Jordan's long-term political stability could be undermined by a policy that completely subordinates the challenge of democracy to the exigencies of regional security. Thus, we urge the Obama administration to demonstrate, through both words and deeds, a renewed U.S. interest in supporting efforts at democratic transformation in Jordan.

Recommendation 2: The U.S. should back genuine (as opposed to state-managed or controlled) efforts at political dialogue between Jordan's leaders and all opposition groups that clearly, openly and consistently embrace the principle of non-violence and support for a pluralistic, competitive political process. Because neither reform nor security can be imposed by outside powers, nor by autocratic regimes, such an inclusive dialogue is a prerequisite for creating the necessary internal consensus around the purposes and goals of democratic change.

Recommendation 3: Whether or not the U.S. chooses to increase funding for democracy assistance programs, no program can succeed absent a readiness of the administration's highest officials to publicly raise questions of political reform, human rights and rule of law with Jordan's leaders. A frank U.S.-Jordanian dialogue around these issues should be pursued through a strategy that carefully mixes elements of both private and public diplomacy.

Lebanon: Beyond Confessional Insecurity?

Finding 1: Since Greater Lebanon's creation in 1920, the effort to sustain peaceful coexistence between the country's 18 sects has clashed with the exigencies of substantive political reform and democratic governance. The power sharing formula established by the unwritten 1943 "National Pact" institutionalized ethno-religious cleavages in ways that increased the security risks for those groups which fear that they would suffer in a non-confessional democracy. Lebanon's continued challenge is to define an effective formula that will peacefully move the country beyond the instabilities of sectarian power sharing, towards a more inclusive and genuine democracy.

Finding 2: Almost every domestic Lebanese crisis has been sparked by regional and/or global disputes between states and non-state actors seeking influence via Lebanese proxies or partners. While this dangerous dynamic has exacerbated sectarian disputes, absent a strong national military and police force, the temptation by outside forces to unilaterally intervene in Lebanese politics has

often prevailed. For this reason, the effort to advance national reconciliation and political reform in Lebanon is unlikely to succeed absent parallel efforts to secure and sustain the support of key regional and global players for a peaceful renegotiation of Lebanon's domestic political system.

Finding 3: The complex link between internal domestic stability and regional politics was amply demonstrated by the events that followed Syria's April 2005 withdrawal from Lebanon. Provoked by the massive protests that erupted following the February 2005 assassination of former Prime Minister Rafiq Hariri, Syria's withdrawal gave Lebanese "the chance to govern themselves."⁷ At the same time, however, the withdrawal forced the Lebanese to "confront confessional arrangements set out by the 1989 Ta'if Agreement, but without the benefit of an external enforcer." The challenge for the international community is to help provide a political and security umbrella under which Lebanon's leaders can peacefully negotiate the formula for a more inclusive, non-sectarian politics.

Finding 4: Led by the United States and France, the international community has tried to help provide this security umbrella via U.N. Security Council Resolutions 1559 (September 2004), 1583 (January 2005), and 1701 (August 2006). The latter resolution, adopted in the wake of the summer 2006 war between Hizbollah and Israel, not only calls for disarming all Lebanese militias, but also assigns the U.N. Interim Force in Lebanon (UNIFIL) an indirect role helping the Lebanese government secure its sovereign authority over all of Lebanese territory (Articles 3, 11, and 12).

Finding 5: Diplomatic initiatives aimed at promoting national reconciliation and sovereignty are unlikely to succeed if they outstrip the capacity of the country's fragile consensual system to sustain feasible political reforms. This was the case during the 2005 to 2007 period, when outside actors took positions that at times exacerbated the dispute between the pro-Syrian/Iran "March 8 Coalition" and the pro-Western "March 14 Coalition." Indeed, while Washington's staunch rhetorical defense of the 2005 "Cedar Revolution" was meant to strengthen Lebanese democracy, absent a negotiated solution acceptable to both sides (and that was backed by key regional players), U.S. diplomacy failed to help Lebanese leaders forge a strategy for exiting their escalating conflict.

Finding 6: The 18-month stand-off between the March 8 and March 14 coalitions came to a head in May 2008, when the cabinet's decision to remove the airport security chief and investigate its communications network provoked a violent response by Hizbollah. Fearing that its ranks would disintegrate along sectarian lines, the military sustained its tenuous "unity" at the cost of failing to protect civilians from Hizbollah's attacks.

⁷ All direct quotations in this section of our report are taken from the *Lebanese Case Study* authored for this study group by Mona Yacoubian.

Finding 7: The events of May 2008 demonstrated that any effort to strengthen the capacity of the Lebanese army to protect and project Lebanese national sovereignty is likely to backfire if such efforts are not accompanied by a return of all factions to the table of national negotiations. The May 21, 2008 Doha Agreement defined some of the foundations for such talks. It provided for the creation of a national unity government under the leadership of a new president (Michel Suleiman), called for new parliamentary elections and assigned the president the difficult task of presiding over a “Lebanese National Dialogue” established in 2006 and aimed at implementing the 1989 Ta’if Accord. Still, the Doha Agreement did not address some crucial issues, not least of which was committing all parties to non-violence. Indeed, Hizbollah was granted its much sought-after “blocking third” in the cabinet, thus guaranteeing its control over its arms. As a result, the major challenges involved in defining a mutually acceptable foundation for implementing the [Ta’if Accord’s call](#) for “abolishing political sectarianism” remain in place.

Finding 8: The June 2009 parliamentary election was largely free, peaceful and relatively fair in terms of the rules of Lebanon’s confessional political system. While the supporters of the March 14 Coalition secured an unexpected victory, the ensuing 4-month effort by Prime Minister Hariri to forge a new government illustrated the enduring fragility of the Lebanese power sharing system. In mid-November 2009 Hariri finally managed to secure agreement for the creation of a government of national unity. Syria and Saudi Arabia helped facilitate the agreement by encouraging their respective Lebanese allies to compromise. The role of Damascus and Riyadh suggests that the future stability of Lebanon will depend not only on advancing the National Dialogue according to the principals set out in the Ta’if Agreement, but also on gaining wider regional and global support for the decisions reached by the participants in the National Dialogue.

Finding 9: Prior to and during the June 2009 parliamentary elections, Lebanon witnessed an unprecedented level of civil society activism, as well as a high level of cooperation between the Ministry of the Interior and new civil society groups. These groups might represent the emergence of a new generation of young leaders committed to non-sectarian politics. U.S. technical and economic assistance to some of these groups has made a small but important contribution to their activism and perhaps influence.

Finding 10: Many Lebanese have welcomed President Obama’s efforts to define a new basis for a broader dialogue with the Muslim World. Signaled by his June 4 Cairo speech, if this rhetorical effort is bolstered by a clear policy of active U.S. support for an inclusive process of national reconciliation and political reform, it could help the Lebanese move beyond the instabilities of sectarian power sharing. If, on the other hand, the words and actions of top U.S. policymakers appear to unduly favor one particular faction, the promise represented in

Obama's new vision will not be realized. In addressing the complexities of Lebanon's fragile politics, the president must balance the alluring strategic logic of backing Washington's closest Lebanese allies with the political logic of promoting a wider dynamic that gives potential adversaries of the U.S. a stake in Lebanese reform.

