The Greater Middle East in Global Politics

Social Science Perspectives on the Changing Geography of the World Politics

EDITED BY

M. PARVIZI AMINEH

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List of Abbreviations

ADB	Asian Development Bank
ALN	National Liberation Army
AMAL	Afwaj al-Muqawamah al-Lubnaniyyah
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASSR	Autonomous Soviet Socialist Republic
bbl	Barrels
BBcm	Billion Cubic Meter
BCIA	Banque Commerciale et Industrielle d'Algérie
BEEPS	Business Environment and Enterprise Survey
BMENAI	Broad Middle East and North Africa Initiative
BSEC	Black Sea Economic Cooperation
BTC	Baku-Tblisi-Ceyhan
CACO	Central Asian Cooperation Organization
CADC	Coordination des Archs, Dairas et Communes
CAS	Central Asian States
CBS	Commercial Bank of Syria
CC CPT	Central Committee of the Communist Party of Turkestan
CCDH	Royal Consultative Council on Human Rights
CCHR	Consultative Council on Human Rights
CEA	Central Eurasia
CIA	Central Intelligence Agency
CIEP	Clingendael International Energy Program
CIS	Commonwealth of Independent States
CNES	Conseil National Économique et Social
CPC	Caspian Pipeline Consortium
CPI-M	Communist Party of India-Marxist
CPR	Charter for Peace and Reconciliation
CPSU	Central Committee of the Communist Party of the Soviet Union
CSO	Civil Society Organization
CSTO	Collective Security Treaty Organization
DST	Direction de la Surveillance du Territoire
EBRD	European Bank for Reconstruction and Development
ECO	Economic Cooperation Organization
EEC	Eurasian Economic Community

EIA	Energy Information Administration
EMFTA	Euro-Med Free Trade Area
EMP	Euro-Mediterranean Partnership
ETIM	East Turkestan Independence Movement
EU	European Union
EurAseC	Eurasian Economic Community
FDI	Foreign Direct Investment
FIDH	International Federation for Human Rights
FIS	Islamic Salvation Front
FTA	Free Trade Area
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GME	Greater Middle East
GNP	Gross National Product
GPCR	Great Proletarian Cultural Revolution
GUAM	Georgia-Ukraine-Azerbaijan-Moldova
GUUAM	Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova
HAMAS	Harakah al-Muqawamah al-Islamiyyah
IAEA	International Atomic Energy Agency
ICG	International Crisis Group
ICT	Information and Communication Technology
IDF	Israel Defense Forces
IEA	International Energy Agency
IEF	International Energy Forum
IEFS	International Energy Forum Secretariat
IEP	International Energy Program
IER	Equity and Reconciliation Commission
IFI	International Financial Institutions
ILSA	Iran-Libya Sanctions Act
IMF	International Monetary Fund
IMU	Islamic Movement of Uzbekistan
IOC	International Oil Company
IPE	International Petroleum Exchange
IPI	Iran-Pakistan-India
IRI	Islamic Republic of Iran
ISI	Inter-Services Intelligence (Pakistan)
ISI	Import Substituting Industrialization
JDP	Justice and Development Party
LLHR	Libyan League for Human Rights
LNG	Liquefied Natural Gas
MMbbl/d	Million barrels per day
MENA	Middle East and North Africa

MNC	Multinational Corporation
MNNA	Major Non-Nato Ally
MoU	Memorandum of Understanding
MP	Motherland Party
Mt	Millions of tonnes
Mtoe	Million tonnes of oil equivalent
NATO	North Atlantic Treaty Organization
NIOC	National Iranian Oil Company
NNMA	Non-NATO Military Alliance
NOC	National Oil Company
NPT	Non-Proliferation Treaty
NRI	Non-Resident Indian(s)
NSF	National Solidarity Fund, '*Caisse 26–26*'
OECD	Organization for Economic Cooperation and Development
OIC	Organization of Islamic Countries
ONA	Omnium Nord Africain
OPEC	Organization of the Petroleum Exporting Countries
OSCE	Organization for Security Cooperation in Europe
PDPA	People's Democratic Party of Afghanistan
PLO	Palestine Liberation Organization
POT	Public Opinion Trend
PRC	People's Republic of China
PPP	Purchasing Power Parity
RCP (B)	Russian Communist Party (Bolshevik)
R&D	Research and Development
RDF	Rapid Deployment Force
RF	Russian Federation
RFE	Russian Far East
RPP	Republican People's Party
RSFSR	Russian Soviet Federal Socialistic Republic
SAL	Structural Adjustment Loans
SCO	Shanghai Cooperation Organization
SDPP	Social Democratic Populist Party
SI	Sequential Industrialization
SNSC	Supreme National Security Council
SSR	Soviet Socialist Republic
TACIS	Technical Assistance to the Commonwealth of Independent States
TAP	Turkmenistan-Afghanistan-Pakistan
Tcf	Trillion Cubic Feet
TCGP	Trans-Caspian Gas Pipeline
TNOC	Transnational Oil Corporation

TPP	True Path Party
TRASECA	Transport Corridor Europe-Caucasus-Central Asia
TSB	Tunisian Solidarity Bank
TTbbl/d	Thousand barrels per day
TzGARUz	Tzentralny Gosudarstvenny Arkhiv Respubliki Uzbekistan
UAV	Unarmed Vehicle
UF	United Front
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Program
UNSCR	United Nations Security Council Resolution
UPA	United Progressive Alliance
US	United States
USSR	Union of Soviet Socialist Republics
WMD	Weapons of Mass Destruction
WP	Welfare Party
WTO	World Trade Organization

I. Introduction: Theoretical and Methodological Approaches to the Study of the Greater Middle East

Mehdi Parvizi Amineh

This volume brings together studies of the "Greater Middle East" (GME) in the colonial and post-colonial eras. This part of the world comprises (1) the countries of North Africa; (2) the countries of the Arab Middle East (Syria, Lebanon, Palestine, Jordan, Iraq, Saudi Arabia, and the Persian Gulf states); (3) the non-Arab Middle Eastern countries of Iran, Turkey, and Israel; (4) the countries Afghanistan and Pakistan; and (5) the Central Eurasian countries (i.e., the five Central Asian republics and the three new states in the south Caucasus). The volume also contains two studies—conceptual and empirical—of the GME in global politics. As defined above, the GME is not based on religion. We define the region's borders from an outside, not inside, perspective, and we define its states and societies as units of analysis in international relations.

Most of these countries were parts of the last three great Islamic civilizations: the Ottoman, Persian, and Mughal-Indian Empires. The legacy of these empires is integral to the political tradition of the Muslim countries of the GME. In the case of the Ottoman Empire, Albert Hourani (1981) states, "many of the things Middle East countries have in common can be explained by their having been ruled for so long by the Ottomans; many of the things which differentiate them can be explained by the different ways in which they emerged from the Ottoman empire." At the dawn of the twenty-first century, the region comprises nearly 600 million people, divided into thirty-one states. The majority of these countries are Arab, while thirteen others, including Israel, are non-Arab. The GME's borders stretch from Morocco on the Atlantic coast via the seaboard countries of the Mediterranean to the periphery of the Caucasus Mountains and shores of the Black Sea, Caspian Sea, Persian Gulf, Arabian Sea, and Red Sea. To the northeast, the region borders the Russian Federation; to the east and south, rapidly industrializing China and India; and all three of these states, together with the European Union, are drawn toward the resource-rich sites of the GME.

The region's current state system is the result of three historical processes. The first is the long-term historical evolution of the region's politics and cultures. The second is colonial and post-colonial developments, in particular the disintegration of the Islamic empires as a result of both exogenous intervention and indigenous pressures in the nineteenth and early twentieth centuries, which were also instrumental in the making of the region's independent nation-states. The final process was the end of the Cold War, the disintegration of the Soviet Union, and the emergence of the newly independent states of former Soviet Central Asia and the Caucasus, or Central Eurasia (CEA).

This part of the world is a power vacuum, fossil fuel-rich but lagging behind other major world regions in industrial development. As a trade link and area of transit, the region connects European centers with the resource-rich countries of the Middle East and Caspian Sea, leads to the large markets of the highly populated states in the Indian Ocean and Asia-Pacific area, and connects North Eastern and Central Europe with countries on the Mediterranean rim. These links could lead to the formation of a mutual zone of economic and political interests for Europe and Asia.

In terms of culture, natural ecology, systems of survival, and even family structures, the area under study is very diverse. The agro-aristocratic Islamic empires—as well as the contemporary states that replaced them—ruled over diverse religious, linguistic, and ethnic groupings. Being "Muslim" is not a strict regional feature either, as most Muslims live outside of the region and millions of Christians and Jews have lived inside the region for centuries (see Karpat 1988: 39–45). Internal regional differences are definitely important for understanding the diversity of ways in which peoples respond to invading Western powers.

On the one hand, this anthology is a historical-comparative study of state and society complexes in selected Greater Middle Eastern countries from Napoleon's invasion of Ottoman Egypt in 1798 until today. This was the era of sequential industrialization. We pay specific attention to development[1] and change in politics and societies resulting from the complex interaction between external developments, in particular the rise and expansion of European industrialized powers and their impact on the region, and

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[1] Development is understood as sustainable economic growth. As such, it is more than just economic growth; it is continued economic growth. Despite the implied simple long-term/short-term difference between the two concepts, development usually involves a structural transition from one stage of development to another in which new institutional arrangements are formed that reestablish economic growth on a new basis. Only when this is successful will a country be able to compete internationally and maintain or expand its wealth. In this sense short-term interruptions in economic growth, whether owing to fluctuations in world markets or political turmoil, do not necessarily mean that development is stopped.

internal developments, namely, the disintegration of Islamic empires, their transformation into nation-states, and their efforts to industrialize.[2]

In the greater part of the countries under study, weak and/or fragmented industrialization and modernization,[3] and the failure to establish a sustained democracy based on a coherent and strong civil society, created a "chronic developmental crisis" in the last decades of the twentieth century.[4]

On the other hand, this anthology is an empirical case study of selected states and societies of the GME in the context of global politics.[5] The major themes in global politics—geopolitics, globalization, Islamism, nationalism, democracy, regionalism, revolution, war, energy, conflict, and cooperation—will be applied to the region.

The two studies mentioned above are clearly combined, because the latter forms part of the former. The former study is paramount—especially in the face of so many contradictory accounts and interpretations of the issues—to a comprehensive historical analysis of these states and societies in particular, and of global politics in the GME during the twentieth and early twenty-first centuries in general.

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[2] "Industry" is defined in this study as the production of all material goods not grown directly on the land. "Industrialization" adds to agriculture and handicraft producers, the economic sector of manufacturing, mining, and energy (see Hewitt et al. 1992).

[3] In this study industrialization is construed as simply one element of comprehensive changes, such as urbanization, rationalization, and secularization, which combine in a broader transformation. The industrialization process is an expression of a complex of forces that are already rooted in the more general processes of modernization (see Berg 1979).

[4] The creation of democracy and democratic social order is not impossible but difficult without a strong civil society with related forces and institutions. Who are the modern forces of a civil society? The working, middle, and business classes. These modern social forces are a product of modernization and a successful industrial revolution. The making of a sustainable democracy in a fragmented society (e.g. a society only partially developed) without the appearance of these forces is impossible. The tragic experiences of the failed democratization in Iran in the early twentieth century after the Constitutional revolution of 1905 and second efforts during the "democratic" government of Prime Minister Mohammad Mosaddeq (1951–53)—among others—were caused by a fragmented civil society and lack of modern social forces. It was not surprising that a third attempt at making a democratic state/society after the Iranian Islamic revolution of 1979 also failed. This was mainly the result of extremely uneven socioeconomic and cultural development. Although the political elites of the Shah's regime were able to rapidly modernize and industrialize a portion of the society, economy, and culture, they were not able to integrate the traditional economic sector, concentrated in the bazaar with its traditional alliance the ulama as representative of traditional culture. These factors, accompanied by unsuccessful land reforms, the emigration of peasants to urban areas, and an inability to integrate upcoming modern social forces into the political process, created socioeconomic and cultural imbalances that polarized society.

[5] Thus, global politics is concerned with the space at the global level in which so-called non-state actors—corporations, non-governmental organizations, transnational groups and organizations—operate.

APPROACHING THE GREATER MIDDLE EAST

By 1801, the French had retreated from the region under pressure from the Egyptians and the British, but Napoleon's occupation had stimulated three important regional processes: (1) the local strive for autonomy from the Ottoman Empire, later leading to the independence of Egypt; (2) the first attempts of state-led Western-style modernization; (3) a European rivalry over control of what was left of the Ottoman and other Islamic Empires.

This was the period of sequential industrialization (SI). SI refers to the sequence in time in which some societies succeeded in making the transition to industrial-based politics and society, and began to close the productivity-power gap with those that initially took the lead in moving away from agricultural politics and society (Houweling 2000: 14–15; Senghaas 1989). SI, in other words, entails the long-term history of socioeconomic and political transformation from agricultural-based economies and civilizations into industrial-based economies and civilizations of, sequentially from first to last, a part of Europe, the English colonies (America, New Zealand, and Australia) and Western Europe, Eastern Europe, and finally a number of so-called Third World countries.[6] At the same time, the SI era is the period of reactive state formation, nation building, and efforts to close the productivity-power gaps between those who succeed and those who fail to transform.[7]

We consider the invention of industry to be a social system novelty for three reasons. First, industrial machinery is conducive to conserving productivity-enhancing knowledge and accumulates that knowledge over generations. Craft producers and artisans differ as they acquire their skills from observation and "learning-by-doing" however, they die eventually. Urban-industrial society is different: it conserves the know-how relevant to production, which is embodied in the current capital stock and skill-level of labor supported by a distribution of labor in information transmission and research. It is

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[6] Capitalism as a social relation created conditions for defeudalization, industrialization, modernization, democracy, and increasing wealth and power in some countries, but also conditions for inequality and income polarization on a global scale. According to the UNDP, 20 percent of the world's population account for 86 percent of total expenditure, while the poorest 20 percent account for 1.3 percent. Three-fifths of the 4 bn people in developing countries lack basic sanitation (*Financial Times* 10 September 1998, in Halliday 1999: 117).

[7] Nation state-building is a process intimately linked with the rise of industrial capitalism. The nineteenth century, from the French revolution to the Treaty of Versailles, was the age of nation state-building, particularly in Europe but extending to the New World (South and North American civil wars can be placed in this context). European regions formerly consisting of city-state federations (the Low Lands, Germany, and Italy) and Japan were also caught up in this process of nation state-building and industrialization (see Overbeek 1993).

from this foundation that the next generation in an industrialized economy takes off. Industrialization thus concentrates productivity-enhancing knowledge and its benefits over time in societies that have the longest history of industrial development.

From the mid-nineteenth century, politics and societies in the region under study were connected to actors from first-industrializing European countries[8] through the expansion of the latter. The result of this engagement for state and societal actors in the GME was a choice: either catch up to or get overrun by those who created the power-wealth-generating social machinery of an urban-industrial economy. The SI era thus featured absolute divergence[9] in the growth of national products and per capita income between the regions that industrialized first and the rest of the world. Wealth created by industry and destructive capability—the capital goods and labor-basis of state-organized military power—are universally correlated. That correlation should not surprise us. Industrialization itself has at least, in part, a military origin (Gautam 1984).

Second, the spread-effects generated by those who industrialized first created upheavals in the global system and overturned relations between home and host societies. The effects of industry operated as a mechanism of selection upon the diversity of human societies before they were connected to each other by the rise of industrial-based states and societies in Western Europe during the nineteenth century. Those who were able to replicate the power-wealth-generating machinery of an industrial economy survived; societies that failed to do so were threatened with peripheralization and exclusion, or even phased out of history.

Third, the invention of industry removed constraints on the spatial scale of human action imposed by the natural ecology in which human societies found themselves. In the course of the creation of an urban-industrial society, nature itself was appended to industrial society as a supplier of inputs and absorber of waste.

It is the objective of this volume is to reveal the impact of these forces on the region under study and the local responses to reshaping societies in order to cope. The underlying purpose is to learn more about the obstacles

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[8] Japan is the only example of a country in the nineteenth century that escaped colonization, by establishing domestic institutions able to close the productivity-power gap with those countries that initially outran it. For the Japanese experience of successful industrialization, see Lockwood, W.W. 1954. *The Economic Development of Japan, Growth and Structural Change* (1868–1938). Princeton, New Jersey: Princeton University Press.

[9] Absolute divergence is defined as increases over time in the gap between countries in per capita incomes irrespective of initial structural conditions of their economies (see Galor 1996).

GME states and societies faced in creating an industrial sociopolitical order and closing their productivity-power gap with industrialized countries and regions. What are the mechanisms of successful industrial transformation and development in late-industrializing countries?[10]

First of all, successful industrialization of a state and society means a shift from export production of agricultural and mineral raw materials to the local processing of these materials.[11] The modernization of the agri-

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[10] The nineteenth-century German economist Friedrich List (1789–1846) is known as the architect of the "infant industry" argument. According to List, in his masterpiece, *Das Nationale System der Politischen Ökonomie* (1841), those countries that had to catch up with the already industrialized countries had no choice but to industrialize through state intervention and tariff protection. List had already studied, based on his personal observations of the developing economies of his time, the problems that can arise when a competence gap appears between two economies. He also identified the measures that must be taken if the less advanced country is to catch up with its more advanced competitor. He analyzed the dangers of failing to achieve balanced and broadly effective development of the available forces of production and becoming an enclave economy, with a dualistic structure and an unsustainable foundation (this is the case of almost all countries of the GME). He envisioned the dynamic measures that could be taken, and the elements that would be favorable to success: a free peasantry, a stable national framework, a prudent and far-sighted public administration, and a highly differentiated educational system. He viewed development as a broad set of interactions among favorable and unfavorable factors, and presciently regarded the right amount of state intervention at the right time as indispensable for development success. The state would implement the necessary constitutional and administrative reforms and expand infrastructure, in addition to implementing suitable protectionist trade policies. List's arguments in favor of infant industry protection were much more differentiated and qualified than they are remembered now, and he was fully aware of the negative effects of tariffs and other measures. He believed that protectionist measures should be maintained only as long as necessary, and then be eliminated. List's overall development strategy involved a careful balance of selective international integration and delinking, and favored balanced growth over unbalanced growth. Import substitution industrialization would progress in stages and be gradually intensified. Like South Korea in the 1970s, such an economy would reach a stage when it could produce its own capital goods, and its high-technology products would eventually become internationally competitive (Senghaas 1991; see also Ha-Joon Chang 2002).

[11] Theories of development do not emerge at random but are closely bound to the evolution of the industrial capitalist system in its totality. Ever since industrial society began replacing agrarian society in which economic output was relatively stagnant and limited by feudal relations, productive forces were for the first time in history allowed to make a spectacular advance, thus giving rise to the idea of material progress and development. In the post-World War II period numerous developing countries embarked on a quest for development. The policies pursued were based on longstanding traditions that can be termed today as classical developmental approaches and can be roughly divided into the modernization approach (mainstream) and dependency approach (counterpoint). One of the main factors that urge a rethinking of development approaches is the impact of ongoing economic globalization, most notably the transnationalization of production, finance, and markets, on

cultural sector—by means of defeudalization—is a crucial precondition for the process of internalization.[12] In modern times, this is sometimes achieved through land reform (creating a more egalitarian structure of land ownership, by destroying traditional peasant and landlord relations). At the same time, the land reform can be successful not only if agriculture is mechanized "forward linkages," but also if the industrial sector incorporates agricultural products into manufacturing "backward linkages" (Senghaas 1988: 6–7). Only if both agricultural products and manufactures made from agricultural products are exported, can the value added of exports be increased. Then gradually, a transition can take place from an agricultural-based (enclave-type dualistically-structured) export economy to a diversified and integrated export economy. The key to this development is the transition from an agricultural-based to a manufacturing economy and its effects on a gradual process of import-substitution industrialization

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the state's capacity to regulate the economy and market forces. Private actors are becoming increasingly more prominent in countries in transition and in shaping the economy and its development. This is altering the state-market relationship and the mutual influence and capacity of the state and private actors in generating economic development. A revision is necessary to create a better understanding of development in this new environment and to find new ways to overcome the bottlenecks to development. Herewith a number of revisionist approaches emerged, like the neo-statist (Evans 1995; Weiss and Hobson 1995, 1998, 2003), social-institutionalist, and neo-pluralist approaches (Underhill and Zhang 2005), all the way to more recent approaches like the "state-market condominium" (Underhill and Zhang 2005) and the "advanced state model" (Lee 2004). The role and capacity of the state, and its relationship with market actors, in shaping development from above will be given thorough attention. As we will see, the variety of development trajectories that emerge out of the interplay of states and markets in the making and implementation of development strategies is wide. As this is because of underlying structural changes in the nature of the world economy, and the diversity in political and economic cultures across time and place, these will also be given special attention.

[12] One of the main causes of the Iranian experience of rapid industrialization in the 1960s and 1970s was incomplete land reform. The disintegration of semi-feudal social relations led to the destruction of social hierarchy in the countryside through the elimination from the political arena of the landowning class that was the main obstacle to industrialization. Although land reform brought about a fundamental change in property relations, through the transfer of land from large landowners to (poor, middle-large, and rich) farmers and capitalist landowners, the political elites of the Shah regime were not able to modernize the large agricultural sectors. This created conditions for the rise of unemployment and poverty in villages and ultimately led to mass peasant emigration to the cities. These forces later formed the underclass in cities and the main army of the Islamic revolution and the ulama. For an analysis of land reform in Iran during the rule of the Shah, see Katouzian, H. 1974, "Land Reform in Iran: A Case Study in Political Economy of Social Engineering," *Journal of Peasant Studies* (January): 220–39; Pesaran, M.H. 1974, *Income Distribution Trends in Rural and Urban Iran*, Tehran: BankMarkazi Iran); Kazemi, F. 1980, *Poverty and Revolution in Iran*, New York, N.Y.: New York University Press.

(final demand linkages). Thus, effective agricultural reform sets the stage for successful development, as proven by Germany and America in the nineteenth century and by the Newly Industrializing Countries (NICs) in the twentieth century.

The state played the key role—especially in the earlier stage—in the process of industrial transition (see Moore 1966; Cox 1987; Panitch 1996; Castells 1998: ch. 4; Hoogvelt 2001; Chang 2002).[13] Only the state could facilitate the necessary domestic policy measures such as constitution and administrative reforms; maintaining a prudent, far-sighted public administration; expanding the national infrastructure; pursue well-designed protectionist trade policies when necessary; and provide a highly differentiated educational system to promote "invisible capital": knowledge, skills, competence, and an inventive spirit (Senghaas 1991: 456–57).

Many Muslim countries of the GME have failed to successfully transform from an agricultural to an urban industrial economy and to overcome the structural heterogeneity that is the legacy of colonialism and imperialism. They maintained the same policy priorities as their former colonizers, focusing on the growth of their limited export sector and only partially modernizing their agriculture and industry. They did not succeed in creating the coherent socioeconomic structures needed for broad-spectrum development. Such countries initiated import substitution industrialization, but with limited success, and have tended to develop their urban areas while neglecting the countryside; Iran[14] and Egypt, among others, are tragic examples (see Katouzian 1981; Richard 1982).

The hegemonic position of Britain in the world economy in the nineteenth century was both a threat and an opportunity for the rest of the world. In the beginning of the twentieth century, Britain's hegemony was challenged by some of its competitors, especially Germany and the United States (US). These two countries had undergone the same transition from an agricultural economy to an industrialized economy through catch-up industrialization and development. The competition was won by the US, which after World War II became the new hegemonic power in the world economy. In the last decades of the twentieth century, US hegemony was

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[13] Crediting the state with successful intervention in the economy does not answer the question of why this worked in East Asia and not in places like parts of the GME. To explain such phenomena, we have to concentrate on geopolitical and historical-structural factors.

[14] In Iran a rapid transition to an industrialized capitalist economy took place under the Shah in the 1960s and 1970s. This transition, however, was not successful, as it failed to create an export-oriented economy as East Asian examples did. For the socioeconomic and political causes of failed industrialization in twentieth-century Iran, see Karshenas, M. 1990, *Oil, State and Industrialization in Iran*, Cambridge: Cambridge University Press.

challenged by the rising European Union (EU) and the successful industrializing countries of East Asia, China, and India. Becoming an industrial center in the world economy, however is not necessarily accompanied by becoming a hegemonic power.[15] Today, the core of the world economy exists in three centers: North America, SouthEast Asia, and the EU.

After the First industrial Revolution (circa 1750s), industry spread from Britain to the "Inner Europe" of Belgium, France, and Germany, and set in motion a number of related processes leading to the rise of the nation state in the true sense (Pollard 1981). Via labor migration from industrialized Europe to British colonial North America, Australasia, and New Zealand, "Inner Europe" expanded and replicated itself. This part of the world, now comprising the "Atlantic economies," is referred to as "Inner-Europe-Plus."

The Industrial revolution brought about a fundamental change of the global system, having also a tremendous effect on the state system. There were two mechanisms facilitating the spread of industry from "Inner Europe" to "Europe-Plus": first, the sending of settlers, and second, equipping them with capital to grow food for export to industrializing "Inner Europe." Through massive "emigration," industrializing nineteenth century Europe got rid of what was at that time considered to be a surplus population, relieving pressure on the land when mortality rates were declining. Emigrants grew food for exports to Europe, receiving capital in return. Natural law being introduced as the law of nations, sealed the fate of indigenous societies and most of their members. These societies were destroyed for the purpose of clearing land for settlers, most of them originating from "Inner Europe."

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[15] The decline of US hegemony is caused by several factors, both internal and external, but especially by an increasingly competitive world market that built up after the Cold War, and technological developments. A national productivity slowdown has to do with both the economy and the national policies of the US government (Agnew and Corbridge 1995: 108, 110). If the decline will actually bring about a change in world power is a much-debated issue. The US continues to show an absolute presence in the world economy and monetary system, not to mention in military power. The "firepower gap" between the US and the rest of the world is enormous and in terms of military expenditure, the US spends considerably more than the rest of the world powers (Held 1999: 99). The size of the American market is still the biggest consumer market in the world and is therefore needed by other upcoming markets such as China and India to export to (Agnew and Corbridge 1995: 114, 116). And because of its military power, the US has basically no challengers and can create benefits for itself by recruiting followers who want a share of the pie. This is the global business revolution in alliance politics (Amineh and Houweling 2004/2005: ch. 1). Another variable on which US hegemony depends is the valuation of the dollar. As long as this continues to rule world trade and investment transactions, there will most likely not be a shift in hegemony, according to Agnew and Corbridge (1995: 114, 116).

Industrialization changed social structures in a way that determined the character of the state. Between 1870 and 1900, Europe's population not only doubled but its society changed from agrarian to industrial. The spread of the Industrial revolution across Europe and into the Americas set in motion a number of related processes leading to the rise of the nation state. First, urbanization: people were uprooted and made to leave their traditional agrarian regions, which led to the dissolution of traditional social and familial relationships; second, the creation of an industrial working class with related organizations; third, the process of industrialization in late-industrialized Europe was in some cases activated by the state or state-led development (Overbeek 1993: 33). As a result of these related processes, states and nations became synonymous, providing the groundwork on which "nationalism" could be built.

SI thus introduced a "survival of the fittest" dynamic into international relations, through which some human societies were selected to survive over others. From the moment one part of human society invented industry, social forms that generated less wealth and wealth-generated power were destined either to catch up or to vanish (see Houweling 2000; Amineh and Houweling 2004/2005). SI is fueled by the diversity of institutional and cultural forms invented in the pre-industrial era, before these were connected to the power mechanisms of the industrial era. SI thus translates into a multi-dimensional inter-societal competition, which is acted out by governments that implement foreign policy projects and one dimension of which is territorial outreach. The concept refers to the expansion of a state's military borders beyond its legal territory.

The system-level social order was characterized by the sequential industrialization of state-society complexes. Actors that operate in state-society complexes engaged in cross-border activities connect their domestic societies and institutions to the external world. This activity can be called the "geopolitics of power projection" (Houweling and Amineh 2004/2005).

Power projection is inevitably a competitive undertaking. A partially industrialized world is characterized by vast inequalities in power and wealth. Streams of thought in international relations differ on the unit of analysis and the level at which that unit is studied; the approach that my colleague and I introduced in our previous work, "critical geopolitics," remains relevant to the study of power projection policies beyond legal borders in the era of sequential industrialization. In critical geopolitics,[16] the units of

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[16] In this study we make a distinction between classical or traditional geopolitics and critical or neo-geopolitics. The main ideas of traditional or classical geopolitics can be related to the realist school or the Westphalian Model of International Relations (IR). According to the realist school of IR theories, the nation state is paramount and international relations

analysis are state-society complexes of self-identifying groups that are in continuous interaction with other self-identifying groups. In the industrial age, state-society complexes at their core are institutionalized state-business-military relationships, which are part of the growth promoting or restraining societal institutions. Self-identifying groups of humans subsist on natural resource systems within their reach. It is here that the variable of "space" and of control over space enters.

State-society complexes interact at the system level. The foreign policies of state and non-state actors bring these social units into interaction, creating a system-level social order. Since the First Industrial Revolution, the system-level social order was characterized by the sequential industrialization of self-identifying, state-incorporated societies.

Therefore, critical geopolitics is, first of all, a theory of action. It should be distinguished from classical geopolitics. The latter is an approach to the study of world order. We endeavor to contribute a theory of action to the study of geopolitics and to illustrate its relevance by applying it to the study of GME states and societies. Accordingly, we conceive critical geopolitics as the study of spatio-temporal aspects of action and by the dimensions of control sought beyond legally or otherwise recognized borders by actors that manage state-society complexes and use the natural resource bases of the ecological niche in which their society is located. Dimensions of control refer to the timing of power-projection activity, actors in named locations, and situations in target societies that the power projector aims at bringing under its control. The objectives of power projectors are inferred from the timing and spacing of activities, the resources allocated to them, and the target actor, or situation, power projectors seek to bring under their control.

Actors that use material capabilities to project power beyond legal borders operate in multicultural environments. Such environments change under

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are a question of the balance of power in which states struggle for dominance in world politics. Critical geopolitics synthesizes the traditional understanding of orthodox geopolitics, the global political economy, and the geoeconomic discourse in order to conceptualize critical geopolitics. Critical geopolitics, in other words, rejects state-centric reasoning and questions the monopoly of the powerful over the definition of national security. Critical geopolitics does not perceive the world as being divided into a fixed hierarchy of states, cores, peripheries, spheres of influence, flash points, buffer zones, and strategic relations. To the contrary, critical geopolitics argues that global space is divided by national and transnational governmental and non-governmental institutions and organizations, such as states, firms, armed forces, terrorist groups, but also peace movements, human rights activists, and environmental organizations. For a brief history of orthodox or traditional geopolitics, see Amineh, M.P. 2003 *Globalization, Geopolitics and Energy Security in the Caspian Region*, The Hague: Clingendael International Energy Program, ch. 1.

the impact of power-projection activity into self-conscious "us" versus "them" groups. These social constructions influence actors' behavior. In critical geopolitics, the material interests that are being pursued by power projectors have for this reason a distinct ideological imprint that exerts an independent impact on the external behavior of power projectors. In the collisions between material forces released by power-projection activity and host society responses, the cultural-historical experiences of home and host change. In host societies, encounters with power projectors set off a process of change called "hybridization" or "intermingling" of identities and institutions. The messages delivered by power projectors to domestic and foreign audiences are colored by previous acts of power projection.

Since the beginning of the industrial era, competitive power projection by industrialized countries has "phased out" the existence of small autarchic and mutually isolated societies in the name of "progress." Prior to the Industrial Revolution, when compared to Western powers, the great Asian agro-aristocratic empires had significant economic productivity, wealth, military strength, and power. The historical roles between expanding Asian empires in particular and Europe under threat, were reversed during the late eighteenth century. As early as 1798, Napoleon invaded Egypt, an Ottoman territory at the time. Gradually during the nineteenth century, Islamic and Asian empires were peripheralized and ultimately disintegrated, partly ending in colonization by Western powers owing to the combined force of an industrialized economy and modern firms. The policies of power projection beyond legal borders by industrialized societies in the era of SI were therefore the driving force in the continuous process of transition from a world composed of small-scale societies with domestic orders untouched by one another and agro-aristocracy based empires to a single interdependent world society in a global capitalist economy.

In the GME, the foreign policies of competitive power projection have brought together in different historical phases Great Britain, France, the Soviet Union/Russia, Germany, the US, China, Japan, and the EU. Since World War II, the US is the only major power to have invaded and occupied parts of the GME (see Amineh and Houweling in chapter 2 of this volume). In that role, it succeeded Anglo-French power, the true creator of the greater part of the GME. However, the powers bordering the region are part of the story as well. This applies in particular to Russia, India, China, Iran, and Turkey.

In the case of CEA, Russia aims at reestablishing central control over natural resources. Russia is therefore doing something that is apparently unacceptable to US foreign policy elite: it is imposing conditions on Anglo-Saxon companies wishing to access Russian natural resources, particularly energy resources. The disintegration of the Russian state into a loose con-

federation without legitimate governments at the member-state and union levels would deprive the EU, Iran, India, and China of a potential counter-weight to the US. In other words, it would prevent them from creating an integrated industrial system on the Eurasian landmass and the linking of that system to fossil fuel sources of the Caspian region and the Persian Gulf.

THE INDUSTRIAL REVOLUTION AND THE DECLINE OF ISLAMIC EMPIRES AND CIVILIZATIONS

Although efforts to industrialize parts of the GME began in the mid-nineteenth century, the region lags behind other late-industrializing areas. Failed or fragmented industrialization and modernization created conditions for sociopolitical tensions, conflict, and dependence of the elite on support from abroad. Economic stagnation weakens regime legitimacy and, in some cases, the capacity to govern. The problem is particularly serious because stagnant economies cannot provide adequate jobs for the rising tide of young job seekers. The mixture of regime incapacity, rising unemployment, poverty, and population growth is politically highly volatile.[17] Many states and societies in the GME are among the most foreign-influenced in today's international system, which creating a further obstacle for transition to an industrial-based social order.

Until the mid-nineteenth century, today's GME countries were part of the three great Islamic empires of Mughal-India (1526–1707), Safavid-Persia (1500–1722), and the Ottomans (1299–1922). Between 1400 and the early 1700s, these Islamic empires had a strong political-military and economic position in the international system (Pamuk 2000; Floor 2000; Matthee 1999; Frank 1998; Navai 1998; Inalcik Halil and Donald Quataert 1997; Faroqhi, McGowan, Quataert and Pamuk 1994/1997; Faroqhi 1984, 1986; Islamoglu-Inan 1987; Own 1993; Braudel 1992; Abu-Lughod 1989; Rechards 1993; Bairoch and Levy-Leboyer 1981; Bennett 1954). Since the early nineteenth century, these Islamic empires had been confronted with the expansion of the West European-based world economy and its related forces, territorially in the form of colonization and sphere of influence,

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[17] According to the United Nations Population Division, the total population of the Middle East will double from its current 341.9 million to over 723 million by 2050. The effects of this tremendous population explosion will be compounded by the current (2000) large percentage of the population under the age of 24. Overall, young people make up between 50 and 65 percent of the total population in the Arab Middle East, with Yemen at the upper end of the spectrum with 68.3 percent (median age 15.0 years), followed by Iraq, Jordan, Oman, the Palestine, Saudi Arabia, and Syria, all over 60 percent; (see http://www.un.org/esa/population/unpop.htm).

economically in terms of trade, and ideologically in terms of imported political ideologies and secular and rational ideas.

Exogenous domination, accompanied by indigenous crises, created conditions for colonization (in the case of India), semi-colonization (in the cases of Persia and the Ottoman Empire), and the ultimate disintegration and transformation of all these empires after World War I into several new nation states characterized by either a mandate or protectorate system (most of the Arabic countries) or independence (Iran and Turkey).

Compared with other Asian, Latin American, African, and some Eastern European countries, the main political and economic characteristics of these newly emerged nation states were their peripheral position in the international system. In resisting marginalization and peripheralization, the non-industrialized state and society complexes tried to achieve an autonomous, catch-up development process through industrialization or modernization from above. This involved state-led socio-economic and political modernization by authoritarian patterns of political domination. The consequence of a fragmented "civil" society was an amalgamation of social and political powers within the embrace of political elites.[18] In a number of peripheral countries, this process impeded the self-organization of domestic modern social forces and a self-regulating civil society (see also chapter 7 by Kamrava in this book). This outcome can be observed as an aspect of what Antonio Gramsci (1971)[19] called "passive revolution," the development of mimetic political and economic structures in subordinated portions of the world.[20]

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[18] For the international conditions of the rise of such state types, see Pijl, K. van der 1998, *Transnational Classes and International Relations*. London and New York: Routledge.

[19] According to Gramsci, passive revolution refers to sets of situations: a revolution without mass participation that is often promoted by external forces. This type of revolution often followed a "war of movement" or a rapid overthrow of a regime. A slower, more capillary or "molecular" social transformation occurs where the most progressive forces must advance their position more cautiously through a long-term "war of position" (see Gill 2003: 52–53).

[20] Gramsci distinguished two different ideal types of state and society complexes, which developed under different historical circumstances. The first complex, hegemonic state and society relations, developed in those countries where a successful industrial revolution or what he called "bourgeois revolution" had taken place. The second complex, non-hegemonic state and society relations, is characterized by a fragmented social structure or weak civil society and a strong authoritarian state (see Amineh 1999: 20–28). In this complex the modern social forces (particularly the bourgeoisie) are absent or too weak to bring about hegemonic or a socio-political order based on consensus. The result is a stalemate situation with traditional social forces. "In the course of modernization by a revolution from above," writes Moore, "such a government has to carry out many of the same tasks performed elsewhere with the help of a revolution from below" (Moore 1987: 438).

The attempts to resist marginalization and economic backwardness by means of industrialization from above—mainly from the 1930s to the 1970s in the case of Turkey and Iran, and from the 1950s to the 1970s[21] in the case of the Arab Middle East, North Africa, and Pakistan—failed in the majority of these state-society complexes[22] and resulted in the structural socioeconomic, political, and legitimacy crises of the late 1970s.[23] Ultimately

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[21] Baathism, Nasserism, and the revolution in Algeria seemed capable of stemming the social backwardness through a more determined anti-imperialist policy promoted by Soviet support and active industrialization. The effort failed mainly because of weak political elites, incapable institutions, and extremely uneven development accompanied by reversal global politics and economy.

[22] We see the same trends towards industrialization and modernization by the political elites in the newly independent post-Soviet states of CEA.

[23] For efforts to industrialize from above and the role of the states and the local and international conditions in late industrializing countries and the Middle East, see the following works: Trimberger, E.K., 1978, *Revolution from Above: Military Bureaucracy and Development in Japan, Turkey, Egypt and Peru.* New Brunswick and New Jersey: Transaction Books; Owen, R. 1992, *State, Power and Politics in the Making of the Middle East.* London: Routledge. In the case of the oil-producing countries of Iran, Algeria, and Nigeria, see Skocpol, T. "Rentier State and Shi'a Islam in the Iranian Revolution," *Theory and Society* 11(3): 265–83. In the case of selected Latin American countries strategies towards authoritarian industrialization and possibilities of transition from authoritarianism to democracy, see Malloy, J.M., 1977 (ed.), *Authoritarianism and Corporatism in Latin America.* Pittsburgh: University of Pittsburgh Press; O'Donnell, G.P. Schmitter, and L. Whitehead (eds.), 1986, *Transition from Authoritarian Rule: Prospect for Democrac*, Baltimore: Johns Hopkins University Press. In the case of successful East Asian industrialization from above, see Chang, H.J. 2002, *Kicking Away the Ladder: Development, Strategy in Historical Perspective*, London: Anthem Press. For an analysis of efforts to industrialization in Iran, see Amineh, M.P., 1999, *Die Globale Kapitalistische Expansion und Iran: eine Studie der Iranischen Politischen Ökonomie.* Hamburg etc: Lit Verlag. The basic purpose of state intervention during the early stage of capitalist development is to eliminate constraints and draw on the opportunities existing in the world economy at a particular point in time. Therefore, states have played a crucial role in late development by attempting to industrialize from above. The success and failure in such instances depend on specific factors operating in the global economy at a particular time, but also the historical and social forces that influence the patterns of state formation within particular spaces. The local, therefore, reacts back on and influences the global. Attempts at industrial development in the majority of so-called Third World countries after World War II were characterized by import substitution industrialization (ISI) and export-oriented industrialization (EOI). ISI as an ideal type can be summarized as follows: (1) the promotion of a domestic industrial base to serve the home market; (2) a substantial reduction in the widespread dependence on the importing expensive manufactured goods and exporting relatively cheap unprocessed goods, and (3) the protection of domestic industries through tariffs or import controls. EOI can be summarized as follows: (1) industrial production is oriented towards the world market, rather than the protected domestic market; (2) industrial protection takes place in the context of (more or less) free trade, so that firms must be efficient or suffer the consequences (see Kiely 1998: 83, 98). Only a small number of peripheral countries that applied the

these crises led to the rise of radical, politicized, and revolutionary religious-based ideological movements, with a high level of mobilizing capacity, which tried to transfer the established secular order into a new state and society based on their particular ideological prescriptions (see Amineh chapter 8 of this volume).

Contrary to the failed industrialization in GME countries (Issawi 1966 and 1980), successful catch-up state-led development in other parts of the peripheral area, especially in East and South Asia, meant changing the geographical locations of wealth and power from the first industrialized region towards the newly industrializing countries and regions. This tidal shift is likely to continue, with Asia reemerging in the early twenty-first century as the world's center of economic activity (see Berger 2004; Chang 2002; Radelet and Sachs 1997).

The rise and development dynamics of the capitalist world economic system can be traced back to the First Industrial Revolution in mid-eighteenth-century Britain, which helped create nineteenth-century British hegemony in the world economy. The British hegemonic position was mainly the result of superior productivity fueled by an agricultural and industrial revolution. This gradually undermined the power and wealth of the agriculturally based Islamic empires and economies. Senghaas (1985) describes it as follows: "If one looks at international society as a whole, it becomes all too apparent that, beginning with the First Industrial Revolution in England, the major part of the world suffered peripheralization [...] with only a few societies managing to resist the [exogenous] pressure towards peripheralization and achieving self-reliant delayed development [...]." Historians of the post-First Industrial Revolution would be more sensible to regard peripheralization as the norm and successful (catch-up) development as the exception. The sharply increasing inequality between industrial and underdeveloped regions and countries was often a key element in protectionist arguments and catch-up development strategies.

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development strategy of ISI and EOI reached a relatively high level of development in the late twentieth century. Foremost among them are Argentina, Brazil, Chili, and Mexico in Latin America, and Korea, Taiwan, Hong Kong, Singapore, China, Malaysia, and Thailand in Asia. These countries accounted for 30 percent of total exports from developing countries between 1970 and 1980. In 1990 this figure increased to 59 percent and in 1992 to 66 percent. At the same time these countries, except for Korea, received most FDI in the developing world, accounting in the period between 1981 and 1991 for 66 percent of the average annual inflows (Nayyar 1998: 25). The most marginal areas in this process are sub-Saharan Africa, much of the GME, and many countries in Latin America, Asia, and the Pacific. For failed or fragmented modernization in Arab countries, see UNDP 2003, The Arab Human Development Report: Building a Knowledge Society, Geneva: UNDP-Arab Fund for Economic and Social Development.

List developed a conceptual and theoretical framework to understand the inequality in the spread of knowledge and organizational innovation between economies in continuous interaction since the First Industrial Revolution in Britain. When a less productive economy is confronted by a more productive one, disequilibrium in capability and competence develops between them, resulting in competition between what List calls the "more advanced" economy and the "less advanced" one.

Societies threatened by peripheralization can react in different ways: (1) they can give in to the pressure of peripheralization by giving up their traditional lifestyles enforced from above through repression; (2) they can turn into an adjunct of the more developed society; (3) they can accept the pressure of peripheralization as a challenge and opportunity for their own development. By imitation and protectionism, they try to catch up or even overtake the more developed society. The third would be an innovative response to the pressure of peripheralization, while the first two simply buckle under the pressure of the more developed society. However, history has shown that catching up is possible (see Senghaas 1991; Chang 2002).

New technological innovations after the Industrial Revolution dramatically increased the level of productivity and made the prospect of competition between industrialized European goods and less efficiently produced foreign commodities more attractive (Stearns 1993; O'Brien and Williams 2004). The rapid expansion of British industrial and naval power notwithstanding, it took several decades before Britain truly ruled the waves and free trade could be adapted wholeheartedly. From around 1840 onwards, and accelerating after the Companies Acts of 1844 and the Repeal of the Corn Laws of 1846, industry swiftly expanded. Between 1850 and 1870, British industrial production doubled. Where in 1750 the level of industrialization in Britain was about the same as in France and Germany and about double that of Russia and the US, respectively, in 1800 Britain was twice as industrialized as its main competitors. At the height of its "great leap forward" (in 1860), its lead had increased to three times that of France and the US and eight times that of semi-industrialized Russia (Kennedy 1988).

As a consequence of industrialization, British exports in the mid-nineteenth century accounted for about 40 percent of world trade—about the same as the combined share of France, Germany, and the US—with world trade increasing five-fold between 1840 and 1874. This overwhelming industrial dominance was reflected in the structure of Britain's trade: throughout most of the nineteenth century it imported 90 percent of its raw materials and foodstuffs, while industrial products made up about 85 percent of its exports (Brown 1970; Krippendorff 1975).

The elevation of the states of Western Europe to the status of world powers and centers of world production is properly emphasized by Maddison (2001): "A major feature of world development which emerges from

our macro-statistical evidence is the exceptionalism of Western Europe. By the year 1000, its income levels had fallen below those in Asia and North Africa. It caught up with China, the world leader, in the fourteenth century. By 1820, its levels of income and productivity were more than twice as high as in the rest of the world. By 1913, income levels in Western Europe and its western offshoots were more than six times than in the rest of the world" (p. 49).

From the mid-eighteenth century, the Mughal Empire became vulnerable to European merchant, naval, and political power, as the Europeans took over shipping and merchant activities from indigenous peoples. The Persian Safavid Empire[24] gradually lost its balance of trade surplus with Europe, leading to a reversal of bullion flows from east to west in the second half of the nineteenth century. Between the 1750s and 1850s, the Ottoman Empire was also peripheralized in the European world economy. As a result, Mughal, India was the first Asian political economic power to be marginalized and colonized. Safavid, Persia and the Ottoman Empire later faced similar fates, although they were not colonized (Frank 1998; Matthee 1999; Richards 1993; Savory 1980).

The impact on the region under study of industrialization taking place first in Britain and then in "Inner Europe", is driven by two causal mechanisms. The first is power projection by state actors of European powers. Through competitive power projection, states and enterprises in the nineteenth century "Inner Europe" connected the rest of the world to the industrializing core of the world economy. Over time, these countries greatly improved the relative and absolute lethal capacity of industrially produced weapons systems. European military technology, transformed by the mid-nineteenth century Industrial Revolution, made expansion far easier and cheaper than before. Between 1876 and 1915, about one-quarter of the globe's land surface was distributed or redistributed among half-a-dozen colonial states (Hobsbawm 1987). In the region under study, Napoleon fired the opening shots at the Ottoman Empire.

Power projection the market mechanisms in the era of SI confronted host societies with the compulsion to close the productivity-power gap. These mechanisms selected domestic institutions for their capacity to drive the transition to industry by whatever means invented by elites.

As Europe's wealth was translated into political and military power, the Ottomans and other Asian empires came to be dependent for survival on the European system of international relations and balance of power.

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[24] After two short-lived dynasties—Afshar (1736–1747) and Zand (1747–1779)—Aqa Mohammad Khan established the Qajar Dynasty (1796–1925).

These determinants were partly located beyond the confines of Europe, in the Western hemisphere or Indian subcontinent, but in the late eighteenth century Ottoman territories increasingly became one of the loci of Franco-British, and later, Anglo-Russian rivalry. Especially after the 1760s, with the opening of an expansionist period in the world economy, the attention of Great Britain, Russia, and France was concentrated on the Eastern Mediterranean and Black Sea, which soon became an arena of a fierce global power struggle, also known as the Eastern Question. In the late nineteenth century, the successfully industrialized Germany emerged as a main contender. Although the balances between the European Great Powers—Britain, France, and Russia—changed throughout the century, none was able to exclude its competitors from the Ottoman Empire. The intra-European rivalries, coupled with limited but not insignificant Ottoman military strength, made it very difficult for the Great Powers to colonize or partition the Ottoman (and Persian) Empires. In the terminology of Western observers, the result was that the Eastern Question remained unanswered until the World War I (Pamuk 1987: 132–3).

As we will see throughout the following section, the partial success and final failure of the Islamic empires to modernize from above so as to resist European expansion are closely linked to the power projections of the industrialized Western powers.

GREAT POWER RIVALRY IN THE OTTOMAN AND PERSIAN EMPIRES

During the nineteenth century, England, France, Russia, and Germany had vital interests in the Islamic empires. For most of the century, the Ottoman and Persian empires had to defend themselves against European powers jostling among themselves for competitive advantage. Europe generally did not want to see the Ottoman and Persian empires collapse; the scramble for spoils afterward would have certainly ended in much destruction. Thus, one European power after another supported the empires. But while the Europeans wished the Ottoman and Persian empires a long life, they did not want to see them become too strong.

As a result of the two main Iranian-Russian wars in the early nineteenth century, Iran lost territories in the Caucasus to Russia. Because of their military superiority, the Russians forced the Qajars to sign the humiliating treaties of Gulestan (1801–1813) and Turkemanchai (1826–1828). According to the Gulestan Treaty, Iran lost most of its territory in the Transcaucasian provinces, contemporary Armenia, Georgia, and Azerbaijan. In addition, Iran lost all of its rights as a sea power in the Caspian Sea, which came under Russian rule. According to the Treaty of Turkemanchai, on February 10, 1828, Iran lost all territory around the Western part of the Caspian

Sea and the enormous income of this rich agrarian region.[25] Furthermore, following a commercial treaty, customs tax was limited to a maximum of five percent and Russia gained the right of capitulation (Kazemzadeh 1968–6; Mahdavi 1978; Rezun 1981).[26]

Russia's expansion in Iran caused great concern in Britain. Because of its long border with India, Iran was of fundamental strategic interest. Hence Britain followed a strategy of supporting the formal independence and unity of the Persian Empire in order to use her as a buffer between Russia and British India and to contain Russia's influence in the region (Mahdavi 1978).[27] This was also illustrated by the Persian Gulf and Anglo-Iranian War (1856–1857), which became Iran's most important military defeat. When Iran tried to restore its influence in Afghanistan, Britain intervened, as it wanted to use Afghanistan as a buffer between Russia and India. By the Treaty of Paris (March 1857), which brought the war to a close, Persia recognized the independence of Afghanistan, putting a definite end to any Persian claims of sovereignty over it (Mahmid 1981; Lambton 1987).

While Britain and Russia were competing for markets and trade routes, the Ottoman Empire faced the threat of disintegration. During the Eastern Crisis (1875–8), an alternative to the integrity of the Ottoman Empire emerged, with the Suez Canal and Egypt playing an important role. This posed great risks for the survival of the empire, as the balance of power that had sustained its limited independence became uncertain. After the Russian defeat in the Crimean War (1853–56),[28] the Treaty of Paris (1856) established the straits as a demilitarized zone. Russia's aim to maintain the integrity of its empire led to its intervention on behalf of Balkan Christians and to another Russian-Ottoman War (1877–8). The defeat of the Ottomans resulted in the humiliating Treaty of San Stefano of 1878, and to

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[25] The annexation of the northern regions by Russia had a decisive influence on the declining political and economic power of the Iranian Empire, which hastened the process of peripheralization.

[26] Capitulations are characterized by unequal treaties in the juridical and economic sense, such as the right of citizens of a foreign power to be tried in their home country, and customs privileges for the foreign power.

[27] In 1814, Britain and Iran signed a treaty that included the following: "[M]utual assistance was promised in the case of aggression against either party; the Persian frontier with Russia was to be determined by negotiation between Persia, Russia, and Britain; and Britain promised to pay Persia a subsidy of 150,000 pounds sterling a year, which would not be stopped unless Persia engaged in an aggressive war" (Upton 1960). But Britain did not keep its promises, as, for example, during Russia's occupation of Azerbaijan in 1825. During this period Britain was allied to Russia in the Greek war of independence against the Ottoman Empire.

[28] The Crimean War was fought between Russia and an alliance of Britain, France, Sardinia and (to some extent) the Ottoman Empire.

the Cyprus Convention of 1878, which stripped the Ottoman Empire of much of its European territory. At the Congress of Berlin (1878), the foundation for the disintegration of the Ottoman Empire was laid through the annexation of Ottoman provinces by the European powers.[29] In return for British protection against further Russian encroachment, the Sultan had to promise England he would introduce necessary political and social reforms, and protect Christians and other subjects of the Porte in the empire.

The increasing dependence of the Ottoman economy and policy on European powers greatly exacerbated these tensions. With the commercial conventions of the 1830s and the establishment of the Public Debt Administration in 1881, the Ottomans lost effective control over their tariffs and many of their taxes. The capitulations ensured that foreign merchants within the empire were beyond Ottoman jurisdiction: increasing numbers of Ottoman Christians acquired foreign citizenship in order to enjoy the personal immunities and fiscal privileges this entailed.

At the same time, Britain aimed to limit Russian influence in Iran by weakening the central government of the Qajars through negotiating concessions with tribal leaders, instead of with the Persian government, and by attempting to sway the Qajars from their generally pro-Russian policy. The central and southern provinces, in particular, were located within the British political sphere of influence. Lord Curzon pointed out in his voluminous 1892 book *Persia and the Persian Question*, "Above all we may make it certain that, whatever destiny befall her in the north, in regions beyond the sphere of our possible interference British ascendance, commercial and political, in the Southern zone is the only means by which this aim can be secured" (cited in Ghods 1989: 17). Persian military defeats against Britain resulted in diplomatic concessions leading to commercial capitulations and economic penetration, which led to social dislocation by undermining traditional handicrafts. The Persian ruling elite reacted to these developments in two different ways. In the first half of the nineteenth century, it tried to modernize its administration, military, and economy. As these efforts failed, in the century's latter half, the Persian elite then opted to carry out only minor reforms and cooperate with Western powers in order to strengthen their own position vis-à-vis their society. The economic subordination and

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[29] The disintegration of the empire continued owing to the occupation of Tunisia by France (1881) and Cyprus (1878) and Egypt (1882) by Britain. At the same time, Austria-Hungary gained Herzegovina and Bosnia (1878) and formally annexed them in 1908; Italy gained Libya (1911) and Russia, eastern Anatolia. Apparently, the policy to keep the integrity of the Ottoman Empire changed among the Western powers. Additionally, Germany became more important in the region as its trade and investment increased, taking second place behind Britain in trade and behind France in finance.

the granting of capitulations to the Russians and British led to the establishment of advisory and trade offices. The British and Russian merchants were not only released from high taxes on imports but also from internal tariffs, local travel restrictions, and of the jurisprudence of the *shari'a* courts (Abrahamian 1982: 51–2).

THE NINETEENTH CENTURY
GREAT GAME IN CENTRAL EURASIA

Throughout the late nineteenth century, the Russian Empire proceeded steadily to conquer the main CEA strongholds. In 1881, Russia signed a convention with Persia to fix their frontiers. In 1887, it established frontiers with Afghanistan. In 1894, Russia signed an agreement with China, and in 1895, with Britain, annexing most of the Pamir Mountains. From the mid-nineteenth century (through the Crimean War of 1853–1856 to the Great Eastern Crisis of 1875–1878) until its final disintegration after World War I, the Ottoman Empire had no influence in CEA.

Following defeat in the Crimean War, however, some policymakers in St.Petersburg began to look at CEA as a region where rivalry with Britain could be more favorably pursued. Over the next two decades, what came to be known as the Great Game reached its climax. Ultimately, political and economic control in Turkistan fell to Russia, and by the mid-1880s, the southern boundary of the Russian Empire was set for the next one hundred years. Yet as St. Petersburg sought to control and exploit the region's natural resources, a new struggle took place, as native rulers backed by Russia would not fully reconcile themselves to subordination. In 1822, Russia introduced the Speranskii reform to CEA, which provided a structure of vertical and horizontal authority so that Russian local officials and bureaucrats would not come into conflict with the traditional tribal system. However, the reforms were cancelled in 1901.

The Russian Tsar had supported the existing religious and social institutions in CEA. Students read masterworks written in Persian and Turkic and recited passages from the Koran. Newspapers were written in Arabic. But the people of CEA felt underrepresented in Russian political life. In reaction to this, local modernization and identity-based movements emerged in CEA. Among the leaders of the reform drive were Mahmud Khoja Behbudii (1874–1919) from Samarkand and Sadriddin Ainii (1878–1954) from Khorasan (Allworth 1992: 207). The Tsar disapproved of the movements but tolerated them within CEA protectorates. After the collapse of the Russian Empire, these movements saw their chance to realize their goals.

However, their hopes were destroyed by the October revolution in 1917 and the Soviet consolidation of power in CEA. The People's Conciliar Republics of Bukhara and Khiva and the Autonomous Soviet Socialist

Republics of Turkistan and Kyrgyzstan disappeared. Instead, the notion of nationality was introduced (see Rahimov chapter 11 in this book). The Soviets attempted to separate the heterogeneous territories of CEA into territorial-administrative ethnically homogenous units. However, many Tajiks now found themselves within the borders of Uzbekistan, and the Uzbek population made up 20 percent of the population of the Tajikistan Autonomous Soviet Socialist Republic (ASSR) (Sabol 1995). By 1936, the eight Soviet Socialist Republics (SSR) of Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan had become full Union Republics (Allworth 1992).

The Russians, and later the Soviets, separated the societies of CEA not only by political-military means, but also by economic, social, and educational policies. They undermined the universality of Islamic identity and split societies into small territorial units to secure their own authority and economic advantages. The Russian and Soviet invasions also introduced a modern education that created a new local and regional elite, which was supported by the Soviets. This elite identified itself with a certain region, ethnic group, and language, and was to become the architect of the forthcoming nations in CEA. Nevertheless, Islam survived as part of national identity (Allworth 1992: 423–24).

When the Russians gradually consolidated their power in CEA during the mid-nineteenth century, they considered the region as a potential producer of cotton.[30] More than half of total income from agricultural production in Central Asia (not including the Khanates) was generated by cotton. In contrast, industrialization in CEA was not very extensive. Poor quality coal was mined alongside some copper and iron. But until the beginning of the twentieth century, main economic activities remained cotton processing, leather tanning, wool washing, and silk spinning.

Between 1928 and the outbreak of World War II, industrial development accelerated. The economies of each Soviet republic were interdependent, as the Soviet Union's economy had been functioning as one gigantic plant.[31] This was what made economic recovery so crucial to the new CEA states

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[30] "The American Civil War had disrupted cotton supplies for Russia's huge textile industry, so an increase in Central Asian production would reduce the empire's dependency on imports" Matley cited in Clem 1992: 321. In the 1880s CEA supplied 15 percent of Russia's cotton. By the 1920s, when all CEA had come under Soviet rule, it had developed into a major exporter of cotton and foodstuffs for the Soviet Union. Cotton supply had risen to 50 percent.

[31] For economic data on Soviet CEA, see Narodnoe Hozyaistvo SSSR (Home Economy of the USSR). Annual reports, Moskva.

after the collapse of the Soviet Union. Industry in CEA was initially limited to the initial processing of cotton and other agricultural products.

The collapse of the Soviet Union and the end of the Cold War led to a dramatic change in the configuration of Eurasian geopolitics. One of the most important consequences was the emergence of independent republics along the southern frontier of the Russian Federation: Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan), and South Caucasus (Armenia, Azerbaijan, and Georgia).[32] Since the disintegration of the Soviet Union, conditions for a "New Great Game" have been created among the forces interested in creating access to the region's energy resources. Unlike the Great Game of the nineteenth century, which was played out between the British and the Russians with enterprises and missionaries faithful to either flag, the post-Cold War Great Game involves transnational corporations, cross-border carriers of political Islam, drugs, weapons, and people, and NGOs interested in human rights and democracy (Amineh 2003).

EXOGENOUS MODERNIZATION PRESSURES AND THE RESPONSES OF THE ISLAMIC EMPIRES

Partly in response to the military, political, and economic pressure by the European major powers and partly in response to the growing intensity of internal unrest, during the nineteenth century, Islamic political elites made several comprehensive efforts to strengthen administrative and military institutions and develop their economies. In addition to resisting external pressures, the strengthening and centralization of power were necessary to fight local unrest and warlordism and to impose Western-oriented reform from above. The most important of these reforms in Egypt, the Ottoman Empire, and Persia were the modernization of the army; legal codes and tax systems; Western-style schools and sending students to study in Europe; representative councils; the abolition of slavery; and, most important of all, the move towards Western-style civic rights and duties (see Brown 1984).[33]

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[32] For post-Soviet Central Eurasian economic reforms, see chapter 12 by Pomfret in this book; for political and economic reforms see also Gleason, G. 2003 *Markets and Politics in Central Asia: Structural Reform and Political Change.* London and New York: Routledge.

[33] Attempts in Egypt to modernize from above went back to the reign of Muhammad Ali (reign 1805–49), the Ottoman's governor of Egypt (see Shaw 1977: 9–12). The brief French presence in Egypt gave advance warning that European powers would be drawn into oriental world affairs on a much larger scale than before. It also served as a lesson to Ottoman rulers and to the future Egyptian ruler Muhammad Ali that European organization and technical skills were superior to those of the Ottoman Empire—so superior that the rulers would have to adapt quickly if their empire was to remain secure. Muhammad Ali

Early attempts in the Ottoman Empire under Sultan Selim III's administration[34] (1761–1808) and later attempts in the modernization era and the period known as Tanzimat (or "reordering," 1839–76), aimed at strengthening centralized power, building a strong army, and challenging external pressures and internal unrest. The later attempts during Tanzimat were inspired by the reforms of Muhammad Ali in Egypt. Although efforts during both periods can be considered failures, as the Empire continued to lose territory in the nineteenth century, they marked a turning point in Ottoman history and were a sign of considerable lingering vitality. The entrenched powers were understandably opposed to the reforms, but in time they were either accommodated or suppressed.

Modern organizational forms and military technology spread to other areas, especially communications and education. Many reforms required that administrators undergo specialized training. A new generation of technocrats arose, who began to respect the West since it was there that the knowledge required was found. Along with technical knowledge, this new class also absorbed the political philosophies of nationalism and liberalism. Moreover, it is questionable whether a smoothly functioning modern organization would have done much better. As the European powers had the Empire pinioned, it could not escape the debilitation imposed upon it.

Similarly in the Persian Empire, the first conditions of a need for modernization originated in the military threat posed by Russia from 1805 to 1828. The ruling elite of the Persian Qajar Empire made different attempts to halt this process. The first drive for modernization was led by Prince Abbas Mirza (1789–1833) and was continued by Prime Ministers Amir Kabir (1851) and Mirza Hossein Khan Moshir al Dowleh (1828–1886). Reforms and modernization of the state apparatus—especially the military—and social reforms were the key goal. The resulting failed modernization led by the ruling elite of the Qajar Empire only made it more vulnerable to change initiated from below in the late nineteenth and early twentieth centuries.

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challenged the centralization policies of Mahmoud II, aiming at the introduction of more radical reforms than the former Ottoman rulers (Owen 1981: 60). To strengthen the position of Egypt, Muhammad Ali introduced a proto-form of state capitalism, and during his rule the first signs of the concept of citizenship were to emerge. Muhammad Ali not only built a national army, he also constructed an industrial network and an educational system (Ayubi 1995: 99). Internal contradictions and external threats, however, led the failure of his modernization from above.

[34] The efforts of Sultan Selim III towards modernization occurred as a result of his war with the modern Russian army (1787–1792). Immediately following the war, he began efforts at military modernization, thus inaugurating a process of government-guided reforms (Brown 1984: 24).

The failed modernization from above led to a response of protest of the urban-based forces inspired by the intelligentsia. Western history convinced them that progress could be achieved by a break with royal absolutism, clerical dogmatism, and foreign imperialism. According to the intelligentsia, constitutionalism, secularism, and nationalism were the three vital elements for the development of a strong modern state. The first element would break the reactionary power of the Shah. The second would decrease the conservative influence of the clergy. The third would make imperialism disappear.

One of the main characteristics of these intellectuals was their reformist and critical attitude towards the traditional *ulama* (clergy) or merchants and Islam. They were all of the opinion that Islam as it was proclaimed by the *ulama* was not able to resolve the material and moral problems of human society. According to these thinkers, an adaptation of Islam to the modern world was the only way to make these new phenomena acceptable (Abrahamian 1982).

Although the modernization and reform programs moved towards stronger government, relatively larger and modern armies, and vastly increased governmental operations, they put an unbearable strain on the traditional tax structure. This was extremely intolerable because there was as yet no economic development to commensurate with rising government expenditures. Both the Ottoman and Persian Empires became bankrupt in the last decades of the nineteenth century and sought loans from abroad. Discontent emerged as a result of failed modernization and reform to strengthen the empires against Western expansion and domination.

The gradual decline of the empires, together with Sultanic extravagance and harsh rule, precipitated new movements of both Islamic and secular-based reactions from below. In the Arab peripheral zones of the Ottoman Empire, three main Islamic-based movements rejected Westernizing influences. These movements spoke the language of revival and restoration as they sought to establish new "semi-theocratic governments" across the Islamic lands. The Wahhabi, Sanusi, and Mahdist movements were tradition-based and never influenced by modern Western ideas. These movements were particularly based on tribal solidarity (*asabiyyah*) and led by charismatic religious leaders.[35]

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[35] The leaders were responsible for the significant success of these movements. In retrospect, the most dynamic was Ibn 'Abd al-Wahhab al-Muwahhidin (1703–1792) (Unitarians), which became a potent force in the hands of Muhammad bin Saʿud and his descendants. Ibn ʿAbd al-Wahhab drew his inspiration from Ibn Hanbal (780–855) as interpreted by Ibn Taymiyyah (1263–1328); he was determined to rescue Islam from its deviations and innovations by way of strict adherence to the Qurʾan and Sunnah. After their defeat by

The main catalyst of this intellectual movement was Sayyed Jamal al-Din al-Afghani (Iran 1838–1897), who preached pan-Islamic solidarity and resistance of European imperialism through a return to Islam by interpreting it in modern terms. In the mid-1930s, the moderate movements of Mohammed Abduh (Egypt), Rashid Rida (Syria), and Sayyed Ahmad Khan (India) were replaced by the organized activism of the Egyptian Muslim Brotherhood (MB) under Hassan al-Banna in late 1930s.[36] The MB tried to make Islam compatible with Western scientific, economic, and political concepts in order to strengthen Muslim Islamic countries against the West and adjust Islam to the needs of modern society.

In addition, there were other modern movements that stressed national-secular rather than Islamic identity: the radical and liberal Persian nationalism endorsed by Mirza Aqa Khan Kermany and Mirza Malkum Khan in the nineteenth century; the constitutionalist movements of Ahmad Kasravi and Hassan Taqizadeh in the twentieth century; pan-Turanism in pre-Atatürk Turkey, namely, Young Ottomans like Namik Kemal and Arab thinkers and nationalists such as Egyptian Rifaʾa al-Tahtawi, who believed that only by imitating Western thought could independence be achieved (Keddie 1995: 192; Bakhash 1978).

In modern Turkey, a segment of the Ottoman political elite played a crucial role in the process of nation-state formation, nationalism, and secularization. The group was known as the "Young Ottomans," its members were young bureaucrats and writers who had received Western-style

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Muhammad ʿAli of Egypt in 1819, the Muwahhidun (Wahhabi) reappeared in the early 1900s as the Ikhwan movement in support of Saudi rule. At the same time, such movements began to emerge outside the Ottoman and Persian realms. In contrast to Wahhabi militancy, the Sanusiyyah movement began as a missionary effort among the semi-Islamized Bedouin of Cyrenaica. Under Muhammad bin ʿAli al-Sanusi (1787–1859) and his missionaries, the movement extended into the eastern Sahara through barakah—the divinely-given blessings of its saintly founder. Of Maghribi origin, Sanusi was a mystic and reformer. He did not establish a state but rather a spiritual (Sufi) movement that accommodated itself to tribal cultures and beliefs. The Mahdiyyah differed from the Wahhabiyyah and Sanusiyyah in important respects. While its militancy matched the Wahhabi enthusiasm, the Mahdiyyah was a messianic movement combining religious, political, and military authority in the hands of one person—Muhammad Ahmad bin ʿAbdallah, who declared himself the expected messiah (Mahdi) in accordance with Sunni criteria of leadership. As an ascetic turned warrior, the Sudanese Mahdi defeated the British-led Egyptians under General Gordon, established Islamic states, and aspired to conquer the Ottoman realm. The Mahdiyyah survived its founder well into the late 1890s, when it was overwhelmed by superior British firepower.

[36] The MB was against colonial power in Egypt and the secularization policies of the political elite. In Iran and Turkey. The basis of later Islamist movements were also formed at the same time: the electoral victory of the Democratic Party in Turkey in 1950, and the June 1963 uprising in Iran were rejections of state-driven secularization.

education and criticized the policies of Sultan Ali and the main leading man of the Tanzimat Mehmet Fuat Pasha (1815–1869). They accused the earlier reformers of imitating Europe without taking into account traditional Ottoman and Islamic values. Inspired by the Young Ottomans in the late nineteenth and early twentieth centuries, a new oppositional generation developed. It created conditions for revolt against the rulers, especially within the army, because of rising prices and arrears in the payment of salaries. Strikes and small-scale rebellions ensued, finally leading to the outbreak of the Young Turk revolution in July 1908, led by junior army officers and minor bureaucrats. On January 23, 1913, the Committee of Union and Progress seized power and continued the reform process by implementing a secular educational and legal system and a liberal constitution, strengthening the army and administration, and emphasizing economic development. As the Ottoman Empire was now incapable of maintaining a unified structure, the Turkish nationalist movement became stronger (Zürcher 2005).

In contrast to the Young Turk revolution of 1908, which was a reaction of the bureaucracy to the marginalization of the Ottoman Empire and failed reforms, the Iranian Constitutional Revolution of 1905–06 was an urban-based mass revolution inspired by Western ideas against the West's marginalization and semi-colonial treatment of the Persian Empire. Social revolts peaked with the Constitutional Revolution of 1905–1911, which was a direct confrontation of Qajar rulers and their incapacity to halt European expansion by modernizing the state, society, economy, and military.

However, the agricultural-based economy, underdeveloped sociopolitical institutions, and external pressures led to the defeat of Iran's "liberal social order" and constitutional experiment. Although the Constitutional Revolution would prove to become the spiritual background for developments in twentieth-century Iran, it also proved that the post-revolutionary power constellation was incapable of creating a strong new state and society based on the rule of law. Together with the Anglo-Russian intervention (1907–1911), this caused the failure of the revolution (Adamiyat 1971; Abrahamian 1981: 50–92; Adamiyat 1985; Malekzadeh 1985). Triggered by this political instability, and the need to regain authority in the area, the British and Russians divided Iran into two spheres of influence via the Treaty of St. Petersburg.

The end of World War I, the disintegration of empires, the creation of new secular-based nation-states, and the resistance to secularization created conditions in which more widespread social and political movements, both secular and non-secular—pan-Arabism, pan-Turkism, pan-Iranism, liberal, leftist, and Islamic-based—could and did emerge. As Halliday (2005) points out, "The stage was set, by this combination of external and internal processes, for a more dramatic and radical phase of Middle East politics; that

much of this drama and radicalization was promoted from outside did not contradict the fact that the forces unleashed had been formed within these states and societies" (Pp. 89–90).

WAR AND TRANSFORMATION FROM EMPIRES TO NATION-STATES

World War I caused the disintegration of the Central Powers and a radical transformation of the European and Middle Eastern maps. Between 1916 and 1922, the British Foreign Office negotiated with the French Ministry of Foreign Affairs on a post-war partition of the Ottoman Empire. The overall question was whether the Middle East should be ruled by one British power or separated into two mandates divided between Britain and France. The result of these negotiations was the Anglo-French Agreement, or the Sykes-Picot Agreement, that was approved on February 4, 1916. Russia supported this agreement in exchange for Anglo-French approval of Russian territorial demands in eastern Anatolia. Besides the Sykes-Picot Agreement, the allied powers concluded other accords that would expand their influence in the Middle East and control over its resources, particularly oil, after the war.[37] The mandate system only covered the imperialist division of the Ottoman Empire based on the League of Nations' principle of national self-determination and necessitated by US Open Door policy. But, as stated by the British Prime Minister Arthur Balfour in 1918, "I do not care under what system we keep the oil" (quoted in Van der Pijl 2006: 43).

The Bolshevik Revolution in 1917 had a great impact on the changing world politics. After the revolution, the Soviet Union no longer claimed Ottoman territory. Instead of being involved in Arab affairs, the Soviet Union concentrated on external and internal threats. Thus, at the San Remo conference held in April 1920, the premiers and foreign ministers of Britain, France, and Italy, and two delegates from Japan, discussed the partition of Arab lands without the Soviet Union. France received a mandate over Lebanon and Syria, conceding its other claims in the region, thus acknowledging Britain's rule over Iraq, Jordan, and Palestine. Algeria became a full French colony; Morocco and Tunisia became French protectorates. Egypt gained nominal independence in 1922 but continued to fall under British influence through a restrictive treaty. The Gulf sheikhdoms

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[37] Prior to World War I, oil exploration had been limited to Iran and what would later become northern Iraq, then part of the Ottoman Empire; but with the British Navy's transition from coal to oil in 1914 and the growing world market interest in oil, the availability of Gulf, and particularly Iranian, oil and the security of its transport increased in importance.

remained under British protectorate, and Aden, or South Yemen, was a British colony. Britain decided to rule Palestine directly under a High Commissioner in order to develop the structure of statehood in cooperation with Arab and Jewish communities (Rogan 2005). From 1920 to 1948, European colonialism reigned supreme in the whole Arab region. But two new Middle Eastern nation-states born of the disintegration of the Ottoman and Persian empires did not come under direct foreign control: Turkey and Iran.

The US president, Woodrow Wilson, did not feel at all bound by secret treaties signed by his British and French partners. Thus the San Remo Conference took place without American participation. Before World War I, the US had little economic interest in the Middle East. After the war, however, it became interested in the region's oil.[38] At the San Remo Conference, Britain received a mandate over the newly created country of Iraq, which consisted of the three Ottoman vilayets of Mosul, Baghdad, and Basrah. According to the Sykes-Picot Agreement, France originally received Mosul but exchanged it for a minority stake in the Turkish Petroleum Company (TPC), which would later become the Iraq Petroleum Company.[39] The TPC acquired a concession to Kirkuk oil. In 1928, the members of the cartel signed the Red Line Agreement, according to which, no oil exploitation should be undertaken in the Middle East without consulting the other members of the cartel (see Yergin: 1993).

Britain's interest in oil also shaped its policy in the Persian Gulf, which first emphasized the freedom of navigation, and later guaranteed the independence of the Trucial States—as they were called at the time—from Saudi expansionism. The British action to stop Saudi expansionism to the north (towards Iraq) and to the east (towards the Trucial States) was clearly motivated by the desire to divide the region into several competing states in order to avoid the concentration of power and resources in a single state (the old Roman strategy: divide and rule). This can only be understood in the context of oil interests and the need to maintain the control of oil resources through diversity and competition (Luciani 2005).

The Arabs saw Anglo-French control of their lands as a betrayal of what had been promised to them in exchange for their support during the

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[38] In 1908, the Briton William Knox D'Arcy discovered oil in Persia. Winston Churchill, then First Lord of the Admiralty, decided that the Imperial fleet should be converted from coal to oil and that the British government should acquire a controlling interest in the Anglo-Persian (later Anglo-Iranian) Oil Company to guarantee cheaper oil supplies to the fleet.

[39] The IPC (previously the Turkish Petroleum Company) consisted of Royal Dutch Shell, the Anglo-Persian Oil Company, the new French state oil company CFP (today's Total), and a consortium of US oil majors consolidated by Standard Oil and NJ (today's ExxonMobil), each holding less than a quarter stake in order to allow the American founder of Turkish Petroleum, Gulbenkian, to leave five percent to Turkey.

war. Their frustration and anger manifested itself in various independence movements and revolts: in Egypt (1918–19); Afghanistan (1919); Arabia (1919); Atatürk's revolt in Turkey (1920); Arab nationalists in Syria (1920); northern Iran (1918–20); the Iranian Soviet Republic of Gilan (1919); and Iraq (1920). Nonetheless, the conduct of World War I and wartime diplomacy found its conclusion in the Treaty of Lausanne (1923), which led to the consolidation of modern Turkey.

At the end of World War I, the Allies aimed at keeping control of Turkey by occupying Istanbul in March 1920. The Soviets, having supported Mustafa Kemal Atatürk (1881–1938) beginning in 1919, renewed their cooperation after the deterioration of Anglo-Soviet relations in 1921 (Bromley 1994: 80). This allowed Atatürk and Turkish nationalists to carry on the Turkish War of Independence (1912–1922) in opposition to the Paris Peace Conference. As a result, Atatürk established the Büyüt Millet Meclisi (Grand National Assembly 1920) that elected not only the president but also the ministers. In 1923, most of the formerly Ottoman areas were either under direct Anglo-French colonial rule or various forms of indirect Western tutelage. Nevertheless, in that same year, on October 29, 1923, the Turkish Republic was proclaimed, and Mustafa Kemal Atatürk, a native of the Turkish-speaking Anatolian core of the Ottoman Empire, became its first president. The Caliphate had already been conceived as a purely religious function in 1922, but there were still many people who saw the Caliph as the head of state, even if he only carried out ceremonial functions. This led Atatürk to abolish the Caliphate in 1924.

Meanwhile, in Iran, the Russian Revolution in 1917 and the subsequent Russian retreat from Iran ended the latter's partition. Consequently, Britain attempted to legalize its own political domination over Iran by making it a protectorate, but the treaty to that effect, of August 9, 1919, faced nationalist and international opposition. In 1921, Colonel Reza Khan took matters into his own hands. With the support of Iranian nationalist forces, he overthrew the Qajar Empire and, in 1925, established the Pahlavi Dynasty that was to rule Iran until the Iranian Islamic revolution of 1979. Contrary to general opinion, the main ideas of constitutional reform—the creation of a strong modern state and social, political, and economic modernization—became a reality under Reza Shah's emerging authoritarian state and society complex (1925–1941) (on the background of the Iranian Islamic Revolution see chapter 5 by Amineh and Eisenstadt in this volume).[40]

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[40] Reforms were carried out again from 1961 to 1977 under his son Mohammad Reza Shah. The rapid socioeconomic modernization and extremely uneven development between 1961 and 1977, which was embodied in land reforms and industrialization, resulted in demographic and social tensions. This culminated in a structural economic and political crisis, which ultimately led to the Iranian Islamic revolution (1978–79). Not surprising, the

The leaders of Turkey and Iran tried to break with traditional socio-economic structures and related forces, especially the *ulama*, to establish a centralized state with a modern economy based on secularism. However, as has been stated earlier, this was not a new phenomenon. In the nineteenth century, the Ottomans and Persians had tried to weaken the power of the *ulama*. Under Atatürk and Reza Shah, these attempts had much more impact. Atatürk abolished both the caliph and religious school systems, replaced Arabic with the Latin alphabet, gave equal rights to men and women, encouraged the unveiling of the latter, and introduced several other socio-economic and political measures. Reza Shah's reforms were less radical, though in contrast to Atatürk, he not only discouraged veiling but, in 1936, forbade it. Both Atatürk and Reza Shah based their policies on an ethnic nationalism rooted in the past. Reza Shah hailed Iran's pre-Islamic kings Cyrus, Darius, and the Sasanians to bring about a break between the secular-nationalist culture of the elite and the Islamic culture of the bazaar masses. Atatürk, having no pre-Islamic glory to refer to, invented an ethnic nationalism on purely intellectual grounds, based on the idea that Turks were not just a country-folk but a nation with a great history (e.g., the idea that the Anatolian Hittites were Turks and that Turkic was the root of all human languages).

In fact, Turkey had several advantages in finding a position for itself in the modern world: a long history of Western contact, Atatürk's role in World War I, the relative homogeneity of modern Turkey, and a Turkish-speaking Muslim identity. Despite the recent rise of Muslim counter-movements, Turkey remains the most secular of the Muslim states, and none of its secular legal codes have yet been replaced (Keddie 1995: 91–95).

Nationalist movements for independence also emerged in the Anglo-French Arab regions (Hourani 1991), from which born were Saudi Arabia in 1932 (Rogan 2005) and Transjordan, Syria, and Lebanon in 1946. The French colonies of the Maghreb only gained independence in the 1950s and 1960s (Pennell 2000). Though Egypt gained its formal independence in 1922, the British preserved their interests in Egypt for four main reasons: the security of the Suez Canal; base rights for the British military; the protection of foreign interests and minorities; and their control of neighboring Sudan (Rogan 2005). In 1932, Iraq similarly gained its official sovereignty,

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post-revolutionary regime gradually stabilized in the 1980s but reverted to another state and society complex with an authoritarian character, and began a new effort in the 1990s to apply the strategy of passive revolution. This long-term process shows the repeating tendency towards passive revolution and the authoritarian social order in Iran. We argue that civil society in Iran does not stabilize but remains primordial and gelatinous.

but Britain maintained preferential relations in diplomatic and military spheres, including military bases and transit facilities (Tripp 2000).

In Palestine, the situation was totally different than from other Arab areas. On November 2, 1917, the British government formally supported the establishment of a Jewish homeland in Palestine, as claimed by the World Zionist Organization. This is also known as the Balfour Declaration (Hurewitz 1979). In the late 1930s, faced with Palestinian resistance, the British issued a White Paper outlining a program of reduced Jewish immigration and the promise of Palestinian independence within a decade. The Zionists rejected it. Between 1945 and 1947, radical Jews carried out violent attacks against British authorities in Palestine. Unable to solve the problem, Britain referred the issue to the United Nations (UN). The UN voted for the establishment of separate Jewish and Arab areas, but that did not happen on the ground. Instead, after the British withdrew on May 14, 1948, the Arabs and Israelis waged their first war (Segev 2000). In the end, Israel declared its independence and in the coming years expanded its territory to 78 percent of the former Palestine Mandate. The Arab defeat in Palestine has had a decisive influence on Middle Eastern politics ever since, mainly in the form of prevailing Arab-Israeli antagonism (Rogan and Shlaim 2001) (on the role of Israel in the current GME, see chapter 13 by Lawson in this book).

The key role in consolidating the independence of the Gulf Arab states—which otherwise might easily have disappeared—was played by oil. Independence had to be seen alongside those states with deeper roots in history: first and foremost Egypt; and also the states in the French sphere of influence—Morocco, Algeria, Tunisia, and to a lesser extent Lebanon and Syria. This dichotomy between older and newer states, which largely coincides with the oil haves and have-nots, has become one of the fundamental dimensions of regional and international relations in the Middle East (Lociani 2005).

US AND SOVIET UNION COLD WAR POLITICS IN THE MIDDLE EAST

The Cold War rivalry manifested itself in three main areas of contention: (1) to win strategic advantage in the region; (2) to gain access to the region's oil and gas resources; and (3) to promote an ideological conflict between two different political and socio-economic systems (Kuniholm 1980: 117). The Cold War had only limited impact on the Middle East, less than in many other areas in the world (see Halliday 1997). There were no significant pro-Soviet revolutionary movements in the Middle East, and the Arab-Israeli conflict since 1947 inflicted fewer casualties than other armed

conflicts in the world. At the same time, it has to be acknowledged that the Cold War-struggle for influence in the Middle East had a polarizing effect on the GME countries and encouraged the emergence of military or military-backed states. For their part, Middle Eastern countries contributed to the region's destabilization by involving the US and the Soviet Union in their local conflicts. For sure, issues independent of the Cold War influenced the region's political and economic development, such as oil resources and the need of Western powers to secure access to them, the Israeli-Palestinian conflict, and the growth of political Islam (Sluglett 2005).

World War II's most significant impacts on the Middle East were the following. Turkey gave up its policy of neutrality. Concerned about Soviet interests, it joined the anti-German alliance in February 1945 to establish closer ties to the West. In contrast, Iran sided with Germany to counter Soviet and British influence, though this backfired. When Germany occupied the Soviet Union in June 1941 and advanced into the Caucasus, the Soviets demanded Iran to expel its German advisers. When this did not happen, Russian troops occupied the country in late August. Thus, in its attempt to offset Russian and British influence by building ties to Germany, Iran had finally overreached. Reza Shah was exiled from Iran and his young son Mohammad Reza Shah Pahlavi was installed as the new head of state. This occupation ushered in a period of economic tension and political upheavals, one in which rival political forces challenged the monarchy and each other. In this new atmosphere, nationalism, socialism, and Islamism all mingled among intellectual circles, aspiring politicians, and, to some degree, the Iranian public.

These events were only part of a gradual shift in the balance of power in the region: away from Britain and France, toward the US and the Soviet Union, and finally to the US alone. According to Fred Halliday (2005), four trends in particular helped the US to become the region's dominant actor: "Firstly, the establishment during and after the Second World War of police and military links with some states, initially Iran and then Turkey; secondly, a rising US interest in what was now the major economic prize in the region, oil; thirdly, the growth, slowly formed if decisive at first and later much more comprehensive, of an especially close relationship between the US and Israel; fourthly, a strategic concern with the newly influential, and potentially 'forward' Soviet Union. These processes combined were to lay the basis for what was to become the pattern of international relations in the Middle East during the next great phase of global politics that lasted from the late 1940s through to the late 1980s, the Cold War." (Pp. 95–6)

The Soviet Union's strategic interests were obvious from a geographic point of view. It shared borders with two countries in the Middle East, Turkey and Iran, and also Afghanistan. This is where the two superpowers differed:

the US could threaten the Soviet Union via one of the latter's Middle Eastern neighbors, while the Soviet Union had no similar opportunity to threaten the US. But to follow through on that threat, the US would have to send its troops to the Middle East, while the Soviet Union could train guerrillas in, for example, Greece, Bulgaria, or Yugoslavia, or support autonomous movements in Iranian Azerbaijan or Kurdistan (Fawcett 1992; Sluglett 1986). The Azerbaijan and Kurdistan's revolts were among the first manifestations of the Cold War in the Middle East, which demonstrated that, while the Soviet Union was eager to defend its own borders, the US was ready to support those peoples whose "freedom" was threatened (Sluglett 2005).

After World War II, it became obvious that Western countries were becoming dependent on Middle Eastern oil. Iran had been exporting oil since 1913, Iraq since 1928, Bahrain since 1932, Saudi Arabia since 1938, and Kuwait since 1946. In the second half of the 1940s, American oil companies controlled at least 42 percent of Middle Eastern oil. Since the 1950s, the Middle East has been the main oil supplier to Western Europe and Japan. Until the early 1970s, all oil resources were under control of the West. Both the US and Britain prevented a nationalization of oil resources.

The first attempt to nationalize foreign-controlled oil resources began with Iranian Prime Minister Mohammad Mosaddeq. He nationalized the Anglo-Iranian Oil Company in 1951 (the first world oil crisis). Fearing loss of control over Iranian oil production, American and British diplomats and their intelligence services tried to destabilize the Mosaddeq government. The US proposed to intermediate, but it did not conceal the fact that it expected American companies to take part in Iranian oil production. It organized all possible forces to the right of secular nationalists, including anti-Western Islamic clerics, and finally overthrew Mosaddeq via a coup d'état in 1953. After the coup, the Anglo-Iranian share of oil production was reduced to 40 percent, the remaining 60 percent going to partners of the Red Line cartel (see Yergin 1993).[41]

There is no doubt that ideology played an important role in US-Soviet Middle Eastern rivalry. By the end of World War II, the whole of the Middle East and North Africa (except for Afghanistan, Iran, [Saudi] Arabia, Turkey, and [North] Yemen) were still under some form of British, French, or Italian colonial control. At that time, both the US and the Soviet Union could claim that they themselves had no history of colonial

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[41] As recently published CIA documents have confirmed, US agents posing as communists organized a campaign of threats and attacks against the Shi'i ulama, in order to mobilize the Islamic population against the nationalists and the Left.

control. The US presented itself as the leader of the free world against the Communist world, assisting those countries that were struggling to join the former. In contrast, the Soviet Union presented itself as a promoter of an egalitarian society, in which class divisions were abolished. Both visions had their supporters and opponents in the Middle East. Except for upheavals in Greece, Iranian Azerbaijan, and Kurdistan, the Middle East was not a major arena of Cold War conflict in the first post-war years. In fact, the Soviet Union had no major interest in the Middle East until the death of Stalin in 1953.

The US was very active in organizing the "free world" through the creation of the North Atlantic Treaty Organization (NATO), of which Turkey became a member in 1952. In 1955, the US established the Baghdad Pact: an alliance between Britain, Iran, Iraq, Pakistan, and Turkey against the Soviet Union. Iraq's departure from the alliance after its revolution in 1958 meant both the end of the Baghdad Pact and the beginning of the Central Treaty Organisation (CENTO), reflecting the shift from British to US preeminence in the Middle East (Amineh 1999: 217). Iran, Turkey, and Pakistan formed a defensive perimeter against the Soviet Union, while the Soviets did not have an extensive alliance system beyond the Warsaw Pact (Sluglett 2005: 47–50).

The shock-like adjustments which characterized development in a state-regulated society continued to dominate political life in the whole region. The Shah kept himself in power until the Islamic Revolution of 1979; Turkey, Pakistan, and Egypt, among others, witnessed frequent military coups and internal revolts; the revolt of the Kurds in Turkey, the breakaway of Bangladesh from Pakistan in 1971, and the assassination of President Sadat by Islamic militants in 1982. Authoritarian state-led development remains the main characteristic of the region.

By taking aim at communist, leftist, and liberal movements, the US and GME governments drove the secular opposition underground. The opposition that remained was driven into the hands of various types of religious organizations (Sluglett 2005). This is one of the most tragic consequences of the Cold War.

The new global politics that has emerged in the post-Cold War era is characterized by unipolar military power and global economic tripolarity (i.e., North America, Western Europe, and Southeast Asia). The newest extension to America's military borders and geopolitical power projection extends from southern Europe to the Middle East to CEA, and that includes the separation of the last resource-rich region from Russia, Europe, and China. The Anglo-Saxon war against Iraq has made it possible for the US to create a long-term military presence in the GME. Whether or not the US succeeds, its effort is inducing responses from other actors both near and far. If it is successful, a long-term American military presence will open

the door to American enterprises and faith-based and non-faith-based non-governmental organizations to gain a firm foothold in the region, which might empower the US to shape its host societies and set conditions for outside access to the region's oil and gas. This in turn would give the US indirect control over the economic and technological development of potential contenders such as the EU, China, India, Russia, and other medium size countries of the GME. Despite its position of global military dominance since Soviet collapse and its expanded powerbase in the GME, the US has so far failed to realize its policy initiatives in the GME in general and victory in the "global War on Terror" in particular.

In the early twenty-first century the GME faces many challenges: limited social economic development as the result of failed or fragmented internalization led by centralized and authoritarian regimes; high unemployment; 60 percent of the population under twenty years old; the conflict between Israel and Palestine; war in Afghanistan and Iraq, with direct and indirect engagements external and regional powers; failed or weak regional economic and security cooperation; ethno-religious conflicts; gender and religious minority discrimination; terrorism; and, more fortunately, new secular and liberal Islamic social movements for democracy, human rights, and equality. All of the above were exacerbated by external interventions that created a chronic developmental crisis.

STRUCTURE OF THE VOLUME

The book is comprised of three parts and nineteen chapters.[42]

Following the Introduction, Mehdi Parvizi Amineh and Henk Houweling in chapter 2 analyze why the US follows a new course in its foreign policy in the GME in the post-Cold War era and what this new foreign policy orientation means.

In chapter 3, Simon Bromley deals with US foreign policy towards Pakistan and Afghanistan since the end of World War II. In the first decades of the Cold War, US relations with Middle Eastern countries, Pakistan, and Afghanistan were rather unrelated, but they changed after the Soviet invasion of Afghanistan and the Iranian Islamic revolution in 1979. The collapse of the SU, but even more so the events of 9/11, have convinced US policymakers that the whole GME and Northeast Asia are areas of instability and that both regions should be part and parcel of US foreign policy strategy.

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[42] The names of the authors in chapters 2, 5, 10, 14 and 19 are arranged based on alphabetical order.

In chapter 4, Robert M. Cutler explains that the end of the Cold War brought about a new geopolitical environment in Asia, in which the "core" regional international subsystems of Southwest Asia, Central Asia, and South Asia intersect owing to their respective "Greater" complements. Thus, events and developments in one region will eventually affect the other. The regions can no longer be analyzed in terms of US-Russian conflict or cooperation. Many new players have appeared on the scene and alliances have been formed that will influence the future of these regions. For example, the production and transport of energy resources in the Caspian region will only be possible on a multilateral basis.

Mehdi Parvizi Amineh and S.N. Eisenstadt argue in chapter 5 that the Iranian Islamic Revolution has much in common with the Great Revolutions, which emerged from contradictions between various processes of economic and social modernization that spawned many modern social forces (especially the bourgeoisie) with no autonomous access to the political arena. The Iranian revolution is part of modernity, as it internalized many of modernity's structural and organizational aspects and was at the same time anti-Enlightenment and anti-Western. The latter is the main aspect that distinguishes the Iranian Islamic Revolution from the Great Revolutions.

Eva Patricia Rakel analyzes in chapter 6 Iranian foreign policy since the Iranian Islamic revolution of 1979. She argues that the Iranian Islamic Revolution introduced an important shift in the Iranian foreign policy orientation compared to that under the Shah. Despite the post-Revolution emergence of political elite elements with different foreign policy approaches to domestic and external challenges and new groups among the political elite that strive for gradual reform of the Iranian political and economic system, Iranian foreign policy has not fundamentally changed. The chapter discusses what drives this continuity in the country's foreign policy, its effects on the country's position in international relations, and the forces of change.

In chapter 7, Mehran Kamrava discusses the roots of democracy deficit in the Middle East. He argues that it is not Islam that poses an obstacle to democratization, but failed political and economic development. To understand democratic transitions one should not—as some scholars believe—look at the culture of a particular society but at the nature of state-society relations.

Chapter 8, written by Mehdi Parvizi Amineh, deals with the history of Islam as political ideology. The author argues that the roots of Islam as political ideology can only be grasped within the complex long-term historical context of European expansion, which accompanied failed or fragmented modernization in the Islamic Ottoman, Persian Qajar, and Mughal Empires, and later, the establishment of new nation-states in the

Middle East. Failed modernization from above in the Middle East sparked different Islamic intellectual movements—ranging from secularist to radical Islamist—aimed at dealing with the problematics of the peripheralization of their societies in the world economy.

By following a neoliberal policy in the 1980s, Nilgun Onder explains in chapter 9 Turkey's shift from an inward-oriented, state-led economic strategy to export-led growth in an open market economy. One important component of Turkey's globalization has been regional cooperation, especially with the EU, but also with other regional arrangements, such as with the countries of CEA since the end of the Cold War. Though Turkey has been integrated into the global economy, its neoliberal globalization has been plagued by major structural weaknesses and economic crises.

Louisa Dris-Aït-Hamadouche and Yahia Zoubir argue in chapter 10 that economic, political, and cultural changes in the Maghreb countries over recent decades have been largely influenced by political, economic, and security developments in the Middle East, Sahel, and Europe. Though the Maghreb countries have reacted differently to these external influences owing to their different historical experiences, they share an element of communality. All Maghreb countries have been partially successful at socioeconomic reform, especially concerning the status of women, but the process of democratization is not very developed, especially as the same old rulers cling to power.