Finding 11: Overall, U.S. aid to Lebanon significantly increased from FY08 to FY09. For FY10, the Obama administration has requested \$109 million in economic assistance, which represents a 60 percent increase from FY09; \$129 million in military assistance; and \$27.3 million in democracy and governance funding, a 49 percent increase over FY09. While total democracy and governance assistance comprises 11 percent of total U.S. assistance, given the size of the country's political institutions and daunting security and economic challenges, this funding level seems justified, as is the remaining split between military assistance (54 percent) and economic assistance (34 percent).

Finding 12: However, the severe reduction in funding for political competition and consensus-building programs, reduced from \$2.5 million in FY09 to a paltry \$500,000, is worrisome, particularly given the current struggles over the formation of a new cabinet. Politically, it could signal a decreased U.S. emphasis on the vital task of advancing reforms that weaken the hold of confessionalism on the political system. Economically, this level of funding may not provide sufficient support for the critically important task of moving beyond confessional power sharing.

Finding 13: For FY10, U.S. military aid has been cut to \$129 million, from \$177 million in FY09. Of this, \$29 million is set out for programs focused on professionalizing the military, fighting international narcotic sales and strengthening anti-terrorism programs. These outlays may seem relatively small in light of the manifold security challenges facing Lebanon in general, and the persistent weakness of the Lebanese military in particular. However, given that the ultimate challenges facing Lebanon are, by order of priority, political, institutional and economic, the proposed level of security-related funding for FY10 is reasonable.

Recommendation 1: This study group applauds the efforts of the Obama administration to engage a wide range of regional leaders in discussions aiming at resolving those outstanding Middle East conflicts whose periodic flare-ups have undermined efforts at political reform in Lebanon. We recognize that talks with Syria and Iran could play a useful role in this regard. Indeed, some members of our group believe that U.S. engagement efforts should include talks with Hizbollah. While not making a specific group recommendation on this contentious proposal, all members of this group believe that talks with autocratic regimes that have never evinced any commitment to sustaining a democratic Lebanon must be pursued prudently. U.S. leaders and policymakers from the top down should

make it crystal clear that no regional engagement or peace process will come at the expense of the human and democratic rights of Lebanon's citizens.

Recommendation 2: The USG should also make it clear that while it is prepared to engage regional powers in addressing regional conflicts that have affected Lebanon's internal stability, Washington will also oppose efforts by regional powers to interfere in Lebanese politics, and/or to obstruct efforts at reforming the political system.

Recommendation 3: The USG should continue to support the U.N.'s inquiry into the assassination of former Prime Minister Hariri. U.S. policymakers should make it clear that Washington's efforts to engage regional leaders in a dialogue over the future of Lebanon and the wider region, as well as U.S. support for substantive political reforms in Lebanon, will not come at the expense of domestic and international justice.

Recommendation 4: The U.S. should avoid taking positions on the course of Lebanon's internal politics that suggest an effort to isolate or exclude any political party. Moreover, the U.S. should avoid trying to use its military, diplomatic or economic leverage to force a drastic change in the existing rules of the confessional power sharing system, or to support the efforts of any group to unilaterally alter these rules. Because such efforts invariably intensify sectarian conflict, the U.S. should provide diplomatic and economic support for a serious and sustained national dialogue aimed at moving beyond confessional politics.

Recommendation 5: U.S. and Western NGOs could play an important role in assisting an emerging generation of Lebanese leaders to collectively define an alternative democratic future. The USG should encourage and support such Lebanese-Western partnerships that strengthen this goal. Similarly, we urge U.S. democracy assistants to design democracy aid programs that are as inclusive as possible within the limits of U.S. and Lebanese laws.

Recommendation 6: U.S. policymakers should take a second hard look at the level of funding for domestic efforts at internal peacemaking in Lebanon. Washington should make it clear that it will not only provide sustained levels of effective assistance funding for any serious national dialogue, but that it will also effectively reward efforts that produce broadly acceptable proposals for a process of democratic reform that moves beyond the instabilities of confessional politics.

Morocco: Liberalizing Apathy?

Finding 1: As a State Department document makes clear, for the U.S. and its European allies, as well as the country's own leaders, "[Morocco ... \(is\) on the front lines](#) in the global war against terrorism and ... one of our ... closest allies in

the region.”⁸ Designed by President Bush as a “major non-NATO ally,” Morocco has helped counter the efforts of al-Qaeda’s regional affiliate – the “Groupe Islamique Combattant Marocain” - to train local cells in both Morocco and Algeria. The May 16, 2003 Casablanca bombings, along with the Madrid train bombings of March 11, 2004, underscored the twin threats that radical Islamist terrorists pose to both North Africa and southern Europe. Seeking to counter this threat, Morocco has played a leading part in the nine-member, U.S.-led Trans-Sahara Counterterrorism Partnership, which holds joint exercises in the Sahara desert.

Finding 2: Morocco maintains a multifaceted strategic partnership with the U.S. and Western Europe that extends far beyond the fight against terrorism or the associated military agreements that Rabat and Washington have forged since 9/11. “Strategically situated at the entrance to the Mediterranean Sea,” Morocco has served as both a cultural, geographic and economic bridge and buffer between North Africa and Western Europe. It has assisted in the fight against drug trafficking (a major source of terrorist funding), has fought illegal immigration to Europe, and has provided a moderate voice on the Arab-Israeli conflict. Rabat’s 2004 bilateral free trade agreement with the U.S., along with similar agreements with the E.U., have sparked a growth in commerce. Moreover, Rabat has advocated an autonomy plan for the Western Sahara (under Moroccan sovereignty) that if accepted by Algiers could help stabilize the wider region, thus bringing multiple security benefits to the Mediterranean basin countries.

Finding 3: Western financial support for Morocco’s ongoing struggle against poverty, disease, unemployment and illiteracy is a central feature of the Moroccan-Western partnership. In August 2007, the USG-backed Millennium Challenge Corporation (MCC) approved a five-year, “\$697.5 million economic aid package to Morocco, the largest grant made by the MCC since its creation in 2004.” Suffering from an adult literacy rate of 52.3 percent, as well as GDP per capita and human development indexes that are lower than all Middle East/North Africa (MENA) countries except Yemen, Sudan and Mauritania, Morocco cannot continue playing its pivotal strategic role without addressing the critical problem of economic and social insecurity.

Finding 4: In what appears to be a case of sharp contrast with other Middle East countries, Morocco has benefited from a comprehensive U.S. aid program that does not favor military aid at the expense of economic and especially democracy assistance. The Obama administration has not only proposed an overall increase in aid from \$25 million in FY09 to \$41.6 million in FY10, it has supported a balanced assistance package in which military aid accounts for 37 percent, democracy and governance assistance 24 percent, and economic assistance 24

⁸ <http://www.state.gov/t/pm/64727.htm> (accessed May 27, 2008). This citation is taken from the *Morocco Case Study* prepared for this study group by Eric Goldstein.

percent. This tripartite division reflects a welcome appreciation for the integrated challenges that Morocco faces in addressing multiple security challenges.