In chapter 11, Mirzohid Rahimov analyzes how the early twentieth-century incorporation of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan into the Soviet Union has affected the post-Soviet independent states of Central Asia in their process of transition in the twenty-first century. While confronting socio-economic and political problems, these countries must continue the process of political and economic reform. The key to successful transition is regional integration and international support.

In chapter 12, Richard Pomfret argues that, while all five Central Asian countries share a Soviet heritage and similar post-independence conditions for political and economic reform, they have followed different political and economic trajectories. The economies of Kyrgyzstan, Tajikistan, and Turkmenistan will play a minor role in the future global economy, while the larger economies of Kazakhstan and Uzbekistan could become significant medium-sized economies. The success of the latter two, however, depends on their national strategies of political and economic transition rather than intra-regional cooperation.

Since the 2003 US invasion of Iraq, Fred Lawson states in chapter 13 that the Israel-Palestinian security complex has become more explosive and now involves many more actors than in the past. This is because of the growing interdependence of regions and states in the global economy as

well as the political-economic crises faced by Syria, the Hizbullah leadership, and the Likud-led Israeli government.

In chapter 14, Mehdi Parvizi Amineh and Henk Houweling examine post-Cold War global energy geopolitics. Today, economic development and the preservation of wealth are impossible without access to the world's fossil fuel resources. Since the end of the Cold War, the emergence of the Caspian region as a supplementary global oil and gas source and the rise of India and China as global economic powers, have significantly changed the geopolitics of energy security. What this means for the advanced industrialized countries in North America, Europe, and Japan remains to be seen.

Kurt Radtke, in chapter 15, explores the roots of China's increasing influence in international relations in recent decades. He aims to find out whether China's foreign policy in the GME and beyond is part of a long-term foreign policy strategy or mainly the result of China's enormous economic growth. What impact will China's greater political and economic activities have on other powers? Could stronger economic ties between Japan and China undermine Japanese-American relations?

Since the end of the Cold War, there has been great complementarity in the strategic interests of the GME and South Asia, especially India, as Prithvi Ram Mudiam argues in chapter 16. Relations between India and Iran and between India and Israel are crucial for the country's overall activities in the GME in the post-Cold War era.

In chapter 17, Roger Kangas argues that the Great Middle Eastern politics, economics, and security cannot be analyzed independently of the Russian Far East (RFE) or economic and security interests in Europe, the US and Northeast Asia, especially since the fall of the SU. The need to secure energy supplies in GME and RFE border regions and countries leaves no room for one to neglect the other.

B.N. Jain, in chapter 18, discusses the impact of India-Pakistan relations on the GME. As both India and Pakistan prefer rivalry to cooperation in the GME to achieve their socioeconomic, political, and strategic interests, Jain argues, that they contribute to regional insecurity rather than stability and peace.

In chapter 19, Femke Hoogeveen and Wilbur Perlot analyze the possibilities and impediments to a common energy security policy in the EU. While it is generally agreed that only through cooperation will EU member countries be able to secure their energy supply for the coming decades, it is also clear that the EU faces structural problems that prevent the development of a common energy strategy. What role could the EU play in the GME regarding energy security? Can the EU become a major power there?

FOREIGN INTERVENTION AND SOCIAL TRANSFORMATION IN THE GREATER MIDDLE EAST

II. IR-Theory and Transformation in the Greater Middle East: the Role of the United States

Mehdi Parvizi Amineh and Henk Houweling

Abstract

This chapter analyzes why post-Cold War American foreign policy regarding the Greater Middle East (GME) changed course and why the United States having a virtual military monopoly fails to achieve its war aim in Iraq. To that end, the authors consult realist and liberal theory in international relations. Realists have a security-driven policy agenda. They fail to create a micro-level foundation in political man for the posited collective interest at the level of the state. Realists therefore produce indeterminate results. Liberal theory in international relations does have a micro-foundation in explanations of foreign policy choices in the form of the economic man. Liberal scholars therefore inquire into domestic sources of foreign policy decisions. However, the liberal national interest is not just a summation of private actor interests. These dominant approaches therefore fail to explain US foreign policy choices and policy outcomes in the region under study.

The three quotations below describe the problematic of this study:

> Today we are presented with a unique strategic opportunity. For more than 50 years we were constrained by a bipolar rivalry with a superpower adversary. Today and tomorrow, we have an opportunity to pursue a strategy of engagement and to design a military force to help the strategy succeed. I fully agree with the defense strategy of helping to shape the environment to promote US interests abroad.
>   John Shalikashvili, Clinton's Chairman of the Joint Chiefs of Staff (1997)

> [Y]ou live now in the Mohammedan nation which, if the traveler's accounts are to be believed, is intelligent and even refined. What is this irredeemable decadence dragging it down through the centuries? Is it possible that we have risen while they remain static? I do not think so. I rather think that the dual movement has occurred in opposite directions [...] European races are often the greatest rogues, but at least they are rogues to whom God gave the will

and the power and whom he seems to have destined for some time to be at the head of mankind […] the European is to other races of mankind what man himself is to the lower animals: he makes them subservient to his use, and when he cannot subdue he destroys them.

Alexis de Tocqueville (1962: 75–76)

Why is it that we did not complete our cultural journey, and how is it that we have ended up today in the very worst of times? What is it that made our predecessor pore over their desks, writing down and recording the marvels of mathematics and sciences and searching out the skies with the stars and constellations in order to discover their secrets, and driven by the love of knowledge, to study medicine and to devise medicaments even from the stomachs of bees […] Andalus became a lost place, then Palestine became Andalus.

Mahmud Darwish (2004)

INTRODUCTION

The topic under study in this chapter is "why" the United States (US) in the post-Cold War era has set itself on a new course[1] in foreign policy regarding the Greater Middle East (GME), "what" "America unbound" wants to achieve there, and "why" such a powerful state has apparently lost control over the outcomes of its interactions. To find answers to these questions, we consult the dominant approaches of realism and liberalism in international relations. We argue that structural realism suffers from a crippling missing link between international structures, state-level position and foreign policy of governments. We therefore also investigate in this chapter the liberal theory of international relations, in particular the version founded by John Locke's *Two Treatises of Government*. In section 2, we review what these approaches have to contribute to answering the questions raised above. We will argue that liberal theory has defects of its own. In section 3, therefore, we introduce concepts and variables that play no role in each of these main approaches yet are in our view necessary to answer the questions posed above. However, as we will argue in section 3, the above

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[1] The departure from the past is highlighted by Arthur Schlesinger in his "Good Foreign Policy a Casualty of War," *Los Angeles Times*, 23 March 2003: "Today, it is We Americans Who Live in Infamy. We are at war again—not because of enemy attack, as in World War II, nor because of incremental drift, as in the Vietnam War—but because of the deliberate and premeditated choice of our own government […] The choice reflects a fatal turn in US foreign policy, in which the strategic doctrine of containment and deterrence that led us to peaceful victory during the Cold War has been replaced by the Bush Doctrine of preventive war. The president has adopted a policy of 'anticipatory self-defense' that is alarmingly similar to the policy that imperial Japan employed at Pearl Harbor on a date which, as an earlier American president said it would, lives in infamy. Franklin D. Roosevelt was right, but today it is we Americans who live in infamy."

question of "what" and the "foreign policy role" concept require reference to time periods predating the US-led war against Iraq.

The three quotations above create this chapter's problematic. President Clinton's Chairman of the Joint Chiefs of Staff refers to an unbound America and argues that the collapse of the Soviet Union has opened a door for American foreign policymakers to achieve what they had intended to achieve during the Cold War but were prevented by the bipolar military structure.

In the second quotation, de Tocqueville emphasizes that America does not operate in a social vacuum. Since its colonization by France, the United Kingdom (UK), and Russia, the region's politics, culture, and economy have been influenced by external powers of the western world.[2] Between the world's first circumnavigation through World War II, Europe functioned as the epicenter from which people, diseases, animals, plants, wars, trade, and arms engulfed the world. Through their expansion the advanced industrialized countries of Western Europe created social arenas overseas in which "America unbound," and those who travel with it, have to operate.

In the third quotation, Mahmud Darwish reflects on a great past by analogizing Palestine with Andalusia and asks, as de Tocqueville did, why it got lost. The US-led invasion of Iraq and its unquestioned support for Israel has turned this sense of loss into the social rage that Western leaders prefer to denote as "Muslim fundamentalism."

ESTABLISHED WISDOM IN INTERNATIONAL RELATIONS

Structural Realism: Transforming the Greater Middle East: Policy and Outcomes

Why is it that the US under the Bush Administration fails to achieve its declared pre-war political objectives in the GME, despite its overwhelming military superiority over the rest of the world? In this section, we study this matter further.

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[2] Churchill acted in Iraq on his insight that "We shouldn't be stopped by the prejudices of those who don't think clearly […] I am strongly in favor of using poisoned gas against uncivilized tribes, considering the excellent moral effect of this treatment." Muhammad Iqbal commented in 1927 on the rubble left behind: "Europe's hordes with flame and fire, desolate the world entire," as quoted in Francis Robinson, "Islamic responses to centuries of Western power" (Times Literary Supplement 6 September 2002: 15). One could agree with Huntington's observation that "The West won the world not by the superiority of its ideas or values or religion, but rather by its superiority in applying organized violence. Westerners often forget this fact—non-Westerners never do" (Huntington 1996: 51).

Scholars in the structural realist tradition, following Waltz (1979), consider the state as the unit of analysis. Other entities that are active in the international system are considered to operate in behavioral spaces created by states, on which they depend for survival. International organizations provide a "stage" where states perform in public to impress a target audience by using the language of community and an "arena" where diplomats confront each other in pursuit of security. "Stage" and "arena" (Claude 1984) come together in the notion of power politics in disguise (Schwarzenberger 1964: 14ff). In systems of power politics, each actor considers itself as the highest end. In "power politics in disguise," actors use the language of community well-being and present themselves as a means to the common good. Claude and Schwarzenberger wrote their now classic realist studies right after World War II. Murphy (1994) comments fifty years later that global governance at the end of the twentieth century is not that different from what we had at the beginning of it.

The structural realist, state-centric position is based on the assumption that "the state" has a single will, interests of its own, and is capable of rational action. State interests stand above, and are institutionally separated from, the private interests of its citizens. The theoretical challenge to this assumption is probably articulated best by Buchanan (1954): "[I]t implies the imputation to that group of an organic existence apart from that of its individual components. If we don't like this conclusion then we must return to the decision-making of individuals as the only alternative criterion." The structural realist approach imputes interests to the "state as an organization" and assumes states operate in a system that is ungoverned. States are "like-units" in the sense that they have to survive in a state of nature—which is a state of war—that induces all states to practice power politics, irrespective of domestic organization and who acts on the state's behalf. Structural realists hold that the state of war determines state action. Realists therefore tend to count battalions instead of relying on the power of ideas or ideals. "Determined," that is, at the level of theory. "States are like units" is a statement in theory, not an assertion about observed characteristics. Realists are aware that state organizations differ in their institutional set-up and that "governments" might act differently from what theory prescribes to "states as organizations," though without invalidating the theory of state behavior. According to Waltz (1979: 123), "A theory explains why a certain similarity of behavior is expected from similarly situated states. The expected behavior is similar, not identical. To explain the expected differences in national responses, a theory would have to show how the different internal structures of states affect their external policies and action." What states do "as organizations" is determined at the level of theory. What rational "governments" in control of a state do and "should

do" is to "approximate" what "states" have to do in the state of nature, with the alternative of going "bankrupt." Waltz's statement that states are "like-units" is based on the structural similarity between the market and the international system. Realists aspire to follow in the footsteps of micro-economists and create an "explanatory" theory that also "prescribes" to governments how to conduct foreign policy.

Theorists of the firm focus on the behavior of enterprises and households as collective entities. Profit maximization, as an objective of the enterprise, is the theoretical equivalent of "national interests" in realist theory. The objective of profit maximization is "in theory" structurally determined by the (market) system. For enterprises that buy and sell on perfect markets, the prescription to maximize profits is de facto a theory of survival. Enterprise output and pricing in a perfect market are thus system-determined.

Oligopolists, on the other hand, have some measure of control over the system. Oligopoly pricing and output decisions, and thus its profits, depend on the pricing and output decisions of its competitors. Outcomes of interactions among them are therefore not system-determined; outcomes are uncertain in the sense of not being set at the system level, yet are not fully under control of any one actor.

In the neo-realist approach, the content of the interest of the state is predetermined by the state of war in the international system. The structure of the system and the position of a state in it determine the latitude decision-makers have in safeguarding the national interest. In dispersed power systems, outcomes of interactions among states are set entirely at the system-level. In multi-polar systems, actor behavior and system structure are both required to explain system-level outcomes of interactions: decisions partially depend on expectations and partially on the structure of the system in which states operate.

What about a military monopolist, a position the US approximates in the post-Cold War era, at least for the time being? In the GME, the US constantly interacts with numerous yet powerless local actors that respond to US presence and operations. Unless other major powers obstruct the US from achieving its war aims, one would expect it to be able to impose its will at short notice. For most of the Cold War era, American power projection in the Middle East was restrained by military bipolarity, or duopoly, as demonstrated by the May 1972 *Agreement on Basic Principles of Relations Between the USA and the USSR*. For example, during the Yom Kippur/Ramadan War, Kissinger warned the Israeli government that its objective in war to destroy Egypt's Third Army Corps was not acceptable: "There are limits beyond which we could not go, with all our friendship for Israel, and one of them was to make the leader of another superpower look like an idiot" (Garthoff 1985: 376).

Eisenhower felt the military bipolar restraint even before the Soviet Union had achieved parity in the intercontinental artillery of the atomic age. Following the July 1958 revolution in Iraq, the US landed 20,000 Marines in Lebanon in the context of what is known as the "Eisenhower Doctrine." Eisenhower considered invading Iraq, and to overturn the revolutionary regime in Baghdad that threatened to nationalize the oil sector. However, the President abandoned that plan when China and the Soviet Union supported the new regime. At that time the leading government on each side of the East-West divide had declared a willingness to commit the ultimate act of societal[3] suicide—all-out nuclear attack—but only in retaliation for such an act by the opponent. In a balance of terror, each side prefers most to live alone, but both agree that surviving as each other's hostage is better than dying together. The credibility of retaliation is based on each side having an assured residual capacity to retaliate and a known shared preference to die together over dying alone.[4] The mutual hostage relationship of the Cold War era is widely believed to have prevented direct military confrontation between the superpowers in the Yom Kippur/Ramadan War.

The Soviet collapse changed the military structure of the global system from duopoly virtually to monopoly. In 2004, the US accounted for about 46.7 percent of world military expenditures. In 2004, the US share in military capability, as measured in defense outlays of the major power sub-system, was 65.5 percent.[5] America's new position thus approaches that of a military monopolist. Its war objective is transforming states and society in the GME, beginning with oil-rich countries. In the pursuit of that objective, the US pursues a military policy of "shock and awe," first practiced in the region by Churchill. As military monopolist, the US has divided the planet earth into four military districts. To each, the US appointed a military commander and allocated a package of military capabilities (Priest 2005: chs. 3–5). This division was put into effect on the eve of the Soviet collapse in the *Goldwater-Nichols Department of Defense Reorganization Act* of 1986. In the Cold War era, the US deployed military capability in and around Central Eurasia's coastal peripheries, in Western Europe and offshore East

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[3] We emphasize "societal," as the leadership invested billions of dollars to protect itself and its direct relatives.

[4] Churchill stated memorably, "Safety will be the sturdy child of terror, and survival the twin brother of annihilation." Churchill House of Commons Speech, 1955, as cited in http://www.math.yorku.ca/sfp/scfait.html.

In the 1920s he unilaterally ordered air attacks on Kurds and Arabs in oil rich parts of Iraq and felt satisfied with the results that Haldane and Harris achieved on the ground. Thus he knew very well the difference between unilateral and mutual terror.

[5] Source: data on military expenditures, Stockholm International Peace Research (SIPRI), http://sipri.org/contents/milap/milex/mex_wnr_table_html.

Asia (with the exception of Korea). President Carter,[6] however, after having lost Iran's ruler as an ally, already instituted the forerunner of what is now *Central Command*.

Today the US has for understandable reasons a "case of amnesia about the theory of mutually assured destruction" (Preston 2005: 11–17). In the new power structure, the US claims the right to intervene by force in domestic affairs of independent states in order to change the regime and society, to privatize state-owned natural resources, to bring into the country American companies and to open the door for preachers of the Gospel in the pursuit of religious freedom. The impact of the change from military bipolarity to virtual monopoly is nowhere more visible than in Afghanistan. During the Cold War, the US implemented large-scale development projects in Afghanistan, such as building roads and irrigation works. The first post-Cold War US ambassador reports that, after the Soviets got out, it was agreed all across the board in Washington that "we do not do those kind of projects anymore" (cited in Rohde 2006: 5).

The UK and the Netherlands, among others, have followed the US in its slide away from the United Nation's Charter's law of nations and toward the law of nature of previous centuries. In 1985, the Foreign Office (1986: 614) rejected the right of states to intervene in humanitarian crises, fearing the Soviets would claim the same right so often misused by Britain in the past. The document stipulates: "But overwhelming majority of contemporary legal opinion comes down against the existence of a right of humanitarian intervention, for three main reasons: First, the U.N. Charter and the corpus of modern international law do not seem specifically to incorporate such a right; secondly, state practice in the past two centuries, and especially since 1945, at best provides only a handful of genuine cases on humanitarian intervention, and on most assessments, none at all; and finally, on prudential grounds, that the scope for abusing such a right argues strongly against its creation" (British Yearbook of International Law 1986: 57).

After the Soviet collapse, Prime Minister Blair arrived at a conclusion opposite to what the Foreign Office had recommended in 1985: "Before 11 September, I was already reaching out for a different philosophy in

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[6] Carter declared the Persian Gulf area to be an American lake, "An attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the USA, and such an assault will be repelled by any means necessary, including military force" (1980, as cited in http://www.let.rug.nl/usa/P/jc39/speeches/su80jec.htm). After its departure from Vietnam, the US, fearing Soviet naval deployments in the Indian Ocean, installed a naval base on Diego Garcia. In 1973, on behalf of its ally, the UK "transferred" from Diego Garcia to Mauritius about 5,000 natives, who had to pay for their own transport.

international relations from a traditional one that has held sway since the Treaty of Westphalia in 1648; namely that a country's internal affairs are for it and you do not interfere unless it threatens you, or breaches a treaty, or triggers an obligation of alliance […] We have obligations in relation to each other […] and we do not accept in a community that others have a right to oppress and brutalize their people […] We surely have a responsibility to act when a nation's people are subjected to a regime such as Saddam's" (Byers 2004: 27).

The Prime Minister is less innovative than he may think he is. In 1838 Auckland discovered that his country had obligations to Afghans; he thus provoked a conflict with the ruling Emir, invaded the country, and placed a pro-British ruler on the throne in Kabul. Like Blair, Auckland neglected advice from those in a position to know that "if you send 27,000 men up the Bolan Pass to Kandahar […] and can feed them, I have no doubt you will take Kandahar and Kabul and set up Sooja; but for maintaining him in a poor, cold strong and remote country, among a turbulent people like the Afghans seems to me to be hopeless" (Former Governor of Bombay cited in David 2000: 21). Half a century later, Churchill arrived at a somewhat similar conclusion (1996): "Every man is a warrior, a politician, and a theologian. Every large house is a real feudal fortress made, it is true, only of sun-baked clay, but with battlements, turrets, loopholes, flanking towers, drawbridges, etc., complete. Every village has its defense. Every family cultivates its vendetta; every clan, its feud. The numerous tribes and combination of tribes all have their accounts to settle with one another. Nothing is ever forgotten and very few debts are left unpaid. The life of the Pathan is thus full of interest into this happy world the nineteenth century brought two new facts; the breech-loading rifle and the British Government. The first was an enormous luxury and blessing; the second, an unmitigated nuisance. The convenience of the breech-loading, and still more of the magazine, rifle was nowhere more appreciated than in the Indian highlands. A weapon which could kill with accuracy at fifteen hundred yards opened a whole new vista of delights to every family or clan which could acquire it. One could actually remain in one's own house and fire at one's neighbor nearly a mile away." (Pp. 134–35)

As a testimony to continuity, Saul David (2006) reports that Auckland's troops battled against "Religious fanatics who fought under the green banner of Islam and who believed that death in battle with the infidel would bring them a place in Paradise. Not unlike the extreme Muslim terrorists of today" (p. 31). As Churchill observed during his field service at the end of the nineteenth century: "To the ferocity of the Zulu are added the craft of the Redskin and the marksmanship of the Boer the force of circumstances on the frontier was beyond human control. We cannot go back and must

go on. Financially it is ruinous. Morally it is wicked. Militarily it is an open question, and politically it is a blunder."[7] British and Dutch commanders in Afghanistan seem to face a rather similar situation.

However, Blair did introduce an innovation in British politics: imitating his counterparts in Iran and America, he casts the rationale for his decision to go to war in the language of religion. He apparently overlooked Matthew's prescription to discern believers from politicians in religious dress who follow Machiavelli's line: "…when you pray, be not like the pretenders, who prefer to pray in the synagogues and in the public square, in the sight of others. In truth I tell you, that is all the profit they will have. But you, when you pray, go to your inner chamber and, locking the door, pray there in hiding to your Father, and your Father who sees you in hiding, will reward you."

Adverse outcomes for a military monopolist create a puzzle in realist theory: how does a military monopolist fail to achieve what it wants? Neo-realists may disagree on the summarizing index of national capability (Michaels 1966: 305–310). Conceptual and measurement disagreement continues in this scholarly tradition.[8] Realists also differ on mechanisms between state position in the structure of capabilities and state behavior, in particular, the time span required for effects to manifest themselves (International Political Science Review 1 January 2003). However, they agree that military monopolists get what they want in international relations.

Post-Cold War leadership in the US thinks and acts as if their state organization is in a position of global monopoly. Leadership language since the end of the Cold War contains numerous self-referential phrases implying America's power to be comprehensive in both space and time. According to Madeleine Albright (cited in Bacevich 2002: 33), "We have our duty to be authors of history." The President she served chastised the Chinese for being on the "wrong side of history." Clinton wanted to create a new and different reality for the Chinese (Bacevich 2002: 33). Jack Kemp, the 1996 Republican Vice Presidential candidate, informed his audience in Los Angeles that he would not disappoint mankind by withdrawing America from the world after it had brought down the evil of communism. Some foreign policy-makers of the Administration of President G.W. Bush argued that the US was capable of creating reality and leaving it to others to study what it had created: "When we act, we create our own reality

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[7] The Story of the Malakand Field Force: An Episode of Frontier War, as quoted in http://www.pbs.org/wgbh/pages/frontline/taliban/tribal/churchill.html.

[8] For an excellent review of current literature, see http://www.rand.orgpubsmonograph_reportsMR1110MR1110.ch3.pdf.

[…] We are history's actors and you, all of you, will be left to study what we do" (cited in Jenkins 2006). In 1999, Condoleeza Rice declared that it was the responsibility of her country to prevent new threats by being on the right side of history (Bacevich 2002: 34). To act on the assumption that military action will help bring people onto the right side of history is a privilege of a military monopolist. America's Ambassador to the UN is equally impressed by the positional change of the country he represents in the world body. In his view, the UN Security Council should have one member, the US: "If we were redoing the Security Council today, I have one permanent member because that is the real distribution of power in the world" (International Herald Tribune 10 March 2005). Bolton favors diplomatic recognition of Taiwan, saying that it would be "just the kind of demonstration of US leadership that the region needs and the many of its people hope for. The notion that China would actually respond with force is a fantasy, albeit the communist leaders welcome and encourage it in the West."[9] Richard Haass (cited in Bacevich 2002), the Director of Policy Planning at the State Department under Secretary of State Colin Powell, recommended in 2000 that the Americans "re-conceive their global role from one of a traditional nation-state to an imperial power (p. 219)." Powell agreed in his confirmation hearings in the Senate Foreign Relations Committee on 17 January 2001 that his country had an interest in every place in the world: "we have an interest in every place on this earth; that we need to lead, to guide, to help in every country that has a desire to be free, open and prosperous" (cited in Bacevich 2002: 216).

The problem for the Administration and its European allies is that not all locals on the receiving end of shock and awe agree; they see instead Sir Arthur Harris, Haldane, and associates revisiting the region. Salam Pax, an Iraqi who organized a website during the invasion, expressed this connection to the past as follows: "Excuse me, do not expect me to buy little American flags to welcome the new colonists […] How does it differ from Iraq and Britain circa 1920? The civilized world comes to give us barbaric nomadic Arabs a lesson in better living and rids us of all evil, [better still, get rid of us Arabs since we are all evil]. No one inside Iraq is for the war (note I said 'war' not 'a change of regime')" (Salam Pax, 24 October 2003).

To be on the "right side of history" implies that it is superfluous to know the history and culture of the other side. Pretending to push peoples in the

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[9] The ambition is to deploy "American and allied power providing the spur to the process of democratization in China," as cited in the 2000 document "Rebuilding America's Defenses: Strategies, Forces And Resources For A New Century," (see http://www.newamericancentury.org/defensenationalsecurity.htm).

GME to the "right side of history," supposes that the Administration is informed about history's hidden design for mankind, which gets revealed through the acts of its privileged agent, which is the US and its supporting allies. The implication of this not unprecedented imperial humbug is that foreign policy objectives and outcomes should coincide. In reality, the reverse is the case. The right to preventive war that Britain and the US claim to have in natural law has the potential to turn the region of the GME into chaos and prepares it for nuclear proliferation. "Certainly, had Saddam Hussein been possessed of a working nuclear arsenal, the United States would have been far less willing to station half a million troops, a sizable fraction of its air forces, and a large naval armada within easy reach of Iraqi borders" (Friedberg 1994). Iranians took notice of that message before it was written down. The security situation of Turkey and of Saudi Arabia has changed. The integrity of Turkish territory is at stake owing to Iraq's regime change-induced disintegration. Turkey has a substantial peaceful nuclear industry. Founders of the movement New American Century declared their intention to take on Saudi Arabia after regime change in Iraq had been brought to a successful conclusion.[10] Saudi Arabia, however, has new opportunities in the post-Cold War era, in particular since the silent departure in 2003 of American troops from the Kingdom. Crises are now accumulating in US foreign policy. From a systems point of view, crises accumulate when new ones arrive more quickly than older ones get solved. When foreign policy crises accumulate, become linked, and involve a growing number of allies and enemies, the unity of foreign policy gets lost; unexpected setbacks create disunity within the leadership. From a systemic point of view, crisis accumulation reflects global order change and sets the stage for further global order change.[11] Despite its expanded military power-base, the US thus fails to "set" by its own choices the outcomes of its policy initiatives in the GME. The military hegemon has changed the world order to his and his allies' disadvantage. Earlier, we commented that the failure of a grand scheme of power projection is an input into the world order and a causal force of its change (Amineh and Houweling 2004–05).

Waltz's structural theory does not go beyond the insight that the positional improvement of a state "permits wider ranges of action" in the pursuit of the national interest (Waltz 1979: 194). System-level theory does not prescribe or explain what falls into or beyond the "wider range action."

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[10] "Iraq as the tactical pivot, Saudi Arabia as the strategic pivot [and] Egypt as the prize," Richard Pearle, US Defense Department Policy Board Chairman, as quoted in http://www.thenation.com/doc/20020902/vest.

[11] For the modeling of crises accumulation and global order change, see Midlarsky, M. 1988 *The Onset of World War*. Boston: Unwin Hyman.

The Bush Administration's program titled *The Forward Strategy of Freedom in the Middle East* is, for neo-realists, a unit-level strategy, which falls outside the scope of the theory's explanatory power. Accordingly, the explanatory power of neo-realist theory is too limited to explain why the US is bogged down in the GME that it had hoped to mold according to its own interests. However, the logic of that theory predicts that major powers get what they want unless the balance of power induces compensating actions by other major powers to a degree that prevents any one of them from achieving its war objectives (Waltz 1979). Competitors might take pleasure in seeing the US and its allies stumble into a hole they dug themselves, because it creates opportunities for them. But powers with the potential to undo America's military monopoly, such as China, India, and the European Union, have not united to counterbalance US policy. In the absence of countervailing actions by other major powers, the US is not prevented by them from achieving its objectives.

The Bush Administration's rhetoric suggests it had expected to get what it wanted. It imagined the region's inhabitants were waiting for America's liberating hand. This expectation is a unit-level feature and thus goes beyond the explanatory scope of realism. The implication of the rhetoric is that American power projection in the region aims at improving the well-being of its peoples, which is at odds with realism. America's involvement in the GME did not begin with the Bush Administration's global "war on terror" and its attack on Iraq under that pretext.[12]

Paul Wolfowitz, the co-author of *Rebuilding America's Defenses: Strategies, Forces And Resources For A New Century* and one of the main architects of the war, comments, "The United States has for decades sought to play a more permanent role in Gulf regional security. While the unresolved conflict with Iraq provides the immediate justification, the need for a substantial American force presence in the Gulf transcends the issue of the regime of Saddam Hussein."[13]

Our conclusion is that the US seems just as ill-prepared as its British predecessor in Iraq[14] to get its way in the region, despite its overwhelming

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[12] As explained by Brzezinski, the Carter Administration started in the summer of 1979 to supply weapons to anti-government fighters in Afghanistan, who attacked then Soviet territory. Expecting these attacks would induce a Soviet invasion, the US hoped to give the Soviet Union its own Vietnam.

[13] Wolfowitz as quoted in "Rebuilding America's defenses," see http://www.newamericancentury.org/RebuildingAmericasDefenses.pdf#search=%22Rebuilding%20America's%20defenses%22.

[14] Gertrud Bell [advisor to High Commissioner Percy Cox in Baghdad], who aimed at creating a "new people of the East" in a society that has more recorded history than any other part of the world, felt after the 1920s uprising that "I preferred to go before the

military capacity and the military passivity of other major powers. Instead of a region waiting to be put into proper shape by America's helping hand, a new form of religious Pan-Arabism is emerging throughout the region. It is propagated by non-state actors, transnational in scope, anti-governmental and anti-American in content, extends into the home societies of invaders of Muslim lands and is suicidal in its method of resistance.

Structural realism seems to be accurate regarding the timing of the new course in American foreign policy in the region, but it leaves its content and outcomes unexplained. A missing link in realist theory is responsible for the failure of structural realist theory to explain regional US policy outcomes: a model of the "homo-politicus" as powerful in explanatory scope as the "homo-economicus." Neo-realists, in our judgment, fail to understand the function of a micro-level foundation in the theory of politics.

Micro-economists do not study within-enterprise behavior. How the "management" of an oligopolistic enterprise profits from bankrupting the firm falls beyond its scope.[15] Friedman fills the gap between theory and observed intra-firm behavior as follows: "Individual firms behave *as if they* were seeking rationally to maximize their expected returns…and had full knowledge of the data needed to succeed in this attempt; as if they knew the relevant cost and demand functions, calculated marginal cost and marginal revenue from all actions open to them, and pushed each line of action to the point at which the relevant marginal cost and marginal revenue were equal" (Friedman 1968: 521). In response, Cyert and March (1963) developed a behavioral theory of the firm. In their approach, "domestic-level" interactions within an enterprise determine its external behavior. Waltz is aware of this development. He constructs his realist theory of international politics in opposition to the behavioral theory of the firm. However, theorists of the market system have a micro-foundation for explanations of observed system-level effects of interactions among market actors: the homo-economicus. This abstract man is the representative agent for real existing enterprises, households, and governments. The representative agent creates "identity between" and "behavioral independence" among the units under study. Identity between and independence among units are crucial requirements to test the "theory" of unit-level behavior on the data of "observed" macro- or system-level outcomes.

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snow image which I had created […] melted before my eyes," cited in the *Times Literary Supplement* 23 June 2006.

[15] "It was stock options that made Gregory Reyes, the indicted former chief executive of Brocade Communications, very rich […] During the period when Reyes was collecting the bulk of the US$556 million he made from cashing in options…the company was overstating profits by more than US$1 billion" (International Herald Tribune, 25 July 2006).

Neo-realists have no plausible theory of the "homo-politicus." The neo-realist approach therefore has no theoretical mechanism to move back and forth between the "posited" national interest of "states" and "observable" system-level outcomes produced by interacting "governments." Realists thus cannot go beyond Buchanan's reification of "the national interest." Starting with the a priori accepted truth that "objectives sought by the state cannot be reduced to some summation of private desires" (Krasner 1978: 5–6), structural realists circumvent the problem, probably first confronted by Hobbes: how to use a system-level theory to explain foreign policy behavior of governments and outcomes of interactions. In the absence of a micro-foundation, empirical studies in international relations at the system-level have no unique interpretation. This has been the fate of some work done in the Correlates of War project (Houweling and Kune 1981: 36–41).[16] Realism therefore does not have an answer to the question of how the Bush government succeeds in bankrupting the US state as an organization in an undertaking intended to serve the national interest. Liberal theory does.

Liberal Theory and US Behavior in the Greater Middle East

In classical liberal theory, the state of nature is not a state of war: to live without a government is inconvenient for people that spend their labor to earn sustenance. In liberal theory: (1) private agents are the original owners of state power; (2) state power over private agents finds its limit in the pre-state natural rights of private actors, in particular the right to own property; (3) social order in society emerges spontaneously from interactions among rational individuals in the pursuit of their interests. Classical liberal theorists could not avoid speaking out on property "rights" of settlers in the Americas.

In his *Second Treatise*, Locke refers to Amerindians as a life-example of a society that had not progressed to the level of private property owners. Locke holds that these peoples live on common property resources and without a government, despite the inefficiency of that arrangement. In Locke's conception, the failure of these people to properly exploit the resources they live among, in particular land, as private property, violates the law of nature. Locke argues that though God did not hand out private property himself,

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[16] Houweling and Kune (1981) found that observed distributions of war participations in the century between 1865 and 1965, in which a rather small number of countries did most of the fighting, did not fit the Poisson distribution; instead, the negative binomial distribution replicated observed frequencies. However, the negative binomial has at least two different generating mechanisms.

he destined the earth for industrious private owners who have the right to
enclose parts of the commons as private property (Locke 1988: ch. 5).

Locke rejects the idea that the natives' consent is a precondition for
annexing parcels from their commons as private property for settlers (Locke
1988: ch. 5). Locke argues that appropriating common property resources
as private property serves the interest of mankind.[17] In the post-Medieval
law of nature, as created by moderns such as Grotius, Locke, and Vattel,
privatizing agents have the right to invade territories of the inefficient. The
law of nature transformed during the seventeenth and eighteenth centuries
into the law of nations. Vattel codified that law in 1757. The US inherited
through Vattel the European tradition of natural law.[18] His *Le Droit de Gens*
was on the table of American state-builders. Settlers in the New World
acted as if they knew they had a just cause in the law of nature for war
against natives who resisted them.[19]

Does classical liberal theory provide a more comprehensive explanation
than structural realist theory for US and allied behavior in the GME? Since
the end of the Cold War, the post-World War II law of nations regard-
ing the use of force has indeed regressed to the law of nature of previous
centuries. The Blair government sees its current battles through the lenses
of concepts from colonial history.

Robert Cooper, a former policy advisor to Prime Minister Blair, holds that
it is a challenge for the West to accept what he calls "double standards." In

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[17] Says Locke, "He who appropriates land to himself by his labor does not lessen, but
increase the common stock of mankind: for the provisions serving to the support of human
life, produced by one acre of enclosed and cultivated land, are (to speak much within com-
pass) ten times more than those which are yielded by an acre of land of an equal richness
lying waste in common."

[18] The natural law tradition is not a straightforward doctrine. This topic falls beyond the
scope of the chapter. See: Pagden, A. 1995 *Lords of the World. Ideologies of Empire in Spain,
Britain and France, c. 1500–c. 1800.* New Haven: Yale University Press; Keene, E. 2002 *Grotius,
Colonialism and Order in World Politics.* Cambridge: Cambridge University Press; Tuc, R. 1999
The Rights of War and Peace. Political Thought and International Order from Grotius to Kant. Oxford:
Oxford University Press.

[19] A data set for the loss of life among indigenous peoples caused by Europeans using
force against their overseas hosts, as distinct from indirect deaths caused by their presence,
between the Austrian War of Succession and the completion of decolonization, has not
been created. Early modern European political thought on natural law has a somewhat
forgotten section on the right of peoples that live civilized lives under a liberal government
to exterminate those who violate the laws of nature. See Tuck, R. 1999 *War and Peace. Political
Thought and International Order from Grotius to Kant.* Oxford: Oxford University Press; Keal, P.
2003 *European Conquests and the Rights of Indigenous Peoples. The Moral Backwardness of International
Society.* Cambridge: Cambridge University Press; Brantlinger, P. 2003 *Dark Vanishings. Discourse
on the Extinction of Primitive Races, 1800–1930.* Ithaca: Cornell University Press.

other words, to exploit the law of the jungle when operating in the jungle: to launch, say, pre-emptive attacks and whatever else might be required to succeed in such an environment (Kagan 2003: 15).

British Minster of Defense John Reid agrees that the barbarian has to be defeated by the barbarian virtues of the civilized. He wants sweeping changes in the international law of war with respect to the freedom (of the civilized) to mount preventive attacks, the treatment of prisoners of war, and in particular the Geneva Conventions, which should be rewritten for a "barbaric age" (*Guardian* 4 April 2006). This is how Britain dealt with rebels during wars of independence in, among others, Sudan, Tibet, Iraq, Ireland, India, Kenya, and South Africa. Reid sees similarities and suggests that the civilized discard legal restraints of the application of force to tame the primitive. "We are fighting an enemy which obeys no rules whatsoever," he once said, referring to what he called "barbaric terrorism."[20] Italian Prime Minister Berlusconi, whose predecessors made impressive contributions to progress in lands as wild as Ethiopia and Libya, reminded his fellow citizens that the work it had undertaken there had not yet come to an end. The Prime Minister preached an awareness of the Western civilization's superiority, which includes respect for human rights.

His Dutch colleague Balkenende enriched the vocabulary among the civilized by comparing Iraq with an "adolescent-state." He wanted to be "stone hard" with Saddam[21] and believed that Iraq needs the guidance of the wise to grow into maturity (Trouw, 8 Jan 2004: 1). Balkenende represents a state that has yet to respond to a recent claim for compensation by survivors of what has been reported as a mass murder by Dutch troops during the so-called "police actions" in Java. (Trouw, 10 June 2006). Indeed, the Dutch have a long and distinguished history of militarizing their drive toward progress in barbarous lands as far apart as Aceh, Lombok (where Balkenende's co-religionist and predecessor in office Colijn distinguished himself),[22] and Papua New Guinea.

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[20] Cited in *Press Association*, 3 April 2006 "Reid calls for Changes to Geneva Convention," http://www.guardian.co.uk/terrorism/story/01746044,00.html.

[21] Balkenende, as reported in Trouw, 19 September 2002; former Dutch Foreign Minister Jaap De Hoop Scheffers "used the same language as President Bush" (Trouw, 6 September 2002); for the Dutch Parliament, the war in Iraq was not an issue, reported the newspaper NRC Handelsblad on 3 September 2002. Where Blair has proved to be the grand master in political fabrication and deception of the public, the Dutch Prime Minister did not go beyond waffling about human rights violations (in Iraq) and U.N. resolutions as a justifying context for the policy choice of his government.

[22] Nineteenth century Dutch warfare in what is now Indonesia is available at the website of *search Indonesia*, http://home.iae.nl/users/arcengel/NedIndie/lombok.htm.

We arrive therefore at the conclusion that classical liberal theory is consistent with current practice in backward lands. Those on the receiving end are likely to agree with Charles Tilly's judgment about the civilizing enterprise: "The more closely we look…state violence resembles private violence, authorized expropriation resembles theft" (Tilly 1984: 12). Thus they are likely to resist invasion, like the Amerindians did in North America.

Above we referred to the religious motivation of the Bush Administration and of some of his supporters. They seem convinced that God gives the world to the efficient. In the GME, particularly in the fossil energy-rich states, there remains an awful lot to privatize, as inefficient state-owned companies control energy resources and thus deprive the efficient of their rights in the law of nature to improve efficiency and increase the world's welfare. Indeed, the first thing the Anglo-Saxon powers did was to take over the oil ministry in what had been the capital of the Organization of Petroleum Exporting Countries (OPEC) and appoint a former Shell functionary to oversee the Iraqi oil industry.

We should note that the President continues a tradition in American foreign policy (Amineh and Houweling 2004–05: ch. 1). At the turn of the nineteenth to the twentieth century, imperial and liberal spokesmen of the US national interest agreed that God had destined them to rule over the barbarian world. Albert Beveridge, historian, Senator, and imperialist, argued that the acquisition of new markets and new land "[…] was part of the Almighty's infinite plan […]" (cited in Osgood 1953: 46). The liberal, idealist free-trader Woodrow Wilson agreed. In his 1901 speech *Democracy and Efficiency*[23] the future president argued that "the east" had to be opened for business and that the US should play the leading role in making its peoples more efficient. Statements like these are to be found throughout US history. In continental Europe that tradition was interrupted by the grandiose acts of self-destruction in two world wars but was revived after the Soviet collapse removed the obstacle to a reversion to a pre-Soviet era mentality.

"America unbound" has resorted to the pre-Cold War approach of using force against nations governed by the inefficient. America's role as initiator[24] of violence overseas predates the world wars. Violating the laws of

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[23] Available at http://www.theatlantic.com/ideastour/politics/wilson-full.mhtml.

[24] For the initiation of force in support of commercial expansion of American enterprise, see http://www.history.navy.mil/wars/index.html, which lists 234 troop landings abroad, including 25 in China, between 1789–1993; see also http://www.globalsecurity.org/military/library/report/crs/crs_931007.htm; further details of US operations are provided in: Boot, M. 2003 *The Savage Wars of Peace. Small Wars and the Rise of American Power.* New York: Basic Books; most cases of US-engineered regime change between the annexation of the Royal

war regarding prisoners of war is nothing new in American war practice.[25] However, as of 2001, it is new to the American public to hear its leaders openly flaunt the Geneva Conventions and, specifically, POW treatment. American leaders used to claim the opposite, and indeed flaunted traditional American values of liberty in order to occupy the moral high ground, such as an adamant General Schwarzkopf in 1991, when he said "I challenge" the Iraqis to treat their POWs like we treat ours. Now, thanks to Bush, Rumsfeld et al., America can't even pretend to be a beacon for human, let alone POW, rights.

In the liberal theory, foreign and domestic policies are part of the same process. The liberal national interest of democratic, international law-abiding, human rights-respecting states is a summation of the private interests of each of its industrious, wealth-owning citizens. Liberal theory thus has a micro-level foundation in the theory of foreign policy. Realist states have a security-driven foreign policy at the level of state organization. The object of protection, the state, coincides with the agent in charge of its protection, the government. Governments of liberal trading states, on the other hand, participate in rule-driven, normative governed networks of multilateral cooperation. In contemporary liberal theory, multilateral cooperation among liberal states is wealth-oriented.[26] Classical liberal theory explains why commercial states went on the offensive against societies of the inefficient in cases where the latter were too weak to pose a threat to them.[27] Such countries might be on the other side of the world.[28] In liberal theory, those on the

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House on Hawaii and the taking over of the kingdom by US planters and the invasion of Iraq are reviewed in Kinzer, S. 2006 *Overthrow. America's Century of Regime Change from Hawaii to Iraq*. New York: Times Book. Some of these operations caused casualty rates in the host society comparable to or surpassing most inter-state wars among the civilized.

[25] General Jacob Smith, who had massacred the Sioux Indians at Wounded Knee in 1890, told his troops in the Filipino War, "I want no prisoners. I wish you to kill and burn them, the more you kill and burn the better it will please me. I want all persons killed who are capable of bearing arms in actual hostilities against the United States" (Smith cited in Zimmermann 2002: 408).

[26] In liberal theory, states have to choose between peaceful trade and the "old method" of power politics; modernization now makes it impossible to "enrich" oneself through force; indeed, by destroying trading bonds, war is "commercially suicidal" (Angell 1933: 33, 59–60, 87–89).

[27] "Rather, in the most systematic and comprehensive exercise of power in the history of the world, the nations of Europe ruthlessly employed their modern potency in the imperialist domination of the planet. This colonial intrusion by force puts a new light on the apparent 'choice' of modernization" (Rostow 1971: 58).

[28] Colonial wars initiated by European powers are listed by initiator, target, and dates in the data set of the Correlates of War Project, which is available at http://www.correlatesofwar.org.

wrong side of history are phased out of it by those who make history for mankind's well-being.[29] Liberal practice, in the name of progress, aims to increase the number of those on the right side of history.[30]

During the Cold War, liberal practice to initiate war against societies too weak to pose a security threat was suppressed by the block-structure. However, the function of the primitive to support the expansion of civilization did not come to a halt. The method changed from invasion to often covert operations of "regime change." Iran serves as example. When Prime Minister Mohammad Mosaddeq introduced a nationally based democratic program[31] that subsequently nationalized the oil industry, compensating Britain for its investments but not for future profits, British diplomats commented, "We English have had hundreds of years of experience on how to treat the natives." It did not help the European educated aristocratic prime minister to refer to the British national coal industry as an example for Iran to follow. "Socialism is all right back home, but out here you have to be the master," British diplomats were told by their home office. (Kinzer 2006: 118). The British are reported to have sabotaged oil installations at Abadan and to have blockaded ports. Britain and the US[32] got their way—that is, until 1979, when Khomeini mobilized the masses and removed an American puppet from power.

It is our contention that the post-Cold War era is returning to a liberal normality of overt aggression to engineer regime change in the lands of the

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[29] In 1850, Governor McDougall announced in his first address to the legislature in the newly created State of California that "a war of extermination will continue to be waged between the races until the Indian race becomes extinct." The speech is available at http://www.eatthestate.org/06–21/NaturePolitics.htm.

[30] Cecil Rhodes commented on the trend he helped to create: "I contend that we are the first race in the world and that the more of the world we inhabit, the better it is for the human race […] The English speaking race is one of God's chosen agents for executing coming improvements in the lot of mankind," Rhodes as quoted by Spenser Wilkinson in Charles Beard, C. 1918 *The Rise of American Civilization*. New York: Robert M. McBride and Company, 646. Indeed, between 1750 and 1930–1950, Europeans increased their proportion in world population. Between 1815 and 1914, about 20 million people migrated from the British Isles to the new world; from Europe as a whole, over 50 million people migrated overseas between 1846 and 1930.

[31] The conflicts between the liberal nationalist forces led by Prime Minister Mohammad Mosaddeq and the monarchist under the leadership of the Shah were mainly: control of the state apparatus and the army; the extent of power exercised by the royal family and the Shah; nationalization of oil, land reform, civil liberties, democratic rights, and election law.

[32] "The CIA, then just six years old […] viewed its covert action in Iran as a blueprint for coup plots elsewhere around the world, and so commissioned a secret history to detail for future generations of CIA operatives how it had done […]" James Risen cited in Johnson, 21 October 2004: 25.

inefficient. Above we referred to the change of language used by Western policy-makers in the post-Cold War era. British language about Iraqis in the 1920s is very similar to what Iraqis were told after the 2003 invasion.[33] Like Iran in 1953, 1920s Iraq possessed great quantities of unexploited oil and gas, which the British needed to fuel their naval power; the Iraqi ruler's path to the throne was created by years of bombing infrastructure, sanitary facilities, schools, and hospitals. The British even used poison-gas artillery shells (Omissie 1990) to get rid of those they considered to be "primitives," whereas the Iraqi ruler is on trial today for doing the same thing to his own "primitives."

Liberal theory thus helps to explain why the US government overthrew Hussein: to privatize Iraq's energy industry. That objective was not created by the 9/11 terrorist attacks. It had been publicly advocated long before the actual invasion. Paul Wolfowitz and Zalmaty M. Khalilzad, a former UNOCAL executive and current US Ambassador to Iraq, recommended in 1997 to de-legitimize Saddam by indicting him as a war criminal and to declare as illegal the oil contracts he concluded with, among others, French companies (Wolfowitz and Khalilzad 1997). The Clinton Administration had begun to prepare for regime change.[34] In his *House National Security Committee Testimony* of 16 September 1998, Wolfowitz perceived "fabulous oil resources" awaiting the liberating hand of America, which should be controlled by a "free Iraq" installed by the US. To achieve that end, he recommended bombing infra-structure.[35]

Shortly after the 9/11 attacks, on 20 September 2001, *USA Today* reported that "Deputy Secretary of Defense Paul Wolfowitz and Undersecretary of Defense Douglas Feith—backed by Vice President Cheney—favor targeting Iraq." Indeed, Rumsfeld was quoted as saying that 9/11, as deplorable as it may be for the victims, also opens up "the kind of opportunities that World War II offered to refashion the world."[36] After the invasion of Iraq

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[33] On 17 March 1919, Lt-General Frederick Stanley Maude issued the following declaration: "…I am charged with absolute and supreme control of all regions in which British troops operate; but our armies do not come into your cities and lands as conquerors of enemies, but as liberators […] It is the hope and the desire of the British people and the nations in alliance with them that the Arab race may rise once more to greatness" (Maude cited in *Le Monde Diplomatique*, April 2003).

[34] Iraq Liberation Act of 31 October 1998, http://www.library.cornell.edu/colldev/mideast/libera.htm.

[35] Holfowitz, P. 1998 "Testimony before the House National Security Committee" and "Capitol Hill Hearing with Defense Department Personnel." Available at the website of the Institute for Policy Studies, http://www.ips-dc.org/wolfowitz/tl_93–00.htm.

[36] The US created its cause for war in Iraq through lies about weapons of mass destruction. Creating one's cause of war is nothing new. In the Lavon affair of 1954, the Israeli

was launched, Wolfowitz reported in his press briefing of 28 March 2003 that the situation was progressing quickly.

Regime change creates access for the efficient to common property resources under the control of primitives. Indeed, free trade was the moral law even before it turned into an economic principle.[37] We agree therefore with William Cohen (Bacevich 2002: 128), Clinton's Secretary of Defense, that primitives need a helping hand from the military, which shares the economists' goal of bringing efficiency to instable areas of interest for US and allied enterprise. The American objective, as reported by the BBC,[38] has been to privatize the Iraqi oil industry through a sell-off to US companies. Indeed, soon after the invasion, the management of the energy industry was transferred to Philip Carroll, the former Chief Executive of Shell Oil USA, which is a tax-paying company in America. Baghdad itself was left to plunderers.[39] The work in Iraq raised high expectations. (Stockmanand and Cambanis 8 June 2004). *The Economist* (25 September 2003) expressed enthusiasm for the business opportunities that the new government intends to make available to the efficient.

Powerful as it is, liberal theory has complications of its own. For example, primitives might serve progress, despite their backwardness. For example, in late 1997, Taliban officials visited the US State Department and UNOCAL, an American-owned oil company.[40] In exchange for American recognition of the Taliban as the legitimate rulers of Afghanistan, Taliban representatives were interested in negotiating the conditions of a planned gas pipeline from Turkmenistan through their country. However, in August 1998, Clinton ordered a cruise missile-attack on their homeland as retaliation for the bombing of US embassies in East Africa. From that moment, the Taliban

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Minister of Defense Lavon wanted to discredit Nasser, who had just come to power; Israeli agents are reported to have set off bombs at American libraries in Alexandria and Cairo, to implicate Egypt in the attack. The US has a history of using casus belli of its own invention (Kinzer 2006). In the famous Blair memo, Bush is reported to have suggested to co-conspirator Blair to send a U.N. surveillance plane, painted in white with U.N. symbols, over Iraq, expecting Saddam Hussein's gunners would shoot it down.

[37] "The concept of 'free trade' arose as a moral principle even before it became a pillar of economics," declared President Bush (2002) in The National Security Strategy of the United States, September 2002.

[38] Palast, G. 17 March 2005. "Secret US Plans for Iraq's Oil," available at http://news.bbc.co.uk/1/hi/programmes/newsnight/4354269.stm.

[39] In May 1941, after the UK had put what it thought to be a puppet on the throne, Churchill ordered another invasion of Iraq to pre-empt German support of a cleric who had mobilized people against the presence of the RAF and British economic privileges in the country. During the invasion, the British army left the city to plunderers.

[40] "Timeline of competition between UNOCAL and BRIDAS for Afghanistan Pipeline, http://www.worldpress.org/specials/pp/pipeline_timeline.htm.

turned into enemies of freedom. General Mattis, who trained American troops for a civilizing mission in Afghanistan, urged his soldiers to enjoy hunting down men so spineless that they compel females to wear the veil.[41] He seems to share with President Bush (Jackson 22 July 2005: 7) the notion that these people are sub-human.

Liberal practice thus is rather flexible in classifying people and situations. The case of Ba'th rule in Iraq is another example of liberal flexibility. In February 1963, the US intervened in Iraq when Qassem wanted to nationalize the oil industry, and supported the coup that brought the Ba'th to power. After the coup, the Ba'thists did what was expected of them: they killed "communists," which included all those who opposed the new regime, some liberals and religious people among them. Coup leaders revealed that the US supplied names of people it wanted liquidated and napalm bombs to exterminate opponents of progress in Kurdistan (Desprat and Lando 2004: 1, 12). But liberal flexibility had not yet reached its limit. In December 1983 and March 1984, the now Secretary of Defense Rumsfeld visited Iraq one month after Saddam Hussein, following Churchill's example, had resorted to using poison gas against Iran. Former Ambassador Peter Galbraith reports that Rumsfeld did not discuss the matter with Hussein, raising instead his project of building an oil pipeline through Jordan. As an apparent reward for proper conduct, Hussein became the third-most significant recipient of US assistance and received battlefield intelligence against Iran. When Hussein used gas against the Kurds, American diplomats are reported to have been instructed to accuse the Iranians of using gas. The following year, President George H.W. Bush doubled credits for loans to Iraq. One week before Hussein invaded Kuwait, the Bush Administration "vociferously opposed legislation that would have conditioned American assistance on a commitment not to use chemical weapons and to stop the genocide against Kurds. In 2003, Cheney, Powell and Rumsfeld all cited Saddam's use of chemical weapons 15 years before as a rationale for war" (Galbraith, 31 August 2006).[42] We wonder whether the mid-eighteenth century imposition of the law of nature as the law of nations was reborn to welcome the new, post-Cold War age of hot war. Writes Vattel in his *Le Droit de Gens*, savages ought to be "extirpated" as "pernicious beasts."[43]

If we equate "state-owned oil stocks" with "uncultivated land," and "savage tribes" with Iranians under Mosaddeq, Iraqis in the 1920s and under

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[41] "US General says it is fun to shoot some people," CNN Home Page, available at http://www.cnn.com/2005/US/02/03/general.shoot/.

[42] These facts were well known at the time of the build-up to the US led invasion.

[43] Chapter VII, "Of the cultivation of the soil." The book is available on the website of the Constitution Society at http://www.constitution.org/vattel/vattel_01.htm.

Saddam Hussein (and perhaps Russians under Putin), we find that liberal theory explains better than its realist counterpart the post-Cold War foreign policy of America and its allies. However, liberal practice is so complicated that some in America are now beginning to question the wisdom of having put Saddam Hussein behind bars.

Liberal theorists have not solved the puzzle of how individual interests become aggregated into the liberal national interest. Do "liberal," "democratic" elections aggregate domestic interests into the liberal national interest? What other processes might be involved in aggregating, and sometimes conflicting with, interests of rational self-centered individuals into one straightforward "national interest"? International relations might be "driven" by the interests of liberal individuals. Liberal foreign policy is "made" at the elite level and "implemented" in complex policy-networks. Government leaders have their own agenda, which is decided by elites, not parliaments. Governments heavily invest in shaping public opinion.[44] The flow of influence from a democratic government on what voters consider to be their interests raises the question of how rational liberal voters "arrive" at the definition of "their" interests.

Going Beyond Neo-Realist and Liberal Theory: Sequential Industrialization; Foreign Policy Role and American Power Projection in the Greater Middle East

In this section, we introduce four concepts from frameworks of thought about international relations from outside liberal and neo-realist theory. The concepts are: (1) sequential industrialization; (2) power projection; (3) leadership and elite; (4) foreign policy role-construct. I explore below the potential of these concepts to contribute to answering the substantive questions posed in the introduction to this chapter.

Sequential industrialization—Sequential industrialization is doing more than liberating man from nature. This process unleashes an "inter-societal struggle" to remain ahead or to close the productivity-power gap with the forerunner. This form of compulsion we call "liberal-realism." In liberal-realism, progress is not just a boon for mankind. Relative freedom from nature for some brings bondage to power of all to the economic and technological stronger unit. To close the technology-wealth-power-gap with

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[44] Initially the vast majority of Americans believed that Saddam Hussein was involved in the 9/11 attacks. The only source of that information was the US government, though some of its members were aware that such a connection did not exist before the US invaded Iraq.

the forerunner is therefore a society's strategy for survival.[45] Inter-societal competition extends the realist power-security agenda from state organization to threats of peripheralization, to competition for fixed-stock input resources, and to ecological risk-taking, or worse. One of the new features of liberal realism is the expanding territorial outreach of foreign policy projects. Britain amassed the largest colonial empire during the nineteenth and mid-twentieth centuries (Midlarsky 1988: table 4.2, 76). In the last decades of the eighteenth century, Britain took the lead in factory-organized manufacturing of textiles, including military uniforms, and warships and other weapons, such as the Maxim gun. As conquerors and settlers between 1816 and World War II, the British killed an unknown number of people overseas who did not pose a threat to the realist national interests of the British Isles. For example, in a single day of the Battle of Omandurman, Kitchener's troops, equipped with the Maxim gun, slaughtered 11,000 "dervishes" and wounded another 16,000—indeed, "a good dusting," as the commander described it. At home, one could hear the popular song "We have got the Maxim gun, and they have not."[46]

How could those on the receiving end bring these practices to an end? By closing the power-wealth gap through industrialization. Commenting in 1949 on the new China, Mao Zedong remarked that "The Chinese have always been a great courageous and industrious nation; it is only in modern times that they have fallen behind. And that was entirely due to oppression and exploitation by foreign imperialism and domestically reactionary governments. Ours will no longer be a nation subject to insult and humiliation. We have stood up." Mao Zedong was not alone in his diagnosis that only through rapid industrialization could China expel foreign invaders. Other party members shared that opinion (Qing 1999).

In the last 20 years, China has increased output faster than the world average. The country therefore controls an increasing share of world gross domestic product (GDP). In liberal realism, growth in wealth and in power of a country through industrialization is correlated with external dependence for inputs. Since 1993, China has been an oil-importer. For land-based powers as China, India, and Russia, and Caspian oil suppliers, energy transport through pipelines is more appropriate than maritime transport.

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[45] For a systematic study of the role of power in socio-economic evolution, see Schmookler, B. 1984 *The Parable of the Tribes: The Problem of Power in Social Evolution*, Boston: Houghton Mifflin; Rueschemeyer, D. 1986 *Power and the Division of Labor*, Stanford: Stanford University Press, in particular chapter 3 on the role of power and efficiency in causing the division of labor.

[46] The nuclear weapon seems today's Maxim gun.

The same observation applies to the US in his address at the Johns Hopkins School of Advanced International Studies on 21 July 1997, Deputy Secretary of State Strobe Talbot argued that the US had a "profound interest" in the area of Central Eurasia "that sits on as much as 200 billion barrels of oil. That is yet another reason why conflict resolution must be Job One for US policy in the region. Conflict resolution is the "prerequisite for and an accompaniment to energy development." He referred to the far-sighted view of Wolfowitz to dispatch Defense Attaches as soon as possible to the Caspian region.[47] The leaderships of France, Germany, and Russia have a non-war option. It consists of creating out of the dispersed industries in the EU, Russia, and East Asia a single industrial system around the energy resources of Russia, the Middle East and CEA. That process is well underway, in particular between Russia and Germany, whose industrial economy is extending eastwards. At the same time, Japan, Taiwan, and Korea are expanding economically into the Russian Far East and the PRC. Integrating the Eurasian economies into a single industrial energy complex by linking its spatially spread components by road and rail and by connecting these to the energy sources of Russia, CEA, and West Asia through pipelines would unify the Eurasian landmass, which is a nightmare for the US. Its government aims to be in the controlling military position in the energy heartland of the industrializing world economy. In liberal realism the US military intervention in Iraq, and beyond into West-Asia and CEA, is likely to be the opening salvo in a struggle between Eurasian industrialized countries and overseas America for control over energy supplies to the industrial economies of Eurasia.

Until today, the Middle East and North Africa have not succeeded in replicating the economic success of countries in East Asia. In Japan, the *Angry Young Men* pushed the shogun out of office when he tried to save his neck by making concessions to invaders. In the GME, the expressive function of the *Angry Young Men* is taken up by Muslim rage. Despite having the world's greatest energy exporters and high oil prices, in 2003 the Arab region's share of world population was almost twice its share of world GDP. While this is not an appropriate place to study regional development attempts to catch-up, we can refer to the effort to industrialize and to the time-interrupted nature of that process in two of its most populous countries, Egypt (Goldsmith 2002: chs. 11 and 12) and Iran.[48] The failure of state-led

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[47] Quoted from his statement "A Farewell to Flashman: American Policy in the Caucasus and Central Asia," available at http://www.treemedia.com/cfrlibrary/library/policy/talbott.html.

[48] For Iran, in addition to Goldsmith, see the major study of Amineh, M.P. 1999 *Die globale kapitalistische Expansion und Iran. Eine Studie der iranischen politischen Ökonomie, 1500–1980*.

industrialization to close the productivity-power gap with Europe and the US explains the region's "vulnerability" to foreign intervention.

Power projection—In neo-realism, major powers prefer to avoid high levels of economic interdependence that compromise state autonomy (Waltz 1979: 106).[49] Instead, major state actors try to make others dependent upon them. The capability to interdict market supplies of energy to competitors is a source of power familiar to Anglo-Saxon naval history, with devastating impacts on the civilian population, first in Germany after World War I and more recently in Iraq (International Herald Tribune 13 August 1999). Mueller and Mueller argue that in the post-Cold War economic boycotts have been another weapon of mass destruction (Mueller and Mueller 1999). America's naval ships, of course, do not traverse land, but bombing pipelines will induce nuclear states to retaliate against the US homeland.

Major industrial powers accept import dependence for essential supplies in order to maintain the functioning of domestic society and the elite's position in it. This requires a policy we call "power projection." The concept refers to the expansion of military borders beyond the state's legal territory. Power projectors weigh decisions of war and peace at the state's "military" border.

Power projection thus connects domestic society/economy/polity to the external world. Power projection activity of state actors has therefore to be specified by the "dimensions of control" sought beyond borders. In the realist and neo-realist cases, power projection activity originates in inter-state competition for strategic advantage, which the US achieved during World War II and the Cold War by creating a military border around Eurasia. At the end of World War II, the US demonstrated its ability and willingness to destroy a city with a single bomb. To prevent others from replicating that performance in the Western hemisphere, it made sense for the US to shift its military border as far away as possible from legal American territory as intercontinental bombers and missiles had not yet been invented. At that time the US domestic economy was fueled by domestic energy

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Hamburg: Lit Verlag; post-war economic development of the region is surveyed in Richards, A. and Waterbury, J. 1998 *The Political Economy of the Middle East*, second edition. Boulder: Westview Press. Current information is available in Arab Human Development Reports of the UNDP, http://www.undp.org.

[49] For essentially the same argument, see Mearsheimer, J. 1992 "Disorder Restored," in G.T. Allison and G.F. Treverton (eds.), *Rethinking America's Security*. New York: Norton, 223; Gilpin, R. 1977 "Economic Interdependence and National Security in Historical Perspective," in K. Knorr and F.N. Trager (eds.), *Economic Issues and National Security*. Lawrence: Allen, 19–66.

sources. However, post-war American power projection was also inspired by the domestic chaos of the Great Depression. In Roosevelt's New Deal, the state had to rebuild the capitalist system, curtailing the freedom of the corporate elite and its power over labor through state legislation. In 1944 Secretary of State Dean Acheson argued in his speech to Congress about war objectives that domestic freedoms would not survive a repetition of the crisis of the 1930s. Under liberal realism, power projection activity by major powers with industrial economies seeks to reshape states and societies beyond borders in order to safeguard the continued functioning of the domestic society, economy, and elite structure. What is at issue in American power projection is therefore "to foster a world environment in which the American system can survive and flourish" (*National Security Document-68* April 1950), which avoids domestic constraints on its elite actors in economy and state. The domestic dimension of American power projection is recognized in the *National Security Document-68*, which underscores the change from containment policy by economic means to containment by superior military power. The document's authors consider containing Soviet power to be the strategy's negative aspect; the policy should also "foster a world environment in which the American system can survive and flourish." Its authors saw both objectives as "interrelated" yet "distinct," which is indeed correct.

The post-cold war grand project of power projection underway in the GME has to take into account domestic and international variables. In the 1920s American society began to spatially restructure itself around the automobile. In 1908, Ford produced the first Model T; in 1927 15.5 million were produced on the assembly line. In 1945, 26 million cars were in service on US legal territory; by 1950 that number had increased to 40 million. In 1999 alone, 9.3 million new passenger cars hit America's roads. Mass production and use of household appliances put household organization on an energy-intensive path. After World War II America, urbanized, whose south-western part expanded into the desert.[50] Air-conditioned cities thrive on fossil fuel, some of whose wealthy inhabitants drive air-conditioned Sport Utility Vehicles. But US domestic oil production peaked in 1970. American society cannot function without affordable and secure daily supplies of fossil energy from stocks on territories outside its formal jurisdiction. Without access to fossil fuel beyond its legal borders, households, government, and enterprises would come to a standstill. Without having control over its price, US power and wealth would be held hostage to decisions made by foreigners. In today's unipolar military order, the US

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[50] Carter's energy legislation was indeed not helpful for his re-election.

is creating a new military corridor. It extends across Southern Europe, the Black Sea and Caucasus to CEA and the GME. It ends in the border region between China, Kazakhstan, Kyrgyzstan, and Tajikistan. In his speech to the 15th World Energy Congress in Madrid in 1992, James Schlesinger summarized the lesson the leadership learned from its success in the Gulf War: "[…] it's a lot easier and a hell of a lot more fun to kick ass in the Middle East than it is to make any sacrifices to limit America's dependency on imported crude" (Sarkis May 2006: 4). Under the conditions of fossil fuel-driven sequential industrialization, major power elite survival in domestic society depends on maintaining the upper hand in rival state power projection. Such is the price of liberal progress, which is demonstrated by the role of energy access in both world wars.

Leadership, elite, and mass public—In liberal realism, political leadership is a simultaneous actor in domestic society and international politics. However, political leaders have to give priority to domestic coalition-making among those who matter in political decision-making. To be elected or reelected into office, foreign policy objectives have to satisfy the interests of those who matter in domestic politics, though without losing mass support. Bruce Bueno de Mesquita rightly sees foreign policy decisions aimed at enhancing the welfare of "core constituents" in domestic society. In liberal major power decision-making, domestic consequences of foreign policy carry greater weight than consequences abroad (de Mesquita 2000: 2ff).

In electoral democracies, the public has the periodic power to remove a political leadership from office. Foreign policy leaders depend on elite satisfaction and are in need of votes. Elite support is bought against non-electoral elite influence on foreign policy programs. It has been reported in US major news papers that oil companies in the US write Bush's energy and environmental programs and helped to finance his election campaign. In the case of war-devastated Iraq construction companies are reported have made generous contributions to the President's reelection (Becker 18 March 2003).

FOREIGN POLICY-ROLE CONSTRUCTS IN FOREIGN POLICY PROJECTS

Foreign policy role constructs concern leadership ideas about how domestic society, economy, and state relate to the international system. The constructivist approach involves the causal beliefs of political leaders on how to bring about a desired relationship. Under constructivism, a leadership's causal policy ideas become causes of foreign policy action. On November 6, 2003, in a statement on reforming the Middle East, President Bush referred to the low appreciation of "sophisticated European intellectuals"

for President Reagan, a remark followed by a burst of applause by his audience. He promised to follow his predecessor by launching a new "forward strategy of freedom in the Middle East." According to President Bush, this strategy "requires the same persistence and energy and idealism we have shown before. And it will yield the same results. As in Europe, as in Asia, as in every region of the world, the advance of freedom leads to peace. [Applause.] The advance of freedom is the calling of our time; it is the calling of our country. From the Fourteen Points to the Four Freedoms, to the Speech at Westminster, America has put our power at the service of principle. We believe that liberty is the design of nature; we believe that liberty is the direction of history. We believe that human fulfillment and excellence come in the responsible exercise of liberty. And we believe that freedom—the freedom we prize—is not for us alone, it is the right and the capacity of all mankind [Applause]."[51]

The President's remarks are the expression of the "foreign policy role-concept" of post-Cold War America. Regarding the means to accomplish this transformation, the President commented in his "Mission Accomplished" statement that his country has "the greater power to free a nation by breaking a dangerous and aggressive regime. With new tactics and precision weapons, we can achieve military objectives without directing violence against civilians." Rumsfeld, his war secretary,[52] was confident that the US would do the job and do it fast. Max Boot, Olin Senior Fellow at the Council on Foreign Relations and an activist-commentator, compared American generals to Hitler's young and energetic Panzer unit commanders and told readers of Foreign Affairs[53] that US commanders in Iraq did the better job.

President Bush goes beyond liberalism and realism as he argues that the effort is a "sacrifice" we make "for the liberty of strangers"; it is "not America's gift to the world, but God's gift to humanity" (Didion 2003: 83). America's behavior towards its sole ally in the region, Israel, defies realist prescriptions. We agree on that point with Mearsheimer and Walt (2006) that US foreign policy towards Israel damages America's realist-defined regional interests and maybe those of the state of Israel itself. However, we consider con-

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[51] "Remarks by the President at the 20th Anniversary of the National Endowment for Democracy, United States Chamber of Commerce Washington, D.C.," available at http://www.whitehouse.gov/news/releases/2003/11/20031106–2.html.

[52] Secretary of Defense Donald Rumsfeld, Remarks at National Press Club Luncheon, 10 September 2003, available at http://www.defenselink.mil/transcripts/2003/tr20030910–secdef0661.html.

[53] Available at http://www.foreignaffairs.org/20030701faessay15404–p10/max-boot/the-new-american-way-of-war.html.

structivism to be an addition to their pressure-group hypothesis. America's religiously influenced political culture has in post-world war-II created a holocaust subculture, expressed by evangelical Christian-Zionist support for Israeli policy regarding the Palestinians. Expulsionist leaders in Israel are at the heart of Israeli state-building. Benny Morris, a revisionist historian, refers to the US as a source of inspiration. Taking a consequentialist route in political morality, he argues, "Even the great American democracy could not have been created without the annihilation of the Indians. There are cases in which the overall, final good justifies harsh and cruel acts that are committed in the course of history."[54] The problem with that stance is that under current and foreseeable power relations, his fellow Israelis, even with American or Western support, will be unable to exterminate their primitives. The latter may get support from regional allies, some of whom may be strong enough to retaliate in kind. We therefore do not anticipate a day on which an Israeli President tells his citizens what Theodore Roosevelt told his fellow Americans at the beginning of the twentieth century: "I do not go so far as to think that the only good Indians are dead Indians, but I believe nine out of ten are, and I shouldn't inquire too closely the case of the tenth" (cited in Dower 1986: 151). The President saw a risk for the civilized to become too civilized regarding primitives: "Over-sentimentality, over softness are the great dangers of this age and of this people. Unless we keep the barbarian virtues, gaining the civilized ones will be of little avail" (Roosevelt cited in Jacobson 2000). Today this debate continues in America. Podhoretz, a policy intellectual close to President Bush, wonders whether it would have been better for the US, upon arrival in Iraq, to have killed all Sunni males between 15 and 35 years of age. He suggests that the US failure in Iraq is caused by softness and throws up the idea that "a really cold-eyed pursuit" of national interests would have rendered a better result, referring to the bombing of Dresden and Hiroshima as instructive examples (Podhoretz 2006). The extermination policy of Nazi Germany has allowed Israeli statehood a security exceptionalism (Meron 1999) in the minds of most of its citizens. For Palestinians, their problem was imported from a Western world whose leaders remained silent when the initial crime was committed and whose successors lecture them about the virtues of tolerance and peace.

We consider "foreign policy-role concepts" as the work of *practical* reason, that is, as *constructions of the mind*. Practical reason creates causal policy beliefs about how to establish the desired connection between domestic society,

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[54] Cited from an interview with A. Shavit, "Survival of the Fittest?" History News Network Mason University, available at: http://hnn.us/articles/3166.html.

state, and economy on the one hand and the international system on the other hand. *Causal* reason considers the impact of a leader's foreign policy-role concepts on foreign policy choices and interactions. Foreign policy interactions have outcomes that feed back into the international system. Accordingly, leaders' foreign policy-role concepts are not fully determined by the power structure of the international system, nor by elite or the leadership's domestic interests. One can see the impact of constructions of the mind on the behavior of people who use their bodies as weapons against invaders, and on the foreign policy choices of American and allied governments in the GME.

III. Connecting Central Eurasia to the Middle East in American Foreign Policy towards Afghanistan and Pakistan: 1979–Present

Simon Bromley

ABSTRACT

During the Cold War, United States (US) policies towards the Middle East and towards Afghanistan and Pakistan were largely unrelated. India's non-alignment and relations with the Soviet Union were reasons for close US-Pakistani relations, but the Chinese success in the war with India in 1962 also highlighted the importance to the West of India's position. The year 1979 marked a major turning point in US foreign policy towards the Middle East and Central Eurasia (CEA) because of the two events that were to shape so much of politics and geopolitics in those regions as well as in the wider international system: the Iranian revolution in February and the Soviet invasion of Afghanistan in December. Taken together, these developments posed a major challenge to US strategy towards the Soviet Union, to the wider Middle East and to relations with China, Pakistan, and India. After the Soviet withdrawal from Afghanistan during 1988/89, the US lost interest in Afghanistan and followed the policies of Pakistan for most of the 1990s. Then came 9/11 and President Musharraf took the historic decision to break with the Taliban. In March 2003, the US began its second war against Iraq. Whatever the rationale for the conflict, the outcome has been to turn the future of Iraq into a key fault-line of geopolitics in the Greater Middle East. Now, with the instability following the collapse of the Soviet Empire in CEA, the defeat of the Taliban and the ongoing future of Iraq, the US faces what the Department of Defense describes as an "arc of instability" running from the Middle East through CEA to Northeast Asia. This is the region that lies at the centre of planning for the "long war" announced in the Pentagon's 2006 quadrennial review.

INTRODUCTION

During the Cold War, United States (US) policies towards the Middle East and towards Afghanistan and Pakistan were largely unrelated. India's non-alignment and relations with the Soviet Union were reasons for close US-Pakistani relations and in the 1960s the first U-2 spying missions over the Soviet Union had flown from bases in Peshawar. Still, the Chinese success in the war with India in 1962 highlighted the importance to the West of India's position. And in the 1970s, while Kissinger did use Pakistani intermediaries as part of the opening to China, US-Pakistani relations deteriorated as a result of Pakistan's nuclear program. Prior to 1979, then, US-Pakistani relations were at a low ebb and US interests and involvement in Afghanistan were minimal.

Although it is always risky to single out any particular date as a genuine turning point in international affairs, 1979 did mark a major juncture in US foreign policy towards the Greater Middle East (GME) because of four events which were to shape so much of politics and geopolitics in those regions as well as in the wider international system: (1) the Iranian Revolution in February; (2) the Egyptian-Israeli peace treaty of March; (3) Saddam Hussein's purge of the Ba'th party in Iraq in July; (4) and the Soviet invasion of Afghanistan in December (Halliday 2005: 7). Apart from the rapprochement between Egypt and Israel, all of these developments posed a major challenge to US strategy towards the Soviet Union, to the wider Middle East and to relations with China, Pakistan and India. The Iranian revolution represented the loss of a key regional ally as well as listening stations directed at the Soviet Union that were soon relocated to Pakistan; the radical turn in Saddam's Iraq, alongside the Iranian revolution, would play a key role in the onset of the Iran-Iraq war; and Afghanistan became the cock-pit of an attempt to confront and weaken the Soviet empire, thereby further increasing Pakistan's importance as a key regional ally.

After the Soviet withdrawal from Afghanistan during 1988/89, and especially after Gorbachev cut off support to the Najibullah regime in Kabul (1 January 1992), the US lost interest in Afghanistan and followed the policies of Pakistan for most of the 1990s. From 1994–96 Pakistan's policies towards Afghanistan centered around support for the Taliban. US-Pakistani relations again deteriorated towards the end of the 1990s: India and Pakistan both tested nuclear weapons in 1998 and, after Musharraf's military coup of October 1999, by 2000 President Clinton was publicly lecturing Pakistan's people to the effect that their unelected leader's policies on Kashmir and nuclear weapons were making Pakistan "even more isolated, draining more resources away from the needs of the people, moving even closer to a conflict [with India] no one can win" (cited in Usher 2006).

Then came 9/11. In response, President George W. Bush declared that: "We will make no distinction between those who planned these acts and those who harbor them."[1] US Secretary of State Colin Powell argued forcefully that it was time to make Pakistan and Afghanistan choose, and President Musharraf took the historic decision to break with the Taliban. The Northern Alliance's drive against the Taliban, supported by CIA officers and US Special Forces, followed immediately and President Hamid Karzai took the oath of office in Kabul on 22 December 2001.

In March 2003, the US began its second war against Iraq. Ostensibly launched to disarm Saddam Hussein of weapons of mass destruction (WMD), the real motives were various. Perhaps it was an attempt to assert and demonstrate US military power in the wake of al-Qaeda attacks and, in particular, in the context of incipient rivalries over Middle East oil among the major powers; perhaps it was an attempt to deal with America's difficulties in fashioning a cooperative order in the Middle East and to overturn the dual containment of Iraq and Iran by bringing a US version of *la mission civilatrice* to the region; or perhaps it was just that the military option seemed simpler and quicker than continuing with the sanctions regime directed against Baghdad and all that it entail. Whatever the rationales, the outcome has been far from what was intended. The conduct of the war and the badly mismanaged occupation, the complex nature of the insurgency and the difficulties involved in fashioning a post-Ba'thist state have all combined to turn the future of Iraq into a key fault-line of geopolitics in the Middle East and the wider Muslim world.

Now, with the instability following the collapse of the Soviet empire in Central Eurasia (CEA), the defeat of the Taliban and the ongoing future of Iraq, the US faces what the Department of Defense describes as an "arc of instability" running from the Middle East through CEA to Northeast Asia. This is the region that lies at the center of planning for the "long war" announced in the Pentagon's 2006 quadrennial review. It is a region in which, as a recent paper for the Strategic Studies Institute of the US Army War College by Elizabeth Wishnick notes, American policy aims at: "preventing the hostile domination of key areas and preserving a stable balance of power; maintaining access to key markets and strategic resources; addressing threats from territories of weak states and ungoverned areas; preventing the diffusion of weapons to non-state actors; sustaining coalitions; and preparing to intervene rapidly in unexpected crises" (2004: 6).

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[1] George W. Bush during the address to the nation on the evening of 9/11.

In what follows, I will first review US policy towards the Middle East, including the role of US policies towards international oil. Then I will outline American involvement in Afghanistan after 1979 and the relations this created with Pakistan until the Soviet withdrawal in 1988/89. Next I turn to the rise of al-Qaeda in the context of the wider social and political crises in West Asia before concluding with some suggestions as to what this implies for US strategy towards Pakistan and Afghanistan.

THE UNITED STATES AND THE MIDDLE EAST

After the US aligned itself in the Arab world with the conservative, monarchical states—Saudi Arabia and Jordan—and against the nationalist regimes—Syria, Egypt, and Iraq—and after the British withdrawal from "East of Suez" between 1967 and 1971, America established a form of indirect control over the Middle East and its oil that replaced British suzerainty. "Britain's role as the manager of Gulf security," says Avi Shlaim, "had had three aspects: insulating the region from penetration by other great powers, preventing interstate conflicts such as those between Iraq and Kuwait, and helping local rulers foil military coups and combat subversion. The secret of Britain's success lay in keeping a low profile and a small military presence and, above all, in limiting the supply of arms" (1995: 36).

The US continued this policy with the crucial difference that it promoted, rather than limited, the supply of arms to regional allies. This policy built on the earlier inroads made in Saudi Arabia after 1945 and in Iran following the coup against Mosaddeq in 1953. But it represented a military response to the political and geopolitical "failure" to craft a regional anti-Soviet alliance (something the US attempted periodically from the days of the Baghdad Pact in 1955 to the efforts of the Carter Administration in the early 1980s following the Soviet invasion of Afghanistan and the Iranian revolution). This was the period when the major Western oil companies controlled production decisions, and when US strategy for the Gulf rested on the "twin pillar" policy of support for Iran and Saudi Arabia. It was the system of control that played a central role in providing a key material basis of US hegemony during the long phase of rapid, catch-up growth among the leading capitalist economies (see Bromley 1991). And it was overthrown by the Organization of Petroleum Exporting Countries (OPEC)-related events of the two oil shocks (1973/4 and 1979) and the Iranian revolution, and the Soviet invasion of Afghanistan (1979).

Two decades of unrelenting crisis followed—the 1973/4 price rise and the (temporary) Arab "embargo" in response to the 1973 Arab-Israeli war; the post-OPEC nationalization of control over oil production decisions in the key Middle East and, especially, Gulf states; the communist accession to power in Afghanistan, the subsequent civil war, Soviet invasion and resis-

tance of the Mujahedin; and, of course, the Iranian revolution, followed very quickly by further major increases in the price of oil and the outbreak of the Iran-Iraq war of 1980–88; the Israeli invasion of Lebanon in 1982 at the same time as decisive Iranian counter-attacks against Iraq; the Soviet withdrawal from Afghanistan in 1988/89 and subsequent continuation of the civil war; Iraq's invasion of Kuwait in 1990 and the subsequent first US-led war against Iraq of 1991; the rise of the Taliban 1994–96; and Musharraf's coup in 1999.

However, despite these setbacks, the US was able to fashion a new form of influence in the 1980s based on an increasingly close alliance with Saudi Arabia (and the Gulf states). The key elements of the new form of influence were as follows: in the first place, while US oil imports (including from the Middle East) were rising, the US was much less dependent on Middle East oil than Western Europe and Japan. European states pursued national, rather than EU-wide, policies towards the region that could not match US efforts, and Japan had virtually no influence. The Soviet position was increasingly precarious both in the politics and geopolitics of the region as a whole and in relation to the region's oil; and large developing countries, such as China and India, were not yet significantly involved in a competitive search for energy resources. Next, although the Iranian revolution, alongside the formation of a communist government in Afghanistan in 1978 and the subsequent Soviet invasion of 1979, were major blows to US power in the region, the mutual ruin of the contending parties in the Iran-Iraq War (1980–88) nullified this loss somewhat, as did a growing involvement of Pakistan in regional security. And finally, Saudi Arabia and the Gulf states, in effect, exchanged military security for cooperation on pricing and production decisions in OPEC, thereby reconciling their economic interests with those of the oil majors and the major consuming countries (Bromley 1991).[2]

The creation of the Rapid Deployment Force (RDF) in 1977 and the promulgation of the Carter Doctrine (1980)—that is, to resist any attempt by a hostile power or powers to control the Gulf, if necessary by force—was one key statement of this new dispensation. The first US-led war against Iraq (to reverse the invasion and occupation of Kuwait, 1990–91) was a direct application of the Doctrine, given the actions of Saddam Hussein's regime and the potential threat posed to the control of Kuwaiti and Saudi oil. Notwithstanding US victory in that war and the generally benign

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[2] The social and political structure of the Saudi state precluded the development of large-scale domestic armed forces, for fear of creating a source of *coup d'etat* against the ruling family, while the smaller Gulf states saw the role of the US as protection against their larger neighbors—Iran and Iraq, of course, but also Saudi Arabia.

movements in the oil market during the 1990s (that is, security of supply and declining real oil prices), there were, however, a number of problems associated with this new form of control that became progressively harder to handle.

Moreover, by the 1990s, two further changes had massively altered the geopolitical landscape and the economic issues at stake. Geopolitically, the Cold War had ended with the dissolution of the communist systems: the US and its ideology of an increasingly open international capitalist order stood at the centre-stage of world development, unchecked by any organized bloc of state power. Elevation to the status of sole military superpower and the enfeeblement of the "radical" Arab regimes in Iraq and Syria, as well as the involution of the Iranian revolution, allowed the US directly to deploy military force to the region on an unparalleled scale. Equally, the steady (if slow) ascendancy of markets and private property across the Middle East, as the protection afforded to statist, protected models of development by oil rents receded, worked in America's favor. Economically, however, the US now had neither the preponderant resources, nor the political incentives, to offer concessions to its allies. In the longer-term, the US faced the prospect of future geopolitical competition from China and India and perhaps from a resurgent Russia.

Specifically, the US will increasingly need to source oil imports from the Middle East (and elsewhere) for its domestic market just like the Europeans and the Japanese. Over time, China and India (and other Asian states) can be expected to draw on world market supplies in increasing quantities. Given that America will increasingly be compelled to source its domestic needs from the rest of the world's oil, how can oil continue to function as a form of material redistribution for its allies? Does the end of the Cold War imply that former allies (as well as continuing adversaries—Russia, China) will now become just competitors and, therefore, that mutually advantageous forms of coordination will be increasingly difficult to engineer. What form of international oil industry, if any, might meet these new demands, and what might be the role of the US in structuring this new international oil industry?

The reconsolidated strategy developed in the 1980s and 1990s was based, geopolitically and economically, on the stability of the Washington-Riyadh axis, the "dual containment" of Iran and Iraq and the effective exclusion from the region's geopolitics of other outside powers such as Russia, China, India, and the European Union (EU). But in truth this was little better than crisis management and a very high-risk strategy. It relied on Saudi Arabia and Pakistan as key regional allies; it had little support in Europe (even the closest ally, the UK, did not support the position towards Iran); it was actively opposed by Russia and China and then India; and it provoked opposition in the wider Arab and Muslim world. In brief summary, (1) US needs for

oil imports were growing, such that by 2020 as much as two-thirds of US oil consumption might need to be imported; (2) OPEC-power was bound to increase, given the absence of a major shift away from oil in the major consuming regions, in a context where the big growth in world oil demand was most likely to be Asia, especially in China and India; (3) US strategy depended on the Washington-Riyadh axis holding, on the continuation of the dual containment of Iran and Iraq and the exclusion of other outside powers from the region's geopolitics; (4) the US already faced opposition to its policies from the EU and Japan, especially regarding dual containment; (5) Russia, China, and India actively opposed the policy and this opposition was bound to increase. India was particularly annoyed by the fact that US policy after the events of 1979—that is, in Iran and Afghanistan—had given Pakistan a much greater role in the region. Russia was seeking to rebuild its influence in the region after the Soviet collapse, directly frustrating US policy towards Iraq and Iran. China was beginning to follow Russia's line in its own ways. In addition, the policy of relying on a combination of the dual containment of Iran and Iraq and friendly relations with Saudi Arabia to stabilize the oil market was at odds with other elements of US international oil policy and its wider geopolitical interests.

Since the OPEC nationalizations of the 1970s, US policy towards the international oil industry outside America rested on a combination of support for its companies as the producers and distributors traded oil and cooperative relations with swing producers—especially Saudi Arabia—to stabilize international markets. As Edward Porter (2000) has noted, this strategy "to ensure development of necessary capacity" has "served well to diversify as well as expand supply sources. This diversification consisted of both a growing non-OPEC market share (during periods of high price) and increasing intra-OPEC competition (during periods of lower price), both of which were promoted by a trade and investment strategy" (Porter 2001: 7). At the same time, successive administrations have developed the Strategic Petroleum Reserve as a hedge against extreme disruptions to the market. To this end, policy has emphasized encouraging non-OPEC production by securing bilateral investment treaties, pressing for reforms of legal and administrative systems relating to property rights and contracts, and the channeling of executive agency resources to favored projects (through institutions such as the Overseas Private Investment Corporation, the Export-Import Bank, the Trade Development Agency and the US Agency for International Development).

The security of supplies from the Gulf has been a longstanding source of concern for US geopolitics in the Middle East. After the fall of the Soviet Union and the collapse of the communist empire, a new set of security concerns emerged around the pipeline politics of CEA. In this new area of

development, the aim has been to detach these resources, and the routes by which they reach international markets, from Russian monopoly control and to prevent any assertion of Iranian influence that would further increase the role of the Gulf as a conduit for the world's oil.[3] For these reasons the US, from the second Clinton administration onwards, opposed a proposal to route Kazakhstan's resources through the Russian port of Novorossiysk on the Black Sea as well as a project aimed at linking Turkmenistan, Pakistan and Afghanistan. Instead, the US has successfully persuaded Azerbaijan, Georgia, Kazakhstan, Turkey, and Uzbekistan to support its preferred option of a Baku-Tbilisi-Ceyhan (BTC) pipeline running from Azerbaijan through Georgia to Turkey. This was so despite the involvement of US oil companies—Chevron and Unocal, respectively—in the other proposals and despite the fact that the companies concerned, originally reckoned these proposals to be better commercial prospects than the BTC option. Indeed, the BTC option fitted into a geopolitical strategy that the US had been pursuing in the region since it recognized the states of CEA in 1991. As Elizabeth Wishnick has noted: "Expanding US military engagement with Central Asian states has been viewed as a key mechanism to promote their integration into Western politico-military institutions, encourage civilian control over militaries, and institutionalize cooperative relations with the United States military, while dissuading other regional powers—especially Russia, China, and Iran—from seeking to dominate the region" (2002).

While the US has, of course, pressed for a leading role for American companies in these developments, it has not done so at their behest. Rather, it is more accurate to say that, because of their technological leadership across all stages of the industry and their ready access to sources of finance, US companies are key enablers of US policy in regions of the world oil industry that are technologically backward and capital-poor (Goel 2004). Clearly, this policy received a boost from the events of 9/11. Perhaps because they feared antagonizing the US or perhaps because they wanted a freer hand with their own problems—in Chechnya and with Uighur separatists—Russia and China extended considerable cooperation to the US military operation in Afghanistan. Russia acceded to a temporary US military presence in the region, allowed the use of its airspace, shared intelligence, and supported the Northern Alliance, while China was active in helping to persuade its ally Pakistan to work with the Americans.

Nevertheless, CEA oil (and gas) was never going to be a major alternative to dependence on the Middle East. Against this background, it is important,

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[3] In Russia's energy dominated economy, loss of control over oil and gas pipelines is, in effect, loss of foreign policy leverage.

to note that the policy of sanctions—against Libya, Iran, and Iraq—ran directly counter to the logic of American policy since the 1970s and, even more importantly, was not working. Even the multilateral sanctions against Saddam Hussein were breaking down, such that from 1996 through to the build up to the second US-led war, Iraq was the dominant source in the growth in supply of Gulf oil. In fact, between 1995 and 2001, the supply growth of Libya, Iran, and Iraq was 44.6 percent, while that of OPEC as a whole was only 14.5 percent. More generally, there was a tightening of the oil market and a recognition that projected levels of future demand were significantly higher than current rates of addition to supply. Thus, creating a suitable investment climate for the major oil companies in areas of new and existing reserves became an increasing priority. The Cheney report of 2001 recommended that the US "make energy security a priority of our trade and foreign policy," a recommendation endorsed by President Bush (NEPDG 2001: Chapter 8, 3–4). In effect, that implied, *inter alia*, bringing the sanctioned states in from the cold, since taken together they account for very nearly "one-quarter of total world reserves" (24.5 percent in 2003).

Regime change in Baghdad provided an opportunity to integrate Iraq's oil into international markets and to strengthen the US position in the Gulf order. Saudi Arabian oil reserves are currently around 263 billion barrels (billion bbl), but this figure is up from 165 billion bbl in 1982. Iraq's current reserves are 115 billion bbl (larger than those of the United Arab Emirates [UAE]) despite the fact that its industry has been starved of investment over the period since the 1990/91 war. The US Department of Energy estimated that Iraq's reserves could rise to 220 billion bbl and that another 100 billion bbl may be undiscovered in the western desert. Iraq's oil, then, might provide both a major addition to world reserves and hence a means of reducing Saudi Arabia's central role as the sole effective swing producer.[4]

There is also an important point about the form of any likely reintegration, for it remains the case that Saudi Arabia and the other Gulf states are reluctant to open up their oil sectors to foreign direct investment to equity interests in production. In 2004 and again in 2005, the Saudi oil minister, Ali Naimi, restated the view that Saudi Arabia does not need foreign investors to develop its industry. The debate in Kuwait is ongoing. The large oil companies—that is, ExxonMobil and Chevron-Texaco in the

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[4] Before the war in 2003, it was reported that French, Russian, and Chinese companies had deals with Saddam Hussein's regime involving access to some 120 billion bbl of Iraqi reserves—that is, in excess of the currently declared total. Ahmed Chalabi, the Pentagon's original favorite to head a transitional authority in post-invasion, occupied Iraq, had said that the Iraqi National Congress would not regard itself as bound by these contracts.

US, Royal Dutch-Shell and BP of the Netherlands and Britain respectively, and Total of France—currently produce only some 35 percent of their sales volume and have ownership rights to proven reserves of a mere 4.2 percent of the world total. Nine out of the top ten of the world's oil companies ranked by reserves are wholly state-owned national oil companies. This is the enduring legacy of the OPEC revolution in ownership of reserves and of the fact that most reserves are held by OPEC.

For the US, and its oil companies, reversing this trend would be a first class objective. It would directly address the companies' search to replenish their proven reserves and hence provide a basis for future cash flows and profits. Even more importantly, it would open OPEC reserves to the competitive pressures of international markets, thereby opening the possibility that its levels of output could be determined by market pressures mediated by competition among multinational firms. This would not restore the *status quo ante* the OPEC revolution of the 1970s but it would represent a major break in the political power of the national oil companies in the main producer states. In this context, Michael Renner (2003) concluded that: "If a new regime in Baghdad rolls out the red carpet for the oil multinationals to return, it is possible that a broader wave of denationalization could sweep through the oil industry, reversing the historic changes of the early 1970s." Iran, Saudi Arabia, and the other Gulf states would then be under huge pressure to follow Iraq's lead and allow foreign investment on outsider's terms. Thus far, however, there is precious little evidence that this is happening: Iraq has set up a Supreme Oil and Gas Council and has re-established the Iraqi National Oil Company (see Bromley 2006).

AFGHANISTAN AND PAKISTAN

The "war on terrorism" (now the "long war"), declared by President George W. Bush in the aftermath of the attacks on America of 9/11, is shorthand for a complex set of problems that defy easy summary. Many analysts took issue with the use of the word "war," because the perpetrators of the acts were not states but part of a transnational network, a cellular structure that crossed a number of territories on a clandestine basis, and because there was no obvious way in which the war aims could be specified and measured. Terrorism is, after all, a tactic—the continuation of politics by other means—and how can one fight a tactic? Other commentators saw the actions of al-Qaeda as an example of an "asymmetrical conflict," that is, a conflict whose nature is determined by the marked lack of symmetry in the power of the contending forces. President Bush's response seemed determined, if anything, to increase this asymmetry and to use a "criminal" act as an expedient for a mobilization for "war." This was not so much the

"clash of civilizations" predicted by Samuel Huntington as what Gilbert Achcar (2002) called a "clash of barbarisms."

The immediate background to the rise of al-Qaeda was the civil war in Afghanistan. The rise to power of the pro-Soviet People's Democratic Party of Afghanistan (PDPA) in 1978 provoked a civil war as significant elements of the Muslim society resisted its secularizing and socialist measures, specifically its policies of compulsory female education and land reform. The decision of the US to arm the Mujahedin was taken, according to President Carter's National Security Adviser, Zbigniew Brzezinski, in the summer of 1979, in order to "induce a Soviet military intervention." Brzezinski later said that "The day that the Soviets officially crossed the border [24 December 1979], I wrote to President Carter, saying: 'We now have the opportunity of giving to the USSR its Vietnam War"' (cited in Johnson 2002: xiii). That said, according to Steve Coll (2005) "[Brzezinski's] contemporary memos—particularly those written in the first days after the Soviet invasion—make clear that while Brzezinski was determined to confront the Soviets in Afghanistan through covert action, he was also very worried that the Soviets would prevail. Those early memos show no hint of satisfaction that the Soviets had taken some sort of Afghan bait. Given this evidence and the enormous political and security costs that the invasion imposed on the Carter administration, any claim that Brzezinski lured the Soviets into Afghanistan warrants deep skepticism" (p. 593).

Nevertheless, the opportunity to impose costs on the Soviet Union by arming and financing the Mujahedin was too good to miss. This meant that relations with Pakistan would be crucial, for, as US Secretary of State George Shultz noted in a memo to President Reagan in 1982, "We must remember that without Zia's support, the Afghan resistance, key to making the Soviets pay a heavy price for their Afghan adventure, is effectively dead" (cited in Cole 2005: 62). For his part, Pakistan's military leader, General Zia, was concerned that Kabul's communist government would stir up Pushtun independence activists along the Afghan-Pakistan border. In 1979, Hafizullah Amin, the Afghan prime minister, had explicitly stated his desire for a "Greater Afghanistan," declaring that the Duran line—the line the British had drawn through Pushtun lands to divide Afghanistan from its empire on the subcontinent—"tore us apart."

Prior to these events, US-Pakistani relations had soured because of the latter's nuclear program. By 1972, President Bhutto was aware of the Indian nuclear program (though India did not test its bomb until 1974) and initiated a Pakistani response, which was pursued with urgency after 1974. In 1965 Pakistan had concluded an agreement, under international safeguards, with Canada for the Karachi Nuclear Power Plant, which was capable of

producing plutonium. After 1974, Canada cut off all supplies of fuel and a potential deal with France came to nothing after strong American objections to Islamabad and Paris. In 1975, the major powers began to coordinate in the London Supplier's Group to cut out any countries, such as Pakistan and India, that had not signed the Non-Proliferation Treaty (NPT). But all of this began to change in 1979 and US Secretary of State Alexander Haig told his Pakistani counterpart Agha Shahi in 1981 that "we will not make your nuclear program the centerpiece of our relations" (cited in Bennett Jones 2003: 200). By 1984/5, Pakistan had the bomb, though it did not test it until 1998 in response to Indian tests.

Meantime, the war in Afghanistan continued. Pakistan's Inter-Services Intelligence directorate (ISI) became the conduit for weapons and money to flow to the mujahedin and Saudi and US money provided generous backing. In the spring of 1985 Michael Gorbachev assumed power in the Kremlin and the US National Security Agency learned that he was willing to give his generals 1–2 years to win the war and that by the autumn of 1986 he was planning to leave. The main priority for the US was to accelerate the Soviet withdrawal and to continue support for the Mujahedin's resistance to the communist government in Kabul. On 14 April 1988, the Afghan communist government, Pakistan, the US and the Soviet Union ratified the Geneva Accords. After this the Central Intelligence Agency (CIA) continued to support the Mujahedin for as long as Moscow supported the government of President Najibullah.

Notwithstanding this continued support, US geopolitical priorities now lay elsewhere. There was a popular rebellion in Kashmir in 1989 and in 1990 the CIA reported that Pakistan's nuclear program had reached new and dangerous levels. The year 1990 saw Saddam Hussein's invasion of Kuwait and 1991 witnessed the end of communism and the final collapse of the Soviet Union. On 1 January 1992 Gorbachev cut off assistance to Najibullah and the CIA's legal authority for covert action in Afghanistan ended. "There would not be an American ambassador or CIA station chief assigned directly to Afghanistan for nearly a decade," says Steve Coll, that is not "until late in the autumn of 2001" after the fall of the Taliban (2005: 239). In effect, US policy to Afghanistan became Pakistan's policy, or at least was subordinated to Pakistan's policy by virtue of more pressing issues in US-Pakistani relations.

Following the Soviet withdrawal from Afghanistan, Pakistan's policy was to support Gulbuddin Hekmatyar's drive for Kabul as well as his attempt to eliminate all his rivals in the Afghan resistance. And while some State Department officials believed that other commanders—such as Massoud and Abdul Haq—might be included in a *shura* (consultation) of independent Afghan leaders, outside ISI control, and sought to enlist the support of Saudi intel-

ligence to this end, the CIA opposed the idea that the US could manage Afghan politics. Hekmatyar had the support of officers from the ISI's Afghan bureau, members from the (Pakistani) Muslim Brotherhood's Jammat-e-Islami, officers from Saudi intelligence and Arab volunteers from many countries. If one reason for Pakistan's support for Hekmatyar was to have an ally in Kabul, another was ISI's reliance on training camps in Hekmatyar-controlled Afghan territory, and the Afghan and Arab volunteers produced by those camps for its campaign to bleed Indian troops in Kashmir. In the mid-1990s, the ISI told the Pakistani President, Benazir Bhutto, that there simply weren't enough native Kashmiri guerrillas to do the job.

At the same time, from 1994 onwards the Taliban movement was on the rise, and Benazir Bhutto thought that it might provide a means of expunging Iranian, Russian, and Indian influence in Afghanistan, thereby opening trade routes to CEA. The ISI's relations with the Taliban were complicated, however, because Mullah Omar was determined to challenge Hekmatyar for leadership of the Pushtuns. According to Ahmed Rashid (1998), "During 1995 the ISI continued to debate the issue of greater support for the Taliban. The debate centered around those largely Pushtun officers involved in covert operations on the ground, who wanted greater support for the Taliban, and other officers who were involved in longer term intelligence gathering and strategic planning, who wished to keep Pakistan's support to a minimum so as not to worsen tensions with Central Asia and Iran. The Pushtun grid in the army high command eventually played a major role in determining the military and ISI's decision to give greater support to the Taliban" (p. 86).

By the spring of 1997, the ISI concluded that a Taliban government would be easier to deal with than a Taliban movement and that others would simply have to accept a *fait accompli*. In the eventuality, besides Pakistan only Saudi Arabia and the UAE were to recognize the Taliban as the government of Afghanistan.

AL-QAEDA AND THE WEST ASIAN CRISIS

Al-Qaeda was created during the operation backed by the Americans, Saudis, and Pakistanis to finance and organize the Mujahedin's resistance to communism in Afghanistan and to recruit (mainly Arab) Muslims from abroad to fight in that cause. Once the Taliban came to power in Kabul (1996), they formed a close alliance with Osama bin Laden's al-Qaeda organization, indeed in some respects al-Qaeda became the military arm of the Taliban. However, while the Saudis had been willing to provide support for the fight against the PDPA and their Soviet backers, they were not prepared to accede to demands for a strict Islamism of the Saudi state and, in particular, the demand that the US withdraw from the Arabian peninsula.

This would have amounted to a transfer of control of the Saudi state from the monarchy to Islamist forces. And so, after helping to evict the Soviets from Afghanistan, al-Qaeda turned its attention to its erstwhile Western backers who were also engaged in the military support of the monarchical regime in Saudi Arabia. The result was explosive, as Fred Halliday (2002) explains: "Three elements therefore came together: a reassertion of the most traditional strands in Islamic thinking, a brutalization and militarization of the Islamic groups themselves, and a free-floating transnational army of fighters drawing support from Pakistan, the Arab world, Southeast Asia and Chechnya with its base in Afghanistan. In the context of the Greater West Asian crisis, and the revolt against the states of the region, as well as their Western backers, there now emerged an organized and militant challenge" (2002: 45).

There is, however, considerable dispute about the nature of this challenge. Gabriel Kolko, for example, describes al-Qaeda terrorism as "desperate and essentially random" and of no geo-strategic consequence (2002: 9). Oliver Roy, while agreeing that political Islam has largely failed in its challenge to local, authoritarian, and secular states, argues that the tactic of embroiling the US in a fight against militant Islam was real enough, even if its primary purpose was to radicalize the Muslim masses against their own regimes rather than the West.

US policy reflected this uncertainty. As early as 1995, President Clinton was worried about terrorist acquisition of WMD. In 1996 Osama bin Laden was expelled from Sudan and moved to Afghanistan. But the "White House did not begin to push for covert operations against bin Laden beyond intelligence collection until the end of 1997, a year after he established himself openly in Mullah Omar's Kandahar" (Cole 2005: 343). Even after the 7 August 1998 bombings of the US embassies in Nairobi and Dar es Salaam, Clinton still sought to trade diplomatic recognition of the Taliban for custody of bin Laden. As late as the summer of 1999, the State Department was not prepared to back Massoud's Northern Alliance, though it signaled that it did not oppose Russian and Iranian support for the same. The Pentagon, and especially Central Command (CENTCOM), had close links to Pakistan's army and argued that support for Massoud in the form of weapons or battlefield intelligence would be, in effect, to join India in an indirect war against Pakistan. And not even the attack in Yemen on the warship USS *Cole*, on 12 October 2000, convinced the US military of the need for commando operations in Afghanistan.

On the one hand, US policy struggled with two questions: who was the enemy? And how dangerous was the threat? On the other hand, decision makers at the highest level concluded that Washington could not put

counter-terrorism at the top of its agenda with Islamabad because of other concerns such as nuclear weapons, Kashmir and the stability of Pakistan. In 1998 both India and Pakistan conducted atomic tests and in 1999 Pakistan's forces crossed into Indian-controlled Kashmir bringing the countries close to a major military conflict. In fact, notwithstanding Clinton's deployment of cruise missile strikes against Sudan and Afghanistan, Donald Rumsfeld's description of Clinton's policy as one of "reflexive pullback" in the face of repeated attacks was very largely accurate.

Nevertheless, the advent of the first Bush administration did not mark a significant shift in American policy. Despite briefings from the outgoing Clinton administration and Richard Clarke's entreaties to use the Northern Alliance, Vice-President Richard Cheney, Secretary of Defense Donald Rumsfeld and National Security Advisor Condeleza Rice did not make the issue a high priority—they were focused on China, Russia, and missile defense. Islamabad was initially worried that the new administration in Washington would tilt to India: President Bush's campaign had raised large contributions from Indian-American business and some conservative intellectuals on his team did advocate a shift to India to balance against a rising China. But Zalmay Khalilzed, who was an influential figure on the National Security Council, argued that Pushtuns, including exiles and loyalists like Hamid Karzai, had to be the basis of any anti-Taliban strategy.

By the spring of 2001, however, Secretary of State Colin Powell and his deputy Richard Armitage recommended arming the Northern Alliance and in July the deputies' committee "recommended a comprehensive plan, not just to roll back al-Qaida but to eliminate it. It was a plan to go on the offensive and destabilize the Taliban" (Woodward 2003: 35). Before that plan could get very far, 9/11 changed the geopolitical landscape dramatically, or, at least, the interpretation of that landscape in Washington. The most likely rationale of the 9/11 attacks is that they were, in part, an attempt to undermine US will to continue support for the monarchy in Saudi Arabia, even as they were expected to provoke a vigorous and violent response. Indeed, and perhaps most important, these attacks (and others in places such as Yemen and Kenya) were directed at mobilizing the masses in the Muslim world itself, primarily against local regimes, by means of hostility to the US and its policies.

These jihadist-salafist movements of Central Asia, Afghanistan and Pakistan (i.e. Islamic Movement of Uzbekistan, al-Qaeda, and the Taliban), according to Mariam Abou Zahab and Olivier Roy: "after having begun their existence within a purely national framework or with a single purpose, namely, the liberation of Afghanistan—have come to form a transnational network with the United States as the special target […]. In fact, events

have unfolded exactly as if the jihadists had continued the anti-imperialist, anti-colonial and Third World tradition, which belonged till the 1980s to the extreme left or to a nationalist left. The turning point, that is to say the islamization of anti-imperialism, was the Islamic revolution of 1979 in Iran" (2004: 4).

But it is important to understand that the "islamization of anti-imperialism" did not simply represent a change in the form of struggle since it now operates in states that are politically speaking "post-colonial." In fact, these movements now face a sharp choice. To the extent that they promote a real strategic Islamic internationalism that seeks to challenge the US—as perhaps Mullah Omar did: "Mullah Omar literally sacrificed his regime to protect Bin Laden"—they lose any local support that they may have had. "Afghan support for the Americans was effective and conspicuous," say Abou Zahab and Roy, "the Afghan Taliban fighters were routed, and the foreign [Arab] volunteers were crushed [...]. There was little significant reaction in the Arab world, and only the feeblest of demonstrations were mounted in Pakistan" (2004: 74). At the same time, to the degree that they engage in local political struggles and attempt to maintain a genuine social base in the societies in which they operate, their regional links are merely tactical and accidental and their main opponents become not only the local authoritarian regimes but also the local, secular opposition.

The conjunction of secular, progressive opposition to local authoritarianism and anti-imperialist struggle has, therefore, been shattered: internationally, militant Islam has come to represent a free-floating, strategically ineffectual, form of terrorism; domestically, it represents the most reactionary form of opposition to local authoritarianism. One might almost say, if somewhat formulaically, that in the colonial era local authoritarian rulers survived in power in large part because they enjoyed the support of colonial powers. In these circumstances, national liberation was an essential precondition for the conduct of local progressive struggles. In the post-colonial epoch, by contrast, dominant outside powers support local authoritarian forces because they have more or less secure access to the means of rule and are prepared to subordinate their foreign policies to the international relations of the former. But, in these conditions, the alignments between local political struggles and the orientations of outside powers are altogether more contingent and variable. In many cases, the strongest opposition to the role of outside powers is associated with the most reactionary form of domestic politics. This has often been the fate of militant Islam across many Muslim societies.

Whatever its precise political and strategic character, by its very nature, asymmetric conflict is extremely hard to deter. In particular, violent asymmetric conflict carried out by clandestine adversaries is almost impossible

to deter. The operation of the balance of power and the logic of deterrence presuppose conflicts of interest as well as a common recognition of certain shared objectives—namely, survival. The logic of deterrence is, says Thomas Schelling, "as inapplicable to a situation of pure and complete antagonism of interest as it is to the case of pure and complete common interest" (1960: 11). Faced with an adversary that has an absolute hostility, that is prepared to risk all, deterrence is largely irrelevant. As Gilbert Achcar has argued, in this situation "the causes of 'absolute hostility' must be reduced or eliminated, in such a way that a 'common interest' emerges as a possibility" (2002: 69).

One way of reducing the hostility of al-Qaeda would have been to address the issues that provoked its hostility in the first place, broadly US foreign policy in the Middle East and, in particular, its military support to the regime in Saudi Arabia. Another response was to try to eliminate al-Qaeda. If the asymmetry of US power was producing absolute antagonists that could not be deterred, then why not use that very same power to destroy the adversary, even before it attacked, and engineer a new situation capable of producing some minimal common interests. This was the core of the doctrine of pre-emption as some in Washington came to believe that both the destruction of the enemy "and" addressing the issues that provoked the hostility could be achieved by one and the same means.

Since al-Qaeda was, in effect, the military arm of the Taliban government in Afghanistan, the latter was directly implicated in the attacks of 9/11. The precondition for treating the attacks as a criminal matter—that the state from which the attackers operated was prepared to uphold international law—arguably did not obtain. Christina Lamb reports Mullah Omar's bodyguard as follows: "We laughed when we heard the Americans asking Mullah Omar to hand over Osama bin Laden […]. The Americans are crazy. Afghanistan is not a state sponsoring terrorism but a terrorist-sponsored state. It is Osama bin Laden that can hand over Mullah Omar not vice versa" (2002: 27). In any case, this was no part of Washington's agenda and, in truth, there was precious little international support for such a strategy. Nor were the war aims of the US unlimited. They may not have been wholly clear, but destroying al-Qaeda's ability to operate inside a state that itself repudiated all international responsibilities was not especially opaque.

And although the war against al-Qaeda has not been fully successful, there is little doubt that its capacity for organized activity was dramatically curtailed by its eviction from Afghanistan; the Taliban government that had existed in symbiosis with al-Qaeda and allowed its territory to be a base for transnational terrorism was routed; the jihadist-salafist elements in the Muslim world have received a decisive "geopolitical" setback, notwithstanding

the post-invasion turmoil in Iraq;[5] a new administration was established in Kabul that had some chance of ending the long-running Afghan civil war; Pakistan's (and especially the ISI's) sponsorship of militant Islam as a tool of foreign policy against India in Kashmir and beyond has been disciplined; and the US was able to establish a (temporary?) military presence in resource-rich CEA. There are no guarantees that any of this will prove durable but from the point of view of the US it is hard to see that it is a worse situation than that which existed prior to 9/11. In that sense, those who questioned whether it was a war that could be won were on shaky ground: it was a war and from Washington's viewpoint a major battle has been won.

As far as Iraq was concerned, the question for the US was whether continued deterrence made better sense than pre-emption It is perhaps not surprising that the US believed that what was done in Afghanistan could also be done in Iraq, for all the differences between the two cases. Strategically, the only real difference was that the action in Afghanistan could be presented as a defensive response, whereas that in Iraq was clearly pre-emptive or, more precisely, preventative warfare.[6] Important though this difference may be, the underlying rationale was, I believe, broadly similar: state- or nation-building. In order to see why pre-emption was in some ways an attractive alternative, it is necessary to situate Iraq in relation to the broader role of the United States in the Middle East.

As we have seen, ever since the Iranian revolution of 1979, US Middle East policy was based on a series of contradictory commitments which increasingly undermined its ability to play a directive role. Its hegemony increasingly relied on the regional deployment of military power. Yet, the lesson of the Iranian revolution was that this was an unsustainable strategy in the long-run and, in any case, key regional allies in Jordan, Turkey, and Saudi Arabia were domestically uncomfortable with the effects of economic sanctions and sporadic military attacks against Iraq. Even leaving aside the tensions created by US support for the Israeli responses to Palestinian resistance to occupation, US Middle East policy comprised hostile relations with Iran, which at least on economic matters had little support in Europe or Russia; a failed attempt permanently to deal with the threat to regional stability posed by Iraq (because of a collapse of support from

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[5] Abou Zahab and Roy (2004: 77) note that "the military campaign of October and November 2001 [in Afghanistan] considerably weakened the transnational Islamic networks and reinforced state and nationalist influences in the entire region."

[6] A pre-emptive war is one aimed to counter an imminent threat; preventative war—sometimes described as pre-emption in slow motion—is designed to forestall an adverse change in the balance of power, irrespective of current threats.

Russia, France, and China on the United Nations Security Council); and military support for Saudi Arabia and the smaller Gulf states that was generating considerable opposition among many Arab Muslims (most of the 9/11 hijackers came from Saudi Arabia). There was, in short, precious little basis on which the US could construct even a minimal set of common interests with the region.

Between the end of the Gulf War of 1991 and 9/11, US policy towards Iraq had been one of containment and deterrence. This was based on two principles: (1) United Nations (UN) monitored disarmament and economic sanctions. By the late 1990s, these had stalled and apparently failed to achieve their objectives. The Chinese and Serbs, for example, had been active in rebuilding Iraq's air defenses; the French and Russian governments maintained that sufficient disarmament had been accomplished to justify relaxing sanctions; and (2) there was growing international criticism of the disastrous effects of sanctions, on the civilian population of Iraq.

In the light of the failure to find either the weapons or the links to al-Qaeda that were the official justification for the war, it is as well to remember that the core neo-conservative case for the forcible removal of Saddam Hussein—that is, on the grounds that America's long-term position of dual containment of Iraq and Iran and support for the increasingly fragile and brittle polity in Saudi Arabia were unsustainable at acceptable political cost—was advanced explicitly on the basis that his regime probably did "not" have WMD. This is what made it politically and militarily feasible to "finish the job." If Saddam Hussein ever regained such weapons in significant quantities and a realistic capability of using them, the opportunity would have passed.[7]

A new start in Iraq, however, might provide the beginnings of a strategy for dealing with what Halliday has called the "West Asian crisis," a series of crises affecting the region that encompasses the Arab states of the GME. Given the largely favorable outcome of events in Afghanistan noted above, the US' overwhelming military power gave it the confidence to regard pre-emption as favorable to a messy combination of containment and deterrence. Reconstituting states that are able to operate successfully within, rather than against, the prevailing capitalist order of coordinated sovereignty was the prize. If Saddam could be removed from Iraq, US troops could be withdrawn from Saudi Arabia, thereby putting pressure on, but also giving space for, the monarchy to address its domestic opposition; Syria and Iran could be pressured into withdrawing support from radical

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[7] The real, neo-conservative case is set out most powerfully in Pollack, K. 2002 *The Threatening Storm*. New York: Random House.

Palestinian factions that undermined the ability of the "moderate" leadership to commit meaningfully to peaceful negotiations with Israel; and a new round of the Palestinian-Israeli Peace Process could begin. In this context, Iraq presented a golden opportunity.

The alternative as viewed from Washington—that is, the attempt to control or protect strategically important sources of raw materials and, by extension, the regimes that facilitated access to them—was an expensive and risky policy of crisis management, rather than a strategy that was conducive to long-run US interests in an open international order. It was based on regimes that were liable, at best, to generate more opposition to US interests, and at worst, to be overthrown by even less palatable forces. What made this particular region of crisis a candidate for this approach was, of course, its strategic and resource significance: the oil and gas resources of the GME are a vital economic interest for the dominant capitalist powers (and increasingly for China and India, too). And what made the new approach something more than a reckless gamble was the overwhelming military preponderance of the US after the end of the Cold War.

That, at least, was the theory. What this might mean in practice and how, or even if, it can be implemented is not at all clear. It is an attempt to impose a new dispensation of power, such that the resulting states and economies can be successfully coordinated with the rest of the capitalist world, rather than a prize to be won by the US at the expense of rival core imperialisms. It is imperialism but it is not, primarily, great power or inter-imperialist rivalry. Thus far, its bearers have been the military forces of the US and Britain.

Even if Afghanistan and Iraq are not a one-off enterprise (some kind of military action against Syria and Iran cannot be discounted), which is a composite response made possible by the events of 9/11 and the corresponding (yet probably temporary) shifts of public opinion in the US itself, this turn of policy does not represent a significant departure, let alone a new doctrine, for global order. The US' definition of self-defense to include, in certain circumstances, preventative war may have shocked the pieties of the UN, but if this is an innovation at all, it was only one in the "declared" politics of military strategy consonant with a strand of US thinking that has existed since considerations of nuclear strikes against the Soviet Union in the early 1950s and the string of interventions in the South throughout the Cold War.[8]

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[8] Similar considerations animated Soviet policy towards China during their worsening relations in the late 1960s.

CONCLUSION

After 9/11, Pakistan found itself on the wrong side of a renewed assertion of American power in West Asia. The US demanded not only that Islamabad break relations with the Taliban and cooperate fully in the war against al-Qaeda but also that it must reign in the insurgents in Indian-controlled Kashmir and begin a peace process with New Delhi. As Owen Bennett Jones (2003) points out, "before Musharraf's decision, in January 2002, to ban Jaish-e-Mohammed and Lashkar-e-Toiba, backing the insurgency was a major element of Pakistani state policy" (p. 83). Moreover, after the exposure of covert exchanges of nuclear technology with Iran, Libya, and North Korea in 2003, Washington insisted that Pakistan end A.Q. Khan's clandestine network and share relevant intelligence with the CIA. For its part, the US lifted sanctions—imposed on both India and Pakistan after their nuclear tests in 1998—and renewed packages of economic and military assistance.

At the same time, US relations with India were improving dramatically. Partly as a result of growing economic ties and partly as a result of the need to build better relations throughout Asia because of the growth of Chinese power, Washington was rethinking its posture towards New Delhi. Most worryingly from Pakistan's point of view, in July 2005, a US-Indian accord seemed to give India's nuclear program a special status. Under the proposed deal, India would separate its civilian and military nuclear programs, placing the former under international safeguards overseen by the International Atomic Energy Agency (IAEA), thereby gaining access to US civilian nuclear technology, while keeping its military program intact and outside the disciplines of the NPT. Concluding the deal on 2 March 2006 both President Bush and the Indian prime minister, Manmohan Singh, described it as "historic." The deal may yet founder: the US Congress may conclude that it is inconsistent with America's obligations under the NPT and refuse to rewrite US law to accommodate this and India still has to negotiate a safeguards agreement with the IAEA. But if it does go through, it will, in effect, recognize India as the sixth official nuclear power.

Thus, far there are no signs of the US offering Pakistan a similar deal to the Indian one but former US ambassador to the UN, John Bolton, did state that both India and Pakistan acquired nuclear weapons "legitimately" as compared with Iran's alleged programs. And the US is seeking to enlist the support of both India and Pakistan in opposing what it believes are Iranian efforts to acquire nuclear weapons.[9]

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[9] India has joined with the US in opposing Iran and calling for the latter to be referred by the IAEA to the UN Security Council.

Whatever the future of state- and nation-building in Afghanistan, all of this suggests that Pakistan will continue to face relentless US pressure in the "long-war." By the same token, all of this is a source of significant political disquiet and opposition within Pakistan. Especially, after President Musharraf went back on his commitment to give up his "army uniform" in December 2004, the Muttahida Majlis-e Amal, a parliamentary coalition of Islamist parties that had been the mainstay of political support for his regime, turned against him. Continued US pressure to take action against *madrassas* (religious schools) and to ramp-up actions along the northern border with Afghanistan against Taliban and al-Qaeda elements have only worsened the domestic situation. In 2005, for example, President Hamid Karzai of Afghanistan was openly critical of Pakistan's efforts, remarks that were endorsed and repeated by President Bush during his visit to Pakistan on 4 March 2006. For all these reasons, Pakistan will remain a key fault-line state in the US struggle to reorder the GME.

IV. US-Russian Strategic Relations and the Structuration of Central Asia

Robert M. Cutler

Abstract

Central Asia is only one of the core regional subsystems of international relations that constitute Central Eurasia. The others are Southwest Asia and South Asia. All three subsystems are mutually distinct and do not intersect. The years 1989–1994 saw the geopolitical enlargement of Southwest Asia into Greater Southwest Asia; 1995–2000, that of Central Asia into Greater Central Asia; and 2001–2006, that of South Asia into Greater South Asia. These "Greater" complements overlap, and their intersection is key to the future of international relations in Greater Central Asia and Central Eurasia as a whole. It is through their matrix that powers such as Russia and the United States (as well as China, India, Iran, Turkey) play out their search for influence in Central Asia proper.

INTRODUCTION

"Central Asia" nowadays is taken to designate the five countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan: a useful political construct, although not wholly consonant with geographic and demographic realities. Central Asia is only one of several overlapping regional international subsystems constituting "Central Eurasia," and it requires complementation by the concept of "Greater Central Asia." This latter includes western China, i.e., Xinjiang plus what is called Inner Mongolia; southern Russia, including southern Siberia; northern and northwestern Afghanistan; and northeastern Iran (Cutler 2004b; C.E.S.S. 2006; Stone 2005).

Indeed, Central Eurasia comprises not only Central Asia as a regional international system but also South Asia and Southwest Asia, and even in some contexts (although not in this article) also Southeast Europe. The overlap and interaction of these several regional subsystems are key for the future of Central Eurasia and so for the future of international politics and

geo-economics. The present article focuses on Central Asia in this context by exploring its interconnections (and those of Greater Central Asia) with the other regional international systems composing Central Eurasia.[1]

Central Asia's diplomatic evolution during the 1990s is inseparable from the evolution of Russian policy in its "near abroad" (Herd and Akerman 2002; Jonson 2001), particularly as a lack of direction marked United States (US) policy towards the region during that decade (Hill 2001). However, despite the transformation of the international system's structure by the end of the Cold War, it is still possible to take a systemic perspective; and any systematic discussion of Russian-American relations in Central Asia, even military and strategic relations, would be flawed if it did not give a prominent place as well to other means of national power projection. Questions about energy pipelines need therefore to be addressed in any discussion of military-strategic configurations in Central Asia. Just as in the nineteenth century the construction of domestic railroads in West European countries served the centralized national authorities as means for establishing administrative power in the countryside (Gerschenkron 1962), so today the construction and administration of energy pipelines are axes for the international projection of influence by great powers. These pipelines signify and embody alliances and cooperation among different states.

A systematic perspective is possible, moreover, because Cold War bipolarity ended not with the disappearance of the Soviet Union in 1991 but rather with the dissolution of the Soviet bloc in Eastern Europe in 1989. Following that event, there naturally arose three successive phases in the transition to the now-emerging international system. These three stages are: (1) the "bubbling-up" of possibilities of new patterns of international relations, relatively free from bipolar constraints; (2) the "settling-down" of unsustainable patterns of structuration of regional subsystems, including the incipient coherence of those remaining; and (3) the "running-deep" of reciprocal relations among those newly cohering subsystems, including the beginning of their relatively autonomous self-direction of their own evolution as regional subsystems of international relations.

For both narrative and analytical purposes, the "bubbling-up" phase may be assigned the dates: 1989–1994; the "settling-down" phase: 1995–2000; and the "running-deep" phase: 2001–2006. This article explains how the first phase saw the enlargement of Southwest Asia into Greater Southwest Asia; the second, the enlargement of Central Asia into Greater Central Asia; and the third, the enlargement of South Asia into Greater South Asia. Of

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[1] Because the geographic extent of "Central Eurasia" in this chapter differs somewhat from that in the remainder of the book, the abbreviation "CEA" is not used here. "Central Eurasia" as used in this chapter should therefore be understood as defined above.

course, the present article specifies below the geographic domain of the various "Greater" designations. Southwest, Central, and South Asia do not intersect geographically; however, Greater Southwest and Greater Central Asia intersect, as do Greater Southwest and Greater South Asia, and also Greater Central and Greater South Asia.

BUBBLING-UP: 1989–1994

The hook that unraveled Russia's capacity for coherent military action in Central Asia in the late 1980s and early 1990s was the civil war in Tajikistan. Tajikistan had developed a fairly well functioning multiparty system in 1990–1991. Leaders of the then-opposition parties came largely from the economically disadvantaged areas of the republic and had a pluralistic and tolerant attitude towards Russian-speakers. Even after the former communist leader had won the November 1991 presidential elections, the country experienced a genuinely democratic "spring" in 1992. However, demonstrations in the capital Dushanbe in May 1992 led to the outbreak of civil war. Although conservatives from the Leninabad oblast in the north organized and led these demonstrations, with logistical help from Iran, they did not seek explicitly to overthrow the president, who was nevertheless forced to resign that September by the country's Supreme Soviet, which then abolished the presidency and reinstated a government including many individuals from the north (Horsman 1999).

Uzbekistan's leader Islam Karimov, after eliminating Islamic parties in the Ferghana Valley in 1989, sent troops to fight in the Tajik civil war and presented himself to the West as a bulwark against revolutionary Islam. Russia's relations with Uzbekistan were distant at the time, in part because of disagreements over the situation in Tajikistan, even though both countries recognized and supported a breakaway Uzbek state in northern Afghanistan. Karimov pursued initiatives to settle the conflict in Tajikistan by trying to coordinate diplomatic efforts with Iran and Pakistan, but the Commonwealth of Independent States (CIS) mechanisms presided by Russia had greater effect. The Soviet regime had given Uzbekistan the highest international profile among the Central Asian republics, and so, at the time paradoxically, Tashkent relied on its ties with Moscow for its international stature in South and Southwest Asia; precisely these ties, however, evoked distrust among its potential southern partners.

During and immediately after the Soviet collapse, Russia was still present in Central Asia through the military instruments of the Red Army. After 1991, however, the Red Army was no longer the army of the Soviet state that had ceased to exist. For quite some time it remained unclear whether Soviet soldiers on the national territories of the newly independent states would constitute national armies of those states. The status of the ex-Soviet

military bases and the very command structure were likewise in question (Blank 1995). Thus Russia, while interpreting the situation in Tajikistan as a test of its own resolve, could neither define nor assert its interests at the end of 1992 and beginning of 1993, the time of the most acute conflict, and could not act as effective mediator among the Tajik factions. Indeed, different Red Army military formations supported different sides in the domestic Tajik conflict (or remained neutral to safeguard public buildings and the Nurek Dam for its hydroelectric power), and their supply of heavy weapons and motorized vehicles was at times critical.

Moscow blamed the CIS, which had failed to adopt a common military strategy, for its own failure to develop a coherent and effective policy. The CIS states finally signed a Collective Security Treaty in Tashkent in mid-May 1992; that September the governments of Russia, Kazakhstan, Kyrgyzstan, and Uzbekistan met in Almaty and issued a statement asserting the need to protect Tajikistan's border with Afghanistan. The January 1993 Minsk agreement (signed also by Uzbekistan, Kazakhstan, and Kyrgyzstan) provided for a collective security force to guarantee the integrity of the southern borders of Tajikistan, after which a bilateral treaty between Dushanbe and Moscow defined the terms under which Russian, Uzbekistani, and Kazakhstani troops would serve on the Tajikistani-Afghan border. The new government in Tajikistan, following its consolidation, subsequently cemented ties with Russia, and Moscow increased financial and economic assistance to Tajikistan.

When the five Central Asian states (as well as Russia and other post-Soviet newly independent states) joined the North Atlantic Treaty Organization (NATO's) Partnership for Peace Program (PfP) in 1994, this had no direct effect upon situations on the ground in the region. After long hesitation the West established, in December 1994 under the aegis of the United Nations, a small Mission of Observers in Tajikistan to monitor the temporary ceasefire agreement that had been reached and to maintain liaison with the Organization for Security and Cooperation in Europe (OSCE) mission there as well as with the CIS forces in place. Western governments worked informally through international organizations to promote a settlement in Tajikistan. Uzbekistan's diplomacy drew inward and turned southward, including towards Iran, mainly out of fear of unrest in Afghanistan spilling over its border.

Economic-financial instability and uncertainty characterized the region at large in the early 1990s, with strategic consequences. During most of 1991 and early 1992, the Central Asian republics looked to the West and the Far East for economic and political support, but they were largely disappointed. One reason why Kazakhstan sought to remain in the ruble zone in summer 1993, after having made plans to introduce its own currency,

was that the US did not redeem promises of bilateral and international financial support that it had made in return for Kazakhstan's agreement to dispose of Soviet nuclear weapons in conformance with international protocols. Indeed, for two years after the unsuccessful 1991 putsch against Gorbachev, through autumn 1993, the ruble continued to be used as the currency of the post-Soviet newly independent states. Their governments could set their national monetary policies using those rubles still in circulation without being responsible for the results. That was because the currency's value was still formally guaranteed by Moscow, even if Moscow was the seat of the executive financial authority no longer of the Soviet Union but rather of the independent Russian Federation.

Despite attempts by Uzbekistan to attract foreign investment in the early 1990s, the West showed only limited economic interest in the country. Even after Western investment began to flow into the country, especially in the tobacco and automobile industries, Pakistan began to play a more significant role because Uzbekistani markets are most easily reached through the port of Karachi (Reetz 1993). Almaty supplanted Tashkent as the region's economic center exactly because of Karimov's slowness in marketizing. Uzbekistan, despite its large population, was soon superseded by Kazakhstan as Central Asia's economic motor (Alam and Banerji 2000).

That development was ironic insofar as Uzbekistan's elite was seeking independence from Moscow in the late 1980s, whereas Kazakhstan's was not. Kazakhstan declared state sovereignty in 1990, but it was not planning on independence. Before August 1991 Kazakhstan strove to develop foreign political economic activity autonomous of Moscow and to weaken the centralized control of the Soviet Union Ministry of Foreign Affairs over the international activities of the still-Soviet republics, but it did not have a foreign policy and was not seeking to develop one. However, after the attempted coup in August 1991, Nazarbaev saw a danger of the Soviet Union breaking apart into Slavic and Turkic camps, so while the Soviet Union still formally existed, he motivated the Ashgabat meeting where the Central Asian republics announced their desire to be founding members of the CIS. Only after the unequivocal downfall of the Soviet regime did Kazakhstan's diplomatic activity acquire a truly global aspect. Its first official state documents, from May 1992, named five main foreign-policy directions: the CIS, the Asia-Pacific region, Asia proper, Europe, and the Americas. Kazakhstan's main disputes with Russia in the early 1990s were over compensation for Russian use of the Baikonur cosmodrome, the international transport of petroleum resources and the ethnic Russian population in northern Kazakhstan, including such policy questions as the official state language.

American and general Western interests in Kazakhstan were fairly clear from the beginning. First of all, there was the need to regulate the question of nuclear arms following the break-up of the Soviet Union; largely through US efforts this interest was satisfied (O.T.A. 1994). Second, the West (and especially the US) was interested to promote the development and export of Kazakhstan's natural resources, which are by no means limited to the petrochemical sector. So the European Union (EU) as well as the US worked to enable the implantation in Kazakhstan of domestic legal and economic regimes that would complement the norms of the international trading system. That progress, including the privatization of industry, was partly blocked by the old nomenklatura (which by 1995 still represented roughly three-fifths of the central administrative apparatus); however, the resignation of Prime Minister Tereshchenko in autumn 1994 and subsequent turnover in the Council of Ministers, together with the moving of the seat of government to Aqmola, brought a change in the mode and pace of industrial development, including the ratification of a necessary law on property in land.

Kyrgyzstan, historically close to Kazakhstan, did not have significant strategic relations with Russia in the first half of the 1990s, although this had changed by the next decade (Akaev 2004). Its official foreign policy priorities at the time were China, Turkey, Iran, and Pakistan. Russia and the US were far from unimportant but they were less central. Kyrgyzstan has no border with Russia, but the new regime valued Russian-speakers for their skills; the country was developing a tolerant and pluralistic system (Goetz 1997). With the possible exception of Kyrgyzstan, Russia's relations with Turkmenistan during this period were perhaps its least problematic in all of Central Asia. The two countries had no security problems; their relations focus on the development and exportation of natural resources. Turkmenistan was the second biggest producer of natural gas in the former Soviet Union, next to Russia itself, and sought to sell its energy supplies directly to foreign consumers, but its only export pipelines went through Russia (Cutler 2003). During this early period, Western interest in Turkmenistan focused on facilitating arrangements for Ukraine's payments of its debts to Turkmenistan for natural gas supplies. Thus high US officials attended at talks in Ashgabat between the Ukrainian and Turkmenistan leaderships in November 1994, which rescheduled those repayments in a manner accommodating Ukraine's shortage of capital and its needs to concentrate on domestic economic development.

Central Asia thus appeared during the years 1989–1994 as an incipient regional international system that connected to the world through possible energy export routes traversing the South Caucasus. At the time, the big issue is whether Azerbaijani oil would reach the Mediterranean Sea and

world markets through the Russian Black Sea port of Novorossiisk and the Turkish straits, or overland through Georgia to Ceyhan. In contradiction to the skeptics, sufficient oil for both routes has been found. With the trans-Caspian connection, Southwest Asia grew into Greater Southwest Asia, including the energy-rich provinces in western Kazakhstan and Turkmenistan, as well as offshore areas.

SETTLING DOWN: 1995–2000

By the mid-1990s, a Russian sphere of influence in Central Asia had begun slowly to take shape, established and enforced not by military instruments but by wider political means. Tajikistan, for example, had in the early 1990s stressed its community with Iran as against the Turkic countries, but that had changed by the mid-1990s, partly due to Russia's role in events in the country.

Although it was mainly with Uzbek help that the Leninabad group from northern Tajikistan took power in Dushanbe, in the end Russian acquiescence greatly facilitated its consolidation.

Moscow decided to back the former communist nomenklatura even though the "democratic" opposition in Tajikistan brandished photographs of Yeltsin in the streets. In the early 1990s, the civil war in Tajikistan had represented, for the Uzbekistani government, an external threat of domestic unrest because ethnic Uzbeks constitute about a quarter of Tajikistan's population and dominate the northern part of the country.

During the period 1995–2000, even as Russia began to reinforce its relations with traditional Soviet allies in the region such as Iraq, a more significant US-Russian cooperation began to take hold as the American embassy in Almaty assisted in the restructuring of the Caspian Pipeline Consortium (CPC) so that Kazakhstani oil from Tengiz could reach world markets through southern Russia (Cutler 1999). Events during the second half of the 1990s thus altered the impressions of US-Russian competition in the Caspian Sea basin. Also during this period came the political progress during the final signature of the agreements for the construction of the Baku-Tbilisi-Ceyhan (BTC) pipeline. Russian companies, notably Lukoil, even indicated they would participate in the BTC pipeline until pressure from the Russian presidency forced them to withdraw, marking the beginning of the subordination of most Russian energy trusts to state interests as defined in the Kremlin.

Explicit military cooperation between Central Asia and the West began to take effect during the second half of the 1990s. In April 1995 NATO supported the decision by Kazakhstan, Kyrgyzstan, and Uzbekistan to create a Central Asian battalion (Centrazbat). Each country contributed one

battalion to the 600-strong formation. Between 1997 and 2000, Centrazbat participated in NATO military exercises in Central Asia in the PfP framework. However, when NATO funding stopped, Centrazbat ceased to exist. In its place, the countries concerned created national peacekeeping forces and enhanced cooperation with the Russian forces in the CIS Collective Security Treaty Organization (CSTO).

In 1995 the US designated Uzbekistan as a "strategic partner." This was an attempt to reorient Uzbekistan's diplomatic direction away from South Asia, an orientation conditioned by Uzbekistan's geopolitical situation and close inter-ethnic relations with Tajikistan and Kyrgyzstan. At first, Washington's attempt to orient Uzbekistan's perceptions westward seemed to bear fruit. After Kazakhstan was also designated a "strategic partner" by the US in the late 1990s, Uzbekistan responded competitively by joining the GUAM (Georgia-Ukraine-Azerbaijan-Moldova) entente, turning it into "GUUAM." Continuing its turn away from Russia and towards the US and the West, Uzbekistan left the CIS CSTO in May 1999.

Even in the late 1990s, Putin's focus on Central Asia was qualitatively new in the post-Kozyrev period. The attention paid to Asia by Boris Yeltsin's foreign minister Evgenii Primakov went to traditional Soviet allies such as Iran, India, and China. Under Primakov, a "Eurasianist" strand did enter post-Soviet Russian foreign policy in the mid-1990s, and it was enhanced by NATO's intervention in the Balkans and its extension of relations with former Soviet-bloc countries in East Central Europe (Lynch 2001). Russia's turn to focus on Central Asia was in part an expression of its exasperation with what it saw as NATO's intrusions into the South Caucasus and former Soviet bloc; nevertheless, Putin's rapprochement with Central Asia may well have occurred irrespective of that. Western hopes for democratization of the Central Asian governments seemed to fall into tatters. The deepening misery of the Central Asian populations established a fertile field for dissident doctrine and political opposition, creating a potential security nightmare that the governments in the region would themselves have been unable to handle without Russian assistance.

Yet even during the late 1990s, when a degree of competition over energy export pipelines seemed superficially still to characterize US-Russian relations in the South Caucasus, the two countries implicitly shared common interests in South and Central Asia, and the Uzbekistan-Afghanistan-Pakistan triangle in particular. In particular, both were concerned about the need to beat back the Islamic fundamentalism of the Taliban and its influence in Uzbekistan through the Islamic Movement of Uzbekistan (IMU). Still, the US was, in the months and years leading up to 9/11, increasingly absent from Central Asia, both diplomatically and militarily, limiting its economic activity mostly to promoting energy development in Kazakhstan and Turk-

menistan. Before 9/11, no one imagined circumstances under which the US would actually put soldiers' "boots on the ground" in Central Asia.

The year 1999 saw a reversal of Uzbekistan's diplomatic course. The February 1999 Tashkent bombings and the incursions that summer by the IMU from over the border in Afghanistan were principal developments motivating the enlargement of Central Asia into Greater Central Asia, i.e., that complex of the five Central Asian countries plus those transborder regions with which there are historical, geographic, and demographic ties (including southern Siberia, western China and northern Afghanistan): not to be confused with the US diplomatic and economic initiative called the "Greater Central Asia Initiative" (Starr 2005). The February 1999 events led Karimov to reverse course, publicly recognizing "Russia's interests in Uzbekistan" when President Vladimir Putin visited Tashkent in December that year.

Russia looked southward from the center of the Eurasian landmass to see a soft-underbelly Central Asian buffer zone perilously appear as a political near-vacuum, threatening collapse and incipient chaos, a geopolitical "greater Tajikistan" in the sense of conflict and instability; it moved to fill the vacuum by consolidating its influence. Karimov reasonably decided that Russia had more to offer in terms of actual military and combat support against the Taliban-supported IMU. Even though US Secretary of State Madeleine Albright visited Tashkent in April 2000, Karimov declared a month later, with Putin again at his side, that his country's and Russia's strategic view of Central Asia entirely coincided. A new reorientation of Uzbekistan's international strategy had begun.

Yet in Central Asia, Putin quickly targeted not Uzbekistan but rather Kazakhstan as his highest priority. Almost the day after his election, one of President Nazarbaev's closest advisors, the head of the Kazakhstan National Security Council, Marat Tazhin, visited Moscow and signed a cooperation agreement with his Russian counterpart. Continuing the strategic competition with Kazakhstan that ran through the 1990s, Uzbekistan in June 2001 joined the "Shanghai-5" grouping when it institutionalized itself as the Shanghai Cooperation Organization (SCO). This move reinforced its relations not just with China but also with Russia.

It is possible to summarize the nature of Russian-American relations in Central Asia proper, during the second half of the 1990s, according to the most important countries there. It could be schematically argued, that Russian-American relations in Kazakhstan were characterized by cooperation, in Uzbekistan by competition and in Turkmenistan by conflict: not military conflict but rather by irreconcilable differences of interests over routes for Turkmenistan's gas exports to world markets. Russia desired to keep Turkmenistan's gas production exclusively for its own pipelines, whether

for domestic consumption or re-export at world prices. This monopsony was opposed by US policy, which consistently sought to find other routes to market for energy supplies from the newly independent states. In the instance of Turkmenistan, this could have been via the undersea Trans-Caspian Gas Pipeline (TCGP) project to Azerbaijan that failed to materialize or the Turkmenistan-Afghanistan-Pakistan (TAP) pipeline project that was put on hold after the Taliban took power in Kabul.

Notwithstanding this schematic outline, it remains nevertheless the case today (in contrast with the Cold War era when the two only superpowers mainly structured the entire system from the top down) that the networked multilateralism of energy geo-economics has motivated the consolidation of regional international systems participating pro-actively in the restructuring of the international system from the bottom up and having sufficient autonomy to set their own norms and goals in this respect. If by the late 1990s the CPC for Kazakhstani oil to Novorossiisk was a certainty, and some main aspects of energy competition in Central Asia were thereby resolved, nevertheless nearby in South Asia relations were more complex. The next section explains how this occurred, and it brings the analytical narrative up to the present.

RUNNING DEEP: 2001–2006

A look back over the 1990s reveals better how US-Russian relations in Central Asia have unfolded so far in the early twenty-first century and why they are less central than was once the case. For this purpose, it is useful to reflect upon the enlargement of the Cold War construct of "Southwest Asia." If before 1990 this term was an artefact of Western strategy during the Cold War and meant the Arabian peninsula (plus Turkey, Iraq, and Iran), then in the first half of the 1990s, the South Caucasus was implicitly incorporated into that construct. This development resulted not from an explicit reformulation of US strategic doctrine but rather from Turkey's attempts to project its national influence into the region as the possibility of Azerbaijani oil exports through Turkey reached the international agenda. The pre-Taliban project for a Turkmenistan-Afghanistan-Pakistan gas export pipeline represents in this context a nascent but at the time unrealized reconnection of Central with South Asia.

As the twenty-first century opened, Turkmenistan's diplomacy had begun to lean slightly westward and Uzbekistan's slightly southeastward. These two countries were pivot points for the later adjoinment of western South Asia (mainly Afghanistan plus Pakistan) to Greater Southwest Asia. The Uzbek and Tajik connections in northern Afghanistan also bound western South Asia to Central Asia. Throughout this period the US tried to promote a

restructuring in Central Asia (and Central Eurasia) consonant with American interests. The first half of the first decade of the twenty-first century represented an American attempt to force a unipolar conformity upon the structure and behavior of the international system. This was not possible, and the result has been the emergence of international and transnational phenomena that not only intermediate between Central Asia and the US/Western Europe but also are able to act with some degree of relative autonomy because of the human and natural resources at their disposal.

The position of Turkey in this complex situation deserves a few additional words. Turkey's relations with the former Soviet republics of Central Asia developed into three types. First, there were cultural initiatives that sought, with less than complete success, to promote the Latin alphabet and the Turkish language as a *lingua franca*. Second, there were (and are) economic relations, including cooperation to assist in the transition to the market, including infrastructural development and schemes within a framework of regional cooperation. Third, especially at a time when it appeared that the influence of Islamic fundamentalism was weakening inside Iran, there was the propagation of Kemalist principles on the differentiation between Islam and the state, including emphasis on the relevance of the "Turkish model" for the former Soviet republics in Central Asia (Robins 1998). Turkish foreign policy in the second half of the 1990s did not exhibit the cohesiveness and vision that characterized it earlier in the decade. It is very possible that this was due, in significant degree, to coalition government and insecure political leadership. Indeed, one of the few constants during this period was the US-Turkish cooperation in promoting pipelines for the export to market of energy resources from the former Soviet republics surrounding the Caspian Sea littoral.

In the second half of the 1990s, when possibilities for trans-Caspian energy pipelines came under international discussion, the eastern Caspian Sea offshore from Kazakhstan and Turkmenistan and its adjacent continental energy provinces in western Central Asia were geoeconomically and geopolitically adjoined to the "new" Southwest Asia that already included the South Caucasus. This enlarged construct is the "Greater Southwest Asia" that is analogous to the extension of Central Asia into Greater Central Asia as described earlier in this chapter. It only remains, for the period 2001–2006, to define a South Asia and a Greater South Asia in such a way that South, Southwest, and Central Asia minimally intersect with one another. Their analytical interrelations would then be revealed through the overlap of their respective "Greater" constructs. Following this logic, South Asia would include India, Sri Lanka, Bangladesh, Pakistan, and at least the Pushtun regions of Afghanistan. Greater South Asia would then

include also Sikkim, Nepal, Jammu and Kashmir, all of Afghanistan, areas of eastern Iran populated by ethnic groups that spill over the border into Afghanistan, and even the southern Uzbekistan plain.

The US was comparatively absent from Central Asia prior to the terrorist acts in New York City (compare Collins and Wohlforth 2003: 299), limiting its economic presence to promoting Caspian energy development and export in Kazakhstan and Turkmenistan. Yet the subsequent formation of a US-sponsored "global anti-terrorist coalition," at the time directed against the Taliban regime in Kabul, did not restrain a simultaneously increasing Sino-Russian rapprochement. That rapprochement was institutionalized in 2001 by their signing of a bilateral treaty and by the multilateral creation of the SCO with Uzbekistan in attendance as a new member (Khidirbekughli 2002). Two of China's intentions in founding the SCO were to increase pressure on the Central Asian countries to act against Uyghur militants, and to oppose US global political and economic interests; indeed, on 9/11 a Chinese delegation was in Kabul signing a long-term economic and technical cooperation agreement with the Taliban regime.

In 2005, the SCO opened its Regional Anti-Terrorism Structure (RATS), originally planned likewise for Bishkek but now in fact housed in Tashkent. Following 9/11, Washington acquired two military bases in Central Asia to assist logistically in the attack upon Afghanistan: the Karshi-Khanabad air base in southern Uzbekistan and the Ganci air base at Manas International Airport near the capital Bishkek in Kyrgyzstan. Second thoughts about these bases grew throughout the region following the subsequent attack on Iraq. In summer 2005, the SCO issued a collective statement inviting the US to set a timetable for evacuating its troops from the region. The US declined, but after Washington criticized the Uzbekistan government's repression of a civilian demonstration in Andijon, Tashkent told them to leave.

Uzbekistan's membership of the SCO seemed to be an element in the ongoing consolidation of regional international systems, in the context of the emergence of a networked global international system following the end of the post-Cold War transition. It seemed that Central Asia would be divided between competing Russian and Chinese spheres of influence, the latter expanding westward from Xinjiang while also threatening Russia through illegal immigration not only to Central Asia but also to Siberia. In the Asia-Pacific region, Russian strategy renewed its attention to a rapprochement with the Central Asian states but also developed limited strategic cooperation with China. Indeed, aspects of Russo-Chinese cooperation were strongly in evidence. The bilateral July 2001 Treaty on Good-Neighborly Relations, Friendship and Cooperation was the first such treaty between the two countries in a half-century. It included provisions for up to two thousand Chinese officers to be trained annually in Russian military schools

and for Russian arms sales to China to increase, including high-technology exports for indigenous Chinese weapons development.

SUMMARY AND PROSPECT

After 1989, how (i.e., both in what manner and to what extent) did relations inherited from the bipolar nuclear superpower system maintain themselves or continue under a different guise? For the period 1989–1994, it is clear that US-Russian relations remained the principal systemic factor still structuring the evolution of Central Asia, even while events in Tajikistan unleashed a fundamental reorientation of regional international relations through the transborder ethnic Uzbek connection. Samarkand and Bukhara, in present-day Uzbekistan, are historical centers of Tajik settlement and influence. Soviet census procedures reported a figure of five percent as Tajik component in Uzbekistan's population, but the actual figure is several times higher than that (Sengupta 2000). Uzbekistan on several occasions sent its troops across Kyrgyzstan's and Kazakhstan's borders to conduct exercises, without seeking permission to enter the respective national territories. Important regional dynamics thus began to unfold that would soon overcome US-Russian bipolar systemic constraints. In the meanwhile, competition between the two countries was focused mainly through the lens of the hydrocarbon resources in the region, both in Central Asia and in the geopolitically adjacent South Caucasus.

During the period 1995–2000, even as Russia began to reinforce its relations with traditional Soviet allies in the region such as Iraq, the US assisted in the restructuring of the CPC so that Kazakhstani oil from Tengiz could reach world markets. The simultaneous progress towards the final signature of the agreements for the construction of the BTC pipeline, taking Azerbaijan's offshore oil to the eastern Mediterranean for export to world markets, confirmed the enlargement of Southwest Asia into Greater Southwest Asia and its indissoluble linkages with the South Caucasus. Russian companies, notably Lukoil, indicated they would participate in the BTC pipeline until pressure from the Russian state forced them to withdraw. This development confirmed the victory of the Ministry of Foreign Affairs over the Ministry of Natural Resources within the Russian state administration, and it marked the beginning of the subordination of most Russian energy trusts to Russian state interests as determined by the presidency of the Russian Federation.

The disappearance of the Taliban regime from Kabul after 2001 has led to the restarting of plans for a Turkmenistan-Afghanistan-Pakistan (TAP) gas pipeline, not only to supply Pakistan but also to take natural gas to the Indian Ocean and liquefy it there for export to world markets. Discussions

for planning the Iran-Pakistan-India (IPI) gas pipeline project have the same effect, with a slightly different geometry. As a result of talks concerning the IPI project, the TAP project does not now exclude extension of the pipeline from Pakistan into India. All these developments have anchored both Pakistan and Afghanistan (still part of Greater South Asia) to Greater Southwest Asia, through the intermediary of Turkmenistan.

Putin's strategic cooperation with the US after 9/11 confronted opposition among the Red Army general staff. But if his worldview was still in flux in late 2001, divided between the wishes of his military and his own sympathies for Washington's travails (finally someone would understand what Russia confronted in the North Caucasus!), then this has changed since. In retrospect, it seems that it was not the terrorist attacks in New York City nor the direct response to it (i.e., the enforced regime change in Afghanistan) that confirmed the unipolar-vs-multipolar nature of the emerging international system. This was confirmed not in 2001 but rather in 2003, with the US war upon Iraq. Such actors as China, Iran, Pakistan, India, and Turkey have since then taken a place aside the traditional great powers interested in Central Asia; the simultaneous increase in the number of players competing for hydrocarbon energy resources around the Caspian Sea littoral confirms the shift. As for the US, it has been caught between its pursuit of strictly bilateral relations with the Central Asian countries on the one hand and, on the other hand, its unipolar tendency that militates against encouraging cooperation among the states in the region (MacFarlane 2004; Starr 2005).

If during the twentieth century interwar system (i.e., 1919–1939), the Soviet Union played the balance between revisionist and *status quo* powers (Ulam 1974), then today it is China that does so. Following that analogy, the *status quo* powers would be the US, the EU and the latter's principal member states; Russia has in 2006 turned in a revisionist direction (Trenin 2006), losing its post-2001 sympathy towards the US and now seeking definitely to alter the geopolitical and geoeconomic outcome of the Cold War. For this, Russia plays the energy card *vis-à-vis* Europe and appears to play the China card against the US in Central Asia; however, in fact it is at least as much China that plays the Russian card against the US there.

CONCLUSION

The coordinative and collaborative aspects of the second act of the Cold War international system, 1979/80–1991, which may variously be called its "multilateral interdependence" or "loose bipolar moment" (Cutler 1999a/ 2004a), still characterized the international transition from 1989/91 to the beginning of the twenty-first century. The years 1989–2000 do not represent a "post-Cold War system" but a transitional period to a new interna-

tional structure. Russia and the US were the two main "architects" of this post-Cold War transition in Central Eurasia in general, and Central Asia in particular, during the first half of the 1990s. This natural fact was one of the early inheritances, today superseded, from the Cold War system.

Indeed, it is impossible to resist observing that the three phases outlined here, representing the transformation from the Cold War international system in Central Eurasia into what we have now, map onto the three distinct meanings (preservation, destruction, and transcendence) of the Hegelian dialectical synthesis *Aufhebung*. In particular: the years 1989–1994 represent the "preservation" of US-Russian bipolarity in the region even as new currents were "bubbling up" from lower levels of analysis beneath; the years 1995–2000 represent the "destruction" of that bipolarity as those new currents were "settling down" into patterns of international relations that more and more supplanted the residual dominance of the previous overarching bipolar structure; and the years 2001–2006 represent the "transcendence" of that former superpower bipolarity, of which traces nevertheless remain, confirming that it has also been (and still remains) both preserved and destroyed.

It was not automatic that the collapse of the Soviet Union would lead to the consolidation this crescent-shaped "meta-region" of Central Eurasia containing the Caucasus and Central Asia as an acknowledged new area of geopolitics and energy geo-economics. For this to take place, three conditions were required: international financial and industrial interest in the impressive natural resources in the region, the political will of the only remaining superpower, and the free and rapid exchange of information possible only through the internet and other electronic telecommunications. By the beginning of the twenty-first century, all these three conditions had taken hold.

In the late twentieth century, it became evident that regional systems of international relations may be organized around littorals as well as continentally. With the disappearance of the Soviet Union, there are now self-organized regional systems not only over contiguous landmasses (Central Asia, South Asia, Southwest Asia) but also around the Black Sea and Caspian Sea (not to mention the Mediterranean). Against this background, Central Asia appears in relief as a kind of continental littoral: a large part of its central mass is mainly barren desert, surrounded by a regional "demographic littoral." The present survey of Russian-American relations in Central Asia reveals the principal secular trend that this region ceases to be the remote province described by Mackinder with an "almost mystical aura" (Hooson 1964: 120) in the middle of the mystical undifferentiated land mass, and instead becomes progressively more and more connected up first with neighboring regions and then with further flung regions (compare Black

et al. 1992; Trenin 2001). By 2006, it has become extremely difficult to frame any overall discussion of Central (Eur)Asia solely, or even predominantly, in terms of US-Russian conflict or cooperation. The two countries' bilateral relations have simply ceased to be a controlling factor in these regions of the emerging international system, except where Russia plays the part of an anti-hegemon against American attempts to impose unipolar structure. This relatively autonomous evolution expresses a self-directed bottom-up restructuring of international relations, free from the compellent top-down constraints characteristic of the Cold War period.

The "core" regional international subsystems of Southwest Asia, Central Asia, and South Asia are all mutually distinct: they do not intersect. The intersections among these regions and the dynamic for their interactions arise from the intersections of their respective "Greater" complements. The foregoing analytical narrative has shown how the years 1989–1994 saw the geopolitical enlargement of Southwest Asia into Greater Southwest Asia; 1995–2000, that of Central Asia into Greater Central Asia; and 2001–2006, that of South Asia into Greater South Asia. Greater Southwest Asia and Greater Central Asia intersect on the eastern shore of the Caspian Sea and northeastern Iran; Greater Southwest Asia and Greater South Asia intersect in eastern Iran and western Afghanistan; and Greater Central Asia and Greater South Asia intersect in northern Afghanistan and northeastern Iran plus southern Uzbekistan.

The union of those three two-way intersections is then: eastern and northeastern Iran, northern and western Afghanistan and southern Uzbekistan; plus western Turkmenistan and western Kazakhstan on the Caspian Sea littoral. If the regional subsystems proper are considered as like tectonic plates on the geopolitical and geoeconomic surface of the earth, then the regions of their intersection are the locus of fault-lines produced by the welling-up of demographic and historical realities. Any geographical designation for this critical area would be unwieldy, but the most accurate might be "western Central Asia and northwestern Greater South Asia" (including parts of Afghanistan and Pakistan). This area of intersection first began to take shape in the late 1990s, as (1) Western Central Asia, i.e. the eastern Caspian Sea littoral, was confirmed as a region of international geoeconomic interest due to its energy resources; and (2) Northwestern Greater South Asia, including the transborder regions from western Uzbekistan eastward to Kyrgyzstan, began to be destabilized by Taliban-IMU cooperation after the civil war in Tajikistan had destabilized a smaller sub-region in the early 1990s.

There is a significant analytical literature drawing attention to Uzbekistan as a Mackinder-like "pivot" in Central Asia (Starr 1996; Megoran 2004; Seiple 2005). It is true that Uzbekistan's political-territorial integrity requires

deeper attention (Markowitz 2004) and is not to be taken for granted (Li 2002; Beissinger and Young 2002). Yet we cannot exclude either Uzbekistani or Iranian encroachments upon the territorial integrity, respectively, of eastern and southern Turkmenistan during the longer political succession to President Niyazov. It is on the broad trans-regional area of "western Central Asia and northwestern Greater South Asia" that attention should concentrate so as to bring into focus the future of Greater Central Asia as a whole. Just as the civil war in Tajikistan had spill-over effects into Uzbekistan that have influenced the evolution of the whole southern part of Central Asia, so events in the trans-regional area distinguished above (not limited to Central Asia proper) will have spill-over effects eventually reaching the whole of Central Eurasia.

System-level constraints on such evolution will come in large part, although of course not exclusively, from the constitution of networks of energy exploration, production and export, which today require multilateral cooperation for which pipeline construction will remain the best indicator of system-level cooperation and alliances among greater and lesser powers. The social and cultural orientations of the populations in this meta-region, together with and in part conditioned by those geoeconomic and geo-strategic structures, hold the key to the stability or instability, not only of the regional systems of international relations here delineated, but also of the international system as a whole. These local effects will be mediated to the international systems through the aforementioned intersecting regional subsystems: Greater South Asia and Greater Southwest Asia, as well as Greater Central Asia.

STATE, SOCIETY, AND ECONOMY IN THE
GREATER MIDDLE EAST

V. The Iranian Revolution: The Multiple Contexts of the Iranian Revolution

Mehdi Parvizi Amineh and S.N. Eisenstadt

Abstract

The Iranian Islamic Revolution, the only continual regime constituted by a modern fundamentalist movement, shares many of the characteristics of the Great revolutions. The causes of the Iranian Revolution are indeed very similar to those of the classical ones—namely the breakdown of a modernizing autocracy torn by internal contradictions between various processes of economic and social modernization that gave rise to many new modernized economic and professional classes, but denying them any political autonomy, any autonomous access to the political center, at the same time uprooting them from wider sectors of peasant and urban population—very much in a rather typical third world way, pushing them into the slums of the cities. The Khomeini Revolution also developed in the context of the expansion of modernity, and it built on many of the structural and organizational aspects of modernity—especially of course in the use of the media and modern organizational methods for the mobilization of the masses. It was also fully imbued by some of the institutional and ideological premises of modernity. Not only did it adapt such modern political institutions as parliament or presidency—to which there is no reference in any pristine Islamic vision—but it did also emphasize in modern ways such themes as equality and political participation far beyond what could be found in such vision or visions. At the same time the Iranian *ulama* felt utterly alienated from the Shah's secular regime, and modernizing ideology. Their basic cosmological orientations were radically anti-modern, or rather more exactly anti-Enlightenment and anti-Western. It was this distinct combination of modern and anti-Enlightenment and anti-Western cosmological visions, as developed in the framework of new globalizing and inter-civilizational visions, that distinguished the Iranian Islamic revolution from the classical ones, bringing out some of its paradoxical similarities

within the different post-modern movements. Thus, indeed, the modern fundamentalist movements, in a way most fully epitomized in the Iranian revolution, as well as in somewhat different mode the communal religious movements, entail an important, even radical, shift in the discourse about the confrontation with modernity and in the conceptualization of the relation between the Western and non-Western civilizations, religions or societies—thus, paradoxically sharing many characteristics with the various "post-modern" movements.

INTRODUCTION

Revolutions are complex phenomena. They are structured in the societies that give birth to them. They are characterized by unexpected changes in the revolutionary process itself. Their long-term consequences can possibly only be understood in their totality after generations. In the following, the focus will be on the rise of new Islamic "nationalist"—based political ideology with related social forces as a result of structural changes under the modern authoritarian regime of the Pahlavi Shahs (1941–1979).

The Iranian Islamic Revolution was one of the most complex revolutions of the twentieth century. Never before had a modern revolution of such depth taken place since the disintegration of the Islamic Empires of Ottoman, Persia and Mughal-India.

The movement, under the leadership of the *ulama* (Islamic clergy) and their Islamic ideology and traditional religious institutions such as mosques, allowed the leaders to assert themselves against one of the strongest regimes of the Third World with a distinguished but repressive state apparatus (military and secret service). In 1978, millions of Iranians demonstrated to put an end to the secular authoritarian state of the Shah.

A comprehensive literature exists on the causes and nature of the Iranian Islamic revolution. Still, a number of controversial issues have not yet been clarified completely. Also, the theorizing of the revolution has still to be regenerated.

The specific characteristics of the Iranian revolution are, of course, to be explained first of all in terms of the background of Iranian history in the nineteenth and twentieth centuries, its political traditions, social and economic development, especially under the impact of Western capitalism and imperialism, and the mode of its incorporation into the emerging world capitalist system.

Mohammad Reza Shah came to power in Iran, after the forced abdication of his father Reza Shah in 1941 by the Allied forces, Britain and Russia, because of his friendly relationship with the Germans. Although Iran had declared its neutrality in World War II, the Allied forces occupied the

country. The removal of Reza Shah set free many social forces that had been repressed during his reign. Social and political affairs became highly confused due to class and religious antagonism and because it was unclear what political institutions—the *majlis* (parliament established by the 1906 constitution), the cabinet, the court or other social groups or movements—had effective political power. Nevertheless, the occupation by the Allied forces and the Shah's removal led to a break with the authoritarian regime and a semi-restoration of the constitutional order. A free press was reintroduced and many new political parties were established. But political freedom was not the only outcome of the occupation of Iran and the regime change. World War II and the occupation resulted in an economic and social crisis in Iran. Socioeconomic unrest contributed to an intensification of political activities and a political crisis, which was the characteristic feature of the period between 1941 and 1953. This period ended with the United States (US)-backed military coup in 1953 against the nationalist government of Mohammad Mosaddeq and with the suppression of oppositional social forces.[1] After the coup another authoritarian state with state-led industrialization was established under the rule of Mohammad Reza Shah with economic and financial support of the US.

At the beginning, the Shah tried to consolidate his power through an alliance with the big landowners and the *ulama*. From a strategic point of view the state had no need of the traditional social forces. The process of modernization threatened the needs of the traditional social forces and ultimately would bring about a confrontation between the Shah and these groups. The stabilization of the regime and the comprehensive modernization from above—known as the "White Revolution" and later as the "Revolution of the Shah and the people"[2]—which was supported by the US and was accompanied by an intensive secular nationalist, anti-Islamic propaganda, resulted in an antagonism between the *ulama* and the state.

Different social forces reacted to the doctrine of the White revolution, particularly the landlord class, the *ulama*, the *bazaar* and a segments of the secular oppositional parties. The latter were organized in the National

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[1] For the role of the US in the coup of 1953, see the US-National Security Archive, Electronic Briefing Book No. 28: "The Secrete CIA History of the Iran Coup, 1953." George Washington University [http://www.gwu.edu/~nsarchiv/iran/]; see also Gasiorowski, M.J. and M. Byrne (eds.) 2004 *Mohammad Mosaddeq and the 1953 Coup in Iran*, Syracuse: Syracuse University Press.

[2] Approved in 1963 through an almost unanimous referendum, the White Revolution originally consisted of a six-point program to break up the old landlordism structure and create the foundations for a modern industrial society. The land reform was the cornerstone for industrialization.

Front. The land reform and the policies of the White Revolution consti-
tuted a threat to landlordism. The *ulama* saw their influence undermined
by the modernization program and by the voting right for women. For
the traditional economic sector—the *bazaaris*—the reforms were a sign of
intervention into their commercial activities, threatening the autonomy of
the *bazaar*[3] (see Keddie 1995: 116–17).

The discontent of the religious community and the economic and
political crisis led in June 1963 to a revolt, which had been proclaimed by
Ayatollah Ruhollah Khomeini (1902–1989). The revolt was brutally sup-
pressed by the military. The leaders of the National Front were arrested
and Ayatollah Khomeini was banished to Turkey. Later he went to Iraq
(Katouzian 1981).

THE HISTORICAL BACKGROUND OF THE IRANIAN REVOLUTION—THE GRADUAL EXPANSION OF EUROPEAN CAPITALISM AND ITS IMPACT ON IRAN

The Making of Islam as Political Ideology— The State and the Ulama

The origins of Islam as a political ideology and praxis can be traced back
to the gradual expansion of European capitalism and its corresponding
civilization from the nineteenth century in the Islamic lands of the Otto-
mans, Persians, and Indians. Proclaiming an Islamic order by a segment of
Islamic intellectuals, *ulama*, and traditional economic forces was a response
to the marginalization or subordination of these traditional social forces in
the industrialized-based social order.

The expansion of European capitalism and civilization had two dialec-
tical effects in the Iranian social structures. First, it resulted in a gradual
convergence of the Iranian social structures and European capitalism and
civilization. This convergence manifested itself during the rule of the Qajar
Empire (1786–1921) in socio-political and economic modernization and
reforms of the military, bureaucracy, tax system, the consolidation of pri-
vate property, the emergence of a modern intelligentsia, and in a gradual
process of transition of the empire to a modern nation state, which started
with the Constitutional Revolution (1905–1911) in the early twentieth

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[3] From the Safavid Empire (1501–1722) the *bazaar* has played a key role in the urban
economy. The *bazaar* includes the urban production of small goods, traditional artisans, the
traditional bank and trade system, and the wholesale trade. The *bazaar* was not only the
center of economic transactions but also the center of the community. The *bazaar* areas
had mosques, public baths, religious schools and many teahouses.

century. Second, it resulted in a gradual divergence at the cultural level, which means that the expansion of European capitalism and its ideological and cultural consequences caused not only an economic but also a cultural and/or religious reaction. It was especially the traditional, urban economic sector of the *bazaar* that felt threatened by Western economic penetration. In other words, the reassertion of the *ulama*, who were threatened by the rising Western influence was accompanied with the reaction of the *bazaar* to Western economic penetration. The *ulama* were representatives of traditional culture and received important power positions as a result of this conjuncture of interaction. Maintaining Islam in this conjuncture was an eruption of nationalism.

The *ulama* supported this development, and therewith strengthened the domestic culture and the national consciousness: "Nationalism manifested itself in terms of Islam and Islam in terms of nationalism." In general, early Iranian nationalism emerged in the time of rapid socio-political and economic changes. It was the result of the "limited" reforms from above carried out under the Qajar Empire as a response to European expansion. Socially, it was founded on the traditional economic sector around the *bazaar*, which was subordinated by Western economic penetration. Culturally, it was upheld by the religious institutions, which assumed a new power position. The result was the strengthening of local culture and national consciousness formulated in terms of Islam. Thus, it was a combination of traditional economic (*bazaar*) and ideological (*ulama*) forces,[4] and the modern intelligentsia that created the Constitutional Revolution (1905–1911) in the early twentieth century as a nationalist, anti-absolutist movement, and as response to foreign intervention in Iran.

The introduction of a parliamentary-based constitution in 1906 following the Western model (particularly the 1830 Belgian constitution) destroyed the traditional absolutist power of the Shah and resulted in the recognition of the position of the *ulama* as the sovereigns of Islamic law. The ulama became representatives of a segment of the domestic nationalist movement (see Amineh 1999; Browne 1910; Enayat 1982; Keddie 1981). Although internal discord and especially an Anglo-Russian invasion ended this experiment in 1911, the constitution remained until a new regime replaced it in 1979. At the same time, the lack of modern material conditions for the making of a liberal and constitutional based social order after the Constitutional revolu-

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[4] The *bazaar* depended on the *ulama* for political support while the *ulama* depended on the bazaar for financial support to finance their mosques, seminars and other religious institutions. The *bazaaris* and the *ulama* were also connected through family ties. This interdependence was crucial for the political developments in Iran at the end of the nineteenth and beginning of the twentieth centuries.

tion created the main background for the rise of the modern authoritarian regime of Reza Shah with its state-led modernization strategy.

Nationalist and democratic feelings grew during the great destruction of World War I, when Iran was used as a battlefield by several powers. A number of local social movements right after the war expressed these feelings. Reza Shah, who entered the government after a coup in 1921 and became Shah by support of the Islamic and secular nationalist forces in 1925 and created the Pahlavi dynasty, inaugurated 50 years of intensive and rapid state-led modernization in a traditional and fragmented society within a mainly rural or nomadic-tribal country. Culturally, the Pahlavi shahs stressed the nationalism that admired pre-Islamic Iran, which was a way of bringing in Western-style modernization.

But, what were the socio-political and economic conditions for the development of a new type of *ulama* and a revolutionary Islam as dominant political ideology that ultimately developed to the determining force of the Iranian Islamic revolution of 1978/79?

With the rise of Ayatollah Khomeini as irreconcilable opponent of the Shah regime and initiator of the revolt of 1963, developed gradually a new type of Khomeini inspired *ulama* and a new type of *tulab* (religious students). The members of this new group formed the nucleus of the militant *ulama*, who would later become the leaders of the Islamic revolution and the initiators of the Islamic state under the leadership of Khomeini. The reformulation of the Shi'i political doctrine as revolutionary doctrine was a gradual process starting after the coup of 1953 and reaching its height in the 1960s and 1970s. This process, which came to be known as *ehyay-e fekr-e dini* (the revival of religious thought), was the intellectual origin of the Iranian Islamic revolution of 1978/79.

It is interesting to note that the so called "Islamic fundamentalist" movement made use of the cultural, political, and scientific values of modern Iran, which had been the product of the long-term Western-style process of modernization. In fact, the influence of the modern Iranian secular political culture and language on the thinking of the religious reformers was remarkable in this period. Part of the project "revival of religious thought" was the reform of traditional, religious thought and of the value system as well as the adaptation to the modern Iranian politics and culture. Some social scientists and the media who consider the Iranian Islamic revolution and the Islamic movement to be "Islamic fundamentalist" or "traditionalist" know little about the mechanisms how Khomeni's theory of the *velayat-e faqih* (the guardianship of the jurist) and the *hokumat-e islami* (Islamic state / government) and the radical Islamic political ideology of the laymen and intelligentsia came about. Ayatollah Khomeini's Islamic theory actually was a revision and renewal of Shi'i political thought and has to be seen as a new

phenomenon—the roots of this theory have to be found in the combination of the context of the social, political, economic, and cultural history of modern Iran analyzed above—with the dynamics that developed in the Islamic civilizations.

The Civilizational Background of the Iranian Revolution

In order to understand fully the Iranian Islamic revolution's place in world history and on the contemporary world scene, it is necessary to put it in several comparative contexts—namely those of the Great revolutions (Eisenstadt 1978 and 2006), of the dynamics of Axial civilizations and above all, of course, of the Islamic civilization (Eisenstadt 1986; Amason, Eisenstadt and Wittrock 2005), and of the vicissitudes of the expansion of modernity, above all in the contemporary era (Eisenstadt 2006: chs. 16 and 17).

The Iranian revolution shared with the Great modern revolutions—the English-puritan (Cromwell); the American, French, Russian, Chinese, and Vietnamese—as well as to a large extent also with the Kemalist one—several basic characteristics—namely the combination of downfall changes of regimes, new principles of political legitimation, changes in class structures, closely connected within new modes of political economy, the promulgation of a distinct cosmology, and the concomitant establishment of its "modern" institutional regime. It is this last characteristic, which distinguishes it from some of the changes that occurred in earlier times which have been often designated as revolutions—especially indeed from the Abbasid takeover of the Caliphate—often called the Abbasid revolution (Sharon 1983; Shaban 1990). It shared also with those revolutions—again in contrast to the Abbasid case—some of their basic "causes" and historical frameworks. It shared with them the constellations of inter-elite and inter-class struggles, development of new social groups and economic forces, which are blocked from access to power, economic turbulences and the impact of international forces—all of which weaken the preceding regimes. It shared with them (and in this respect also with the Abbasid revolution) specific civilizational frameworks—namely those of Axial civilizations, with very strong—although certainly not exclusive—this-worldly orientation, i.e. Axial civilizations in which the political realm was conceived as a major arena for the implementation of the predominant transcendental vision of utopian reconstruction, and in which accordingly the sectarian and heterodox tendencies which are inherent in Axial civilizations, focus to a major extent on the reconstitution of the political realm. It shared also with these revolutions the specific historical circumstances in which they developed, namely, those of early modernity—conceived in typological and not chronological terms—

characterized by the development of the contradictions inherent in their own legitimation of modernizing autocratic regimes, especially the contradiction between the development of many new modernized economic and professional classes, but denying them any political autonomy, any autonomous access to the political center—access which is inherent or implicate in the ideologies promulgated by these regimes; at the same time uprooting wide sectors of peasant and urban population—in the Iranian scene in a rather typical Third World way, pushing them into the slums of the cities. It shared also with the other revolutions, but in contrast to the Abbasid revolution, the transformation of the "traditional" sectarian orientations and activities into modern revolutionary ones—above all Jacobin tendencies.[5] As in the other revolutions the central place in that of intellectual, religious groups—the Shi'i clergy—played a crucial role in their revolutionary process seemingly very similar to the role played by Puritans in the English Civil war. Just like these movements it developed many—but rather distinctive "fundamentalist" analytical characteristics—the most important of which have been the attempt to bringing the Kingdom of God to the Kingdom of Earth by political means, by the transformation of man and society according to their respective pristine visions which were often promulgated in scriptural terms; to transform the mundane through political means—thus sanctifying the political arena and making it more autonomous—far beyond what existed in the historical setting. While these visions necessarily differ in their concrete definitions according to their religious premises and visions of collective identity of different movements—they vary among different Islamist movements and between them and other such movement, yet they all share these basic characteristics—their Iranian Jacobin orientations.

Paradoxically enough the fundamentalist and the "secular" Jacobin movements alike have deep roots, as Besançon (1981) and Voegelin (1987) have shown, in the extreme often gnostic heterodoxies of their respective religious traditions. The Great revolutions constituted the culmination and concretization of the sectarian heterodox potentialities, which developed in these Axial civilizations, especially in those in which the political arena was defined as at least one of the arenas of implementation of their transcendental vision. The first Great revolutions constituted the first or at least the most dramatic, and possibly the most successful attempt in the history of mankind to implement on a macro-societal scale the heterodox visions with

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[5] On the Jacobin component of modern revolutions and its religious roots see Besançon, A. 1981 The Intellectual Origins of Leninism, translated by Sarah Matthews. Oxford: B. Balckwell; Eisenstadt, S.N. 1999 *Fundamentalism, Sectarianism and Revolution: The Jacobin Dimensions of Modernity*. Cambridge: Cambridge University Press; Voegelin, E. 1987 *The New Science of Politics*. Chicago: Chicago University Press.

strong gnostic components which sought to bring the Kingdom of God to earth, and which were often promulgated in medieval and early modern European Christianity by different heterodox sects. In all these revolutions such sectarian activities were taken out from marginal or segregated sectors of society and became interwoven not only with rebellions, popular uprisings and movements of protest, but also with the political struggle at the center. They were transposed into the central political arenas and the centers thereof. Themes and symbols of protest became a basic component of the central social and political symbolism of the new regimes.

At the same time it has, of course, to be taken into account that the Iranian revolution—just like the Kemalist and the Chinese or Vietnamese revolutions, developed in a non-Christian setting—but unlike the latter revolutions it promulgated a distinctive anti-Enlightenment seemingly anti-modern ideology—the central core of it being an Islamic vision rooted in the dynamics and themes of Islamic civilizations, but at the same time transforming them into radical modern fundamentalist Jacobin ones.

Like the late Russian, Chinese, Vietnamese, and the Kemalist revolutions, the Iranian revolution also developed in the context of the expansion of modernity of the modern capitalist system and Imperial capitalism. It built on many of the structural and organizational aspects of modernity—especially of course in the use of the media and modern organizational methods for the mobilization of the masses. It was also fully imbued with some of the institutional and ideological premises of modernity. Not only did it adapt such modern political institutions as parliament or presidency—to which there is no reference in any pristine Islamic vision—but it did also emphasize such themes as equality and political participation in distinctly modern Jacobin terms far beyond of what could be found in the traditional heterodox visions.

Civilizational Dynamics and the Renovative Tendencies in Islamic Civilization

We shall start with the analysis of the specific dynamics of the Islamic civilization, especially the place of sectarian or heterodox, above all renovative movements within them.

The pattern of political dynamics that developed in Islam was closely related to its basic drive to create a civilization with its own specific premises, a crucial aspect of which was the conflation of the political and religious communities (in which military conquests constitute an important component) as expressed in the ideal of the *ummah* (Islamic community). Indeed, it was the ideal of the *ummah* to be the major arena for the implementation of the transcendental and moral vision of Islam, of the strong universalistic component in the definition of the Islamic community, and

the closely connected emphasis on the principled political equality of all believers. This pristine vision of the *ummah*, probably implicit only in the very formative period of Islam, entailed a complete fusion of political and religious collectivities, the complete convergence or conflation of the socio-political and religious communities. Indeed, the very conceptual distinction between these two dimensions, rooted in the Western historical experience, is basically not applicable to the concept of the *ummah*.

The continual confrontation of this ideal with the political realities attendant of the expansion of Islam constituted a most important factor in the development of political dynamics in Islamic societies. Thus, already early in the formation and expansion of Islam the possibility of attaining the ideal fusion between the political and the religious community, of constructing the *ummah* as a basic tenet of Islam, was actually abandoned. Instead, the mainstream of Islamic (Sunni) religious thought stressed the legitimacy of any ruler who assures the peaceful existence of the Muslim community and of this community (Nafissi 2005; Hodgson 1974).

In this vision strong tensions developed from the very beginning of Islam's history between on the one hand the particularistic primordial Arab elements or components, seemingly naturally embodied in the initial carriers of the Islamic vision and the universalistic orientation. These tensions became more important with the continual expansion of Islamic conquest and incorporation of new territorial entities and ethnic groups. The final crystallization of this universalistic ideology took place with the so-called Abbasid revolution. Paradoxically, also in this period—indeed, in close relation to the institutionalization of this universalistic vision—developed, especially within Sunni Islam, a de facto (and to a much smaller extent and in a different mode in Shi'i Islam especially in Iran) separation between the religious community and the rulers, a separation between the *khalifa* (successor of the prophet, head of the *ummah*) and the actual ruler, the sultan, heralding de facto separation between the rulers and the religious establishment (*ulama*)—but not of the religious from the political arenas. This separation, partially legitimized by the religious leadership, was continually reinforced above all by the ongoing military and missionary expansion of Islam, far beyond the ability of any single regime to sustain a process, which culminated in the eleventh century and became further reinforced under the impact of the Mongol invasions.

In the various (especially Sunni) Muslim regimes that developed under the impact of the continual expansion of Islam, the *khalifa* often became de facto powerless yet continued to serve as an ideal figure. The *khalifa* was seen as the presumed embodiment of the pristine Islamic vision of the *ummah* and the major source of legitimation of the sultan, even if de facto he and the *ulama* legitimized any person or group that was able to seize

power. Such separation between the *khalifa* and the sultan was reinforced by the crystallization (in close relation to the mode of expansion of Islam, especially Sunni Islam) of a unique type of ruling group, namely, the military-religious rulers, who emerged from tribal and sectarian elements. It also produced the system of military slavery, which created special channels of mobility, such as the *ghulam* system in general and the *mameluks* systems and Ottoman *dervshisme* in particular, through which the ruling groups could be recruited from alien elements (Ayalon 1996; Crone 1980; Pipes 1981). Even when some imperial components developed—as was the case in Iran, which became a stronghold of Shi'i Islam—a complete fusion between the political ruler and the religious elites and establishment did not ensue.

Despite these vicissitudes, the possibility of implementing such pristine vision of Islam, of achieving that ideal fusion between the political and the religious community, of constructing the *ummah*, was actually given up relatively early in the formation and expansion of Islam. The fact that political issues constituted a central focus of Muslim theology was to no small extent rooted in this disjunction between the ideal of the Islamic ruler as the upholder of the pristine transcendental vision of Islam and the reality of rulership in Islamic religion (Rosenthal 1958; Crone 2004). Yet although never fully attained, it was continually promulgated, as Al Azmeh (1996) has shown, with very strong utopian orientations in the later periods by various scholars and religious leaders.

The impact of the fact that the ideal of the *ummah* was never fully given up, and that it was never fully implemented became evident in specific characteristics of the political dynamism of Islamic regimes and sects, and in the strong chiliastic and utopian components thereof. These dynamics were very often imbued with a strong religious vision, as could especially be seen in the potentially strong "semi-revolutionary" sectarian activities oriented to religious-political change—activities which were reinforced by initial patterns of expansion of Islam and the constitution of its international system.

SECTARIANISM AND POLITICAL DYNAMICS IN ISLAMIC CIVILIZATIONS

Despite the potential autonomous standing of members of the *ulam*, there did not develop in these societies fully institutionalized effective checks on the decision-making of the rulers. There was no machinery other than rebellion through which to enforce any far-reaching "radical" political demands. And yet in contrast to other, for instance, South East Asian or Meso American patrimonial regimes, the potential not just for rebellion but also for principled revolt and possible regime changes was endemic in Muslim societies. True, as Bernard Lewis (1973) has shown, a concept of

revolution never developed within Islam. But at the same time, as Ernest Gellner (1981) indicated in his interpretation of Ibn Khaldoun's work, a less direct yet "very" forceful pattern of indirect ruler accountability and the possibility of regime changes did arise. This pattern was closely connected with a second type of ruler legitimation and accountability in Muslim societies that saw the ruler as the upholder of the pristine, transcendental Islamist vision, a conception promulgated above all by the different sectarian activities that constituted a continual component of the Islamic scene. These sectarian activities were connected with the enduring utopian vision of the original Islamic era, of the fact that this vision was neither fully implemented nor ever fully given up. Such sectarian-like tendencies with strong renovative tendencies have indeed existed in the recurring social movements in Muslim societies.

Such renovative orientations were embodied in the different versions of the tradition of reform, the *mujaddid* tradition (Landau-Tasseron 1989: 79–118). They could be focused on the person of a *mahdi* (savior figure in Islam) and/or be promulgated by a Sufi order in a tribal group such as the Wahabites or in a school of law. Such political and/or renovative orientations could be directed toward active participation in the political center, its destruction or transformation, or toward a conscious withdrawal from it. But even such withdrawal, which often developed in both Shi'ism and Sufism, often harbored tendencies to pristine renovation, leading potentially to political action.

These tendencies were related to some basic characteristics of Islamic sects and heterodoxies, which played such an important role in the history of Islamic societies, and to the place of such sectarianism in the expansion of Islam. One of their distinctive characteristics has been the importance within them of the political dimensions, frequently oriented toward the restoration of that pristine vision of Islam, which, has never been given up. This dimension could be oriented towards active participation in the center, its destruction or transformation, or towards a conscious withdrawal from it—yet a withdrawal which, as in the case of some Sufi groups and of Shi'ism, often harbored potential political reactivation. This potential political orientation or dimension generated some of the major movements, political divisions, and problems in Islam, starting with the Shi'a. A very important characteristic aspect of Islamic societies was, as has been indicated above, that the internal sectarian political impact was often connected with the processes of the expansion of Islam, and especially with the continuous impingement on Islamic societies of tribal elements, that presented themselves as the carriers of the original ideal Islamic vision and of the pristine Islamic polity.

RENOVATIVE TENDENCIES AND THE
IBN KHALDOUNIAN CYCLE

The fullest development of the political potential of such renovative tendencies took place in Islamic societies when such tendencies became connected with the resurgence of tribal revival against "corrupt" or weak regimes. In these cases the political impact of such movements became connected with processes attendant on the expansion of Islam and especially with the continuous impingement on the core Islamic polities of relatively newly converted tribal elements, who presented themselves as the carriers of the original ideal Islamic vision, and of the pristine Islamic polity. Many tribes (e.g. some of the Mongols), after being converted to Islam, transformed their own "typical" tribal structures to accord with Islamic religious-political visions and presented themselves as the symbol of pristine Islam, with strong renovative tendencies oriented to the restoration of pristine Islam. These tendencies became closely related to the famous cycle depicted by Ibn Khaldoun (1958), namely, the cycle of tribal conquest, based on tribal solidarity and religious devotion, giving rise to the conquest of cities and settlement in them, followed by the degeneration of the ruling (often the former tribal) elite and then by its subsequent regeneration by new tribal elements from the vast—old or new—tribal reservoirs. The Abbasid revolution can in many ways be seen as one point in the Khaldounian cycles of political dynamics of Islam. Ibn Khaldoun emphasized above all the possibility of such renovation from within the original, especially Arab, tribal reservoir, and not from reservoirs acquired as it were through the expansion of Islam. Moreover, he focused more on the dilution of internal tribal cohesion as an important factor in the decline of Muslim dynasties and paid less attention to the "dogmatic" dimensions of Islam. But the overall strength of Ibn Khaldoun's approach is that it provides an important analytical tool for understanding the dynamics of Islamic societies beyond the geographical scope of his own vision. Such new "converts," along with the seemingly dormant tribes of the Arabian peninsula, of which the Wahabites constituted probably the latest and most forceful illustration, became a central dynamic political force in Islamic civilization.

By virtue of the combination of this mode of Islamic expansion with such sectarian, renovative orientations, Islam was probably the only Axial civilization in which sectarian-like movements—together with tribal leadership and groups—often led not only to the overthrow or downfall of existing regimes but also to the establishment of new political regimes oriented, at least initially, to the implementation of the original pristine, primordial Islamic utopia. But significantly enough once these regimes became institutionalized they gave rise to patrimonial or Imperial regimes within which the "old"

Ibn Khaldoun cycle tended to develop anew. But, in which however also the pristine ideal of the unusual, of its renovation, constituted a continual component of political symbolism and dynamics.

SECTARIANISM AND POLITICAL DYNAMICS IN SHI'I ISLAM

Within this broad framework of the dynamics of Islamic civilizations there developed an innovating interpretation of the relation between temporal and religious power by a segment of the Shi'i *ulama*, which constitute a more distinct background to the Iranian revolution.

Historically, there is no distinction between state power and religious thought in Islam. Islam does not make a fundamental distinction between politics in its temporal meaning and spiritual power (Lambton 1980: 404). As a spiritual power prophet Mohammad laid down the essential principles of Islam. As temporal leader he created the basis for Islamic political power. After the death of the prophet Muhammad the role of political power and the legitimacy of the religious or temporal ruler became an important central problem and a source of polemics within Islam. In Shi'ism this was an even more complicated problem. After the death of Imam Hossein, the third Shi'i Imam, who had carried out several failed military actions to gain control of the Islamic community, the following imams distanced themselves from politics. The depolarization of the Shi'i imams reached its height with the occultation of the twelfth or Hidden Imam (873–874). Theoretically, all temporal power was illegitimate and legitimate authority belonged to the imams starting with Ali (the first Shi'i Imam). Since the occultation of the last Imam, Mahdi in AD 874, the *ulama* were considered to be the "general agency" of the Absent Imam (see Algar 1979: ch. 1). The doctrine of occultation authorized the Shi'i leaders to take a break from their claim to political power. This phenomenon supported the idea, that temporal rule is no necessary task of the imam. Thus, the temporal and religious function of the imam became even more separated. That means, in Shi'ism there is a fundamental agreement that there is no leadership of the *ulama* but the leadership of the Twelfth Imam. At the same time, Shi'ism recognizes the necessity of some type of leader during the occultation of the Twelfth Imam, though there is no general definition of what are the tasks and praxis of this leader, or how the *ulama* should carry out political power in the Islamic community.

The historical scholastic conflict between different Shi'i schools was an indicator for the continuous separation of the Shi'i clergy from their political role in the Islamic community (Fadr, Fani and Khorramshahi 1988). The lack of agreement on the question of the leader lead to confusion and a power vacuum, which historically seemed to open the door for the *ulama* to

carry out spiritual and political power during the occultation of the Twelfth Imam. The two most important thinkers among the *ulama* who developed a Shi'i definition of political power in the twentieth century were Ayatollah Shaykh Mohammad Hossein Naini (1860–1936) and Ayatollah Ruhollah Khomeini (1901–1989). In his famous book *tanbih al-umma van tanzih al mella* (the leadership and the cunning of man) Naini accepted the constitutional monarchy from the point of view of Shi'i jurisdiction.[6] Khomeini developed his political ideas by a radical shift from the Shi'i interpretation of the Western-style constitution to what he called the *velayat-e faqih* and the *hokumat-e islami*.

Khomeini radically criticized the Constitutional revolution and the pro-constitutional *ulama*. As has been discussed above, Shi'ism considered all temporal and political power during the time of the occultation of the Twelfth Imam as illegitimate. The *ulama* were the mediators of the Twelfth Imam, and their allegedly descent from the prophet legitimated their rule. With his concept of the *velayat-e faqih* Khomeini radically broke with the traditional Shi'i dogma over political power. Khomeini's interpretation of the relation between temporal and spiritual issues in the context of the theory of the *velayat-e faqih* provides the *ummah* with a certain basis, which is almost equal to that of the prophet and the imam, covering the monitoring of the executive and juridical power. The movement, that started with the revolt against the Shah's modernization program, in 1963, further developed theoretically and practically in the 1960s and 1970s. The public protest of Ayatollah Khomeini against the state legitimized his role as undisputed leader among the Shi'i *ulama*.