Finding 5: Washington's integrated approach is manifest in a basic tenet of U.S. policymakers and democracy assistors, namely that in Morocco "promoting reform and security go hand in hand." This view reflects the country's distinctive experience: in contrast to most Arab cases, Rabat has opened up the political space, and advanced a significant measure of political liberalization, without facilitating the mobilization of forces opposed to the country's regional and security alliances and agendas. Thus, for Washington, Morocco remains a paragon of political reform.

Finding 6: If political liberalization and economic reform have unfolded without destabilizing Morocco, both processes have occurred in the absence of sustained and substantive democratization. "The main risk" today is that Morocco "will reach its outer limits in a kind of stalled semi-authoritarianism that is less resilient when confronting the major political and security challenges that lie ahead." Liberalization absent democratization could eventually undermine the effectiveness and legitimacy of Morocco's political establishment, its institutions and its leaders.

Finding 7: The course of Morocco's recent political developments amply illustrate the cost that Morocco has paid for failing to close the gap between relatively high levels of political openness, on the one hand, and low levels of institutionally effective democracy, governance and rule of law on the other. Because most Moroccans do not view the elected assembly or the political parties as effective or legitimate, they have spurned national or municipal elections. Participation in the parliamentary elections fell from 46 percent in 2002 to an all time low of 37 percent in 2007. Given that nearly 20 percent of the ballots were spoiled, in 2007 no more than 25 percent of the electorate actually voted for existing political parties. Today, Morocco's main representative institutions are moribund.

Finding 8: Morocco's leaders have made little progress in freeing the country's judiciary from the control of the political establishment, or the mahzan. Compounded by the growing problem of corruption within the police and security sectors, this absence of judicial independence has weakened the capacity of the courts to forge an effective strategy for identifying and prosecuting those responsible for undertaking or supporting terrorist acts. Wielding the blunt instrument of judicial autocracy, the Moroccan government has found itself compelled to release hundreds of convicted terrorists, thus underlining the often arbitrary nature of its own struggle with domestic terrorists.

Finding 9: Continued participation in Morocco's diverse and highly energetic civil society provides only partial compensation for the institutional sclerosis affecting

the country's national representative institutions and judiciary. Civil society groups do tackle a range of important issues including women's and Berbers' rights, press freedom and human rights. But their capacity to demand change has not translated into an effective supply of credible democratic institutions. On the contrary, because the monarch often ends up addressing the demands of civil society groups via non-elected royal commissions, the failure of civil society groups to advance democratization has sometimes had the unintended effect of strengthening the king's power and authority.

Finding 10: Morocco's Constitution "grants the King considerable executive powers without defining limits to those." Article 19 states that as Amir Al-Muminim (Commander of the Faithful), he is the "Supreme Representative of the National and the Symbol of (its) ... unity," the "Defender of the Faithful" and the "Protector of the Rights and Liberties of the Citizens." To the extent that these powers derive from a form of religious legitimacy to which many Moroccans continue to adhere, the king appears obligated by custom more than law not to abuse his unrivaled authority.

Finding 11: With rising urbanization and education, a new constituency has emerged that wants to limit the potentially arbitrary power of the king through genuinely democratic institutions, law and processes. Unless there is a serious effort to advance reforms that actually delegate real power from the monarchy to parliament, the slow but inexorable hallowing out of Morocco's "democratic" institutions will very likely continue in ways that could eventually undermine the legitimacy of the monarchy itself.

Finding 12: The growing disillusionment of this modernizing and highly globalized urban constituency poses a severe challenge not only for Morocco's leaders, but also for the economic development plan they are now pursuing. As a report prepared by the National Democratic Institute (NDI) notes, while some voters have argued that voter abstention during the 2007 elections was a "manifestation of political participation ... and maturity," on the whole, "the elections were perceived as having no direct impact on people's lives." While defining the low rate of participation as a "failure" for the politicians and a 'victory' for citizens, these claims betray a pattern of escalating political and social apathy that over time could make the regime vulnerable to domestic or exogenous shocks. Apathy breeds insecurity.⁹

Finding 13: High-level praise by U.S. diplomats, policymakers and national representatives of Morocco's "democratic experiment" has sometimes had the unintended effect of abetting a liberalization strategy that has failed to strengthen the legitimacy and effectiveness of the country's representatives and judicial institutions. A more balanced and constructively critical stance would help the

⁹ <http://www.ndi.org/node/14503>. (Accessed September 7, 2009).

country's leaders address the political, economic and security challenges they now face.

Recommendation 1: The multifaceted U.S.-Moroccan partnership provides ample diplomatic space and opportunity for a frank dialogue about the corrosive effects of a system that advances political liberalization at the expense of democracy. American policymakers should engage the Moroccan regime and opposition leaders in a concrete, policy-oriented discussion of the range of strategies that the political elite might pursue for transforming liberalization into a handmaiden of democratization, rather than an unintended vehicle of escalating apathy and political disillusionment.

Recommendation 2: The U.S.-Moroccan dialogue should include a frank discussion of the relevance of international human rights standards to the Moroccan political scene. U.S. policymakers should make it clear that disregard for these standards, whether it comes from the regime or from the opposition, will not only harm efforts to sustain political and ideological pluralism, they will also have a corrosive effect on the multi-faceted social, political and societal partnerships between Morocco and the U.S.

Recommendation 3: Where appropriate, U.S. policymakers at the highest levels should use a mix of both public and private diplomacy to accentuate the political challenges Morocco faces. Rather than describing Morocco as a “paragon of reform” or the Arab World’s “leading democratizer,” American officials should offer a balanced yet respectful assessment of the actual strengths and weaknesses of the political system. A shift in language could enhance the leverage of genuine reformers, while also encouraging a genuine and productive dialogue between ruling and opposition elites regarding the benefits of genuine but gradual democratization.

Recommendation 4: The five-year, \$697.5 million MCC grant that was approved in 2007 provides positive leverage for encouraging Morocco’s leaders to move beyond state-managed liberalization. U.S. policymakers should emphasize that absent genuine democratic change, economic development and privatization will breed corruption, thus impugning the effectiveness and legitimacy of the very drive for economic security.

Recommendation 5: U.S. democracy assistance providers must not only make judicial independence a critical priority, they must also support programs that “address the way that police conduct” should “adapt to a justice system that no longer is complicit” in the state’s “repressive conduct.”

Recommendation 6: U.S. policymakers and democracy assistance providers should take a close look at how their programs do, or do not, strengthen the capacity of Moroccan civil society groups to strengthen representative institutions

such as the parliament and the political parties. The U.S. should look to making civil society a key ally of a strong political society. The goal of our assistance programs must be to strengthen this bond in ways that revive faith and commitment to the very notion of participation in the wider Moroccan political system.

Recommendation 7: U.S. policymakers should encourage opposition and regime actors to pursue a substantive and comprehensive dialogue about the meaning, content and future of democratic reform in Morocco. These discussions should include attention to how and in what ways a gradual and formal delegation of authority to representative institutions might unfold, thus reducing the perceived risks of democratic transformation for all relevant actors.

Recommendation 8: U.S. policymakers and democracy providers should enhance and expand programs that strengthen Morocco's parliament. Programs focused on capacity building, constituency relations and strengthening parliamentary committee could provide one important facet of a strategy of gradual democratization.