SHI'ISM AND POLITICAL POWER — THE NEW TYPE OF SHI'I ULAMA RELATIONS

In the 1960s and 1970s a segment of the *ulama*, which were inspired by Ayatollah Khomeini, started to organize themselves. They established a

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[6] From 1990 developed in Iran within the Islamic lay intellectual movement and among some members of the *ulama* a new trend. This trend is one of the most important domestic intellectual counter movements, that criticizes the ruling *ulama* and the dominant political ideology of the *velayat-e faqih* (the state theory of Ayatollah Khomeini) and the interpretation of Islam as ideology. The most prominent elements within this movement are Abdulkarim Soroush, Mujtahed-Shabistari, Akbar Ganji, and Mohsen Kadivar, see e.g. Soroush, A. 1999 *Expansion of the Prophetic Experience*, in Persian. Tehran: Sirat; Mujtahed-Shabistari, M. 1996 *Hermeneutics: The Book and Tradition*, in Persian. Tehran: Tarh-i Naw; Ganji, A. 2000 *The Fascist Interpretation of Religion and Government: Pathology of Transition to the Democracy and Development-oriented State*, in Persian. Tehran: Tarh-e Naw; Kadivar, M. 1998 *Theocratic Government*, in Persian. Tehran: Nashr-I Nay.

national network that propagated Khomeini's ideas and programs.[7] It was no coincidence that there was a prepared and organized leadership around Ayatollah Khomeini, which was able to mobilize different social classes and groups against the regime of the Shah. The most important successors of the reformist *ulama* and supporters of Ayatollah Khomeini were young clergy who had a positive view of modern sciences. A segment of these *ulama* were members of the philosophy department of the faculty of theology of the University of Tehran. They combined traditional with modern education and were therefore able to get in contact with non-religious intellectuals. Different discussion groups in the 1960s discussed new ideas in seminars and lectures on the Islamic state, and they also published them as articles. Central to these publications was the attempt to develop an ideology that would resist the expansion of secular cultural values and the influence of the West—manifesting itself in the modernization program of the Shah—and that would offer a social alternative. The language and stile of these publications were very modern, literate and professional, and were influenced by secular thought, which became apparent in the choice of subjects in these publications, such as the rights of women, polemics on Marxism, new science and the new world.

The "resurrection of Islam" depended on the extent to which Islam was able find answers to social problems. The redefinition of religion and Islam were characterized by a modern ideologization of religion; an attempt to project the new ideas and implications on the Islamic norms, values and also symbols to contribute to the creation of a dynamic, self-conscious system of social, political, and Islamic values.

Together with the emergence of the militant and reformist *ulama* developed a new generation of modern Islamic intelligentsia that made a great contribution to the development and propagation of revolutionary political Islam. They were able to mobilize the traditional part of society as well as the modern social classes, and groups, such as the urban middle class, students, and women. In contrast to the earlier intelligentsia that had defended secular nationalism, liberalism, and socialism, the new intelligentsia strove for Islam as a revolutionary political ideology and as a social and political project.

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[7] In his long years as teacher Khomeini taught more than 500 *mujtaheds* (persons qualified to engage in *ijtihad* [right to interpretation]) and more than 12,000 *talabeh* (religious students).

ISLAM AND THE MODERN INTELLIGENTSIA

These general characteristics of Shi'i history and civilization constitute the basic framework of the Iranian revolution. It was within this framework and under the impact of the process of modernization and its expansion, that the more specific background of the Iranian revolution could develop.

The modern intellectual history of Iran is characterized by two opposite periods with two different dominant political cultures: the dominant ideas of the first period created the intellectual background for the Constitutional revolution and could generally be conceptualized as secular, inspired by the Western culture and civilization and modern ideas, such as economic liberalism, rationalism and constitutionalism. The second period was characterized by a radical critique on Western culture and civilization. In this period the intellectuals referred back to traditional domestic values (Islam), manifesting itself in concepts such as *qarbzadegi* (westoxication) and *bazgasht beh khishtan* (back to oneself) to confront western "cultural imperialism." These intellectual trends created the background for the development of the ideology of the Iranian Islamic revolution.

The most important features of all intellectual movements and their related political organizations since the Constitutional revolution in Iran until the coup of 1953 were their secular ideas and programs. Secularism was the dominant political culture of different social movements in Iran, namely, liberalism, socialism, or Marxism. Even Khomeini himself was a defender of the Iranian constitution until the late 1960s.

Despite the heterogeneity of the Islamic movement and its different ideologies with different social backgrounds, interests and political programs, what all these groups had in common was the development of Islam as revolutionary political ideology or as a social project against the common enemy (the regime of the Shah), but also as alternative to competing ideologies such as liberalism, and Marxism. But, why was the secular intellectual thinking and praxis (liberal or socialist) replaced by the Islamic social project and ideology?

The thinking and activities of the Iranian intelligentsia of the 1960s and 1970s was connected to a number of structural factors. From the fall of the strong and authoritarian regime of Reza Shah in 1941 by an Anglo-Russian military intervention in 1941 until the Anglo-American supported coup in 1953 against the nationalist government of Mosaddeq, from a political point of view, Iran experienced a period of proto-democracy. It manifested itself by the rise and development of democratic institutions such as political parties, trade unions, associations, and the freedom of the press. In the period after the coup of 1953, all democratic institutions, especially political parties (among others, the National Front and the communist Tudeh Party),

trade unions, and different independent civil institutions were suppressed. With the help of the military and financial support form the United States (US) emerged a repressive authoritarian state.

The rapid and comprehensive state-led Western-style socioeconomic modernization and capitalist development of the 1960s and 1970s lead to a drastic change of the Iranian social structures.[8] Mohammad Reza Shah's aggressive and rapid state-led modernization had little interest in the needs of the modern middle class and the necessity to create an independent and efficient bourgeois class or entrepreneurs. The huge oil income gave the state a great autonomy from the social forces. The state became more and more distant from the people's cultural identity and unpreparedness for these rapid changes. For the majority of the Iranian population, cultural identity, national independence and the authoritarian regime were more important than the class conflict. It is not surprising therefore that the *ulama*, the guardians of Iran's cultural heritage, who had been weakened but not eliminated during the rule of Mohammad Reza Shah, became the leaders of the revolution. They represented not a single class but the whole nation. The *ulama* were able to attract both the traditional urban groups, as well as the modern middle classes who had sympathy for the *ulama's* new ideology. The Iranian policymakers were incapable of creating modern political institutions that would integrate into the political system the modern classes that came to the forefront with the state-led modernization. This led to an alienation of these modern social classes with respect to the state. Furthermore, the modernization process and the radical socioeconomic transformation in the 1960s and 1970s were not able to break with traditional society and its related social forces, causing a contradiction in both the economic as well as the cultural arenas. The power of the modern sector of the economy grew stronger without eliminating or incorporating the powers of the traditional economic sector (the *bazaar*). The Iranian modernization experiment created a fundamental contradiction in the mid-1970s. This caused unbalanced economic and political development:

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[8] Despite an enormous economic progress and a rising gross domestic product per capita, there were great differences in the level of income (Kazemi 1980; Azimi 1990). Rapid economic development increased the gap between rich and poor. In Iran the gap between the very rich and the middle class was very large. Between 1959 and 1977, the share of the urban total income of the poorest 40 percent of the urban population declined from 13.8 percent to 11.5 percent. The share of the middle 40 percent of the urban population declined from 27.6 to 25.6 percent. The share of the upper 20 percent of the urban population of the total income to the contrast rose from 52.1 to 57.1 percent. These numbers only give a relative picture of poverty in Iran at that time. They are no exact report of the standard of living of the lowest urban and rural population.

the economic structure was modernized without fundamental changes in the nature of the political system.

In the words of Abrahamian (1982) "economic development versus political underdevelopment." At the same time the secularization process had little influence on the power of the *ulama* as a potential organic ally of the *bazaar* economic sector. Finally, the modernization process lacked a coherent ideology. The Shah's attempts to legitimatize his rule through associations with pre-Islamic Iranian history only further alienated the *ulama*, which formed a strong alliance with the other frustrated social classes. The main result of economic development, especially in the 1960s and 1970s was rapid social mobilization. The index of social and economic development showed a dynamic and rapid social transformation. The Iranian policy-makers did not succeed in creating an alternative, lasting ideology to what was destroyed by socio-economic and cultural transformation. Paradoxically though, the state created a vacuum that could be filled and propelled by a revolutionary Islamic political ideology. The charismatic leader Khomeini provided a "national myth" around which the revolution could crystallize. "Understanding the crucial importance of religion in Iran's political culture, Khomeini's national myth linked the shah's opposition with Western imperialism and secularism and called for the simultaneous expulsion of all three" (Ghods 1989: 228).

Rapid urbanization, as a consequence of modernization, was without doubt the most important change in the 1960s and 1970s. The enlargement of cities led to a new composition of the urban population, and unequal development had a direct influence on urban life and the structures of urbanization in Iran. On the one side stood the rich and new urban groups that distinguished themselves from the majority of the Iranian population in their language, their behavior, and their way of life. They were alienated from the daily problems of the majority of the population. On the other side stood the lower urban classes and groups that were confronted with a primitive daily life and were not able to integrate into the dynamic and rapidly changing new social circumstances. Urban life, thus, became the domain of great contradictions. The urban poor mirrored the duality of Iranian social life and were a characteristic feature of the cultural problems and contradictions of a society in transition, a society that continuously stood under tension. The *ulama*, the traditional part of society and the migrants from the rural areas, experienced their social life or cultural and religious identity as an antagonism to their daily reality. A great segment of the intellectuals considered themselves to be politically misled. The emerging modern urban classes as result of industrialization had no access to politics and were excluded from participating in political processes.

It therefore is not surprising, that the rising urban forces kept their own values by creating institutions that were a reflection of their own worldview. The most important mechanisms to mobilize the urban poor were traditional religious values and customs, which the *ulama* conveyed in mosques, religious foundations and other institutions. The religious institutions constituted a meeting place for migrants, the traditional urban forces and the *ulama*. The urban poor and the traditional social forces were connected to each other via religious institutions that were controlled by the emerging militant *ulama*. This connection strengthened the opposition of the Islamic forces against the modern and repressive state.

But the social value crisis was not only a problem of the urban poor. The other urban social forces and groups such as the youth, women, the middle class and especially the intelligentsia and the artists also had to cope with individual and social alienation. The Iranian modern intelligentsia, who saw themselves as the pioneers of modernity and modernism after the coup of 1953 felt as victims of the repressive state, and were not able to legitimize and accept the modernization by the regime of the Shah, who had come to power by a US-backed coup against the nationalist government of Mosaddeq. Furthermore, capitalist development and modernization did not take place without socio-economic and cultural contradictions in Iran.[9]

Uneven and rapid socio-economic modernization, changes, and transformation were at this time the most important themes of the intellectual critical literature. The Iranian intelligentsia wrote mostly about the disintegration of the pre-capitalist agrarian structures and the confrontation between the traditional society and the modern culture. This led to a radical critique of modernity and westernization. Jalal Al-e Ahmad (1923–1969) and Ali Shari'ati (1933–1977), two of the most influential intellectuals in this period, both took great pains to analyze the intelligentsia's estrangement from Iranian society and its adverse results for cultural and social life. By introducing concepts such as "Westernization" and "back to Islam," they romanticized the traditions of Islam to confront modernization and modernity. This new generation of the intelligentsia condemned not only the repressive state of the Shah but also his socio-economic modernization program. They represented a new political culture and a new value system. Not surprising, in the period under consideration developed a new type of secular intelligentsia with a new political ideology and new ideas. This ideology has to be set into the context of the comprehensive populist

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[9] Annual migration to the cities varied during 1966 and 1978 between 300,000 and 320,000 people. A great number of the migrants was incorporated into the construction industry, which expanded between 1972 and 1977 annually by an average of 6.7 percent.

ideology of Third Worldism.[10] Politically, this group as well as the Islamic intellectuals emphasized concepts such as neo-colonialism, the anti-imperialist battle and the Third World. They published many articles on the revolutions in Algeria, Cuba, Vietnam, China, and in African countries, and translated many works of critical Western intellectuals and authors. The works of René Guénon were particularly popular among the Iranian intelligentsia. He contrasted the eastern world with the western world. He believed that the disintegration of the western civilization was not the end of the world but that a world, which was only based on material values, would eventually come to an end. Guénon's followers considered the west to be the source of evil forces and the east as the place of light and the blossom of the people. They also contrasted scientism and rationalism with the traditional Eastern values und Western sciences with eastern insight. Many Iranian authors of the 1960s and 1970s wrote books and essays on these issues. In the Iranian society, these ideas had many followers. Within parts of the intelligentsia, the works of Martin Heidegger became very popular in their intellectual battle against modernity and urban life. Although this new intelligentsia had different political and social standpoints, what they had in common was their criticism on the West and the potential role of Islam as cultural identity. In contrast to the old generation of intelligentsia that had proclaimed modernism, futurism, and optimism, the new generation of the intelligentsia had a radical critique on modern life. This new generation saw the expansion of Western culture as a threat and romanticized the former simple life in the form of a nostalgic "back" to the Iranian-Islamic culture and "back to oneself." The universal ideas of the old generation of the intelligentsia were replaced with the critique on *qarbzadegi* and the nostalgic Islamic Iran as well as the *jedal-e sharq va qarb* (East-West conflict) (Shaigan 1992).

THE MODERN IRANIAN FUNDAMENTALIST JACOBIN REGIME—MODERN JACOBINISM WITH DISTINCT CHARACTERISTICS

The Iranian revolution constituted a definite break from an Ibn-Khaldunian cycle. It gave rise to a new modern Jacobin regime (Eisenstadt 1999) promulgated by a new modern fundamentalist movement which can be defined as "fundamentalism in the sense specified above.

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[10] Third Worldism became also influential among the Islamic forces (the conservatives, the party of the Muslim Mujahedin, the Party of Islamic Nation [Hezb-e Mellal-e Islami] and the progressive stream Jama and the Mujahedin-e Khalq-e Iran [People's Mujahedin of Iran]). They all were influenced by Third Worldism though they had different standpoints.

The fundamentalist and communal-religious movements, which have indeed gained in the contemporary era a very prominent place on the national and international scenes, share with other modern Jacobin movements—above all indeed paradoxically enough with the Communist—the tendency to promulgate a very strong salvationist vision or gospel. They show some very interesting paradoxical combination of promulgating highly elaborate seemingly anti-modern, or rather anti-Enlightenment themes with many modern Jacobin revolutionary ideologies, movements and regimes—which they share sometimes in a sort of mirror image way—with the Communist ones (Besançon 1981), the carriers of the most extreme alternative model of classical Enlightenment models of modernity.

The new revolutionary Islamic ideology played a key role in the making of the revolution. Islam as revolutionary political ideology was developed by different groups and ideologues. Despite their fundamental ideological differences these streams of thought were able to reformulate Islam as a new revolutionary political ideology. The most important characteristic of all these movements was the development of Islam in revolutionary terms as well as in the terminology of a populist political ideology. By means of a modern language and science, with progressive, revolutionary and militant features these streams of thought represented the face of Islam. They propagated Islam as a political ideology with an own policy, a legal system and an own economic and political model; an Islam, that was able to eliminate the class differences and create an equal society, an Islam that could put an end to suppression and despotism and guarantee freedom, freedom of opinion, social justice and human rights; an Islam that was able to obstruct the penetration of capitalism and imperialism into Iran and would create an independent Iran. With this populist picture and their Islamic political ideology the emerging Islamic forces were able to mobilize the different social classes and groups from the poor urban classes to the working class, and from the traditional to the modern classes, and made the Iranian Islamic revolution.

The visions promulgated by these movements and regimes entailed a strong tendency to combine different themes of protest with the constitution of a new ontological definition of reality, with a total worldview rooted in the respective salvationist vision, and to the emphasis that the implementation of this vision was to take place in this world, in the present. Instead of the—basically unfathomable—future, the implementation of this vision was, as that of all the Great revolutions, to be achieved in the present. Present and future became in many ways conflated.

The fundamentalist movements and regimes share also with the Communist ones the attempts to establish by political action a new social order, rooted in the revolutionary universalistic ideological tenets, in principle

transcending any primordial, national or ethnic units and new socio-political collectivities. They share also the conception of politics as the great transformators of society. Indeed, above all, many of the fundamentalist movements share with the Great revolutions the belief in the primacy of politics, albeit in their case, religious politics—or at least of organized political action—guided by a totalistic religious vision to reconstruct society, or sectors thereof.

These visions entailed the transformation both of man and of society and of the constitution of new personal and collective identities. It was in the name of such salvation that these movements and regimes demanded total submergence of the individual in the general totalistic community, the total reconstruction of personality and of individual and collective identity.

Thus these movements are political not only in the instrumental or technical sense but rather in their attempts, to implement an overall moral vision, to construct through modern political means, a new collective identity, and to appropriate modernity in their own terms. It is indeed the ideological and political heritage of the revolutions, which epitomized the victory of gnostic heterodox tendencies to bring the Kingdom of God on Earth, of an attempt to reconstruct the world that constitutes the crucial link between the cultural and political program of modernity and fundamental movements.

In both cases, the institutionalization of such vision gave rise to regimes characterized by strong political mobilizatory orientations and policies aiming at changing and transforming the structure of society in general and of center-periphery relations in particular. Both types of movements and regimes promulgated such efforts at transformation and mobilization, in combination with the sanctification of violence and terror against internal and external evil forces and enemies, especially those rooted in the internal dynamics of modern Western "bourgeois" society.

Both the communist and the modern fundamentalist movements have been international, transnational ones, activated by very intensive networks, which facilitated the expansion of the social and cultural visions promulgated by them, their universalistic messages and at the same time continually confronting them with other competing visions. These movements and regimes shared also several basic characteristics of utopian sectarian groups, namely, the tendency to constitute sharp boundaries between the "pure" inside and the polluted outside and the continual constitution of an image of an ontological enemy—the world capitalism for the communists, America in the Iranian case, Israel and Zionism, an enemy who is the epitome of the evil of modernity and who can also pollute groups and against whom one should be on constant alert. The enemy is often the same as that of communist regimes, or very similar: the West, above all, the US, and even

Zionists. But, the grounding of such enmity differed greatly between these two movements or regimes. In the Soviet case, it is the non-completion or perversion of the original vision of modernity, of the Enlightenment. In the fundamentalist case, it is the adherence to the project of the Enlightenment that constitutes the basis of such enmity.

The attitude in political institutions, of course, is one of the most interesting and paradoxical manifestations of this combination of modern Jacobin mobilizatory dimension of modern fundamentalist movements and regimes with their "anti-modern" or at least anti-liberal or anti-Enlightenment ideology, such as their attitude towards women. On the one hand most of these movements, as Martin Riesebrodt (1993) has shown in his incisive analysis, promulgate a strong patriarchal, anti-feminist attitude, which tends to segregate women and impose far-reaching restrictions on them—seemingly, but only seemingly, of a type which can be found in many of the Arab regimes like Saudi Arabia, the roots of which were traditional proto-fundamentalist ones, or in such contemporary traditionalistic, proto-fundamentalist movements like the Taliban, where one of the first acts (in October 1996) of the new Taliban government was to force out women from the public sphere from schools and even from work. As against this, in stark contrast to such traditionalistic regimes, the modern fundamentalist ones mobilize women—even if in segregation from men, into the public sphere—be it in demonstrations, paramilitary organizations or the like. Indeed the reshaping of the social and cultural construction of women, and the construction of a new public identity of women rooted in Islamist vision, constituted a very important component in the fundamentalist programs in Iran and in Islamist movements in Turkey, and were very often promulgated by educated and professional women who felt alienated in the preceding secular public space. In the 1996 elections in Iran women not only voted, stood as candidates to the parliament and were elected—one of them (Ms Rafsanjani; the daughter of the then President) claimed that there is nothing in Islamic law which forbids women to take public office.

THE AMBIVALENT ATTITUDE TO TRADITION

Tradition as a Modern Jacobin Ideology—It is the combination of these different components of fundamentalist visions with very strong Jacobin orientations that explains also the very paradoxical attitude of these movements to tradition. The anti-modern, or to be yet again more precise, anti-Enlightenment attitude and the specific way of promulgation of tradition that developed within the fundamentalist visions are not just a reaction of traditional groups to the encroachment of new ways of life, but a militant ideology which is basically couched in highly modern idiom

and is oriented to mobilization of wide masses. Fundamentalist traditionalism is not to be confused with a "simple" or "natural" upkeep of a given living tradition or defense thereof. Rather, it denotes an ideological mode and stance oriented not only against new developments, against different manifestations of modern life, but also against the continually changing and diversified tradition. This attitude to tradition is manifest in two very closely connected facts: first, the existing religious, often conservative, religious establishment of their respective societies that constitutes one of the major foci of criticism of these movements—up to the point where these establishments are even seen as one of their major enemies; second, and closely related, is the fact that the younger sectors, especially within the cities, be it in Turkey or in the Muslim diasporas in the West, which are drawn to the fundamentalist movement, distance themselves from their traditionalist parents. They see the traditionalist way of life of their parents or grandparents as not pure enough, as a simple-minded compromise with the secular society (Gule 1996).

Thus, although seemingly traditional, in fact, these movements are in some paradoxical way anti-traditional. They are anti-traditional in the sense that they negate the living traditions, with their complexity and heterogeneity, of their respective societies or religions, and instead they uphold a highly ideological and essentialistic conception of tradition as an overarching principle of cognitive and social organization. Most fundamentalist groups tend to espouse a principled denial of continued unfolding of tradition and its interpretation or stance, which does, of course, in itself constitute a very distinct new and innovative mode of interpretation. This rather paradoxical attitude of these movements towards tradition indicates one of their major aims: to appropriate modernity on their own terms according to their distinct sectarian and utopian vision combined with strong political orientations.

THE MODERN CHARACTERISTICS OF THE IRANIAN ISLAMIC REGIME

The strong modern components and indeed premises of many of the fundamentalist movements can also be seen in some aspects of their institutionalization as regimes. The Islamic revolution's triumph in Iran did not abolish most of the modern institutions—basically without any roots in Islam—such as a constitution, the parliament, the *majlis* and elections to it, and even to the presidency of the republic. The basic mode of legitimation of this regime as promulgated in the constitution contained some very important modern components. It declared, without attempting to reconcile, two different sources of sovereignty—God and the people, or

the *ummah*. This regime promulgated a new constitution, something which some of the earlier traditionalists opposed vehemently. Both the *majlis* and the mode of election to it were reconstructed with some very strong Jacobin components and clothed in an Islamic *garb*. Interestingly enough, one of these Islamic *garbs*—the institutionalization of a special Islamic court or chamber to supervise "secular" legislation—was not so far removed from the special place of juridical institution of the principle of judicial revision, which is characteristic of modern constitutional regimes.

   The importance of elections was demonstrated in May 1997, when—even if implicit—against the advice or recommendation of the clerical establishment, a more "open-minded" candidate, Mohammad Khatami, was elected by the vote of women and younger people. In the following elections the Conservatives attempted to crush the Reformists, and since then there is a contestation between different Reformist groups and the conservative establishment while its repressive tendencies constituted a continual component of the Iranian scene. These fundamentalist movements and regimes, and above all, of course, the Iranian one, faced, as did the communist ones, at least some rather parallel problems or challenges attendant on their institutionalization. Among these were the growing contradictions between the salvational vision and the exigencies of maintaining some type of orderly modern political regime and economic system; between their tendencies of totalization and the necessity to face, even to some degree promote, the processes of structural differentiation of economic development, against which they were oriented; the problems attendant on the potential corruption of their elites and the general, even if partial, "regression" from the universalistic-missionary vision to the primacy of concrete demands of statehood. But above all these regimes faced also the tensions inherent in the relations between their Jacobin tendencies on the one hand, and on the other, their acceptance and adoption of some of the basic potentially pluralistic—even if highly regulated or controlled ones—institutional frameworks of modern constitutional regimes, as well as growing demands for some autonomy and autonomous private spheres among many sectors of society, especially women, youth, and professional groups.

THE IRANIAN REVOLUTION AND THE NEW INTER-CIVILIZATIONAL SITUATION—REINTERPRETATION AND APPROPRIATION OF MODERNITY

The Islamic fundamentalist revolution as promulgated in Iran, which in terms of its causes and even processes is closest to the classical revolutions, signals an entirely new civilizational orientation, a new phase in the develop-

ment of modernity. It was this distinct combination of modern and anti-Enlightenment and anti-Western cosmological visions—as developed in the framework of new globalizing processes and inter-civilizational visions—that distinguished the Iranian Islamic revolution from the classical ones, even while bringing out some of its paradoxical similarities. Thus indeed the modern fundamentalist movements, which are most fully epitomized in the Iranian Revolution, though in somewhat different mode, the communal religious movements that developed in other Asian countries, entail an important, even radical, shift in the discourse about modernity and in the conceptualization of the relation between the Western and non-Western civilizations, religions, or societies.

The crucial differences between the fundamentalist movements and the other Jacobin movements, especially the Communist one, indeed stand out above all with respect to their attitude towards the premises of the cultural and political program of modernity and to the West. As against the seeming acceptance of the premises of these programs, or at least a highly ambivalent attitude towards them, combined with the continual reinterpretation thereof, that was characteristic of the earlier revolutions and revolutionary movements—such as the various socialist and communist regimes—the contemporary fundamentalist and most communal religious movements promulgate a seeming negation of at least some of these premises, as well as a markedly confrontational attitude towards the West.

In contrast to communist and socialist movements, including the earlier Muslim or African socialists, the contemporary fundamentalist and religious communal movements promulgate a radically negative attitude towards some of the central Enlightenment—and even Romantic—components of the cultural and political program of modernity, especially towards the emphasis on the autonomy and sovereignty of reason and of the individual. The fundamentalist movement promulgate a totalistic ideological denial of these "Enlightenment" premises, and a basically confrontational attitude not only towards Western hegemony, but also towards the West as such and to what was defined by them as Western civilization and usually conceived by them in totalistic and essentialist ways. These fundamentalist movements often grounded their denial of the premises of the Enlightenment or their opposition to it in the universalistic premises of their respective religions or civilizations, as newly interpreted by them. The communal-national movements built on the earlier "nativistic," "Slavophile"-like movements, but reinterpreted them in radical political modern communal national ways. Significantly enough, in all these movements, socialist or communist themes or symbols were no longer strongly emphasized. In this context, it is very interesting to note that the activists, especially in various Arab countries who were drawn to different socialist themes and movements, became very

active in the fundamentalist and also in some of the communal movements of the 1980s and 1990s.

Above all, the fundamentalist movements and regimes promulgate a markedly confrontational attitude towards the West, towards what is conceived as Western, and the attempts to appropriate modernity and the global system on their own non-Western, often anti-Western, terms, but to a large extent formulated in the terms of the discourse of modernity. They attempt to dissociate completely Westernization from modernity; they deny the monopoly or hegemony of Western modernity, and the acceptance of the Western cultural program as the epitome of modernity. The confrontation with the West does not take with them the form of searching to become incorporated into the modern hegemonic civilization on its own terms, but rather to appropriate the new international global scene and modernity for themselves, for their traditions or "civilizations," as they are continually promulgated and reconstructed under the impact of their continual encounter with the West.

Above all they promulgate de-Westernization, the decoupling of modernity from its "Western" pattern, of depriving, as it were, the West from the monopoly of modernity. In this broad context that European or Western modernity or modernities are seen not as the only real modernity but as one of multiple modernities, even if of course it has played a special role not only in the origins of modernity but also in the continual expansion and reinterpretation of modernities. These movements and regimes constitute a part of a set of much wider developments which have been taking place throughout the world, in Muslim, Indian, and Buddhist societies, seemingly continuing, yet indeed in a markedly transformed way, the contestations between different earlier reformist and traditional religious movements that developed throughout non-Western societies. At the same time these movements constitute transformation of many of the earlier criticism of modernity that developed in the West. In these movements the basic tensions inherent in the modern program, especially those between the pluralistic and totalistic tendencies, between utopian or more open and pragmatic attitudes, between multifaceted as against closed identities, between some collective distinctive and universal reason, are played out more in terms of their own traditions grounded in their respective Axial religions rather than in those of European Enlightenment—although they are greatly influenced by the latter and especially by the participatory and indeed Jacobin traditions of the Great revolutions. This highly confrontational attitude to the West, to what is conceived as Western, is in these movements closely related to their attempts to appropriate modernity and the global system on their own non-Western, often anti-modern terms. In these movements the basic tensions were inherent in the modern program, especially those

between the pluralistic and totalistic one, between utopian or more open and pragmatic attitudes, between some as against closed identities, as well as the relations to the West. The perception of the relations between the West and modernity, are continually played out in new ways, and in new terms. It is an attempt of those movements to appropriate modernity, to define it on their own terms, to decouple radically modernity from Westernization, and to take away from the West the monopoly of modernity.

Within all these movements the aggressive and destructive potentialities—manifest in very strong aggressive and exclusivist tendencies and orientations—in the designation or naming of groups as the "enemies," often to be excluded from the respective collectivities, even to their dehumanization, in strong anti-rational orientations and symbolism, and in the concomitant tendencies to the sanctification of violence, have become closely interwoven with the processes of dislocation, of contestation between interpretations of modernity, and with geopolitical struggles, making them more dangerous.

VI. Iranian Foreign Policy since the Iranian Islamic Revolution: 1979–2006

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Abstract

   This chapter analyzes Iranian foreign policy since the Iranian Islamic revolution of 1979. The main questions to be dealt with are: what influences has the Iranian Islamic revolution had on foreign policy orientation and formulation of the Islamic Republic of Iran? What influences has Shi'ism had on foreign policy formulation in Iran? What impact have Supreme Leader Ayatollah Ruhollah Khomeini, and the three presidents Hojjatoleslam Ali Akbar Hashemi Rafsanjani, Hojjatoleslam Mohammad Khatami, and Mahmoud Ahmadinejad had on foreign policy orientation? Have there been major shifts in foreign policy orientation during their tenures or has the overall foreign policy approach that was introduced by Khomeini after the revolution in 1979 remained the same? The chapter will first discuss the history of Shi'ism in Iran and its impact on politics since the introduction of Islam as state religion in the beginning of the sixteenth century by the Safavid Empire. It will then give an introduction to power relations in Iran since the Iranian Islamic revolution and analyze foreign policy orientation in Iran in four phases: (1) from 1979 to 1989, when Khomeini was the Supreme Leader; (2) from 1989–1997, during the presidency of Rafsanjani; (3) from 1997–2005, during the presidency of Khatami; and (4) since Ahmadinejad's presidency began in 2005.

INTRODUCTION

This chapter analyzes the foreign policy of the Islamic Republic of Iran (IRI) since the Iranian Islamic revolution of 1979. The main questions to be raised in this chapter are: what influence has the Iranian Islamic revolution had on foreign policy orientation and formulation of the IRI? What impact have Supreme Leader Ayatollah Ruhollah Khomeini, and the three presidents Hojjatoleslam Ali Akbar Hashemi Rafsanjani, Hojjatoleslam

Mohammad Khatami, and Mahmoud Ahmadinejad had on foreign policy? Have there been major shifts in foreign policy orientation during their tenures or has the overall foreign policy approach that was introduced by Khomeini after the revolution in 1979 remained the same? What is the impact of "Shi'ism" on foreign policy formulation?

The Islamic revolution can be partly understood as one in a series of events in reaction to the domination of Iran by foreign powers and exploitation of its wealth and resources by foreign firms. These events were the Tobacco Monopoly revolt (1890–1891), the Constitutional revolution (1905–1906), the Oil Nationalization Movement of Prime Minister Mohammad Mosaddeq (1951–1953), and the Iranian Islamic revolution (1978–1979). In all four revolts/revolutions, the *ulama* (clergy), as representatives of the nationalist movement, played a prominent role.

All of these events were intimately linked to Iran's historical experience of foreign influences and penetration: first, its rivalry with other empires (e.g. the Ottoman Empire); then, over the past 200 years, interference in its internal affairs by France, Russia, Britain, and the United States (US). They were also influenced by failed attempts at modernization, first in the nineteenth century by the Qajar Shah, and later after the disintegration of the Persian Empire and the establishment of Iran as a nation state by the two Pahlavi Shahs (Reza Shah, 1921–1941, and Mohammad Reza Shah, 1941–1979) (see also this book's Introduction).

During the reign of the last Shah—Mohammad Reza Shah—Iran was a close ally of the US and aspired to a prominent position in the Persian Gulf region. The Iranian revolution was a total break with the Shah's policy.

Generally speaking, post-revolutionary Iran's foreign policy approach can be summarized as follows: in the first ten years after the revolution, when Khomeini was the Supreme Leader, it was dominated by two main ideological principles: (1) "Neither East nor West but the Islamic Republic," which translated in particular into an aversion to Western (US) influence; and (2) "Export of the Revolution," in order to free Muslim countries and non-Muslim countries from their "oppressive and corrupt rulers." The second principle served as a means of mobilizing the Iranian people to support the eight-year war with Iraq (1980–1988). Thus foreign policy orientation during the first ten years after the revolution was mainly ideologically driven, inspired by a certain interpretation of the Shi'i ideological doctrine to be explained below. During the presidency of Rafsanjani (1989–1997), a more pragmatic approach prevailed, focusing on post Iran-Iraq war economic reconstruction and the country's reintegration into the international economy. A priority of Rafsanjani's foreign policy was to improve relations with Persian Gulf countries, especially Saudi Arabia, but also with the newly independent states of Central Eurasia (CEA) and Russia. Khatami's presidency (1997–2005) aimed to continue Rafsanjani's foreign policy towards

its neighbors, but also to improve relations with the European Union (EU) and its member countries. Nevertheless, even during these two presidencies, the Shi'i ideological doctrine, embedded in a nationalist yearning that rejects any "Westernization" of the country and Iranian people, still prevailed among some elements of the Iranian political elite, preventing major changes in foreign policy orientation. With the election of Ahmadinejad in 2005, some shifts in foreign policy orientation can be noted: a shift away from the pragmatic approach under Presidents Rafsanjani and Khatami to a more hostile attitude towards the West and Israel. This article opens with a historical overview of Shi'ism's influence on Iranian foreign policy, followed by an introduction to the structure of power relations in Iran and, more specific, the structure of foreign policy decision-making. It then analyzes the foreign policy of the IRI in four phases: (1) from 1979–1989, when Ayatollah Ruhollah Khomeini was the Supreme Leader; (2) from 1989–1997, during the Presidency of Hojatolislam Hashemi Rafsanjani; (3) from 1997–2005, during the Presidency of Hojatolislam Mohammad Khatami; and (4) since Ahmadinejad's presidency began in 2005.

THE ROLE OF SHI'ISM IN IRANIAN FOREIGN POLICY: ILLUSION OR REALITY?

The IRI is the only country in the world in which Shi'ism is the state religion and an extensive Islamic revolution has taken place. A theocratic state based on politicized Islam, the IRI stands in contrast to the earlier secular Iranian political regime of the Shah period and its foreign policy orientation discussed above.

What impact has the Islamic revolution of 1979 had on Iran's foreign policy? Is foreign policy in Iran dominated by ideological considerations based on Shi'ism? Or, as in any other country in the world, is foreign policy determined by geo-strategic considerations? In fact, the foreign policy of the IRI has been greatly influenced by the Islamic revolution and its ideology, but how political is Shi'ism? Has it really driven foreign policy in Iran since the Islamic revolution, or rather is it a component of the nationalist movement that has been fighting Western influence and domination since the late nineteenth century?

For a better understanding the politicization of Shi'ism, I will provide an overview of Shi'ism's historical roots of Iranian politics.

Historically speaking, Shi'ism is an Arab phenomenon: the language of the imams and theological literature is Arabic, most of the holy sites of Shi'ism are on Arab territory, and many of the great ayatollahs have Arab ancestors and speak Arabic fluently (Roy 1996/1999).

Originally in Islam there was no distinction between state power and religious thought (Lambton 1980). Prophet Muhammad, who was both Islam's spiritual and temporal leader, established the religion's essential

principles. After the death of Muhammad the legitimacy of his succes-
sor was disputed between the Shi'i and the Sunni branches of Islam (see
chapter 5 by Amineh and Eisenstadt).

Shi'ism became politically institutionalized in Iran in 1501, when Shah Esmail
I founded the Safavid Empire and adopted Shi'ism as the official state reli-
gion in order to distinguish the Empire from its main competitor, the Sunni
Ottoman Empire. Since the founding of the Safavid Empire Shi'ism has served
as a means of national identity and state-building (Thual 2002: 33).

The politicization of Shi'ism can be traced back to four developments
within this sect: (1) the triumph of the *usuli* over the *akhbari*; (2) *ijtihad*; (3)
marja-e taqlid; and (4) the *khums*. In the seventeenth and eighteenth centuries,
a theological debate emerged among the Shi'i clergy with regard to the
right to interpretation (*ijtihad*). Two schools developed out of this debate,
the *akhbari* and the *usuli*. The *akhbari* believed that since the disappearance
of the Twelfth Imam there was no right to interpretation and that the *hadith*
(the tradition of words and deeds of the Prophet Muhammad) was sufficient
as a legal source of Islamic jurisprudence (*fiqh*). Therefore, it was not neces-
sary to follow the interpretations of a *mujtahed* (the highest learned clergy).
In contrast to the *akhbari*, the *usuli* believed in *ijtihad* and the leadership of
the *mujtahed*. The *usuli* argued that religion had to be interpreted based on
current circumstances. The *usuli* ultimately won the dispute between the two
theological schools (Keddie 1995: 97–98) and legitimized policy formulation
within Shi'ism (Mirbaghari 2004: 557).

The victory of the *usuli* over the *akhbari* paved the way for the creation
of the modern Shi'i clergy and the formation of an autonomous clerical
body separate from the state. Only the *mujtahed* or ayatollah, and later, in the
mid-nineteenth century, the centralized leadership *marja-e taqlid* (the source
of imitation), had the right to *ijtihad*, and each believer had to follow their
interpretations (Roy 1996/1999: 171; Mirbaghari 2004: 557).

The centralization of power among the clergy was accompanied by
financial centralization, which rendered the clergy financially autonomous
from the state owing to the concentration of the *khums* and *zakat* (religious
tax) in the hands of the *marja-e taqlid*. The *khums* are unique to Shi'ism.
Originally, the *khums* (which is one-fifth of a Shi'i Muslim's annual net profit)
were paid by Iranians to local and provincial *ulama*. With the emergence
of the *marja-e taqlid*, the *khums* became concentrated in the hands of the
marjah (Enayat 1982). The *khums* brings the clergy and the lay population
into direct contact. In particular, members of the traditional economic sec-
tor, the *bazaari*,[1] have used the *khums* to increase their influence in politics.

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[1] See chapter 5 by Amineh and Eisenstadt, notes 4 and 5, on the role of the bazaar in
socio-economic affairs.

Furthermore, the financial dependence of the *ulama* on the *bazaari* has made them reluctant to support policies that could go against *bazaari* interests. At the same time, however, the independence of the *ulama* from the state through the *khums* has given them the freedom to act independently from the state, which was particularly important during times of political crises (Mirbaghari 2004: 557): the Tobacco revolt,[2] the Constitutional revolution,[3] the Oil Nationalization Movement of Prime Minister Mosaddeq[4] and the Iranian Islamic revolution.[5]

Shi'ism's politicization culminated in the 1960s with Ayatollah Khomeini's concept of *velayat-e faqih* (the governance of the jurisconsult). The origins of the *velayat-e faqih* system can be traced back to the discourse between the *usuli* and the *akhabri* schools of thought in the eighteenth century. It was Khomeini, however, who developed the concept to a political project and institutionalized it in the IRI (Arjomand 1988: 193–203). With his concept of *velayat-e faqih* Khomeini radically broke with the traditional Shi'i dogma concerning political power (Khomeini 1363/1979).

According to the theory of *velayat-e faqih*, the Supreme Leader (*vali-e faqih*) is the legal leader of the *ummah* (Islamic community). His function is thus equal to that of the imam.[6] After the revolution the system of the *velayat-e faqih* became the main principle of the IRI's political structure and until now has been one of the major obstacles to structural change in Iran.

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[2] In the nineteenth century the Qajars granted concessions to Britain for tobacco. Mirza Hassan Shirazi, the source of emulation at the time, issued an edict that forbade Shi'i Muslims in Iran to smoke tobacco. Because of public pressure, the government finally withdrew the concessions. For the role of the *ulama* in the Tobacco Movement, see Keddie, N.R. 1966 *Religion and Rebellion in Iran: The Tobacco Protest of 1881–1882.* London: Frank Cass.

[3] On the Iranian Constitutional revolution, see Abrahamian, E. 1982 *Iran Between Two Revolutions.* Princeton: Princeton University Press; Afary, J. 1996 *The Iranian Constitutional Revolution 1906–1911: Grassroots Democracy, Social Democracy and the Origins of Feminism.* New York: Columbia University Press.

[4] In the beginning of the 1950s Prime Minister Mohammad Mosaddeq nationalized the British-owned and operated Anglo-Iranian Oil Company. He was removed from power by Mohammad Reza Shah in cooperation with the British and US intelligence agencies; see Gasiorowski, M., and M. Byrne 2004 *Mohammad Mosaddeq and the 1953 Coup in Iran—Modern Intellectual and Political History of the Middle East.* Syracuse: Syracuse University Press.

[5] On the Iranian Islamic revolution, see, among others: Amineh, M.P. 1999 *Die globale kapitalistische Expansion und Iran-Eine Studie der iranischen politischen Ökonomie 1500–1980.* Hamburg etc: Lit Verlag; Hoveyda, F. 2003 *The Shah and the Ayatollah: Iranian Mythology and Islamic Revolution.* Westport: Praeger Publishers; Abrahamian 1982, op. cit.

[6] On Khomeini's thoughts and ideas on *velayat-e faqih*, see Khomeini, R. 1979 *The Leadership of the Jurists: The Islamic Government* (in Persian). Tehran: Panzdah-e Khordad; see also Amineh 1999 op. cit., ch. 12.

THE STRUCTURE OF POWER RELATIONS IN IRAN

The Iranian Islamic revolution caused a fundamental change in the composition of the Iranian political elite whose secular oriented members were replaced by mainly traditionalist clergies and lay persons. Thus it brought about a change in the mode of rule but did not change authoritarian Iranian state-society relations. On the one hand, the post-revolutionary Iranian political elite has introduced a semi-theocratic mode of rule based on the principle of the *velayat-e faqih*, institutionalized according to the constitution of 1979. On the other hand, the IRI's political institutions are based on a modern state that finds its origins in the constitution of 1906. According to the theory of *velayat-e faqih*, it is the supreme leader who ultimately decides on important foreign and domestic affairs. Thus state power is in the hands of one person. In July 1989—after the death of Khomeini and the end of the war with Iraq—the Iranian constitution was revised, the office of prime minister abolished and his tasks taken over by the president, giving the president more decision-making power. Now the president is the head of government and appoints and dismisses ministers (who have to be confirmed by parliament). He controls the Planning and Budget Organization, appoints the head of the Central Bank, and chairs the Supreme National Security Council (SNSC, *shura-e amniat-e melli*).[7] Formally, the presidency is the second most influential political office, but the president cannot make final decisions on foreign policy and has no control over the armed forces (Milani 1993: 86–89, 94). The IRI's political power structure is composed of connected but also competitive formal and informal political power centers. The formal political power centers represent state institutions and their aligned institutions: the religious supervisory bodies,[8] the republican institutions,[9] and the religious foundations (*bonyads*).[10]

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[7] The SNSC has twelve permanent members that coordinate governmental activities in defense, the intelligence services, and foreign policy. The president acts as the chairman of the SNSC. The supreme leader has personal representatives at the SNSC.

[8] The religious supervisory bodies can be discerned as two groups: the three decision-making and advisory institutions: the Council of the Guardian, (*shora-ye maslahat-e nezam*), the Assembly of Experts (*majlis-e khobregan*), and the Expediency Council (*majma'-e tashkhis-e maslahat-e nezam*); and institutions that are considered to be extended arms of the supreme leader with no legal status. The most important of these latter institutions are: the office of the Representatives of the Supreme Leader (*namayandegan-e rahbar*), the Association of Friday Prayer Leaders, and the Special Court for the Clergy (*dadgah-he vizheh-ye rouhaniyat*).

[9] The republican institutions are the three governmental branches: the executive, judiciary, and the legislative (*majles*, parliament).

[10] The religious foundations are an integral part of the IRI's Islamic politico-economic system. Important foundations are the "bonyad-e mostazafan va janbazan" (Foundation for the Oppressed and Disabled), the "bonyad-e shahid" (Martyrs' Foundation), and the "bonyad-e astan-e quds" (Imam Reza Foundation). For more details on the role of reli-

In addition to the formal power structure, there is an informal power structure. Cutting across state institutions and their aligned institutions, the informal power structure is composed of different political factions of the political elite: the Conservative faction, the Pragmatist faction, and the Reformist faction.[11] These factions are not coherent groups but consist of different branches with sometimes contradictory policy orientations. Sometimes the factions even overlap in their political outlook. As there are no legal political parties in Iran, the political factions represent different ideas on politics, economics, socio-cultural issues, and foreign relations. Rivalry among different political factions has a great impact on the process of political decision-making and is an obstacle to the formulation of coherent domestic and foreign policies.

In the IRI, the main offices that are responsible for the conduct of foreign policy are the supreme leader,[12] the president,[13] the Council of the Guardian,[14] the foreign minister,[15] the SNSC,[16] and the *majles*.[17] The decision-making process goes from foreign minister to president to the SNSC and finally to the Supreme Leader, who must sign all bills.[18] This is a rough sketch; the exact power structure differs based on the priorities and stature

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gious foundations in Iranian politics and economics, see Rakel, E.P. 2006 "Conglomerates in Iran: The Political Economy of Islamic Foundations" in A. Jilberto Fernandez and B. Hogenboom (eds.) *Conglomerates and Economic Groups in Developing Countries and Transition Economies*, London: Sage.

[11] For an elaboration on the composition and political outlook of the different political factions and state institutions, see Rakel, E.P. forthcoming "Power Structures and Factional Rivalries in the Islamic Republic of Iran," in *The Iranian Elite, State-Society Complex and International Relations, The Case of Iran-European Union Relations*, PhD thesis, ch. 2, to be published.

[12] It is the supreme leader who has the final say about foreign policy decision-making. He approves or disapproves foreign policy initiatives (Buchta 2000: 50).

[13] Since 1989, the president's office has been the IRI's main foreign policy-making organ. However, foreign policy decisions must always be made in accordance with other power centers. The fact that the supreme leader is involved in foreign policy decision-making protects the president against criticism by his own administration.

[14] The Council of the Guardian makes recommendations and develops guidelines for foreign policy. It ensures that the government's foreign policy initiatives do not contravene the constitution.

[15] The foreign ministry's role in the policy process and the role of the foreign minister must not be ignored. However, the foreign minister's power in the ministry is not unlimited and is not unchecked. He often has to bow to others in the system and prove responsive to factional demands.

[16] The SNSC is a key institution where foreign policy is debated.

[17] The *majles* may not interfere in the executive foreign policy decision-making process. However, the *majles* discusses foreign policy issues, and individual members can make public statements on regional and international issues.

[18] Interview with Dr. Abbas Maleki, Director of the International Institute for Caspian Studies, 9 November 2005, Tehran.

of the personalities involved—i.e. Khamenei, Rafsanjani, Khatami, and Ahmadinejad. An important source for developing foreign policy is the information gathered from abroad from Iranian embassies, security agents, media sources, libraries, individual citizens of other countries, think tanks, scholars, and cultural attachés of the Islamic Culture and Communications Organization (ICCO),[19] an independent body within the government.

In IRI policy orientation two main groups of the Iranian political elite can be distinguished. The first is represented mainly by the Conservative faction of the Iranian political elite, which emphasizes the identity and return to ideals of the Islamic revolution. To reach these goals, the IRI has to: (a) keep the Muslim masses as faithful allies; (b) maintain a good partnership with Muslim countries; and (c) refrain from rapprochement with the US.[20] The second group represents mainly the Pragmatist and Reformist factions, which see Iran as a state that has to play a key role in international relations. This group is convinced that international trade and political ties are major tools in safeguarding Iranian national interests.

From the discussion above it can be concluded that the Conservative-dominated group is more ideologically driven in its foreign policy outlook, while the Pragmatist and Reformist factions have a less doctrinaire approach to foreign policy. The three factions agree on certain fundamental principles (independence, equality, a greater role for Iran in international relations), but they have different views on how these principles should be put into practice.

IRAN'S FOREIGN POLICY DURING KHOMEINI'S LEADERSHIP (1979–1989)

In the first ten years after the revolution, particularly when the new republic's main foreign policy guidelines were formulated, the ideologically-based revolution's impact on foreign policy became obvious. Two principal guide lines emerged shortly after the revolution. The first was summarized in the

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[19] The ICCO consists of five directorates: publications, communications, cultural logistics, research, administration and financial affairs. Each of these directorates has several sub-departments. The ICCO has three main objectives: (1) anti-Mujahedin activities, including recruitment of former members of the Mujahedin-e Khlaq; (2) penetration of Iranian exile communities abroad through Farsi-language radios and other means, recruitment of agents and encouraging Iranians to return to Iran and infiltrating Iranian associations and groups; (3) recruitment and organization of radical Islamic forces in Muslim countries. Cultural attachés in embassies abroad are linked to the ICCO.

[20] Yet when they were in power in the 1980s, they did not hesitate to buy arms from the US via Israel (see e.g. Freedman, R.O. 1991 *The Middle East from the Iran-Contra Affair to the Intifada*. Syracuse: Syracuse University Press).

slogan: "Neither East nor West, but the Islamic Republic." It is not so clear which specific countries were included in "East" or "West." While relations with the US were very hostile, they were less hostile with the former Soviet Union. At the same time, the IRI tried to maintain normal relations with allies of the two superpowers, such as Western Europe, Japan, and China (Keddie 1990: 6–7). The Islamic revolution was, after all, partly a reaction to the Shah's good relations with the US and his "Westernization" policies. The revolution aimed at resisting Western cultural influence and by contrast put emphasis on Islamic authenticity and identity. The revolutionary legacy had an important impact on foreign policy formulation in Iran. The second guideline was the "Export of the Revolution." The new rulers in Iran saw the Iranian revolution as a model that would trigger further revolutions throughout the Middle East. They sought to advance such revolutions in neighboring countries by rhetoric, financial support, and action (e.g. Iran's increasing influence in Lebanon through its support of Hezbollah and the annual *hajj* by Iranian pilgrims in Saudi Arabia—see below). For the new Iranian leadership, Islam was a means for the world's exploited people to combat the great powers. As has been written above, the Iranians accused the West of having exploited the people and threatened the culture of Iran and all other Muslims for centuries. For Ayatollah Khomeini the "Export of the Revolution" was more important than political stability and economic development. He saw himself not only as the head of a state, but also acting on behalf of the entire Islamic community. This guideline was strongest only in the first ten years after the revolution, and even then not as an ideological or revolutionary pursuit but rather as a survival strategy in the war with Iraq (Bakhash 2001: 248).

Most of the armed groups that received support from Iran during the 1980s were Shi'i organizations in opposition to Saddam Hussein in Iraq or to other rulers in the Persian Gulf, or active in Lebanon, Afghanistan, and Pakistan (Ehteshami 1995; Roy 1996/1999: 191). The context of the war, and the almost unqualified support of the Arab states and the West for Iraq, had a determining role in Iran's support of armed groups in the Middle East and beyond. In the 1990s, Iran also supported Sunni groups such as the Islamic Salvation Front (FIS) in Algeria, the National Islamic Movement in Sudan, Hamas and Islamic Jihad in Palestine, the Muslim Brotherhood in Jordan, the al-Nahda Party in Tunisia and the Jihad Group in Egypt. It also supported the Muslims in Bosnia in the 1990s and the Islamic MORO Movement in the Philippines in the 1980s (Ehteshami 1997: 30). But it did not intervene in the conflict between Russia and Chechnya in the 1990s, which is surprising, as part of the Iranian political elite consider religion an important determinant in foreign policy objectives. At the same time, it proves that in Iranian foreign policy decision-making national interests trump ideological/religious ones.

The support of Islamic movements outside Iran was a matter of both conviction and calculation by the Iranian political elite. It was a means to project Iranian power abroad while strengthening its standing at home (see the concept of power projection in the Introduction). According to Bakhash (2001), "Islam served the same purpose for Iran as Arab nationalism had for Egypt under Nasser" (p. 249).

The support of the movements was also a means to strengthen Iran's position *vis a vis* the US and Israel, who were both hostile to Iran owing to the IRI's overall foreign policy objectives described above. Relations with the US had already deteriorated in late 1979 owing to the hostage crisis.[21]

By 1984, a more pragmatic domestic and foreign policy orientation gradually emerged among the Iranian elite. A major aspect of the necessity to rethink the slogan "Neither East nor West" was the question of whether the revolution could still be exported by Iran given the war with Iraq and the country's great economic problems.[22] Even Khomeini seemed to legitimize this trend. In a speech to IRI foreign representatives on 28 October 1984, he stated: "The superpowers and the United States thought that Iran [...] would be forced into isolation. That did not happen and Iran's relations with foreigners increased. Now, they argue that relations with governments are of no use and our relations should be established with the nations [...]. This is contrary to wisdom and *shari'a*. We must have relations with all the governments" (Kayhan 1984). The most prominent supporters of this pragmatic view were Ali Akbar Velayati (Foreign Minister, 1981–1997) and Rafsanjani (Speaker of the *majles* and later president). But this new pragmatic approach to the slogan "Neither East nor West" and the "Export of the Revolution" did not come about without conflict among the members of the Iranian political elite. After the elections to the second *majles*, Foreign Minister Velayati came under attack from some *majles* members. Mortaza Razavi, a *majles* member from Tabriz, criticized Velayati's loose interpretation of the "Export of the Revolution" and his new approach to the West (in reaction to a visit of West Germany's Foreign Minister Hans-Dietrich Genscher to Tehran). When Rafsanjani became president in 1989

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[21] On November 14, 1979 the organization "Moslem Students Following the Imam's Line" took 53 US diplomats hostage for 444 days at the US embassy in Tehran, which led to an almost complete freeze in diplomatic and economic relations between the two countries (Amuzegar 1993: 146–47).

[22] On the economy of Iran since the Islamic revolution, see Alizadeh, P. (ed.) 2000 *The Economy of Iran: Dilemmas of an Islamic State*, London and New York: I.B. Tauris; Amuzegar, J. 1993 *Iran's Economy under the Islamic Republic*, London and New York: I.B. Tauris; Hakimian, H. and M. Karshenas 2005 "Oil, Economic Diversification and the Democratic Process in Iran," *Iranian Studies*. 38(1): 67–90.

he aimed at establishing better relations with Europe. At the same time, however, certain elements of the Iranian political elite carried out assassinations of Iranian dissidents in various European cities, such as Paris, Berlin, and Vienna. It was always very difficult to evaluate whether these assassinations were carried out by the government, its agencies, or extremist individuals of the political elite (Bakhash 2001: 250). These examples show that the Iranian political elite has no coherent foreign policy outlook; often, different segments of the political elite follow totally contradictory policies. Furthermore, the "fatwa" (death decree) that Khomeini issued against Salman Rushdie in February 1989 resulted in the withdrawal of European ambassadors from Iran. The Rushdie affair complicated the relations between Iran and European countries even after the death of Khomeini.

When the war broke out between Iran and Iraq in September 1980, Western countries and the Soviet Union gave Iraq political and military support. The Western countries hoped that Saddam Hussein would be able to save the world from the "fundamentalists in Iran" (Tarock 1999: 43). At the start of the Iran-Iraq war, the Gulf states also supported Iraq logistically and financially,[23] though formally they had declared themselves neutral.

Despite these developments and criticism from some parts of the Iranian political elite, from the mid-1980s Iran tried to improve relations with the Gulf states. It seemed that Kuwait and Saudi Arabia were more cautious towards Iran and its friendlier approach than were the smaller countries of the Gulf Cooperation Council (GCC).[24] For example, Oman had already established friendlier relations with Iran in the early 1980s (Hooglund 2002: 165).

The already rocky relationship between Iran and Saudi Arabia deteriorated even further in the last two years of the war owing to two incidents: (1) the 1987 *hajj* pilgrimage and the US reflagging Kuwaiti ships. In the first half of the 1980s, Iran sent more than 100,000 pilgrims on the *hajj* (pilgrimage of Muslims to Mecca). Despite bans by Saudi authorities on political demonstrations, Iranian pilgrims chanted slogans such as "American Islam" or "death to America, death to Israel," referring to the close ties between Saudi Arabia and the US. This caused tensions between Iran and Saudi

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[23] In 1981 the Gulf states supported Iraq with US$24 billion. By the end of 1982 direct financial aid from the Gulf states was estimated between US$30 and US$40 billion (Kechichian 1995: 103; Nonneman 1986: 97).

[24] The GCC was created as a new regional security organization in May 1981, shortly after the Iranian Islamic revolution. It has six member countries: Saudi Arabia, Kuwait, Oman, Qatar, Bahrain, and the United Arab Emirates (UAE). Political divisions between GCC countries and the fact that Saudi Arabia is the most economically powerful and politically influential member country are obstacles to the GCC's effectiveness (Bill 1996: 103).

Arabia (Hooglund 2002: 167). During the 1987 *hajj*, 402 pilgrims and security forces were killed in direct clashes (Marschall 2003: 46). After that, Saudi Arabia reduced the number of Iranian pilgrims admitted to the *hajj*.

The second event that worsened the relationship between Iran and Saudi Arabia was the US reflagging of Kuwaiti ships on 22 July 1987 in reaction to increased attacks by Iran. This action marked a shift in US policy in the Gulf and initiated the internationalization of the Iran-Iraq war. The US now officially sided with the Gulf states, including Iraq, against Iran (Marschall 2003: 88; Hooglund 2002: 164).

The international isolation of Iran forced Ayatollah Khomeini to heed Speaker of Parliament and Commander-in-Chief of the Armed Forces Rafsanjani and accept United Nations Security Council Resolution (UNSCR) 598 (Moshaver 2003: 289), which called for a cease-fire with Iraq, in July 1988, and helped reorient the IRI's international policy. First of all, the end of the Iran-Iraq war changed Iran's confrontational position towards the West. Second, the need for foreign capital and technical expertise to carry out economic reconstruction required the adoption of a more pragmatic foreign policy towards the West. Iran's foreign policy in the IRI's second decade was to restore stability at home and in the Persian Gulf, and to reintegrate Iran into the global economy (Tarock 1999: 43). Other contributing factors were the death of Khomeini in 1989 and the break-up of the Soviet Union in 1991.

In general, the foreign policy of the IRI in its first ten years can be described as a combination of pragmatic and ideological considerations. While ideology prevailed in the first decade, pragmatism became more evident in the second.

IRAN'S FOREIGN POLICY DURING RAFSANJANI'S PRESIDENCY (1989–1997)

The rise of Ayatollah Khamenei to Supreme Leader and President Rafsanjani determined the formulation of Iran's new policy priorities based on national interest rather than ideology. Additionally, in July 1989, the Iranian constitution was adapted, giving the president more decision-making power. Now Rafsanjani could focus on economic development and post-war reconstruction (Marschall 2003: 101; Roshandel 2002: 130).

The end of the Iran-Iraq War in 1988, the death of Khomeini in 1989, the collapse of the Soviet Union in 1991, and the larger US military presence in the Persian Gulf since the Kuwaiti crisis, had a major impact on Iran's basic strategic outlook. President Rafsanjani did not want to continue Khomeini's foreign policy and also did not promote the export of the revolution. He aimed at rebuilding the IRI through cooperation with advanced industrial states and Persian Gulf countries, and a liberal economic policy.

The foreign policy reorientation during Rafsanjani's presidency included the establishment of a "critical dialogue" with the EU; active engagement with neighboring states to discuss the crises in Nagorno-Karabakh, Afghanistan, and Tajikistan; and a cautious rapprochement with the Arab Gulf States, particularly Saudi Arabia as the most powerful GCC and Organization of Oil Exporting Countries (OPEC) member.

In 1992, the Clinton administration passed the Iran Non-Proliferation Act, followed in 1996 by the Iran-Libya Sanctions Act (ILSA)[25], prohibiting investment in Iran's and Libya's energy sector (Karbassian 2000: 632). In late 2001, President George W. Bush extended the law until 2006. The US intention behind ILSA was to pressure European and other countries to follow US economic policy towards Iran (Moshaver 2003: 294). President Clinton defended the sanctions as follows: "You cannot do business with countries that practice commerce with you by day, while funding or protecting terrorists who will kill you or your innocent civilians by the night" (quoted in the *Guardian Weekly*, 11 August 1996).

But it did not work out as the US had hoped. Many European countries opposed and even acted against the sanctions. For example, in July 1995, the French-based oil company Total and the National Iranian Oil Company (NIOC) signed a deal for the development of offshore oil and gas fields in Sirri. The same contract had been signed by the US Oil Firm Conoco, which had to cancel it owing to the sanctions. The EU threatened to complain to the World Trade Organization (WTO) if Washington put the ILSA into effect.[26]

President Clinton established America's Persian Gulf policy almost immediately upon assuming office. During its first year, his administration issued numerous policy objectives culminating, on 18 May 1993, in the "dual containment" policy towards Iran and Iraq (Lenczowski 1994: 52). The objective of "dual containment" was to isolate these regimes politi-

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[25] The ILSA imposes sanctions on non-US companies investing more than US$40 million annually in the Iranian and Libyan oil and gas sectors. The amount dropped to US$20 million one year after enactment for those countries that did not undertake measures—such as the imposition of sanctions for a minimum of two years—against Iran for supporting international terrorism and pursuing weapons of mass destruction.

[26] In November 1997, the EU filed a formal complaint over the US law to the WTO and based it on two assumptions: (1) the law ran counter to the principle of free trade on which the WTO is built, and (2) any punitive action as a result of it would be a violation of international law. The two parties agreed during a meeting in London in May 1998 that the EU would continue its support for the US on combating international terrorism and the US would grant a presidential waiver to Total and other European oil companies investing in the Iranian oil and gas industry. This was the strongest position the EU had ever taken in favor of the IRI against the US (Tarock 1999: 50–51).

cally, economically, and militarily. The rationale for dual containment was the direct result of three events. First, the end of the Cold War allowed the US to pursue a more discriminate policy; previously, these two nations were used by the two superpowers as allies, with the Iraqi regime leaning toward the Soviets and Iran toward the US. Second, the political outcome of the war against Iraq over Kuwait; although the war was a clear military victory for coalition forces, its political aftermath was considered a failure by many observers because Saddam Hussein remained in power. Third, the Palestine-Israeli conflict and Iranian support for Hamas.

Iraq's invasion of Kuwait on 2 August 1990 marked a major change in the relationship between Iran and all Gulf states. Not Iran, but now Iraq was the immediate threat to the security and integrity of Persian Gulf countries. Iran was the first Gulf country to condemn the invasion (Mohtashem 1993; Milani 1996: 92; Quilliam 2003: 41). Thus in 1990 Iran stood on the side of the West and Kuwait against Iraq. As Iran declared itself neutral during the Kuwait crisis and the war and even suggested mediating the conflict, Gulf states became more willing to cooperate with Iran.

The security of the Persian Gulf became a top priority of Rafsanjani's foreign policy, as Iran needed the Persian Gulf countries to assure the free flow of oil. Iran depends on the Persian Gulf for its international trade. Iran's main ports, through which more than 90 percent of Iranian international trade, including oil export, are all located on the Persian Gulf (Amirahmadi 1993: 100; Milani 1996: 93). It also needed OPEC to stabilize oil prices to increase its oil revenues (Milani 1994: 335–336), on which Iran depended to carry out the economic reform program. Rafsanjani also hoped that good relations with Persian Gulf countries would increase investments from Arab countries and open up Arab markets for Iranian products. In fact, after the ceasefire, Iran was able to substantially improve its trade relations with its smaller Gulf neighbors, receive investment from Gulf countries, and create a free trade zone on its islands of Kish and Qeshm to attract Foreign Direct Investment (FDI) (Milani 1996: 91).

The improved relations between Iran and Persian Gulf countries were evident during the GCC December 1990 Summit in Qatar, when the organization declared that it would welcome future cooperation with Iran and the country's participation in regional security arrangements (Ramazani 1992).

It is interesting to note that the regional policies of Iran during Rafsanjani's presidency resembled the policy of the Shah in the 1960s and 1970s, especially stressing Iran's role as a major power in the Persian Gulf region.[27]

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[27] At the end of the 1960s Iran became the local security force for the US in accordance with the so-called Nixon Doctrine of 1969. The Shah even referred to the role of his coun-

In November 1991, Rafsanjani suggested a joint regional market for economic and technical cooperation between GCC countries and Iran, which could possibly lead to a comprehensive security arrangement. The Shah had made similar suggestions in the 1960s (FBIS/NES/55 14 November 1991). All political factions among the Iranian political elite supported the idea of a regional security arrangement. They even considered the possible inclusion of the US into such an arrangement in the future. One of the principal figures involved in these discussions was Javad Larijani (Marschall 2003: 171), now the head of the SNSC and Iran's chief negotiator with the EU concerning its nuclear program.

The improved relations between Iran and GCC countries during and after the Gulf crisis, and the possible integration of Iran into a regional security arrangement discussed during the GCC summit in Qatar, raised Iran's hope to become an active party in Persian Gulf security. But it soon became obvious that the GCC preferred the presence of foreign forces in the Persian Gulf to a regional security arrangement.

In February 1991, GCC countries, Syria, and Egypt met in Cairo to discuss the possibility of establishing an organization for economic, political, and security cooperation and coordination (Egypt Ministry of Information, State Information Service March 1991: 15). One month later, the "six-plus-two" signed the Damascus Declaration, according to which Syrian and Egyptian troops were to be stationed in the Gulf in return for US$10 billion (Milani 1994: 344). Cairo in particular was opposed to Iran's active role in a regional security arrangement (The Independent 21 February 1991).

The Iranian political elite objected to its exclusion from the security debate and were very disappointed with the Damascus Declaration, especially Egypt's role in it (Gargash 1996: 144). Syrian President Asad assured the Iranian Foreign Minister Velayati that Iran would play an important role in a post-Gulf War security order. Even President H.W. Bush stated that Iran was an important power and should not be treated as an enemy by Persian Gulf countries (Keesing's March 1991: 38119). Sultan Qabus of Oman, Head of the GCC committee for regional security arrangements, told Velayati that a collective security arrangement should first include the GCC countries and later all Gulf countries (FBIS/NES/10 19 March 1991).

Oman favored a regional security arrangement including Iran, probably as a counterweight to Saudi Arabia. During a visit to Tehran in March 1992, Omani Foreign Minister Alawi talked about the possibility of giving

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try as the *gendarme* of the US in the Persian Gulf. Based on this relationship, from 1972 until the revolution, the US was willing to sell to Iran its most advanced and sophisticated conventional weapons (Bill 1988: 200–202).

Iran a consultative role in establishing a regional security arrangement (Gulf News 10 March 1992).

Already in May 1991 the Damascus Declaration had ceased to exist and Egypt began withdrawing troops from Saudi Arabia and Kuwait. GCC countries then relied on Western military protection (Marschall 2003: 117). Negotiations to include Iran in a regional security arrangement most likely failed because of four reasons: (1) GCC countries feared Iran's possible aspirations to becoming a dominant regional actor; (2) the active opposition of the US to include Iran in such an arrangement; (3) the different priorities of Gulf states and their disagreement on a common threat made a collective security agreement impossible; and (4) the regional crisis that broke out in 1992 over three small but strategically important islands overlooking the Straits of Hormuz.

In 1992 a series of accusations, claims and counterclaims between Iran and the UAE over the ownership of the islands Abu Musa and Greater and Lesser Tunb[28] began after Iran had expelled and denied entry to non-UAE citizens working on the jointly administered Abu Musa Island in April and August 1992 (Marschall 2003: 121).

After the Abu Musa crisis, the Gulf states turned towards the US for military protection. Each country searched unilaterally for its own security. A series of defense agreements were signed with the US; the first country to sign one was Kuwait in September 1991 (Bashir and Wright 1992: 110). The US not only sold huge amounts of modern weapons to GCC countries, but also signed bilateral agreements that allowed the US to use their waters and carry out joint military training exercises (Milani 1996: 94).

Iran felt threatened by the security agreements signed between Gulf States and the US. Deputy Foreign Minister Besharati stated: "Our neighbors, one after the other, are signing defense agreements with Western countries. So why should we not buy military hardware (Kayhan 3 December 1992)?"[29]

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[28] The dispute over the islands dates back to the end of the nineteenth century when Britain, in 1887, took over the islands against Iran's claim that they were under its jurisdiction. When the British left the Persian Gulf region in 1971 the two countries agreed Iran would share sovereignty over Abu Musa with Sharjah, and have sole sovereignty over the two other islands. Iran accepted the formation of the UAE and the independence of Bahrain in May 1970, but expected that in return it would get complete control of the islands (Milani 1996: 97).

[29] Compared to the other Gulf states, however, Iran bought a rather limited amount of arms. In 1991 Iran's estimated military expenditures were US$4.27 billion, compared to Iraq's US$7.49 billion and Saudi Arabia's US$35.44 billion. In 1996, Iran's expenditures were an estimated US$3.30 billion. Saudi Arabia's expenditures amounted to US$17 billion (International Institute for Strategic Studies 1998 *The Military Balance, 1991/92 to 1997/98.* London: Routledge).

GCC countries, except Kuwait, agreed that the US should not be permanently based in the region, but they did want it to remain engaged in the Persian Gulf in case of emergency (Katzman 1993: 199).

During a meeting of the Organization of Islamic Conference (OIC) in early December 1997, the IRI obtained the presidency of the OIC thanks to the support of Saudi Arabia. The participation of Saudi Arabia's King Abdullah in the Tehran meeting itself was considered a success in the rapprochement between the two countries. In February and March 1998, Rafsanjani, now head of the Expediency Council, visited Saudi Arabia. He was received by the King and the Crown Prince and spent 15 days. Two weeks earlier, this honorary reception had been denied to US Secretary of State Madeleine Albright when she visited Saudi Arabia. The rapprochement policy between the two countries reached its peak in May 1999 during President Khatami's visit to Saudi Arabia (Reissner 1999: 47–49; Marschall 2003: 144). The visit was made possible because of economic problems for both countries owing to the decline of oil prices to below US$13 per barrel. Iran and Saudi Arabia discussed the stabilization of oil prices, an agreement related to oil production and output, and decreasing the negative effects of oil price fluctuations through cooperation in OPEC (Marschall 2003: 144–45).

The deterioration of Iran's relations with GCC countries in 1992, when no consensus could be found regarding a regional security arrangement, coincided with the disintegration of the Soviet Union, which made a reorientation of Iran's foreign policy possible. Now, according to Ramazani, the slogan "Neither East nor West" was replaced by "Both North and South" (Ramazani, 1992: 393), or a so-called "de-Arabization" of Iran's foreign policy.

From the Iranian point of view, a regional security arrangement was no longer limited solely to Persian Gulf countries, but also included the former Soviet republics of CEA. Iranian policy-makers stated that Iran should no longer focus on Persian Gulf countries if the latter were not willing to give up their American orientation. Iran should rather stress the importance of countries such as India, Pakistan, Afghanistan, those of CEA, and China, which were more sympathetic to Iran (Marschall 2003: 119).

Since the disintegration of the Soviet Union, Iran's position as a strategic player in the global oil business has increased. Iran is one of the five Caspian littoral states and is thus a strategic link between the Persian Gulf and the Caspian region (Ghezelbash 2005: 25–26; Rakel 2004/2005), which increases the value of cooperating with it. With oil demands rising in East Asia in general and in China in particular, Iran tries to strengthen its position not only among regional producer countries but also in oil markets.

At times, it might even pit the main consumers—the US, the EU, and China—against each other.

So-called "de-Arabization" of Iran's foreign policy developed in reaction to US policy in the Persian Gulf and the Arab-Israeli peace process that started in October 1991. Some Iranian intellectuals and technocrats in the foreign ministry, as well as President Rafsanjani, promoted this principle. Supreme Leader Khamenei, in contrast, supported a trend that called for a stronger Arabization of Iranian foreign policy (Marschall 2003: 118). The Rafsanjani government tried to find a balance between these two views and promoted Iran as a bridge between the Persian Gulf and CEA.

The disintegration of the Soviet Union in 1991 was of great geopolitical importance for Iran. While roads to CEA and Europe had been totally blocked during the Soviet era, since 1991 the door towards Europe has been reopened (Nahavandi 1996: 2). Iran recognized the independence of CEA countries in 1991, hoping it could profit economically by re-establishing good relations. Former Iranian President Hashemi Rafsanjani repeatedly declared that with the independence of CEA states, a new "economic trade center" had emerged. Similarly, Iran is a major link for CEA countries to international markets. In addition to bilateral and multilateral transport agreements between Iran and CEA countries, the Economic Cooperation Organization (ECO)[30] is a forum for regional cooperation. Since 1993, ECO members have concluded cooperative agreements on transport, transit trade, the simplification of visa procedures, anti-smuggling measures, and customs fraud. During the ECO Tehran Summit in June 2000, member states focused on energy cooperation and the development and implementation of trade agreements. Trade, transport, energy, and industrial/agricultural cooperation constitute ECO's core priority areas. Despite these many agreements, ECO's record in promoting regional trade is not very impressive. To promote trade integration, ECO member countries have to overcome a variety of problems, the most important of which are the absence of a dense network of transportation links, e.g. to export oil and gas resources to world markets, and limited financial resources. Iran's chief foreign policy aim has been to prevent the US from filling the vacuum that has been left

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[30] ECO was first established in 1977 between Iran, Turkey, and Pakistan as Regional Cooperation and Development. The organization survived until the Islamic revolution in Iran in 1979. In 1985 the organization was re-established as ECO. ECO's breakthrough took place in 1992 at the Tehran Summit, which paved the way for the expansion of the organization from three to ten members, including Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, and Afghanistan. ECO is a large economic cooperation organization. Its member states together have a population of 300 million and cover an area of seven million square kilometers.

in CEA after 1991. Iran knows that it would not be able to fill this vacuum by itself and, therefore, has played what Roy has called the "Russian card" (Roy 1998) on a North-South strategic axis (Moscow-Yerevan-Tehran) in opposition to the East-West strategic axis (Washington-Ankara-Baku-Tashkent). This strategic double axis is obvious in the competition between various existing and proposed oil pipelines: East-West pipelines for the US (Trans-Caspian, Baku, Georgia, Turkey), North-East pipelines for Russia and Iran (Baku-Novorossiysk-Caspian Pipeline Consortium connections with Iranian networks to the Persian Gulf). The US opposition to a more active involvement of Iran in CEA has hampered the strengthening of ties between Iran and the region. Another important obstacle is the not yet settled dispute over the legal regime of the Caspian Sea.[31]

In general, it can be said that Iran's foreign policy under Rafsanjani remained Islamist-based, non-aligned, and pro-South. Iran's change in diplomatic policy is related to its devastating economic and military situation, but not to an overall reorientation in geopolitical outlook. During Rafsanjani's presidency, foreign policy was very much an extension of factional politics, resulting in incoherence, obstructionism, and multiple centers of decision-making (Mozaffari, 1999: 16 and 2000: 9, 11; Clawson 1994). The continued primacy of revolutionary passions among some members of the Iranian political elite prevented a fundamental break with Khomeini's export of the revolution. Therefore, substantive revisions of Iran's foreign policy orientation did not take place before the Reformist Mohammad Khatami was elected president in 1997. Khatami had greater popular domestic legitimacy and acceptance abroad than Rafsanjani (Roshandel 2000: 110). But Rafsanjani also left a clear list of priorities for the incoming president: stability in the Persian Gulf region, reintegration of Iran into the global economy, and the active participation of Iran in global and regional organizations such as the UN, the OIC, and the ECO.

IRAN'S FOREIGN POLICY DURING KHATAMI'S PRESIDENCY (1997–2005)

Khatami, as a protagonist of the Reformist faction, was first elected in 1997 because he focused on domestic issues (the popular longings for changes in Iran's social and political landscapes) instead of foreign policy propaganda. Under Khatami foreign policy was no longer used to cover up the economic crisis at home, but rather as a means to address domestic political problems (Chubin 2002: 18).

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[31] On the pipeline and Caspian legal regime disputes, see Amineh 2003: chs. 9 and 10.

Despite their somewhat varying visions of Iran's domestic politics, the Reformists and the Conservatives do not have totally different concepts of the country's foreign policy priorities. The Reformists do not enter into debate with the Conservatives on such delicate and interrelated issues as weapons of mass destruction (WMD), terrorism, and the Israel-Palestine conflict. They do differ on how to achieve their goals. The Conservatives are preoccupied with using foreign policy to preserve and even strengthen the political regime without allowing the Reformist faction to pluck the fruits of this policy. The Reformists, meanwhile, are mainly concerned with using foreign policy to improve the country's position in the global economy and to implement domestic reforms (Chubin 2002: 22).

During Khatami's presidency, the Reformists were able to change policy in three difficult areas: (1) the Salman Rushdie affair; (2) improved relations with Saudi Arabia and other Persian Gulf countries (which had already begun to improve during Rafsanjani's presidency); and (3) better relations with the EU.[32] The country now also plays a more constructive role in the former Soviet Republics of CEA.

The most important success of the first four years of Khatami's presidency was that he was able to improve Iran's position on the international scene, particularly with the EU. Even his internal enemies had to recognize his successful foreign policy, not least because of the necessity to secure Iran's oil income, which is central to the development of the country's economy.

The improvement of the international climate was particularly apparent in Khatami's interview with the American television channel CNN on 7 January 1998. Here he made clear his goal of improving Iran's relations with the US through a "dialogue of civilizations." In fact, the General Assembly of the UN, on 4 November 1998, proclaimed the year 2001 as the "United Nations Year of Dialogue among Civilizations." Larijani, then member of the Committee for foreign policy of parliament and representative of the Conservative faction, stated: "The motto 'détente' is very interesting, the motto 'dialogue between civilizations' a pertinent view. The fact that we have a better image in the world and acknowledge the world is very encouraging. However, we are concerned about the inefficiency of the diplomatic establishment" (cited in SWB ME/3555 MED/6 8 June 1999).

But, while Khatami strove for a "dialogue between civilizations" or a policy of "détente," Supreme Leader Khamenei undermined these attempts by continuing the support of Islamist radical groups in other Muslim coun-

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[32] On the relations between Iran and the EU, see Rakel E.P. forthcoming "The Impact of Factional Struggle on Iran-European Union relations" in *The Iranian Elite, State-Society Complex and International Relations: The Case of Iran-European Union Relations*, PhD thesis to be published, ch. 6.

tries, such as Hezbollah in Lebanon and Hamas in Gaza/West Bank (Tim-
merman 3 December 2001). Moreover, while Khatami wanted a dialogue
with the US, Khamenei considered a "dialogue with America […] even
more harmful than establishing ties with that country" (Barraclough 1999:
12). As a result, though since 1997 Iranian foreign policy has changed in
its orientation and instruments, its substance (Islamic, anti-Americanism,
anti-Israel, and independence) has remained much the same. Khatami real-
ized that his country needed good relations with Persian Gulf countries,
especially with Saudi Arabia, in order to encourage regional peace and
stability, a common policy in OPEC, investment by Gulf countries, keep-
ing Iraq under control, and improving relations with Western countries
(Marschall 2003: 142). On his first foreign travel in 1997, Iran's Foreign
Minister Kamal Kharrazi went to several GCC capitals in anticipation of
the OIC summit in Tehran in December 1997 (Baker Institute 1998). The
OIC summit was important for Iran; after years of tension, it gave Iran the
opportunity to present itself in a friendly manner to Gulf countries.

A possible manifestation of the improved relationship between Iran
and Saudi Arabia was the latter's rejection of US accusations of Iranian
involvement in the bombing of US military housing at al-Khobar in Saudi
Arabia in 1996, which killed 19 American servicemen and wounded 370
others (Tarock 2002). Furthermore, the two countries have created a joint
cooperation commission and expressed their interest to promote private
sector activities in their countries. Iran has also lifted visa requirements for
Saudi citizens visiting its country (Baker Institute 1998).

Though relations with Saudi Arabia seem to have improved, potential
tensions remain, such as rivalries over Islamic fundamentalists to which both
countries have given financial support. Furthermore, the still unresolved
dispute between Iran and the UAE over the ownership of the Abu Musa
and Greater and Lesser Tunb Islands complicates the relationship. This
cannot be said about Iran's relations with Russia.

Since the disintegration of the Soviet Union, Russia has allied with Iran
in economic, political, military, and nuclear domains. Russia sees its alli-
ance with Iran as a counterbalance to North Atlantic Treaty Organization
(NATO) expansion towards the East and the South, to Western efforts to
control regional energy resources, and to the activities of Turkey in CEA.[33]
In addition to arms supplies, Iran needs Russia as an ally to deal with vari-
ous regional social upheavals (Amineh 2003: 293). Russian arms deliveries
(conventional and nuclear technology) to Iran are key to the alliance, as few

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[33] For a Russian perspective on Russian-Iranian relations, see Vishniakov, V. 1999 "Russian-
Iranian Relations and Regional Stability." *International Affairs* (Moscow). 45(1): 143–53.

countries are currently willing to sell arms to Iran. Besides China, Russia is one of Iran's most important weapons suppliers (Cohen 2001).

Another interesting development is that the Shanghai Cooperation Organization (SCO) has granted Iran, Pakistan, and India observer status. Even if this step is portrayed as an attempt to create a "multi-polar world concept" and "multilateralism," the acceptance of Iran as an observer has to be understood as a provocation against the West (RIA-Novosti 5 July 2005). The SCO competes with Western countries as a security organization. During a meeting of SCO member states (China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan) in Kazakhstan's capital Astana on 5 July 2005, an openly anti-Western tone could be detected. SCO member states demanded not only that the US-led military coalition in Afghanistan specify a plan for withdrawal, but also to limit external involvement in the internal affairs of a country.According to Vyacheslav Nikonov, President of the Politika Foundation, a Moscow think tank, it seems that SCO aims to reduce US influence in Asia (RIA-Novosti 29 June 2005). Iran seems to be increasingly interested in joining SCO in order to form a China-Russia-Central Eurasia-Iran axis against the US.

Iran is also strengthening its ties with China. In the last decade, China's economic growth has rapidly increased its energy needs. Recently, China has surpassed Japan as the world's second largest oil consumer behind the US. Although the country is trying to increase domestic production, oil imports will grow by an estimated 960 percent over the next two decades and comprise almost 70 percent of the country's oil consumption by 2025. China's policy to secure its energy supply brings it into confrontation with the US, which accounts for one-quarter of global energy consumption. Sixty percent of China's oil imports already come from the Persian Gulf. In 2003 Iran was China's second largest oil supplier, providing 14 percent of total imports, while China—despite having signed international agreements prohibiting the proliferation of nuclear technologies—was Iran's main supplier of dual-use technology that can be used for making nuclear, chemical, and biological weapons (Amineh 2005). In October 2004, China's state oil company Sinopec and Iran signed a treaty on the delivery of Iranian oil and gas to China worth US$70 billion.[34] It has to be expected that relations between these two countries will grow immensely, primarily because of China's energy needs and Iran's increasing hunger for consumer goods.

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[34] "China, Iran sign Valuable Oil & Gas Contract." *Energy Bulletin.* (30 October 2004) http://www.energybulletin.net/2917.html.

IRAN'S FOREIGN POLICY SINCE
AHMADINEJAD'S PRESIDENCY (2005–)

Mahmoud Ahmadinejad's election augured a new tone in Iranian foreign policy orientation, away from Khatami's policy of "dialogue." While the 1997 presidential elections brought the Reformist faction to power, the 2005 presidential election split the Conservative faction between the old guards and hard-line populists or, as termed by the reformist newspaper *Shargh*, "neo-conservatives" (Sohrabi 2006: 3). Ahmadinejad's election brought to power a marginalized minority branch of the Conservative faction, which had become radicalized after the Iran-Iraq war when it was excluded from policy-making by the then dominant factions of the Iranian political elite. Still, Ahmadinejad's victory was a victory for the Supreme Leader Khamenei rather than Ahmadinejad himself. Khamenei and his Conservative faction now control Iran's domestic and foreign policies. Khamenei's task will be difficult in light of the severe polarization that now exists in Iran. Iranian public opinion remains deeply polarized: 25–35 percent of the electorate now support Conservative candidates; 40–45 percent support Reformists or—with hesitation—Pragmatists or purposely boycott; perhaps 10 percent enthusiastically support Rafsanjani as a Pragmatist; and 20–25 percent are uninvolved in politics or do not participate in elections.[35] This polarization between Conservatives and Reformists, with only a small Pragmatists faction, renders Iranian politics potentially explosive and thus very worrisome, especially if Ahmadinejad's political opponents move toward establishing an alliance between Reformist and Pragmatist factions. And the security forces are likely to make strong efforts to contain any popular demonstrations that might occur. Khamenei restrains the Ahmadinejad government on socio-cultural policy, given how important this is to Reformist and Pragmatist Iranians, especially to the large majority of young Iranians. Ahmadinejad's government carries out crackdown on some dress-code violations and gender mixing, and the trend toward greater liberalization on these issues probably will end, at least for now. However, a reversion to the harsh standards of the 1980s seems unlikely. Iran's foreign policy is less extreme than many observers have predicted. Khamenei wants to avoid triggering US interference in Iran's domestic affairs. He also aims to maintain or expand Iran's economic relations with EU countries and avoid a US-EU united front against Iran. Consequently, it seems likely that Iran will try to

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[35] Shargh 2005 (in Persian). July 2005, different issues, http://www.sharghnewspaper. com/840524/html/online.htm; Hamshari 2005 (in Persian), July, different issues, http://www.hamshahri.org/.

string out its negotiations with the EU over its nuclear development program, and there is still some possibility that it will reach an agreement with the EU on this matter. In addition, Iran, the EU, and the US have similar interests in Iraq and Afghanistan, and especially concerning al-Qaeda, at least in the short term. Therefore, there is some possibility of cooperation on these matters. Nevertheless, Iran's foreign policy undoubtedly seems to be more hostile and less welcoming toward the West under Ahmadinejad than it would have been had Rafsanjani been elected.[36]

The rift within the Conservative faction will eventually lead to a power struggle. The question is how this rift can be used to solve the nuclear confrontation. An important factor would be a new American policy approach toward Iran: away from confrontation, toward dialogue, and including offers of economic assistance and greater access to international trade. This policy would have two main consequences: first, the Khatami's eight-year presidency showed that Iranians are responsive to international public opinion and that they have no desire to return to Iran's international isolation of the 1980s. It is in the interest of all that Iran is politically transparent. Increased trade relations and talks concerning a regional security arrangement would help to keep the dialogue going. Second, improved international economic relations would only widen the rift among the Conservatives. Accepting greater international trade would go against the hardliners' ideological values and alienate them from their social base. Rejection would isolate the country and distance the majority of the Iranian population even further from its own government (Sohrabi 2006: 5).

THE NUCLEAR ISSUE

Despite the differences in methodology and the recent controversies over the war in Iraq, the US and the EU have common concerns about Iran's nuclear ambitions and both consider it necessary to prevent Tehran from acquiring nuclear weapons. They agree that only together can they address the Iranian challenge. Thus the EU and the US agree on the full implementation of the Additional Protocol (AP)[37] to the Non-Proliferation Treaty (NPT), which Iran signed in December 2003, and that Iran has to respond

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[36] Shargh 2005 (in Persian). July 2005, different issues, http://www.sharghnewspaper. com/840524/html/online.htm; Hamshari 2005 (in Persian). July, different issues, http://www.hamshahri.org/.

[37] The AP requires Iran to inform the IAEA in detail about its nuclear activities and grant it greater access to nuclear sites to verify that the country is a non-nuclear-weapon state under the NPT.

to all questions raised by the International Atomic Energy Agency (IAEA) regarding its nuclear activities. It is interesting to note that while the US acted unilaterally in Iraq, it seems to be choosing the multilateral road in Iran. Since signing the AP, Iran has come under pressure to explain why it has not informed the IAEA on its uranium enrichment and plutonium separation (the two ways to produce nuclear weapons). Therefore, the US and the EU believe that Iran is developing a nuclear weapons capability. Both Conservative and Reformist members of the Iranian political elite have stressed repeatedly that the country's nuclear ambitions are only civilian in nature (Bowen 2004: 257).

In February 2003, IAEA Director General Mohammed El Baradei and other IAEA experts visited a nuclear fuel production plant and research laboratory at Natanz (north of Isfahan, in central Iran) and a heavy-water production plant at Arak (southwest of Tehran, in northern Iran). The conclusion of this visit was that Iran had failed to report on its nuclear activities, which it is obliged to do under the NPT. In October 2003, the British, French, and German Foreign Ministers (Jack Straw, Dominique de Villepin, and Joschka Fischer) [EU/3] were invited to Tehran to discuss Iran's nuclear program (Kutchesfahani 2006: 9). The three foreign ministers and the chief Iranian negotiator Hassan Rowhani, then Secretary of the Iranian SNSC, agreed that Iran would fully cooperate with the IAEA and that it would suspend all uranium enrichment and reprocessing activities voluntarily. In return, the foreign ministers promised they would do everything to prevent the case being transferred to the UN Security Council and that they would recognize Iran's right to use nuclear energy for peaceful means in accordance with the NPT. They also declared their readiness to cooperate with Iran to promote security and stability in the Middle East, establish a regional nuclear-weapons-free zone, and provide Iran access to modern technology and supplies (Iran Ministry of Foreign Affairs, 21 October 2003). The Iranian government, however, continued assembling centrifuges and enriching uranium.

Since Ahmadinejad's election the IRI is considered to be even less reliable by the US and the EU (Kutchesfahani 2006: 9). For these reasons, the Iranian nuclear case was finally transferred to the UN Security Council in March 2006. In its presidential statement of 29 March 2006, the UN Security Council made clear that only "suspension and full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors would contribute to a diplomatic, negotiated solution that guarantees Iran's nuclear program is for exclusively peaceful purposes, and underlines the willingness of the international community to work positively for such a solution, which will also benefit nuclear non-proliferation" (UNSC 29 March 2006).

In Iran, the nuclear debate is part and parcel of the overall debate on the country's role in world politics after the Cold War (Takeyah 2004/05). The discussions among the Iranian political elite seem to cut across different political factions. Some Conservatives are against the possession of WMD, while some Reformists argue that the development of nuclear weapons is Iran's right and a national security imperative. In general, as Ehteshami argues (2006: 79–81), five main arguments in favor or against the possession of nuclear weapons can be distinguished.

The first argument for WMD-possession is based on the rights of states who are signatories to the NPT. According to this view, Iran has the right to acquire nuclear technology and know-how for peaceful means. Opponents emphasize the costs of the nuclear program and its environmental risks. The second argument is that Iran will be taken seriously as a dominant actor in the Persian Gulf region only when it has an extensive nuclear research and development (R&D) program. Opponents argue that, as the cases of the Soviet Union and North Korea have shown, the technological spin-offs from nuclear research are only minimal. Furthermore, the majority of the experienced Iranian scientific community lives abroad and, therefore, there would be no positive national impact from the benefit of this highly sensitive research. The third argument in favor of developing nuclear technology is based on Iran's geopolitical security environment: Iran's neighborhood is insecure and inter-state relations are uncertain. Opponents respond that Iran is not confronted with any serious threats. Since the Iraqi threat has been removed, no enemies exist who justify Iran's possession of nuclear weapons. The fourth argument contradicts this, holding that in the post-Cold War and post-9/11 era, Iran can only guarantee its independence and sovereignty if it possesses nuclear weapons. Opponents argue that the deployment of nuclear weapons would have an adverse affect on relations with neighboring countries and would make Iran more vulnerable to attack. Finally, the fifth argument is related to national energy resources. Proponents argue that if Iran could build several nuclear power stations it would not be dependent on outside energy suppliers. Opponents argue that Iran's status as one of the world's largest untapped sources of natural gas makes it difficult to convince the world that Iran's interest in nuclear technology is to secure energy supplies.

There is no consensus among the Iranian political elite on the nuclear issue. Its outcome will depend as much on the balance of power between the different political factions in Iran as on how Western powers will react to Iran's nuclear ambitions (Baheli 2005). Since the transfer of the Iranian nuclear dossier to the UN Security Council, the issue has become internationalized. Not only is the US now openly involved, but so are Russia and China. A possible solution might be the Russian proposal, first suggested

in August/September 2005, to enrich Iranian uranium in Russia and ship it back to Iran. There have been some favorable Iranian reactions to this suggestion.[38]

Iran began its first nuclear power program in 1957 with the signing of the Atoms for Peace Program between Iran and the US. Iran began developing nuclear technology in the 1970s with the help of France, Germany, and the US. After the revolution and during the Iran-Iraq war, the Iranian nuclear program ceased. After the end of the Iran-Iraq War in 1988 the nuclear program was restarted with Russian and Pakistani assistance (Bowen and Kidd 2004: 263). In 1995, Russia and Iran signed an agreement worth US$800 million to complete the construction of the Bushehr nuclear power plant (Cirincione 2002: 257–60). Construction of Bushehr had begun in 1974 by German Siemens and its subsidiary Kraftwerke Union. After the revolution, Germany refused to complete the power plant, as it feared that Iran would try to obtain nuclear weapons (Hibbs 1991). The US demanded Russia abandon the Bushehr project (US Department of Defense, January 2001). While Russia argued that the reactor was not a proliferation risk, it partially gave in to the US when it dropped a plan to supply a uranium enrichment facility to Iran (Cirincione 2002). China is another important factor in the Iranian nuclear energy program. According to an April 1996 US Department of Defense report, in 1991 China supplied Iran with 1,000 kilograms of uranium hexafluoride, 400 kilograms of uranium tetra fluoride, and 400 kilograms of uranium dioxide. The report concludes that, at that time, China was Iran's main source of nuclear assistance (US Department of Defense January 2001). According to IAEA investigations Pakistan has also played a significant role in the Iranian nuclear energy program, providing Iran with technology and assistance for centrifuge enrichment (Rashid and Gedye 2004: 13). Pakistani President Pervez Musharraf denied that the transfers had been officially authorized (Associated Press, 26 December 2003), but it is believed that Pakistani intelligence services and senior military commanders, among them Musharraf, had been fully aware of the deals (Rashid and Gedye February 2004: 13). The IAEA also investigated the involvement of several other countries in Iran's nuclear energy program. It is believed that companies in Germany, Switzerland, Austria, and other Western European countries have been involved (Associated Press, 26 December 2003). Although most European countries act in accordance with the prohibition on nuclear trade with Iran as introduced by the US in the 1980s, the involvement of European firms in the Iranian nuclear

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[38] See also the interview with Larijani 2006 "Tarh-e Rusiye Ghabel-e mozakere ast" (The Russian proposal is worth negotiating). *Iranian Students News Agency*. 6 February.

energy program shows how difficult it is to control the trade in nuclear-related technologies.

The nuclear problems could solve themselves if the Reformist forces within the Iranian political elite ultimately triumph. After the 2005 parliamentary elections and 2006 presidential election, both of which were won by the Conservative faction, this seems rather unlikely in the short term. Meanwhile, Ahmadinejad's confrontational rhetoric towards the West, Iran's nuclear issue, the failed US policy of regime change in Iraq, the re-emerging Palestine-Israel conflict since the election of Hamas as the leading party in the Palestine parliament, and the recent war between Hezbollah and Israel in Lebanon have created new tensions in the Persian Gulf region.

CONCLUSION

The Iranian Islamic revolution transformed the country's foreign policy of maintaining good relations with the US, Israel, Europe, and US-friendly Middle Eastern regimes to one of confrontation with the West and Israel and of supporting Middle Eastern resistance movements aimed at overthrowing pro-Western and secular oriented governments.

Since the Islamic revolution the Iranian government has, for the most part, continuously followed an anti-US, non-alignment, and pro-South foreign policy, though parts of the Iranian political elite have adopted different foreign policy approaches in the course of time in response to domestic and external developments. To show the different approaches to foreign policy in this chapter, a distinction has been made between four phases. Phase 1, from 1979–1989, when Khomeini was the Supreme leader, was mainly ideologically driven. Khomeini followed a confrontational and isolationist foreign policy that was very much influenced by his own interpretation of Shi'i ideological doctrine. The following two presidents, Rafsanjani and Khatami, in phases 2 and 3, followed a pragmatist approach toward foreign policy. Rafsanjani adopted a more pragmatic foreign policy orientation not least because of his attempt to improve the devastating economic situation of his country and to attract FDI. Khatami's presidency inaugurated important changes in Iranian foreign policy, especially improved relations with the EU. Since Ahmadinejad's election to the present day—phase 4—foreign policy has again shifted. President Ahmadinejad, who seems to be a hardliner *á la* Khomeini, has used a very hostile tone, especially against the US and Europe. In the short term Ahmadinejad complicates Iran's foreign relations, especially towards the West. In the long term, however, the existence of different political factions and the presence of competing power centers—not Ahmadinejad—are the main obstacles to overcoming the paralysis in strategic thinking and foreign policy decision-making. Iran's

foreign policy is closely linked to the policy preferences of the Iranian ruling political elite and whichever particular group of the elite has power over political decision-making at any given point in time. Changes in foreign policy are not a reflection of reforming the IRI's basic structure, but of meeting domestic, regional, and international challenges. Fundamental foreign policy reorientation requires the reform of Iran's entire political system. Until now, however, the prime objective of both foreign and domestic policy has been regime survival. The eventual outcome of the factional struggle for power will have a great impact on Iran's role in international affairs and its foreign policy strategy: how it views the world, what policies it will choose in order to pursue its interests, and which resources it makes available to pursue its foreign policy goals.

VII. The Middle East's Democracy Deficit in Comparative Perspective

Mehran Kamrava

Abstract

The Middle East's democracy deficit is a product of the patterns of political and economic development in the region. It is not because the region is predominantly Islamic or is somehow afflicted by purportedly undemocratic cultures. By itself, culture is not an impediment to transition to democracy as it is subject to influences from the larger polity, especially insofar as the economy and the initiatives of the state are concerned. Instead, transition to democracy is determined by the degree of society's autonomy from the state. This autonomy may result from the empowerment of society as a consequence of economic development, or the state elite's devolution of power to social actors and classes, or, more commonly, a combination of both. Assumptions about the inherently undemocratic nature of cultures such as Islamic and Confucian ones are fundamentally invalid. The key to understanding democratic transitions lies instead in the nature of state-society relations rather than the nature of society's norms and values in themselves.

INTRODUCTION

To say that authoritarianism remains a salient feature of Middle Eastern politics is to state the obvious. Despite well-intentioned and optimistic predictions dating to a decade ago or more (El Sayyid 1994), the "third wave of democracy" has not yet caught up with the Middle East. In fact, today there is near consensus that the region is trapped instead in liberalized autocracies of various kind (Brumberg 2002). But that is where the agreement ends, and few students of the Middle East agree over the precise causes for the endurance of authoritarianism in all but a handful of Middle Eastern countries. Is it rentier economics, or undemocratic and fractured cultural traditions, or colonial legacies, or a combination of these and other forces?

Of the multitude of explanations given for the Middle East's democratic deficit, three deserve further examination: the role, if any, of culture in keeping authoritarianism alive; the political and economic factors that have curtailed the powers of those calling for democracy; and the nature and potential role of civil society. This chapter examines the Middle East's democracy deficit by looking at each of these three factors from a comparative perspective. In doing so, it argues that there is nothing inherently anti-democratic about Middle Eastern cultures, however broadly or narrowly defined. In fact, in helping or hindering democratic transitions, culture in general plays at best a minimal role. This role is overshadowed by political and economic factors that result in a particular distribution of power within the polity. Only when the balance of power begins to tip against the state elites, and a greater parity develops between their powers and those of social actors, will a transition to democracy become possible. Such was the case in Eastern Europe, South America, and East Asia, where institutional and economic crises of one kind or another preceded democratic transitions. So far, the authoritarian states of the Middle East have been able to ride such crises, or to deflate their impacts by making minor political and economic adjustments. And they are likely to endure so long as they can successfully keep doing so. The Middle East's democracy deficit, in short, is far more a product of political and economic dynamics than anything innately cultural, or, more pointedly, Islamic.

THE (UN)DEMOCRATIC CULTURE THESIS

One of the most controversial, and yet increasingly popular, lines of argument for the democratic deficit in the Middle East maintains that Middle Eastern cultures are fundamentally anti-democratic. Due to the pervasiveness of values that remain deeply imbued with religion, masculinity, bedouin norms, and traditionalism, the argument goes, Middle Eastern cultures exhibit a strong aversion to the tenets of democracy. This is by no means a new or novel thesis, as the mysterious, mystical "Orient" has long been the subject of popular and scholarly attention in the West. The riddle of "Asiatic despotism" attracted the attention of no less of a "scientist" than Karl Marx as far back as the 1840s, and even Marx was in this respect following footsteps left behind by others before him (Marx 1992: 91). Nevertheless, with the increasing ferocity and conviction emanating from Islamic fundamentalism beginning in the late 1970s, and then culminating to its unfathomable violence on 9/11, the thesis that Middle Eastern cultures are irrevocably violent and undemocratic has acquired new vigor.

The authors who argue from this perspective often fall into one of two categories: either those who see Middle Eastern cultures as an impediment to democratization, or, more pointedly, as innately prone to irrationality and

violence. The differences between the two perspectives are often indiscernible, however, and are frequently a question of degree rather than substance. Invariably, proponents of this line of argument see Middle Eastern cultures as inherently undemocratic and, at the same time, menacingly fanatical, threatening, even violent.

Of the plethora of scholarly and pseudo-scholarly writings belonging to this genre, one of the most widely read is Raphael Patai's *The Arab Mind*, first published in 1973 and reprinted and revised periodically ever since. Patai purports to examine the Arab personality by "observing the psychological effects and reactions produced in the Arab world by the salient major developments" of the recent past (Patai 1983: ix). The psychological profile that emerges from Patai's long and detailed examination is of an Arab personality, and a larger Arab culture, that is irrational, primitive, violent, and, for our purposes here, undemocratic. Irrationality, he maintains, is one of the hallmarks of Arab cultural life. "In contrast to the West, the Arab world still sees the universe running its predestined course, determined by the will of Allah, who not only guides the world at large, but also predestines the fate of each and every man individually" (Patai 1983: 147). The Arab personality, he further argues, is incompatible with democracy as it has a "proclivity for mob action." The Arab is "a human type which readily and frequently throws off the restraints of discipline and, especially in mass situations, is likely to go on rampage" (Patai 1983: 162–3). Within this context, any possibilities for democracy are dashed due to the absence of institutionalized or even rational means of conflict resolution. "At every level discord has always been present, either actually or potentially. At the slightest provocation the fighting propensity surfaces, a quarrel ensues and easily degenerates into physical violence" (Patai 1983: 225).

A second, more serious group of scholars come to the same conclusion regarding the incompatibility of Islamic/Middle Eastern culture with democracy by examining the region's political history. Often pejoratively called "Orientalists" by their critics and detractors, they point to the hostility that Middle Eastern body politics have shown toward democracy as evidence of the former's inherently undemocratic nature. One of the most respected and renowned scholars belonging to this category is Ellie Kedourie, whose writings have long shaped the discipline of Middle Eastern studies in profound ways. Oriental despotism, he claims, has long been an inseparable feature of the Middle East (Kedourie 1992a: 12). "There is nothing in the political traditions of the Arab world—which are the political traditions of Islam—which might make familiar or indeed intelligible, the organizing ideas of constitutional and representative government. The notion of the state as a specific territorial entity which is endowed with sovereignty, the notion of popular sovereignty as the foundation of governmental legitimacy, the idea

of representation, of elections, or popular suffrage, of political institutions being regulated by laws laid down by a parliamentary assembly, of these laws being guarded and upheld by an independent judiciary, the ideas of the secularity of the sate, of society being composed of a multitude of self-activating, autonomous groups and associations—all these are profoundly alien to the Muslim political tradition" (Kedourie 1992b, 5–6). Again and again, Kedourie maintains, efforts were made in the Middle East to foster constitutionalism and representative government. But the incongruity of such imported ideas with deeply held political values and practices resulted in constitutionalism's chronic demise in the Middle East.

Similarly grounded in historical analysis are the arguments of Bernard Lewis, another renowned and influential historian of the Middle East. In one of his latest writings, Lewis (2002) asks a simple question: "What went wrong?" In the course of the twentieth century it became abundantly clear in the Middle East and indeed all over the lands of Islam that things had gone badly wrong. Compared with its millennial rival, Christendom, the world of Islam had become poor, weak, and ignorant. In the course of the nineteenth and twentieth centuries, the primacy and therefore dominance of the West was clear for all to see, invading the Muslim in every aspect of his public and—more painfully—even his private life (Lewis 2002: 151). The reasons for this steady decline, according to Lewis, are rooted in the interaction of a series of historical developments. It began by military weakness and reverses in the battlefield, and was accentuated by the failure to secure material wealth and to attain economic power. There has also been a failure, or refusal, to overcome social and cultural barriers to science and technology, and, concomitantly, an inability to overcome social inequality and inequity, especially in relation to women and ethnic or religious minorities. The Middle Eastern inability to bring about a "dethronement of religion as the organizing principle of society" (Lewis 2002: 112) has only deepened the region's emersion in a cultural milieu that is antithetical to modernity and its various accompaniments. All of this, Lewis maintains, directly undermines the prospects of democracy in the Middle East. In Western parliamentary politics, as in team sports or orchestral music, rival parties or each member of the team or the orchestra, acts in accordance with an "agreed set of rules, and in an agreed interval of time," in harmony if not in unison (Lewis 2002: 129). This common purpose and required cooperation, so pivotal to democracy, is missing in Middle Eastern societies. Not all hope is lost, however. "Despite many reverses," Lewis writes, "European-style democracy is not dead in the Islamic lands, and there are some signs of a revival. In some countries, parliamentary and constitutional systems are becoming increasingly effective. In several others there have been steps, still rather tentative, towards political as well as economic liberalization" (Lewis 1995).

This glimmer of hope offered by Lewis stands in sharp contrast to the analysis and conclusions offered by the political scientist Samuel Huntington, a scholar of considerable international stature. In his seminal study on the "third wave" of democratization sweeping across the globe in the 1980s, Huntington (1991: 310) observed that "conceivably Islamic and Confusion cultures pose insuperable obstacles to democratic development." He did, nevertheless, temper his pessimism by acknowledging that cultural obstacles to democracy are not always immutable. In fact, he argued that by the 1990s economic and political dynamics had indeed made it possible, if not probable, for the Middle East to become democratic (Huntington 1991: 314–15).

Within a couple of years, Huntington's prognosis of the Middle East had become decidedly less optimistic. In fact, his outlook toward the region had become quite dark. In a subsequent article in 1993 and a book in 1996, Huntington pointed to the Middle East as the cradle of a civilization that is diametrically opposed to Western interests and values, including democracy. According to Huntington, culture and cultural identities are the cornerstones of every civilization, and religions are in turn the cornerstones of every culture and cultural identity (Huntington 1996: 41–42). Middle Easterners—for whom Islam is the defining cultural element—see Western culture as threatening to their beliefs, and as "materialistic, corrupt, decadent, and immoral." The secularism and irreligiosity of Western culture, in fact, are perceived by the Muslims of the Middle East to be "worse evils than the Western Christianity that produced them" (Huntington 1996: 213). A violent and undemocratic civilization, Huntington declared that "Islam has bloody borders" (1993: 35),[1] and it will collude with the Confucian civilization to oppose all things Western, including Western power (Huntington 1993: 46–7).

Insofar as the Middle East's democratic deficit is concerned, Huntington (1996: 29) puts the blame squarely on Islam. Islam, he maintains, is anti-Western, extremist, and imbues the believer with a "propensity toward violent conflict" (Huntington 1996: 258). As such, it is virulently anti-democratic. Instead, Huntington concluded earlier that (1991: 72–3), "a strong correlation exists between Western Christianity and democracy. Modern democracy developed first and most vigorously in Christian countries. . . . However,] democracy was especially scarce among countries that were predominantly Muslim, Buddhist, or Confucian."

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[1] Noting that this statement had generated significant controversy when first published in the 1993 article, three years later in his book Huntington (1996: 258) made the following observation: "Islam's borders 'are' bloody, and so are its innards" (original emphasis).

Huntington's thesis of a clash of civilizations between a democratic West versus the rest has already received much critical attention, and an examination of its merits is beyond the scope of this paper.[2] But his arguments regarding the inherently anti-democratic nature of Islam and Middle Eastern culture(s) do deserve further scrutiny. While Huntington is correct in maintaining that "cultures count" (2000), his identification of Islam as the primary cause of democracy's absence from the Middle East is incorrect on three fundamental grounds. To begin with, Huntington's conclusions are contradicted by the available empirical data on the relationship between belief in Islamic values on the one hand and democracy on the other. Also, serious analytical questions can be raised concerning Huntington's use of the notion of culture and its larger consequence for the world of politics. Lastly, at least insofar as his arguments in *The Clash of Civilizations* are concerned, if not in his earlier writings (Huntington 1968), there appears to be important omissions from Huntington's analysis of the dynamics that lead to democratization.

Perhaps the biggest problem with Huntington's thesis is the fact that it cannot be substantiated by empirical evidence. An emerging body of public opinion data and other indices indicate that there is, in fact, no contradiction between belief in Islam as a religion and acceptance of democracy as a political system (Midlarsky 1998; Tessler 2002; Norris and Inglehart 2003). Using the Polity III index, Manus Midlarsky (1998: 504) comes to the conclusion that "democracy itself and Islam are not mutually exclusive, certainly not if democracy is measured by the more rudimentary political rights index." The same does not hold, however, for more inclusive definitions of democracy, Midlarsky maintains, although the importance of international and environmental factors, as well as the consequences of economic modernization, cannot be ignored. Pippa Norris and Ronald Inglehart (1998) come to a largely similar conclusion, this time relying on the World Values Survey/European Values Survey (WVS/EVS) 1995–2001. The WVS/EVS examines cultural values in seventy-five countries around the globe, including nine with Muslim majorities.[3] Norris and Inglehart's

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[2] See, for example, Ajami, F. 1993 "The Summoning." *Foreign Affairs*. 72(4): 3–9; Mahboubani, K. 1993 "The Dangers of Decadence: What the Rest Can Teach the West." *Foreign Affairs*. 72(4): 10–14; Rubenstein, R.E. and J. Crocker 1994 "Challenging Samuel Huntington." *Foreign Policy*. 96: 113–28; Fuller, G. 1995 "The Next Ideology." *Foreign Policy*. 98: 145–58; O'Hagan, J. 1995 "Civilizational Conflict? Looking for Cultural Enemies." *Third World Quarterly*. 16(1): 19–38; Ikenberry, G.J. 1997 "Just Like the Rest." *Foreign Affairs*. 76(2): 162–163; Nussbaum, B. 1997 "Capital, Not Culture." *Foreign Affairs*. 76(2): 165; Smith, T. 1997 "Dangerous Conjecture." *Foreign Affairs*. 76(2): 163–164.

[3] The Muslim majority countries in the survey include Albania, Azerbaijan, Bangladesh, Egypt, Iran, Jordan, Morocco, Pakistan, and Turkey.

conclusions (1998: 7) are significant: "Huntington is mistaken in assuming that the core 'clash' between the West and Islamic societies concerns 'political' values: instead evidence indicates that surprisingly similar attitudes toward democracy are found in the West and in the Islamic world." Considering the vast differences in cultural values regarding gender issues, Norris and Inglehart (1998: 7) maintain that "the central values separating Islam and the West revolve far more centrally around Eros than Demos."[4]

These findings are further supported by Mark Tessler (2002), who examines data on the impact of religious orientations on attitudes toward democracy in four Arab countries. Tessler relies on public opinion data collected in Palestine (Gaza and the West Bank), Morocco, Algeria, and Egypt between 1988 and 1996. After a rigorous analysis of the data, Tessler (2002: 348) concludes that "Islam appears to have less influence on political attitudes than is frequently suggested by students of Arab and Islamic societies." More specifically, the data "offers evidence that support for democracy is not necessarily lower among those individuals with the strongest Islamic attachments" (Tessler 2002: 348). In fact, "the evidence presently available from Palestine, Morocco, Algeria, and Egypt suggests that Islam is not the obstacle to democratization that some western and other scholars allege it to be" (Tessler 2002: 350).

In addition to lack of empirical support for the claim that Islam as a religion and a belief system is largely responsible for the Middle East's democracy deficit, there are difficulties with Huntington's conceptualization of culture's role in politics in general and in relation to democratic transitions in specific. To start, contrary to what Huntington implies, culture is not a stand-alone phenomenon and is heavily influenced by the larger environment and the context within which it is formulated. In Huntington's conception, culture-cum-civilization is a straightjacket that limits the normative perspectives and the policy agendas of political leaders across the world. "Political leaders imbued with the hubris to think that they can fundamentally reshape the culture of their societies are destined to fail," he cautions (Huntington 1996: 154).

Even more fundamentally, Huntington argues, culture (or civilization) drives politics and not the other way around. But anyone remotely familiar with the political history of Islam, for example, is aware that Islam or any other religion for that matter—has long been used and abused by those

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[4] Norris and Inglehart's conclusions concerning a "clash of civilizations" are just as significant: "the democratic 'clash' (if it can be called a clash) divides Post-Communist states in Eastern European (*sic.*) (exemplified by Russia, Ukraine and Moldova) which display minimal support for democracy, from many other countries that display far more positive attitudes, including both Western 'and' Islamic nations" (1998: 29; original emphasis).

in power for their own political purposes. More specifically, "interpretations" of Islam have varied according to not only the specific goals of the interpreter but also the time and the context of the interpretation. In Iran, for instance, the very Islam that in the late 1970s promised liberation and political freedom became a source of repression and despotism in the 1980s. Today, more than two decades after the victory of the Islamic revolution, a vibrant debate is raging among the revolution's heirs over the very nature of the relationship between religion and politics (Kamrava 2003). The religion itself did not change; the context within which it was put to political use and the priorities of its interpreters changed, with former revolutionaries turning into an increasingly narrow circle of power elites. Elsewhere, in Latin America in the 1970s and the 1980s, the same Catholicism that was part of the corporatist alliance with bureaucratic-authoritarian states also gave rise to Liberation Theology as it assumed different functions and political postures at the hands of different actors (Lehman 1990: 117–26).

Taking this argument one step further, the phenomenon whose manifestations are signs of Islam's civilizational conflict with the West to Huntington is, in reality, a re-politicization of Islam, a process that dates back to the 1970s. In the West, this re-politicization is often commonly and mistakenly called "Islamic fundamentalism." In reality, however, political Islam is far more nuanced and contextualized. At the broadest level, this political Islam is divided into three subcategories: an intellectual Islam, which is often reformist and seeks to synchronize Islam with modernity; a popular Islam, which is at the level of the masses and has led to a growth of religiosity as a more common source of cultural identity; and a fundamentalist Islam, which is literalist, politically violent, and has a comparatively narrow social base (see also chapter 8 by Amineh in this volume). There is, of course, complementarity between and within each of these three subcategories of political Islam. But to overlook the subtle, and often times very obvious, differences between them, and to lump all of them together as uniformly non-democratic and innately confrontational, is, at best, to over-simply a very complex phenomenon.

A second point in which Huntington's arguments that appear to need modification is in relation to his analysis of the role of culture in democratic transitions. Again contrary to what Huntington implies, the pre-existence of a democratic culture is not a necessary precondition for transition to democracy. While helpful, a culture needs not to have been democratized already for democratic transition to take place. It is at the stage of democratic "consolidation" rather than "transition" that the prevalence of democratic norms and values among the various strata of urban society—especially among the middle classes—becomes key to the longevity and resilience of the newly democratized political system. At the stage of transition, however, what is

of primary importance is the pre-transition state's loss of internal cohesion (O'Donnell and Schmitter 1986: 15–17) and the "political crafting" that ensues (Di Palma 1990: 8–9). As Giuseppe Di Palma (1990: 30) has argued, "genuine democrats need not precede democracy, and […] the transfer of loyalties from dictatorship to democracy does not require exceptionally favorable circumstances. Ultimately, the viability of a new democracy can rest on making the transfer appealing, convenient, or compelling. Ultimately, it can rest on its attractiveness relative to its alternatives."

Essentially, what this boils down to is that the relationship which Islam inheres with democracy is ultimately irrelevant. Insofar as democratic transitions are concerned, what matters are the institutional viability of the pre-transition state and the political economy arrangements on which it relies in order to exercise control over the various social classes. Culture does not even influence the nature of the transition to democracy once such a transition has already begun. The nature and course of the transition is, instead, shaped and influenced by the changing powers of the various actors who are directly or indirectly involved in it. To better understand the underlying causes of the democratic deficit in the Middle East, therefore, we must examine the strength and institutional viability of Middle Eastern states and the ways in which they interact with and rule over the various classes in society. In fact, by looking at the processes of state-building and political development from a comparative perspective, we see why the Middle East remains largely authoritarian while Latin America and East Asia have become largely democratic.

ECONOMIC DEVELOPMENT AND DEMOCRATIZATION

By nature, "developing" countries feature processes of economic development that are inimical to democratic openings. More specifically, most though not all developing countries face what Eva Bellin (2002: 4) has called the "developmental paradox." Societal autonomy and the empowerment of social actors in relation to the state are key to the onset of pressures for democratization. Developing states foster economic and industrial processes that constrain the autonomy of social actors in the short run while, in the long run, enhance their prospects for empowerment and autonomy from the state. As Bellin points out, "by sponsoring industrialization, the [authoritarian] state nurtures the development of social forces ultimately capable of amassing sufficient power to challenge it and impose a measure of policy responsiveness upon it. In short, the very success of the state's strategy leads to the demise of the state's capacity to dictate policy unilaterally" (Bellin 2002: 4).

While this developmental paradox may in the long run foster conditions that favor democratic openings, it is not a natural by-product of economic development in just any developing country. It is, rather, a specific outcome of development processes unleashed by "developmental states." Chalmers Johnson (1982: 18–19) defines developmental states as those that combine the market-rationality of capitalist economies of states like the United States with the ideological-plan economies of states similar to that of the former Soviet Union. "In the plan rational [i.e. developmental] state, the government will give greatest precedent to industrial policy; that is, to a concern with the structure of domestic industry and with promoting the structure that enhances the nation's international competitiveness."[5] Developmental states, at least in their successful variety, are preponderant in East Asia, with Japan, South Korea, and Taiwan being paradigmatic cases. Elsewhere in the developing world, only the Chilean and to a much lesser extent the Argentine and the Brazilian states come close to being considered developmental, although all three were more aptly classified as "bureaucratic-authoritarian" in their pre-democratic days (O'Donnell 1973). In other parts of the developing world, most notably in the Middle East, in Central America and the Caribbean, and throughout Africa, the dynamics of economic transformation and development have been decidedly different. Whatever the inter- and intra-regional differences in the economic development of each of these remaining parts of the developing world, the one more or less consistent feature in all of them has been the state's ability to withstand being swept away as a result of the consequences of the development that it itself fostered. A partial exception is South Africa, although its democratic transition was as much a result of the relentless struggle of the African National Congress (ANC) against a state that was morally bankrupt and internationally isolated as it was a consequence of economic development and the rise of a small but articulate group of middle class, black revolutionaries (DeFronzo 1996).

Insofar as the relationship between economic development and democratization is concerned, there are two key, inter-related developments that need to occur. First, there needs to emerge a sizeable middle class that is financially autonomous of the state. Second, and concomitant with the first development, there needs to be a private sector that also retains a meaningful level of economic and political autonomy from the state. These two factors are, of course, organically linked. By definition, the middle classes outside of the civil service (i.e. financially autonomous from the

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[5] For more on Johnson's elaboration of the concept of developmental state see Johnson 1999.

state) belong to the private sector. But there are also important qualitative differences between the two, namely in levels of economic power and organizational resources. Their natural overlappings notwithstanding, the two groups serve the process of democratic opening in two distinct ways, with elements from the middle classes doing so "subjectively" while the private sector do so "objectively."

The subjective ways in which the middle classes help the cause of democratization is through their explicit or implicit support for non-state initiatives and non-state-dictated sources of identity, especially as represented through professional associations and non-governmental organizations (NGOs). While such activities on the part of the middle classes, if permitted by the authorities, ultimately erode the institutional, objective bases of the state (more of which below), they also help spread in society the ideals of self-empowerment, political independence (from the state), local activism, and civic responsibility. The middle classes, in other words, are critical components of civil society, so long as they have the political autonomy and the financial and organizational resources necessary to mobilize themselves into professional associations and other civil society organizations.[6] This is not to imply that the oppositional potential of the middle classes is overwhelmingly, or even largely, subjective and devoid of direct institutional significance. In fact, this is far from the case. Through their membership in NGOs and professional associations, members of the middle classes—many of whom are responsible for the initial establishment of such alternative institutions—directly challenge the functions and performance of state institutions in specific areas, be it in the provision of particular services or the fostering of a sense of confidence that the state had long taken away. Nevertheless, as the next section demonstrates, these middle class-driven organizations contribute more to the larger societal context and atmosphere within which democratic openings occur rather than serve as the actual catalysts for authoritarian withdrawals. The defection of the private sector from the "authoritarian bargain," however, can be far more directly consequential for the overall strength and the institutional integrity of the state. Authoritarian states, as we shall see presently, rely on authoritarian bargains of various kinds, many of which revolve around the incorporation and complicity of the private sector. For the private sector's defection to be politically consequential, it needs to have first amassed formidable economic muscle and organizational and financial strength of its own, and, even if it initially owed its good fortunes to the state and its

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[6] This important point will be explored in greater detail in the following section.

corporatist largesse, it must first break away from the state's tentacle and become politically autonomous.

This is precisely what happened in South Korea, where a highly under-developed and resource-starved economy began to turn around in the mid-1960s, as the country's policymakers switched from import-substitu-tion to an export-led policy of growth. This shift had two additional con-sequences. To begin with, it required the erection of a number of trade barriers to "some" imports; instead of simply encouraging exports as an engine of economic development, policy-makers exploited the country's "comparative advantage" and continued to allow for the import of goods that would have been costly to produce domestically (Kim 1997: 426). In practice, this meant a close level of cooperation between state leaders and policy-makers on the one side and private sector investors and industrialists on the other. Secondly, unlike Brazilian and Taiwanese industries, Korean firms—especially in the automotive sector—have been reluctant to rely on international subcontractors and, instead, have manufactured most com-ponents of their products in-house (Kim 1997: 427). While this was costly in the short-run, in the long run it has resulted in Korean firms emerging as more independent and, overall, more powerful. Over time, as more and more Korean firms successfully broke into international markets and developed marketing networks and resources of their own, their need on the patronage and support of the state was reduced. Gradually, by the late 1980s, they began to pull out of the state's authoritarian bargain.

Much, then, depends on the viability and resilience of the bargain struck between authoritarian state leaders and key social actors whose financial and/or organizational resources the state needs to co-opt for its own purposes. At the very least, even if the bargain does not explicitly co-opt these resources, it needs to mollify their potential for political opposition if it is to persevere. Looking at authoritarian bargains in broad strokes, we see why they unraveled in pre-democratic South America, and to a much lesser extent in East Asia, especially in South Korea and Taiwan, while they continue to persevere in the Middle East.

In Brazil and Argentina, the state adopted the import-substitution indus-trialization (ISI) strategy for development, through which it sought to placate middle class demands for consumer durables and, more importantly, directly targeted benefits to domestic and international investors who were part of its corporatist equation (Franko 2003: 59–61). From about the 1950s to the late 1970s the bargain worked, as military-led states fostered impres-sive industrial growth, kept the middle classes economically content, and held the domestic opposition at bay through indiscriminate repression. But in the face of inadequate domestic exports or other natural resources (such as hydrocarbon reserves) to finance ISI, Brazil and Argentina had

to resort to massive borrowing from international lenders, confronting balance of payment and debt crises by the early 1980s (Waterbury 1999: 334–5). The structural adjustments that were subsequently dictated by the so-called Washington Consensus alienated the very groups who were once the beneficiaries of ISI—the middle classes and the investors—resulting in the unraveling of their authoritarian bargains (Haggard and Kaufman 1995: 33). The Argentine military state, itself suffering from internal discord and lack of cohesion, resorted to one last desperate measure to rally middle class support when it invaded the Falkland/Malvinas Islands in 1982. But its failed venture only expedited its collapse and the retreat of the ruling generals back into the barracks. In Argentina, the military state simply collapsed. Similarly hasty withdrawals from power also occurred in Bolivia and Peru, as well as in the Philippines, followed subsequently by elections, the democratic voracity of which are still open to debate nearly two decades later. In Brazil and Uruguay, where the military exited from power under more favorable economic and political circumstances, it was in a better position to negotiate the terms of its withdrawal, already having had committed itself to some political liberalization before the elections of the mid-1980s (Haggard and Kaufman 1995: 69).

In East Asia, meanwhile, developmental states were able to foster and in turn rest on what some observers have called "conservative coalitions." According to David Waldner (1999: 138), "conservative coalitions are narrowly based coalitions supporting collaboration between the state and large business; significant segments of the population are excluded from these coalitions, and deliberate efforts are made to maximize side-payments to popular classes." The South Korean and Taiwanese state elites (and the Japanese elites before them) enjoyed high levels of internal cohesion. Against a backdrop of deep-seated economic nationalism (Woo-Cumings 1999: 6), these elites, secure in their incumbency as they were, could devise economic policy without significant pressure from the popular classes (Waldner 1999: 4). Following the Japanese model, the Taiwanese and South Korean states devised elaborate agencies, as well as formal and informal mechanisms, to promote growth and success of the private sector: Korea's Ministry of Trade, Industry, and Energy (originally called the MTI), and Taiwan's Council for Economic Cooperation and Development (later renamed CEPD), successfully replicated the work of Japan's Ministry of International Trade and Industry, the MITI (Weiss 1998: 55–59). So long as the state's policies resulted in the growth of private sector capital, the private sector remained ambivalent toward democratic reform. However, when "the state began to cut back on its sponsorship of private sector capital and the latter's need for state support also declined […] the private sector began to exhibit remarkable enthusiasm for political reform and democratization" (Bellin

2002: 163). By the early 1990s, both the South Korean and Taiwanese states, and in a somewhat more precarious way also the Thai state, could be considered democratic.

The situation in the countries of the Middle East could not have been more different. Almost uniformly, the states of the Middle East differ from those in East Asia and Latin America in three significant ways: (1) they initially lacked elite cohesion; (2) they have relatively easy access to economic resources; and (3) Middle Eastern countries have comparatively low levels of globalization. These variables have combined to result in the emergence of authoritarian bargains that so far have been able to withstand major challenges by undergoing what amount to only minor modifications. Consequently, at a time when the unraveling of other authoritarian bargains has ushered in democratic rule in East Asia and Latin America, much of the Middle East continues to remain a bastion of authoritarianism.

First, especially unlike the states of East Asia, those in the Middle East, with the exception of Israel, had little or no initial elite cohesion. To a large extent, this was a product of the region's colonial interlude from the early 1920s to the late 1940s, when indigenous political institutions were unable to emerge and gain a hold on their own. When independence came abruptly after the end of World War II—and in Algeria in 1962 after a long and bloody war of national liberation—political aspirants competed with one another for dominance and hegemony by seeking to cultivate support among specific social groups. As Waldner (1999: 36) maintains, "intense elite conflict impels one of the competing elite factions to incorporate a mass base: the state bargains with popular classes, exchanging material benefits for popular support."

The incorporation of the masses into the political process might have undermined the state's economic performance, but it also gave it a facade of street democracy that masked, albeit often unsuccessfully, its innately authoritarian nature. At the very least, it balanced out the grievances of the groups excluded from the bargain (e.g. workers and peasants) with support from those who were included (civil servants, for example). As many of the once inclusionary states aged over time, they resorted less and less to street theater to keep up democratic pretenses. However, they could not significantly reduce the high levels of side-payment they were paying to their constituents in society. In fact, over time, a relationship of mutual dependence has emerged between the state on the one side and certain key societal constituents on the other side, with neither being able fully to break out of the relationship. Precisely who these societal groups are, differs from one Middle Eastern country to another. Across the board, however, the middle classes are uniformly targeted for incorporation, especially through the expansive civil service and state-owned enterprises (Richards

and Waterbury 1996: 210–11). Other targeted groups often include organized labor, especially in Algeria and Egypt (Pripstein Posusney 1997), or wealthier members of the private sector, as in Iraq (Farouk-Sluglett and Sluglett 2001: 242) and Turkey (Waldner 1999: 71–2).

Second, this time especially unlike the states in Latin America, Middle Eastern states are able to rely on rentier economies, a phenomenon that has been discussed extensively in the political economy literature of the Middle East. Briefly, rentierism is the result of earning high profits from economic activities that do not require proportionately high levels of productivity. For example, the extraction and export of oil is a relatively easy task compared to the amount of revenues and profits that are accrued from its sale abroad. In the Middle East, in fact, oil has become a primary source of rent for most of the region's governments, and the "oil monarchies" of the Persian Gulf (Gause 1994) in particular have become rentier states "par excellence." But rent-seeking is not limited to the export of primary products at highly profitable rates. As Peter Evans (1995: 34) maintains, "rationing foreign exchange, restricting entry through licensing procedures, and instituting tariffs or quantitative restrictions on imports are all ways of creating rents." In oil-poor Jordan, for example, a rentier economy has emerged around massive infusions of foreign aid and worker remittances (Piro 1998: 63).

Rentierism has given Middle Eastern states extractive autonomy from society. In Jordan and elsewhere in the Middle East, the state has been able to provide for the population without demanding much in the way of revenues in return (Piro 1998: 60). Direct forms of taxation in the Middle East, for example, remain "ludicrously low in most Arab states in which a personal income tax exists, and in a good number of them such a tax does not even exist" (Luciani 1995: 217).[7] More importantly, by and large, the state in the Middle East has been able to avoid the vulnerabilities of debt-ridden Latin American states by continually financing the incorporation of groups dependent on it. Even the recurrent economic recessions of the 1980s and the 1990s failed to completely dislodge the rentier underpinnings of Middle Eastern economies, although they did necessitate certain economic liberalization measures (Harik and Sullivan 1992).[8] Ultimately, however, as

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[7] Clement M. Henry and Robert Springborg (2001: 76–8), for example, maintain that while the average direct tax on individual income is around 10 percent of gross domestic product (GDP) in Europe, it is 0.7 and 1.3 percent of the GDP in Egypt and Jordan respectively.

[8] According to Henry and Springborg (2001: 76), Middle Eastern and North African "states face a major crisis because they can no longer deliver the goods. As the rents evaporate, they must tax more and presumably be subjected to greater accountability."

the once-fractured state elites have become more and more cohesive with the passage of time, half-hearted measures at economic liberalization have neither been followed-up by nor have they involuntarily yielded to meaningful political liberalization, the hopeful expectations of outside observers notwithstanding (Korany, Brynen, and Noble 1998 and 1995).

Third, there have been comparatively less profound levels of globalization in the Middle East as compared to other regions of the developing world save for Africa. There is a strong correlation between high levels of economic and normative globalization and the prospects for democratic transitions (Simensen 1999: 394–5). However, literally all states of the Middle East, with the exception of the region's two democracies—Turkey and Israel[9]—rank consistently low on all indices of globalization. Outside of the oil sector, in fact, foreign direct investment has been lower in the Middle East as compared to levels in either East Asia (Kim 2000) or in Latin America (Franko 2003). There are a number of reasons for this, among the most important of which are weak domestic markets and uncompetitive private sectors, as well as strong opposition from so-called "moralizers" who see globalization as a threat to the authenticity of their culture, their religious and/or ethnic identity, and their countries' national interests (Henry and Springborg 2001: 19). Far more important, however, is the fundamental threat that globalization poses to the grip that authoritarian leaders have on the reins of power. By nature, globalization requires transparency in economic transactions, free flow of information, a credible banking system, and the empowerment of civil society. Each of these phenomena on its own, and especially in combination with one another, can be lethal to authoritarian states. Not surprisingly, within the Middle East, the authoritarian "bunker" states of Algeria, Qaddafi's Libya, Saddam Hussein's Iraq, Asad's Syria, and Sudan, as well as the region's "bully praetorian" republics of Egypt and Tunisia, tend to be the most shy about globalization (Henry and Springborg 2001).

Authoritarianism and comparatively low levels of globalization assume a mutually reinforcing relationship with one another. In the Middle East at large and within a number of specific Middle Eastern countries in particular, state leaders have greeted globalization with considerable skepticism, seeking at most to allow it in a trickled, highly controlled manner. The official fear of and resulting restrictions on information technology that is apparent in

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[9] While ostensibly democratic, the Turkish and Israeli political systems feature certain glaring limitations on the scope and nature of political activity—certain very pronounced red lines—that make them more "pseudo-democratic." Given the close level of military involvement in civilian administration in both states, they may also be considered as "military democracies" (see Salt 1999; Kamrava 2000 and 1998a).

all authoritarian states of the Middle East attests to this attempt to control the flow and nature of globalization (Teitelbaum 2002). For now, with the institutional underpinnings of dictatorial rule continuing to exhibit remarkable resilience, the potential that globalization would erode authoritarianism in the Middle East seems highly unlikely. And, by the same token, so long as authoritarian rule remains the norm in the Middle East, the prospects for the region undergoing globalization to the extent that Latin America or East Asia have undergone appear bleak.

In sum, economic development has a paradoxical relationship with democratization. There is no linear relationship between industrial development and democracy. The causal relationship between the two is far more nuanced and context-specific.[10] If in the process of economic development, the middle classes and the private sector gain autonomy from the state on the one hand and organizational and financial resources and strength on the other, they can emerge as powerful actors in the push for state accountability and democratization. Specifically, private sector defection from authoritarian bargains can prove fatal to the longevity of state elites, as it did in East Asia and in much of South America. Similarly, increasing economic integration into the global markets (i.e. globalization)—which tends to strengthen emerging elements with civil society, foster transparency and free flows of information, and ultimately encourage greater economic and political accountability—can overtime erode the staying power of authoritarian state elites. Again, the much deeper levels of globalization in Latin America and East Asia correlate closely with the greater preponderance of democratization in these two regions. In the Middle East, however, patterns of economic development have neither fostered the emergence of an autonomous and powerful private sector or middle class, nor have they resulted in significant levels of globalization. Consequently, by and large, in the Middle East economic development has served as a hindrance and an obstacle to democratic transitions as opposed to being a catalyst for democracy.

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[10] After looking at the relationship between capitalist development and democracy in Europe, Latin America, and the Caribbean, Rueschemeyer, Stephens and Stephens (1992: 284) come to the conclusion that "factors such as dependent development, late and state-led development, international political constellations and events, and international learning, all conspired to create conditions in which the combination of causes and thus the paths to democracy (and dictatorship) were different in different historical contexts and in different regions."

THE ROLE OF CIVIL SOCIETY

In recent years, considerable scholarship has been devoted to exploring the relationship between civil society and democratization.[11] Along the same lines, a number of experts have pointed to the prevalence of civil society in regions such as South America or Eastern Europe as one of the main reasons for their greater levels of democratization as compared to the Middle East or Africa, where civil society has been more scarce (Gyimah-Baodi 1996; Lewis 1992). In specific relationship to the Middle East, many argue that the region's democratic deficit is due to the fact that civil society either does not exist in most Middle Eastern countries, or, where it does exist, it is too embryonic and fragile to be of serious consequence. It is, therefore, important to explore the precise nature of the relationship between civil society and democratization, and to see what consequences, if any, arise from civil society's predicament in the Middle East insofar as the prospects for democratization in the region are concerned.

Philip Oxhorn (1995: 251–2) defines civil society as "a rich social fabric formed by a multiplicity of territorially and functionally based units. The strength of civil society is measured by the peaceful coexistence of these units and by their collective capacity to simultaneously 'resist subordination' to the state and to 'demand inclusion' into national political structures. The public character of these units allows them to justify and act in open pursuit of their collective interests in competition with one another. Strong civil societies are thus synonymous with a high level of 'institutionalized social pluralism.'" As such, "because they are self-constituted, the units of civil society serve as the foundations for political democracy" (Oxhorn 1995: 252).

Juan Linz and Alfred Stepan (1996: 7) similarly define civil society as "that arena of the polity where self-organizing groups, movements, and individuals, relatively autonomous from the state, attempt to articulate values, create associations and solidarities, and advance their interests." However, they argue, civil society is a tremendously helpful but ultimately insufficient element of democratic transitions. "At best, civil society can destroy a nondemocratic regime," they maintain. For democratic transition—and especially democratic consolidation—to occur, civil society needs to be politicized and transformed into what Linz and Stepan call "political society." Political society may be defined as "that arena in which the polity

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[11] A small sampling includes works by Gellner, E. 1994 *Conditions of Liberty: Civil Society and its Rivals.* New York: Penguin Books; Gill, G. 2000 *The Dynamics of Democratization: Elites, Civil Society and the Transition Process.* New York: St. Martin's Press; Hall, J.A. 1995 (ed), *Civil Society: Theory, History, Comparison.* London: Polity Press; Tester, K. 1992 *Civil Society.* London: Routledge.

specifically arranges itself to contest the legitimate right to exercise control over public power and the state apparatus" (Linz and Stepan 1996: 8).

A subtle but important distinction needs to be drawn between "civil society" and civil society organizations (CSOs). CSOs are the constituent members of civil society, what Oxhorn calls "units of civil society." They are the various individual groups and organizations whose collective efforts over time, and the effects of the horizontal and often also the organic links that develop among them, make it possible for civil society to emerge.[12] Frequently, CSOs are issue-specific and issue-driven, and as such have a strong sense of corporate identity. They are also politically, institutionally, and financially independent from the state and guard their autonomy jealously. In fact, they often come into existence as the very result of the state's inability, or unwillingness, to perform those functions on which society relies on it to perform. CSOs, therefore, emerge in response to specific exigencies created by state inaction or impotence—e.g. its inability to ensure physical security, or its lack of sufficient attention to spreading literacy or giving people job skills. Therefore, the emergence over time of CSOs and later of civil society is contingent on the nature and extent of the relationship between the state and the larger society.

Since a democratic transition will not be made possible until an authoritarian regime is confronted with a crisis of power, CSOs, and even civil society are, "in themselves," inconsequential so long as they do not directly weaken state power. What CSOs and civil society do, is to give social actors an unprecedented sense of empowerment and self actualization. But social empowerment is not the same as the institutional weakening of the state and a vacuum of official power. By itself, therefore, civil society does not lead to democratization. The existence of civil society is not even a prerequisite for democratic transition. However, in cases where it does exist, civil society not only greatly facilitates the transition to democracy but, more importantly, it facilitates democracy's deepening in society once a new, democratic state has already been established. In fact, as Linz and Stepan maintain, it is at the stage of democratic consolidation in which civil society makes its greatest and most important contribution. Civil society does, nevertheless, provide the larger societal and cultural context within which collapsing states are replaced by democratic ones.

However conceptualized, CSOs or other similar "units" or elements of civil society have historically existed in Middle Eastern societies, whether in the form of politically autonomous *ulama* or in the form of merchant

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[12] This is not to imply that whenever there is a cluster of CSOs they will necessarily lead to civil society.

guilds. In more contemporary times, CSOs have proliferated in the form of informal religious gatherings (e.g. the Iranian *dowreh*), or, more commonly, various professional associations belonging to engineers, physicians, architects, pharmacists, lawyers, dentists, and the like (Ibrahim 1995: 51–2). However, although professional associations and other CSOs may have proliferated in recent decades, they have operated in highly hostile political and economic environments. As a result, they have been largely fragmented from one another and have been prevented from establishing—or have not developed to a stage where they would want to or could establish—mutually reinforcing ties and institutional links with one another. As a result, CSOs in the Middle East have largely failed to bring about civil society, or "political society" in Linz and Stepan's formulation.

There are two primary reasons for this. Perhaps the most important revolves around the nature and agendas of the state, or, more specifically, its paranoia and profound suspicion toward any manifestations of social autonomy. A second, related reason has to do with the pattern of state-dependent economic development that has unfolded in the Middle East, through which the powers of private capital have been largely curtailed by the state or made dependent on it. Financial dependence undermines the resources and possibilities available to social groups and seriously impedes their ability to act independently.

Almost uniformly, the authoritarian and semi-authoritarian states of the Middle East—i.e. all except the Turkish and Israeli states—fear that any manifestations of civil society may serious erode their ability to maintain their coercive relationship with society. Consequently, they view all autonomous social groups—from trade unions to professional associations, from *waqf* (Islamic cherity) organizations to social clubs and informal groups—with deep mistrust. Not surprisingly, these states have employed a variety of means to curtail the growth and spread of such civil society organizations. These measures range from outright harassment and intimidation, as occurred in Egypt with the imprisonment of the renowned scholar Saad Eddin Ibrahim, the director of the Ibn Khaldoun Center for Development and the publisher of the journal *Civil Society* (in both Arabic and English), to the placement of state actors inside various socially-based groups.

While nearly uniform, the Middle Eastern states' hostility to civil society has varied based on the precise nature of the state's relationship with society. In looking at state-civil society relationships in the Middle East, the typology of Middle Eastern states offered by Henry and Springborg (2001: 20) is very useful. They divide Middle Eastern states into four broad types: "bunker" states (Algeria, Sudan, Libya, Yemen, Syria, and Saddam Hussein's Iraq); "bully praetorian" states (Egypt, Tunisia, and the Palestinian Authority); "globalizing monarchies" (Bahrain, Jordan, Kuwait, Morocco, Oman,

Qatar, Saudi Arabia, and the United Arab Emirates); and "fragmented democracies" (Iran, Israel, Lebanon, and Turkey). Bunker states tend to have highly coercive relationships with their societies and, overall, allow for the least degree of financial autonomy to the forces of the market and the middle classes. As such, they tend to exhibit the greatest hostility toward independent groups and organizations. Not surprisingly, civil society organizations are least developed in Algeria, the Sudan, Libya, Yemen, Syria, and in Iraq prior to the collapse of Saddam Hussein's regime (Henry and Springborg 2001: 123).

"Bully praetorian" states tend to be equally suspicious of and therefore as repressive toward CSOs and independent associations, although they do foster economic conditions that are more conducive to the initial appearance and growth of such middle class-based groups. In Tunisia, for example, one finds "a large educated middle class, a society relatively unfragmented by ethnic cleavage, a vast network of associations that are training citizens in civisme and civility, and an increasingly independent class of private entrepreneurs" (Bellin 1995: 147). These are all ingredients of civil society. Nearly the same precise conditions exist in Egypt. However, both the Tunisian and the Egyptian states have employed a variety of legal and repressive tools to either suppress independent associational activities or, at the very least, to ensure their continued dependence on the state. By frequently invoking the dreaded Law of Associations (Law 32, enacted in 1964), for example, the Egyptian state "gives itself rights and puts constraints on members of the public from freely associating to promote their own individual and collective rights (e.g., basic human rights, community development)" (Sullivan and Abed-Kotob 1999: 26). In Palestine, meanwhile, the initially subtle friction between the emerging state as constituted by the Palestine National Authority (PNA), and such civil society organizations as the Hamas and the Islamic Jihad has erupted into open warfare. In recent years, other secular Palestinian CSOs have similarly felt the heavy weight of the PNA, as it has imposed legal restrictions on them and, more importantly, has sought to divert foreign aid away from them and into its own coffers (Sullivan 1995: 13).

Monarchical states tend to fall into one of the two extremes of either a relatively permissible attitude toward associational life (Morocco, Jordan, and Kuwait), or combatting non-state sanctioned social activism with vigor (Saudi Arabia, Bahrain, Qatar, Oman, and the United Arab Emirates). As part of their ruling bargain, monarchies usually strike alliances with local business notables in order to pre-empt the possibility of an oppositional alliance between entrepreneurs and Islamist activists (Henry and Springborg 2001: 169). Although such a coalition can potentially strengthen the bargaining power and therefore the autonomy of the private sector, it also ensures

the private sector's continued dependence on state largesse and resources. At the same time, the remaining monarchies of the region tend to rely on rather narrow institutional bases of power, or on subjective sources of legitimacy that remain open to challenges, or both (Kamrava 1998b: 79–82). They therefore remain deeply mistrustful of independent associations and groups. Nevertheless, consistent with the relatively greater levels of political liberalization that each has permitted, the Moroccan, Jordanian, and Kuwaiti monarchies have allowed professional associations to acquire some limited breathing room. The Kuwaiti government has made allowances, for example, for a CSO named the University Graduates' Society and for others like it, in addition to reviving the parliament (Ibrahim 1995: 42). Similarly, in Morocco in the late 1980s and in the 1990s, the state did curtail some of its economic and social commitments and allowed associations to develop in defense of rights and liberties. At the same time, however, it has been reluctant to retract its tentacles from potentially powerful CSOs such as the Moroccan Workers Union (UMT) and the General Union of Moroccan Workers (UGMT) and to enable them to act independently (Desrues and Moyano 2001: 36). At best, the potential for Moroccan civil society remains seriously hampered. In Jordan, similarly, a very limited form of political liberalization has given rise to a number of professional associations, but there are some very well-defined red lines beyond which the associations' members may not step (e.g. discussing Jordan's relations with Israel).

From a comparative perspective, by far the most robust manifestations of civil society are found in the Middle East's few, and all too frequently limited, democracies. Iran, Turkey, Lebanon, and Israel all feature political systems that have more limits placed on them in their interactions with society than any of the other states in the Middle East, vast differences among them notwithstanding. Moreover, they have given rise to financial and social circumstances that make the growth of CSOs more of a possibility than is the case elsewhere. They are, in general, "less frightened of information flow, […have] more developed and competitive economic institutions, lower transaction costs, and better established external linkages, and, in general, are more cosmopolitan than either the praetorians or the monarchies." Not surprisingly, conclude Henry and Springborg (2001: 221), they have "stronger civil societies." But as Henry and Springborg also mention, this is not to imply that civil society or even CSOs are completely unhindered in pursuit of their goals. Periodic press crackdowns and imprisonment of journalists are common in Iran; Turkish political parties suspected of inadequate Kemalist credentials are routinely banned; Lebanon's associational life is often a victim of the country's confessional mosaic (Rigby 2000); and many Israeli CSOs are too closely aligned with the country's left to be meaningfully independent (e.g. the Histadrut labor federation with the Labor party).

Undoubtedly, within the last decade or so there has been an unprecedented explosion of various civil society organizations and of associational life in the Middle East, often accompanied by or a by-product of half-steps toward democratization. From Iran to Turkey to all over the Arab world, activists, scholars, and intellectuals in the region openly discuss and debate the merits of civil society and its relationship with social pluralism and democracy (Kamrava 2001; Ismael 1995; Gülen 2001). If civil society is an ideal to strive for, significant progress in its direction has been made, at least insofar as much of the preparatory groundwork is concerned. But there is still a long road ahead. Almost everywhere in the Middle East, CSOs, which are the prerequisite building blocks of civil society, remain largely embryonic in development and evolution. Where they do exist, they are closely monitored by the state and are constantly harassed, their members still subject to arbitrary arrests and imprisonment on trumped up charges. The middle classes, meanwhile, remain largely dependent on the state either directly or indirectly, and their ability to articulate political demands is highly circumscribed.

Civil society may have come a long way in the Middle East, but it still has a very long way to go to become a viable mean for society's meaningful empowerment. Only when that happens—when civil society has helped tip the balance of power in favor of society and away from the state—is it likely to become one of the factors contributing to democracy in the Middle East. So long as Middle Eastern states remain cohesive in their elite composition and do not peruse economic development strategies that undermine their own power-base, the possibilities for democracy in the Middle East remain minimal at best.

CONCLUSION

Democracy is ultimately a question of balance of power between state and society. It comes about when a state's powers are held in check over time by procedures and by institutional mechanisms grounded in and supported by society. Authoritarian states seek to ensure their longevity and staying power through fostering ruling bargains with key social and economic actors in which the state's resort to repression is complemented with some form of legitimacy, no matter how narrow and superficial. So long as the ruling bargain holds and the balance of power remains unchanged, with the state as the dominant actor and social groups continually dependent on it for its largesse, a transition to democracy—or any other form of regime change, for that matter—is unlikely to occur.

In carving out sources of legitimacy and deepening their subjective ties to society, states invariably manipulate cultural norms and values, and interpret them according to their own needs. Over time, these politically manipulated

cultural norms may acquire a decidedly authoritarian appearance, and the countervailing norms opposing them may become equally uncompromising and authoritarian in their own turn. By themselves, however, cultures are not inherently authoritarian or democratic but are, instead, shaped and influenced by those articulating them and by the larger context within which they are formed. All political phenomena take place in a cultural context and are influenced by it, and democratization is no exception. By itself, however, culture is not a maker or breaker of democratization. It is, in fact, far less significant of a force than the institutional, political, and financial resources at the disposal of the state elites on one side and social actors on another.

The absence of democracy in the Middle East is not a product of innately authoritarian cultures or Islam's inherent hostility toward democratic government. To be certain, authoritarian manipulations and interpretations of Islam and other cultural norms have not helped the cause of democracy in the region and have only deepened authoritarianism. Nor have the absolutist terms in which most regime opponents in the Middle East have sought to overthrow and replace incumbent elites. But the ensuing clash of authoritarianisms that characterize the politics of most Middle Eastern states has far more to do with the distribution of power and resources throughout the polity—both institutional and situational resources—than it does with the cultural context within which the political drama unfolds. In fact, assumptions about anti-democratic underpinnings in cultural milieus such as Confucianism, Catholicism, and Islam have been proven wrong with the appearance of democratic transitions—of varying forms and degrees, of course—in Taiwan, Mexico, and Iran respectively. Culture may inform the context of political developments; it does not chain and imprison them. In fact, culture itself changes based on who has the power of interpreting it and selling that interpretation to larger audiences throughout society.

Political authoritarianism owes its longevity to the continued ideological and institutional cohesion of authoritarian elites on the one hand, and their ability to perpetuate authoritarian ruling bargains that incorporate or pacify potentially oppositional social actors on the other. Particular patterns of economic development and specific developmental outcomes may in the long run erode authoritarian ruling bargains and lead to defection from them by key social groups. This occurred in East Asia and South America, but by and large it has not taken place yet in the Middle East. Only in Iran, despite the seeming regression into authoritarianism as represented by the presidency of the hardline Mahmood Ahmadinejad, is there currently a gruelingly slow, and by no means certain, process of democratic transition taking place. Again, the transition is not being hindered or helped by particular cultural dynamics. It is, however, being shaped by the political

jockeying of contending factions within a post-revolutionary establishment that has lost the ideological and institutional cohesion it once enjoyed (or pretended to have) during Ayatollah Khomeini's guiding presence. Now that Khomeini is gone and the jockeying among his heirs has begun, the political system is undergoing a gradual transformation in a direction that appears more democratic and less authoritarian.

Democratic transitions, whether in Iran or anywhere else, do not become possible unless and until democratic bargains and pacts are struck between departing incumbents and incoming elites. Pacts that are based on implicit or explicit understandings over an emerging set of rules of the game are key to sustaining new democracies. A simple collapse of the authoritarian elite is more likely to lead to their replacement by another group of authoritarian elite, not to genuine democratization. This is what happened when Romania and the Soviet Union collapsed, and is highly likely to be the case with the collapse of Saddam Hussein in Iraq. Overthrowing authoritarian elites is an insufficient precondition for democratization, as the overthrow of the Iranian monarchy in 1978–79 demonstrated. Far more necessary is the existence of competing groups scattered throughout the polity, both within the institutions of the state and the strata of society, among whom a consensus emerges regarding the mutually beneficial nature of democracy. In Eastern Europe, South America, and East Asia, such a consensus developed when state leaders bankrupted themselves institutionally and economically, and social actors felt powerful enough to engage them in negotiations. For the time being, except in isolated instances, the development of similar predicaments does not seem likely in the Middle East. State leaders remain economically and institutionally powerful relative to society, and social actors find it hard to place demands on the state. Unless and until this uneven balance of power changes, the prospects for democratic transition in the Middle East appear unlikely.

VIII. The Challenges of Modernity: The Case of Political Islam

Mehdi Parvizi Amineh

Abstract

Since the Industrial Revolution in the late eighteenth century in England, all traditional cultures at one point in history have been challenged by modernity. This happened first in Europe and later in the rest of the world as a result of the late nineteenth century expansion of European capitalism and civilization. When confronted with modernity individual traditional cultures conflict with the increasing plurality of lifestyles and values. There are two ways to solve this conflict: either remain in the past or innovate. In the first case, tradition prevails. In the second case, the challenges of modernity are embraced by adapting to the new circumstances. This will eventually lead to the renewal of one's own culture. Since the late nineteenth century, the challenges of modernity have resulted in a variety of often contradictory Islamic political ideologies and practices. In contrast to the cultural-essentialist and a-historical assumptions of some scholars, such as Samuel Huntington, who see the phenomenon of political Islam as a characteristic of an inevitable "clash of civilizations"—according to which conflicts and threats to world peace and security in the twenty-first century will be carried out along "civilizational fault lines"—this chapter argues that the actual fault-lines are socio-economic, not geo-cultural, and that conflicts in today's world do not take place between cultures but within them. Those societies that are more successful in adapting to the challenges of modernity show a relatively stronger capacity to cope with the growing complexity of political and cultural pluralism.

INTRODUCTION

During the Cold War, the main approaches to international relations emanated from two areas of study: (1) the international political economy—for example, the economic nationalist, liberal, structuralist, and critical perspectives—and (2) security and strategic studies. However, these streams of

thought and scholarly debates failed to take into account that politicized religion could become not only a political ideology, but also a material force with a strong, effective mobilizing capacity for both local and global politics. The radical and extremist varieties of political Islam known as "Islamism," "Revivalism," "Fundamentalism," and "Wahhabism" present challenges to both domestic and global politics.

The scholar Samuel Huntington perceives the phenomenon of political Islam as a characteristic of inevitable "clash of civilizations," according to which, conflicts and threats to global peace and security in the twenty-first century will be carried out along "civilizational fault lines." His concept of a "clash of civilizations" originates from the work of Bernard Lewis (1990). Huntington brings Lewis's construct to the global level by arguing that humanity is divided among internally homogeneous civilizations. In his popularly cited article from 1993,[1] Huntington predicts that the fundamental source of conflict in the post-Cold War world will not be primarily ideological or economic, but rather that "the great divisions among humankind and the dominating source of conflict will be cultural." Whereas international conflicts of the past involved alliances of nations adhering to one political ideology against an alliance of other nations with an opposing ideology, Huntington suggests that future world conflicts will not be carried out between ideological blocs but between "civilizations." He anticipates a twenty-first century where the revolutionary impact of globalization induces irrational violence along the axes of religious values on which the "orientalism" of Lewis is based. Huntington shares Lewis's opinion that religious values are at the heart of human civilizations, and he applies it universally. "The clash of civilizations will be the battle lines of the future," he contends. His approach treats "Confucianism," "Buddhism," "Hinduism," "Islam," and "Western culture" as distinct cultural unities that are often played off against each other. The a-historical and cultural-essentialist assumptions of Huntington's analysis prevent an understanding of the roots of the problems in current global affairs. Contrary to Huntington, we argue that the main fault lines are socio-economic, rather than geo-cultural in nature, and that conflicts in today's world do not take place "between" cultures, but rather "within" them.

THE ORIGINS OF ISLAM AS POLITICAL IDEOLOGY

Islam as political ideology was a response to the expansion of Europe and the decline of Islamic empires (Ottoman-Turkey, Safavid-Persian, Mughal-

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[1] It was published later as a book: Huntington, S.P. 1996 *The Clash of Civilizations and the Remaking of World Order.* New York: Touchstone.

India) in the nineteenth century. In the twentieth century, it was a reaction in post-colonial societies of the Islamic world to the failure of modernization (the effort to close the productivity power gap with countries that industrialized first). The decline of Islamic empires was caused mainly by the Industrial Revolution in Europe and the inability of Islamic empires to resist European expansion; they gradually lost their material, institutional, and intellectual basis for unity. When traditional cultures are confronted with exogenous pressures and endogenous modernization, they face a structural and consequential mental transformation that makes them vulnerable to deep internal conflict. As Senghaas has shown (1988), this happened during the mid-nineteenth century Western Europe with the emergence of capitalism, which continued throughout the Industrial revolution, and is now a global phenomenon. Nothing has shaped the modern world more powerfully and persistently than capitalism. It destroyed old patterns of economic, political, and social life, creating conditions that spawned conflict, wars, and revolutions between the modern and the traditional. It made dynamism and progress its cornerstones. Capitalism created one main social force, the so-called bourgeoisie, as a class independent from the state that should become the vanguard of political liberalization and parliamentary democracy in Europe (see Zakaria 2003), or as Barrington Moore pointed out, "no bourgeois, no democracy" (Moore 1966: 418). As the bourgeoisie benefited from capitalism, the rule of law, a free market, the rise of professionalism and meritocracy, it was the main engine behind gradual reforms and drove the process of modernization.

At the beginning of modernization, it is unclear whether traditional culture could be sustained in the context of further development. The return to tradition and the emphasis on a real or imaginary cultural heritage are obvious attempts to preserve identity while participating in technological progress. In the long-term, there is no alternative to imitation and/or innovation. The complexity of politics, society, economy, and culture is not restricted to Europe and the Western sphere, and in order to avoid "chronic conflicts" (civil war), this new complexity must be matched by complex institutional arrangements and mentalities. In East Asia for example, South Korea, Singapore, and Malaysia are well ahead in this respect, as are Brazil, Argentina, and Chile in Latin America; all have undergone profound socio-economic modernization. Other parts of the world such as much of the Greater Middle East (GME), are experiencing what Senghaas calls "chronic development crisis," "a crisis without an end in sight. Here cultural friction will be accentuated as structural economic heterogeneity and social stratification increase. This allows for a wide range of reactions, which can often be observed simultaneously. Against the backdrop of a chronic development crisis, also known as 'downgrading', cultural conflicts

will inevitably become entrenched, and often turn into a militant confrontation over the organization of the public domain, and consequently into a public and highly political incident" (Senghaas 2005: 6).

Political rivalry within the different traditional forms of European culture had developed into a political elimination contest, which occasionally led to a victory for the stronger party, if not a consensus. In a way, this political rivalry had positive effects on the innovative potential of Europe. As Dieter Senghaas says, "Innovation was encouraged by the subsequent development of a competitive economy [as a result of the mid-eighteenth century British Industrial revolution], that extended over whole territories and was later to become a global phenomenon, making economic competition the quintessential logic of social systems" (Senghaas 1988: 3). It eventually led to the kind of modern society that today determines life throughout the West.

In the non-European world, the exogenous modernization pressures of colonial and imperial expansion in the nineteenth and twentieth centuries were followed by endogenous economic and societal modernization processes. Endogenous attempts at political, social, and economic modernization were responses to the pressures of marginalization and peripheralization generated by empires of the impending European-based modern world system. Attempts in the Islamic empires have taken place intermittently from the mid-nineteenth century, driven first by their political elites, and then, after the break-up of empires into smaller states and regions, by the post-colonial secular nationalist elites in parts of the GME.[2]

This resulted in different counter reactions within the Islamic societies: (1) a modernistic imitation of the West in order to catch up with European development and to keep the West at bay by using its own weapons. Failed modernization accompanied by external pressures led to further decline and additional crises. Crises within the Persian and Ottoman empires climaxed in the early twentieth century in two modern constitutional revolutions: the Iranian Constitutional Revolution of 1906 and the Young Turk revolt

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[2] For modernization and reform in the Ottoman and Persian empires see: Findley, C.V. 1980 *Bureaucratic Reform in the Ottoman Empire: The Sublime Porte 1789–1922*. Princeton: Princeton University Press; Lewis, B. 1969 *The Emergence of Modern Turkey*. London: Oxford University Press; Pamuk, S. 1987 *The Ottoman Empire and the European Capitalism 1820–1913*. Cambridge: Cambridge University Press; Islamoglu-Inan, H. (ed.) 1987 *The Ottoman Empire and the World Economy*. Cambridge: Cambridge University Press; Ayubi, N.N. 1995 *Over-stating the Arab State-Politics and Society in the Middle East*. London and New York: I.B. Tauris; Owen, R. 1992 *State, Power and Politics in the Making of the Modern Middle East*. London and New York: Routledge. Zürcher, E.-J. 1993 *Turkey: A Modern History*. London, New York Publishers: I.B. Tauris; Abrahamian, E. 1982 *Iran Between two Revolutions*. New Jersey: Princeton University Press; Amineh, M.P. 1999 *Die Globale Kapitalistische Expansion und Iran—Eine Studie der Iranischen Politischen Ökonomie 1500–1980*. Münster, Hamburg, Berlin: Lit Verlag.

of 1908. These events created a backdrop for nation state-building and state-led secular-modernization. The experiences of the Turkish Republic under Kemal Atatürk and of Iran under Reza Shah from 1925 and its continuation between 1950s and 1970s by his son Mohammad Reza Shah are examples;[3] (2) reconsideration of traditions and attempts at revitalizing them. This type of anti-modernist and anti-Western reaction can be observed all over the world, where non-European traditions are confronted with ideas of modernity. Sometimes, movements that urge a return to past values are accompanied by a moderate endeavor to reform, as in the cases of late nineteenth and early twentieth century Islamic modernist/reformist movements in the Ottoman and Persian empires (e.g. Sayyed Jamal al-Din Afghani [1838–97], Mohammad Abduh [1849–1905], Ayatollah Muhammad Hussein Na'ini [1860–1936]); (3) imitation of the West and reconsideration of traditions. Important representatives of this position, which accepts industrial and technological modernization while upholding traditional values, were Ayatollah Ruhollah Khomeini (1902–1989) in Iran and a majority of his followers in the current Islamic Republic of Iran; and Hassan Al-Bana (1906–1949), the founder of the Muslim Brotherhood (*al Ikhwan al-Muslimun*) in Egypt; (4) innovation as an unprecedented response to an unparalleled challenge. The new generation of Islamic intellectuals, such as Iran's Abdolkarim Soroush (1945–), Algeria's Mohamed Arkoun (1928–), or Egypt's Nasr Hamid Abu Zeid (1943–), despite internal differences, believes that in order to meet the challenges of modernity, Muslims should not seek to change their religion, but should rather reconcile their understanding of their religion with the changes occurring in the outside world. This necessitates a conception of religion that accepts the predictability of change in the human understanding of religion.

In resisting marginalization and exclusion, the political elite of late-industrialized countries tried to achieve an autonomous "catch-up" development process through industrialization or modernization from above. This involved a state-led socio-economic and political modernization by authoritarian patterns of political domination. The consequence of a fragmented society was an amalgamation of social and political powers within the embrace of political elites. Although the ruling elite may have powerful forces on its side, it has to deal with conflict between traditionalist and modernist forces within society. Here, modern social forces (particularly the bourgeoisie) are not strong enough to act independently from the state. In a number of peripheral countries, this process impeded the self-organization of domestic

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[3] For the experiences of modernization in twentieth century Iran and Turkey, see Amineh, M.P. ibid.; Zürcher, E.-J., A. Kazancigil and E. Ozbudun (eds.) 1981 *Ataturk: Founder of a Modern State.* London: C. Hurst; Abrahamian, ibid.

modern social forces and a self-regulating civil society. The modern history of late-industrialized countries and regions is rife with sequential attempts to modernize from above. Eighteenth century France and late nineteenth and early twentieth century Germany were successful in their attempts to catch up to the development. In the twentieth century, much of the world experienced state-led modernization or catch-up development attempts: first, the European countries that were late to industrialize (e.g. Spain, Portugal, and Greece), second, the Soviet bloc (Russia and Eastern Europe), and then the Third World (Mexico, Brazil, and Chile in Latin America; India, Iran, Turkey, Iraq, Syria, Korea, China, Singapore, Malaysia, and Indonesia in Asia; Egypt, South-Africa, Algeria, and Libya in Africa).

The successful state-led catch-up development process, or socio-economic and political modernization from above, requires the creation of a political system, in which authoritarian rule is transformed through formal legal guarantees that would permit different social classes and groups to legitimately express their interests, placing the struggle between contending political forces in a legal and constitutional framework made visible to all and guaranteeing public control over important decisions. This means that in order for modernization from above to be successful, it has to allow business, modern middle, and working classes—the social forces created by modernization—to act independently of the state. In bargaining with these social forces, the state becomes less repressive and arbitrary in its actions, and more rule-oriented and responsive to society's needs. For example, a government that taxes its people has to provide benefits in return, starting with services, accountability, and a good governance that ultimately leads to liberty and representation. Only then can a government earn legitimacy from its people. If a government can obtain its revenues without being dependent on taxes paid by the population (as in resource-based economies), it distances from its own population. In Saudi Arabia, the Royal family sticks to the following kind of bargain: "We don't ask much from you economically and we don't give much to you politically." This is the opposite of the American revolution slogan, which is, "no taxation, but no representation either" (see Zakaria 2003: 72–76).

In general, since the colonial period, developing countries have been confronted with a dilemma: they could either spurn their own culture and start a "catch-up" program to become equal in wealth and power with the West, or adhere to their own culture and religious traditions while remaining materially weak (see Gellner 1992). In the years following independence, many countries resolved the dilemma of identity and development by choosing the first option. After the disintegration of the Islamic empires, the first generation of their elite to gain power, beginning in the early 1930s—Atatürk in Turkey, Reza Shah in Iran, Gamal Abd al-Nasser in late-1940s Egypt, and, later, the ruling elites in Iraq, Syria, and Algeria—began authoritarian mod-

ernization. Authoritarian modernization in most Islamic societies em-braced "economic welfare," "democracy," "secularism," "democratic socialism," and "non-alignment" in international relations. In general, the political elites of these Islamic societies were convinced that "developmental or authoritarian states" could promote political stability and economic development and this process would be threatened if religion, ethnicity, or caste dominated politics.

Even more important, some Muslim countries, such as Iran and Turkey in the 1970s and 1980s, succeeded in creating a relatively modern economic structure and made relatively successful attempts at modernizing a part of the state and society. In the case of Iran under the Shah, the regime not only was unable to ideologically legitimate the newly introduced secular institutions, it had at the same time been incapable of both creating a space for political participation, and foster a basic level of economic welfare for the citizenry (see Amineh 1999: chs. 10 and 11).

Elsewhere, political strategies such as secular nationalism or Arab-socialism (e.g. Iraq, Syria, Algeria, Libya, and Egypt) were unable to create a balance between economic development and the political participation of the rising modern, urban-based populations, particularly the urban-middle class that was a product of modernization.[4] From the 1970s onwards, the unsuccessful modernization project of the post-colonial secular state and the conflict between religious nationalism and secular nationalism were the subjects of intense dissatisfaction in vast sections of the GME.

ISLAM AS POLITICAL IDEOLOGY AND ITS VARIETIES

"Islam" is not a concept that should be reified, but like other religions, it has varied with time, place, social class, ethnicity, gender, per individual, and other variables. The variety of Islamic currents before Western expansion and colonial conquest and influence differed from that which developed afterward, and both differed from the variety that developed after independence. As a gross generalization, pre-colonial Islam stressed law and practices led by the *ulama* (Islamic clergy) who normally, in general alliance with their governments were aimed at maintaining the status quo. With Western influence and expansion in the late nineteenth and early twentieth centuries, a tendency developed to reformulate Islam in terms of political ideology using elements of modern Western philosophy, science, and technology (Keddie 1995). From this period onwards, political Islamic thinkers and movements proclaimed an Islamic order as an alternative to European-based state and social order and its corresponding civilization.

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[4] More recently the introduction of a "Structural Adjustment Program" of neo-liberalism (i.e. free markets and open economies) in Muslim countries led to a deteriorated economic inequality rather than economic development.

The expansion of Western capitalism and civilization around the globe created not only structural globalization (e.g. modern political, economic, and cultural institutions and the enlargement of the nation state), but also social and international cultural fragmentation (Amineh 2003: 168–69). Intellectual and political counter movements to the historical episode described above created two main political ideologies and some related social forces: (1) modern/secular and (2) Islamic-oriented social forces. Secular forces advocated "constitutionalism," "secularism," and "nationalism" as three main elements for the development of a strong nation state. For Islamic-oriented forces, an adaptation of Islam to the modern world was the only way to make these developments acceptable and to the Islamic world.

MODERNITY AND "ISLAMIC" RESPONSES

Since the late nineteenth and early twentieth centuries, Islam as political ideology has manifested itself in various Islamic political discourses and social movements that developed as a response to both global and national socio-political and economic conditions.

The first ideal type of modern Islamic political ideology (so-called "Salafism" or Islamic reformism/modernism) and its related movements emerged gradually in the late nineteenth century. Its main representatives were, among others, Sayyed Jamal al-Din Afghani (1838–97, Iran) Mohammad Abduh (1849–1905, Egypt), Ayatollah Muhammad Hussein Na'ini (1860–1936, Iran/Iraq), and Sayyed Ahmad Khan (1817–1898, India).[5] These new, politicized Islamic ideas emerged as a result of the Persian and Ottoman empires' structural crises, their failure to modernize and reform from above in order to catch up to the Europeans, and their internal decline.[6] They were also the result of direct confrontation with the European expansion, mainly

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[5] For an interesting book on the thoughts of al-Afghani see Keddie, N.R. 1968 *An Islamic Response to Imperialism: Political and Religious Writings of Sayyid Jamal ad-Din "al-Afghani."* Berkeley and Los Angeles: University of California Press; for Abduh see Abduh, M. 1897 *Risalat al-Tawhid* (The Theology of Unity). n.p.; Malcolm H. Kerr, M.H. 1966 *Islamic Reform: The Political and Legal Theories of Muhammad Abduh and Rashid Rida.* Berkeley: University of California Press; for Na'ini see Na'ini, M.H. 1909 *Tanbih al-Umma wa-Tanzih al-Milla* (The admonition and refinement of the people). Najaf: n.p.; Hairi, A.-H. 1977 *Shi'ism and Constitutionalism in Iran: a Study of the Role Played by the Persian Residents of Iraq in Iranian Politics.* Leiden: Koninklijke Brill. For the life and ideas of Ahmad Khan see Graham G.F.I. and Y. Umer Zaituna 1975 *The Life and Work of Sir Syed Ahmad Khan.* Oxford: Oxford in Asian Historical Reprints.

[6] For studies on attempts at modernization in Iran under the Qajar Empire (1786–1906) see Amineh, M.P. 1999 op. cit., ch. 4; in the Ottoman Empire see Issawi C. 1982 *An Economic History of the Middle East and North Africa.* London: Methuen and Co.

from Great Britain, from the mid-nineteenth century to the early twentieth century.

This new type of Islamic thinker criticized domestic rulers (the Sultan and Shah) as despots and traditional religious leaders or ulama as fanatics. They all shared the opinion that Islam, as practiced by *ulama*, was unable to resolve Muslims' material and intellectual problems. Instead they advocated, like the secular forces, independence and constitutionalism and oscillated between pan-Islamism and the nation-state as a political model against both European colonization and their own weakening domestic empires. Ideologically, Islamic reformists, or the early variant of politicized Islam, aimed to make Islam compatible with Western scientific, economic, and political concepts in order to bolster the Islamic society against the West and adapt Islam to the needs of the modern world. This trend was centered in different geographical areas (e.g. Egypt, Turkey, India, and Persia) and among different social groups and classes—especially the urban intelligentsia and the small modern middle classes. Islamic reformists opposed Western materialism and secular culture, but also believed that only by imitating and naturalizing both Western technique and thought could strong independent politics and society be achieved in the Islamic world. They reinterpreted early Islamic injunctions so as to make them compatible with Western liberalism on matters such as a parliamentary system based on a constitution. The role of these Islamic thinkers was prominent during the Western-inspired Constitutional Revolutions in both Iran (1905–06) and Turkey (1908).[7]

The second ideal type of Islamic political ideology (known as Islamism, Revivalism, Radical Islam, Fundamentalism, and Wahhabism) developed in the inter-bellum and carries on until today despite its crisis in the late 1980s and 1990s. Its main ideological representatives were Hasan al-Banna (1906–49, Egypt), Rashid Rida (1865–1935, Syria), Sayyed Abdullah al-Mawdudi (1903–79, India/Pakistan), Sayyed Qutb (1906–66, Egypt), Ayatollah Ruhollah Khomeini (1902–89, Iran), Mohammad Baqir Sadr (1935–1980, Iraq), and Ali Shari'ati (1933–75, Iran).[8] Some important

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[7] On the Iranian Constitutional revolution and the role of religious elements and the adaptation of sha'ria to the parliamentary system, see Browne, E. 1910 *The Persian Revolution (1905–1909).* Cambridge: Cambridge University Press.

[8] See Mitchell, R.P. 1969 *The Society of the Muslim Brothers.* London: Oxford University Press; Qutb, S. 1981 *Ma'alim fi al-Tariq* (Milestone on the Road). 14th edition. Cairo: al-Shuruq Publishing House; Qutb, S. 1980 *al-Adalah al-Ijtima'iyyah fi al-Islam* (Social Justice in Islam). Cairo: Dar al-Shuruq; Binder, L. 1988 *Islamic Liberalism: A Critique of Development Ideologies.* Chicago: University of Chicago Press; Khomeini, R. 1979 *Velayat-e Faqih: Hokumat-e Islami* (The Jurist's. Guardianship: Islamic Government). Tehran: Panzdah-e Khordad; Khomeini, R. 1981 *Islam and Revolution, Writings and Declarations of Imam Khomeini*, trans. and annot. by H. Algar. Berkeley: Mizan Press; Shari'ati, A. n.d. *Mazhab Alayhe Mazhab* (Religion against Religion),

related organizations are the *al-Ikhwan al-Muslimun*, or the Muslim Brotherhood Organization in Egypt (founded in 1928) and later in Syria and other Arab Muslim countries; *Jama'at-I Islami* in Pakistan (1941); *Hizb ut-Tahrir al-Islami*, the Islamic Liberation Party, in Lebanon (1953); *Tanzim al-Jihad* in Egypt (1979); *Mujahideen-e Khalq* in Iran (1960s), the Supreme Council for Islamic Revolution of Ayatollah Mohammad Baqir Al Hakim (1939–2003) in Iraq; Lebanese *Hezbullah* (1970s); and Osama Bin Laden's *al-Qaeda*.[9] Islamism can be considered as a radical reaction to the intensification of Western capitalism and civilizational expansion, mainly after World War II, and its socio-economic, political, and most importantly, cultural influences in the Islamic world. Generally, despite great political ideological differences between these thinkers and related movements, these organizations were a response to Westernized and modernized authoritarian regimes and their socio-economic and cultural modernization programs in the Islamic world. In contrast to the East Asian countries of today, modernization processes in most Muslim countries failed or were fragmented, leading to a chronic developmental crisis that posed an obstacle to successful socio-economic development, and prevented an appreciation of the pluralization of value orientation. Under these conditions, a profound defensiveness developed against overdue cultural innovation, not only among the lower classes, but also among the middle classes, who tend to be much more socially mobile and thus more susceptible to frustration owing to prevailing circumstances. Only a small circle of careerists and nouveaux riches accepted cultural innovation. The middle classes, meanwhile, became a fertile social strata for Islamist recruitment, which led to the emergence of radical Islamic movements in the 1960s and 1970s. Such ideas and movements can by no means be reduced to a common denominator, since they are characterized by different features, whether gaining political power by using religion, rallying the religious community for reasons of solidarity, revitalizing one's own traditional values, struggling against the Western "devil," or a mixture of all these motives. These movements do not appreciate the pluralism of values, but rather perceive it as the core problem: the expression of cultural decadence and a repetition of pre-Islamic "ignorance" and moral rottenness

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Tehran: Husayniyeh-e Irshad; Shari'ati, A. 1979 *On Sociology of Islam.* trans. by H. Algar, Berkeley: Mirza Press.

  [9] The notion that al-Qaeda is a transnational network of so-called Islamic terrorism operating under a single leadership and through a coordinated regime of programs, strategies, and tactics "is an illusion." But, it exists as a powerful set of ideas inspired by Qutb. For a documentary on the roots and activities of the Taliban and the organization of Osama Bin Laden and Ayman Zawahiri, see "The Power of Nightmares," presented over three nights from Tuesday 18 to Thursday 20 January, 2005 at 2320 GMT on BBC Two.

(*jahiliya*), according to Sayyed Qutb (1906–1966). As an alternative to the capitalist pluralistic social order, this stream of political Islam and its related social forces (despite its varieties) calls for the creation of a non-secular Islamic state order by radical means, namely, the use of violence.

By creating a complex Islamist political ideology and organization, Islamism has been able to compete with secular and Westernized trends and forces—especially through translating Islamic tradition and symbols into a popular language, and thus securing the support of the urban-based poor social classes and groups all across Iran, Egypt, Pakistan, Lebanon, Palestine, Iraq, Afghanistan, and Algeria. The Islamic tradition has played a key role in Muslim countries, a fact that cannot be denied by even the most secular politicians. Islamism and its concept of social order, despite its varieties, is based on a hostile attitude towards the globalization of some Western-based institutions such as nation-states, and more importantly trends towards the universalization of their secular and modern normative structures.[10] Some Islamist worldviews, such as the ideas of Sayyed Qutb (Qutb 1983; Qutb 1981; Khomeini 1979) or the political ideology of al-Qaeda, are not compatible with the European concepts of social order. Islamists—based on Sayyed Qutb's ideas and influenced by Wahhabism[11] and

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[10] Capitalist expansion as social relation or globalization was accompanied by the emergence and spread of the nation state worldwide. Norms and values, however, are not included in this process as they relate to the cultural production of meaning. As Clifford Geertz (1973) rightly states, the cultural production of meaning is always local. But, if norms and values spread beyond the local cultures in which they are rooted, they could gain a universal character or become universalized. This means that the concepts of globalization and universalization refer to different domains: while globalization has a structural and institutional connotation, universalization has a normative character. The contemporary world structures have to deal with processes of a simultaneous success in universalization; there is a parallel development of structural globalization and cultural fragmentation. Cultural revival manifests itself in political strategies that call for a return to allegedly authentic, indigenous, cultural roots. In the non-Western world the nation-state is severely affected by this disharmony: while it is globalized, it lacks a necessary cultural basis. Islamists consider the nation-state as an "export from the West" and thus question its legitimacy. Islamism, therefore, can be considered as the challenging "milestone on the road" towards a de-Westernization in world-politics of "total revolt against the West."

[11] Wahhabism was founded by the Saudi Abd al-Wahhab (1703–91) in the peripheral and tribal region of the Ottoman Empire. Highly influenced by the writings of the fourteenth century cleric Taqi al-Din Ibn Taymiyya (1263–1328), the leading voice of the Hanbali School of Islamic thought, Wahhab preached that the true version of Islam could be found within the writings of the Qur'an and the Sunnah. Wahhabism takes the literal interpretation of the scriptures to an extreme and refuses any compromise with anything not strictly Islamic. The Qur'an and the Sunnah are the only true sources of Islam, and later developments are to be dismissed. Al-Wahhab rejected any interpretation of the resources. Wahhabism developed in opposition to some other schools of Islam but not to the West,

Deobandism[12]—target the secular state/society, because they despise its basis in popular sovereignty. Even nationalist ideologies like pan-Arabism, pan-Turkism, or pan-Iranism are perceived to be influenced by secular tendencies.

The global resurgence of a radical variant of political Islam is mainly a response to unsuccessful attempts by secular-authoritarian regimes of Muslim countries to modernize politics and society, spur socio-economic development, and create democracy.

Many scholars have mainly focused on radical Islamic thoughts and movements in analyzing political Islam. Many Muslims however, relate to principles that could be described as "Liberal Islam," e.g. issues such as democracy, pluralism, women's rights, freedom of thought, and promoting human progress. They proclaim a reformation of Islam and a more open society. These ideas can be compared to liberal movements in other cultures and religious faiths (Kurzman 1998).

These new Islamic ideas gradually increased in popularity from the late 1980s. Their main intellectual origin can be traced to Mohammad Iqbal (1875–1938, India/Pakistan),[13] Mehdi Bazargan (1907–95, Iran),

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with which it established links at the instigation of the Saudi Royal family. However, it remains obsessed with the influence of Western culture on Islamic culture. Wahhabists believe that nothing man-made, not even a prophet's grave, should be sacred. They did not allow oaths or vows in the name of the Prophet Muhammad or his descendants, and they dealt harshly with anyone caught using alcohol, smoking, listening to music, or playing games. Wahhabists characteristically persecuted wealthy Muslims and called for a return to a puritanical form of Islam. Today Wahhabism is the official religion of Saudi Arabia, whose rulers have become fabulously wealthy from oil. Osama Bin Laden's supporters hate the Saudi monarchy. Madrassas (religious schools) in the northwestern province of Pakistan and many Islamic institutes in Saudi Arabia and the Gulf are responsible for spreading the Wahhabist ideology, producing preachers who open mosques in the West or are called in by local communities.

[12] The Sunni Deobandi sect was founded in 1851 by Muhammad Qasim Nanautvi (d. 1880) and Rashid Ahmad Gangohi (d. 1908) in the city of Deobandi in India as an Islamic revival movement. Its aim was to unite the Muslims against British expansion and colonization of India. It later developed into an opposition movement against its own "neo-colonial" political elite. It aims at purifying Islam, excluding everything non-Islamic, rejecting all other religions, and forbidding Western-style education and any education not directly related to the Qur'an. The movement shares the Taliban's view on women and sees Pakistan's Shi'a minority as non-Muslims. It seeks a pure leader to reconstruct the Pakistani society based on the model of the Prophet Muhammad. President Musharraf, himself a Deobandi, was actually born in the city from which the school took its name. Most of the Taliban leadership attended Deobandi-influenced seminaries in Pakistan.

[13] Iqbal, M. 1930/1934 *The Reconstruction of Religious Thought in Islam*. Oxford: Oxford University Press; Esposito, J.L. 1983 "Muhammad Iqbal and the Islamic State." in J.L. Esposito (ed.) *Voices of Resurgent Islam*. New York and Oxford: Oxford University Press, 175–90.

Abdolkarim Soroush (1945–, Iran),[14] S.M. Zafar (1930–, Pakistan), Rachid Ghannouchi (1941–, Tunisia), Muhammad Shahrour (1938–, Syria), Chandra Muzaffar (1947–, Malaysia), Mohamed Talbi (1921–, Tunisia), Yusuf Qaradawi (1929–, Egypt/Qatar), Mohamed Arkoun (1928–, Algeria/ France), Abdullahi Ahmed An-Na'im (1946–, Sudan/US), Nurcholish Madjid (1939–, Indonesia), and Nasr Hamid Abu Zeid (1942–, Egypt).[15] One of the main characteristics of this current movement is its criticism of Islamism, Islamic radicalism, and, most importantly (and at least by some of its representatives), Islam as a political ideology. It tends towards pluralism and democracy manifested in its defense of civil society, human rights, and secularism—the last not according to the French experience of exaggerated laicism, but rather as implemented in Germany, Scandinavia, or Britain. States where the basic secular right of the freedom of religion prevails, and a strict separation between state and religion does not exist, could inspire modern solutions in the Islamic region.

Internationally, the "liberal Islamic" ideas and its related movements emerged in the age of what is called globalization. Besides its marginalizing and polarizing implications, globalization also creates opportunities for democratization in developing countries. This means that the eruption of pluralism involves the re-emergence of historical forces manifesting themselves in different cultural expressions, such as liberal-religious movements, ethnic identities, and linguistic differences. Nationally, this project is both a response to the authoritarian regimes in the Islamic world (as part of the global crisis of authoritarian regimes and modernization in Third World countries), and a result of the growth of civil society and its related modern social forces in some part of these countries. It attempts to find an answer to the chronic developmental crisis (economic, political, cultural/ideological) of Muslim countries and movements, particularly in the wake of Iran's failure to build a viable Islamic state following its 1978–79 Islamic Revolution.[16]

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[14] Soroush, A. 1994 "Mudara wa Mudiriyat-e Mumenan: Sukhani dar Nisbat-e Din wa Democrasi" [The Tolerance and Administration of the Faithful: A Remark on the Relation Between Religion and Democracy]. Kiyan 4(21). For an introductory essay to the ideas of Soroush see Cooper, J. 1998 "The Limits of the Sacred: The Epistemology of Abd al-Karim Soroush." in J. Cooper, R. Nettler, and M. Mahmoud (eds.) *Islam and Modernity: Muslim Intellectuals Respond*, London: I.B. Tauris, 38–56.

[15] A list of Islamic organizations devoted to discussions or promotion of liberal themes (with links to their sites) can be found at: http://www.unc.edu/~kurzman/LiberalIslam-Links.htm.

[16] While Islamic radicalism is gradually decreasing and moderate Islam with its pluralistic and liberal tendencies and characteristics increasing, radical Islam has found a new breeding ground mainly through the Taliban movement and Osama Bin Laden's al-Qaeda organization. What fuelled the mobilizing capacity of this new Islamist movement can be

CONCLUDING REMARKS

In this article we argued that Islam as political ideology is not a new phenomenon, but rather that it is the result of a complex long-term historical process. It was a response first to the simultaneous processes of European expansion and Islamic imperial decline, and then to the failure of the Islamic world's post-colonial secular-authoritarian regimes to realize socio-economic and political modernization. South Korea, Singapore, and Malaysia in East Asia, and Brazil, Argentina, and Chile in Latin America, among others, have undergone successful state-led socio-economic and political modernization creating political systems in which different social classes and groups can legitimately express their interests and become actively involved in the political process. In Muslim countries however, state-led modernization |from above was unable to create a balance between economic development and the political participation of the emerging modern, urban-based populations: modern social forces (particularly the bourgeoisie) are still not strong enough to act independently from the state. Beginning in the 1970s, the unsuccessful modernization projects of post-colonial secular states and the conflict between religious nationalism and secular nationalism were the subjects of intense dissatisfaction in vast sections of the GME. This created socio-political tensions, conflicts, and ultimately clashes within societies. Since the late nineteenth and early twentieth centuries, Islam as political ideology has manifested itself in various Islamic political discourses, ideologies, and related social forces that developed as a response to both global and national socio-economic and political challenges of modernity.

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summarized as follows: the end of the Cold War, the crisis of world hegemony/decline of Pax-Americana in the early 1970s, accompanied by the rise of new industrialized powers (mainly in Asia), the structural transformation of the international political economy, or globalization, and the failure of socio-economic and political modernization in most parts of the GME.

IX. The Turkish Political Economy: Globalization and Regionalism

Nilgun Onder

Abstract

   Since the early 1980s, the Turkish economy has globalized via neoliberal reforms. Turkey's globalization entailed a fundamental shift from the inward-oriented, state-led industrialization that had characterized the Turkish political economy for decades to a strategy of export-led growth in an open market economy. Regionalism also became a major component of Turkey's globalization. In the post-Cold War era, the Turkish state has actively pursued multiple projects of regional economic integration. Regional projects are currently regarded as building blocks to Turkey's more successful participation in globalization. However, Turkey's neoliberal form of globalization so far has been characterized by major structural weaknesses, and it has resulted in recurrent economic crises.

INTRODUCTION

The Turkish political economy in the early 2000s looks quite different from the inward-oriented and state-led development strategy of the period before the 1980s. Over the past two decades, the Turkish economy has undergone a process of globalization. It became closely integrated into the global economy through a dense network of trade, financial flows and production relations. The particular form this integration took is neoliberal. Turkey became one of the first major test cases for the Washington consensus in the early 1980s. The Turkish state carried out far reaching structural adjustment policies since the early 1980s to reorient the Turkish political economy from the interventionist import substituting industrialization towards an outward-oriented economy open to the global markets. This major turn in the Turkish political economy was conditioned, though not determined, by the global structures of which Turkey is a part. Especially significant in this regard was the international shift from the embedded liberalism of the post-war Bretton Woods system to a more neoliberal international economy from the late 1970s onwards. The end of the Cold War and the collapse

of the Soviet Union also created new opportunities as well as challenges for Turkey. The Turkish political economy and foreign policy have always inevitably been influenced by security, political, and economic conditions in the multiple regions with which Turkey shares geographical, historical, social, or political ties. The end of the Cold War and the emergence of new independent states with the collapse of the Soviet Union altered the regional dynamics and redefined regional identities. Although regionalism, in the sense of a conscious construction of region and/or a project of regional cooperation, did not play an important role in the neoliberal restructuring of the Turkish political economy in its initial phase during the 1980s, it started to figure prominently in the Turkish state policy as well as private business orientation in the mid-1990s. While much of Turkish official attention focused on securing full membership in the European Union (EU), the Turkish state also initiated or took a leadership role in several regional arrangements that include a wide range of countries. Neither EU membership nor greater role in other looser type of regional economic organizations is viewed as an alternative to Turkey's participation in the processes of globalization. The dominant belief is that EU membership will help improve Turkey's position in the global economy by making the country a more attractive location for foreign direct investment originating not only from the EU but also from non-EU developed countries. In other words, Turkey's neoliberal mode of integration in economic globalization and the Turkish state's increased emphasis on regional economic arrangements are considered complementary rather than contradictory. This chapter, however, argues that the result of over two decades of neoliberal reform in Turkey has been a disappointing record of economic performance, recurrent economic crises, increased inequalities and political tensions.

This study adopts the following theoretical and analytical framework. An adequate understanding of major changes in a national political economy requires a multi-level analysis, which integrates national, regional, international, and global levels. A multi-level analysis assumes an analytical distinction between these levels; however, a good multilevel analysis is cognizant of the fact that such analytical distinction does not necessarily mean an organic distinction. It is necessary to study the determinations and interactions between different analytical levels. It is also important to explore the ever present possibilities whereby "external" factors, that is, external to a national social formation, are internalized, and similarly, those situations wherein domestic or national forces become internationalized or transnationalized. The study adopts a political economy perspective that provides an integrated analysis of politics and economics and postulates reciprocal determinations between political institutions, and economic processes and structures.

THE EXCEPTIONALISM OF ECONOMIC LIBERALISM
IN TURKISH HISTORY AND THE GROUNDWORK
FOR THE RECENT NEOLIBERAL SHIFT

State-led industrialization behind protectionist walls characterized the Turkish political economy until 1980. Economic liberalism was the exception rather than the norm in the history of the Republic of Turkey. There were only two brief episodes of relative economic liberalism prior to 1980. The first episode was from the foundation of the Republic of Turkey in 1923 till 1929. This episode came to an end with the shift to étatisme in the early 1930s.[1] The second experimentation with economic liberalism took place after the end of World War II. However, it was short lived and resulted in an economic crisis in the late 1950s. With the failure of economic liberalization, import substitution industrialization (ISI) emerged as the de facto economic strategy in the country. In the early 1960s, the Turkish state adopted state-guided ISI as a systematic development strategy. The Turkish political economy of the 1960s and 1970s was characterized by the implementation of state-led ISI within the political framework of parliamentary democracy.

The ISI strategy produced high growth rates and a rapid pace of industrialization.[2] An important aspect of Turkey's ISI model was the inclusion of labor interests and the relatively equitable distribution of the growing pie. Real wages rose significantly during the ISI period (Kepenek 1984: 384). As the social welfare role of the state expanded considerably, social wage also increased. Wage increases were not incompatible with the pattern of accumulation based predominantly on domestic market-oriented industrialization as long as the economy continued to grow. Peasants and small farmers, who still constituted a large section of society, benefited

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[1] A major aspect of étatisme was the establishment of state enterprises for the production of hitherto imported basic consumer goods and some heavy industrial goods. For detailed study of the economic policies of the period, see Boratav, K. 1982 *Türkiye'de Devletçilik*. second edition. Ankara: Savas Yayinevi; Tezel, Y.S. 1982 *Cumhuriyet Döneminin Iktisadi Tarihi*. Ankara: Yurt Yayinevi.