Yemen: A Narrow Counterterrorism Lens

Finding 1: More than any other country in the MENA region, counterterrorism (CT) concerns dominate U.S. strategic engagement in Yemen. Since the attack on the USS Cole in the port of Aden, CT has been the guiding prism through which U.S. policymakers view the country. In light of growing domestic instability and a resurgent al-Qaeda - a development underscored by the 2009 Christmas Day attempted bombing of a U.S. airline by a Nigerian Islamist who may have received training in Yemen - CT will remain a top priority for the Obama administration. But thus far, it is unclear how the administration will protect U.S. strategic interests and what role political and economic reform will play in this strategy.

Finding 2: Since Yemen became a unified state in 1990, relations with the U.S. have been difficult. Immediately following unification, Yemen's support for Saddam Hussein in the second Gulf War strained relations with Washington. Ironically, during this time frame Yemen experienced what is arguably the most substantive period of democratic opening in the MENA region. When North and South Yemen united, the two former regimes agreed to elections and, between 1990 and 1994, the country witnessed an unprecedented period of political competition. Following the 1994 civil war, the period of democratization ended, but weak democratic institutions survived. Today, under the pretext of protecting unity and stability, the regime is aggressively impinging upon political rights and civil liberties.

Finding 3: Following the attacks of 9/11, and particularly after the U.S. invasion of Iraq, U.S.-Yemen relations entered a new phase of cooperation. Seeking to enhance his power at home and leverage abroad, President Ali Abdullah Saleh became a partner in the Bush administration's efforts to combat international terrorism. Between 2002 and 2004, the Yemeni regime, with the help of the U.S., waged a relatively successful campaign against al-Qaeda. Yet by 2005, vigilance waned and a new generation of militants gained strength. In 2006, the status of the Saleh regime as a credible partner against al-Qaeda was severely shaken when 23 suspects tunneled out of a Sanaa political security prison. Encouraging Saleh to sustain an aggressive campaign against al-Qaeda has been a constant challenge for the USG. Following high-level visits by Obama administration officials in the late summer of 2009, the Yemeni Government dramatically increased CT cooperation. In light of the failed 2009 Christmas Day attack on a U.S. airliner, and subsequent reports of planned al-Qaeda attacks on U.S. diplomatic facilities in Yemen, Washington expects CT cooperation will intensify.

Finding 4: The Saleh regime reaps valuable military and security benefits from its CT cooperation with the U.S. In FY06 and FY07, the Yemeni Government received approximately \$30.3 million from the U.S. Department of Defense Section 1206 Authority. While the country received no 1206 funding in 2008, in 2009 Yemen received \$66.8 million. In addition to 1206 monies, the Yemeni Government also receives military/security aid through the State Department's foreign assistance budget. The U.S. has used much of this assistance to build and equip a modern Yemeni coast guard, and to train and equip the Central Security Forces' Counterterrorism Unit (lead by the president's nephew, Yahya Saleh), as well as other components in the Ministry of Interior. A central pillar of the Saleh regime, the military/security sector is controlled by officers with close family ties to the president. While U.S. military aid is targeted to strengthen the country's CT capacity, such assistance in the absence of sustained pressures for democracy has ultimately buttressed autocracy.

Finding 5: The Yemeni military/security apparatus materially benefits from cooperation with the U.S., but association with U.S. efforts to confront radical Islamists is also a political liability for Yemen's leaders. CT operations have often drawn the ire of the local population. Moreover domestic groups, including the Houthis, have used Saleh's association with Washington as a rallying call against the regime. Direct U.S. military involvement in CT is a critical point of vulnerability. In 2002, the Yemeni Government allowed the U.S. to fire a HELLFIRE missile from an unmanned aircraft, killing Qaid Salim Sinon al-Harethi and four other alleged terrorists. U.S. officials then announced the event, igniting a domestic backlash against foreign military action. The Obama administration's announcement of firepower and intelligence support to the Yemen Government during raids on suspected al-Qaeda hideouts will likely deepen Yemeni resentment towards the USG, possibly increasing al-Qaeda's recruitment potential.

Finding 6: While al-Qaeda poses a genuine threat to the Yemeni government, it is also true that the regime has leveraged this security question to gain significant financial assistance, military and diplomatic support from Saudi Arabia and the U.S. Countering this potential moral hazard will require the U.S. and others to take a more long-term approach to relations with Yemen that moves beyond “capture and kill priorities” to address the underlying socio-economic and political causes of instability and extremism there.

Finding 7: Since 9/11, Washington has effectively signaled to the Saleh regime, and to Yemeni reformers, that it prioritizes CT over economic and political reforms. While U.S. aid to Yemen was roughly split between development and security priorities, 1206 spending for CT has consistently tipped the scales in favor of the latter. Moreover, in the case of the Millennium Challenge Corporation (MCC), development and reform assistance were effectively contingent upon CT cooperation. In November 2005, Yemen’s eligibility for assistance under the MCC threshold program was suspended for failure to meet anti-corruption standards. Subsequently, domestic reformers worked hard to improve corruption and transparency indicators, so much so that in 2007 an assistance program was approved. But in September of 2007, the USG canceled a \$20.6 million threshold grant because the Yemeni Government failed to detain Jamal al-Badawi, a mastermind of the USS Cole attack. This incident damaged the credibility of the U.S. with reformers inside the Yemeni government, many of whom still feel betrayed by the decision.

Finding 8: Nowhere in Yemen are the unrealized synergies between reform and security more acute than in the former South Yemen. In the spring of 2007, peaceful protests began to spread throughout this area with citizens demanding equal access to government jobs and services; better stewardship of the national economy (particularly oil revenues); a degree of economic and political decentralization; and the establishment of the rule of law. These demands were met with lip service to reform, a significant retrenchment of press freedoms, and at times regime brutality against unarmed civilians. The regime has engaged in limited tactical reforms in the south that have failed to address underlying grievances. As a result, the southern movement has expanded, intensified, and recently shifted from demands for reform inside of unity to demands for independence.

Finding 9: The USG has responded to growing instability in the south with press statements supporting a “stable, unified, and democratic Yemen.” The U.S. Embassy has also expressed “concern” over growing “political violence” and has called for dialogue. Yet, direct critique of the regime for its use of violence against peaceful protestors and for its failure to seriously address political grievances has been muted. As a result, there is a pervasive feeling in the former South that the U.S. is not genuinely interested in democratic reform or human rights there.

Finding 10: Similarly, the U.S. and the international community have been conspicuously quiet in their critique of Saleh's handling of the Houthi rebellion in northern Yemen. To the USG's credit, both the Bush and Obama administrations have resisted Saleh's attempts to frame the conflict in Sadaa as part of a larger "war on terror," or as part of a Saudi-Iranian proxy war. However, the U.S. has done far too little to encourage a negotiated solution to the conflict, or to hold the Yemeni Government accountable for its harassment of journalists, human rights violations, and failure to address the growing humanitarian crisis in affected areas. Lack of aggressive diplomacy to encourage a peaceful resolution to the conflict and the humanitarian crisis feeds the public perception that the U.S. cares little about the suffering of Yemeni citizens as long as the Yemeni government promises to combat al-Qaeda.