[2] For Turkey's ISI strategy and its functioning, see, e.g. *Metu Studies In Development*. 1981, special issue; Boratav, K., Ç. Keyder and S. Pamuk 1984 *Krizin Gelisimi ve Türkiye'nin Alternatif Sorunu*. Istanbul: Kaynak Yayinlari; Keyder, Ç. 1987 *State and Class in Turkey: A Study in Capitalist Development*. London and New York: Verso; Ramazanoglu, H. (ed.) 1985 *Turkey in the World Capitalist System: A Study of Industrialisation, Power and Class*. Aldershot, Hants and Brookfield, VT: Gower; Boratav, K. 1988 *Türkiye Iktisat Tarihi 1908–1985*. Istanbul: Gerçek Yayinevi; Eralp, A. 1990 "The Politics of Turkish Development Strategies." in A. Finkel and N. Sirman (eds.) *Turkish State, Turkish Society*. London and New York: Routledge; Barkey, H.J. 1990 *The State and The Industrialization Crisis in Turkey*. Boulder, CO: Westview Press.

too thanks to agricultural subsidies and favorable internal terms of trade (Boratav 1988: 110–13). Unlike the insular étatisme of the 1930s, the ISI of the 1960s–70s did not involve super-exploitation of the peasantry through tax and price policies. One important reason for this was the political weight of the peasantry as a large electoral support base in the context of the multi-party democratic regime.

The weaknesses of the ISI strategy began to appear at the later stages of import substitution. One major weakness was the neglect of the export competitiveness of the national industry. Whereas the country had to import much of the technology and many of the inputs used by local industries, its export revenues did not improve. The great majority of Turkish exports continued to be traditional agricultural goods. As of 1980, manufacturing exports accounted for only 36 percent of total exports (DPT 2006a: Tb 3.3). Import coverage of exports deteriorated drastically during the 1970s (see DPT 2006a: Tb. 3.6). As a result, Turkey faced a serious balance of payments problem. The international oil crisis of the mid-1970s and another jump in oil prices due to the outbreak of the Iraq-Iran war in 1980 added to oil-poor Turkey's foreign exchange shortage. Besides the balance of payments difficulties, the structural crisis of the ISI model manifested itself in the form of high inflation and a dramatic decline of capacity utilization.[3] As the economic crisis deepened, Turkey faced a debt problem. It became increasingly difficult to service the sovereign debt to international creditors. As private international banks became risk-averse after the lending frenzy of the mid-1970s, the Turkish government was unable to obtain new credits in the international financial markets. This stark financial situation made it more difficult for the Turkish government to resist the far-reaching policy conditions the International Monetary Fund (IMF) and the World Bank demanded in return for loans. These policy conditions would in effect mean a fundamental transformation of the Turkish political economy if implemented. They included liberalizing trade, deregulating the financial market, removing restrictions on foreign exchange transactions and scaling back the public sector.

What proved to be critical for Turkey's abandonment of the ISI model was the emergence of a strategic alliance between Turkish big business and the international financial institutions in the end of the 1970s. Turkish big capital withdrew its support from the inward-oriented ISI strategy and began to call for a new type of economic strategy that would open the economy, encourage the export sector and dismantle bureaucratic barriers to private initiatives (Kazgan 1988: 340–3; Ulagay 1987; Baskaya, 1986).

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[3] For the crisis of ISI, see the publications listed in footnote 10.

Big corporations expected to benefit from such new policy because in the longer term it could create new opportunities of bigger markets, investments and profits, such as joint ventures with multinational corporations (MNCs) and better access to international private financial markets. In the immediate term, the Turkish government's acceptance of the IMF and World Bank policy prescriptions would secure desperately needed new credits and foreign exchange. Thus, on the one hand, the policy conditions pressed upon the Turkish government bolstered the position of national big capital. On the other hand, the representatives of Turkish big capital internalized the policies prescribed by the international financial institutions (IFIs) and articulated them as their own.

The rise of a strategic alliance between the IFIs and Turkish big capital led to a major shift in the Turkish political economy. On January 24 1980, the centre-right Justice Party (JP) government announced a comprehensive economic reform program that marked the official start of the neoliberal restructuring of the Turkish economy. The 24 January Decisions aimed at no less than a fundamental transformation of the Turkish economy away from the state-led ISI and towards a new model of economic growth based on neoliberal principles.[4] It set out to establish a new regime of accumulation based on export promotion, to open up the Turkish economy and to redefine the economic role of the state. The IFIs and the major western governments gave their blessing to the economic reform program. The IMF agreed to support the program through a three-year stand-by agreement totaling US$1.65bn. It was the ever-largest amount of credit granted by the Fund in a stand-by agreement at the time (Schick and Tonak 1987: 350). Turkey also signed an agreement with the World Bank to take advantage of the Bank's new structural adjustment loans (SALs). The agreement came with heavy conditions, which included liberalizing trade and foreign exchange regimes, deregulating the economy, opening all sectors to foreign capital and reducing the public sector (Kazgan 1988: Part 10; Kirkpatrick and Önis 1991). Between 1980 and 1984 Turkey received five consecutive SALs, totaling US$1.6bn. The purpose was to provide uninterrupted financing for the structural adjustment of the Turkish economy. Turkey thus became the first major test case for the World Bank's new program of structural adjustment lending in cooperation with the IMF's stabilization program (Kirkpatrick and Önis 1991). Thus both the IMF and the World Bank were directly involved in Turkish policy making in the first half of the 1980s when the SAL and stand-by agreements were in force. The IFIs

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[4] There is a large amount of literature on the 24 January Decisions. It includes Kafaoglu (1981); Çölasan (1983); Ulagay (1983); Senses (1985); Baskaya (1986); Yesilada and Fisunoglu (1992).

continued to have a great deal of influence in the Turkish policy process, even when there were no formal agreements. The regular surveillance of the IFIs and the annual consultations with the IMF under Article IV of its charter were important in shaping the policy preferences of Turkish officials. In an emerging market economy that was becoming further integrated into the world economy through freer flows of capital and trade, it had become even more important to get a good report card from the IFIs, as successive Turkish governments regardless of their party affiliation realized. As will be discussed later, the neoliberal pattern of accumulation so far has failed to enable Turkey to stop needing the IFI's conditional help. Far from it, the Turkish state had to sign new agreements with the IMF in the mid-1990s and the early 2000s due to major financial-market crises, as it will be explained later.

THE POLITICS OF NEOLIBERAL RESTRUCTURING

The Military Regime's Commitment to Structural Adjustment and the Neoliberal Party's Dominance of post-Military Politics

The neoliberal reforms that embarked the Turkish economy on an entirely new course were initially launched within the framework of multiparty parliamentary politics. This project did not have a mass appeal, however. Neither the Justice Party government nor big capital as the main supporter of the neoliberal reform was successful in building national-popular consent around the project. There was, in fact, a strong opposition in society as well as within the state apparatus. The labor movement, which was highly mobilized in the late 1970s, strongly opposed. Strikes and other types of labor actions were at record high at that time (Sen 1993). Within the state apparatus, the strong left-wing opposition as well as the smaller Islamist National Salvation Party in the National Assembly challenged the January 24 Decisions. Although they failed to offer a viable alternative, the parliamentary and the extra-parliamentary opposition forces were strong enough to frustrate the implementation of the new economic strategy. The parliament often ceased functioning. Moreover, the state lacked the institutional capacity to effectively implement the required policies. A consistent pursuit of the neoliberal transformation of the economy would require a new set of state institutions. In short, the particular political-institutional structure of the state, which was embedded in a relatively liberal parliamentary democracy and an inward-oriented IS model of development, became an impediment to the neoliberal adjustment of the Turkish political economy.

It was only under a repressive military regime that the effective implementation of the structural adjustment program became possible. In response

to the political crisis and spreading terrorism, the armed forces carried out a coup on September 12 1980. One of the first public announcements by the generals was to confirm their commitment to the 24 January economic program (*12 September in Turkey, Before and After* 1982: 297–8). The Turkish military historically saw itself as the ultimate guardian of the authority of the state and the integrity of the nation (Heper 1985: 95–7, 125–7). Although the spread of terrorism and civil unrest in the country was not entirely due to the collapse of the economy there was clearly a link between the two. If state authority were to be restored, the economic crisis had to be solved. The solution seemed to require the cooperation of the Turkish business community as well as the support of the IFIs, given the nature of the economic crisis. The most nationalist and "statist" institution of the state thus became the executor of an economic program that aimed to open up the national economy to global market forces and dismantle state controls over the economy.

The suspension of parliamentary politics, the closure of all political parties and the suppression of the labor union movement following the military takeover allowed the military-appointed team of technocrats to carry out the January 24 decisions without opposition.[5] The military rulers sought to thoroughly restructure both the state apparatus and state-civil society relations before transferring power to an elected civilian government. This political restructuring proved crucial for the continuity of the neoliberal overhaul of the economy beyond the military rule. The political restructuring included a new constitution and many important pieces of legislation, which significantly expanded the coercive powers of the state over civil society. The 1982 Constitution increased the powers of the executive in relation to the legislature. In doing so, the framers of the constitution intended to turn public policy-making and implementation into "an efficient and rapid process" (Ramazanoglu 1985: 236). The new constitutional framework permitted the concentration of economic policy powers in the office of the prime minister and several key economic agencies attached to the prime minister's office in the post-military regime years. Such concentration and centralization of economic policy making facilitated neoliberal reforms in the economy throughout the 1980s (see Onder 1998).

The military regime also enacted labor laws, which significantly curtailed collective labor rights and drastically shifted class power in favor of capital. Through the new labor legislation, the state assumed primarily a

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[5] The team of technocrats entrusted with the management of the economy was headed by Turgut Özal. The 24 January program was the brainchild of Özal. He was in charge of the program in his position as the Undersecretary to the Prime Minister under the JP government just prior to the military coup.

disciplinary role with respect to labor. This disciplinary role of the state was not exogenous to the newly adopted export-led growth strategy. It was indeed intrinsic to it. In a regime of accumulation based on production for export, wages lost their functional importance for the economy as purchasing power, as this was the case under the ISI model; and they became primarily a production cost.

The military regime handed over power to a civilian government following an election in November 1983. The military rulers exercised veto over political parties and candidates before they were allowed to compete in the election (Ahmad 1984; Yesilada 1988). The winner of the election was the neoconservative Motherland Party (MP). The founding leader of this new party was Turgut Özal. Özal had served as Deputy Prime Minister and Minister of State in charge of economic affairs under the military regime. He was also the main figure responsible for the JP government's January 24 decisions.

The political party favored by the military leaders was not, however, the MP. The MP also did not fit the military's plan of a two party system. But the generals still permitted the MP to run in the election, while they frequently used veto against a number of other political parties. There were several important reasons why the generals did not veto this party. First, the party's founder and leader had a strong base of support in the Turkish business community. Many of the party's founding members came from the private sector (Ergüder 1991: 155). Secondly, Özal also was held in very high esteem by western governments and international financial institutions because of his role as the architect of Turkey's new economic strategy (Çölasan 1983 and 1984). Disqualifying his political party would have surely caused a negative reaction from these international forces. Thirdly, the military saw no real danger in the MP to the politico-economic order it was instrumental in creating (Hale 1994: 265).

The MP was a firm believer in neoliberal economics. Its victory in the transition election ensured that the neoliberal adjustment of the economy would continue without interruption. The same party also won the 1987 election and governed the country as a majority government until it was ousted in the 1991 election. The MP government relied on the political-legal institutions that the military administration had set up in carrying out its neoliberal economic reforms. This restrictive political-juridical framework helped to lock-in the neoliberal economic reforms by insulating the centers of economic policy from democratic popular pressures. Especially important in this regard was the weakening of organized labor and the marginalization of its representation in the policy process. The MP government readily used coercive measures against the labor union movement in order to prevent it from undermining the neoliberal reforms. At the same time,

however, the MP articulated a successful hegemonic project that appealed to the subordinate classes. A hegemonic project is a nation-wide project, which articulates certain particular interests of subordinate classes to the long-term interests of the dominant class (fraction), which are asserted as the general interest. A hegemonic project is normally elaborated by the organic intellectuals of the dominant class fraction. Through the political organization of the MP, the Turkish capitalist class, led by its dominant fraction of big industrial/financial capital, was successful in acquiring the subordinate classes' consent for the continuation of the structural adjustment of the economy. The MP's discourse quite successfully linked such policy measures as liberalization and deregulation of foreign trade and financial markets to the welfare of the subordinate classes, and of the people as a whole.[6] Anti-statist and anti-bureaucratic themes formed an integral part of the MP's hegemonic ideological project similar to the Thatcherite project in the UK (Tünay 1993: 22). It also integrated elements of Turkish right-wing nationalism and Islamism.

The hegemonic project of big capital as articulated by the MP was initially quite successful in mobilizing political support among subordinate socio-economic groups. However, it began to fall apart at the end of the 1980s. First, the economic policies aimed at benifitting the subordinate classes, consequently worked to impoverish them. Workers, public employees and pensioners suffered dramatic decline in their income and living conditions (see Petrol-Is 1995: 245; 1995 Transition Program: 204). This situation resulted in social discontent as well as active mobilization of the labor movement. Second, the neoliberal reforms in the economy gave rise to increased conflicts of interest among the different fractions of capital because they entailed differential benefits and costs. Finance capital benefited the most, while industrialists, especially small and medium industrialists, saw their relative position decline (Yeldan 1994; Boratav 1991 and 1990). Third, as Turkish politics became more competitive with gradual democratization, the major opposition parties of either social democratic or traditional center-right orientation launched a strong challenge to the neoconservative MP government.

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[6] This account relies primarily on my reading of the MP's election campaign documents and its government programs, including the Election Manifestos of 1983 and 1987, and the Government Programs of 1983 and 1987.

A FAILED ATTEMPT AT A NEW SOCIAL SETTLEMENT
AND POLITICAL ISLAMISM

The growing popular discontent with the MP government led to a sharp drop in the party's vote in the 1991 election. However, none of the opposition parties were able to rise to the occasion and win enough votes to form a majority government. From the 1991 election to the 2002 election, Turkey had a series of internally divided or weak coalition governments. Nevertheless, the coalition government that arose from the 1991 election was important in that it sought to achieve a new social settlement. The coalition was formed by the center-right True Path Party (TPP) and the center-left Social Democratic Populist Party (SDPP). Both parties had campaigned on a platform promising increased distribution to the subordinate classes and attacked the social effects of the MP's economic policies. Their election campaigns had also focused on further democratization. In conformity with their election platforms, the program of the coalition government proposed significant changes in the Turkish political economy. First, democratization was a key aspect of the government's program. Second, redistribution in favor of subordinate interests, more particularly workers, public employees and peasants/farmers, was high on the program (TPP-SDPP Government Program 1993: 2–4 and 1991: 3–5). The TPP-SDPP government did not, however, offer an alternative economic growth strategy. It accepted all the major structural adjustment reforms that the military regime and the MP government had carried out.

During its tenure until December 1995, the TPP-SDPP government carried out a series of democratization reforms; the most important was a number of constitutional amendments passed in July 1995.[7] By the early 1990s, an overall consensus had emerged among different social and political forces in the country as to the need for democratization, although there was no agreement as to how far democratization should go. International influences also played an important role in Turkey's further democratization. They included the end of the Cold War; the transition of the former communist Eastern European countries to democracy; the major western powers' adoption of democracy and human rights as the new dominant ideology in the post-Cold War international system; and Turkey's goal of EU membership.

A major component of the promised new social settlement was distributive justice, which required increased distribution to labor and other subordinate interests. Such a new social settlement failed to materialize. The underlying

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[7] The amendments removed various restrictions on the activities of trade unions, political parties, and ordinary associations and improved human rights.

reason was the fact that Turkey's further integration into the global economy and its opening to global financial markets placed significant constraints on the policy autonomy of the state. Furthermore, neoliberal economics proved to be a source of frequent economic crises rather than sustained economic growth. This in turn restricted the state's ability to respond to the working class' economic demands without risking capital's interests in the framework of the existing economic order. The outbreak of a major financial crisis in 1994 and the government's adoption of an IMF-backed austerity and structural adjustment program meant that the attempt to create a new political economy inclusive of labor and other subordinate interests was abandoned (see Onder 1997). Neoliberal economics continued to shape the Turkish political economy in subsequent years.

Several successive coalitions that governed the country from the December 1995 election to the November 2002 election were internally too divided and weak to bring about any major change in economic policy. However, this political situation ended following the 2002 election. The election result brought an end to the era of weak coalition governments. The moderately Islamist Justice and Development Party (JDP) won enough seats in the National Assembly to form a majority government. It was a new party, and the 2002 election was its first. Only one other political party met the requirement of the 10% threshold to win representation in parliament. The party was the center-left Republican People's Party (RPP), which was formerly the SDPP. It was the first time since the 1950s that only two parties entered the National Assembly.[8] The established major parties of either the right or the left (except the RPP) could not even obtain enough votes to reach the 10 percent threshold for parliamentary representation. The electorate severely punished the parties of the last coalition government. The main reason for the dramatic decline in the coalition parties' votes was the fact that the election took place in the immediate wake of a major financial crisis. The public held the government parties responsible for the economic hardship caused by the crisis. The JDP was quite successful in tapping in the widespread popular discontent with the established parties of both the left and the right because of their inability to solve the country's economic and political problems, including rampant corruption and cronyism. The result of the 2002 election was similar to that of the 1995 election in that

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[8] The JDP obtained 34.3 percent of the vote and 363 of total 550 seats in parliament. The RPP received 19.4 percent of the vote and 178 seats. The disproportion between the parties' share of the vote and their share of the seats was due to the 10 percent threshold for representation in parliament and the extreme fragmentation of the political party system. 46.3 percent of votes cast could not be represented in the parliament because they went to parties that failed to overcome the 10 hurdle.

both elections were held in the immediate aftermath of a major economic crisis and in each case, the electorate punished the governing parties for their economic sufferings and switched votes to an Islamist party. The vote for the JDP was primarily a vote against the status quo rather than a vote for Islamism. Only one third of the JDP's election support came from Islamist-oriented voters, and the rest mostly from the center-right of the ideological spectrum. The traditional Islamist party, called the Felicity Party, scored only 2.5 percent of the vote. Thus many former supporters of the center-right parties, the MP and the TPP, redirected their votes to the JDP (Çaha 2003).

The JDP was created about a year before the November 2002 election. But its organization and leadership cadre had roots in the Islamist Welfare Party (WP). The WP had come first with 21.4 percent of the vote in the 1995 election, and formed a coalition government with the TPP in July 1996. The WP-TPP government did not last long because the WP's various actions seemed to undermine the Turkish state's foundational principle of secularism.[9] The WP's efforts to expand Islamist influence within the state apparatus as well as in the broader public sphere alarmed both the military and the pro-secular forces in civil society. The intense pressure, especially from the military, forced the WP-led government to resign about a year after coming to power. Soon, the WP was closed down by the Constitutional Court on the grounds that the party attempted to undermine the secular order. The WP's successor, the Virtue Party (VP), also faced the same fate in June 2001.[10] Following the closure of the VP, the "reformist" faction set up the Justice and Development Party, while the "traditionalist" faction created the Felicity Party (FP).

The JDP sought to distance itself from the earlier Islamist parties. It sought to create a new political identity described as "conservative democrat." During the 2002 election campaign, the JDP stated its commitment to the goal of Turkey's EU membership and emphasized that Turkey was part of Europe. After it came to power, the JDP government indeed actively pursued the goal of EU membership. Nevertheless, the JDP leadership's efforts to reject identification with Islamism have not entirely removed the pro-secular groups' suspicions of the party's "real" intentions. With respect

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[9] The WP government attempted to please its Islamist constituency by promoting Islam in public life through a number of measures, such as allowing women to wear Islamic headscarves at public offices and rearranging working hours in the state sector to fit fasting times during the month of Ramadan. It also sought to develop closer relations with Muslim countries, including Iran and Libya.

[10] The VP competed in the 1999 election. It obtained 15.4 percent of the vote and came in third place.

to the party's economic perspective, however, the JDP's program and the actions of the JDP government leave no doubt about its economic orientation. Unlike its predecessor, the WP, which formulated the project of "just economic order" as an alternative to the existing economic system, the JDP is a convert to neoliberal economics.[11] Its program defines the economic role of the state as the facilitator of free market economy. It supports the withdrawal of the state from production activities and the integration of the Turkish economy into the global markets. According to Çaha (2003: 108), the JDP stresses the importance of minimizing state intervention in the economy not merely for "pragmatic reasons" but because of the belief that democracy can develop only in a free market economy. It is also important to note that a significant element of the JDP's 2002 election campaign was to repeatedly assure the Turkish business community and international investors that it would not abandon the neoliberal economic reform and austerity program, the outgoing government had agreed with the IMF. After it came to power, the JDP kept its promise and continued the implementation of the IMF-backed neoliberal economic agenda. It also signed a new three-year agreement with the Fund to be effective during 2005–08. Thus, the JDP represents a synthesis of moderate Islamism in the social sphere and neoliberalism in the economic area. However, this synthesis has no solutions to offer either for the crisis-prone nature of the neoliberal model in Turkey, or the problem of economic inequalities continuously generated by neoliberalism.

To sum up, the Turkish political system has seen major changes during the past couple of decades: (1) a military regime during 1980–83; (2) transition to civilian rule and gradual democratization; (3) the neoconservative MP's dominance in Turkish politics through a successful hegemonic project until the end of the 1980s; (4) the decline of the MP and its hegemonic project and the subsequent extreme fragmentation of the political party system; (5) the rise of the Islamist movement and the election triumph of a moderately Islamist political party. Despite such changes in Turkish politics, there has been no shift from the outward-oriented economic strategy based on neoliberal principles. Since the early 1980s, the Turkish

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[11] The WP presented its just economic order as an alternative to both capitalism and communism. While accepting private ownership, private capital accumulation and profit as in capitalism, the just economic order would be based on Islamic ethics and divine laws. In this order, e.g. the interest-charging banking system would be replaced with an alternative credit system conforming to Islamic principles (see *Adil Ekonomik Düzen* (The Just Economic Order), authored by Prof. Necmettin Erbakan, who was the leader as well as the main brain of the WP, and the Party's publication entitled *Adil Düzen: 21 Soru/21 Cevap* (Just Order: 21 Questions/21 Answers) (undated, 1991?).

economy has undergone major neoliberal restructuring. The restructuring was by no means a smooth process. There were moments of interruption and digression. Some neoliberal reforms took longer to start and implement, such as privatization, due to political and/or market conditions. But in the span of a decade since the neoliberal restructuring was launched in the early 1980s, the Turkish economy was fundamentally transformed towards an open market economy that is closely integrated into the global economy. Part of this transformation was also the withdrawal of the state from production activities and the redefinition of its primary economic role as the protector of private capital accumulation and the facilitator of the free market mechanism. All this involved dismantling or restricting those aspects of the state's institutional capacity and its policy autonomy that could enable it to frame and pursue an alternative economic project. Turkey's commitments under recent international economic agreements also serve to lock-in the neoliberal reforms. Such agreements, which are either regional or multilateral, include the 1995 customs union agreement with the EU and the multilateral trade agreements of the World Trade Organization (WTO). Furthermore, the neoliberal economy is defended by a strong bloc of transnational and domestic social forces, which include internationally oriented Turkish corporations, institutional financial investors, and MNCs with investment in Turkey. Pursuit of an alternative economic project is also certain to encounter strong opposition from the IFIs and the G7 governments. While neoliberal economics has its strong supporters, those social forces that could be the support base of an alternative economic order have been weakened. As it is the case in many other countries, in Turkey in recent years, the labor union movement has lost a great deal of strength partly due to deunionization and employers' increased use of irregular labor such as temporary, part-time or subcontract workers, who are more difficult to organize (see Onder 1999; Cam 2002). The increased international mobility of capital has also substantially shifted power against the working class.

GLOBALIZATION AND REGIONALIZATION OF THE TURKISH ECONOMY VIA NEOLIBERALISM

The neoliberal transformation of the Turkish economy led to its globalization. The neoliberal form of globalization involved trade liberalization, removal of restrictions on the cross-border flows of capital and closer integration into the transnational networks of production through FDI and various partnerships between Turkish companies and MNCs. While the Turkish economy was opened to the global markets, regional economic projects also gained new momentum and significance for the Turkish politi-

cal economy from the early 1990s on. The Turkish state played a major role in the creation of several regional economic organizations in the 1990s; it also started directing a great deal of effort towards the goal of Turkey's EU membership. The Turkish state and business community pursued regional projects not as an alternative to globalization but as an important path to improve Turkey's position in the global political economy and to enable the Turkish industry to better compete in the global markets.

Turkey's Global Trade Integration

A major dimension of Turkey's participation in neoliberal globalization is trade openness. Turkish trade liberalization initially took place through unilateral measures in the 1980s. Such measures included replacement of quantitative import controls by tariffs and subsequent reduction of tariff rates. After the Turkish government applied for full EU membership in 1987, preparing the Turkish industry for EU membership became an important part of Turkish trade liberalization (Senses 1994: 57). This was followed by a customs union agreement with the EU in 1995. Together with the EU-oriented trade liberalization, Turkey carried out multilateral tariff cuts and removal of other trade barriers following the conclusion of the GATT-Uruguay trade round and the creation of the WTO in 1994. Besides the removal of restrictions on imports, export-promotion played a major role in Turkey's further integration into the global economy. At the initial stages of the Turkish structural adjustment, in order to reorient the Turkish industry from import substitution to exportation, the Turkish state provided generous incentives for exports, such as tax rebates, tax breaks and low-interest credits (see Önis 1993; Barlow and Senses 1995; Boratav et al. 1995). Such incentives were in addition to the state policy of wage suppression. The export-promotion policy was effective in encouraging the Turkish industry to open up to international markets.

Trade liberalization and export-focused growth led to a phenomenal increase in the share of international trade in the Turkish economy over the past couple of decades. In other words, Turkey's trade interdependence grew significantly. Turkey's international trade in goods and services grew from the annual average of 6.9 percent of GDP in 1975–79 to 16.8 percent in 1990–94 and further to 30.2 percent during the period of 2000–04. To put these figures in a comparative context, the Organization for Economic Cooperation and Development (OECD) annual average was 28.8 percent during 1975–79. It rose to 43.7 percent in 2000–04. Although the OECD average is still higher than the Turkish trade-to-GDP ratio, the same figures also show that Turkey's international trade integration grew faster than many other OECD countries' trade integration as measured in terms of the share

of trade in GDP.[12] The neoliberal reforms were also successful in shifting the pattern of accumulation from ISI to an export-led growth. The share of exports (excluding services trade) in GNP was only 4.2 percent in 1980. It consistently grew to reach 20.5 percent annually on average in 2001–04. Also important is the drastic increase in the share of manufacturing in the country's exports during the 1980s and 90s. Manufactures accounted for only 36 percent of Turkish exports in 1980. The percentage rose to 79.9 percent in 1990 and 94.3 percent by 2004 (DPT 2006a: Tbs 3.2, 3.3).

However, behind such achievements lie major weaknesses. First, almost half of Turkish manufacturing exports are low technology goods.[13] As of 2003, low technology goods, such as textiles and apparels, made up 45 percent of total manufacturing exports, although their share declined from 58.7 percent on average during 1991–95.[14] Despite recent improvements in the shares of medium-high and high technology goods in Turkish exports, a much higher portion of Turkish manufacturing exports is composed of low technology goods than are the exports of comparable countries such as Mexico and South Korea.[15] It is important to point out that unlike in the case of the original Asian newly industrialized countries (NICs), the export-orientation of the Turkish economy took place simultaneously with trade liberalization and other neoliberal reforms. As a result, unlike the South Korean and Taiwanese states, the Turkish state was not able to develop and pursue a consistent strategy of promoting high-tech industries. Turkey's commitments under the WTO's ever more intrusive agreements following the Uruguay trade round, as well as under the EU customs union agreement, also restricted the Turkish state's ability to provide direct support to high-tech exports. Furthermore, investment in the manufacturing sector, including research and development (R&D), was negatively affected by financial market deregulation, as we shall see later.

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[12] The ratios used are from OECD (2006a). They correspond to the "average" of exports and imports as a percentage of GDP. If we use the total amount of imports plus exports in calculating the trade-to-GDP ratio, the annual rate for Turkey was 60.4 as a percentage of GDP in 2000–04 (OECD Macro Trade Indicators Data extracted on 9 June 2006).

[13] OECD classifies manufacturing exports into four categories according to their technology content: high, medium-high, medium-low and low technology. The cited statistics regarding the technology content of exports are from (OECD 2006a: 244–7).

[14] Textile and apparel accounted for 25.4 percent of Turkey's total exports (calculated from TÜIK 2006).

[15] The share of low technology goods was 15.3 percent for Mexico and 11.4 percent for South Korea in 2003. Turkey scored better than only two of the OECD members, Iceland and New Zealand and only slightly worse than Portugal and Greece (OECD 2006a: 247).

The second major structural weakness of Turkish economic globalization is large trade deficit. While Turkish exports considerably grew both in absolute terms and relative to GNP, imports increased even faster in recent years. As a result, the country faced a growing trade deficit. Although it fluctuated from year to year and was sharply affected by economic crises, the import coverage of exports declined significantly in the late 1990s and early 2000s compared to the earlier years. It fell from 72.9 percent on average in 1985–89 to 58.4 percent in 1995–99. It was 65 percent in 2000–04 (DPT 2006a).[16] The result of large trade deficit is bigger foreign debt.

Turkey's revenues from services exports have grown considerably over the last decade. This is in line with the substantial expansion of world trade in services. During the last two decades, world trade in services has grown faster than trade in goods. Turkish services exports totaled US$8bn in 1990. They increased to US$24bn and reached almost 8 percent of GDP by 2004.[17] The Turkish balance of payments regularly recorded significant surpluses in services trade unlike goods trade. This helped somewhat narrow the current account deficit resulting from big deficit in goods trade. However, compared to OECD countries, Turkey had the lowest growth in exports of services during 1997–2004 (OECD 2006a: 243). Turkey could not enter the world export markets for information technology and business services. Most of the increase in Turkey's services exports in recent years was due to huge increases in tourism revenues. The fastest growing sectors of world services trade are now insurance, computer and information services (OECD 2006a: 240). Turkey has not been able to take advantage of the fast growth of world trade in these high value added services. This situation constitutes another weakness of the Turkish neoliberal model.

An analysis of Turkey's trade partners reveals that the Turkish economy is considerably regionalized while it has also opened to global markets. The Turkish economy has already closely integrated with the EU without even full membership. There has not been any significant change in the destination of Turkish exports during the last decade. The EU remains the most important destination for Turkish exports. It received roughly between 49 percent and 55 percent of Turkish exports excluding services trade during the period of 1996–2006 (TÜIK 2006).[18] In contrast to the EU concentration of Turkish exports, Turkish imports have become more diversified in

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[16] The rates correspond to trade in goods. They do not include trade in services. In the area of trade in services, Turkey fared better and scored surpluses in recent years, as will be explained.

[17] GDP data are from OECD (2006b: 267).

[18] The EU includes the latest ten members. But whether the EU 10 are included or excluded makes only 2–3 percent difference with respect to Turkish exports.

terms of their regional origin since the mid-1990s. The most significant has been the consistent rise in both the non-EU Europe's and Asia's shares in Turkish imports.[19] Non-EU Europe increased its share of Turkish imports from 11 percent in 1996 to 20.4 percent in 2005. Russia was responsible for most of this increase.[20] Economic relations between Russia and Turkey have rapidly expanded in recent years. In 2005, the trade volume between the two countries reached over US$15bn, and Russia became Turkey's second biggest trade partner after Germany mainly due to Turkey's increased gas imports from Russia. Asia excluding the Near and Middle East has also captured a bigger share of Turkish imports market in recent years. China was mainly responsible for this increase in Asia's share. Cheaper Chinese textile exports became formidable competitor for the Turkish textile industry not only in other markets but also at home.[21]

FDI's Role in Turkey's Globalization and Regionalization

A major driving-force of globalization has been the enormous growth of foreign direct investment (FDI) in the last two decades.[22] Two of the major reasons for this huge growth are many states' removal of earlier restrictions or requirements on FDI and increased state competition for FDI. As we have seen, increased trade openness played a major role in Turkey's neoliberal globalization. The role of FDI, however, remained limited. As part of the neoliberal restructuring of the economy, the Turkish state progressively replaced the highly restrictive FDI regulations of the earlier era by a liberal FDI regime during the 1980s (Erdilek 1988; Önis 1994). Consequently, compared to the era of protectionist ISI when FDI was almost absent, Turkey started to receive more FDI from the mid-1980s on (DPT

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[19] The Statistics Institute of Turkey (TÜIK)'s trade statistics categorize Turkey's trade partners into several large regional groups. They are the EU, non-EU Europe, North Africa, North America, Central America and the Caribbean, Near and Middle East, other Asia, Australia and New Zealand, and other Oceania. The statistics for the destination and origin of Turkey's exports and imports are calculated from the TÜIK's trade statistics.

[20] Russia increased its share of Turkish imports from 4.4 percent in 1996 to 11 percent in 2005. One important reason was Turkey's increased purchase of Russian natural gas.

[21] Imports from China constituted only 1.3 percent of total Turkish imports. This figure rose to 2.65 percent in 2002 and further to 5.9 percent by 2005 after China joined the WTO in 2001.

[22] According to UNCTAD's World Investment Report as quoted in Rugman (2005: 264), the total stock of FDI in the world has increased more than threefold since 1990. It grew from US$1.9 trillion in 1990 to US$7.1 trillion in 2002. Annual world FDI flows grew from US$55.1bn in 1980 to US$1,397bn in 2000, though afterwards it declined to US$648bn in 2004 (UNCTAD 2005).

2006a: Tb 3.9). However, compared to other countries at a similar level of socio-economic development, Turkey received a much smaller amount of FDI. For example, for the period of 2000–04, total FDI flows into Turkey amounted to US$9.8bn. In comparison, new EU member Poland attracted US$29.5bn in FDI during the same period. FDI flows into Mexico were much higher than Turkey's share. Mexico received total US$87.5 bn during 2000–04. When compared to the relatively large Middle Eastern countries, which are less liberal and open to the global economy than Turkey, Turkey fared better as a host for FDI. For example, during the 2000–04 period, Iran received only US$1.6bn worth FDI (UNCTAD 2005).

The sources of FDI into Turkey show a similar regional pattern to the country's main trade partners. The EU is the predominant source of FDI into Turkey. The EU accounted for 81.8 percent of FDI flows in 2003 and 79.5 percent in 2004 (DPT 2006b: 40). Thus Turkey's integration with the EU economy is not only through trade but also FDI. However, Turkey has not been able to increase its share of FDI from the EU. There was the expectation that the customs union with the EU, which entered into force in 1996, would encourage European companies to invest into Turkey. The EU's declaration of Turkey as a candidate for membership at its 1999 Helsinki summit raised further hopes in this regard. However, these expectations did not realize. There are both political and economic reasons on the one hand, and international and domestic reasons, on the other hand, for Turkey's relatively poor FDI performance. First, the former communist countries of Eastern and Central Europe became very attractive locations for EU-based capital following their capitalist transformation and admittance into the EU. Thus, European capital that could potentially be attracted to Turkey was instead diverted to the EU's new members from Eastern and Central Europe. Furthermore, while the customs union provided some new incentives for EU businesses to invest into Turkey, it removed one of the important motives for FDI. The motive of overcoming trade barriers through investing in the local market has historically been an important motive for companies to be engaged in FDI. By removing trade barriers between Turkey and the EU without Turkey becoming a full member of the organization, the Turkey-EU Customs Union eliminated this motive. Whereas such international factors played an important role in Turkey's inability to take advantage of the very fast growth of global FDI, a number of domestic political and economic factors also acted as barriers to inward FDI. The main economic reasons are frequent economic crises and erratic economic growth, which accompanied the neoliberal restructuring of the Turkish economy and more particularly and somewhat ironically, Turkey's removal of restrictions on cross-border financial flows. Chronic high inflation and the lack of inflation accounting also discouraged inward FDI (Erdilek

2003: 80). A major political reason has been the political instability caused by the Kurdish ethnic conflict and armed insurgency and terrorism by the pro-independence Kurdish Workers' Party (better known as the PKK) and its later incarnations under various names. Another major political deterrent to FDI was the political and economic uncertainty caused by unstable multiparty coalition governments and frequent changes in government during the 1990s and the early 2000s.

During the last several years, the Turkish government has taken new initiatives to attract FDI. The renewed efforts started in 1999 with a constitutional amendment. The amendment recognized foreign investors' right to international arbitration. Whereas the coalition government, which included two nationalist-oriented parties, one on the left and one on the right, was reluctant to allow international arbitration, it agreed in response to intense pressure from MNCs with business dealings in Turkey and the IFIs. The country's increased need for external funds also put pressure on the government to improve the business environment for foreign capital. Such international pressure further increased following the back-to-back financial crises in November 2000 and February 2001. According to both the IMF and the World Bank Turkey needed to attract more FDI in order to improve its economy and to do that the Turkish government had to remove any remaining administrative, bureaucratic, and legal obstacles to FDI. In the wake of the crises, when the Turkish government applied for financial assistance, part of the IMF conditionality was the Turkish government's commitment to improve Turkey's FDI environment (Erdilek 2003: 90–1). After the moderately Islamist JDP formed a majority government following the November 2002 election, it implemented some important pro-FDI reforms. The reforms were part of the letters of intent the JDP government presented to the IMF in April 2003 and again in April 2005. The letters were for two consecutive three-year stand-by agreements.[23] The JDP government's pro-FDI reforms were not only a result of external pressure. They were also in conformity with its neoliberal economic perspective. The JDP's program also gives importance to the role of FDI in Turkey's economic development (Erdilek 2003: 92–3). The JDP government's pro-FDI reforms included the enactment of a new FDI Law in June 2003. The new law eliminated most remaining restrictions and requirements for FDI, such as the prior permission and minimum capital requirements. It also provided further guarantees for the property rights of foreign capital. It remains to be seen whether the Turkish state's new efforts will be effective in attracting FDI.

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[23] The letters of Intent dated 5 April 2003 and 26 April 2005 are provided on the IMF's website (http://www.imf.org).

A new dimension of Turkey's globalization is the rapidly growing investments by Turkish companies in other countries. Before the mid-1990s, outward FDI from Turkey was almost non-existent. But since the mid-1990s, it has constantly increased. For the period of 2000–04, outward FDI flows from Turkey totaled US$2.9bn (UNCTAD 2005). They have grown very rapidly relative to the rest of the world in recent years (see Erdilek 2003). The main motives for Turkish companies to invest abroad include taking advantage of bigger or new markets and economies of scale. The chronic economic instability at home has also led Turkish companies to look for investment opportunities abroad. The main destinations for Turkish FDI are the EU countries, the former communist countries in Southern Europe, especially Romania and Bulgaria, and also Russia (Erdilek 2003). To sum up, the role of FDI inflows has so far remained limited in Turkey's integration into the global economy despite the neoliberal transformation of the entire Turkish political economy and a series of pro-FDI measures. In the meantime, Turkish big companies started to invest abroad, and as a result, outward Turkish FDI flows have surged in recent years. It can be hypothesized that direct investment by Turkish companies in other countries is likely to play an increasingly more significant role in Turkey's globalization. However, further growth of outward FDI flows means less capital to invest in the home economy.

Turkey's Financial Globalization and Recurrent Crises

Increased exposure to volatile short-term financial flows defines Turkey's global economic integration, and it constitutes the main structural weakness of its neoliberal strategy. Since Turkey's full capital account liberalization in 1989, the Turkish economy and society have become highly vulnerable to the vagaries of short-term, and mostly speculative, financial flows. Whereas it was mostly shunned by FDI, which is a more stable and long-term form of international capital flow, Turkey became an attraction for short-term international financial capital. The Turkish pattern of capital accumulation and economic growth came to be determined to a large extent by such volatile financial flows in and out of the country.[24] Episodes of high economic growth, which was fuelled by inflows of short-term capital, were followed by major economic crises caused by capital flight as in 1994, 2000, and 2001.

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[24] For the relationship between financial flows and real output growth in Turkey, see Alper, E.C. 2002 "Business Cycles, Excess Volatility and Capital Flows: Evidence from Mexico and Turkey." *Russian and East European Finance and Trade*. 38(4): 22–54.

Turkey's full participation in financial globalization came with the MP government's decision of full capital account liberalization in 1989. The decision eliminated all the restrictions on the country's external financial transactions with the rest of the world and established the convertibility of the Turkish lira. The full liberalization of cross-border financial movements was the last major step in the sequence of neoliberal reforms in the Turkish economy. Capital account liberalization was preceded by a series of measures to deregulate the domestic financial market and the foreign exchange rate regime (see Ekinci 1997; Esen 2000). The removal of controls on cross-border financial flows was obviously a logical conclusion of the neoliberal restructuring of the national economy in the existing context of an increasingly liberalized and integrated international economy. The opening of the Turkish capital account followed the episode of competitive financial deregulation by the advanced capitalist states in the early 1980s. In the late 1980s, many developing countries embarked on financial deregulation and removed many earlier restrictions on international financial flows. The Turkish decision of full capital account liberalization was partly a result of the Turkish government's and business community's desire to benefit from financial globalization and attract some of the foreign capital "freed" by the international trend towards financial liberalization. The fact that the G7 and the IFIs had started championing the cause of financial liberalization in developing countries also influenced the Turkish decision to liberalize the capital account. According to Alper and Öniş (2002: 15), the IMF was not directly responsible for the capital account liberalization in Turkey, although it did not object to it. The IMF's role was in fact greater than Alper and Öniş's account recognizes. Even if there were no direct IMF pressure on the Turkish state at that particular moment, the Fund had adopted capital account liberalization as a major goal and started campaigning for it in the late 1980s. The IMF's policy move is highly likely to have influenced the policy decisions of the Turkish government, which had very close relations with the Fund.

Turkey's capital account liberalization led to a surge in short-term financial inflows. The country became an attractive destination for short-term and mainly speculative type of international capital that constantly searches for opportunities to make fast, large returns and that rushes to the exit at the first perceived sign of trouble.[25] Increased exposure to highly volatile

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[25] Just prior to the 2000–01 crises, net inward debt flows from private sources amounted to US$11bn in 1999 and US$13.8bn in 2000; Most of these debt inflows were for short-term. In the crisis year of 2001, as international creditors called in their loans, the country faced a net inward debt flow in the amount of minus (-) US$14.9bn (World Bank 2005: 152). The relative magnitude of such volatile financial flows becomes clearer, when it is

short-term financial flows is a constant source of instability in the Turkish economy. Following Turkey's liberalization of cross-border financial flows, private-sector institutions became heavily involved in financial arbitrage. While banks have been the main players in speculative arbitrage, non-financial firms, including manufacturing companies, have also been involved. They borrowed short-term in international financial markets and invested their borrowed foreign money mostly in high yield government securities. They often made huge gains, as arbitrage rates remained very high during the 1990s and early 2000s. The rates were at times as high as over 100 percent (Cizre and Yeldan 2005: 394–5).[26]

One serious consequence of Turkey's financial globalization has been the diversion of resources from fixed investment in the real economy to financial transactions. This is evidenced in the drastic increase in manufacturing companies' financial revenues relative to their total profits. For the top 500 manufacturing firms, the ratio of financial revenues relative to net profit before tax rose from 24 percent in 1985 to 219 percent in 1999 (Demir 2004: 855). Thus, as transnational finance capital established its dominance, the real economy of production became subordinated to speculative financial activities. The Turkish economy's increased dependence on short-term inflows of international capital laid the conditions for recurrent economic crises. The devastating crises of 1994 and 2000–2001 forced the Turkish state to agree to a wide range of intrusive policy conditions of the IMF.[27] In an economy highly exposed to short-term international finance capital, which is very liquid, unstable and characterized by herd behavior, maintaining financial investors' confidence became an overriding policy concern for the government. The state's accountability further shifted from its citizens to international financial investors and the IFIs.

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compared to the amount of FDI in the country. As cited earlier, during the five-year period of 2000–04, total FDI flows in Turkey amounted to US$9bn.

[26] Financial arbitrage return is a function of the difference between the domestic interest rates and the rate of the depreciation of the exchange rate.

[27] Some of the literature on the Turkish crises include Önder, N. 1997 "International Finance and the Crisis of Neoliberal Economic Strategy in Contemporary Turkey." *Journal of Emerging Markets*. 2(3): 21–56.; Alper, E.C. and Z. Onis 2002 "Emerging Market Crises and the IMF: Rethinking the Role of the IMF in the Light of Turkey's 2000–2001 Financial Crises." Paper Presented at the METU International Conference September 11–14, Ankara.; Akyüz, Y. and K. Boratav 2003 "The Making of the Turkish Financial Crisis." *World Development*. 31(9): 1549–66.; Öniş, Z. 2003 "Domestic Politics versus Global Dynamics: Towards a Political Economy of the 2000 and 2001 Financial Crises in Turkey." *Turkish Studies*. 4(2): 1–30; and Ozkan, G.F. 2005 "Currency and Financial Crises in Turkey 2000–2001: Bad Fundamentals or Bad Luck?" *The World Economy*. 28(4): 541–72.

TURKEY'S NEW REGIONALISM IN THE
POST-COLD WAR ERA

As the preceding analysis shows, the Turkish economy has globalized via neoliberal reforms since the early 1980s. Regionalization has also been an important feature of the Turkish economic opening. The Turkish economy is closely integrated with the EU. While it has faced major political obstacles on the road to EU membership, Turkey's economic integration with the EU has gone deeper as a result of a customs union and increased trade and capital flows. The Turkish state's international perspective has given the EU a central importance since Turkey became an associate member in 1963. Turkey formally applied for membership in 1987 after a long period during which the dominant view not only in the EU but also in Turkey was that Turkey was not economically ready for full membership. The European Commission delivered its decision in December 1989 and recommended against opening accession negotiations right away on the grounds that the economic and political conditions in Turkey would create adjustment problems (Eralp 1993: 37). When the Turkish government realized that Turkey's chance of membership was quite slim in the near future, it directed its efforts at establishing a fully-fledged customs union. This was also the direction recommended by the EU. From the Turkish viewpoint, the customs union was not an end but a major step towards the final goal of full membership. As noted earlier, Turkey-EU customs union came into force in 1996.

The geopolitical structure of the international system dramatically changed with the end of the Cold War, the disintegration of the Soviet Union and the collapse of communist systems in Eastern Europe soon after the EU's decision against Turkey's membership. Thus, all this had a profound impact on Turkey. Its geopolitical environment completely changed in a span of several years. While the altered international geopolitics created new barriers to Turkey's admittance into the EU, it also created new opportunities for Turkey with respect to its international economic and political opening. During the 1990s, the EU focused its attention on the goal of internal deepening through a monetary union as well as the goal of external expansion to the former communist countries of Central and Eastern Europe. As a result, Turkey was relegated to a less significant place in the EU policy. Turkey never abandoned the goal of EU membership and even renewed efforts for the realization of this goal in the late 1990s, as shall be discussed later. But at the same time, the Turkish state sought to take advantage of new regional economic and political opportunities that arose from the end of the Cold War and the disintegration of the Soviet Union. Thanks to the fact that it is geographically and historically part of

several major regions, Turkey stood at an advantageous location to expand its diplomatic and economic engagement in several important regions in the post-Cold War era. Commentators of Turkish foreign policy have often described the post-Cold War Turkish foreign policy as more pro-active and assertive compared to the earlier reactive and cautious foreign policy (see e.g. Sayari 2000; Kramer 2000; Larrabee and Lesser 2003). It is beyond the scope of this chapter to discuss all the repercussions of the end of the Cold War for Turkish foreign policy. However, for the purpose of this study, it is important to examine the major aspects of Turkey's pursuit of new regional initiatives with respect to its global economic opening.

It is important to offer several major observations regarding Turkey's new regionalism before examining its engagement in specific regional projects. First, the Turkish state's leadership or active involvement in a number of regional cooperative projects in the post-Cold War period was not an alternative to its political, economic and military relations with the US and Western Europe. However, whereas one important motivation for Turkey's bigger multi-regional role was to increase its influence in world affairs, another major motivation was to improve its bargaining position vis-à-vis its most important allies and partners, namely the US and the EU. Second, the Turkish state has remained committed to the goal of EU membership. But by diversifying its international economic and political relations and expanding its role in other regions, Turkey sought to reduce its dependence on the EU as the only vision for Turkey's future, especially in recognition of the fact that the road to the EU was full of political obstacles. Finally, Turkey's participation in multiple regional economic arrangements would fuel its export-led growth strategy by opening new markets for Turkish exports and create new business opportunities for Turkish companies. This could in turn help the Turkish industry better cope with the challenges of globalization.

TURKEY'S INCREASED ENGAGEMENT IN MULTIPLE REGIONS

The emergence of five independent Turkic Republics from the Soviet wreckage in Central Eurasia (CEA) was a dramatic event for Turkey. Turkey's interaction with the Turkic states was almost non-existent during the Soviet era. But common linguistic and cultural ties as well as historical memory and myths relating to the origin of the Turkish people provided a strong incentive for the Turkish state and public to cultivate relations with the new Turkic Republics. Turkey rapidly established diplomatic relations and increased economic and cultural cooperation. According to Turkish policy makers, Muslim but secular Turkey with a democratic political regime and

an open market economy could be a model for the Turkic Republics. Turkey received US support in this endeavor. By backing Turkey's involvement in CEA, the American government tried to reduce Russia's influence and prevent Iran from expanding its influence in the region (Larrabee and Lesser 2003: 115–16). Turkish officials expected that closer ties with the Turkic Republics would help maintain Turkey's geo-strategic importance in the post-Cold War international system. Economic considerations also played a role in Turkey's policy towards the Turkic Republics. The transformation of these former communist countries to a private market economy and Turkish assistance in their transition would create opportunities for Turkish businesses (Sayari 2000: 173). But a very enticing economic opportunity arose when it became known that the Caspian Sea holds large oil reserves. Intent on making Turkey a key energy transit route in the world, the Turkish government led an active international campaign for the construction of pipelines to transport Caspian oil to Turkey and then to Europe. Besides economic benefits, Turkey's role as a central energy conduit between Europe and Asia would enhance its strategic and political influence in the world. Furthermore, Turkey's easier access to the Caspian energy would reduce its dependence on Russia for gas and the Arab Middle East for oil. Turkey emerged triumphant in the intense international competition over the pipeline route for the transportation of the Azeri oil from the Caspian Sea. The US government's support for the Turkish project of Baku-Ceyhan pipeline was critical for the Turkish victory in the murky waters of oil politics. A decade after the start of its construction, the Baku-Ceyhan pipeline began to operate in May 2006.

Turkey's economic and cultural relations with the Turkic Republics have grown considerably since the early 1990s. However, Turkish officials had to scale the earlier elevated expectations to a more modest level, when faced with a number of important impediments. First, Turkey's limited resources have hindered its leadership role. Second, Russia's continued influence in the former Soviet lands has posed major challenges for Turkish policy. Third, rather than moving towards a more democratic system, many of the Turkic states have remained under the rule of "personalist" authoritarian regimes. In recent years, this political situation has created a real dilemma for Turkish foreign policy because one of its major stated aims in Central Asia has been to promote democratization (Economist 2006: 48). Fourth, in tandem with the Turkish state's increased ties with the Turkic Republics, Turkish private companies rapidly entered almost all branches of the Central Asian economies via direct investment, trade and big construction projects (Kramer 2000: 112). Thus the economic relations between Turkey and Central Asia have grown significantly. However, they have remained at low levels relative to the Turkey's economy and its economic exchanges

with the rest of the world.[28] The main reasons for this are the low level of economic development, poor material and institutional infrastructure, and incomplete transition to a capitalist market economy in Central Asia.

The end of the Cold War and of the communist systems in Turkey's neighborhood created opportunities for Turkey's leadership or active engagement in some other regional projects as well. One major regional project was the creation of the Black Sea Economic Cooperation (BSEC) zone in 1992. The BSEC owes its origin to the initiative and vision of the late Turkish President Turgut Özal. The Turkish state also provided financial support for the organization in its early years. The BSEC includes not only the littoral states of the Black Sea (Turkey, Bulgaria, Romania, Georgia, Russia, and Ukraine) but also three Balkan states (Albania, Greece, and Moldova), and the Caucasian states of Armenia and Azerbaijan. In 1999, the group agreed to transform the BSEC into a formal regional economic organization with a legal identity. The principal purpose of the organization is to promote closer economic and technological cooperation and to encourage private sector activity and freer movement of goods and services among member countries. The BSEC states agreed to establish a free trade zone by 2010. To facilitate the achievement of its goals, the BSCE opened a Trade and Investment Bank in Thessalonica in 1999. However, the organization has been slow in achieving its stated goals. The reasons include the geographical heterogeneity of its membership, distrust between members due to past grievances, long-standing bilateral disputes, and insufficient commitment of many members as a result of their attachment of greater importance to other regional or international organizations (Aral 2002; Larrabee and Lesser 2003: 122). Thus, despite its further institutionalization in recent years, the BSEC has so far shown only modest success with respect to fostering regional cooperation. As a result, Turkey no longer dedicates the same level of attention and priority to the organization compared to its earlier years.

During the last two decades, Turkey has got further involved in two other regional initiatives. The Turkish government played a major role in the establishment of the Economic Cooperation Organization (ECO) in 1985.[29] It was originally composed of two other states, Iran and Pakistan, in addition to Turkey. It became fully functional in 1991. The Turkish state

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[28] The volume of trade between Turkey and the Turkic Republics rose from US$1.6bn in 1996 to US$2.2bn in 2005. This represents a substantial increase. However, as a percentage of Turkey's total trade with the rest of the world, it was no more than 1.5 percent as of 2005 (calculated from TÜIK 2006).

[29] The ECO succeeded the organization of Regional Cooperation for Development, which operated from 1964 to 1979.

had major security and political concerns with regard to post-revolutionary Iran's support for Islamist political groups in the Middle East, including Turkey; and the Turkish security forces often announced their suspicions of Iran's support for the Kurdish secessionist Partisa Korkar Kurdistan or Kurdistan Workers' Party (PKK). Despite such major security concerns, Turkey sought to expand economic interactions with Iran within both bilateral and multilateral frameworks. The ECO was a product of the policy of cooperation in the economic area in spite of mutual political distrust and rivalry for influence in post-Soviet CEA. In the wake of the rise of new Muslim states in Central Asia, the ECO served as an important avenue for integrating them in the international economic and political system. In 1992, the organization admitted the five newly independent Central Asian states, Azerbaijan and Afghanistan. On the initiative of Turkey, the ECO also welcomed the participation of the Turkish Republic of Northern Cyprus without granting it membership. In recent years, the organization has taken new initiatives, including the creation of a Trade and Development Bank in Istanbul and a Re-Insurance Institution in Pakistan (DPT 2001: 53–4). During the last two decades, Turkey has also increased its participation in the economic activities of the Organization of Islamic Conference and more particularly the Economic and Commercial Cooperation Permanent Committee of the same organization (Ataman 2002: 7). Thus, the secular Turkish state has gradually increased its economic and diplomatic interaction with the states of Muslim countries, including the ones ruled by Islamist regimes, in the last two decades.

The Quest for EU Membership

The current high priority for Turkey is the accession negotiations with the EU. As the preceding analysis explains, the Turkish state actively pursued various cooperation initiatives in several regions in the post-Cold War years. But it never regarded these regional projects as a substitute for the EU, although they were expected to enhance Turkey's bargaining power vis-à-vis the EU and provide options in the case that it continued to be excluded from the EU. The disappointing results of Turkey's Central Asian ventures and of the BSEC compared to the initial high expectations, further convinced Turkish policy makers to intensify their efforts towards EU membership. Furthermore, the recent Turkish experience of recurrent financial crises made EU membership even more attractive because of various economic benefits associated with it. The Turkish public and policy makers came to see EU membership as crucial for Turkey's economic stability in the age of neoliberal globalization. It is also believed that Turkey's graduation to full membership and the economic and political reforms it has to implement before allowed into the EU, are the key to improve Turkey's credibility with

global financial investors and thus to lower the risk of frequent financial crises (Öniş 2003: 17–18, 23–5; Wood and Quaisser 2005: 162).

Turkey's EU campaign bore fruits at the turn of the decade.[30] After the great disappointment caused by the EU's exclusion of Turkey from the list of candidates at the 1997 Luxembourg summit, Turkey secured candidacy status at the 1999 Helsinki summit but without a start date for accession negotiations. The candidacy status played a crucial role in a series of significant pro-democracy reforms in the Turkish political and legal system in the early 2000s. The democracy reforms were geared towards meeting the Copenhagen political criteria for EU candidates. At the December 2004 meeting, the EU leaders finally agreed to begin entry negotiations with Turkey starting on 3 October 2005. However, the road that lies ahead is full of formidable obstacles. One can easily argue that the obstacles are primarily political rather than economic, especially in view of the economic situations of the recent EU members compared to Turkey's economic conditions.

An important obstacle is the widespread and strong doubt among the EU's publics and officials regarding the "Europeanness" and cultural compatibility of Muslim Turkey. The heightened sense of a clash of civilizations in the post-9/11 era has magnified such doubts. Another obstacle is concerned with Turkey's ability to meet the Copenhagen political criteria. Most of the country's influential forces support EU membership. They include the political parties of the center right and center left, the business community, and the military. However, they disagree as to how far the Turkish state should and could go in trying to meet the EU political criteria without risking the disintegration of the country. The fear of national disintegration emanates from the EU's push for the recognition of various ethnic rights for the country's minority groups, more specifically the Kurds. The military, in particular has some important reservations in this respect (Kösebalaban 2002). In the anti-EU camp are "traditional" and extremist Islamist groups, and nationalists who are dominant in the Nationalist Action Party and can also be found within the ranks of the Democratic Left Party, and the major center-right parties. However, the anti-EU front lost ground as a result of

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[30] There is a sizeable amount of literature on recent Turkish-EU relations. Some of the more current publications in English are Üçer, E. 2006 "Turkey's Accession to the European Union." *Futures*. 38: 197–211. Tekin, A. 2005 "Future of Turkey-EU Relations: a Civilizational Discourse." *Futures*. 37: 287–302; Bonner, A. 2005 "Turkey, the European Union and Paradigm Shifts." *Middle East Policy*. 12(1): 44–71; Öniş, Z. and S. Yilmaz 2005 "The Turkey-EU-US Triangle in Perspective: Transformation or Continuity?" *The Middle East Journal*. 59(2): 265–85; Gates, A. 2005 "Negotiating Turkey's Accession: The Limitations of the Current EU Strategy." *European Foreign Affairs Review*. 10(3): 381–97; Wood, S. and W. Quaisser 2005 "Turkey's Road to the EU: Political Dynamics, Strategic Context and Implications for Europe." *European Foreign Affairs Review*. 10(2): 147–73.

the decline of the anti-EU Islamist party. Thus, with respect to Turkey's relations with the EU, an important recent development is the shift of voter support to a moderately Islamist party, namely the JDP, which supports Turkey's EU membership. It is with the JDP government the EU has recently started to negotiate Turkey's accession. Despite the strong domestic support for Turkey's EU membership, there is no guarantee that Turkey will be able to fully meet the EU political criteria. Political reforms geared to the Copenhagen criteria could lose momentum if the currently pro-EU forces come to see the reforms as endangering the existence of the Turkish state. The third major obstacle is the problem of a divided Cyprus. The Greek Cypriot government's ever present threat of veto, and the Turkish state's efforts not to recognize the Greek Cypriot state while signing EU agreements to which the Greek Cypriot government is a party, remain a major source of friction in the Turkish-EU relations.

CONCLUSION

To sum up, during the last two decades, especially since the end of the Cold War, Turkey has actively pursued a number of regional cooperation projects. These regional initiatives are an important component of Turkey's post-Cold War policy of bigger regional role and more influence in world affairs. There is also a direct connection between Turkey's new regionalism and its outward-oriented economic strategy of the last two and a half decades. The connection is twofold. First, the neoliberal transformation of the Turkish political economy preceded the Turkish state's active pursuit of economic cooperation arrangements in multiple regions. In other words, the Turkish economy was opened to global market forces through the liberalization of trade, FDI and financial flows before the Turkish state started to pursue multiple regional economic arrangements. The prior neoliberal adjustment and global opening of the Turkish economy thus made it easier for the Turkish state to participate actively in regional economic arrangements based on the principle of open market economy and private-sector led economic growth. Second, a major incentive for Turkey's participation in multiple regional projects was to support the strategy of export-led growth and increase the country's attractiveness for FDI. Thus, for the Turkish state and the business community, participation in such open regional economic arrangements is important to improve Turkey's position in the global political economy. Although it is a participant in a number of regional organizations, Turkey's central focus is the EU.

In conclusion, since the early 1980s, the global economic integration of Turkey has gone deeper and more extensive via the neoliberal strategy. Turkey's globalization entailed a drastic shift from the inward-oriented, state-led economic strategy that had dominated the Turkish political economy

for decades to export-led growth in an open market economy. Almost every sector of the Turkish economy underwent neoliberal restructuring. Regionalism, in the sense of conscious policy of regional integration projects, became an important component of Turkey's globalization. Turkey's economic opening through neoliberal reforms went a long way before the Turkish state started actively to pursue multiple regionalisms. On the one hand, Turkey's prior global economic opening facilitated its participation in regional arrangements based on market principles. On the other hand, during the last decade or so, the Turkish state and business community came to see regional projects as building blocks to Turkey's more successful globalization. However, Turkey's neoliberal globalization so far has been characterized by major structural weaknesses, and it has resulted in recurrent economic crises.

X. The Maghreb: Social, Political, and Economic Developments

Louisa Dris-Aït-Hamadouche and Yahia Zoubir

Abstract

Due to its geographical position, events in the Middle East, the Sahel, and Europe have consequential effects on the Maghreb (Algeria, Libya, Morocco, and Tunisia). Hence, recent economic, political, and cultural changes are more or less inspired or encouraged by those developments taking place in the surrounding environment. Together with Mauritania, the four countries founded in 1989 the Arab Maghreb Union (UMA), which aimed at regional integration. Unfortunately, the UMA remains a distant wish; the conflict over Western Sahara and the political differences between Algeria and Morocco have prevented the UMA's advance.

Each Maghrebi country witnessed particular events and reacted differently to identical stimuli. Undoubtedly, the countries' distinctive historical experiences provide a valuable understanding of the internal logic of the processes they have undergone and the way they sought to tackle them. This chapter will review the salient developments that occurred within each of the four Maghrebi countries and analyze the ways through which the regimes seek to resolve the challenges they are faced with. The main contention in the chapter is that the regimes in place have yet to open up the political space and allow genuine democratization to take place, for despite some genuine transformations in a few areas, the old rulers are still reluctant to loosen their grip over power. While they succeed in reestablishing order, the roots that generate cyclical uprisings remain intact. Civil society has yet to fulfill its full potential and enjoy genuine citizen participation.

INTRODUCTION

The Maghreb, made up of Algeria, Morocco, Tunisia, and Libya, sits astride Africa and Europe, with close links to Asia Minor. Owing to this geographical position, these North African countries are directly influenced by events occurring in those other regions of the world. For instance, the breakdown of the Eastern bloc in the early 1990s had a major impact on the Maghreb and

in many ways precipitated political and economic developments throughout North Africa. These developments witnessed the speedy introduction, full or partial, of a multi-party system, economic reforms, and liberalization of the press. Furthermore, because of globalization, integration in the world economy, as well as the information revolution and the fading of borders, the Maghrebi countries could ill-afford to be isolated. Also, external actors exert influence even on such internal phenomena as culture or political activities. However, the main question remains as to whether the developments that have occurred succeeded in altering the reality of political power and the economic systems in Morocco, Algeria, Tunisia, and Libya. The contention in this chapter is that despite some noticeable changes the regimes undertook under internal, regional, and international imperatives, the structures of power in the four countries have not significantly changed. The regimes, despite claims to the contrary remain autocratic. It is also the contention in this chapter that because these countries are still governed despotically, they will have great difficulty maintaining political stability, economic development, social unity, and cultural advance.

This important region has often been shunned by scholars, more preoccupied by events in the Middle East and the Gulf region. However, the Maghreb, whose population is nearing 100 million people, is undergoing a period of important political, economic, and social change. Despite setbacks and shortcomings, the region has nonetheless witnessed unmistakable transformations, with the emergence of vibrant civil societies, which the regimes in place continue with great difficulty to keep under control. Since the late 1980s, the new social groups have challenged the authority and legitimacy of the state with intensity and scale never previously witnessed. Although radical Islamists were the leading force opposing the state, others including cultural groups, human-rights organizations, students' organizations, moderate Islamists, and women's associations have become political forces to reckon with. Pressures for change and reform arose from unprecedented social and economic crises, which often triggered violent upheavals, as was the case in Algeria in the 1980s and 1990s. Failing economies induced the regimes to introduce some degree of political and economic liberalization in order to bring about the necessary reforms and to implement the austere programs imposed by the international financial institutions (International Monetary Fund [IMF], World Bank, and foreign donors). The regimes allowed this seeming economic and political liberalization in the hope of eliciting support from civil society but also that such limited liberalization would curtail the potential for violence and destabilization (Zoubir 1999). In sum, the enduring "transition" that began in the 1980s remains at a stalemate; however, it has unveiled the existence of a new dynamic characterized by a struggle between regimes seeking to preserve their domination and social forces eager to play an active role in the transformation of their

respective societies. And, despite setbacks, the struggle is far from being over and has yet to reveal some of the complexities of North African societies. The cyclical riots and disturbances in the Maghreb testify to the necessity for change in this important region.

POLITICAL TRANSITION: IMAGES AND MIRAGES OF POLITICAL OPENNESS

Since the beginning of the 1990s internal pressures, and since 9/11, external pressures have compelled Maghrebi leaders to incorporate political reforms in their political discourse. The reforms that they brandish aim at conveying the image of political systems that are in conformity with international norms of good governance. This self-imposed and foreign-induced choice has resulted in definite change but it has also shown limits.

NECESSARY PRE-CONDITIONS FOR GENUINE TRANSITION TO DEMOCRACY

Rule of Law—The rule of law is a fundamental condition for the erection of a democratic order because it stipulates the same rights and duties for all and gives "citizenship" its real and vital meaning. Thus, the reform process in North Africa has included changes at very important levels and in significant areas. For instance, Morocco's King Mohammed VI has improved the functions of the Royal Consultative Council on Human Rights (CCDH), which had been set up to resolve cases of forcible disappearances and compensate victims of human rights violations. Initially established in 1990 by King Hassan II, who ruled Morocco from 1961 until his death in July 1999, the CCDH compiled a list of only 112 cases of forcible disappearances in 1998. Once it achieved its autonomy, the Council compiled a total of 4,750 claimants against the state and had received a total of US$100 million in indemnities for past violations. However, such progress remains superficial due to the nature of the system, based on clientelism and dominated by the makhzen [royal establishment], which concentrates all political power in the hands of a minority. Indeed, the Palace monopolizes decision-making at different levels in various sectors. Even natural catastrophes are badly managed owing to the centralization of the decision.[1] The Moroccan Constitution stipulates that the king is the "highest representative

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[1] According to different organizations, the Alhucemas earthquake in February 2004 witnessed major delays in getting international aid to the victims because of the local authorities' incapacity to make decisions. Those affected could not act without royal consent, allegedly more competent. In Morocco, no one wants to appear to be overshadowing the omnipotence of the king.

of the nation" (article 19), the "commander-in-chief of the Royal Armed Forces" (article 30) and "president of the Council of Ministers" (article 25). Nonetheless, it should be pointed out that some taboos, such as human rights, the role of the monarchy, political Islam, corruption, and the Western Sahara, have been broken since Mohammed VI's accession to the throne. Yet, the seeming openness is quite limited and can easily result in imprisonment should the courts decide that the debate is contradictory to the official discourse on the Moroccan-ness of Western Sahara, or that freedom of speech is offensive to religion or if this openness threatens "state security." In order words, certain subjects are no longer considered taboo only insofar as they do not challenge the official discourse.

In Algeria, despite some positive developments, a great deal of suspicion remains regarding the independence of the judiciary. The Chairman of the National Commission for the Reform of the Judiciary, Mohand Issad, an independent jurist, points out that there is no real willingness to reform the judiciary system. For his part, the Chairman of the National Commission for the Defense of Human Rights, Farouk Ksentini has repeatedly denounced the "abnormal situation" under which commissions are created one after another without any concomitant political action (Zoubir and Aït-Hamadouche 2004: 75–84). Former Minister of Justice Mohamed Charfi recognized that corruption and lack of independence stained this institution, arguing that the weak status of magistrates exposes them to political pressures (Le Jeune Indépendant 2003). These pressures are exercised on other actors, especially on opinion leaders, subject to the Algerian ill-famed Information Code, an amendment to the Penal Code passed in May 2001. Indeed, the law weakens the press by insisting that freedom of speech must respect "individual dignity, the imperatives of foreign policy, and national defense." Clearly, in the name of these principles, the government restricts liberties and takes legal action against what it considers as threats to the state or public order. In practice, the Penal Code allows authorities to impose high fines and prison terms of up to 24 months for defamation or "insults" against government figures (the president, members of parliament, judges, members of the military, and any other authority of public order). Prison sentences range from 3 to 24 months and fines of 50,000 to 500,000 Algerian Dinars (€550 to €5,500). In 2003, based on the Penal Code, the authorities undertook nearly one hundred prosecutions against the independent press. The famous journalist, Mohammed Benchikou, director of the daily newspaper *Le Matin* was thrown in jail in 2004 and has remained for two years, while the newspaper has ceased to exist. Numerous other journalists have been intimidated, being charged with *diffamation* [libel] and other dubious accusations. Reporters without Borders confirms this observation about these persecutions in a recently

published report, entitled, *Press Freedom at the Mercy of a Lawless State* (Locussol 2002), which severely criticizes the authorities. The report denounced murders, kidnappings and physical attacks involving journalists and called for urgent investigations, rapid abolition of prison terms for press offences, and international pressures on the country's rulers.[2] One can observe that the state's pressure on the independent press has been relatively successful for journalists now practice self-censorship. Despite the constant threat from the government, most analysts agree that the Algerian press remains one of the most independent in Africa and in the Arab world. Journalists and newspapers level on a daily basis direct and quite often virulent criticism against the president, the influence of generals, corruption of state officials, and highlighted the conflicts that existed between the presidency and the armed forces on the eve of the president's re-election in April 2004.

Human Rights Protection—Paradoxically and surprisingly, counterterrorism campaigns have created common features between democratic countries in the West and more or less authoritarian regimes in the South. All find justification for the contestable measures they have taken in the name of fighting terrorism, arguing that this phenomenon raises a dilemma between security and freedom. In the post 9/11 context most of the political decision-makers have chosen security as a priority. Today, all the Arab countries pursue the same logic defended in the Arab Agreement against Terrorism,[3] signed on 22 April 1998. Hence, Morocco, Algeria, Tunisia, and Libya, like the other Arab states, have defined terrorism, on paragraphs 2 and 3 of article 1 of the agreement, as "any act of violence or threat to use it, regardless of its causes and motives taking place in implementation of an individual or collective criminal project, and aiming at terrifying people, harming them, or exposing their lives, freedom or security to danger."[4] This definition totally de-politicizes terrorism by reducing it to a simple criminal act that can include all cases of violence and all cases of objectives.[5] This de-politicization is confirmed in another article, which stipulates that none of the terrorist crimes can be considered as political crime, even if they

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[2] The full report can be found at http://www.rsf.fr/article.php3?id_article=1431.

[3] The agreement was signed by Arab ministers of the interior and justice on 22 April 1998, at the headquarters of the General Secretariat of the Arab League, during the exceptional session of Arab Ministers of the Interior and Justice. See the excellent Commentary of the Arab Center for the Independence of the Judiciary and the Legal Profession (ACIJLP) on the Arab Agreement against Terrorism, www.derechos.org/human-rights/mena/acijlp/terr.html.

[4] See www.derechos.org.

[5] This generalization pushed Syria and Lebanon to abstain from joining the agreement arguing that terrorism was not distinguished from the right to fight for self-determination.

have political motivations (paragraph (b) of article 1). It should be noted that "assaults on the kings and presidents of the contractor states, as well as their wives or relatives" and "assaults on heir apparent, vice-presidents, prime ministers or ministers in any of the contractor states" are also considered as terrorist crimes. These clarifications can be analyzed as a real threat against opinion holders, journalists, political opposition, and people active in parties, unions, and civil society institutions. According to this paragraph, any objection or critique of some governmental actions might be considered as an assault on the state. The agreement also gives the North African states the possibility of having information and support from the other Arab countries. In other words, judicial authorities can request from another contractor state to hold in preventive custody for 30 days a given person until the arrival of the extradition request.[6] Thus, preventive custody can become virtual detention.

International human rights non-governmental organizations (NGOs) have repeatedly criticized the North African states for the violations that they commit on a regular basis. Hence, Human Rights Watch and Amnesty International have listed the many human rights violations committed by the Qaddafi regime. They include arbitrary arrest, detention without trial, torture, disappearances, unfair trials, and the death penalty. Amnesty International, following its first visit to Libya in 15 years, issued a harsh report in April 2004. A positive development reported in December 2005 by Human Rights Watch concluded that Libya had taken important first steps to improve its appalling human rights record but it also indicated that serious problems remained, such as the use of violence against detainees, restrictions on freedom of expression and association, and the incarceration of political prisoners. But, despite Libya's rehabilitation in the West, one can only concur with the view that "the problem that faces democracy in Libya lies in the total lack of an integrated policy to build a state based on the rule of law, accountability, and transparency which should interact to produce a government that is legitimate, effective, and widely supported by citizens, as well as a civil society that is strong, open, and capable of playing a positive role in the conduct of public affairs. All these pre-requisites for democracy do not, regrettably, exist in Libya today" (Libyan League for Human Rights 2006).

The terrorist bombings in Casablanca on 16 May 2003 confirmed the growing Islamist radicalization in the country. The "Moroccan exception," which earned Morocco a reputation as a stable Arab country, immune to

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[6] Articles 25–27. Article 27 extends the period of preventive custody to 60 days without an accepted justification.

radical Islamism allegedly because the king is also "Commander of the Faithful," was shattered. Soon after discovering that the terrorists were Moroccans, from the outskirts of Casablanca, the parliament passed severe anti-terrorist legislation. Like the rest of the Arab world, this law defined terrorism in such vague way that even political or criminal non-political activities could be punished. It also gave the authorities the power to make arrests, and inflict long prison sentences or the death penalty. The 29 May 2003 anti-terrorist law has widened and aggravated sentences likely to be pronounced, raised the number of death penalty cases, and strengthened police powers, extending the maximum period of police custody from 3 to 12 days. The authorities have committed innumerable abuses, condemned by international human rights organizations, in the name of anti-terrorism. The government has justified its position arguing that unless it acted with severity radical fundamentalists would interpret government leniency as weakness, a point of view that the International Federation for Human Rights (FIDH) has strongly refuted. Since 2003, the FIDH has expressed serious concerns regarding the way that the Moroccan government has conducted the fight against terrorism. Due to the numerous arbitrary arrests, the Paris-based International Federation for Human Rights called in July 2003 on the Moroccan government to respect the law. Hence, the legal time limits for holding an individual in police custody were greatly exceeded, the records falsified, and individuals arbitrarily kept in custody for several weeks. Furthermore, the FIDH has revealed the harsh treatment and torture (beatings, electrocution, sexual abuse etc.) practiced over the course of police investigations by the Direction de la Surveillance du Territoire (DST) in Temara, where Islamists were interrogated. The organization has also highlighted the impunity of security forces during the arrests and questioning. With respect to justice, trials do not respect the defendants' rights and end with extremely heavy sentences, including death penalty, on the basis of insufficient investigations and charges, for a large number of individuals on trial (Goldstein 2004).

Concrete Actions

Power Alternation—Of the four North African countries, two have experienced recent power alternation at the height of the state, but only in Algeria has this change occurred through a presidential election, while in Morocco Mohamed VI succeeded his father after the latter's passing away. There has not been any change at the summit of power in Tunisia and Libya for nearly 20 years and more than 35 years, respectively. Tunisia is governed by the law of the regime rather than through the law of the state. President Zine el Abidine Ben Ali, who came to power in November

1987 through a "legal coup," sought successfully to modify the constitution in order to prolong his mandate. Despite the cosmetic changes designed by the government in order to improve the international image of the regime and its economic successes, Tunisia remains an autocratic regime where human rights and freedom of expression are far from guaranteed. The 1999 presidential election—though the first with more than one candidate since the country's independence in 1956—did not bring about any change. According to the official count, Ben Ali obtained 99.44 percent of the vote. The regime continues to repress any form of opposition to the regime; this repression applies not only to Islamists and the representatives of the opposition parties, but also to journalists, trade union leaders, and human rights activists. Even though Tunisia today is a fully modern country, with a remarkable level of socioeconomic development, it unfortunately remains a security state in which the police resorts to heavy, costly surveillance and uses various means of intimidation to subdue any type of opposition (Camau and Geisser 2003).

In Libya, Qaddafi guarantees the stability of the regime through three essential ways. The first one consists in preventing the emergence of any influential personality from within the regime that threatens Qaddafi's power, which explains why he constantly changes ministers, the most recent case being that of the reformist, pro-Western Ghanem Shukri in March 2006. In addition, these changes are useful in maintaining stability through a balance of power and the leading position of Qaddafi. In March 2000, Qaddafi abolished a number of central government executive functions. While he eliminated a number of government ministries, he strengthened the central control on defense, education, health, infrastructure, social security, and trade. He cancelled the ministry of energy and gave the responsibility for hydrocarbons policy to the national oil company (NOC). In October 2000, he replaced the public security minister, eliminated the ministry of information, and sacked the minister of finance. In March 2001, he divided the duties of the finance ministry between the economy and foreign trade ministry and the former finance ministry. The second way consists in keeping the "democratic" opposition in a weak position. Yet, this opposition tried to strengthen its influence in the National Libyan Opposition Conference held in London on 25–26 June 2005. The results of the first meeting, which brought together all the opposition groups were mitigated. The Muslim Brotherhood Movement rejected the narrow agenda imposed by the organizers. With respect to the "Declaration for National Consensus" issued at the end of the conference, it called for a return to constitutional legitimacy, creation of a transitional government, and the prosecution of all members of the Qaddafi regime who committed crimes against humanity. Calling for Qaddafi's resignation, the conference

rejected armed action and stressed that political change in Libya should be undertaken without foreign interference. They criticized the United States (US) for normalizing ties and practicing double standard when it came to human rights violations in Libya, which in itself is an indirect call for interference. The third way involves the control and fight against the Islamist opposition, obviously the most important challenger to the Libyan leader. Like his counterparts in Morocco and Algeria, Qaddafi has used religious feelings to strengthen his own power. Thus, between 1969 and 1979, he talked about Islam in power. Starting from the late 1970s and through the 1980s, the Saudis and the Libyans were in competition, building mosques all over Africa to export their own versions of Islam. But the Libyans, finally, abandoned both pan-Arabism and their pan-Islamist position. In the 1990s, Qaddafi sought to play a role of leadership in African affairs. To counter the Islamist influence, he also used to demonize Islamists, calling them "mad dogs" or terrorists. He also mobilized the "official" Islamists to reinforce his legitimacy through the religious authority of the *ulama* (clergy), to refute Islamist ideas. Furthermore, Qaddafi called for a stricter application of Islamic law (*sharia*), followed by the General People's Congress, which has extended the application of Islamic law and granting new powers to religious leaders, including the right to issue religious decrees, in February 1994. At the same time, the regime refuted Islamist authority through an anti-Islamist campaign and used the security forces to harshly suppress radical Islamists (Zoubir 2005). In 1997, the General People's Congress passed a series of measures authorizing collective punishment for tribes or individuals harboring Islamists. Three years later, Libya executed three of eight Islamist militants extradited from Jordan. Lastly, the fourth way to prevent any change in power was for Qaddafi to groom his son, Saïf al-Islam al-Qaddafi, as the potential successor, in a context of general reforms: compensating the victims of terrorism (Lockerbie and UTA cases); abandoning weapons of mass destruction (WMD) programs in December 2003, return of opponents of the regime to Libya, and opening of the country's markets to global investment.

The Weight of Islamism

This question can be examined through three angles. The first one is supranational and involves North Africa as a whole. At the present time, Osama bin Laden's discourse provides a quasi-central voice. Initially, the Egyptian, Algerian, and Libyan radicals refused this "paternity" considering that their struggle was against corrupt tyrants in the Arab world who were resisting the creation of Islamic states and not against the US. But compromises were arranged after the leader of Egyptian Jihad, Ayman al-Zawahari, joined bin

Laden, who accepted the legitimacy of *jihad* against North Africa's rulers on the ground that they were all under Western influence. The ideological partnership was sealed with the marriage of the daughter of Zawahari's deputy to bin Laden's son (The Economist 2002). The second angle links Islamism to inter-state relations, more particularly the brotherhoods,[7] to Algerian-Moroccan relations.

Finally, the third approach considers Islamism as a national phenomenon. In Morocco, Islamism is not a foreign body. Of the seven dynasties that ruled Morocco, five originated from a particular brotherhood (Hami 2003). Traditionally, conflict over political power has always been between the Sharîfi, or those who ruled based on proven lineage to the Prophet Muhammad, and the brotherhoods. Thus even though King Muhammad VI has traced the legitimacy of his rule to his Sharîfi descent from the Prophet Muhammad, Moroccan political society still reserves a voice for the brotherhoods. This choice is justified by the comeback of religion in Moroccan society. "Progressively, younger, well-educated people are reading assiduously the Koran. Increasingly more women are wearing headscarves, even in Casablanca's western fashion enclaves and Rabat's gleaming shopping centers. The new piety, no longer limited to the mosque or prayers at home, is now evident in full public view" (Zuber 2006). In June 2002, Moroccan authorities broke up an al-Qaeda network that was allegedly plotting to launch attacks against North Atlantic Treaty Organization (NATO) and US forces (Howe 2005:332). The May 2003 Casablanca bombings made Morocco hostage to terrorism. Since then, security forces have arrested thousands of alleged members of the radical Moroccan Islamic Combatant Group. In late November that year, Moroccan authorities cracked down on a cell consisting of 17 *jihadists* suspected of having planned attacks on behalf of the al-Qaeda terrorist organization. Regarding the terrorist crimes committed the world over in the last five years Morocco has become an exporter of international terrorism (Tozy 2004). This observation is strengthened by an opinion poll which revealed that 45 percent of Moroccans hold a favorable view of Osama bin Laden, against 42 percent who have an unfavorable view. Furthermore, according to a 2004 report, the number of extremists has increased from around 40 individuals in 1996 to approximately 3,000

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[7] According to Hassan Hami, the brotherhoods are organized in a body of believers who follow a spiritual leader and his interpretation of Islam inside a center for religious studies. Their leadership structure places the spiritual leader at the top, assisted by a deputy who passes information and orders to a lieutenant. Throughout the history of the Maghreb, a number of centers spread the beliefs of brotherhoods throughout the region, such as the Almoravids and the Almohads that extended the boundaries of their centered societies throughout North Africa, Spain, and Western Africa.

in 2004 (Fernández 2004). The king has decided to fight the radicals with their own weapons, that is, through religion, by showing that modernizing his society is possible via a tolerant interpretation of the Qu'ran. Morocco's 350 year-old dynasty, the world's oldest next to the Japanese imperial dynasty, claims to be directly descended from the Prophet of Islam. And as "Amir al-Mu'minin," or Commander of the Faithful, the country's ruler enjoys absolute authority. That is why he installed the *Conseil Supérieur des Oulémas* (Council of Religious Scholars), who reviewed the most pressing questions of the twenty-first century and promulgated *fatwas* (religious edicts) well accepted by both young people and hardened Islamists. The setting up of a website to chat with religious scholars at 1,000 key mosques throughout the country strengthens this approval after inaugurating an Islamic satel-lite TV station. The most optimistic or partisan observers think that if the king's reform plan succeeds, Morocco could become a model of democratic Islam. The government's objective is double: co-opt Islamists to control them and reinforce the government's own influence, on the one hand, and stop the influence of the radicals in the popular spheres, on the other hand. That is why the Minister of Religious Affairs and liberal historian Ahmed Taoufiq seeks to thwart the influences of Saudi Wahhabism, by controlling the country's 35,000 mosques, closing illegal prayer rooms, and prohibiting the sale of audio cassettes recording imams spouting hate speech. Regardless, the rise of militant Islamic in practice in Morocco of militant Islam is inevitable and will continue attracting recruits among those frustrated by the failure of government policies to deal with poverty, exclusion inequality, and rampant corruption at all levels (Layachi 2000). A large portion of the urban and rural populations remains unemployed; even university graduates suffer from unemployment. Furthermore, disparities between rich and poor are revolting. These factors provide the necessary ingredients for the Jihadists to recruit among the alienated youth (Azzi 1999). This explains why Jihadists and Wahhabists have been quite active in the kingdom (Belaala 2004).

The debate about the political influence of Islamists and radicals is not over yet in Algeria, despite the decline of terrorism and the extensive amnesty enunciated in the *Charte pour la Paix et la Reconciliation* (Charter for Peace and Reconciliation), endorsed through referendum in September 2005. For the most pessimistic observers, Algeria is in a strategic impasse and will be so as long as the armed forces continue to dominate the state power structure. The scenario considered includes the division of power or a disguised status quo. The first would follow the Turkish model in which the elected civilian president must operate within "red lines" outlined by the military. This scenario would necessarily include some type of compromise between Islamists and the regime. Both are now conscious of the fact that

after a decade-long quasi civil war that left more than 150,000 dead, radical Islamists cannot displace the regime and the regime cannot eradicate Islamists. According to the declaration of some leaders of the Islamic Salvation Front (FIS), the party that overwhelmingly won the municipal and legislative elections in June 1990 and December 1991, respectively, Algeria's decision makers decided that past policies (eradication) have to change in favor of a "global reconciliation." Rabah Kebir himself (influent member of the FIS' executive instance abroad) declared in reference to the cancellation of the electoral results in 1992 and the policy of eradication of radical Islamists that the "army has recognized the mistakes of the early nineties and corrected them" (La Nouvelle République 2004). He surprisingly referred to this army as the "worthy heir of the National Liberation Army (ALN),"[8] which fought the French colonial army during the savage war in 1954–1962. Indeed, although the FIS was officially dissolved in 1992, reference to it (and the pronouncements of its leaders) provides an opportunity to re-actualize the situation that led to the civil unrest of the 1990s. During the presidential campaign in 1999, the FIS, through its most influent members, took its first political position by calling its adherents to vote in favor of the candidate Ahmed Taleb Ibrahimi, former Foreign Minister and former adviser to President Chadli Bendjedid (1979–1992). Even if Ibrahimi is also known to be close to Islamist circles, the support that he obtained from the FIS meant that the FIS had renounced to the demand for an Islamic state, thus accepting the principle of Western democracy or at least a model close to it. The second important political intervention of the FIS was during the 2004 presidential campaign. The FIS' most charismatic leaders openly supported Bouteflika's candidacy and called for a massive vote in his favor. If one considers that Islamism will remain a political force, it is possible that a revitalized National Liberation Front (FLN)—the party that led the Algerian war and ruled the country from independence in 1962 until its defeat by the FIS in 1990 and 1991—will try to incorporate some of the Islamists' ideas and co-opt members of the Islamist movement, under the rubric of "national unity and reconstruction and reconciliation." Therefore, Islamists will get a defined niche within the political military system (Takeyh 2003).

In Libya and Tunisia Islamist opposition remained relatively contained as a result of external support or overwhelming internal power. With respect

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[8] ALN has a very special status in Algerian collective memory. After fighting French colonialism, it unified the national movement. However, except for political leaders, the majority of Algerians make the distinction between the ALN and the ANP (the post-independence army) because of its direct implication in building and maintaining authoritarian regimes.

to Tunisia, before 9/11, the US State Department had reduced its democracy programs in the Arab world due to budget cuts for foreign assistance programs. Tunisia was questionably characterized as a "stable democratic country" and America's promotion of Tunisian democracy was limited to money for training army officers.

The Islamist opposition in Libya was not the subject of many commentaries and analyses (Deeb 1999). However, since the mid-1980s, Qaddafi has begun to face some significant organized opposition, which few outside Libya and except for Qaddafi himself had paid any attention to. In the mid-1990s Qaddafi faced a double threat: tribal rivalries, in particular within the army, and the growing activity of armed Islamist groups. In 1998, the Libyan army led a wide campaign in the mountains of the Cyrenaica (East of Benghazi) (Fanes n.d.). Islamists remain the only effective opposition to the regime, while the democratic opposition in exile continues to be weak, and has negligible influence over developments inside Libya. For some observers, Islamists were an early "al-Qaeda-type network" (Anderson 2003). In other words, Qaddafi was facing opposition from people who were motivated by the international Islamist militancy, the plethora of opposition groups operating outside Libya being the clearest demonstration. Although they have never constituted an effective united front, six of these groups (Libyan Change and Reform Movement, Libyan Constitutional Grouping, Libyan Islamic Group, Libyan National Organization, Libyan National Democratic Rally, and National Front for the Salvation of Libya), met in August 2000 to discuss a joint strategy. Fortunately for the Libyan regime, the participants could not overcome their ideological differences and factional disputes.[9] According to a student of Libya, the leader "was regarded by the al-Qaeda types as no better than the Saudi government, no better than any of these other governments that they hate. He found himself, ironically, on the same side as all of these governments that he had excoriated for a decade at least" (Anderson 2003). Hence, immediately after the 9/11 attacks, Libya decided, not only because of fears of retaliation from the US but also because it was genuinely repulsed by the events, to fully cooperate with the US in combating international terrorism. The head of Libya's intelligence, Musa Kusa played an instrumental role not only in this collaboration but also in negotiating Libya's eventual abandonment of WMDs (Zoubir 2006).

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[9] In order to deepen these divisions, the General People's Congress called for the establishment of a committee to resolve the cases of exiled opponents willing to return to Libya, just before that meeting.

SOCIOECONOMIC DEVELOPMENTS:
PROGRESS AND RESISTANCE

Social Changes-The Status of Women

From Morocco to Libya, the status of women is organized through special legislation called *mudawwana* in Morocco, the family law (*Code de la Famille*) in Algeria, and the Code of Personal Status in Tunisia and Libya. Comparing the four states, Tunisia is undoubtedly at the avant-garde thinking contained in the code promulgated soon after independence from France in 1956. The personal status introduced spectacular reforms that were more advanced than the laws of many contemporary Western countries. The Moroccan *Mudawwana*, enacted in 1958, reinstated many principles of Islamic law and reinforced the traditional Moroccan patriarchal order. In Algeria, the 1984 Family law was also very restrictive for women's rights, especially in divorce cases. For instance, women were deprived of the conjugal residence even if they had custody of the children. Only the father could enjoy full parental authority. Repudiation and divorce were very easy for men and strictly restricted for women.

In recent years, Maghrebi governments have reformed their legislation and introduced some positive changes to improve the status of women. Hence, Libyan legislation has admitted women into the judiciary system and the armed forces; created a center for women's studies; fixed the same minimum age for marriage for women and men and restricted polygamy; corrected school books; set up a department of women's affairs and supported women's non-governmental organizations (United Nations High Commissioner for Human Rights 1994). After a long, heated debate about the conservative family law, the Algerian government finally took the courageous decision to reform the legislation regarding women. Unfortunately, the results were far from satisfying the aspirations of the reformers who asked for the pure and simple cancellation of guardianship and polygamy; nevertheless, the new legislation introduced some important changes. For instance, the law compels the father to pay a pension to his ex-wife and his children, promises the allocation of housing for the mother who has custody of the children, and recognizes the authority of the mother.

Comparing the Personal Status in the Maghreb

Considering that education is the best way to improve the status of people in general, and women in particular, North African governments have mobilized important means to ensure the education of young girls (Dris-Aït Hamadouche forthcoming). In Algeria, the situation is improving at a fast pace. According to the Conseil National Économique et Social (CNES),

(Bouzidi 2004) in 2004, 90.9 percent of the girls between 6 and 15 were educated while they were only 36.9 percent in 1966 and 80.7 percent in 1998. The gap between educated girls and boys decreased from 20 percent in 1966 to 3.6 percent in 2002. In 2004, 65 percent of baccalaureate holders were girls, 10 percent more than in 1997. This trend persists at the university where 55.4 percent of students are females (39.5 percent in 1991). Consequently, only 35 percent of Algerian women were illiterate in 2002 against 85 percent in 1966. In Morocco, female adult illiteracy in 2002 remained high at 42 percent; in 1999, 54 percent of young boys and 74 percent of young girls did not attend school (Daoud 1999). Consequently, a government survey in 1991 found that 70 percent of illiterate women were unaware of their rights under the code. In Libya, the government provides free health care and education to all Libyan citizens. The World Bank estimated that nearly 100 percent of all boys and girls were enrolled in primary education by 1998, which, if true, is a very impressive result. In 2002, adult female illiteracy had fallen to 29 percent from 35 percent in 1998, though it continues to exceed illiteracy among men by 10 percent. Compared to other societies, this difference girl/boy is less important. Moroccan female adult illiteracy is 64 percent, compared to 38 percent for males. In rural areas, it may be as high as 90 percent. Primary school enrollment is 86 percent for boys and 67 percent for girls.

In 2004, better-educated women were less represented than men in the labor market. Indeed, they represented only 14 percent of the workers against 6 percent in 1987 in Algeria. Women are well represented in the public sector (45 percent), with 80 percent in the education and medical sectors (Alvi 2005). In Algeria, joblessness has increased among women (plus 11 percent between 1977 and 2003). Instead of depending on others, they have invested the informal network and now make up 25 percent of informal jobs, which are essentially done at home. For a better representation of women in the labor market, Algerian legislation has made a special provision for the protection of women in the workplace. That decree also provides equality for wage and salary by specifying that men and women shall receive equal pay for equal levels of qualification and performance. Similarly, Tunisia has applied several measures to facilitate women's participation in the workforce; maternity leave policies and employment protection for mothers were established in 1966. The government also sought to incorporate gender models in development planning. Moroccan women comprised more than the third of the workforce in 2000, 33 percent of doctors and 25 percent of university professors in Morocco are women. Libyan men and women are guaranteed equality under the law, but lack of application and control has maintained a continuing social inequality. An important difference should be pointed out about the generations of Libyan women.

Women born before the 1969 revolution tend to stay at home and have markedly lower education levels than their younger counterparts. Women under the age of 35 are much more likely to receive public education and show much higher rates of participation in the public sphere. Indeed, the gap between education and work is not surprising. According to the Arab Human Development Report 2003 survey, Arabs think that education is as important for a boy as it is for a girl, but they also think that men should have more right to a job than women. This way of thinking has a cultural explanation, for, in Arab societies, the man must provide for his family's needs (shelter, food, and health care) and he is the only one whose duty is to do so. The wife has the right to keep her income if she wants to and no one can oblige her to take part in the household's expenditures.

The economic participation of women is negligible, but what about their weight in political life? Similar to the issue of personal status, democratization and Islamist challenge have compelled governments to launch some initiatives in favor of women. In Algeria, soon after his election in April 1999, President Bouteflika appointed the first female provincial governor and the first two female presiding judges. The number of women judges (district attorneys) increased in August 2001 from 15 to 137, out of a total of 404 judges. The 2002 legislative elections increased the number of female members of the Popular National Assembly from 13 to 25 (out of a total of 389 members). Both the Ali Benflis and Ahmed Ouyahia's governments included 5 women ministers and secretaries of state (Development Program of the United Nations 2005). As part of the political reforms, and prior to the September 2002 legislative elections, King Muhammad VI reserved 30 seats from the 325-seat House of Representatives for women. Every major political party presented female candidates. As a result, there are 34 women in the legislature, making Morocco one of the few Arab nations to have women composing 10 percent of its parliament.