Finding 11: Yemen's internal security has been severely damaged by an increasingly untenable system of semi-autocratic rule. This system relies on co-optation, divide-and-rule tactics, corruption, the distribution of patronage and the manipulation of weak democratic institutions to sustain the president's drive for political domination. But five factors are undermining his quest for power.

- A. The regime is running out of resources (most notably oil revenues) to support its clients.
- B. As issues of presidential succession draw near, the president has concentrated power in the hands of his family, thus enflaming tribal and elite rivalries.
- C. The manipulation of tribal, regional and religious identities has destabilized areas such as Sadaa and the former South, thus further weakening the state.
- D. Neglect for institution building has only aggravated deteriorating socio-economic conditions.
- E. The president's drive for political control has isolated potential reformers in the ruling party while attenuating the influence of the opposition. In the former South, the marginalization of the Yemeni Socialist Party (YSP) has paradoxically left the regime with the daunting task of negotiating with leaders who are overwhelmingly pro-independence.

In short, semi-autocracy has emerged as nothing less than a recipe for escalating domestic social, economic and political crises which, if not arrested, could lead to state fragmentation or even collapse.

Finding 12: Democratic reform may seem like a luxury Yemen cannot afford in the context of the deteriorating security situation. However, a long-term strategy of democratic transformation could in fact help to reverse the regime's escalating legitimacy crisis, thus giving it the domestic leverage it requires to tackle social, economic and national security challenges. President Saleh desperately needs to share the blame for, and burden of, improving a deteriorating economic situation by sharing power with national institutions, local government, and local leaders. Moreover, he needs to regain legitimacy that has been lost in the course of a brutal campaign against Houthi insurgents in the north and against the southern secessionist movement. In both cases, elements within these opposition groups are still willing to compromise and negotiate. But the price will certainly be a degree of political power sharing, as well as improved stewardship of the national economy that facilitates development in the geographic periphery.

Finding 13: Yemen has a culture and historical precedent for national dialogue, compromise and reconciliation. However, Saleh's reputation for divide-and-rule politics and unfulfilled promises has eroded his legitimacy to the point where an outside mediator is needed to bridge the credibility gap between the regime and its opponents. International mediation is necessary to ensure that the concerns of all relevant parties are discussed and that parties follow through on promises once mediation ends.

Finding 14: The most important external actor in Yemen is Saudi Arabia. Saudi has a long and complicated history of involvement in Yemeni affairs. Yet the Kingdom's proximity to Yemen, its ties with prominent tribesmen and businessmen and its financial prowess ensure that it will maintain its influence. While the Saudi government has a vested interest in combating al-Qaeda and promoting a modicum of stability in Yemen, its foreign policy toward Yemen is opaque and internally divided. Moreover, Saudi (and the Gulf Cooperation Council more generally) has never supported political reform and/or democratization in Yemen.

Finding 15: This study group applauds the Obama administration's FY10 budget requests for Yemen. Over the past several years, aid has hovered between \$20 and \$25 million annually. In FY09, aid totaled approximately \$40 million and in FY10 the State Department significantly increased the budget request to approximately \$50 million, including \$10 million in Foreign Military Financing, \$35 million in Development Assistance, \$4.8 million in Global Health Child Survival funds, and roughly \$2 million in other aid.

Finding 16: The State Department's budget request suggests a potential shift towards more robust development engagement and it offers an opportunity to improve and deepen U.S. relations with Yemen on non-CT issues. However, the above estimate for 2010 aid does not include 1206 spending. In response to recent events, USG officials announced an approximate doubling of security

assistance from around \$70 million to \$150 million. Again, the scales have been tipped towards military/security assistance, signaling Washington's priorities. Moreover, current levels of development assistance are still meager in light of Yemen's imposing development challenges and in comparison with other donor contributions. Increased spending alone will not address the endemic corruption and lack of power sharing or accountability that is fueling instability. For aid to be effective, it must be buttressed by a dynamic of multilateral diplomatic engagement that encourages Saleh to move beyond the policy of tactical maneuvering and regime-controlled political reform he has long pursued.

Finding 17: Multilateral coordination is critical for several reasons. First, the U.S. does not have sufficient leverage independently. Second, unilateral engagement with Yemen could be counterproductive as U.S. policymakers may not be able to focus sufficiently on Yemen in light of other commitments, and because a U.S.-led effort, even with the change of administration, may play into the hands of domestic groups that seek to frame engagement as "western interference." Third, and equally important, just as Saleh plays domestic groups against each other, he will do the same with international actors if no coordinated bargaining strategy exists.

Finding 18: This study group recognizes that the Obama administration must find an effective way of working with the Saleh regime to address a growing set of security challenges to the Yemeni government, to the wider region and to the United States as well. But we also feel that meeting these challenges requires signaling to the Yemeni government, and President Saleh in particular, that Washington believes that the struggle against terrorist violence cannot succeed absent a serious effort by Sanaa to reverse the process of political de-liberalization and embark on a sustained effort at reviving democratic governance. When and if President Obama hosts President Saleh for an official state visit, the administration will have an excellent opportunity to move the U.S.-Yemeni relationship beyond the narrow confines of CT focus, and in so doing, promote Yemen's long-term stability and viability.

Recommendation 1: The Obama administration must widen the aperture beyond CT to include critical issues of political and economic reform. Political power sharing, decentralization, transparency, and endemic corruption must be addressed to achieve the U.S. goal of effectively combating the instability that provides fodder for al-Qaeda. In practice, widening the aperture means augmenting diplomatic and development instruments of power in Yemen. The Obama administration has already increased economic aid, but this aid must be delivered in the context of a new diplomatic strategy. U.S. diplomats in Sanaa and in Washington must communicate clearly to President Saleh that the U.S. sees a direct connection between genuine economic and political reform and improved domestic security conditions. In addition to conveying this message privately, the same must be said publicly.

Recommendation 2: The Obama administration must work in close coordination with international organizations and allies, especially Saudi Arabia, to encourage reform. The U.S. and our European allies should support a leading role for Gulf Cooperation Council (GCC) countries in addressing economic reform. The UAE, Bahrain, or possibly the Arab Fund in Kuwait, may be well positioned to take the lead in organizing a “fund of funds” to coordinate donor assistance and investments in Yemen. Oman, the UAE, and Bahrain may also play a positive role in political dialogue and reconciliation. On the sensitive issue of political reform, the U.S. and its European allies must work to ensure at least tacit support from GCC countries, particularly Saudi Arabia, as sustainable economic development will fail in the absence of accompanying political reforms that address growing instability and endemic corruption.

Recommendation 3: The Obama administration should work with international partners to bring about a sustainable ceasefire in Sadaa. The crisis in Sadaa does not have a military solution and will require negotiation and dialogue. To initiate the process of reconciliation, the U.S. should follow International Crisis Group’s recommendations and publicly call for humanitarian and media access to the affected areas. Then, the U.S. should work with international partners to facilitate dialogue between the Houthis and the Yemeni Government. The international community can support the dialogue process by offering guarantees of economic aid once a ceasefire is achieved.

Recommendation 4: Once there is a sustainable ceasefire in Sadaa, the U.S. and its allies should support a mediated national dialogue process to find a Yemeni solution to Yemen’s challenges. The U.S. and international allies must verbally and materially support the process of dialogue through behind the scenes diplomacy, public statements, and supportive aid distribution. The political dialogue must include a number of key political actors and groups: Saleh’s family; tribal leaders; members of the ruling party; the formal political opposition; leaders of the Houthi rebellion and of the southern movement; and prominent businessmen and intellectuals. Moreover, mediated dialogue should be led by a GCC member state, ideally Oman or the UAE. However, it is important that the U.S., the British, and European allies remain engaged as supporting parties.

Recommendation 5: The U.S. must develop more robust and enduring contacts within Yemen society through augmented exchange programs, technological and educational training, and cultural engagement. In particular, U.S. diplomats should augment engagement with the Yemeni religious community, especially members of Hizb al-Islah and Zaydi religious scholars. Additionally, diplomats should institutionalize and nurture contacts with tribal sheikhs and local leaders outside of the capital. Lastly, as part of supporting long-term political

development, the U.S. should increase support for programs that encourage the professionalization of the press, political parties, and the parliament.

Recommendation 6: There must be a comprehensive review of the ability of U.S. diplomats in Sanaa to perform their mission in light of increasingly stringent security restrictions. The U.S. Embassy in Sanaa must transition from a policy of risk aversion to a policy of risk management. U.S. diplomats rarely leave the capital and they interact within a narrow circle of official contacts. They cannot effectively conduct diplomacy, understand the intricacies of Yemeni politics or adequately represent U.S. interests in this environment. If diplomacy and development are to take a more prominent place in U.S. engagement, security restrictions must be amended.

PART III: THE FREEDOM AGENDA: ENDURING LEGACIES AND QUESTIONS

Every new president must balance the need for policies consonant with longstanding U.S. domestic and foreign policy interests with the quest to advance new ideas. The impulse to innovate looms especially large when previous policies are seen to have run their course. Thus, it is not surprising that the Obama administration is searching for a fresh approach to the task of advancing security and democratic change.

While many elements in such an approach will be new, the administration's efforts were preceded by policy changes that unfolded under the Bush administration. Indeed, by the time this study group held its first meeting in February 2008, the White House was not giving democratic reform the same high level of public, rhetorical support it had during the peak of the "Freedom Agenda." Reacting to a series of events - including rising sectarian conflict in Iraq and Lebanon, the electoral victory of Hamas in Palestine in January 2006, and, the electoral success of Egypt's Muslim Brethren a month earlier - officials from the president down to the lower ranks of the White House tempered their public criticism of Arab autocrats, particularly in the case of Egypt. While some U.S. officials continued to quietly press Middle East leaders to advance reforms, by late 2006 the Freedom Agenda no longer occupied the pride of place it had in U.S. foreign policy only two short years before.

This rise and partial fall of the Freedom Agenda points to a central issue that has preoccupied this study group from its inception: the relatively short, and historically exceptional, four-year period during which U.S. policymakers chartered, and then started to rechart, contending paths to security and reform in the Muslim World.

The outlines of this story are well known. The shock of 9/11 set the stage for a partial repudiation of a longstanding realist policy that sought to protect Western geo-strategic interests by tolerating or abetting autocratic rule. The assumption behind this policy was that autocracies could secure the domestic and regional stability required for defending a regional balance of power that deterred radical states and non-state actors from destabilizing pro-Western governments. Led by Egypt, Saudi Arabia, Jordan and Pakistan, these regionally pivotal states were to defend a range of overlapping U.S. geo-strategic, military and economic interests. These interests included Arab-Israeli peace (and/or deterring attacks on Israel), protecting the free flow of oil to the Gulf and its export to the West, and facilitating the infrastructure of U.S. military aid, assistance and/or defense in the Middle East and South Asia. Washington attached the term "moderate" to those states and leaders that facilitated these strategic goals regardless of how well these leaders treated or represented their own citizens.

Carried out in part by terrorists from Saudi Arabia and from Egypt, the 9/11 attacks seemed to belie the assumption that “moderate,” Washington-friendly autocracies could provide the most effective long-term bulwark against radical Islamist forces. Turning this conventional wisdom upside-down, on November 6, 2003, [President Bush](#) declared that decades of U.S. support for autocrats had undermined the security of U.S. allies in the Middle East:

Sixty years of Western nations excusing and accommodating the lack of freedom ... did nothing to make us safe. ... As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export. And with the spread of weapons that can bring catastrophic harm to our country and to our friends, it would be reckless to accept the status quo.

Yet, from the outset, this effort to abandon the status quo in favor of a new democratic agenda was hampered by at least three overlapping problems, each of which the Obama administration has inherited. Below, we discuss these three legacies, laying out for each one a series of questions that collectively serve as analytical points of departure for our subsequent analyses of reform experiments in the Middle East and South Asia.

1. Domestic Dynamics and the Dangers of Generalization

The first of these legacies, briefly mentioned above, is the historically short four-year period during which the Freedom Agenda defined American Muslim World policy. Such a novel experiment raises complex questions about what kind of lessons or generalizations can be usefully drawn when considering the enduring complexities of reform and security in particular regions and countries.

Reflecting the traumatizing effects of 9/11 on American society, the Freedom Agenda was often advanced in an expansive language of a global democratic wave rolling inexorably towards the Middle East. But, if inspiring arguments about a historically inevitable fit between “freedom” and “moderation” may have helped to secure domestic support, such arguments were poorly equipped to contend with Middle East realities.

One of these realities is the comparative organizational and ideological advantage enjoyed by Islamists, particularly in the Arab World. This advantage makes it likely that any substantive political opening will strengthen Islamists, some of whom spurn many of the freedoms pivotal to the Freedom Agenda, oppose or question cooperation with the U.S., reject a two-state solution to the Palestinian-Israeli conflict, or assail the legitimacy of domestic leaders who cooperate with the U.S. Having failed to carefully consider the discrepancy between a “forward-looking” theory of democratic change and these hard political

realities, some advocates of the Freedom Agenda were poorly placed to address the policy backlash that swept through Washington after Islamists scored electoral gains in Egypt in 2005 and a major upset in the Palestinian elections of 2006. Seizing on these events, realists inside and outside the USG argued that democratization would inevitably strengthen those domestic forces most opposed to U.S. security interests.

1a. Questions and Issues

In drawing attention to the gap between policy aspiration and political reality, we are not suggesting that Islamists are ipso facto opposed to U.S. security interests, and/or that their entrance into politics necessarily or inevitably threatens those interests. Nor are we suggesting that mainstream Islamist groups always have the political will or capacity to threaten regimes. Indeed, the record suggests that in many cases, including Palestine and Pakistan, it is not the intrinsic qualities of Islamist ideology or mobilizing capacity that is the central issue. Rather, what counts is a political context that undermines the capacity of other opposition groups – be they secular, nationalist, Islamist/sectarian or ethnic – to compete for support or votes in ways that compel Islamists to moderate their agendas. Under such lopsided conditions, reforms can quickly exacerbate identity disputes, as seen in the cases of Algeria, Palestine, Lebanon and Iraq, thus setting the stage for uncivil or violent conflict.