Explaining his decision, the king remarked that since women make up 50 percent of the population, they ought to have a similar representation in the legislature. Since coming to the throne Mohammad VI has appointed three women to senior positions, including that of royal adviser. He also appointed on November 7, 2002 a new cabinet of 37 ministers, of whom three were women. In 2003, the Secretary of the House of Representatives, Milouda Hazib, was a woman from the Democratic Constitutional Group. In Libya, women were mobilized in the military and in the political system of Revolutionary Councils in the late 1970s and early 1980s. The government established the Department of Women's Affairs as part of the secretariat of the General People's Congress, the national legislative institution. Overseen by an assistant secretary of the General People's Committee, the department collects information and controls the integration of women

into all spheres of public life. The government also established the General Union of Women's Associations as a network of "non-governmental" [sic] organizations that address women's employment needs. There is obviously a strong governmental control on this issue. Salma Ahmed Rashed is one of the rare women appointed to a high political function. Between 1992 and 1994, she was Assistant Secretary for Women and then Secretary in the General Secretariat of the General Peoples' Congress for Women's Affairs (Deputy Chief of Government), one year later. In 1996 she was the first woman Ambassador to the League of Arab States. What should be noted, however, is that in the Libyan case, women emancipation is part of "Qaddafian feminism," that is, a pseudo liberation inspired by the ideas of the leader of the revolution. In sum, it is the result of a gift offered by man, "the father"; therefore it is not the product of struggles led by women. Nonetheless, through the participation of women, Qaddafi succeeded in providing a different image of women, a modern one, without upsetting the traditional values (Graeff-Wassink 2004).

Unlike the developed personal status, the weak influence of Tunisian women in politics is surprising and unmistakable; a mere 3 percent of the ministries are held by women. The government tries to fill this deficient representation through a number of governmental bodies created to deal specifically with women's issues. These national institutions include the Ministry of Women and Family Affairs, the National Women and Development Commission, and the National Council of Women and the Family. In the 1999 parliamentary elections, women won 21 of the total 182 seats in the government. Women have a higher level of representation at the local level, where 17 percent of municipal council members are females; Chadlia Boukchina served as second vice-president of the National Assembly.

At the parliamentary level in Africa, women representation is outstripped by many countries, some of which (except South Africa) being less developed than the Maghrebi states. This is the case for Rwanda, where women members of parliament (MPs) represent 48.8 percent of the Lower House and 34.6 percent of the Upper House. Mozambique ranked ninth with 34.8 percent of women in the Lower House, and South Africa ranked thirteenth with 32.8 percent of women represented in the Lower House and 33.3 percent in the Upper House. It should be pointed out that most of these well-ranked African countries, all English speaking, have witnessed major conflicts in recent years, yet still managed to upgrade the status of women. Among the ranked African countries, Tunisia tied with Mozambique in the ninth position; Libya at the twentieth position; Morocco ranks thirtieth; and, Algeria, sadly, holds the forty-fourth position. The Maghrebi countries are better ranked among the Arab Middle Eastern countries. Compared to those Arab states, the Maghrebi states fare rather well. In the Middle

East and North Africa (MENA) region, the first Arab country is Iraq at the fifteenth position. The second is Tunisia, followed by Libya in the second position, Morocco in the fourth and Algeria in the fifth position. This means that women are better represented in the Maghreb than in the other Arab countries, but worse represented compared to African countries.

Islamists have also addressed the representation of women. In Morocco, six women represent the Islamist "Justice and Development Party" in the country's parliament. According to the new family code, divorce is based on the principle of fault, which means that women are able to seek divorce; polygamy is conditional (to become the exception); arranged marriage is no longer mandatory (but still possible); and, discrimination against women, such as sexual harassment, is punishable by law. Fatima al-Kabbaj, a graduate from the Islamic Theological University of Karaouine is the first woman to partake in the 16-member Council of Religious Scholars. Kabbaj provided instruction to the king and his siblings in *sharia*. She declared that the monarch recognized that women are better able to gain the trust of the illiterate, simply because most of them are also women. Besides, says Kabbaj, women are also more effective in dealing with the rural population and Morocco's four million poor than are state-appointed imams. During the 2005 Ramadan (fasting period), the king allowed a woman to lead the traditional religious discussion panel at the palace. Islamists have approved even the king's newest initiative permitting women to be trained as imams in the future. This is quite considerable a step when, traditionally, women are not permitted to speak out during prayer. Furthermore, and for the first time, 50 women, known as Murshidat, joined 150 young men last spring, to begin their studies in Dar al-Hadith al-Hassania, the university's theology department in Rabat. The men lead Friday prayers in mosques, while women give religious instruction there. To prove that this program is academic and open to the world's cultures, the program also includes the history of other religions, psychology, languages, like Hebrew, Greek or German and requires fluency in English and French.

Infra-National Links

The structural question facing North African governments relates to Berber[10] or Amazigh, a linguistic/ethnic issue (Maddy-Weitzman 2006). Today the Amazigh people are concentrated mainly in the Rif, the Atlas Mountains and in the Sous plain of Morocco. In Algeria, they are concentrated, in the Kabylie and Aurès mountains, and in the Mzab and other Saharan

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[10] The name Berber evolved from the Greek and Roman custom of calling other people Barbarians. The Berbers call themselves *imazighen* meaning the free.

oases. Small communities still exist on Djerba Island and in a few mainland villages in Tunisia, in the Jebel Nafusah Mountain and the Ghudamis and Ghat oases of Libya. There are also concentrations of Amazigh in the Siwa oasis in Egypt in addition to the Tuaregs, Zenaga and others in Mauritania. In terms of race, Amazigh represent 80 percent of the population in Morocco and Algeria, more than 60 percent in Tunisia and Libya and 2 percent in Egypt, making up more than 50 million people. In addition there are about 4 million Berbers living in Europe. But, today, due to the widespread Arabization (the process of substituting Arabic for the colonial language, French, and making Arabic the national language), many people with Berber ancestry claim to be Arabs. Consequently, in terms of identity, Amazigh represent 40 percent of all Moroccans, 30 percent of all Algerians, 5 percent of all Tunisians, 10 percent of all Libyans and 0.5 percent of all Egyptians, making up more than 20 million people. An estimated half (about 2 million) of the ethnic Berbers living in Europe see themselves as Berbers.

The Amazigh yearn for recognition in their respective countries and protest against the state's lack of care for their culture and identity, specifically about the absence of a written language and the absence of political influence.[11] These demands are motivated by the history of the Amazigh, who, throughout history, founded several dynasties that threatened countries in Europe. For instance, in the second century Rome feared that Numidia (today's Algeria) could become a new Carthage. In the eleventh and twelfth centuries, the Almoravids and later in the twelfth and thirteenth centuries, the Almohads, were Amazigh dynasties strong enough to control major parts of Northwest Africa and Spain. During the colonization era, many leaders of the nationalist movement, which carried out the war against the French occupiers were Amazigh.

Currently, the Amazigh issue does not carry an equal weight in all North African countries. Libya and Tunisia seem less concerned than Algeria and Morocco. For instance, in Libya, a short-lived Berber state existed in Cyrenaica in 1911 and 1912. Elsewhere in the Maghreb during the 1980s, substantial Amazigh minorities continued to play important economic and political roles. In Libya their number was too small for them to enjoy corresponding distinction as a group. However, Amazigh leaders were in the forefront of the independence movement in Tripolitania. Globally,

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[11] Regarding the situation in Morocco, in February 1991, the US Department of State Human Rights Report noted that "there are some Berber spokesmen who believe that the Berber identity is not adequately maintained because Berber languages are not taught in schools and there are no Berber [language] publications." This report also noted, that "Berbers are well represented in the government and the officer corps of the military […]."

Amazigh and Arabs coexist peacefully, but frictions between the two peoples occasionally erupted until recent times. French colonizers championed the Berber culture and language as a means of creating divisions among Tunisians, Algerians, and Moroccans, people that France colonized for many decades. After independence, the Tunisian government, for instance, used this question for economic purposes by promoting Amazigh culture as a tourist attraction (Jones 2001). Every day, air-conditioned buses transport European tourists from Tunisia's coastal areas to Chenini, an Amazigh settlement of 3,000 inhabitants located in the Ksour region and redolent of olive oil. To encourage the village's traditionally costumed inhabitants to remain, the government built a brand new clinic and a primary school. But, except for the tourist areas, the state has done little to improve Amazigh living conditions; it failed to build the much-needed schools and hospitals that the local population has been requesting.

In Algeria, Amazigh militancy has had a long tradition.[12] On 20 April 1980, following the "Berber Spring," upheaval the government launched a military operation to regain control of the institutions in Tizi Ouzou. Berber students and workers became the victims of widespread repression. The militants called a general strike first in Tizi Ouzou and then in the entire region of Greater Kabylia. The government reacted by blocking roads and isolating the region from the rest of the country. Between April 21 and 24, the populations of surrounding Berber villages joined the protests in Tizi Ouzou, building barricades to confront the police. Many students, workers and activists were arrested. To appease the situation, the government took a number of measures and promised to support Berber culture, including the creation of university chairs of Berber studies. Globally, these promises were not realized, and the status quo lasted for quite some time owing to the government's diversion, which consisted in encouraging and/or creating a conflict between Islamists and Berberists.[13] The government applied this policy of "divide and rule" in the universities in the 1970s, to neutralize both the Islamist and the Berberist opposition.

More recently, in April 2001, another crisis erupted after the death of a secondary school pupil in police custody close to Tizi Ouzou. His death

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[12] Amazigh militancy was influenced by the creation in 1967 of the Berber Academy in Paris whose objective was to provide the Berber language with an alphabet, which it did not have hitherto.

[13] Even the most powerful Islamist party, the FIS failed to realize positive results in the different elections in the Kabylie, stronghold of Amazigh militancy. Indeed, both the Front of Socialist Forces (FFS) and the Rally for Culture and Democracy (RCD) have, despite their national, democratic claims, a strong Berber constituency and their influence is limited to the Berber region.

resulted in an important movement of protestation, notably among the youth frustrated by the hard economic conditions. The repression of these protests resulted in more than sixty deaths and led to an Amazigh revolt that spread to several parts of the country (Algiers, Aurès region, Annaba, and Biskra). The protesters made various demands, namely, the recognition of Tamazight as an official language. They also protested against the lack of economic opportunities in the region and the growing governmental hostility. A fifteen-point platform, adopted in June 2001 by the local movement (*Coordination des Archs, Dairas et Communes*—CADC) served as a basis for dialogue with the authorities. Notwithstanding divisions within the movement between *dialoguistes* and *non-dialoguiste*s the government succeeded in holding a series of meetings with those willing to talk. The dialogue led to positive results, such as the recognition of Tamazight as a national language in March 2002 and the holding of partial new local elections in November 2005. The government's agreeing to the demands helped appease tensions in the region; however, the question related to the status and mission of the CADC delegates remained unanswered. But, will the CADC delegates continue their action on other issues of contention, such as the demand for the official status of the Amazigh language? Abdelaziz Bouteflika rejected this solution arguing that recognizing two official languages is neither rational nor possible, omitting that numerous examples in Africa, Asia, and Europe have more than one official language.

In Morocco, Amazigh argued that marginalization and exclusion from access to education and media threatened their identity. In August 1991, they attempted to reinforce the significance of their ethnic identity, through associations, including the Moroccan Research and Cultural Exchange Association (Rabat), the Agadir Summer University Association (Agadir), the Aghris Cultural Association (Goulmina), the New Association for Cultural and Popular Arts (Rabat), the Ilmas Cultural Association (Nador), and the Soussi Cultural Association (Casablanca). All have met in Agadir, where they signed the "Agadir Charter" (Kazak), which called for the restoration of the Institute of Tamazight Studies and Research.[14] The Amazigh militancy resisted against the authoritarian rule of King Hassan II, who accepted some compromises, such as starting Berber-language television

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[14] The institute they proposed would provide the framework necessary to promote the Tamazight language, to elaborate a unified alphabetical system necessary for the transcription of the Tamazight language, to standardize the Tamazight grammar and to develop appropriate pedagogical tools for teaching the Tamazight language. Furthermore, the institute aimed at integrating Tamazight language and culture into various cultural and educational activities, through the insertion of Tamazight language in the educational program, and the creation of a department of Tamazight in every Moroccan university.

and radio news broadcasts in 1994, while he granted amnesty to the 3 Berber activists convicted of disturbing the peace. In 1998 the Minister of Communication encouraged the use of the Berber language in advertising. Simultaneously, the Department of Culture announced a plan to preserve Berber heritage with the creation of local museums and the promotion of Berber culture through books, plays, music, and paintings. Indeed, after a series of revolts against the regime, the Moroccan government promised to promulgate a new constitution to allow political participation, permit opposition political parties to organize, and respect the fundamental rights of individuals. Thus, the Moroccan regime managed to appease opposition groups, including Berber movements, paying lip service to their grievances and making promises to address them. However, those promises remained in vain for repression remained in place. Hence, 28 activists were arrested in May 1994, three of whom being convicted and sentenced from two to three years in jail. Later in the same year, the region's governor ordered the ban of a Berber cultural association in the southern city of Agadir. Although the publication of some newspapers in the Berber language was allowed, state officials often subject editors to interrogation. For instance, in March 1994, the Ilmas Cultural Association was prevented from holding a conference on Berber language and writing. In addition, some members of the New Association for Culture and Popular Arts, in Agadir, were jailed because they published a calendar in the Berber language. Worst still, in May 1994, seven secondary school teachers were arrested because they participated in a demonstration organized by the Democratic Confederation of Workers. They were accused of holding banners in the Berber language and shouting slogans for the recognition of Tamazight in the Constitution.

Other issues could create social tensions in North Africa in the future. Hence, Algeria may face another predicament due to the social consequences of the Charter for Peace and National Reconciliation. Endorsed overwhelmingly in a referendum held in September 2005, this peace charter offers a broad amnesty to the Islamist armed groups. Although the plan excluded those individuals who perpetrated massacres, rapes, and attacks in public places, notorious active Islamist extremists, such as Abdelhak Layada, one of the founders of the brutal Islamic Armed Group (GIA), have been released (Tlemçani 2006) and allowed to make public statements, actions which have infuriated the families of the victims of terrorism. Officially, more than 2000 Islamists already judged and sentenced have been released from jail. The *Association des Victimes du Terrorisme* rejected the government's policy on reconciliation and denounced the impunity offered to the terrorists; the organization decided to organize meetings every Saturday in front of the Government's building. Opponents of the Reconciliation Charter

evoke the contradiction between this Charter and International Law. The Geneva Convention of 1949, as well as the Additional Protocols of 1977 and the International Covenant on Civilian and Political Rights, unequivocally exclude impunity, guarantee the victim's rights, and compel the state to open investigations before declaring any amnesty. Opponents of the charter also note the absence of any kind of juridical or political process to heal the heavy political, social, and psychological damages that the Algerian internal conflict has caused.

In Morocco, another point of discord relates to the issue of the disappeared or missing people. The authorities have recognized the gravity of the problem and instituted an ad-hoc commission to deal with thousands of cases of missing persons. The commission's final report, submitted to its president in March 2005, was taken into account in the drafting of the "Charter for Peace" that instituted compensatory measures and excluded any judicial pursuits. Morocco, too, has witnessed issues of 'missing people' and victims of torture under the rule of Hassan II. The Equity and Reconciliation Commission (IER), a process of transitional justice, which Muhammad VI produced in January 2004, tried to find a solution that includes global regulation to the human rights violations. The IER proposed recommendations that guarantee the non-repetition of the violations and compensation to re-establish confidence in the rule of law. As to Libya, the relative stability was not disrupted until the upheavals provoked by the confrontations between Libyans and Sub-Saharan immigrants in September 2000 in Az Zawiyah. In that year, the Libyan General People's Congress (parliament) and the Committee (government) initiated structural reforms, which failed to produce real political pluralism.

In Tunisia, the main catalyst for ethno-nationalism was French colonization. In the struggle against colonization, ethno-nationalism overlapped with ethno-religiousness. Later, the nationalist reconstruction of identity rested on emancipation and inclusion in order to homogenize both the society and politics. In other words, the Tunisian authorities substituted "indigenous hegemony" for "colonial hegemony." which banished opposition and competition. In addition to the tribe or the clan, there are significant other identities attached to urban and rural ones, to social groupings, such as the *baldi* (urban Tunisois families), *al-makhzan* (the state) and the *ulama*, which constitute a kind of "bourgeois republic." The prefix *ouled* (literally, sons of) was as important as the name of the sire, male ancestor or clan chief it preceded. However, industrialization, massive urbanization, the transformation of social ties and foreign influence, on the one hand, and the global request for political liberalization, on the other hand, may shatter the "Tunisian social contract."

Economic Development

Many indicators show that the North African countries face serious development and economic challenges. First, according to the UNDP Human Development Report, in terms of development indicators, Morocco ranked 126th out of a total of 174 countries in 1999. It is one of the worst results in the Arab world, along with Sudan, Yemen, Mauritania and Djibouti, although these countries, unlike Morocco, are politically very unstable. Five years later, Morocco ranked 125th out of a list of 177. Second, official anti-corruption campaigns, begun in 1999, have not achieved their goals. Transparency International's annual corruption perceptions report for 1999 ranked Morocco 45th out of 99 countries; the ranking categorizes countries from the least corrupt to the most corrupt. The 2004 report is even worse for it ranked Morocco 77th out of 146 countries in terms of degree of corruption (Fernández 2004).

External Openness

Unlike Algeria and Libya, Morocco, and Tunisia have a long tradition as market economies. However, dysfunctions still worry liberals. For instance, the king has to approve investments owing to the power of the monarchy in the business sectors. In other words, the royal family is the largest entrepreneur and the biggest owner of agricultural operations, which it secures through the industrial and financial holding, Omnium Nord Africain (ONA), which generates a significant percentage of Morocco's gross domestic product (Dalle 2004).

After almost two decades of Libyan socialism,[15] in March 1987, Qaddafi announced new measures, which some observers characterized as *green perestroika.* Qaddafi envisioned an expanded role for the private sector accompanied by limited political reforms. This early attempt to promote economic liberalization did not generate popular support. Even the General People's Congress rejected the reduction of public expenditures and called for lower taxes, free health care, and cheaper housing loans. In the 1990s, Libya had greatly suffered from the UN and US sanctions, which had consequential effects on the economy (Niblock 2001: 60–73). Not only did the sanctions cripple the economy, but the drop in oil prices in the 1980s, the country's main source of revenue, also had a negative impact on the economy in general and government expenditures in particular. While in 1980 Libyan exports generated US$21 billion, throughout the remainder

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[15] It included housing redistribution and currency exchange and led to the state takeover of all import, export, and distribution functions.

of the 1980s, oil revenues brought a mere US$6 billion per annum. The development budget suffered a great deal due to the decline in government expenditures. The cost of the UN sanctions was estimated to have reached US$24 billion by the beginning of 1998 (Niblock 2001). However, as Tim Niblock demonstrated, the government's strategy of ensuring that the main infrastructure project, the Great Man-Made River, goes on and that essential supplies continue to be made accessible to the population, proved successful. Of course, this was possible only because the core element of the economic strategy was to ensure that the oil-industry kept producing and exporting oil at the countiry's level agreed upon by the Organization of Petroleum Exporting Countries (OPEC). Thus, "the core of the Libyan economy […] remained intact throughout the sanctions period" (Niblock 2001) which ended in 1999 with the suspension of the UN sanctions. But, despite the measures that the authorities took to preserve the structure of the economy, the standards of living of Libyans were severely affected due to inflation but also to the liberalization process that the authorities had introduced under Law No. 9 of 1992. Obviously, the poor management and inefficient use of resources outside the oil sector account for much of the disastrous socioeconomic conditions suffered by Libyans. In September 1997, Libya introduced Law No. 5 aimed at encouraging foreign capital investment in the country; under this law, investors were allowed to re-export the invested capital.

During the 1990s, the Libyan economy increased demand for petroleum products, increasing oil-based revenues, contributing some 50 percent of GDP, 97 percent of exports, and 75 percent of government revenues in 1999–2003. However, Libya faced a serious problem of unemployment, compounded by a high rate of population growth and a low rate of job creation. Furthermore, the Libyan economy remained largely controlled by the IMF, which estimated in the 2005 report that 75 percent of employment continued in the public sector while private investment represented a mere 2 percent of GDP (St John 2006). The most important sign of economic openness occurred in June 2003 when Qaddafi called for the privatization of the oil industry, with other sectors of the economy. Pledging to bring Libya into the World Trade Organization, he replaced Prime Minister Mubarak Abdullah al-Shamikh, with former Minister of Economy and Foreign Trade, Shukri Ghanem, a Western-educated economist and strong proponent of privatization. In 2002, Libya devaluated its currency, the Dinar, in order to increase the competitiveness of Libyan companies and attract foreign investment. Consequently, foreign direct investment in Libya totaled some US$4 billion in 2004. The seeming openness of the Libyan economy, however, has been challenged by the hardliners. While Shukri Ghanem enjoyed support among the youth, the hardliners resented his

liberal policies, which represented a threat to their political and economic power. Although Qaddafi supported Ghanem, he sought to avoid alienating the old guard (mainly the Revolutionary Committees), his main power base, but also the forces that plundered Libya's resources and mismanaged the economy. The support that he enjoyed with Qaddafi, the Popular Committees, the youth, and some military leaders did not help Ghanem carry out his reforms against the staunch resistance put up by the old guard of the regime. Furthermore, American and European support constituted a liability, which the old guard could use to de-legitimize his policies. Ghanem played a key role in convincing four American oil companies (Oasis Group, made up of Conoco, Phillips, Amerada Hess, and Marathon) to invest some $10 billion in Libya. Thus, Qaddafi decided to remove Ghanem from his position of prime minister and appointing him to lead the NOC, the company at the heart of the Libyan economy. The new Prime Minister, Al Baghdadi Al-Mahmoudi, reaffirmed Libya's determination to reform its economy, to attract investment, and lower unemployment. The new Premier promised to implement Ghanem's reformist economic plan, which included a restructuring of the pathetic banking sector. While political liberalization has yet to occur, it seems that Libyans are willing to privatize the economy, except the hydrocarbon sector, and to accelerate the necessary reforms. But, the task is gigantic as rampant corruption, a primitive banking system, an archaic physical infrastructure, and a multi-layered bureaucracy constitute formidable barriers to reform and to foreign investment.

Algeria, too, has largely opened its economy to local and foreign private investors. The reform process includes privatization of the largest publicly owned enterprises. According to Abdelhamid Temmar, Minister in Charge Participation and Promotion of Investments, 1,230 enterprises are in the process of being privatized (El Moudjahid 2005). In May 2006, he announced that 300 firms would be privatized before the end of the year (Malki 2006). The banking sector, too, is being reformed; the 1990 law on money and credit has authorized the establishment of private banks. Nevertheless, the setting up of new private banks and the entry of foreign banks into the domestic market did not break the domination of state-owned banks, which still account for almost 93 percent of the Algerian financial system assets (Aghrout forthcoming). These changes have not prevented fraudulent practices by private banks, such as Khalifa Bank and Banque Commerciale et Industrielle d'Algérie, (BCIA), as well as public banks. The collapse of Khalifa Bank resulted in a loss of US$1.5 billion, which is minimal relative to the financial swindling in the state-owned banks, estimated between US$2.5 and US$5 billion.

Internal (In)Efficiency

In Morocco, the per capita GDP has dropped from US$1,260 in 1997 to US$1,218 in 2002. The king launched the National Initiative for Development. But, although officially more than half of the government's budget is spent on social projects, Morocco is still ranked 124th on the United Nations Human Development Index. With a budget of just under €25 million in immediate aid and another one billion euros between 2006 and 2010, the government hopes to reduce poverty by half within the next five years (Zuber 2006).

Since the discovery of petroleum deposits in commercial quantities in 1959, Libya has relied on the hydrocarbons sector. The country's petroleum reserves are estimated at 39 billion barrels, while the natural gas reserves attained 1.49 trillion cubic meters. Like Algeria, Libya remains the classic example of a rentier economy, a state relying upon externally generated rents instead of extracting income from domestic production, which is very possible for Algeria. Though quite modest, Libyan liberalization caused social tensions, especially after the government imposed in May 2005 a 30 percent hike on fuel prices, and doubled the price of electricity for consumers of more than 500 kilowatts a month (St John 2006).

In Algeria, the socioeconomic situation deteriorated in the mid-1980s. Subsequently, the authorities decided to impose a series of measures that have been complicated by the political and security crisis of the 1990s. The depression of oil prices aggravated the country's economy while the debt service attained more than US$9 billion, about three-fourths of the value of exported goods and services in 1993 (Aghrout forthcoming).

Indicators of the Algerian Economy

Many of these indicators show a positive evolution of the Algerian economy (table 10.1), in part due to the increase in oil prices.

The average annual growth rate had not exceeded 2.7 percent over the period 1994–1998, and remained within 2.6 percent from 1999 to 2001 (Ministry of Finance 2003). However, the economic indicators began to improve from 2002: 4.1 percent in 2002, 6.8 percent in 2003, and 5.2 percent in 2004 (Ministry of Finance 2003).

Nonetheless, the country still suffers from numerous negative aspects, a main cause of social unrest. Hence, between 1995 and 1997 more than 400,000 workers lost their jobs and 400 firms were liquidated (Aghrout forthcoming). As a result, unemployment has reached 30 percent of the active population, especially among the youth, who constitute the vast majority of Algerians. In addition, first-time job seekers entering the labor

Table 10.1

Algerian economic indicators

	1994	1998	2000	2002	2004
GDP (billion dollars)	42.4	48.2	54.4	56.9	84.8
GDP growth rate (%)	−0.7	5.1	2.4	4.1	5.2
GDP per head (dollars)	1,542	1,633	1,790	1,816	2,621
Imports (billion dollars)	9.7	9.8	9.6	12.0	13.0*
Exports (billion dollars)	8.9	10.0	21.7	18.8	24.6*
of which					
Hydrocarbons	8.6	9.7	21.1	18.1	24.0*
Foreign debt (billion dollars)	29.5	30.5	25.3	22.7	21.8
Total debt service/ exports	47.1	47.5	19.8	21.7	12.6
(%)	2.64	6.84	23.2	33.94	43.11
Reserves (billion dollars)	636	212	173	102	410
ST debt (millions dollars)	28.85	30.26	25.08	22.54	21.41
LMT debt (million dollars)					

*: 2003.
Source: Ministry of Finance (Algeria).

market have increased, which has aggravated unemployment. Over the period 1990–2003, the average annual growth rate of the labor force was almost 4 percent (Aghrout forthcoming). Furthermore, the elimination of government subsidies, the devaluation of the local currency, and the state's deficit in the provision of public services have considerably decreased the standards of living, especially among the middle class. According to the United Nations Development Program Report, the proportion of the population living under the international criteria (US$2 per capita a day) shows a poverty incidence level of 15.1 percent of the whole population over the period 1990–2003 (United Nations Development Program 2005).

It should be pointed out that Algeria's economic health, far from allowing for greater democratization, seems instead to have strengthened the authoritarianism of the regime, which not only enjoys fiscal health made possible primarily from the hydrocarbon resources but also from its geostrategic position (Bellin 2004), especially since the events of 9/11. Indeed, the Algerian regime, similarly to the Moroccan and Tunisian regimes elicited strong support from the United States in the global war on terrorism. Algeria is doubly valuable because of its status as an energy supplier.

Tunisia has established the National Solidarity Fund (NSF), also known as the, "Caisse 26–26" (26–26 Fund). Thus the state manages the banking side of the fund and the disbursement of financial aid to the needy, the financing through micro-credits of small projects, and the building of

infrastructure in poor areas. Official statistics are encouraging: 1 billion dinars (US$ 700 million) was raised by the NSF between 1992 and 2005; 2 million citizens have benefited from its services; 4,000 kilometers of roads were built; and 60,000 small and medium projects were created as a result of procurements from the Fund. Another NSF initiative is the creation in 1999 of the Tunisian Solidarity Bank (BTS). The BTS, founded on ideas of community development banking, provides small credits for the purpose of establishing small businesses or improving living conditions. Undoubtedly, this type of social actions has specific political objectives. While Algeria and Libya are known for practicing rent, the Tunisian government is famous for what is called in North Africa *khubzisme*, a term that originates from the word bread. This concept means buying popular deference and silence in exchange of goods and welfare. This is the reason why the Tunisian state has since the mid-1990s controlled the major social welfare projects. As a result, the Sahel and urban Tunisian bourgeoisie have been loyal to the regime in return for protection of their interests. The question, however, is what would be their reaction should the European Union (EU)-instigated liberalization planned under the Euro-Mediterranean Partnership (EMP) be cancelled?

Furthermore, the international economic agreements will likely threaten this protectionism. The association agreement with the European Union, coupled with the Euro-Med Free Trade Area (EMFTA), consists in total liberalization of trade and the total elimination of customs duties on most products. Whilst the 1995 Barcelona Declaration facilitates aid and access to technical assistance, it limits the country's export of products, such as olive oil, one of Tunisia's primary productions. Indeed, the exports of Tunisian and Moroccan agricultural products do not follow global trends, which is the reason why they rose since the signing of the Barcelona Declaration in 1995 by 20 percent while the rate attained 32 percent in international markets. Furthermore, the EU has increased its imports from other world economic regions at the expense of Euro-Mediterranean partners.

CONCLUSION

North African states are more or less engaged in processes of change. The changes affect different sectors (economy, politics, multi party system, and women status), at different levels (justice reform, alternation etc.). These transformations resulted from a double pressure. The first emanated from the accumulation of internal frustrations and contradictions. They were quite evident in Algeria and Morocco, the countries where changes are the most important. The second pressure came from the multiplication of international challenges and engagements. The association agreements with the EU have accelerated the economic liberalization of the North

African economies. Furthermore, the global war on terrorism, coupled with the US-sponsored Broad Middle East and North Africa Initiative (BMENAI), are pushing the Arab countries to initiate reforms. Libya is being submitted to this kind of pressure, while Tunisia continues to resist by showing off its liberal economy and the emancipation of women. The question remains as to how long the Tunisian status quo will last? How long will the Algerian and Libyan economic changes and the superficial political reforms in Morocco and Algeria sustain domestic pressures? In other words, can cosmetic changes outlive the necessity of fundamental reforms and real democratization? Undoubtedly, if security issues are considered to be more important than genuine democratization, as Western actions seem to suggest, the answer will likely be that the status quo in the Maghreb will persist, with all the negative consequences that such stalemate will inevitably bring about.

XI. From Soviet Republics to Independent Countries: Challenges of Transition in Central Asia

Mirzohid Rahimov

Abstract

In the twentieth century, the Central Asian countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan passed through a complex historical period. They were originally founded as republics of the Soviet Union in the 1920s–30s as a result of national and territorial state delimitation. The process of the creation of new national state formations began after the Soviet Union disintegrated and these republics achieved independence. At the same time, the region's nations are facing complex problems of transition and the creation of new societies. Nevertheless, these countries have to continue the process of political and economic reforms, as well as development of civic institutions. The Central Asian nations established contacts with foreign states and international organizations and started to form a system of interstate relations between the countries of the region. There are potentials for development of regional integration of Central Asia. Future integration will depend on the readiness of the nations to carry out political and economic reforms, introduce forms and methods of economic regulation compatible with global norms, and most important, international support of political reforms and regional integration.

INTRODUCTION

The Central Asian Soviet Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan were founded by the Soviet Union in the 1920s–30s as a result of national and territorial state delimitation. After the disintegration of the Soviet Union and the political independence of these republics, the process of creating new national state formations began. The

Central Asian nations established contacts with foreign countries and international organizations and started to form a system of interstate relations among themselves. The present paper endeavors to analyze the national and territorial state delimitation in Central Asia in the 1920s–30s and the creation of the Central Asian national republics, as well as the process of nation-building in the Soviet and post-Soviet periods and present interstate cooperation in Central Asia and Eurasia. In particular, the Commonwealth of Independent States (CIS), Eurasian Economic Community (EurAsEC), Central Asian Cooperation Organization (CACO) and Shanghai Cooperation Organization (SCO). The aspect of international relations of Central Asian countries is also included in the analysis. This paper is based on my research in Uzbekistan and on academic research visits to Kazakhstan, Kyrgyzstan, Russia, the Netherlands, and the United Kingdom.[1]

CREATION OF SOVIET CENTRAL ASIAN NATIONS

The Issue of National Delimitation of Central Asia

It is difficult to understand contemporary Central Asia without understanding its historical heritage and cultural diversity. Central Asia is not only one of the most important regions of the world in terms of economy, geopolitics, and strategic interests but it also has a rich cultural heritage. For many centuries the region was at the very center of trade, commerce, and the exchange of ideas between Europe and Asia. Historically, Central Asia has had a variety of names: *Turan* (Land of Turks), *Transoxiana* (across the Oxus [Amu-Dar'ya]), *Maverannahr* (Arabic for "beyond the river"), and *Turkestan*. From the earliest times, the region has been a unique place for the peaceful coexistence of many different cultures and races, be they settlers or nomads. The geopolitical location of Central Asia made the region an attractive trade route and, consequently, there were frequent struggles for power. In the second half of the nineteenth century, Tsarist Russia gradually conquered Central Asia, bringing the regional powers—the Emirates of

Bukhara and Kokand and the Khanate of Kokand—into the Russian sphere of influence. In the early twentieth century, Soviet rule was established in Central Asia until the 1990s.

The contemporary Central Asian republics, as political entities with their boundaries and organizational structures, were created by the Soviets during the 1924–25 "national delimitation" that divided Central Asia into several new ethno-linguistically towards based units. The national delimitation is one of the most contentious issues in Central Asian history.[2]

The history of national and territorial state delimitation of Central Asia has deep roots. As early as 1913, V.I. Lenin spoke of a possible division of Russia according to the ethnic composition of its population (Lenin 1913). Then, in January 1916, Lenin put forward the doctrine of "Self-Identification of Working People." Expanding upon this concept, on March 22, 1918 the Russian Soviet Federal Socialistic Republic (RSFSR) People's Commissariat on Nationality Problems adopted the Regulations of Self-Determination in the Tatar-and-Bashkirian Soviet Republic. The main content of these regulations was outlined in a telegram from Moscow to the government of Turkestan (CPC) on March 26, signed by the People's Commissar on Nationality Problems, I.V. Stalin, and the Commissar on Muslims' Internal Affairs in Russia, Nur Vakhitov. That telegram also informed the CPC that similar regulations were being elaborated on by the Narkomnatz (People's Commissariat on Nationality Problems) for the Azeris, Georgians, Armenians, Kyrgyz, Sarts, Tekin, and other peoples of Russia, and suggested that the revolutionary organizations of these nationalities should submit their plans for creating a federation (TzGA RUz 1918). A year later, at the 8th Congress of the Russian Communist Party (Bolshevik) (RCP[B]) in March 1919, Lenin modified the wording, putting forward the motto "on the rights of nations for self-determination" (Alimova 2000).

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[2] For more details see, Ata-Mirzaev, O.V.L. Gentshke, and R. Murtazaeva 1990 *Uzbekistan Mnogonatsionalnyi: Istoriko-Demograficheskyi Aspec*, Tashkent: Medesinskaya Leteratura Press; Bolshay Sovetskaya Ensekoplediya 1976 Moscow: Ensiklopediya Press; Gordienko A. 1959 *Sozdanie Sovetskoy Nasional'Noy Gosudarstvennosti v Sredney Azii*, Tashkent: Central Asian University Press; Giinsburg, G. 1992 "Recent History of the Territorial Question in Central Asia," *Central Asia Monitor.* 3: 21–29; Masov R. 1995 *Tadjiki: Istoriya s Grifom "Sovershenno Sekretno."* Dushanber: Heritage Press; Rahimov M. and G. Urazaeva 2005 *Central Asia Nations and Border issue*, Conflict Studies Research Center, Central Asia Series. UK. 05(10), http://www.da.mod.uk/csrc; Roy, O. 2000 *The New Central Asia, The Creation of Nation*, London: I.B. Tauris Publishers; Tursunov H. 1957 *Obrazovanie Uzbekskoy Sovetskoy Sosialisticheskoy Respubliki.* Tashkent: Academy of Sciences Press and others.

Waging a colonialist policy, the Bolsheviks sent their representative body from Russia to Turkestan;[3] the Turk commission arrived in late 1919. It was formed on Lenin's initiative by a Resolution of the All-Russia Central Executive Committee and the Council of People's Commissars of RSFSR, dated October 8, 1919, and consisted of M.V. Frunze, V.V. Kuibyshev, Sh.Z. Eliava (Chairman of the Commission), Ya.E. Rudzutak, G.I. Bokiy, F.I. Goloschyokin, and others (Voskoboinikov et al. 1951). The Commission was entrusted with higher control and leadership in all spheres of Turkestani life on behalf of the RCP(B) Central Committee and the Council of People's Commissars of Russia. In March 1920, the Turk Commission adopted the resolutions on "Dividing Turkestan into three separate republics according to national identity." However, the Turk Commission's activity led to a conflict scenario in Turkestan; to resolve this, situation they had to return to Moscow and petition Lenin. In addition to Eliava and Rudzutak from the Turk Commission, others also participated in the consideration of the disputed questions, including Turkestan's delimitation; they included T.R. Ryskulov, N. Khodjaev, and G. Bekh-Ivanov. This group of Muslim and Party officials is known in Soviet historiography as the Turk delegation.

In Moscow, the RCP(B) Central Committee formed its own Commission on Turkestan's Problems (G.V. Chicherin, N.N. Kristinsky, and Sh.Z. Eliava), which was charged with investigating the emerging conflict situation. Each of these sides submitted its suggestions. The problems stirred up drew a wide response. During May and June 1920, the Politburo of the RCP(B) Central Committee, with the participation of Lenin, considered on four occasions the issue of Turkestan. Additionally, the Turkestan question was repeatedly discussed by the Organizing Bureau of the RCP(B) Central Committee and by the Soviet government. This period now arguably deserves a more detailed and critical study by historians of these issues, especially as open access to materials from the Politburo and Orgburo is now available at the Moscow archives.

Subsequently, in the margins of the sheet of paper with the draft resolution "On tasks of the Russian Communist Party of the Bolsheviks in Turkestan," Lenin wrote: "It is necessary, to my mind, to reject the project of comrade Riskulov, [and] the project of the Commission [Turk commission] should be adopted (Lenin vol. 41: 435). Then, Lenin suggested that a map should be made (ethnographic and other) of Turkestan, with marked divisions for Uzbekia, Kirgizia, Turkmenia, and conditions determined

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[3] The first commission was the "Specialized Provisional Commission" (February–November 1919); the second was the Turkcommission (November 1919–1923); then there was the Turkbureau (July 1920–April 1922); Central Asian Bureau (April 1922–November 1934).

for merger or "division of three parts," though it was underlined that delimitation of the republics into three parts should not be predetermined.

Thus, the problem of the national and territorial state delimitation of Turkestan's peoples was resolved in Moscow by the Party and Bolsheviks leadership of RSFSR in the mid-1920s guided by the motto "national self-determination" for the indigenous peoples of Turkestan, and in obvious contradiction to the volition and opinion of their best representatives, the Turk delegation.

Central Territorial Commission and Territorial Disputes

The year 1924 was set as the year that would give life to the Party and Bolshevik ideas of delimitation.

The report of the Twelfth Congress of the Soviets of Turkestan Autonomous Soviet Socialist Republic (ASSR) stressed that, by 1924, work on forming harmonious Soviet state machinery "from the top to the bottom could be regarded as almost completed" (TzGA RUz 1924: 137–140). Moreover, by that time, Turar Ryskulov and his associates had been discharged, and a whole galaxy of young Muslim and Party functionaries was in place. They were dedicated to Bolshevism and had complete and unreserved subordination to the center's orders.

On January 31, 1924, in Moscow the Orgbureau of the Central Committee of the Russian Communist Party of the Bolsheviks session discussed, among other things, the question of the national and territorial state delimitation of the Turkestan, Bukharian, and Khorezmian republics.

By 1924, the issue of Turkestan delimitation had grown into a larger task on delimitation of two more republics: the Bukharian and Khorezmian People's Soviet Republics, which were legally independent and sovereign republics.

One of the serious reasons for urging on the Bolsheviks authorities to delimitation was the opposition movement known in Soviet historiography as the "Basmachi Movement;" in which groups of different nationalities fought against the Soviet power. On March 10, 1924, a joint session of the Central Committee of the Communist Party of Turkestan, the Presidium of the Turkestan Central Executive Committee and Party, and Soviet officials of Tashkent was held. At this session Rakhimbaev (Executive Secretary of the Central Committee of the Communist Party of Turkestan and a member of the Central Asian Bureau of the Central Committee of the Russian Communist Party of the Bolsheviks) clearly defined the true objective of the Communist Party concerning the issue of delimitation: "From the viewpoint of our Party, organizing this affair [delimitation and formation of national states] is advantageous, because if an Uzbek poor man fights

an Uzbek kulak, a Turkmenian poor man fights a Turkmenian kulak, and a Kyrghiz poor man fights a Kyrghiz kulak, then our class struggle will not be concealed by ethnic issues" (Rahimov and Urazaeva 2004: 69–86).

On June 12, 1924, the RCP(B) Central Committee held a session in Moscow, on the agenda of which there was a question: "On national-and-territorial delimitation of the republics in Central Asia (Turkestan, Bukhara, and Khorezm)." Preparatory work for the accomplishment of national delimitation began. Attached to the Central Asian Bureau of the RCP(B) Central Committee, the Central Territorial Commission on Central Asian National Delimitation was formed. Shorthand reports from sessions of the Central Territorial Commission (Rahimov and Urazaeva 2005) allow us to evaluate today the complex and varied questions the executives of national and territorial delimitation faced. Furthermore, de facto, under the Central Asian Bureau (2005) "technical commissions" were formed to examine and resolve intricate and disputatious issues regarding the apportion of particular regions to the soon-to-be-formed national and state republics (Pp. 9–11). The minutes of these technical commissions were sometimes marked "completely secret [top secret]," and at present, experts have access to some of these materials. In considering territorial disputes, the technical commissions were guided by the following immutable principles: (1) the ethnic composition of the majority of the population residing on the territory under consideration; (2.) the territorial indivisibility of territories of new state formations. They should not be similar to strip-farming or open-field system.

However, according to the archives, these two major provisions were not kept. In fact, they were superceded by special directives from higher administering bodies to suit political ambitions. The document "Materials on More Precise Definition of Frontiers" reveals that the accomplishment of delimitation according to nationality was impeded by the fact that the people of Central Asia lived in alternating strips, where land fit for cultivation and tillage alternated with steppe and semi-desert land plots suitable only for grazing.

In Turkestan and Chimkent *uyezds* (provinces), there were concentrations of Uzbek residences, surrounded by lands belonging to Kazakhs; the Uzbek city of Tashkent and a strip-line of Uzbek *volosts* (districts) were separated by the Kazakh trans-Chirchik *volosts* from lands of the Kuramintz, related to the Uzbeks;[4] further to the southwest, the Tajik *volosts* were wedged in,

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[4] *Kurama* (mixture) the result of mixture of the Uzbeks and the Kazakhs, but taking into account that in this mixture the people regarding themselves to be the Uzbeks were predominant; it is considered that *kurama is* more the Uzbeks (see in details Semyonov, A.K.

separating the Ferghana oasis from the rest of Uzbekistan. Similarly, the lands belonging to the nomadic Kazakhs and Turkmen separated cultivated lands possessed by Khorezmian Uzbeks from oases owned by Bukharian Uzbeks (TzGA RUz 1924).

The Bolshevik delimitation resulted in such a situation that significant numbers of people belonging to one or another nationality found themselves outside the boundaries of their titular state. For example, 433,000 Uzbeks found themselves outside the boundaries of Uzbekistan. Uzbekistan included about 82 percent of all Uzbeks residing at that moment in the former Soviet Union, and Tajikistan included 75 percent of all Tajiks.

In forming national republics for semi-nomadic and nomadic peoples, the Party leadership decided that it was necessary to give them administrative centers—cities—though the cities of Central Asia were established and peopled by sedentary populations. However, the capital cities, like other cities, became a matter for discussions and disputes. For example, according to the frontiers adopted by the Central Executive Committee of the Soviet Union, the city of Tashkent and the Tashkent *uyezd* were attributed to Uzbekistan. Tashkent, the largest city in the Turkestan *kray* (region), with a population of 155,710,000 people (Ata-Mirzaev et al. 1998) at that time, became the subject of disputes, because the Kazakh Republic wanted to make Tashkent its capital city. Tashkent and the Tashkent *uyezd* adjoined Uzbekistan as a narrow land strip, and were surrounded by Kazakh territories but were economically oriented towards Tashkent, the main trading and economic center. Kazakhstan was motivated by the fact that Uzbekistan intended to make Samarkand its capital city. In the end, the Executive Bureau of the Central Committee of the Communist Party of Turkestan (CC CPT), the Central Asian Bureau and even the Political Bureau of the Central Committee of the RCP(B), having considered and compared different points of view, came to the conclusion that Tashkent should be included in Uzbekistan as a city with an absolute majority of Uzbek population (Rahimov and Urazaeva 2005).

Kazakhstan was offered a capital city from the following: Orenburg, Kazalinsk, Aulie-Ata, and Alma-Ata (Rahimov an Urazaeva 2005). The problem with Tashkent city was resolved, but the issue of Tashkent *uyezd* was much more complicated. The demarcation line divided Tashkent *uyezd* approximately into two halves, separating areas populated by the Uzbeks from Uzbekistan. Furthermore, Chimkent city within Chimkent *uyezd* was also separated from Uzbek territory. As was stated later at the Third Plenary

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1924 *Probleme Natzionalnogo Razmezhevaniya Srednei Azii (Istoriko-Etnografichesky Ocherk).—// Narodnoe khozyaistvo Srednei Azii.* (2–3): 40.

Session of the CC CPT held on September 14, 1924, "we had to make delimitation with some infringement of national arithmetic taking into account the reasons of economic character alone" (2005: 10).

From the viewpoint of the administering bodies of that time, "some of the nationalities were very small in number and their cattle-breeding economies were at a low level, so it was necessary to expand their territory at the expense of another nationality" (TzGA RUz 1924: 5). having a larger number. Thus, being primarily Uzbek, the Kelif *tuman* (district), the Staro-Chardjui *tuman*, and the Tashauz *shuro* (council) were included in the newly formed Turkmen republic (TzGA RUz 1924).

Establishment of Central Asian National Republics

In the territory of the Turkestan, Bukharian, and Khorezmian Soviet Republics, the following structures were formed: Uzbek SSR (including the Tajik ASSR), Turkmen SSR, Kara-Kirghiz (Kirghiz) Autonomous oblast affiliated with the RSFSR, and Kara-Kalpak Autonomous oblast affiliated with Kazakh ASSR. The Kazakh districts of Turkestan were affiliated with the Kazakh SSR.

However, the national and territorial state delimitation had not been completed. In May 1929, the Tajik ASSR was transformed into the Tajik SSR. In 1926, the Kirghiz Autonomous oblast was transformed into the Kirghiz ASSR, and in 1936, it was transformed into a Soviet Republic and was included directly in the Soviet Union. In 1936, in accordance with the new Constitution of the Soviet Union (adopted in 1936), the Kazakh ASSR and Kirghiz ASSR were transformed into independent Soviet Socialist Republics and directly entered the Soviet Union. Regarding the Kara-Kalpak Autonomous oblast, in 1930, it was included directly in the RSFSR; in 1932, it was transformed into an ASSR; and since the late 1936 it has remained within Uzbekistan (Ata-Mirzaev et al. 1998). Later on in 1939, 1956, and in other years, the similar practice of turning over the lands continued.

Thus, during the accomplishment of national and territorial delimitation and formation of new states, mistakes were made that influenced the further development of each republic. The delimitation was an administrative decision imposed on the region from the center—part, some would say, of a "divide and rule policy" (Akiner 1990: 168–82).

Administrative bodies did not adhere to regulations, that they themselves adopted as fundamentals, which resulted in infringement of human rights. Taking all these matters into account, historians should continue studying newly released research materials relating to the national and territorial state delimitation in Central Asia. But the most important matter is to be

very careful with evaluations, and state boundaries of post-Soviet Central Asia nations should be solved only through diplomatic means.

CENTRAL ASIAN NATIONS IN SOVIET PERIOD

Centralization and "Foreign Relations" of Central Asian Republics

The period from the 1920s to the mid-1930s saw the establishment in the Central Asian republics of the totalitarian administrative model of the Soviet social and state structure based on command-control economy and strict centralization of management. The constitution of the Soviet Union of 1936 considerably restricted many former constitutional provisions relating to the sovereign rights of the Soviet republics, in particular, their right to suspend or appeal against the resolutions or instructions of any All-Union body. The decisions of All-Union executive bodies were thus given legal precedence over the republics' laws. The new constitution legalized the party's dictatorship. These changes, as reflected in the new 1936 constitution, were also adopted in Central Asian republican constitutions. In all respects, the Central Asia republics remained strictly subordinate to the central authorities of the Soviet Union. For instance Uzbekistan, as a "sovereign republic," was tolerated even by the constitution itself. Under Article 17(c), even the fixing of boundaries and the division of *oblast*s (regions) into *rayon*s (districts) had to be examined by the Supreme Soviet (Konstitutsiya Uzbekskoy SSR 1937), although these matters should have fallen within the remit of the republic in the form of its supreme organs of government.

In the mid-1950s, the Soviet Union's new leadership under Nikita Khrushchev initiated the policy of de-Stalinization. Mass repression was condemned officially, but on the whole, the regime's ethos remained unchanged. Despite the development of limited trends at the time of "Khrushchev's thaw" during the late 1950s and early 1960s, the existing state structure fundamentally remained the same. There was little change in the general approach to national politics, and as in previous periods in the upper echelon of Soviet power, notwithstanding routine declarations, there was no firm understanding of the complexity and specific nature of nationality or the need for a flexible and careful approach to the population's spiritual and national interests. Moreover, under the later leadership of Leonid Brezhnev, who succeeded Khrushchev in 1964, and following Brezhnev, there was a retreat from de-Stalinization and a conservative policy was pursued, imbued with ideological intolerance. A new constitution adopted in 1977 laid the legal foundations for the legitimacy of the Central Committee of the Communist Party of the Soviet Union (CPSoviet Union) and its Politburo as

the organ of power determining and directing state policy. The Supreme Soviet and Council of Ministers and the local organs of government were only to carry out party directives from the center. The Kazakh, Kyrgyz, Tajik, Turkmen, and Uzbek SSRs adopted new constitutions based on the new constitution of the Soviet Union.

Political conservatism was reflected in the rejection of radical reform, the expansion of the apparatus of bureaucracy, the monopoly of the "partocracy," and the spread of corruption, nepotism, and fraud at the various levels of power, and the stagnation of the whole Soviet system.

The policy of *Perestroika* ("restructuring"), proclaimed by Mikhail Gorbachev in April 1985, gave rise to hopes for a way out of the systemic crisis. Gorbachev and his supporters started cutting back the power of the *nomenklatura* elite, allowed relative pluralism in political and economic life, and proclaimed a "new thinking" in foreign policy. However, Gorbachev's attempts to modernize the Soviet system and give socialism a "human face" ended in failure. *Perestroika* did not deal with the fundamental issues and suffered from half-heartedness. In short, there were little progressive changes in the political sphere, but the socio-economic conditions of society and the financial situation of the people was worsening.

During Gorbachev's period, there were also negative processes in Central Asia, and among them was the "Uzbek" or the "cotton" case (Akiner 1990). Fed from the center, the mass media of the Soviet Union began to spread the view intensively that the system of corruption in Uzbekistan had embraced the whole nation. Groups of party, local government, law enforcement, and economic officials were sent down to the republic. Many of them regarded their appointment to leadership responsibilities as giving them the right to do as they pleased. They beat suspects during interrogation and illegally arrested and imprisoned thousands of innocent people.

As with other Soviet republics, in the Soviet period, the Central Asian republics were officially considered to be sovereign, possessing the right to enter independently into relations with foreign countries, to establish agreements with them, and exchange diplomatic representatives. From 1944, the former Soviet republics received the right to establish diplomatic representations in foreign relations. These rights were guaranteed by relevant articles of the Soviet Union and republican constitutions (Konstitutsiya Soyuza Sovetskih Sosialisticheskih Respublik 1977; Konstitutsiya Uzbekskoy Sovetskoy Sosialisticheskoy Respubliki 1978). However, the constitutional proclamation of international rights of "sovereign republics" was purely cosmetic. In reality, the Central Asian nations were deprived of the possibility of directly entering the international community, lacked their own foreign policy institutions, and lacked the right to establish independently external links. The Ministries of Foreign Affairs of Kazakh, Kyrgyz, Tajik,

Turkmen and Uzbek SSRs had no real authority, since all foreign relations were handled through Moscow. All international contacts were established only with Moscow's permission and under its strict control.

Soviet Economic Policy and Migration

Stalin's collectivization of agriculture of the 1930s is well known. The *dehqon*s (peasants in Uzbekistan) were forced into collective farms (*kolkhoz*), often under threat of confiscation of land, water, and food supplies. Those who resisted were subjected to "dekulakization" (victimized as *kulak*s, rich peasants); all their property was confiscated and they were sent into exile.[5] Besides farm buildings, all livestock and poultry was subject to collectivization. The process of collectivization was tragic especially for the Kazakhs, who practiced the nomadic traditions and way of life. From several hundred thousands to even as many as 1.5 million Kazakhs perished due to starvation during the 1930s (Svanberg 1990). The Soviet leadership stimulated the development of the sectors in which the "USSR's independence of the world market" was sensed most strongly and which were required to provide the central regions with the necessary industrial raw materials. As a result, like other republics, the Central Asian republics were making a weighty contribution to the Soviet Union's industrialization and the strengthening of its economic independence, but remained raw materials exporters (Rumer 1989).

Despite the large capacity of the extraction sector and the primary processing of agricultural produce, the share of processing and engineering in the republican economies was minor, several times less than the general Soviet level. The vast majority of industrial enterprises, 81.7 percent, were under All-Union jurisdiction. Moreover, in the course of industrialization many traditional production structures, particularly those in the handicrafts sector, were destroyed.

Among the positive aspects of the Soviet policy in Central Asia industrialization should be mentioned. From the 1960s to the beginning of the 1980s, dozens of large industrial plants were built in Uzbekistan and the branch structure of industrial production was expanded. In Uzbekistan, more than 1,500 industrial enterprises, engineering, chemical, construction, light industry, and agro-industrial complexes were in operation in

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[5] Between 1930 and 1933 alone, 40,000 *dehqan* farmsteads were "dekulakized" and 31,700 of the *dehqan*s were repressed. The repressed people were expelled to the less populated regions of the republic, where 17 special settlements were organized. Then in the course of the campaign to "purge" the collective farms of "class enemies" over 60,000 *dehqan*s were repressed (see Central State Archives of the Republic of Uzbekistan 1934: 24; Aminova 1995: 49).

1985. However, during the period from the 1960s to the 1980s, Uzbekistan specialization as a raw materials supplier increased. Besides agricultural produce, deliveries of gas, non-ferrous and rare metals, and other minerals increased intensively. In the 1980s, the annual deliveries of gas from Uzbekistan exceeded 250 billion m^3 and deliveries of gold exceeded 50 tonnes (Narodnoe khozyaystvo Uzbekskoy SSR 1987). Cobalt, molybdenum, wolfram, refined copper, uranium, and other materials flowed to the central regions in a broad stream. The Soviet government's consumerist attitude toward Central Asia, the predatory exploitation of its natural and human resources, and the one-sided nature of the national economy as a supplier of raw materials created conditions impeding the republics' socio-economic development. At the end of the 1980s, the Uzbek SSR occupied twelfth place among the Soviet Union's 15 republics for per capita gross social product, and its national income was half the Soviet Union level. The policy of artificially increasing the multinational mix of the union republics, including those in Central Asian, had a special place in the Soviet model of "socialist internationalization." There was forced migration into the republics as well as uncontrolled voluntary migration. It should be noted that migration from Russia to Central Asia started from the nineteenth century. This process intensified during the Soviet period. A tidal wave of compulsory resettlement emerged in the second half of the 1930s, when, at the time of mass repression, the deportation of whole nations began (Kreindler 1986).

Koreans from the Soviet Far East, Germans from the Volga basin, and Poles from western Ukraine and western Byelorussia were the first to be subjected to such population transfers. More than 74,500 Koreans arrived in Uzbekistan between September and December 1937. Around the same number was sent to Kazakhstan. A number of peoples from the northern Caucasus, Georgia, and the Crimea became political exiles in 1943 and 1944. There was uncontrolled migration into the region from Russia, Ukraine, and other republics.

During World War II ("Great Patriotic War" [1941–1945] Central Asian nations received evacuees and refugees. In Uzbekistan alone over a million citizens arrived from the occupied areas of the European part of the Soviet Union and other republics.

Education and Culture

In the Soviet period, considerable attention was dedicated to education in Central Asia. As a result of the measures undertaken to put an end to illiteracy, the level of literacy among Central Asian populations increased (Medlin 1971; Central State Archives of the Republic of Uzbekistan 1940). The network of schools was expanded substantially, for instance in Uzbeki-

stan, there were 5,504 general education schools of all types in 1940, when the number of students was 1,368,800, having risen from 82,300 in 1924. The republic introduced compulsory primary education and began the transition to universal seven-year schooling.

During the Soviet period in Central Asia, there was a struggle against such fundamentals of national consciousness as popular and religious customs and the traditions of the family and daily life. The new Soviet rites and rituals were artificially implanted in their place. Great harm was done to cultural development by the policy of accelerated "internationalization," which was based on communist ideas about the priority of class interests over national interests and the inevitability of nations merging. By the end of the 1920s, the Soviet administration had already begun active curtailment of the appointment of native cadres, and set about the formation of a culture, which was "socialist in content, internationalist in spirit" and national in form. This approach led to the pernicious process of changing Central Asian culture to match the demands of "class purity" and "proletarian internationalism." The result was the increasing alienation of the people from the roots of their centuries-long cultural heritage and destruction of their historical memory.

Language policy was another tool for destroying national consciousness and national spirit. In 1938, the Soviet leaders adopted a resolution on the obligatory study of Russian in national schools, which entailed a reduction in the number of hours allocated for study of the mother tongue. In 1940, the Cyrillic alphabet was introduced by decree. These measures for raising Russian to the level of the state language, further limited opportunities for developing regional languages (Kriendberg 1991).

Due to Soviet educational policy, thousands of high schools and dozens of universities were formed in Central Asia. For instance, in Uzbekistan the number of higher schools reached 9,188 and the number of institutes and universities reached 42 by 1985. As a result, the general educational level of the population rose steadily and the ranks of qualified specialists were actively expanded.

However, positive changes were fragmentary and tended mostly to be in terms of quantity rather than quality. The primary reasons for the worsening trends in the last two decades of the Soviet Union were: (1) the impact of adverse developments across the Soviet Union and: (2) the consequences of the Soviet Government's regional policies, including Central Asia.

In the Gorbachev period, Central Asia saw the birth of national movements, which expressed demands for national-democratic reforms and real sovereignty. Different political and social movements appeared which focused on the restoration of national culture and statehood. Specific expression of this process was found in the elevation of the Central Asian languages

to the status of state language in 1989–90 (Fierman 2006) and the drafting of measures aimed at resolving the most important national economic tasks, such as the cotton monoculture in agriculture and revealing national traditions and customs.

Revival national cultures and traditions of Central Asian peoples were an important factor in ensuring political and social stability. But different political processes in the Soviet Union and also Central Asia changed quickly.

CENTRAL ASIA IN THE POST-SOVIET PERIOD

Nation-Building and Political Transformation

With the collapse of the Soviet Union, the Central Asian nations proclaimed their independence and a new system of state authority created new subordinations between various levels of power and a different quality of linkages. In 1990–91, the post of president was established in the countries of Central Asia and the first presidential elections were held in each republic. During 1992–93, Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan adopted new constitutions, and through this document the principle of power division between the legislative, executive, and judicial authorities was introduced into legislation, but executive authorities have more power. The issue of presidential system and its transformation is one of the most widely discussed among scholars, experts, and decision-makers. Presidential power in Kazakhstan, Turkmenistan, and Uzbekistan has increased mainly for the following reasons: (1) prevention of instability, and interethnic tensions; fresh memories of interethnic tensions between Uzbek and Meskhetian Turks in Ferghana (1989) and Uzbek-Kyrgyz in Osh (1990); (2) the tragic civil war in Tajikistan; and (3) the Soviet legacy of administration and state rule.

All the countries proclaimed the creation of secular democratic societies, but with different approaches. In 16 years, the system of presidential authority was transformed. For instance, in Kazakhstan, Uzbekistan, Tajikistan (during Rakhmonov's rule), and in Kyrgyzstan in the last ten years of Akaev's rule, the presidents became more authoritarian. However, this process can be easily explained using a multi-methodological approach and analysis.

A short case study of transformation in Uzbekistan shows that starting in 1991, the republic has faced a complex process of political and social transformation. In December 1991, Uzbekistan's first presidential elections were held and the next year, a new constitution was adopted. The national parliament (*oliy majlis*) became bicameral after the parliamentary elections in December 2004. At the same time, the upper chamber of parliament (*senat*) was supposed to have some of the privileges formerly held by the president. But the level of political liberalizations and economic reform is

not sufficient and it is necessary for the government of Uzbekistan to work on more active economic programming and civic institutional development. However, it should be mentioned that the complicity of social relations and political system, which was created during the decades of Soviet power, could not be transformed very quickly and easily to a democratic system. Olcott (2006) is right when she says that "a complex system is quite slow to be transformed" (p. 156).

At the end of the 1980s, a policy that encouraged the revival of Kazakh, Kyrgyz, Tajik, Turkmen, and Uzbek cultural heritage was launched by the governments. All Central Asian countries proclaimed the creation of a democratic society based on universal values but also on national culture and traditions. Interestingly, Rye et al. (1985) argue that the paternalistic nature of the Asian political culture is characterized by dependence on authority, avoidance of open conflict, and emphasis on stability (Rye et al. 1985: 6). These characteristics of Asian political culture are also applicable to Central Asian nations.

The last few years of geopolitical change in Eurasia and the attempts of some Western countries to promote regime change in former Soviet countries bring considerable debates. But, in Kyrgyzstan for instance, as many scholars consider that the situation in the country after the revolutions of March 2005 does not change. I believe we should seriously analyze such events and consider all consequences, including the image of democracy itself.

Central Asian republics have all the capabilities for further development toward democracy and civil society. The countries have a high level of literacy and secular institutions. At the same time, we should take into account the traditions and values of the Central Asian societies. Like most Asian countries, the Central Asian states need to be carefully examined in the context of historical, cultural, social and political experiences of each country of the region.

It is essential for Central Asian countries to continue political and economic reforms, to continue the process of political and civic institution development. It is extremely important for developed nations to help the Central Asian republics enact political, social, and economic reforms, but only evolutionary approaches are suitable for the policy of the West in the region. Central Asia was a highly developed region during the Great Silk Route period and the region was intensively involved in international trade, economic and cultural interaction. But after the decline of the Great Silk Route in the sixteenth century, the development of Central Asia started to stagnate. It is time to learn from our past and rebuilt regional and international economic cooperation.

Multiethnic and Multicultural Diversity

The issues of nationality, of ethnic and cultural self-identification, and of the sense of belonging are complex and require a multi-disciplinary analysis. As it was pointed out above, from antiquity, a great number of very diverse ethnic groups have lived in Central Asia. The languages spoken were as diverse as the tribes themselves: Turkic family languages, Persian language dialects, and others. The ethno-social composition of the region added to the variety of represented identities, with ethno-diversity greatly increasing in the Soviet period, when hundreds of thousands of immigrants and deportees from different Soviet republics came to live in the region. According to the last official Census of the Soviet Union, there were more than a hundred ethnic groups living in Central Asia. For instance in Uzbekistan, the main ethnic groups were Uzbeks (14,142,475 persons), Russians (1,653,478), and Tajiks (933,560). Today, according to the latest Uzbek republic's data from the Ministry of Statistics, the population consists of 70 percent Uzbeks, 0.6 percent Russians, and 0.8 percent Tajiks.

A great number of the Central Asian people (especially, of course, those of Uzbek and Tajik descent) are bilingual, so to define identity through language choice would be inaccurate. The rich cultural and historical heritage of Uzbekistan, being a product of numerous nations that lived on this land, must be interpreted with these careful considerations in mind.

Another initiative that served the nation's cultural and patriotic revival included the revision of Central Asian history. Gross falsifications of the Soviet era historical records, filled with misinterpretations and propaganda, have demanded serious revision. As portrayed by Soviet historiography, Central Asia was annexed by the Russians and not conquered. Students knew the writings of Marx, Lenin, and other communist leaders very well, learning almost nothing about their own prominent ancestors.

Since the declaration of independence, the history of Central Asia has become a topic for an aggressive study. Special courses within a variety of educational establishments of the republics have been designed and promoted. At the same time, a new problem of incongruity in dating some historical events surfaced as a significant scholarly obstacle, once the new textbooks were published. But processes of history revision and rewriting were colored by the nationally driven search for identity in the new context of the world community. At the same time, new, often highly politicized, interpretations of the historical past had a negative impact on the credibility of the discipline. Today, there still seems to be no common methodology in the study of Central Asia as a whole, which could be adopted by the regional scholars; the same can be said about the in-country scholars. In my opinion, it is necessary for the research community to develop a common ground jointly, so that our studies of history and culture of the peoples

representing the region could complement each other's findings and mutually enrich our approaches.

Islam

One of the important aspects of Central Asian society is Islam. Throughout the centuries, Islam deeply influenced the traditions, customs, and identity of the peoples of Central Asia. At the same time Central Asia made a significant contribution to the development of Islam. Such religious leaders as Bohovudin Naqshbandi (1317–1389), Ahmad Yassavi (died 1166) and Nahmiddin Qubro (1145–1221) are famous in the Islamic world, as well as the important theological figure Iman Ismail Muhammad al-Bukhari (773?–870), whose collection of Hadiths, known as-Sahih, remains the most respected book after the Qur'an among the Hanafi Sunni Muslims. Similarly, Uzbek cities like Bukhara were famous as centers of Islamic education. Finally, Central Asia is home to perhaps the most moderate and tolerant of all Islamic branches.

But in the Soviet period, Islam was suppressed, especially during the Soviet antireligious campaign in the 1930s and in subsequent years. Traditional Islamic education was almost destroyed and the traditional transmission of basic Islamic knowledge was interrupted. Religious study was prohibited, as was the study of the writings of historical state leaders. Only during World War II did the situation change a little, when the Soviet government created four regional Muslim spiritual directories, with the largest one located in Tashkent (Akiner 1990).

The Soviet regime was disconnected from traditional Islamic education in Uzbekistan and Central Asia. As a result, new generations of Central Asian people have no knowledge of Islam, with the exception of some specialists. Since the collapse of the Soviet Union, a great interest in Islam has been aroused in the former Soviet republics, including those in Central Asian. Post-Soviet Central Asian governments have supported the revival of Islam and Islamic traditions. In particular, the Uzbek government reinstated the religious holidays—Ruza Hayit and Kurban Hayit. The government is financially supporting Uzbekistani citizens for annual pilgrimages to Mecca. During the Soviet period until 1989, the first two *madrassas* (religious schools) in the Soviet Union were reopened in Bukhara. In Tashkent, in the post-Soviet period, the number of *madrassas* reached nine. Now they are called colleges, and include in their curricula computer science, philosophy, law, English and other courses. In several Central Asian republics, Islamic universities were created, and the Tashkent Islamic University (1999) is one of them (Toshkent Islom Universiti 1997).

At the same time, at end of the 1980s and the beginning of 1990s, a number of religious missionaries, including Muslim ones and representing a

variety of sects, began to arrive in Central Asia from abroad. Soon certain activities of some of these newcomers brought to the surface discussions that resulted in large differences of opinion among the religious leaders. Sometimes, they trained young boys after class. The activities of such missionaries have not been well researched.

In the mid-1990s in Central Asia, there were very active extremist movements, like Hizb-ut-Tahrir and others.[6] As a result, the government had to use strong measures against the extremist flow. Yet, it is necessary to clearly distinguish between harmless believers who turn to faith in their attempts to learn about their ancestors and themselves, and the extremists and/or criminals with a fundamentalist agenda, so often remote from the deep spiritual values of Islam. The Islamic tradition is inevitably a key element in the process of forming a new national identity and the issue appears to be particularly sensitive.

International Relations

The achievement of independence allowed Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan to make free choices in their sovereign development and open possibilities to establish external links. However, there were a number of problems. First, Central Asian republics had no experience in world politics, because in the Soviet period they were deprived of the possibility of directly entering the international community, lacked their own foreign policy institutions and lacked the right to establish independently external links. Second, the collapse of the Soviet Union remained a serious problem, which was the break-up of economic ties between the former Soviet Republics, and deteriorating economic, political, and ethnic situations. Besides, the collapse of the Soviet Union revealed a number of significant problems, including territorial issues and the boundary demarcation between the former Soviet republics. However, despite these difficulties, the regional republics have managed to resolve some parts of delimitation on a mutually beneficial basis. In addition, the newly independent republics in Central Asia should be more careful in resolving the problem of precise definition of disputed land, and not be guided by emotions but should settle problems and conflicts of interstate delimitation

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[6] For more details, see Babadzhanov B. 2001 "On the Activities of Hizb-ut-Tahrir in Uzbekistan," in Malashenko A. and M.B. Olcott (eds.) *Islam in the Post-Soviet Newly Independent States: The view from Within*, Moscow: Carnegie Moscow Center Press; Bobobekov, U. 2001 "Spreading the Idea of the Hizb-ut-Tahrir in South Kyrgyzstan," in Malashenko A. and M.B. Olcott (eds.) *Islam in the Post-Soviet Newly Independent States: The View from Within*, Moscow: Carnegie Moscow Center; Tanyshalieva, A. 2004 "Hizb-ut-Tahrir's Increasing Activity in Central Asia," *Central Asia Caucasus Analyst.* (14 January), http://www.cacianalyst.org.

on the basis of mutual benefit and compromise. Third, the collapse of the Soviet Union created a new geological situation in Central Asia.

Presently many factors make Central Asia an important region in the world arena. First is Central Asia's geographic location among countries such as China, India, Russia, and Pakistan. Second is the availability of rich energy resources in Central Asia and the Caspian region. According to the Statistical Review of World Energy, the proven oil reserves in Kazakhstan are estimated at 9.0 billion tons and natural gas is estimated at 67.1 trillion cubic meters. Turkmenistan and Uzbekistan hold mainly huge natural gas reserves—102.4 trillion cubic meters and 65.3 trillion cubic meters, respectively (Amineh 2003). Third, Central Asia, and even more so Afghanistan, can also be regarded as a source of possible threats to other countries of the world because of the illegal drug production and trafficking, as well as terrorism.

All these and other factors have encouraged regional and global players to compete in Central Asia in the post-Cold War era. As a result, post-Soviet Central Asia is important for the geopolitical interests of the major powers: Russia, the United States, China, Iran, India, and other countries and major international organizations. From a strategic perspective, the Western countries have been attaching an increased importance to Central Asia's central location at the crossroads of Eurasia.[7]

The post-Soviet Central Asian republics tried to form new bilateral and multilateral relations. Within a short time, the Central Asia nations were formally recognized by many countries and established with most of them diplomatic ties and exchanged diplomatic missions. The region's countries have joined the main international and regional organizations, among them the United Nations (UN), Organization for Security and Cooperation in Europe (OSCE), and Economic Cooperation Organization (ECO).

Regional Cooperation

After the collapse of the Soviet Union, the Central Asian republics joined a number of regional organizations, including the ECO and the

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[7] See, for example, Akiner, S. (ed) 2004. *The Caspian: Politics, Energy and Securit*, London: RoutledgeCurzon Publishers; Amineh, M.P. and H. Houweling 2004/2005, *Central Eurasia In Global Politics: Conflict, Security, And Development*, Leiden and Boston: Brill Academic Publishers; Laumulin, M.T. 2005 *Sentralnaya Aziya v Zarubejnoy Politologii i Mirovoy Geopolitik*, Volume 1, Almaty: Institute of Strategic Studies; Allison R., and L. Jonson (eds.) 2001 *Central Asian Security*: The New International Context. London and Washington D.C.: The Royal Institute of International Affairs and Brookings Institution Press; Starr, F. "Making Eurasia Stable." *Foreign Affairs*, 75(1): 88–96.

Organizations of Islamic Conferences (OIC). The Central Asian nations have been co-founders of regional organizations, including the Central Asian Cooperation Organizations (CACO), EurAsEC, CIS, and SCO. From the beginning of the 1990s, the Central Asia states have sought a new model of development and integration. The countries of the region have common social, economic, environmental, and political problems and cooperation is necessary to solve these problems. The process of Central Asian inter-state cooperation began in January 1994. At a meeting in Nukus, Uzbekistan, the presidents of Kazakhstan and Uzbekistan signed a treaty creating a common economic space between the two countries. Later Kyrgyzstan and Tajikistan joined them, and in 1998 this cooperation was named the Central Asia Economic Forum. In February 2002, the CACO was officially created at the meeting of the presidents of Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan.

During these years of cooperation, the Central Asian states developed a number of programs and projects. In particular, in May 1996, a rail link Tejen-Serakhs-Meshkhed-Bandar-Abbas, which connects the railway systems of Central Asia with Iranian ports on the Persian Gulf and passes through Turkey to Europe. Reconstruction of the Tashkent-Andizhan-Osh-Sarytash-Irkeshtam motor highway would create conditions for intensive economic exchange between the Central Asian countries and China, and would promote the intensification of regional economic cooperation not only in Central Asia but also within the framework of the SCO and ECO.

Central Asia states have developed relations and joint programs with the United Nations Development Program (UNDP), European Union (EU), USAID, Asian Development Bank (ADB), and other international organizations. Of particular note are the EU TACIS creation and function of Central Asian agrarian market program, UN (UNDP) development of Ferghana Valley and rebuilding of the Great Silk Road, and others. In the TACIS framework, one well-known program; TRASECA (Transport Corridor Europe—Caucasus—Central Asia), is being developed.

There are many problems in the processes of the Central Asian integration, among which are the prevalence of national interests prevailing over the regional and the different customs policies of Central Asia. There are no information exchange programs (publications, TV programs, etc). A sociological survey among more than 50 experts from Central Asian republics, Russia, and the UK showed the main problems for regional cooperation: (1) different national interests and economic development (50 percent); (2) rivalry between Uzbekistan and Kazakhstan for leadership (35 percent); and (3) fear of subnational structures (300 percent). But some experts think that CACO is the first step on the way toward development and there are perspectives for a future development of cooperation. The majority of

specialists (95 percent) consider the EU and Association of Southeast Asian Nations (ASEAN) as good models for regional integration in Central Asia, but with local peculiarities.

The Central Asian republics should continue their interstate cooperation to find solutions to such issues as the problem of water sharing, furthering regional integration, joint expansion of economic cooperation, and solving regional security problems. In November 2005, at the meeting of leaders of CACO in St.Petersburg, it was decided to include the CACO in EurAsEC. EurAsEC was founded in 2000 to establish an economic zone comprising of Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan. Moldova, Ukraine, and Armenia have an observer status in the group. In the official media, the main reason for CACO joining EurAsEC and the creation of EurAsEC was that both organizations had similar purposes and joining would increase effectiveness. In January 2006, Uzbekistan became the sixth member of the Eurasian Economic Community (EurAsEC) at a summit in St. Petersburg.

Former Soviet republics also became founding members of the CIS during the meeting held in Alma-Ata on December 21, 1991. Representatives of the CIS member states meet regularly to discuss economic, military, political, and social issues of common interest. More than 2,000 agreements on various aspects of intra-CIS relations have been signed, but most of these agreements exist only on paper. However, its lack of a clear purpose, and different perceptions on the part of its members, all have called into question the future viability of the CIS as a supranational entity.

In 1996, the presidents of Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan established the Shanghai Five in order to resolve border disputes and to reduce the armed forces along their borders. The process started in 1996, and at a meeting in Shanghai on June 15, 2001, these countries founded the SCO. Also Uzbekistan joined the organization. During the meeting, the presidents signed a declaration establishing the SCO and the Shanghai Convention to Combat Terrorism, Separatism, and Extremism. It is clear that SCO is mainly supported by China, but for Central Asian countries, the interest in the organization is to build an alliance with Russia and with China and other countries in the struggle against militant Islamists, and to maintain stability in Central Asia. At a summit in St.Petersburg in June 2002, SCO leaders decided to create a secretariat in Beijing and an anti-terrorism center in Bishkek, but in 2002, at the Moscow summit, it was decided to move the counter-terrorist center to Tashkent. During the summit in Tashkent in June 2004, a counter-terrorist center was officially opened in Tashkent and nine documents were signed (*Narodnoe Slovo* June 9, 2004). Expansion of the SCO's activities in economic and other spheres was declared. According to the Russian president, the main results of the

Tashkent summit were the creation of an acting instrument for a holding policy in Central and South Asia.[8] In 2005, Iran, India, and Pakistan received observer status at SCO. In the future, the organization should broaden its activities in economies, transportation, human welfare, and other areas.

CONCLUSION

The Central Asian nations from the time of their creation by the Soviets in the 1920s-30s until the present have passed through a very complicated historical and political process. The break-up of the Soviet Union allowed the regional republics to begin the process of creating new national identities. The many sides of this process were manifested by interesting and not always balanced developments in cultural, spiritual, and political spheres.

Defining new state models and trying to find their place on the international arena, the Central Asian nations have to consider all of these beliefs and understandings; and the countries should continue the processes of political and economic reforms and civic institutional development. Regional cooperation in Central Asia can become an important factor in the maintenance of peace and security in the region, which are necessary for stable economic growth and development. Prospects of economic integration development in Central Asia and the speed and scale of these processes will depend on the readiness of the nations to carry out proper reforms and introduce the types and methods of economic regulation adopted in the world practice. Interaction within the framework of the regional organizations should promote development of wide integration processes in the region. It is extremely important for major powers to help the Central Asian nations in promoting democracy, and to do it in an evolutionary, and not revolutionary, manner.

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[8] ITAR-TASS, June 17, 2004, http://www.kremlin.ru.

XII. Central Asia since the Dissolution of the Soviet Union:[1] Economic Reforms and Their Impact on State-Society Relations

Richard Pomfret

ABSTRACT

In late 1991, with the sudden collapse of the Soviet Union, the five Central Asian republics became independent countries. The completely unexpected challenges of nation-building were superimposed on the transition from a centrally planned economy. Within the common bounds of resource-based economies and autocratic regimes, the five countries gradually became more differentiated as their governments introduced diverse national strategies for transition to a market-based economy. This chapter describes the different economic polices adopted by Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan and analyzes the outcomes.

INTRODUCTION

This chapter analyzes the economic experience of the five Central Asian countries that became independent following the dissolution of the Soviet Union in December 1991. The countries contain almost 60 million people: 26 million in Uzbekistan, 15 million in Kazakhstan (which has a larger gross domestic product [GDP] than Uzbekistan), and 5–7 million each in Kyrgyzstan, Tajikistan and Turkmenistan. From being part of one of the two superpowers and believing themselves to be living in an economically developed country, their citizens have suffered traumatic declines in living standards, increased economic uncertainty, and growing inequality and poverty.

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[1] This chapter draws on material in my book (2006) *The Central Asian Economies since Independence.* Princeton NJ: Princeton University Press.

The first two sections of this chapter provide a brief review of the historical background and an overview of the five countries' post-independence macroeconomic performance. Despite the similarities in initial conditions, national economic policies and economic performance have differed substantially since independence, and section 3 attempts to explain differences in macroeconomic outcomes. All five countries specialize in primary products and have open economies, and section 4 traces developments in the countries' international economic relations, focusing on the choice between various regional options and multilateralism. Section 5 examines the situation since 9/11, when Central Asia assumed a higher profile on the world stage. The final section draws conclusions.

The main conclusion with respect to state-society relations is that, despite the similarity of the Central Asian countries' historical legacies and super-presidential political systems, substantial differences in economic policies and performance are creating more differentiated societies. For example, Kyrgyzstan and, to a lesser extent, Kazakhstan have democratic elements akin to Turkey, while Uzbekistan and especially Turkmenistan have despotic secular regimes more similar to Ba'athist governments or Saddam Hussein's Iraq. Despite expectations that the end of Soviet rule would be followed by revived links to culturally related countries in the Greater Middle East (GME), the Central Asian countries have, since independence, developed their own national economic and social systems with little regard for promoting ties with their southern and western neighbors. Especially since the turn of the century, the principal external poles of attraction have been a revived Russian influence and links with China rather than the GME.

BACKGROUND

The Central Asian region was once part of the GME. Arabs and Persians brought Islam to the region, and Bukhara became an important center of Islamic learning until Chinggis Khan sacked the city in 1220. Turks and Mongols struggled for supremacy, establishing far-flung empires, such as that which Tamerlaine ruled from Samarkand in the fourteenth century. With the displacement of overland travel by sea routes between Europe and Asia, however, the economic significance of the region and its external links atrophied. It was ruled by local despots and ignored by outsiders, until it became the object of imperial competition between Russia and England. The nomads of modern Kazakhstan were gradually absorbed into the Russian empire in the eighteenth century. Beginning with Tashkent in 1865 the rest of Central Asia was conquered by Russia in the second half of the nineteenth century and brought into the Russian imperial economy. After

1917, Central Asia was integrated into the Soviet economy and increasingly insulated from its neighbors to the south and east.[2]

During both the Tsarist and Soviet eras, the Central Asian region was effectively treated as a single economic unit. The southern area became specialized in cotton production after the 1860s, and subsequent railway construction integrated the region into the Russian imperial economy. After the 1917 Revolution, the Central Asian region became part of the Soviet Union, and by the 1930s was divided into five republics whose boundaries form the basis for today's five countries. The economic role of the Central Asian republics was primarily as a supplier of raw materials to the more industrialized areas of the Soviet Union. The focus on cotton was strengthened, especially after construction began on the Karakum Canal in the 1950s, but it was complemented by the exploitation of energy and mineral resources and by some industrial development.

In the Soviet economy goods and services moved without attention to republic borders. At the same time as they were open to intra-Soviet Union trade, the republics were closed to external trade. Thus, although their ratio of trade to output was comparable to that of similar-sized Canadian provinces, the share of international trade in the Central Asian republics' total trade was small (10–15 percent, compared to 34–61 percent for Canadian provinces) (IMF 1992). The inward-oriented trade patterns within the centrally planned Soviet economy were reinforced by transport, pipeline, and other communications facilities, which all led to Russia or passed through a Moscow hub.

The extent to which the people benefited or suffered from being part of the Russian empire as opposed to remaining independent like Afghanistan or Iran or being part of British India like Pakistan is incalculable. The five Central Asian republics were, with Azerbaijan, the poorest Soviet republics. Estimates for 1990 (Table 12.1a) placed Kazakhstan's GDP per capita slightly below that of Iran, while the other four Central Asian republics were on a par with Turkey, but these are fraught with problems of measuring output in a planned economy and of the appropriate exchange rate for international comparison (Pomfret 1995). Subsequent experience suggests that estimates of Soviet consumption levels were too high. However, Soviet

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[2] The southern border was especially sensitive; British troops briefly occupied Baku and Ashgabat after Russia made peace with Germany, and rebels fought for an independent Turkestan in the early 1920s. The Soviet Union was influential in western China in the 1930s and 1940s, but after the Sino-Soviet split, the border with China was almost completely closed. In the 1980s, Central Asia was an important staging post for the war in Afghanistan.

Tables 12.1

Republics of the Soviet Union
(a) Initial conditions

Republic	Population (million) mid-1990	Per cap GNP[a] (1990)	Gini coeff (1989)	Poverty (% of pop)[b] (1989)	Terms of trade[c]
Soviet Union	289.3	2870	0.289	11.1	
Kazakh	16.8	2600	0.289	15.5	+19
Kyrgyz	4.4	1570	0.287	32.9	+1
Tajik	5.3	1130	0.308	51.2	−7
Turkmen	3.7	1690	0.307	35.0	+50
Uzbek	20.5	1340	0.304	43.6	−3
Armenia	3.3	2380	0.259	14.3	−24
Azerbaijan	7.2	1640	0.328	33.6	−7
Georgia	5.5	2120	0.292	14.3	−21
Belarus	10.3	3110	0.238	3.3	−20
Moldova	4.4	2390	0.258	11.8	−38
Russia	148.3	3430	0.278	5.0	+79
Ukraine	51.9	2500	0.235	6.0	−18
Estonia	1.6	4170	0.299	1.9	−32
Latvia	2.7	3590	0.274	2.4	−24
Lithuania	3.7	3110	0.278	2.3	−31

Notes: (a) GNP per capita in US dollars, computed by the World Bank's synthetic *Atlas* method; (b) Poverty is defined as individuals in households with gross per capita income less than 75 rubles; (c) Impact on the terms of trade of moving to world prices, calculated at a 105-sector level of aggregation using 1990 weights; (d) The annual increase in the consumer price index, end of year.
Sources: columns 1 and 2, World Bank (1992); columns 3 and 4, Atkinson and Micklewright (1992, Table U13), which is based on Goskomstat household budget survey data; column 5, Tarr (1994).

Central Asia had a reasonable public infrastructure and, most important, the social sectors were expanded, leading to universal literacy and increased life expectancy.

After the dissolution of the Soviet Union, the Central Asian countries were among the Soviet successor states most subject to a severe negative economic shock. None had anticipated the dissolution of the Soviet Union before its final months, and all were totally unprepared for the severing of Soviet ties. The five countries had no history as nation states before 1992, and the completely unexpected challenges of nation-building were super-imposed on the transition from a centrally planned economy, which had begun in the late 1980s but had little influence on Central Asia before the

(b) Maddison's estimates of per capita GDP at PPP

Republic	1973			1990			1998		
	Pop.	GDP	GDP p.c.	Pop.	GDP	GDP p.c.	Pop.	GDP	GDP p.c.
Soviet Union	249.7	1,513	6,058	289.4	1,988	6,871	290.9	1,132	3,893
Kazakh	13.8	105	7,593	16.7	122	7,305	15.6	75	4,809
Kyrgyz	3.2	12	3,702	4.4	16	3,592	4.7	10	2,042
Tajik	3.2	13	4,105	5.3	16	2,995	6.1	5	830
Turkmen	2.4	11	4,795	3.7	13	3,626	4.8	8	1,723
Uzbek	13.1	67	5,118	20.5	87	4,264	24.1	79	3,296
Armenia	2.7	17	6,189	3.3	20	6,142	3.8	13	3,341
Azerbaijan	5.5	24	4,458	7.1	33	4,681	7.7	16	2,135
Georgia	4.9	29	5,894	5.5	41	7,569	5.4	15	2,737
Belarus	9.2	48	5,234	10.3	73	7,153	10.2	59	5,743
Moldova	3.7	20	5,379	4.4	27	6,211	3.6	9	2,497
Russia	132.7	872	6,577	148.3	1,151	7,762	146.9	664	4,523
Ukraine	48.3	238	4,933	51.9	311	5,995	50.3	127	2,528
Estonia	1.4	12	8,656	1.6	17	10733	1.5	15	10118
Latvia	2.4	19	7,780	2.7	26	9,841	2.4	15	6,216
Lithuania	3.2	25	7,589	3.7	32	8,591	3.7	22	5,918

Notes: Pop = mid-year population in millions; GDP = gross domestic product in billion 1990 international dollars; GDP p.c. = gross domestic product per capita in 1990 international dollars.
Source: Maddison (2001: 183–5).

Soviet economic system began to unravel in 1991.[3] The indigenous capacity for economic management was limited because, during the Soviet era, development strategies were determined in Moscow.

All five countries suffered serious disruption from the replacement of the Soviet Union by fifteen independent countries. Demand and supply networks based on undervalued transport inputs quickly collapsed in the early 1990s. The shift to world prices nationally benefited the energy exporters, Kazakhstan and Turkmenistan (table 12.1a, final column), but in the

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[3] Akçali analyses the political and social challenges to nation building in Central Asia. The present chapter focuses on economic aspects (see Akçalı, P. 2004 "Nation-State Building in Central Asia: A Lost Case?" in M.P. Amineh and H. Houweling (eds.), *Central Eurasia in Global Politics: Conflict, Security and Development*, Leiden and Boston: Brill Academic Publishers, 95–115).

Table 12.2

Growth in real GDP 1989–2005 (percent)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	1999; 1989 = 100
Kazakhstan	0	0	−13	−3	−9	−13	−8	1	2	−2	2	63
Kyrgyz Rep	8	3	−5	−19	−16	−20	−5	7	10	2	4	63
Tajikistan	−3	−2	−7	−29	−11	−19	−13	−4	2	5	4	44
Turkmenistan	−7	2	−5	−5	−10	−17	−7	−7	−11	5	16	64
Uzbekistan	4	2	−1	−11	−2	−4	−1	2	3	4	4	94

Source: European Bank for Reconstruction and Development 2001 *Transition Report Update*. April. London: EBRD, 15.

	1998	1999	2000	2001	2002	2003	2004	2005
Kazakhstan	−2	3	10	14	10	9	9	9
Kyrgyz Rep	2	4	5	5	0	7	7	5
Tajikistan	5	4	8	10	9	10	11	8
Turkmenistan	7	17	19	16	8	8	7	7
Uzbekistan	4	4	4	4	3	2	6	4

Notes: 2004 = preliminary actual figures from official government sources. Data for 2005 represent European Bank for Reconstruction and Development (EBRD) projections.
Source: European Bank for Reconstruction and Development 2005 *Transition Report Update*, May. London: EBRD: 13.

short term the two countries were unable to realize these gains due to their dependence on Russian pipelines. All five countries suffered from disrupted supply chains and higher prices for imports. Imminent economic collapse was signaled in falling output and rising prices in 1991 (Tables 12.2 and 12.3), but it became much worse after the formal dissolution of the Soviet Union removed residual central control over the Soviet economic space. Attempts to maintain economic links by retaining the ruble as a common currency in 1992–3 exacerbated the problem of hyperinflation and had been abandoned by the end of 1993.[4]

In the decade after independence, the political leaders cemented their personal power by creating super-presidential regimes, in which the balance

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[4] The situation before independence and the immediate post-independence period (1992–3) are analyzed in Pomfret, R. 1995 *The Economies of Central Asia*. Princeton NJ: Princeton University Press; For alternative accounts of the region's economic development during the 1990s see Islamov, B. 2001 *The Central Asian States Ten Years After: How to Overcome Traps of Development, Transformation and Globalisation?* Tokyo: Maruzen; Gleason, G. 2003 *Markets and Politics in Central Asia*, Routledge: London.

Table 12.3

Inflation (change in consumer price index) 1991–2005 (percent)

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Kazakhstan	79	1,381	1,662	1,892	176	39	17	8	7
Kyrgyz Rep	85	855	772	229	41	31	26	36	12
Tajikistan	112	1,157	2,195	350	609	418	88	28	43
Turkmenistan	103	493	3,102	1,748	1,005	992	84	24	17
Uzbekistan	82	645	534	1,568	305	54	59	29	18

Source: European Bank for Reconstruction and Development 2001 *Transition Report Update.* April London: EBRD, 16.

	1998	1999	2000	2001	2002	2003	2004	2005
Kazakhstan	7	8	13	8	6	6	7	7
Kyrgyz Rep	11	36	19	7	2	3	4	3
Tajikistan	43	28	33	39	12	16	7	7
Turkmenistan	17	24	8	12	11	7	11	10
Uzbekistan	29	29	25	27	28	10	15	13

Notes: 2004 = preliminary actual figures from official government sources. Data for 2005 represent EBRD projections.
Source: European Bank for Reconstruction and Development 2005 *Transition Report Update.* May. London: EBRD, 14.

of power between executive and legislature was overwhelmingly weighted towards the former. The inherited political structures were identical and in four of the countries secretaries appointed by Mikhail Gorbachev remained in power as national presidents. Tajikistan was the only one of the five countries that did not evolve peacefully from a Soviet republic to independent state under unchanged leadership. The bloody civil war 1992–3, which reignited in 1996–7, dominated political developments and delayed implementation of a serious and consistent economic strategy, but by the end of the decade the president had constructed a political system similar to that of his neighbors.

Within the common bounds of resource-based economies and autocratic regimes, the five countries gradually became more differentiated as their governments introduced national strategies for transition to a market-based economy. Kyrgyzstan embraced the advice from western institutions and advocates of rapid change and, within limits, its president fostered the emergence of the most liberal regime in the region; one indicator is that, in July 1998, it became the first Soviet successor state to accede to the World Trade Organization (WTO). Kazakhstan is also considered a reformist regime, although the country has many similarities to Russia in the way that privatization created powerful private interests that distorted

the reform process (Kalyuzhnova 1998; Olcott 2002).[5] The other three Central Asian countries were slower to stabilize the macroeconomy (Table 12.3). In Tajikistan the civil war destroyed the planned economy and effectively privatized economic activity without the institutions, such as security of contract, crucial to efficient operation of a market economy; since the 1997 peace agreement, it is considered to be a delayed reformer, but institutions remain weak. Turkmenistan's regime became personalized and autocratic, pursuing a policy based on neutrality and economic independence, with minimal economic reform (Ochs 1997; Lubin 1999; Pomfret 2001). Uzbekistan has also remained a tightly controlled political system, but with nothing resembling the personality cult of Turkmenistan. Uzbekistan has been cautious in reforming the economy but during the 1990s, it was the most successful of all Soviet successor states in terms of output performance (Pomfret 2000; Spechler 2000). By the early twenty-first century, all five countries had essentially completed the process of nation building and the transition from central planning.

MACROECONOMIC PERFORMANCE DURING THE FIRST DECADE AFTER INDEPENDENCE

There is little doubt that the people of Central Asia experienced a huge economic shock in the early 1990s. Measuring the size of the economic decline both across countries and over time is, however, problematic due to the massive systemic shift from central planning (Bloem et al. 1998).[6] The

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[5] An important difference to Putin's Russia is the personal wealth of the president and his relatives, which is more reminiscent of Soeharto's Indonesia. Since the turn of the century, it is unclear how strong the position of the financial/economic/media groups is, and whether the president is the biggest oligarch or the defender of the public interest against the ten mega-holdings which control over four-fifths of the economy (a claim made, for example, in President Nazarbayev's speech opening Parliament on November 3, 2004).

[6] The output mix was substantially transformed after the end of central planning. Major producers collapsed and new goods and services appeared, raising index number issues, including the extreme problem of valuing new or obsolete goods and services. Apart from the issue of choosing appropriate relative prices, there is a practical problem of using aggregate price indices during the years of hyperinflation; the numbers for 1991–95 in Table 3 are imprecise and whether annual inflation is 1500 percent or 2000 percent makes little economic difference, but it affects calculations of real GDP. On the quantity side, data collection problems reflect the low priority given to statistical offices during the initial period of nation building, and the changing incentives to reporting. During the Soviet era managers over reported output and included in output some items, which were of no practical value, just to meet plan targets. After the transition to a market-based economy, the incentives shifted towards under-reporting in order to avoid taxes or other unwanted attention from the government. There was, however, under reporting in the Soviet era, especially of production on household plots, and services were not included in the net material product.

issues are especially pressing for the first half of the 1990s, but they affect our assessment of the entire post-independence period because measures of, GDP which relate a year to a stable-based year, usually 1989 or 1991, are more useful than the volatile annual growth rates (Table 12.2).