In short, a critical distinction must be made between the ideological nature and goals of Islamists and the political context in which they operate. Domestically appropriate processes of electoral design, including power sharing arrangements and/or political “pacts,” might provide mechanisms for mitigating the identity and social conflicts that are often exacerbated by democratization itself. But, in the highly charged context of U.S.-Middle East policymaking during the 2003 to 2007 period, complex questions of institutional design and political context often fell victim to overly general or alarmist propositions about the “inevitable” threat posed by Islamist political parties.

For this reason, this study group organized its discussions around case studies that examine, over time, the interplay between the political and identity conflicts provoked by political change, on the one hand, and institutional design on the other. Our analyses of these dynamics pivot on these questions:

- A. What are the strategic domestic and regional goals of Islamists? Do they challenge or threaten the domestic political order as defined by regimes? Do they clash with the strategic regional posture of the political elite or the military-security apparatus that supports this elite?
- B. What is the electoral, institutional and constitutional lay of the land, and, how, if at all, does this affect the relative strength of all mainstream

political actors, particularly the threat perception of regimes, and/or significant political, social or economic groups that provide regimes explicit or tacit support?

- C. How have the strategies, actions and choices of all relevant political actors in states and oppositions affected the nature and evolution of political reforms?

2. U.S. Foreign Policy: The Credibility Gap and Bureaucratic Incoherence

The above questions bring us to the second legacy of the Freedom Agenda that this study group has addressed: the disparity between the rhetorical aspirations for political reform articulated by U.S. policymakers during the 2003 to 2007 period and the paucity of political will and bureaucratic coherence required for translating rhetoric into coherent foreign policy. The resulting “credibility gap,” as it is widely known raises basic questions about the proper and feasible strategic goals of American democracy-promotion in an era of expanding security challenges.

From the very inception of the Middle East Partnership Initiative (MEPI) in late 2002 and the Freedom Agenda the following year, the gap between rhetoric and reality was clear. While Washington intensified public criticisms of Arab autocracies from 2003 through 2005, and while it increased democracy assistance via USAID, MEPI and other programs, the U.S. continued to back autocracies and the security establishments that sustained them. This support is demonstrated by U.S. foreign military financing (FMF) of autocratic regimes considered of vital important to U.S. security interests. As Table A shows, from 2004 to 2008, Egypt, Jordan, Pakistan, Bahrain and Tunisia continued to receive significant FMF flows.

Table A: U.S. Assistance to Select Muslim Countries: FY2004-FY2009 Request

(Regular and Supplemental Appropriations, Current Year \$ in millions)

EGYPT

Account	FY2004	FY2005	FY2006	FY2007	FY2008 Estimate	FY2009 Request
ESF	571.608	530.72	490.05	455	411.639	200
FMF	1,292.33	1,289.60	1,287.00	1,300.00	1,289.47	1,300.00
IMET	1.369	1.2	1.208	1.203	1.237	1.3
Other	-	-	1.029	1.545	3.545	4.1
Total	1,865.31	1,821.52	1,779.29	1,757.75	1,705.89	1,505.40

JORDAN

Account	FY2004	FY2005	FY2006	FY2007	FY2008 Estimate	FY2009 Request
ESF	348.525	348	297.5	255.3	361.412	263.547
FMF	204.785	304.352	207.9	252.9	298.38	235
IMET	3.225	3	3.02	2.922	2.919	3.1
CSH	-	--	--	--	--	13.144
Other	-	--	2.491	26.741	25.059	20.65
Total	556.535	655.352	510.911	537.863	687.77	535.411

Account	FY2004	FY2005	FY2006	FY2007	FY2008 Estimate	FY2009 Request
FMF	24.682	18.848	15.593	15.75	3.968	19.5
NADR		1.489	2.761	1.24	1.25	0.8
IMET	0.568	0.65	0.651	0.64	0.619	0.65
Total	25.25	20.987	19.005	17.345	5.837	20.95

TUNISIA

Account	FY2004	FY2005	FY2006	FY2007	FY2008 Estimate	FY2009 Request
FMF	9.827	9.92	8.413	8.5	8.345	2.262
ESF	-	-	-	-	0.992	-
NADR	-	-	0.025	0.755	0.497	0.425
INCLE	-	-	-	-	0.198	-
IMET	1.899	1.875	1.847	1.975	1.713	1.7
Total	11.726	11.795	10.285	11.23	11.475	4.387

YEMEN

Account	FY2004	FY2005	FY2006	FY2007	FY2008 Estimate	FY2009 Request
FMF	14.91	9.92	8.415	8.5	4.676	3
ESF	11.432	14.88	7.92	12	2.777	-
NADR	-	3.198	1.441	3.751	4.034	2.525
INCLE	-	-	-	-	0.496	0.75
DA	-	-	-	-	7.796	21
IMET	0.886	1.1	0.924	1.085	0.952	1
Total	27.228	29.098	18.7	25.336	20.731	28.275

PAKISTAN

Account	FY2004	FY2005	FY2006	FY2007	FY2008 Estimate	FY2009 Request
CSH		21	22.757	22.385	29.816	27.855
DA		29	26.99	95.327	29.757	-
ESF		297.6	296.595	283.673	347.165	603.2

FMF		298.8	297	297	297.57	300
IMET		1.885	2.037	1.992	2.103	1.95
INCLE		32.15	34.97	24	21.822	32
NADR		7.951	8.585	9.977	9.725	11.25
Totals		688.386	688.934	734.354	737.958	976.255

Source: Congressional Research Service RL32260 CSH: Child Survival and Health DA: Development Assistance ESF: Economic Support Fund FMF: Foreign Military Financing IMET: International Military Education and Training INCLE: International Narcotics Control and Law Enforcement NADR: Nonproliferation, Anti-Terrorism and Related

The above table suggests the extent to which the “War on Terrorism” framed U.S. democracy assistance during the Freedom Agenda period. If the previous administration was motivated by the theoretical assumption that more freedom would create democratic stability, in practice it was not ready to test this theory by openly and consistently pressuring those Muslim World allies whose cooperation was seen as vital to the U.S. Indeed, the Abu Ghraib scandal, which brought to light the systematic torturing of Iraqi prisoners, as well as the persistent legal, constitutional and human rights struggles occasioned by American policies in Guantanamo Bay, signaled the priority attached to security issues. By design or default, this securitization of U.S. foreign policy increased the leverage of Middle East leaders, many of whom sharpened the institutional, legal and informal mechanism of autocracy during the 2003-2007 period.

This reticence to pressure Middle East autocrats was also manifested in the lack of interagency cooperation within the myriad of U.S. government and non-governmental institutions that were charged with, and/or had a role in, carrying out the Freedom Agenda. Longstanding problems stemming from competition between the State Department and the National Security Council were compounded by tensions between USAID and MEPI. While bureaucratic in origin, these tensions also had ideological roots stemming from the historically unprecedented nature of MEPI’s foreign policy mission.

Moreover, Washington-based MEPI officials, as well as their analogues in USAID’s Bureau of Democracy and Governance, were often caught between the shifting positions of high government officials and the risk-averse postures of field-based foreign service officers. Squeezed in the middle, democracy promoters from the National Democratic Institute, the National Republican Institute and other semi-official and non-governmental American organizations were sometimes exposed to retaliation or pressure from host governments. Washington’s increasing hesitation to openly and consistently push for political reforms, or to condemn the human rights abuses of some of its closest allies, accentuated the gap between words and needs that had existed since 2003, but which was on full display by late 2006.

2a. Questions and Issues

Some experts argue that the above-discussed gap between policy aspiration and policy reality was unavoidable. As the security threats facing Washington and its regional allies are very real, and in some cases are escalating, the U.S. must temper its efforts to push a political reform agenda on those regimes upon which it relies for diplomatic, military or strategic support.

Given these constraints, these experts argue, Washington would be better off moderating its public rhetoric so that U.S. policies appear more consistent. Others, however, argue that such imbalances undercut the effectiveness of U.S. democracy assistance while exaggerating the leverage of our autocratic friends in the Middle East and South Asia. These experts assert that Washington's friends will not sacrifice the strategic benefits provided by the U.S. and its Western allies. On the contrary, those tied closely to the U.S. are likely to accommodate calls for political reform to safeguard their strategic relations with Washington. Thus the U.S. should "call the bluff" of its autocratic friends and not hesitate to pursue a more consistent and coherent policy.

These contending viewpoints lead to several questions, including the following:

- A. What effect, over time, did weak, medium or strong support for political reform have on the choices, strategies and actions of both regimes and opposition actors?
- B. How did the particular form of the U.S. push for political change affect the actions of regime and opposition actors? When and where was public diplomacy more or less effective than quiet diplomacy?
- C. How, if at all, did the perception of U.S. credibility (or lack thereof), affect the strategies, actions and choices of both regimes and oppositions? What role, if any, should aid conditionality play in promoting reform?
- D. How significant, over time and place, was the problem of bureaucratic or inter-agency coordination? How did strong, medium or weak coordination affect the actions, choices or strategies of regimes and opposition actors?

3. Programmatic Issues: State-Controlled Liberalization vs. Democratization

The third problematic legacy that the Freedom Agenda period bequeathed derives from the tepid or incrementalist nature of U.S. democracy support during the 2003 to 2007 period. Whether measured in terms of rhetoric or programmatic content, U.S. democracy support did not seek to fundamentally transform Middle East regimes. Instead, Washington backed a process of state-controlled political

liberalization that may have initially encouraged or bolstered oppositions, but which reassured ruling autocrats that the U.S. did not seek “regime change.” Whether this formula should be sustained in a post-Freedom Agenda era, or whether it should be replaced by a less (or more) ambitious democracy strategy, is a key issue that concerns this study group.

The Bush administration signaled its preference for state-managed incrementalism in two ways. First, administration officials often framed U.S. support for democratic reform in culturally or socially relativistic terms that contradicted the more universalistic spirit of the Freedom Agenda. As President Bush put it in his 2003 speech before the National Endowment for Democracy, “representative governments in the Middle East will reflect their own cultures.” Secretary of State Colin Powell articulated this message of conditional support for democracy more explicitly in his [December 2002 speech](#) announcing the creation of MEPI, thus assuaging Muslim autocrats, who had long argued that reform in their countries should “keep pace” with national, Arab or Muslim cultural traditions, as well as with the level of socio-economic development of their countries.

Second, with the very major exception of Iraq in the Arab World, Washington advanced a democracy assistance program that sought to slowly build up the cultural, social and economic foundations or “prerequisites” of democracy, rather than push or encourage regime leaders to fundamentally redefine the political game. This policy was reflected in the four “pillars” that constitute MEPI’s strategy, only one of which was dedicated to politics, leaving considerable space for, if not prioritizing, the other three pillars: women’s empowerment; educational reform; and market reform. The regional headquartering of MEPI in Tunisia (a pro-Western autocracy that had achieved relatively high levels of economic development, gender equality, literacy and privatization) suggested the importance the U.S. attached to working with the emerging alliance of political elites, businessmen and the military that by the late 1990s was presiding over market reforms in Tunisia, Morocco, and Egypt.

A similarly cautionary logic emerged in the U.S. approach to reinforcing civil society groups. During the 2003 to 2007 period, Washington devoted considerable reform assistance to strengthening the institutional and technical “capacity” of these groups, rather than to programs designed to encourage Arab leaders to recast the institutional and legal framework that guided political life.

This policy had some appeal to opposition groups, as it gave them financial support and technical expertise. Yet by channeling aid to a growing constellation of competing civil society groups, many of which were small and had little capacity for political mobilization, this approach often had the unintended effect of facilitating the divide and rule strategies that autocracies used to avoid substantive democratic reforms. By ostensibly reinforcing the

demand for political change, without pushing states to increase the supply, the U.S. tried to sustain some measure of credibility and effectiveness with oppositions without overturning the apple cart of stability that regimes, and many U.S. policymakers, continued to deem crucial to their respective, if not overlapping, security interests.

This “weak demand/strong state-controlled political liberalization” strategy met its Waterloo in 2005 and 2006, when elections in Egypt and Palestine produced a Hamas-run government in Gaza and a parliament in Egypt whose loudest voice came from members of parliament associated with the Muslim Brethren. Washington’s subsequent rhetorical retreat exacerbated its credibility problem while undercutting the most effective tool the U.S. had for pushing rulers to increase the “supply side” of democratic reform.

3a. Questions and Topics

It may be that U.S. support for state-managed liberalization provides the most effective long-term strategy for peaceful political reform in the Middle East and South Asia. At the very least, what Daniel Brumberg has called “liberalized autocracy,” provides regimes and oppositions a mechanism for securing a measure of peaceful coexistence. In countries grappling with the destabilizing effects of market-oriented reforms and identify conflicts, such peaceful coexistence might be preferable to the total repression of all independent political institutions typical of “full autocracies.” Moreover, for Washington, because state-managed political liberalization does not threaten regimes while allowing for a measure of U.S.-supported reform, it might provide an effective means of mitigating the credibility gap. In short, it might be argued that liberalized autocracy offers the best of several bad options for both regimes, and for Washington.

Alternatively, it can be argued that because it does not provide a long-term institutional basis for resolving domestic identity or social conflicts, and because it does encourage both regimes and oppositions to actually practice democracy, state-managed political liberalization only papers over domestic conflicts while enlarging the ideological, social and political gap between regimes and oppositions. From this vantage point, state-controlled liberalization is a prescription for long-term instability that could undermine the very allies upon which the U.S. leans for strategic and political support.

Considering the advantages and disadvantages of state-managed reform versus the advantages and disadvantages of substantive democratization, several questions arise:

- A. What is the nature and mechanism of demand-driven, state-controlled liberalization in each case, and how has this autocratic form of conflict

management (or avoidance) affected the stability and legitimacy of regimes?

- B. Based on the above analysis of the evolution of stage-controlled reforms in different cases, how would the effort to advance a more supply-side democratization strategy affect long-term domestic political stability?
- C. Does the U.S. have the political will and bureaucratic capacity to push for a more supply-side strategy, particularly in regimes that play a significant role in Washington's geo-strategic calculations?
- D. Should a choice between staying with an incrementalist strategy versus moving to a substantive, supply-side approach be dependent on the level of strategic importance that Washington attaches to different Muslim World regimes or allies? Or, can a case be made for a more across-the-board shift to a more consistent democratization strategy?

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