The most used aggregate measures are the real GDP estimates reported by international agencies. Even if these capture output trends, they may fail to capture the decline in living standards in the early 1990s when resource flows from the rest of the Soviet Union were cut off, perhaps starting in 1990 and definitively over by the end of 1993.[7] Later in the 1990s, Kyrgyzstan benefited from substantial capital inflows from multilateral and bilateral official sources, but the other Central Asian countries received little net capital inflow, apart from military assistance to Tajikistan and some direct foreign investment in Kazakhstan. In sum, gross national expenditure probably fell by far more than output in the early 1990s.

On top of these general data problems are country-specific issues. Tajikistan was devastated by a civil war, which lasted for much of the 1990s, and even after the 1997 peace agreement, the central government did not control all of the national territory. In Turkmenistan, and to a lesser extent in Uzbekistan, old attitudes persist about information being power and about associated practices of data manipulation or secrecy. The Turkmenistan data have often been queried by the multilateral agencies and are the least reliable in the Commonwealth of Independent States (CIS).

Despite this catalogue of problems, the data in Table 12.2 continue to be used. This is primarily because the general patterns correspond with other evidence, including casual observation.[8] The economic decline in

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The difficulty is not only that the extent of under-reporting is higher now, but that it is non-random; the more market-oriented economies are likely to have larger service sectors, and all available estimates suggest a dichotomy between the large shadow economies of the Kyrgyzstan, Tajikistan, and Kazakhstan and the smaller shadow economies in Uzbekistan and Turkmenistan.

[7] The interrepublic flows in the Soviet Union are difficult to measure because the Soviet economy was treated as a single unit and large flows took place within all-Union enterprises. Outsiders have estimated the net flow to the Kyrgyz republic in the late 1980s at around a seventh of the republic's gross product (Pomfret 1995; Griffin 1996), but Central Asian economists have argued that the net inflow was much smaller or even that Central Asia subsidized the rest of the Soviet Union through Moscow-manipulated transfer pricing (Islamov 2001).

[8] Rapid surveys were used to assess immediate needs in the early 1990s (e.g.) Howell, J. 1996 "Poverty and Transition in Kyrgyzstan: How some households cope." *Central Asian Survey*. 15(1): 59–73 on the southern districts of Kyrgyzstan) and more recently qualitative methods have been used to conceptualize interactions between social, economic, and psychological elements of changes in living standards (see, for example, Kyrgyzstan Kuehnast, K. 2003 "Poverty Shock: The Impact of RapidEconomic Change on the Women of the Kyrgyz

Tajikistan has been traumatic, and living standards have fallen to the levels of the least developed countries. Kazakhstan and Kyrgyzstan both suffered substantial setbacks during the first half of the 1990s, although the extent is debatable, and both economies have been growing since then, with the Kazakh economy especially buoyant with the high oil prices of the early 2000s. Uzbekistan is the main economic puzzle. Its relatively good GDP performance during the 1990s may in part be a statistical artifact due to fewer underreported unofficial activities and some overvaluation of the official economy, but even the regime's critics acknowledge that this is not the whole explanation (Taube and Zettelmeyer 1998). The Uzbek economy genuinely suffered a smaller transitional recession than other former Soviet republics, and contrary to some predictions, it experienced positive economic growth after the mid-1990s, although its performance is less than good since the turn of the century. Turkmenistan's performance is the most controversial, and independent checks on official data are scarce. Despite positive GDP figures the country has suffered palpable economic decline, but energy revenues and political stability have contributed to its being less dramatic than in Tajikistan.

Since 2000, the comparative situation has been complicated by the global boom in oil prices. Since the turn of the century Kazakhstan, as a significant oil producer, which by coincidence also had major new discoveries coming on line, has experienced an economic boom, and its position as the richest Central Asian country has been accentuated. For Turkmenistan, the energy boom appears to have alleviated pressures to change the country's poor economic policies, but the opaque statistical situation in Turkmenistan makes any definite judgment hazardous.[9] Both gradual-reforming Uzbekistan and

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Republic," in N. Dudwick, E. Gomart and A. Marc with K. Kuehnast (eds.) *When Things Fall Apart: Qualitative Studies of Poverty in the Former Soviet Union*, Washington D.C.: World Bank, ch. 3; Tajikistan, Gomart, E. 2003 "Between Civil War and Land Reform: Among the Poorest of the Poor in Tajikistan." in ibid., ch. 4; Uzbekistan Gomart, E. 2003 "Standing on a Knife's Edge: Doing Business in Uzbekistan," in ibid., ch. 5. Both of these approaches rely on small and possibly unrepresentative samples, which make generalization of the results difficult, but the patterns of traumatic economic decline during the first half of the 1990s, especially outside the capital cities, are incontrovertible. The household survey data (analyzed in Anderson, K.H. and R. Pomfret 2003 *Consequences of Creating a Market Economy: Evidence from Household Surveys in Central Asia*. Cheltenham: Edward Elgar) also present a picture of extensive poverty in the early and mid-1990s.

[9] The reliability of data is an issue throughout this region, but, apart from the war years in Tajikistan, the situation is clearly worst in Turkmenistan. The figures quoted in the Tables are from international institutions, and it is important to stress that, while these organizations adjust data for definitional consistency, the raw data that come from national sources and international organizations have no way of correcting undisclosed collection or reporting biases.

rapid-reforming Kyrgyzstan have enjoyed less than spectacular growth, and clearly have lower living standards than Kazakhstan. Tajikistan is even worse placed; the economy has slowly recovered from a very deep trough, and Tajikistan now ranks among the world's poorest nations.[10]

EXPLAINING PERFORMANCE: INITIAL CONDITIONS VERSUS NATIONAL POLICIES

The five countries' economic performance since independence has mostly been analyzed within the context of how over two dozen countries in Eastern Europe and the former Soviet Union had abandoned central planning within a few years of one another. The initial debate over what separated the more successful from the less successful transition economies centered on the speed and extent of reform. The econometric evidence has been inconclusive over whether performance has been related to reform. Some have argued that initial conditions were crucial, but here too the evidence is inconclusive because quantitative indices of initial conditions are contentious. The eastern European countries as a group outperformed the CIS countries, but whether that reflects superior policies or better initial conditions is difficult to identify.[11]

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[10] By 2000, Tajikistan with a national income per capita of US$180 was poorer than most of sub-Saharan Africa or the poorest countries of Asia. At purchasing power parity (PPP) the Central Asian countries' incomes are higher. Tajikistan's 2000 GNI per capita at PPP is US$1090. Corresponding figures for Kyrgyzstan are US$270 and US$2540 (PPP); for Uzbekistan US$360 and US$2360 (PPP); for Turkmenistan US$750 and US$3820 (PPP); and for Kazakhstan US$1260 and US$5490 (PPP); These figures are from the World Bank 2002 *World Development Indicators*, http://www.worldbank.org. As emphasized above, care needs to be taken in interpreting the national accounts data, and PPP conversions are even less firmly based. By Maddison's PPP estimates, Tajikistan's 1998 per capita GDP of US$830 (Table 1b) was about the same as that of Haiti or Bangladesh, only Afghanistan had lower per capita GDP in Asia, and in Africa only thirteen of the 42 countries for which Maddison provides estimates had lower per capita GDP than Tajikistan.

[11] The econometric literature is reviewed in Pomfret, R. 2002 *Constructing a Market Economy: Diverse Paths from Central Planning in Asia and Europe.* Cheltenham: Edward Elgar, 90–3 and in World Bank 2002 *Transition: The First Ten Years*, Washington DC. Among the studies finding a primary role for reform, policies are a series of papers by IMF economists (e.g., Fischer, S., R. Sahay and C. Végh 1998 "From Transition to Market: Evidence and Growth Prospects," *IMF Working Paper WP/98/52*, Washington DC: International Monetary Fund; Fischer, S. and R. Sahay 2000 "The Transition Economies after Ten Years," *IMF Working Paper WP/00/30*, Washington DC: International Monetary Fund). Initial conditions are the strongest determinants in the econometric work of EBRD economists Falcetti, E., M. Raiser and P. Sanfey 2000 "Defying the Odds: Initial Conditions, Reforms and Growth in the First Decade of Transition," *EBRD Working Paper No. 55*, London: European Bank for Reconstruction and Development, although they find that some countries defied the

That is not to say that we have learned nothing from the econometric studies. Conflict has been bad for growth; countries with civil or interstate wars have been slow reformers and had a poor growth record. High inflation is bad for growth, although moderate inflation is less clearly harmful.[12] Although there are debates about the threshold, all transition economies quickly recognized the costs of hyperinflation and, whether they were committed to structural reform or not, they all sooner rather than later attacked hyperinflation with standard monetary policy weapons.

National case studies are a complement to the econometric work. Central Asian countries offer a fascinating natural experiment, with their similar initial conditions and radically different approaches to creating market-based economies. On more detailed investigation, however the situation is less clear than this simplified characterization suggests. Initial conditions did vary, ranking by degree of reform is not as straightforward as simple transition indicators suggest, and policymaking has not always been consistent over time.

Kazakhstan

At independence Kazakhstan appeared to be the best placed among the Central Asian countries. Per capita incomes were substantially higher than those of the four southern countries, and this was reflected in higher education and other human capital indicators. Moreover, the resource endowment, with substantial energy and mineral resources, which were underpriced in the Soviet Union, held great potential. Indeed, the oil reserves were about to be tapped by the Chevron-Tengiz project, which was the largest foreign investment agreement signed in the Soviet Union. In 1992, Kazakhstan took the lead in economic reform, following Russia's price reform with fewer exceptions than other Central Asian countries.

Kazakhstan did, however, face two serious obstacles. It was the only Central Asian country where the titular nationality was not in the majority. In the 1989 census the population was approximately two-fifths Kazakh, two-fifths Russian and one-fifth other ethnic groups. Following the dissolu-

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odds by performing better, or worse, than initial conditions suggested and that the effect of initial conditions diminishes over time.

[12] The idea of a threshold value beyond which inflation is harmful to growth was popularized by Bruno, M. and W. Easterly 1998 "Inflation Crises and Long-Run Growth," *Journal of Monetary Economics*. 41(1): 3–26, although their threshold of forty percent now appears too high. Focusing only on transition economies, Christoffersen, P. and P. Doyle 1998 "From Inflation to Growth: Eight Years of Transition," *IMF Working Paper WP/98/100*, Washington DC: International Monetary Fund estimated a threshold of thirteen percent.

tion of the Soviet Union, Kazakhstan experienced a brain drain as the substantial German population sought to take advantage of Germany's blood-related citizenship law. Many of the Russian population, fearing Kazakhization, also chose to emigrate. The emigrants were not randomly drawn, as they tended to come from among the better educated, thus eroding Kazakhstan's human capital advantage. The large remaining Russian population was heavily concentrated in the north and east, close to the Russian border, and posing a potential secessionist threat, which has had a powerful political influence. Kazakhstan's president has been the major advocate of retaining some form of common economic space with Russia and the national capital has been relocated from Almaty in the southeast to Astana in the center north.

The second obstacle to fulfilling Kazakhstan's economic potential was connected to the oil sector. The only outlets for Kazakhstan's oil were pipelines through Russia, and Russia exploited its monopoly position by regulating flows and levying high tariffs. Despite many plans for alternative pipelines, the position a decade after independence was essentially unchanged, with small amounts of oil being shipped across the Caspian Sea but most still being exported by Russia. Only in 2003 was agreement finally reached on the Baku-Tbilisi-Ceyhan (BTC), whose construction was completed in 2005; also in 2005 construction began on a pipeline from central Kazakhstan to the Chinese border.

Oil has played a key role in Kazakhstan's economic and political development. The privatization program of the mid-1990s had similarities to that of Russia, with insiders and politically well-connected people gaining control over the valuable assets. The regime became more autocratic and the system more corrupt. Economic reform stalled in the mid-1990s, and in 1995 Kazakhstan ranked behind both Kyrgyzstan and Uzbekistan, according to the EBRD transition indices.

Explanation of Kazakhstan's disappointing economic performance over the period 1992–5, when estimated GDP fell by almost half, is overdetermined. The initial conditions in terms of resource abundance proved to be negative, because the resources could not be exported at world prices and because of the associated political economy factors. The limited extent of economic reform and crony capitalism also inhibited healthy economic development in the mid-1990s. In 1996–7 Kazakhstan's economy began to grow, but it was hard-hit by the 1998 Russian crisis. Although the crisis itself was exogenous, the contagion effect reflected a relative failure to diversify Kazakhstan's international economic relations away from Russia.

Since 1999, the economic situation in Kazakhstan has turned around (Pomfret 2005b). The recovery from the 1998 crisis was driven by market forces and by good fortune. A sharp real depreciation of the currency

stimulated exports and helped to validate policymakers' understanding of market mechanisms. Recovery of world oil prices from their low of less than US$10 per barrel in 1998 reinforced the positive trade developments. At the same time, new offshore oil discoveries, including the largest new oilfield to be found in the world for over thirty years, and new pipeline routes have created unbounded optimism.

Kyrgyzstan

Kyrgyzstan, like Tajikistan, was a poor mountainous Soviet republic with few natural resources. Its economy was tightly linked to the Union economy and suffered substantially from the dissolution of the Soviet Union.[13] Although the Kyrgyz were in the majority, there was a large Slav minority in the north and a large Uzbek population in the south of the country. In the Soviet era the republic was associated with economic backwardness and conservatism, although an idiosyncratic development was the appointment in 1990 of a physics professor as first secretary.

From 1993 to 1998, Kyrgyzstan was by far the most reformist of the Central Asian republics. Whether this was because its president was the most liberal or whether he had the fewest options is debated. In May 1993, Kyrgyzstan was the first Central Asian country to replace the ruble by a national currency, and unlike the other countries, this was explicitly part of an economic reform program. Kyrgyzstan received the most support from the international financial institutions, and following their standard policy recommendations brought annual inflation down below 50 percent in 1995 (compared to 1996 for Kazakhstan, and later elsewhere in Central Asia). Prices were liberalized, the currency made convertible, and tariffs reduced. In July 1998, Kyrgyzstan became the first Soviet successor state to accede to the WTO.

Small-scale privatization also progressed rapidly. In other areas, however, reform was less smooth. Land privatization was delayed until 1998 and, even when accepted in principle, a five-year moratorium on transfer of ownership was imposed. Large-scale privatization also proved difficult in practice, partly due to unrealistic pricing of assts. The only large productive enterprise with a positive output record was the Kumtor goldmine operated as a joint venture with a Canadian company. The Kumtor mine

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[13] The largest single enterprise, a sugar refinery, which accounted for 3 percent of gross national product (GNP) in 1991, used cane sugar from Cuba as the raw material, and this supply link broke down completely. The other large industrial enterprises were part of the Soviet military-industrial complex and also encountered breakdown of their demand and supply chains after 1990.

was accounting for a sixth of GDP by the early 2000s, but front-loading of returns to the foreign investor meant that few benefits accrued to Kyrgyz residents.[14] Institutional reforms were often impressive on paper, but implementation was poor.

Economic performance was similar to that of Kazakhstan, with a substantial output decline followed by economic growth in 1996 and 1997. Whether this was a better achievement depends on a comparison of the initial conditions, which many saw as less favorable in Kyrgyzstan, and on evaluation of the role of foreign assistance. Kyrgyzstan was successful in cutting inflation, and yet it ran large fiscal deficits as tax revenues fell and public expenditures were not reduced in line; the general government budget deficit was reduced from a high of 17 percent of GDP in 1995 but was still 10–11 percent of GDP in 1999–2000 (Mogilevsky and Hasanov 2004). The situation was sustained by substantial IMF and World Bank financial aid, which enabled the central bank to limit inflationary financing of the budget deficit, but which leading to a rapid build-up of external debt.

The fragility of the Kyrgyz economy was exposed by the 1998/9, and banking sector assets fell from US$160 million to US$90 million at the end of 2000, that is, from 10 percent of GDP to 7 percent. The apparently extensive financial reforms of the mid-1990s were revealed to be fragile, and this was symbolic of much of the reform structure.

One consequence of the financial crisis was to stimulate a rethinking of economic policies. Concerns over the country's rising debt burden also contributed to rethinking of the adherence to the policies recommended by the international financial institutions, whose adoption was now seen as having been costly. After 1998, economic reforms were placed on hold for several years, although they began to move forward again in the early 2000s.

Economic performance in Kyrgyzstan has been difficult to evaluate. Its role as the reform leader in Central Asia led to anticipation of healthy growth. That this was not realized can be ascribed to poor initial conditions, poor implementation of reforms, or not staying the course after 1998. It may also be the case that the GDP figures understate actual performance. Certainly in the north, there is some economic vibrancy in Bishkek and in the resort areas of Lake Issykul, which cater to rich Kazakhs as well as the better-off domestic population.

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[14] Kumtor accounted for over two-fifths of industrial output, and its share of GDP was 16 percent in the first quarter of 2001 (Center for Social and Economic Research in Kyrgyzstan 2001).

Tajikistan

Tajikistan shared many of Kyrgyzstan's disadvantages, but these were compounded by a civil war in which tens of thousands were killed and half a million people were displaced in the first year after independence. The war fluctuated hot and cold over the next five years until the 1997 peace agreement brought opposition parties into the government. During the war period, roads, bridges, and other infrastructure were destroyed and much has still not been repaired. Many men left the country either for economic reasons or to avoid the draft.

Since 1997, government policies appear to be fairly liberal. The government has courted the international financial institutions and has largely followed their policy recommendations. Implementation has, however, been poor, especially in the late 1990s when the central government did not have full control over the national territory. After 9/11, President Rahmonov became more assertive in cleansing the government of opposition figures, with the tacit support of the West, which approved of his secular position and mistrusted the Islamic parties, and his establishing government control; but local warlords, outside the formal structure of the government or the pre-1997 opposition, continued to operate on their own account. The years of war and the burgeoning narcotics trade have hampered the emergence of civil society.

Economic performance has been disastrous. Output fell by two thirds in the early and mid-1990s. Lack of economic opportunity led many men to migrate to Russia in search of work and, because their remittances were largely brought back as cash and unreported, it is difficult to estimate how much this contributed to incomes.[15] Foreign assistance, mainly from Russia, was primarily military aid, which contributed little to the economy apart from leaving Tajikistan with the highest debt/GDP ratio of any Soviet successor state. Although some recent years have seen high annual growth rates, this is more indicative of the low base rather than of economic achievement.

Turkmenistan

The Turkmenistan economy, although historically one of the poorest republics in the Soviet Union, was experiencing rapid growth in the final Soviet decades. The construction of the Karakum Canal, begun in the 1950s, greatly increased the land area under cotton, and in the 1980s,

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[15] Many of the temporary emigrants have not sent remittances and appear to be establishing permanent residence in Russia, further complicating the impact on per capita income in Tajikistan.

natural gas production had been greatly increased. The shift from Soviet to world prices offered larger terms of trade gains to Turkmenistan than to any other Soviet successor state (Table 12.1).

Turkmenistan has the most personalized and autocratic regime in Central Asia. The president's absolute power is supported by control over the cotton and energy rents. Soon after independence he adopted a populist strategy of providing free water, electricity, gas, heating, salt, and other necessities up to certain limits intended to include most household consumption. He pursued a development strategy of import-substituting industrialization, centered on increasing value-added in the energy and cotton sectors.

The economic strategy was, however, undermined by the inherited infrastructure, which directed energy exports exclusively to the CIS. The monopsonistic buyers quickly ran up substantial arrears,[16] which Turkmenistan eventually addressed by the drastic measure of ceasing supply between 1997 and 1999. This is reflected in the pattern of GDP growth, but Turkmenistan's economic problems run deeper than a simple strategic blip in the late 1990s.

The economy is essentially unreformed. The central planning mechanisms were formally ended by Gorbachev and broke down in the early 1990s, but a functioning market economy has not been created. As far as possible, the president retains control over resource allocation decisions, which is relatively easy given the simple structure of the economy with its high dependence on energy and cotton exports, but is very inefficient. Repressive agricultural policies (Pastor and van Rooden 2000) and poor management have led to cotton yields falling by much more than in neighboring Uzbekistan. The import substitution projects probably have negative value-added (Pomfret 2001). The energy sector is more opaque and, despite continuing to attract foreign interest, it is hardly flourishing.

The data for Turkmenistan are the least reliable of any economy in transition and are manipulated for political impact. Nevertheless, it is clear to any observer that economic conditions have deteriorated substantially since independence, especially outside the capital city. Turkmenistan provides the strongest evidence that non-reform, autocracy, and poor economic management is a recipe for economic decline.

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[16] The arrears complicate Turkmenistan's national accounts because gas sales are recorded as exports valued at the contract price. The arrears appear in the capital account of the balance of payments as capital outflows from Turkmenistan, even though the foreign assets being accumulated were worth far less than their face value. The actual accounts are extremely opaque because revenues received from energy and cotton exports go into off-budget funds under the president's personal control.

Uzbekistan

Uzbekistan is, with twenty-six million people, the most populous of the Central Asian countries and its record since independence is the most controversial. Initial conditions were at first seen as neutral and its economic reforms have been cautious, but during the 1990s, its economic performance by the usual measures was the best of all former Soviet republics, including the rapidly reforming and geographically advantaged Baltic countries. The Uzbek government has had frosty relations with the international financial institutions, and this may have clouded judgments of what has become known as the Uzbek puzzle.

Uzbekistan illustrates the difficulty of determining what favorable initial conditions are. Its major export, cotton, was not underpriced in the Soviet Union, so Uzbekistan did not have the expected terms of trade gains that energy producers such as Kazakhstan or Turkmenistan anticipated. On the other hand, cotton was not restricted to fixed transport modes and it could be exported to new markets. Up to 1996, this advantage was enhanced by buoyant world prices for cotton. Uzbekistan's second most valuable export, gold, was even easier to export at world prices.

Another favorable initial condition was Tashkent's position as the regional capital of Soviet Central Asia. At a physical level, the principle that the Soviet successor states inherited assets in its territory meant that Uzbekistan gained the biggest air fleet and most military equipment in Central Asia. Uzbekistan Airways emerged as the only competitive international airline in Central Asia and remains one of the few state enterprises to have been successful in the new economic environment. Less tangibly, but perhaps more important, Uzbekistan inherited the most effective administrators in the region. Whether truly an initial condition or a result of technocratic leadership, good economic management is reflected in several features distinguishing Uzbekistan from its neighbors. The physical infrastructure has been relatively well kept up, both in the domestic transport network and in the irrigation canals that are crucial to the cotton economy. Corruption is widespread in all of Central Asia, but available evidence suggests lower levels in Uzbekistan than in the other four countries,[17] implying more effective central control and, admittedly by the low standards of the region a relatively high sense of public service.

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[17] See, for example, the results of the Business Environment and Enterprise Performance survey reported in the European Bank for Reconstruction and Development 1999 *Transition Report*. November, London: European Bank for Reconstruction and Development. Among the twenty transition economies covered by the BEEPS, Uzbekistan ranked about fourth for lack of corruption, ahead of several East European countries generally considered to be transition leaders.

The history of regional administration has contributed to a stronger sense of independence in policy-making. Uzbekistan has been skeptical of foreign advice, and unwilling to accumulate foreign debt, so its relations with the international financial institutions have been frosty. Uzbekistan has, however, not been a non-reformer. Small-scale privatization and housing reform were undertaken quickly. Macro-economic stabilization was not an initial priority, but after the collapse of the ruble zone at the end of 1993, Uzbekistan moved purposefully to reduce inflation. Macroeconomic policy in the two and a half years after January 1994 followed standard IMF advice, and relations with the international financial institutions improved over this period. In October 1996, however, despite having made commitments to the IMF to adopt current account convertibility, Uzbekistan responded to a balance of payments crisis by introducing forex controls.

The forex controls became symptomatic of Uzbekistan glacially slow progress on economic reforms since 1996. The controls were attractive because, together with the state order system for cotton and wheat, they underpinned a non-transparent but large taxation of the farm sector. That allowed Uzbekistan to maintain public revenues, and hence public expenditures without inflationary financing, and was instrumental in retaining a credible social safety net and the highest ratio of education spending to GDP in the CIS. Nevertheless, these benefits came at a high cost, as the controls hindered desirable resource reallocation to actual and potential export sectors. Although the government had recognized their cost by the end of the 1990s, the forex controls were a stumbling block to reform, even as the government professed a desire to abolish them. In 2001 temporary import duties were imposed ostensibly to reduce the black market premium prior to establishing currency convertibility, but the main effects were to put small traders (a dynamic and pro-reform group) out of business and to encourage cross-border shopping and smuggling. Even after the controls were formally abolished in late 2003, many practical limitations on access to foreign exchange remained.

Overall, Uzbekistan has been becoming a gradually more market-oriented economy, albeit with substantial government direction. Government intervention, apart from the controls on cotton and wheat, tends to follow a version of the Asian developmental state model rather than the crude controls of Turkmenistan. Uzbekistan's financial sector remains dominated by a state-owned bank, and financial repression is severe. Elsewhere, however, the government is bringing market forces to operate, for example, in rail transport and in some utilities. A key distinction between Uzbekistan and Kyrgyzstan or Tajikistan is that Uzbekistan's legislative record is less reformist but its implementation is more effective.

The Uzbek puzzle is how to explain the good economic performance of a lagging economic reformer. It is partly a matter of overestimating

performance, but it has much more to do with underestimating reform progress and, especially failure to recognize the key importance of infrastructure and the institutional setting in which markets function. Uzbekistan is not an open society, and this may stifle economic progress; but it has a relatively well-managed economy and this feature helped to minimize the extent of the transitional recession. The absence of reform may have just delayed rather than avoided decline, but gradual reform has been sufficient to provide the basis for modest but reasonably steady growth since the mid-1990s.

This is, of course, not to defend some of Uzbekistan's clearly misguided policies. The substantial long-term resource misallocation costs are familiar from other countries that have relied on similar agricultural taxes (Pomfret 2000). After the turn of the century, Uzbekistan was unable to generate the accelerated growth seen elsewhere in the former Soviet Union, and economic performance was the worst in Central Asia, both in terms of output growth or maintaining macroeconomic stability (Tables 12.2 and 12.3). Whereas in the 1990s, Uzbekistan had jockeyed with its regional rival Kazakhstan for hegemony in Central Asia, after 2000 Kazakhstan pulled ahead in terms of economic power and political significance.

Discussion

The five countries' economic performance has differed, to some extent reflecting policy choices. Attempts to transplant western institutions into a Central Asian setting did not have the anticipated success in Kyrgyzstan, because too many other conditions for a successful market economy were lacking. On the other hand, attempts to ignore universal laws of economics are likely to bring economic grief to Turkmenistan and Uzbekistan. Good economic management helped Uzbekistan to weather the transitional recession better than other former Soviet republics or most eastern European countries, but a heavily interventionist import-substituting industrialization strategy for economic development has been shown repeatedly to lead to long-term stagnation while creating the vested interests which make policy reversal difficult.

Resource endowment has played an important part. Uzbekistan's good performance in the first half of the 1990s was helped by buoyant cotton prices, although the Uzbek government also managed to maintain productivity in the cotton sector better than Turkmenistan or Tajikistan. The increase in oil prices from less than US$10 in 1998 to over US$60 per barrel (bbl) in 2005 was the source of Kazakhstan's economic boom, but Kazakhstan also had good economic management relative to energy-abundant Turkmenistan. Kyrgyzstan and Tajikistan are both resource-poor and

have become economically poor, but the former has had better economic management and has suffered significantly less.

REGIONALISM AND INTEGRATION INTO THE WORLD ECONOMY[18]

The five Central Asian countries have all remained open economies with high trade/GDP ratios, despite adoption, especially in Turkmenistan and Uzbekistan, of import-substitution policies. Initially their trade was heavily oriented towards CIS markets as a result of inherited links and infrastructure, but by 1996 over half of their foreign trade was outside the old Soviet area. The early expectation was of a struggle for influence among the region's neighbors and outside powers, reminiscent of the Great Game of the nineteenth century, but that expectation has only been realized in the area of oil and gas pipelines, with the consequence of blocking any major new pipelines during the 1990s. Otherwise, trade has been on a multilateral basis with non-energy exports being sold on world markets and imports being purchased from least-cost suppliers. Nevertheless, there have been a huge number of regional agreements, both among the Central Asian countries, and between Central Asian countries and their neighbors—Russia to the north, China to the east, and Iran and Turkey to the south.

When the leaders of Russia, Belarus, and Ukraine met in early December 1991 to discuss the end of the Soviet Union, the Central Asian leaders reacted quickly to maintain some degree of continuity. President Nazarbayev of Kazakhstan in particular was a key mover in ensuring that the successor to the Soviet Union would include all the non-Baltic republics rather than just the three Slavic republics, and this became embodied in the CIS. Despite many agreements to strengthen the CIS as an economic zone, there was little implementation and the attempts to retain a common currency broke down in 1993. Turkmenistan, Kazakhstan, and Uzbekistan were among the final group of CIS countries to abandon the ruble in November 1993. Tajikistan was distracted by civil war but came to have an independent currency by default, as no other country used the old Soviet ruble after 1993. The CIS as an organization floundered in 1992–4 as Russia chose to act unilaterally in regional conflicts in the Caucasus and Moldova, and

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[18] This section is based on Pomfret (2005). On regional cooperation, see also UNDP 2005 "Bringing Down Barriers: Regional Cooperation for Human Development and Human Society," *Central Asia Human Development Report*, Bratislava: United Nations Development Program.

more or less unilaterally in Tajikistan, and as economic issues were pushed into the background.

During 1992, the Central Asian leaders were primarily concerned with nation building. Accession to the United Nations (UN), the IMF, and the World Bank provided an external dimension to national sovereignty. The five countries also joined the Economic Cooperation Organization (ECO) and various non-economic regional organizations in 1992, largely as a statement of their independence from the Soviet Union and as an assertion of their distinctive non-Russian Islamic culture, but they made no substantive concessions of national policy autonomy in participating in any regional organization. The ECO, consisting of three founding members Iran, Pakistan, and Turkey plus Afghanistan and Azerbaijan, which joined with the Central Asian countries in 1992, includes all of the non-Arab Muslim countries west of India (Pomfret 1999), and could have been a vehicle for Central Asia's reorientation towards the GME, but it has been largely ineffective.

During the mid-1990s Russia attempted to reestablish its influence over Central Asia. Faced with a delicate ethnic balance between Kazakhs and Russians, President Nazarbayev of Kazakhstan tried to deflect the impending Russian dominance into a more cooperative structure by promoting a Eurasian customs union. Tajikistan, which was dependent on Russian military support during the civil war, and Kyrgyzstan followed this lead, although Kyrgyzstan was more externally oriented and received the most support from Western governments and from multilateral agencies such as the IMF and World Bank. Uzbekistan and Turkmenistan were resistant both to Russian regional designs and to falling too much under the influence of the multilateral organizations. Turkmenistan, with substantial export earnings from natural gas and cotton, adopted an autarchic political position, seeking UN guarantees of its neutrality.[19] Uzbekistan, after adopting a macro-economic stabilization program in January 1994, by contrast, became more prominent on the international stage as President Karimov first sought to portray himself as the region's leader, and then in 1995–6 Uzbekistan became the most prominent regional ally of the United States (US).[20] Concerns about potential Uzbek hegemony pushed Kazakhstan

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[19] The UN General Assembly formally recognized Turkmenistan's neutrality in a resolution of December 12, 1995 (Freitag-Wirminghaus 1998; Werner 2001).

[20] On occasion only Israel and Uzbekistan voted with the US at the UN, and at the May 1996 ECO summit, Uzbekistan's denunciation of Iran was so vitriolic that the summit ended a day earlier than planned. In July 1996, President Karimov was warmly received by President Clinton in Washington DC. For more details of Uzbekistan's evolving foreign economic policies, see Bohr, A. 1998 *Uzbekistan: Politics and Foreign Policy*, London: Royal

and Kyrgyzstan, which also fear Uzbek irredentist claims to its territory, closer to Russia. Kazakhstan, Kyrgyzstan, and Tajikistan became members of the Union of Five (with Russia and Belarus) and the Shanghai Forum (with Russia and China).

The August 1998 Russian crisis had strong contagion effects on Kazakhstan and, to a lesser extent, on Kyrgyzstan. Combined with rising external debt and doubts over the returns from economic reform, this led to a halt or even reversal of economic reform in Kyrgyzstan. Uzbekistan was relatively insulated from the Russian crisis. Failing to make much progress in establishing a Central Asian community under its leadership, Uzbekistan formally aligned itself with the GUAM (Georgia, Ukraine, Azerbaijan, and Moldova) countries, whose *raison d'être* was collective resistance to Russian influence. The years 1998–9 saw the division of Central Asia into two opposing camps. In October 2000, the Union of Five was renamed the Eurasian Economic Community (EEC).

This division eased in 2000 and 2001 in part due to the incursion of Islamic fighters into the Ferghana Valley, presenting a common problem to the three countries whose territory was involved. China played a catalytic role in bringing the Central Asian countries together. In 1997–8, China had been an economic anchor in East Asia and had sought closer relations with the US, but it gradually came to resent a perceived asymmetry in this rapprochement, which brought little gain to China. After the US bombing of the Chinese embassy in Belgrade in spring 1999, China pursued a more anti-US course, embracing Japanese proposals for Asian monetary cooperation (which were opposed by the US) and promoting a more formal successor to the Shanghai Forum. At the June 2001, summit Uzbekistan became the sixth member and the Forum was renamed the Shanghai Cooperation Organization (SCO). Although Russia saw the SCO as a vehicle for its leadership in Central Asia, for the Central Asian leaders, especially Uzbekistan, the SCO was palatable because of China's counterweight. Nevertheless, the regional faultline persisted as Kazakhstan, Kyrgyzstan, and Tajikistan participated in the Russian-led Collective Security Treaty and Uzbekistan did not.

The history of regional organizations involving the five Central Asian countries has been driven by political considerations and has been lacking in economic achievements. In terms of formal trade policies, such as tariffs, this has been a benevolent outcome, because the countries have avoided

Institute of International Affairs, and Washington DC: The Brookings Institution; Pomfret, R. 2000 "The Uzbek Model of Economic Development 1991–99," *Economics of Transition* 8(3): 733–48; and Spechler, M. 2000 "Hunting the Central Asian Tiger," *Comparative Economic Studies*, 42(3): 101–20.

becoming locked into second-best institutional arrangements and are moving toward first-best nondiscriminatory low tariffs. Membership in the WTO is a natural institutional counterpart to economic openness and, especially with the recent accession of China and anticipated accession of Russia and Iran, the WTO provides the best framework for trade policy in Central Asia. In the 1990s, the Central Asian countries were suspicious of international obligations that placed constraints on their policy autonomy; they joined the UN as a signal of nationhood, and the IMF and World Bank and the regional development banks as potential sources of capital, but apart from Kyrgyzstan, they held back on WTO accession. For Turkmenistan, this attitude remains even in 2006, as the President views WTO membership as incompatible with the country's neutrality. Of the other three countries, Kazakhstan's application appears to be fairly far-advanced, with an active program of Working Party meetings in recent years.[21] Tajikistan applied for WTO membership in May 2001, and the Working Party has only met twice, but it has already made more progress than has Uzbekistan.

Overall, the trade performance of the Central Asian countries has been disappointing (Table 12.4). Apart from Kazakhstan's oil-driven post-1999 boom, the Central Asian countries' export growth since 1994 has been mediocre. The explanation is a mixture of the destruction of intra-CIS trade due to the erection of borders, and the failure to realize the potential for trading in the major non-CIS markets. The lack of a stable institutional environment for international trade is part of the high costs of doing trade with Central Asian countries, and WTO membership could alleviate these costs by providing the framework in which regional and wider trade can flourish.

Trade patterns for Kazakhstan and Turkmenistan depend crucially on oil and gas pipelines. Turkmenistan remains overwhelmingly dependent on routes through Russia. For Kazakhstan, the opening of the private Caspian Pipeline Consortium (CPC) pipeline to the Black Sea in 2001 provided an alternative to the Russian state monopoly, and completion of the BTC pipeline in 2005 further increases Kazakhstan's options. High oil prices in 2003 and 2004 also increased the potential profitability of pipelines to China, and this prospect has been reinforced by Chinese purchase of PetroKazakhstan in 2005 and commencement of construction of a pipeline to the Chinese border. US opposition has thwarted significant energy exports via Iran, despite its having the closest access to ocean transport,

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[21] A draft Report of the Working Party, which typically indicates that the endgame of accession negotiations has been reached, was prepared in May 2005.

Table 12.4

International trade, 1993–2003 (million US dollars)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Exports											
Kazakhstan	1,107	3,227	5,256	5,926	6,497	5,511	5,598	9,876	9,085	9,670	14,875
Kyrgyz Rep	360	339	483	506	609	509	454	504	476	486	622
Tajikistan	350	492	749	772	803	597	689	770	652	737	719
Turkmenistan	561	1,163	1,881	1,693	751	594	1,187	2,505	2,555	2,710	2,949
Uzbekistan	693	1,991	2,718	2,620	2,896	2,310	1,963	2,132	2,087	1,558	1,998
Imports											
Kazakhstan	1,704	3,285	3,807	4,247	4,302	4,373	3,686	5,048	6,478	6,584	9,377
Kyrgyz Rep	447	316	392	795	709	841	611	555	465	587	888
Tajikistan	532	545	810	668	750	711	663	671	680	710	881
Turkmenistan	586	904	1,364	1,313	1,228	1,007	1,476	1,788	2,210	1,819	1,964
Uzbekistan	918	2,455	3,030	4,854	4,538	2,931	2,481	2,067	2,293	2,07	2,510

Source: International Monetary Fund, Direction of Trade Statistics.

and security conditions have worked against pipelines via Afghanistan to the booming energy markets of South Asia.

The international economic relations of the five Central Asian countries have evolved since independence. Their trade has increased substantially (Table 12.4), and has been redirected away from former Soviet markets. The long-term counterpart has been adoption of multilateral trade policies, even though all Central Asian leaders, to varying extent, recognize the desirability of regional cooperation and use regional agreements to signal political allegiance. The early 2000s saw widening fissures, in particular between Uzbekistan and its neighbors, but after the US-led invasion of Iraq there was a rapprochement between Turkmenistan and Uzbekistan towards a Russia, which appeared less sensitive about human rights violations than the US. The most striking features of these changing partnerships are the ongoing influence of Russia, the emerging importance of China and other major economic powers, and the very limited development of ties with regional neighbors with a shared cultural heritage. Many commentators in the early 1990s foresaw a battle between Iran and Turkey for the hearts and minds and markets of Central Asia. Although both have increased their Central Asian ties relative to the Soviet era, neither Iran nor Turkey has yet established a strong economic or political presence in Central Asia.

PROSPECTS FOR THE SECOND DECADE

What are the prospects for Central Asia in the early twenty-first century? In the first decade after independence, attention focused on nation building and economic transition from central planning, and despite substantial activity in international economic relations there was little concrete result. Since 2000, existing regional organizations have been strengthened, at least on paper, as the Union of Five became the EEC, and the Shanghai Forum became the SCO. The Central Asian Economic Community was succeeded by the Central Asian Cooperation Organization, and in 2005, this was folded into the Eurasian Community, finalizing Uzbekistan's rapprochement to Russia. Whether the implementation ability of the new organizations will exceed that of their predecessors is still uncertain, but the direction is of an orientation towards the north and east rather than regional cooperation within Central Asia or with southern neighbors. However, recent developments within the region are creating a climate, that is inimical to cooperation, and since 1999 border closures and international incidents have become more frequent. Official statements emphasize coordinated action against terrorism; whether justified on security grounds or not, new border control measures are unpopular among the local populations who have no history of such restrictions, and as assertions of the new states' territorial rights they augur poorly for interstate cooperation.

Within Central Asia, the most striking recent developments have been in domestic rather than in international politics. By the early 2000s the presidents had created super-presidential systems, and remained in power by more or less undemocratic means. Opposition has been fairly ruthlessly crushed and civil society has been slow to emerge. Nevertheless, apart perhaps from the confused situation in Tajikistan and the opaque situation in Turkmenistan,[22] there are signs of a more threatening opposition to the incumbents.

Both Kyrgyzstan and Kazakhstan remained relatively open societies, where domestic opposition was vociferous even if it is under duress. In Kyrgyzstan, dissension has had a regional dimension as opposition has been centered in the south of the country, objecting to a perceived northern bias of President Akayev's government. After disputed elections in February and March 2005, demonstrations initially in the south and then in the national capital led to the resignation of President Akayev in April. Following the revolutions in Georgia in 2003 and in Ukraine in 2005, this may be the first sign of regime change in Central Asia. At the same time, President Akayev, despite resorting to rule by decree and acquiescing in the enrichment of relatives and friends, was always the most liberal Central Asian leader. The sources of discontent and the causes of regime change are present elsewhere in Central Asia, but the will to resist change may differ. At this time of writing, there is also doubt over whether the post-Akayev regime truly represents a new political situation or simply the same political system with different leaders.

In Kazakhstan, the regime remains autocratic and dissent is punished, but the president is facing growing pressures for accountability of himself and his entourage. Corruption scandals undermined the government, especially the "Kazakhgate" affair associated with a concealed Swiss bank account into which President Nazarbayev reportedly deposited over a billion dollars in oil revenues and which is the subject of inquiries by US prosecutors. The opposition has been led by powerful political figures who have defected from the government, often in response to the centralization of power in the President's family, and by businessmen who gained from the 1990s privatization and now want to strengthen the rule of law in order to protect their gains. The "New Kazakhs" opposition became more open in late 2001, and the government responded harshly in 2002,

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[22] In Turkmenistan, all domestic opposition has been muzzled, but an opposition in exile has emerged in recent years. In November 2002, an assassination attempt on President Niyazov (Turkmenbashi) was followed by a domestic crackdown on suspects. The death in December 2006 of Turkmenbashi the Great, President for Life, occurred while this chapter was in press.

but the subsequent standoff reflected the strength of the opposition. After the Ukraine elections of December 2004, Kazakhstan's government again reacted harshly, closing down one of the main opposition parties, but the situation remains fluid and the December 2005 election was seen as a litmus test. Presidential supporters fixed the ballot to record over 90 percent support for the incumbent, which was especially disappointing because indicators of public opinion suggested that in the booming economic conditions, President Nazarbayev would have won a fair election. Nevertheless, despite the undemocratic and ruthless methods used to maintain power, Kazakhstan's political contest has been largely non-violent.[23]

Political opposition has been more violent in Uzbekistan and has accentuated border tensions. After a series of assassinations of public officials in 1997, the Uzbekistan government arrested hundreds of people in a 1998 crackdown. In February 1999, five bombs exploded in downtown Tashkent, killing several people and injuring over a hundred; the biggest one outside the Cabinet of Ministers building was apparently targeted at the President. In August 1999, some 650 gunmen from the Islamic Movement of Uzbekistan (IMU) were caught entering Uzbekistan, and attempts to bomb the insurgents' bases hit the wrong targets, killing several Kyrgyz civilians and Tajik cows and undermining Uzbekistan's reputation for military effectiveness. Uzbekistan subsequently introduced visa requirements and took steps such as laying mines to deter IMU fighters from entering Uzbekistan through Tajikistan and Kyrgyzstan. A further twist to the border issue arose after Uzbekistan introduced high taxes on private imports in July 2002 in a poorly articulated attempt to reduce the black market premium on the currency and to regulate the informal trading sector. The number of Uzbeks shopping in nearby towns in Kazakhstan or Kyrgyzstan increased; the Uzbekistan government responded by tightening border controls and began to close border crossings; and in 2004, the Uzbek government further tightened its control over the bazaars, creating greater incentives for smuggling. All these activities increased economic dissatisfaction, especially in the densely populated Ferghana Valley, which is shared among Uzbekistan, Kyrgyzstan, and Tajikistan, and whose residents have never known economic borders.

Following several sketchily reported episodes of violence in Namangan and Ferghana, the most dramatic events in the Ferghana Valley occurred in Andijan in May 2005. The details are disputed, but a large demonstra-

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[23] Two assassinations of opposition leaders in Kazakhstan in late 2005 and early 2006 indicate a willingness to use violence against specific targets. Contract killings of two members of parliament occurred in Kyrgyzstan in 2005, but these are not in the same league of repression as the beatings and imprisonment by the authorities in Turkmenistan and Uzbekistan, even prior to the Andijan massacre.

tion in the central square was fired upon by troops leaving hundreds of people dead. The Andijan events clearly signaled the will of Uzbekistan's government to use force to put down dissent. It led to a cooling of relations with the US, European Union (EU), and other countries, and accelerated Uzbekistan's realignment towards Russia and China.

The events of 9/11 and the overthrow of the Taliban government in Afghanistan provide a major milestone in the region's international relations. All of the Central Asian leaders, along with those of Russia and China, gave verbal support to the US-led war on terrorism. Uzbekistan and Kyrgyzstan went further by providing material assistance such as making airbases available to the US military. These developments upped the international perceptions of Central Asia's strategic significance. Russia, although officially supporting the US, attempted to reassert its own influence. Especially after the expansion of the North Atlantic Treaty Organization (NATO) in eastern Europe at the November 2002 Prague summit, President Putin tried to obtain recognition of Russian hegemony over Central Asia and the Caucasus as a *quid pro quo* for his acquiescence in the NATO enlargement. President Karimov of Uzbekistan, however, had a fairly high profile at Prague, meeting President Jacques Chirac and Secretary of State Colin Powell, who praised "the practical actions of Uzbekistan in the international fight against terrorism."[24]

The US-led invasion of Iraq in March 2003 provides a second milestone. It highlighted the possibility that the US might invade a country not only to rid it of religious fanatics like the Taliban but also to rid it of an autocratic secular regime. Coinciding with growing western criticism of repression in Uzbekistan (and Turkmenistan), this US action provided a backdrop to a reversal of allegiances in Central Asia. Uzbekistan ordered the closure of the US base on its territory in July 2005, and moved closer to Russia, joining the Eurasian Community in October 2005. Kyrgyzstan, however, refused to comply with a Russian and Chinese inspired bid to eject all US bases from the region. Kazakhstan also appeared to distance itself from the hard-line authoritarian stance, reflecting its renewed independence from Russia as oil prices soared and non-Russian pipeline routes were coming online.

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[24] Cited at http://www.press-service.uz/eng/vizits_eng/ve21112002.htm by the press service of the President of Uzbekistan. President Rahmonov of Tajikistan also publicized improved ties with France and the US, making visits to the two countries in December 2002 as a signal of displeasure with Russia's deportation of Tajik guest workers. By contrast, on February 18–19, 2003, President Nazarbayev of Kazakhstan, facing US and EU criticisms of his regime's corruption and human rights record, made an official visit to Russia, where he is not criticized for such things.

CONCLUSION

When the five Central Asian countries became unexpectedly independent during the second half of 1991, they faced three large negative shocks: the end of central planning, the dissolution of the Soviet Union, and hyperinflation. All experienced a transitional recession: output fell, inequality widened, and poverty increased. Their national experiences, however, diverged during the first decade after independence, both with respect to the type of economic system created and with respect to economic performance.

By the turn of the century, the national economies, with the possible exception of Turkmenistan's, had changed substantially from the centrally planned economy of the Soviet era and all were in one form or another a market-based economy. Kazakhstan, despite false steps in the 1990s, remains the most likely to succeed. Its new elite, based on an unfair and distorted privatization process, is now keen to establish a rule of law in order to protect its economic gains, and favorable institutional developments are likely. Meanwhile, the hard infrastructure of oil pipelines is starting to improve and provide Kazakhstan with alternative outlets for its dominant exports. At the other extreme, Turkmenistan faces the grimmest immediate prospects with a regime that is resistant to change; the long-term prospects depend upon the timing and the nature of the political succession. Political factors are also critical in Tajikistan, where establishment of effective public administration is a necessary precondition for progress. Even with that condition met, the economic prospects are not good for Tajikistan or for Kyrgyzstan, both poor landlocked countries. Uzbekistan is the most complex situation to forecast. In the 1990s, it was economically the most successful of all Soviet successor states and in day-to-day matters the economy remains well managed, but bedeviled by poor economic policies in key areas. If the interrelated issues of protection for import-substituting industries, low farmgate prices, and government revenues can be addressed, the economic prospects may be reasonably good, but if they are not addressed, Uzbekistan's economy could easily slip into the state familiar to many import-substituting countries of the 1950s and 1960s. Perhaps more fundamental, in Uzbekistan, as elsewhere in Central Asia, is the question of whether an autocratic and repressive political regime is consistent with a flourishing market-based economy; China's example says yes, but that example has not been easy to replicate.

How can the prospects for Central Asia be summed up? The main conclusion of this chapter is that, despite much shared background and common initial conditions, the five countries, and especially the two larger economies, Kazakhstan and Uzbekistan, have been moving along differing trajectories and that trend is likely to continue. While the three smaller countries will

remain minor players in the global economy, both of the larger countries could become significant middle-sized economies in their own right rather than as part of Central Asia. Despite their common cultural heritage, there is little sign of closer integration with neighbors in the GME.

XIII. New Twists, More Intricate Configurations: The Changing Israel-Palestinian Regional Security Complex

Fred H. Lawson

Abstract

Policies adopted by Syria, Hizbullah, and Israel have generated a major transformation in the Israel-Palestinian regional security complex. In the months after the United States-led overthrow of the Ba'th regime in Iraq in March 2003, each of these three leaderships confronted a severe domestic political-economic crisis, and reacted to the crisis in ways that not only heightened the potential for conflict in regional affairs but also transformed the regional security complex into a more extensive constellation of alliances and adversarial relations.

INTRODUCTION

Relations between Israel and its neighbors remain as explosive as ever, despite the fact that the Israeli government signed formal peace treaties with Egypt in March 1979, the Palestine Liberation Organization (PLO) in September 1993, and Jordan in October 1994. The authorities in Cairo and Amman have taken few steps to normalize relations with their Israeli counterparts, while Palestinian voters expressed their dissatisfaction with the general lack of progress in negotiations over a Final Status Agreement by electing representatives of the radical Islamic Resistance Movement (Harakah al-Muqawamah al-Islamiyyah or Hamas) to leadership positions in the Palestinian Authority. Moreover, countries that posed little if any threat to the Jewish state in previous decades, most notably Lebanon and the Islamic Republic of Iran (IRI), now stand among Israel's most salient adversaries.

Squarely at the center of this kaleidoscopic regional security complex stand the Syrian Arab Republic, the radical Lebanese Shi'i organization Hizbullah, and the State of Israel. Policies adopted by the Ba'thi regime in Damascus, the leadership of Hizbullah, and the Israeli government

to parry threats to their respective internal and external interests tend to jeopardize the interests of powerful actors in adjacent countries. In other words, security-producing programs undertaken by Syria, Hizbullah, and Israel generate important externalities that play a pivotal role in igniting, escalating, or mitigating tensions throughout the entire region (Lake 1997). In the months after March 2003, Syrian, Hizbullahi, and Israeli officials confronted a set of profound domestic political-economic crises, and reacted to these crises in ways that not only heightened the potential for conflict in the existing Israel-Palestinian security complex, but also transformed this complex into a more extensive constellation of allies and adversaries.

SYRIA'S POST-IRAQ WAR CRISIS

The forcible overthrow of the Ba'thi regime in Baghdad headed by Saddam Hussein created a severe crisis for the Ba'thi regime in Damascus headed by Bashshar al-Asad. The crisis consisted of at least three distinct dynamics: the first concerned Syria's economic relations with Iraq; the second involved Syria's sclerotic political system; and the third concerned Syria's strategic interactions with surrounding states. Taken together, developments in these three arenas seriously jeopardized the stability of the existing political-economic order, and prompted the authorities in Damascus to undertake a variety of initiatives that heightened tensions all across the region.

Economic Relations with Iraq

Beginning in 1997, Syria cultivated close economic ties to Iraq. A series of bilateral commercial agreements drawn up at the end of the decade opened Iraqi markets to increasing quantities of processed foodstuffs, clothing and textiles, and plastic wares manufactured by Syrian companies. Payment for these items came partly in hard currency and partly in the form of regular shipments of crude oil, carried out under the terms of the United Nations (UN)-sponsored Oil-for-Food program. In November 2000, the long-neglected pipeline linking the oilfields of northern Iraq to the Mediterranean coast was reopened, and by the end of the year some 150,000 barrels of oil were flowing from Iraq into Syria each day. More important, large amounts of cheap Iraqi crude were diverted to fuel the local economy, allowing Syria's rapidly declining domestic output to be sold overseas at market prices.

Burgeoning economic relations with Iraq produced three notable benefits for the Syrian regime. First, the influx of financial resources generated by this bilateral trade allowed the government to postpone fundamental reforms in the banking sector. State officials were thus able to continue to exercise control over almost all major investment decisions, and thereby

retain the capacity to monitor and manipulate the pace and direction of domestic economic development. Islamic financial institutions and private banks received authorization to form, but remained greatly overshadowed by the Commercial Bank of Syria (CBS), thanks to the revenues that the state-run CBS derived from the Iraq connection.

Second, the expansion of bilateral trade propped up Syria's stumbling public sector enterprises. State-owned food processing plants, textile and clothing mills, and consumer goods factories increased production to supply the Iraqi market. As a result, real gross domestic product started to increase in 2000, after many years of steady decline (*Middle East Monitor* 2003). More important, government officials used the profits from trade with Iraq to raise public sector wages by 25 percent in September 2000; workers in state-owned enterprises received an additional 20 percent boost in pay at the end of 2001.

Third, the growth of commercial relations with Iraq offered new opportunities for a number of private companies. Owners of such companies tended to be well connected to influential government officials or directors of public sector enterprises (Haddad 2004), and were thus favorably positioned to take advantage of the state-sponsored contracts that governed almost all transactions with Iraq. Much of the trade consisted of re-exports, funneled through Syrian import-export houses (Seifan 2002–03). But one way or the other, commercial links to Iraq enriched a small but important fraction of the Syrian bourgeoisie.

This cluster of beneficial results remained viable only so long as the Iraqi economy continued to be constrained by the strict sanctions regime that had been imposed by the UN Security Council in the aftermath of the August 1990 invasion of Kuwait. On the demand side, Iraqi consumers were only willing to settle for Syrian products if they were unable to obtain goods produced elsewhere. On the supply side, the commercial network that grew up between Syria and Iraq at the end of the 1990s buttressed an intricate arrangement of licit and illicit enterprises and activities inside Syria, which would have had a hard time surviving in a more competitive, market-driven economic environment.

It is therefore not at all surprising that Damascus exhibited no enthusiasm for the United States (US)-led military campaign to overturn the Ba'thi regime in Baghdad. The seriousness with which Syrian officials regarded good working relations with Iraq led them to welcome the notorious Iraqi Minister of Defense, ʿAli Hasan al-Majid, to Damascus in late January 2003. Even as US troops pushed into the suburbs of Baghdad two months later, Syria's senior state-appointed religious figure (*mufti*) Shaikh Ahmad Kuftaru issued a religious edict (*fatwa*), in which he urged the faithful to do everything they could to resist the occupation of Iraq: "I call on Muslims

everywhere to use all means possible to thwart the aggression, including martyr operations against the belligerent American, British and Zionist invaders" (Agence France Presse 27 March 2003). On March 27, President al-Asad gave an interview to the Beirut newspaper *al-Safir*; he warned that "the United States and Britain will not be able to control all of Iraq. There will be much tougher resistance. If the American-British designs do succeed—and we hope they do not succeed and we doubt that they will—there will be Arab popular resistance, and this has already begun" (Strindberg 2004: 55).

In May 2003, Minister of the Economy Ghassan Rifa'i told reporters that Damascus intended to maintain all of its existing commercial agreements with the new Iraqi government. A delegation of Iraqi commercial and industrial representatives held talks with Rifa'i and his aides that August. During the fall of the year, trade between Syria and Iraq haltingly resumed with the tacit approval of the US military commander in northern Iraq, Major General David Petraeus. One well-informed publication predicted "a resumption of Syrian exports to Baghdad by late 2003 and beyond, [which] should help the [overall] trade balance" (*Middle East Monitor* 2003). But by early 2004, the escalating violence in Iraq had completely disrupted commercial transactions between the two countries. Syria's economy consequently fell into a tailspin. The government announced in February 2004 that it intended to terminate the long-standing program whereby all university graduates had been guaranteed jobs in the civil administration and public sector. Students enrolled in the engineering college of Aleppo University immediately staged a rare public demonstration to protest the decision.

Syrian officials attempted to reverse the country's plummeting fortunes by soliciting assistance from external sources. In October 2004, the government signed a formal association agreement with the European Union under the auspices of the Euro-Mediterranean Partnership. The agreement opened the door to substantial injections of economic aid and investment, but also committed the regime to implement a bundle of fundamental economic reforms, which was likely to destroy the country's struggling public sector. Three months later, President al-Asad traveled to Moscow in search of additional relief. He elicited from his hosts a pledge that Russia would immediately write off 73 percent of Syria's outstanding debt. In addition, Russian officials agreed to underwrite a variety of projects to repair and improve Syria's crumbling infrastructure, as well as to help boost local oil and gas production.

A month after al-Asad returned from Moscow, Lebanon's former Prime Minister Rafiq al-Hariri was assassinated in Beirut. Syrian laborers in Lebanon were immediately targeted by outraged Lebanese citizens, who blamed

the authorities in Damascus for ordering the assassination (*Christian Science Monitor* 8 April 2005). The killing of al-Hariri sparked a succession of mass demonstrations across Lebanon, which led inexorably to the withdrawal of all Syrian troops from the country in April 2005. Thousands of Syrian workers left Lebanon in the wake of the withdrawal, dramatically increasing the reserve army of the unemployed in their home country (*Amnesty International* 2005). Furthermore, both foreign and domestic investment in Syria dried up in the aftermath of al-Hariri's death. Faced with the prospect of a renewed economic downturn, Syrians jumped to transfer their holdings of Syrian pounds into hard currency. The Central Bank of Syria responded by raising interest rates on all accounts denominated in Syrian pounds, and state officials subsequently authorized the establishment of private currency exchanges (*Middle East International* 30 September 2005).

Recognizing that such measures required a large injection of new resources, the authorities in Damascus redoubled their efforts to boost commercial and financial relations with the Islamic Republic of Iran. Prime Minister Muhammad Naji' 'Utri announced in February 2005 that his government intended to implement long-standing plans to set up a free trade zone to promote bilateral commerce (Xinhua News Agency 15 February 2005). Seven months later, Deputy Prime Minister for Economic Affairs 'Abdullah al-Dardari announced that Syria planned to work more closely with Iran on a wide range of projects in the manufacturing and services sectors (Islamic Republic News Agency 27 September 2005). The two governments also promised to take steps to facilitate the movement of tourists and pilgrims from one country to the other. As the year ended, Iran had taken over Iraq's old role as a market for large quantities of uncompetitive Syrian products, and become an equally important supplier of the investment capital and engineering skills needed to rehabilitate Syria's industrial and infrastructural base (Javedanfar 2005; Islamic Republic News Agency 10 January 2006). Even more ambitious proposals, including the construction of a major oil pipeline across southern Iraq to connect the two countries, were publicized during the spring of 2006 (*al-Thawrah* [Damascus] 12 March 2006).

Domestic Political Sclerosis

Saddam Hussein's removal by the US armed forces set the stage for a resurgence of the liberal reform movement inside Syria. This development stood in marked contrast to trends elsewhere in the Arab world. In Egypt, Jordan, and Saudi Arabia, tacit government support for US military action in Iraq generated serious tension between the authorities and the citizenry. Consequently, the leadership in all three of these countries turned to the security services to maintain order. Egyptian officials renewed the existing

state of emergency law for another three years, while their counterparts in Jordan promulgated a revised press law that prohibited any kind of public criticism that might be interpreted as tarnishing the reputation of the nation.

In Syria, though, the government's vociferous opposition to US military operations in Iraq revived flagging popular support for the regime. Spontaneous public demonstrations erupted in the larger cities during the first weeks of the US invasion, and popular activism continued to spread throughout the spring of 2003. The mobilization of mass protest rekindled hope among prominent liberal critics that the general range of public expression and debate might be enlarged. The network of discussion circles that had flourished briefly in 2000–01 reappeared, and in February 2004, students at Aleppo University organized an unprecedented rally to demand the implementation of basic political reforms.

At the same time, Syria's religious establishment started to gravitate toward the reform camp. Prominent Islamic scholars voiced demands for steps toward political liberalization in their public pronouncements. As mainstream religious figures edged away from the regime, the outlawed Muslim Brotherhood (Ikhwan al-Muslimin) expressed greater criticism of the authorities. In April 2005, the leadership of the Muslim Brotherhood called for the legalization of additional political parties, the inauguration of free parliamentary elections, and major revisions to the existing constitution (*Financial Times* 6 May 2005). Eleven months later, the Muslim Brotherhood joined former vice president ʿAbd al-Halim Khaddam in forming a National Salvation Front to push for fundamental changes to the political system.

Loosening the lid on Syria's tightly closed political order entailed dangers that were all too evident to the Baʿthi leadership. The growing influence of Kurdish nationalist organizations in Iraq in the months after the overthrow of the Iraqi Baʿth encouraged Syrian Kurds to express discontent at their own situation. In the middle of a football match in the northeastern city of al-Qamishli in March 2004, supporters of the visiting Arab team taunted the home team, whose players were mostly Kurds, by cheering Saddam Hussein; Kurdish fans riposted by chanting the name of the head of the Kurdistan Democratic Party, waving a Kurdish flag, and shouting accolades for US President George W. Bush. A melee ensued, and when police intervened to break up the violence, riots erupted in several other cities and towns. Kurdish activists staged a sit-in at the High Court building in Damascus in March 2005, which was broken up by university students armed with clubs. After Jalal Talabani of the Patriotic Union of Kurdistan was elected president of Iraq in April 2005, Kurdish residents took to the streets of the Syrian capital to celebrate. The influential Kurdish notable Shaikh Muhammad

Ma'shuq al-Khaznawi went so far as to tell a reporter, "Either the [Ba'thi] regime must change or the regime must go. The reason I and others can speak out is because the Americans are trying to get rid of dictators and help the oppressed" (Agence France Presse 2 June 2005). Al-Khaznawi dropped out of sight on May 10, prompting renewed demonstrations in al-Qamishli. And Syria's Kurds were not the only minority community to display its disaffection openly: Assyrian Christians of al-Hasakah marched in October 2004 to protest long-standing grievances (*New York Times* 29 December 2004).

Faced with the possibility that elite demands for political reform might converge with mass mobilization, the regime cracked down once again on liberal activists. The discussion circle organized by a prominent member of the Atassi family in Damascus was broken up in May 2005, shortly before its members were to hear a letter written by the leader of the Muslim Brotherhood. Suppressing the liberal reform movement nevertheless failed to prevent a resurgence of radical Islamist activity. A previously unknown cell of militant Islamists set off an explosion at a vacant United Nations (UN) office in Damascus in April 2004. Security forces raided a house in the suburbs of the capital a year later and discovered a large cache of weapons and explosive materials. Clashes broke out near Hamah in the summer of 2005 between the security services and Islamist militants, and in December another skirmish occurred just outside Aleppo.

Deteriorating Regional Position

A steady deterioration in Syria's position in regional affairs constituted the third component of the post-Iraq war crisis. So long as Saddam Hussein remained in power, the Syrian leadership found itself able to pursue a foreign policy that was predicated on Iraqi weakness and isolation. Damascus could therefore build bridges to Baghdad on its own terms. This not only meant that the Syrian government could set the parameters for commercial transactions with its eastern neighbor but also that it preserved the capacity to prevent Iraq from reestablishing an active presence in Lebanon.

More important, Iraq's continuing weakness and isolation made it possible for Syria to counteract the well-established Israel-Turkey axis by constructing a loose alliance with Iraq, Lebanon, Jordan, and the IRI. Forging and managing this coalition was from the outset a tricky project, which required Damascus to coordinate its actions with partners that had diverse, if not actually divergent, interests and objectives (Ryan 2006). This alliance could only be successful if Baghdad could be induced or compelled to refrain from any initiatives that might aggravate its putative allies. The success of the alliance also demanded that Israel be sufficiently reassured to avoid launching any kind of preventive military operations. Consequently, Syrian

commanders in the spring of 2000 carried out a major troop withdrawal from those areas of Lebanon in which there was a high likelihood that Syrian soldiers might come into direct contact with Israeli forces.

At the same time, Syria took steps to improve relations with Turkey. The government welcomed a delegation of one hundred prominent Turkish businesspeople, led by Minister of the Economy Recep Önal, in May 2000; the visit was designed to revive bilateral contacts under the auspices of the long-dormant Joint Economic Commission. The two countries' foreign ministers met in Qatar that November and intimated that they were putting the finishing touches on a Memorandum of Understanding that would facilitate closer ties. Senior Syrian military officers traveled to Ankara in January 2001 to propose that relations be fully normalized (*Middle East International* 9 February 2001). On 10 September 2001, the two ministers of the interior signed a wide-ranging security cooperation pact, according to whose terms their respective governments would work together to fight terrorism, organized crime, smuggling, the drugs trade, and illegal immigration (*Turkish Daily News* 12 and 16 September 2001).

By the spring of 2002, there were indications that the Syrian and Turkish armed forces were preparing to carry out joint military exercises (*al-Hayah* 1 March 2002). Syria's Chief of Staff General Hasan al-Turkmani journeyed to Ankara in June to meet with his Turkish counterpart; the two commanders initialed an agreement that provided for combined maneuvers and closer cooperation with regard to military manufacturing. Other agreements laid the foundation for increased bilateral trade and investment (Mufti 2002). In January 2003, Turkey's Prime Minister Abdullah Gül held discussions in Damascus with President al-Asad concerning the immanent war in Iraq; the talks culminated in the signing of an unprecedented crisis management pact. The two governments also collaborated in organizing a regional conference in Istanbul to promote foreign policy coordination among six Middle Eastern states (Syria, Turkey, Egypt, Jordan, Saudi Arabia, and Iran) in light of escalating US threats to carry out military operations against Iraq (*al-Safir* 23 January 2003).

With the overthrow of the Ba'thi regime in Baghdad, Damascus could no longer play the Iraq card in regional affairs. Syria consequently moved more decisively to conciliate Turkey. In an unprecedented step, Prime Minister Muhammad Mustafa Miru traveled to Ankara at the end of July 2003 to confer with Turkish officials on a broad range of issues. The visit led to an agreement that included new incentives to encourage bilateral trade, as well as the announcement that negotiations over water sharing would reconvene shortly. Syria's minister of the interior met with the chief of Turkey's gendarmerie in December 2003 to discuss ways to augment co-operation with regard to cross-border security. Then in January 2004,

President al-Asad himself journeyed to the Turkish capital; Turkish Prime Minister Recep Teyyip Erdogan reciprocated at the end of the year, and the two leaders signed a free trade agreement that promised to boost commercial interaction between their respective countries.

Syria's accelerating rapprochement with Turkey set off alarm bells in Israel, whose leaders sharply raised the level of hostility in their anti-Syria rhetoric (Reinhart 2006). In an effort to drive a wedge between Damascus and Ankara, the Israeli air force attacked a former Popular Front for the Liberation of Palestine-General Command training camp on Syrian territory in October 2003. The air strike contributed directly to the revival of Damascus's military link to Moscow; the Syrian armed forces contracted to purchase several batteries of sophisticated Russian anti-aircraft missiles as the year came to an end.

Meanwhile, the increasing mobilization of the Shi'i population of southern Iraq in the summer and fall of 2003 created more active connections between the Iraqi Shi'ah and the Shi'i population of Lebanon, and in particular between influential Shi'i scholars in Najaf and the leadership of Hizbullah. Both the spiritual mentor of Hizbullah, Grand Ayatollah Husain Fadlallah, and the organization's secretary general, Sayyid Hasan Nasrullah, had studied in Najaf, and both of these individuals enjoyed close ties to the Iran-sponsored Supreme Assembly for Islamic Revolution in Iraq. More sustained interaction between the Lebanese Shi'ah and the renowned centers of Shi'i piety and pilgrimage in southern Iraq significantly weakened Damascus's grip on the Shi'i community of Lebanon in general, and loosened Syria's hold over Hizbullah in particular.

ESCALATION OF HIZBULLAH-ISRAEL TENSIONS

Syria's declining influence over the Lebanese Shi'ah accompanied a major shift in Hizbullah's political program. Under the leadership of Secretary General Hasan Nasrullah, the party undertook a concerted effort to play a more active role in electoral politics and governmental affairs inside Lebanon. Equally important, Hizbullah made a series of overtures to influential leaders of Lebanon's Christian communities in an attempt to broaden the party's electoral base and lay the foundation for post-election alliances. This change in strategy provoked discontent on the part of militants inside the movement, who gravitated toward former secretary general Subhi al-Tufaili and agitated behind the scenes to stop any further dilution of Hizbullah's original revolutionary character.

This shift toward greater "Lebanonization" accelerated after Israel pulled its armed forces out of southern Lebanon in May 2000. The Israeli withdrawal left Hizbullah with a substantially diminished *raison d'être*. All that remained, as a focus for armed struggle against Israeli military occupation,

was a small area of land lying at the intersection of the borders of Lebanon, Israel, and Syria, commonly known as the Shib'a Farms (Kaufman 2002a and 2002b). The Israel Defense Forces (IDF) continued to garrison this district on the grounds that it was officially recognized by the UN as Syrian territory, and had been captured by Israeli troops during the June 1967 war. The leadership of Hizbullah claimed to the contrary that the Shib'a Farms properly belonged to Lebanon, and thus represented the last vestige of Israel's occupation of Lebanese territory.

In the weeks leading up to the September 2000 parliamentary elections, Hizbullah hammered out an electoral alliance with a right-wing Maronite party, the Lebanese Forces, whose leadership had orchestrated the opposition to Syria's military presence in Lebanon at the end of the 1980s. Collaborating with the Lebanese Forces enabled Hizbullah to improve its position in parliament, not only relative to non-Shi'i-based parties but also compared to its primary Shi'i rival, the Battalions of the Lebanese Resistance (Afwaj al-Muqawamah al-Lubnaniyyah or Amal). Nevertheless, the party's "Machiavellian" maneuvers to win a greater number of parliamentary seats elicited sharp criticism from the party's militant wing and radical Palestinian groups in southern Lebanon (Hamzeh 2004).

Largely to counteract such criticism, Nasrullah immediately expressed full support for Palestinian militants when the al-Aqsa uprising (*intifadah*) broke out at the end of September 2000. In early October, Hizbullah's militia, the Islamic Resistance, abducted three Israeli soldiers from the area around the Shib'a Farms and offered to exchange them for 1600 Palestinians who had been sentenced to prison by Israeli military courts. Nasrullah subsequently met regularly with leaders of the two radical Islamist Palestinian organizations Hamas and Islamic Jihad. The secretary general once again voiced complete solidarity with Palestinian activists when the IDF carried out a series of military operations in the West Bank during March 2002. Following these incursions into Palestinian territory, the Islamic Resistance stepped up raids on Israeli positions around the Shib'a Farms. In retaliation for one such raid that April, the IDF bombed a Syrian radar facility situated in Lebanon's Biqa' Valley.

Tensions along the Israel-Lebanon border escalated so dramatically on this occasion that Iranian Foreign Minister Kamal Kharrazi made an emergency trip to Beirut. He warned the leadership of Hizbullah to restrain the Islamic Resistance from launching further raids against Israeli outposts, since such activities would only jeopardize Palestinian civilians in the West Bank and Gaza. In the wake of Kharrazi's visit, Hizbullah did indeed scale back its military operations. For the remainder of the year, the Islamic Resistance limited itself to shooting at Israeli aircraft and warships whenever they crossed into Lebanese airspace or territorial waters.

The leadership's reluctance to engage in armed struggle against Israel heightened during the spring of 2003. Prominent party officials told the International Crisis Group (ICG) (2003) that Hizbullah was "lying low" in the face of the massive US military campaign that was taking place next door in Iraq. At the same time, the rhetoric of the organization changed from "liberating Shib'a" to "protecting Lebanon and Syria." The ICG concluded that Hizbullah had adopted a posture of deterrence in the face of new strategic circumstances across the region.

This transformation in grand strategy complemented a turn toward even more active involvement in Lebanese politics. The party worked closely with the caretaker government of Najib Miqati in the spring of 2005, then once again formed an alliance with Amal and the Ba'abdah-Aley branch of the Lebanese Forces in subsequent parliamentary elections (Alagha 2005; Quilty 2005). Hizbullah gave its full backing to the government of Fuad Siniora when it took power that July, and placed a senior party member as minister of energy in the new cabinet. The leadership lobbied hard to gain the influential post of foreign minister as well, but in the end settled for the appointment of an independent Shi'i candidate, largely as a concession to Amal.

Hizbullah's evident shift toward moderation in foreign and domestic affairs fueled discontent among militants associated with former secretary general Subhi al-Tufaili. This wing of the movement was equally dismissive of Syria and Iran, and blamed Tehran in particular for doing Washington's bidding by taking part in the suppression of popular Islamist organizations in Afghanistan and Iraq. Hizbullah's pronounced move in the direction of routine politics also set the stage for the expansion of the radical Sunni organization Hizb ut-Tahrir. This party had been kept in check by the Syrian intelligence services, but was legalized following the assassination of Rafiq al-Hariri. Hizb ut-Tahrir castigated Hizbullah for abandoning the quest for an Islamic republic in Lebanon, and appealed to disaffected Shi'is to join it in the campaign to create a political order rooted in the principles of the religion.

Challenges to the mainstream of Hizbullah became more severe after Syrian troops pulled out of Lebanon in April 2005. The party's leaders were put increasingly on the defensive as key figures of Lebanon's Maronite and Druze communities demanded that Hizbullah disarm the Islamic Resistance in compliance with UN Security Council Resolution 1559 (Salloukh 2005). In February 2006, a coalition of radical Islamist groups organized a large-scale demonstration in Beirut to demand a fundamental restructuring of the existing political system. This protest was led by a collection of Sunni militants from the northern district of Diniyyah, whose adherents had risen in open rebellion against the Syrian-backed authorities six years earlier.

Under these circumstances, radical Palestinian organizations joined Hizbullah militants in pushing the limits of Israeli restraint along the Lebanon-Israel border. Guerrillas associated with the Popular Front for the Liberation of Palestine-General Command had already launched a series of attacks across the border during the summer and fall of 2002. In May 2005, similar strikes were carried out on a number of IDF outposts. Israeli troops responded by shelling villages inside Lebanon; Hizbullah then retaliated by launching rockets into Israel proper. This escalation constituted a clear violation of the informal rules of engagement that governed the military confrontation between Israel and Hizbullah, and led Israeli commanders to prepare contingency plans for a large-scale military offensive to eliminate all threats emanating from the north (Zisser 2006).

ISRAEL'S EXPANDING STRATEGIC INTERESTS

The year 2001 marked the beginning of the "longest and deepest recession" ever experienced by the Israeli economy (Zilberfarb 2006: 227). Unemployment surged, while inflation gained momentum in the aftermath of an ill-considered reduction in interest rates by the state-run Bank of Israel. Caught off-guard by the unexpected rise in prices, the bank abruptly reversed course and boosted interest rates. The sharp vacillation in policy undermined public confidence in the country's primary financial institution and damaged the prestige of the newly formed National Unity government led by Prime Minister Ariel Sharon.

Meanwhile, military spending steadily increased as the IDF became more frequently involved in armed clashes with Palestinian activists in the West Bank and Gaza. A March 2002 suicide bombing in the resort town of Netanya prompted Israeli commanders to launch a large-scale incursion code-named Operation Defensive Shield into the areas administered by the Palestinian Authority (Reinhart 2005). This military operation was officially brought to a close in late April, but IDF raids into the West Bank and Gaza continued to occur on a regular basis throughout the spring. The government introduced a draft budget in May that proposed to cover the costs of these military activities by slashing welfare payments and raising taxes. The proposal elicited strong opposition from the Shas Party, whose leadership had emerged as the champion of disadvantaged Israeli citizens with family roots in the Jewish communities of the Middle East and North Africa (Peled 1998). When the cabinet refused to restructure the budget, Shas pulled out of the National Unity Government. Labor Party ministers echoed Shas's objections when the draft budget was resubmitted to the cabinet in October. Nevertheless, the government pushed through substantial cuts in public spending and instituted a strict limit on the annual growth of state expenditure. Efforts were also undertaken to privatize several of

Israel's largest public sector enterprises, including the national airline El Al, the telecommunications company Bezeq, and Bank Leumi.

Parliamentary elections in January 2003 confirmed the dominant position of Sharon's Likud Party, which ended up winning a plurality of seats in the Knesset. More important, Likud gained a powerful ally in the campaign to reduce the size and purview of the bureaucracy, minimize taxation, and privatize state-run enterprises: the Shinui Party. Proponents of state intervention in the local economy, most notably Shas and the socialist party Meretz, failed to galvanize workers and the poor, and fared much worse than they had in the 1999 elections. Consequently, Likud had little difficulty forging a governing coalition with Shinui, which fully backed Minister of Finance Binyamin Netanyahu's plans to scale back state spending and public sector employment even further. Emblematic of the government's economic policy was a wholesale restructuring of the national pension system, which was announced in June 2003 and implemented over the strenuous objections of the country's predominant workers' organization, the Histadrut.

At the same time that it was carrying out a program of wholesale economic liberalization at home, the Likud-led government took steps to cultivate markets for Israeli products overseas. Among the most profitable goods that Israeli had to offer to prospective buyers were electronic equipment and telecommunications systems, along with the advanced weapons and other military materiel produced by the country's well-capitalized arms industry. Just how beneficial such trade could be was clear from the links that Israeli companies had developed with the Turkish armed forces during the late 1990s (Hen-Tov 2004). Even at the height of the 2001–02 recession, Israel's large aircraft, armored vehicle, and electronics companies continued to prosper, thanks largely to the long-term contracts they had signed to upgrade key components of Turkey's armed forces (Inbar 2005). Israeli military missions stepped up their activities in more far-flung markets in the wake of the September 2001 attacks on the US. Contacts were even made with various factions in Afghanistan, perhaps including the Taliban (Boucek 2001).

Israeli technology companies became more deeply involved in oil-rich Azerbaijan in the aftermath of Prime Minister Binyamin Netanyahu's official visit to Baku in August 1997 (Abadi 2002). By the end of the decade, the Israeli telecommunications giant Bezeq had secured a controlling interest in Azerbaijan's second largest mobile telephone provider, Bakcell (Cagaptay and Murinson 2005). Modcon Systems, a major producer of sophisticated oil and gas equipment, began operations in the country in 2000. At the same time, Israeli military contractors assumed a predominant role in the Azerbaijani government's drive to modernize its armed forces (Bourtman 2006). The prospect of greater Israeli participation in this effort led Iranian

leaders to accuse the authorities in Baku of actively collaborating with the US and its clients to undermine local control of the region's oil resources (Ismailzade 2003). Perhaps the most significant aspect of Baku's military modernization program was the initiative to strengthen Azerbaijan's embryonic navy based in the Caspian Sea, an effort in which Israel was rumored to be directly involved (Blank 2006).

Government officials targeted other former Soviet republics as well. Kazakhstan and Uzbekistan attracted substantial amounts of investment in capital-intensive agricultural projects during the late 1990s (Abadi 2002). A jump in Israeli trade with these two countries soon followed. In July 2001, Minister of Infrastructure Avigdor Lieberman headed an economic mission to Almaty and Tashkent in the hopes of expanding markets for industrial machinery, chemical products, and plastics (Blua 2001). The delegation also visited Kyrgyzstan, a country that lacked the resource endowments of its larger neighbors but whose overall success in creating market institutions made it a more promising trading partner. Economic cooperation included training missions to improve fiscal and regulatory procedures on the part of local governments, sometimes in collaboration with the US Agency for International Development (Israeli Ministry of Finance 2004). As militant Islamist groups grew more active throughout the region, Israel provided greater assistance to Inner Asian military and security forces. Israeli advisers and agents based in the region passed significant quantities of intelligence to the US government in the weeks following the September 2001 attacks (*Jerusalem Post* 5 October 2001).

Better relations with India proved equally beneficial. Following a December 1996 visit to New Delhi by President Ezer Weizman, Israeli officials negotiated a number of commercial agreements and started work on a wide range of joint manufacturing projects (Inbar 2004). Bilateral trade subsequently skyrocketed. By the time that Prime Minister Sharon made his historic trip to India in September 2003; the two countries had become major trading partners. A substantial proportion of this growing economic interaction involved armaments. As Efraim Inbar (2004) remarks, "India's quest for the latest military technologies complements Israel's need to broaden the market for its military products (p. 84). Israeli electronics and communications companies were particularly active in upgrading India's aging, Soviet-supplied arsenal. After the cancellation of its own program to build a state-of-the-art anti-missile system in January 2003, the Indian armed forces contracted to purchase twenty batteries of the Israeli-made Barak (Inbar 2004).

Increased civilian and military exports to the former Soviet Union and India played a crucial role in restoring a modicum of health to the Israeli economy. But the economic recovery that took shape in 2004 failed to resolve

an escalating political crisis that threatened the survival of the Likud-led government. In February 2004, Prime Minister Sharon unveiled plans to disengage from Gaza and a trio of troublesome districts in the West Bank (Reinhart 2006). The announcement sparked heated protests from Jewish settlers, as well as from radical right-wing groups. The Knesset approved the evacuation of Israeli troops and settlers from Gaza that October, but the decision prompted the National Religious Party to withdraw from the government and left the Likud Party deeply divided. Faced with shrinking support for his policies among his primary political allies, Prime Minister Sharon invited the Labor Party to join the government, an invitation that was rejected by Likud's rank-and-file. The prime minister then courted a variety of smaller religious parties, whose leaders demanded substantial increases in family allowances and other state subsidies and welfare payments as a precondition to coming on board. Proponents of further economic liberalization in the Shinui Party blocked the premier's overtures to the religious parties, both on principle and because of the high costs involved. Friction inside the cabinet led the prime minister to sever the alliance with Shinui and turn to Labor instead.

Settlers and the radical right sharpened their protests against the government as 2005 opened. Growing opposition to disengagement among Likud's core constituencies was quietly endorsed by the prime minister's strongest rival inside the party, Minister of Finance Netanyahu. Meanwhile, the finance ministry's ongoing campaign to cut costs and transfer public sector enterprises into private hands alienated Shas and the communities that Shas represented. The potential for open revolt inside Likud dissipated in September 2005, when Sharon and his supporters crushed an attempt to hasten elections for the party leadership. But at almost the same time, the head of the Histadrut, Amir Peretz, seized control of the Labor Party and quickly pulled it out of the government. This move left Sharon with no choice but to call for early elections. Moreover, the prime minister's tenuous position inside Likud convinced him to defect from the party and set up a new electoral grouping, which took the name Forward (Kadima). With support from Shimon Peres and other disaffected Laborites, Kadima won a plurality of parliamentary seats in March 2006.

Sharon's electoral victory came at the expense of any improvement in relations with the Palestinian Authority. Heightened Israeli interference in Gaza in the late summer of 2005 provoked Hamas militants to launch retaliatory mortar and rocket attacks against areas inside pre-1967 Israel (Reinhart 2006). A massive counterattack by the IDF was only aborted as a result of intense pressure from the United States (*New York Times* 7 August 2005). Skirmishing persisted in the aftermath of the evacuation in September, accompanied by a growing determination on the part of the IDF to

inflict punishment on Gaza's general population for actions carried out by Hamas militants. Tensions rose even higher after Hamas candidates won 74 of 132 seats in the parliamentary elections of January 2006 and took control of the Palestinian Authority's council of ministers (Shikaki 2006).

Under these circumstances, Israeli officials adopted a hard line in response to further attacks by Hamas militants. Mobilizing the Israeli public for the resumption of armed conflict offered a promising way to reduce ongoing friction between a government committed to economic liberalization and etatist-populist Shas, almost 90 percent of whose supporters stood opposed to conciliating the Palestinians (Peled 2006a). Such a posture at the same time undermined the radical right-wing groups that had caused the authorities so much trouble in the run-up to the March 2006 Knesset elections. Moreover, the temptation to act belligerently toward the Palestinians proved irresistible for the country's new prime minister, former Jerusalem mayor Ehud Olmert, who was thrust into the premiership after a pair of strokes incapacitated Ariel Sharon. On advice of the general staff (Peled 2006b), Olmert first authorized a large-scale deployment of the IDF back into Gaza when Hamas militants abducted an Israeli soldier at a border post in June 2006, then unleashed a combined air, naval, and ground assault on Lebanon when Hizbullah, radicals carried out a similar abduction in mid-July.

Not only do the events of July 2006 demonstrate how little external provocation the Israeli government required to resort to warfare in its relations with surrounding states, given the threat it faced as a result of domestic political-economic challenges, they also indicate how much more extensive the Israel-Palestinian regional security complex has become. Armaments that originated in Iran and China were reportedly used by the Islamic Resistance during the course of the fighting (*AviationNow.com* 14 August 2006). Hizbullah guerrillas appear to have been supplied with battlefield intelligence by Syrian and Russian observers using sophisticated electronic surveillance devices (*Ha'aretz* 3 October 2006). Protesters organized a mass demonstration outside the Israeli embassy in Baku, despite firm warnings from the authorities to desist (Marat 2006). The national assemblies of Azerbaijan, Kazakhstan, and Kyrgyzstan, all deliberated whether or not to offer peacekeeping forces (Marat 2006). And units of the Turkish armed forces took up positions in south Lebanon in the aftermath of the war, despite objections from opposition parties that the troops could end up fighting fellow Muslims in defense of Israel (*AlJazeera.net* 10 October 2006).

CONCLUSION

For more than half a century, the Israel-Palestinian regional security complex involved no more than a half dozen states. Many governments expressed concern about developments in the conflict, and some even took part in one

regional war or another, but only Egypt, Syria, Jordan, and Israel, along with the leadership of the Palestinian national movement, could generate significant externalities that put one another's security interests in jeopardy. After Egypt, the PLO, and Jordan concluded formal peace treaties with Israel, one might well have expected this long-standing regional security complex to diminish to the point that it would virtually disappear.

But instead of vanishing, the Israel-Palestinian regional security complex has transformed in two crucial ways. First, it has become more, rather than less, explosive. Renewed warfare between Egypt and Israel, or between Jordan and Israel, is hard to imagine, despite the fact that influential groups in both Egypt and Jordan continue to believe that armed struggle against Zionism must go on. One cannot be so sanguine about the future of the Israel-PLO peace agreement. More important, Syria continues to show a willingness to adopt a belligerent posture toward Israel, while Hizbullah has emerged as a major adversary of the Jewish state. The IRI stands at a pivotal point: it may become fully integrated into the Israel-Palestinian regional security complex in the very near future, after occupying a peripheral position for the last three decades (Parsi 2005; Menashri 2006); or it may revert to the role of insulator between the Israel-Palestinian and Inner Asian regional security complexes (Buzan and Waever 2003: 41). If Tehran does become integrated into the existing Israel-Palestinian complex, the likelihood of military conflict is likely to rise to an even higher level.

Second, as the case of Iran illustrates, this regional security complex includes many more actors than it did in the past. A resumption of conflict between Syria and Israel would now have unprecedented implications for Turkey, Azerbaijan, Uzbekistan, Kazakhstan, and India, as well as for Lebanon and Iraq. The expansion of the Israel-Palestinian complex is partly a consequence of the general spread of global economic interdependence over the last two decades (Nitzan and Bichler 2002). But more important it is a result of escalating political-economic crises that have posed severe threats to the Ba'thi regime in Damascus, the leadership of Hizbullah, and the Likud-led government of Israel. Each of these actors has attempted to parry the growing challenges it faces by undertaking strategic initiatives that have steadily drawn surrounding states into the fray. Understanding the dynamics that generate structural changes in regional security complexes requires us to focus as much attention on "domestic" political trends as on conventional geopolitics (Houweling and Amineh 2003).

PART THREE

THE POLITICS OF OIL AND MAJOR POWER RIVALRY IN THE
POST-COLD WAR GREATER MIDDLE EAST

XIV. Global Energy Security and Its Geopolitical Impediments: The Case of the Caspian Region

Mehdi Parvizi Amineh and Henk Houweling

Abstract

This chapter discusses the global geopolitics of energy security in the post-Cold War environment. Energy companies headquartered in western countries have long history of accessing energy resources beyond borders through invasion of the host by their home state, followed by domination and the creation of property rights to explore and sell oil. Conquest and domination, respectively voluntary exchange are the survival strategies of human groups in the global system. The chapter differentiates between demand-induced scarcity, supply-induced scarcity, structural scarcity, and the creation and transfer of property rights. Together, the behaviors referred to by these concepts create a field of social forces that cross state borders and involve state and non-state actors. Monopolizing control over energy resources by the Anglo-Saxon maritime powers was one of the causes of both world wars. Since the collapse of the Soviet Union, the US has been creating a land-based extension of its post-World War II defense perimeter. It runs from Romania, via Central Eurasia, to Israel, Afghanistan, and Pakistan. Overland transport increasingly connects economies and energy supplies on the Central European and Pacific sides of the Eurasian continent. The US, therefore, has decided to bring under its military umbrella the energy-carrying region between industrializing China and India, recovering Russia, and unifying Europe by direct contracting with the home state and legal owner of the stock. China's policy to secure its energy supply brings it into confrontation with the US. The latter consumes one-quarter of the energy assumed to be present in the Greater Middle East. In recent decades, the Chinese economy has been growing at a rate substantially above the worldwide growth rate, which implies that China's share in the world economy is increasing over time. Accordingly, China is becoming more dependent on imports, especially energy. The

US domestic oil production peaked in 1970–71. Thus, the US has no spare capacity to provide its allies in Europe and East Asia in case of an interruption of supply. The conquest of Iraq by the US and its allies, and the transfer of the management of the oil sector from the state to a US tax-paying private company opens a new era of violent interstate competition for access to and control of fossil energy sources.

INTRODUCTION

The oil and gas reserves of Central Eurasia (CEA) are undeniably significant. These resources are located mainly in the Caspian Region.[1] According to the *Statistical Review of World Energy* (BP 2006), the proven oil reserves of the five Caspian littoral states (Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan) total 259 billion barrels (billion bbl). Total gas reserves are estimated at 2,888.6 trillion cubic feet (tcf).

In terms of percentages, the five Caspian littoral states possess about 21.6 percent of the world's total proven oil reserves and 45.6 percent of the world's total proven natural gas reserves. These vast oil and gas resources have transformed the region into an intersection of interstate rivalry, enterprise competition, and responses by regional state and non-state actors. Here all major industrialized powers and many of the multinational companies based in these countries interact. The late-industrialized contender countries are trying to get a foothold in the region, bringing with them social forces to which local actors must respond. In such a complex matrix of social forces, competition and cooperation are ad hoc and multilevel.

The main actors involved in CEA and the Caspian region are countries in the immediate neighborhood: China, Iran, Russia, Turkey, Pakistan, and Afghanistan. These countries and societies have a long common history which precedes the region's Western invasion. External actors competing with regional powers for access include the United States (US), the European Union (EU) and some of its member states, Japan, and all of their respective Transnational Oil Corporations (TNOCs) (Amineh 2003). But the region is not incorporated into the territorial sphere of the security institutions of any one of the major powers and its allies. This part of the world is not divided into agreed-upon, and thus stable, zones of influence. In this region, extra-regional state and non-state actors are competing to exercise power and influence over the polities and societies of their hosts by interacting with and searching for allies among local actors. Uncertainty and

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[1] The Caspian Region consists of Russia, Iran, and the new littoral states of Azerbaijan, Kazakhstan, and Turkmenistan.

thus unpredictability are the rules of the game. "Multidimensional rivalry" is probably a suitable term for what is happening. Because all major powers are involved and regime legitimacy is at stake, competition in the Caspian region has the potential to destabilize the entire world system.

China is one of the main players engaged in the post-Soviet geopolitics of energy security in CEA. In the last decade, China's economic growth has rapidly increased its energy needs. Coal accounts for three-quarters of its energy consumption, while oil and gas represent only one-fifth. But in 2005, the total demand of 6.5 million barrels per day (MMbbl/d) far outpaced domestic production, leading to net imports of 2.9 MMbbl/d. China has been a net importer of oil since 1993 and of crude oil since 1996. Although it is trying to increase domestic production, oil imports will grow by an estimated 960 percent over the next two decades, comprising, by 2025, almost 70 percent of the country's oil consumption. China has surpassed Japan to become the world's second largest oil consumer.[2] Sixty percent of China's oil imports already come from the Persian Gulf. Iran was China's second largest oil supplier in 2003, providing 14 percent of total imports. Oman and Yemen are also becoming important oil-based trading partners of China. Saudi Arabia is China's largest oil supplier, while China is Saudi Arabia's third largest customer. In the post-Cold War era, the Saudis have with China an alternative trading partner and weapons supplier to the US. While Saudi Arabia is expected to soon drop out of the top five oil suppliers to the US, according to the *Washington Times* (16 September 2004), its growing ties to China have increased tension between the Bush Administration and the Saudis, particularly since 9/11. The changing relationship between Saudi Arabia and the US is reflected in the announcement by Secretary of Defense Donald Rumsfeld, in 2003, that US troops will be withdrawn from the kingdom. Aware they can no longer rely on the US alone to defend their regime, the Saudis want to diversify their security policy, and China appears to be an interested partner. But Chinese arms sales to clients in the Persian Gulf present a potential threat to American security (see Amineh 2006 and 2005). In 2002, the US-China Economic and Security Review Commission, established by the US Congress to monitor US-Chinese relations, warned that "arms trafficking to these regimes presents an increasing threat to US security interests in the Middle East. A key driver in China's relations with terrorist-sponsoring governments is its dependence on foreign oil to fuel its economic development. This dependency is expected to increase over the coming decade."

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[2] It already consumes more grain and meat, coal and steel—three out of the four basic food, energy, and industrial commodities—than the US. Consuming more of the fourth, oil is only a matter of time.

China is aware that its short-term energy security depends on cooperation with the US. But Chinese policy-makers also realize that the US seeks a dominant position in the Persian Gulf and is trying to contain China's activities there. Persian Gulf access will join Taiwan, trade relations, and human rights as the key issues in US-Chinese relations.

Diversifying its supply sources is one reason why China is turning toward the Caspian Sea. It must gain access to the region's vast oil reserves to reduce its energy dependence on the Persian Gulf. And to do that, it must ensure political stability in the region's five Central Asian republics (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) and also counter American encroachment (Amineh 2005).

Michael Klare (2001) captures the interstate dimension of the competition to control the region's energy sources. He argues that the major power politics of today evolve around the competition for gaining access to natural resource wealth. This is what Klare calls the "econocentric" approach to international security affairs. The survival of the state and domestic society depends on economic dynamism, the cultivation of technological innovation, and gaining access to the raw material inputs required for both. Critical geopolitics[3] is an improvement on Klare's "econocentric" approach to security.

This chapter surveys the oil and gas reserves of the Caspian region in the matrix of the competitive forces of the post-Cold War environment. It focuses on the following three factors: (1) the increasing global demand for oil and gas; (2) the scarcity of vital commodities such as oil and gas; and (3) the disputes over ownership rights of these resources.

SCARCITY, LEGAL REGIME RIGHTS, AND THE GEOPOLITICS OF COMPETITION

Global-level energy supply and demand, non-renewable stocks of oil and gas and their concentration in the Greater Middle East (GME), the spread of industrial capitalism into China and India, and ownership rights over territory containing fossil fuels create social forces at work at the transnational level. Both sub-state and non-state actors create that level of interactions. State actors, however, participate in transnational interactions in a variety of ways. Inputs of energy into the power-wealth-

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[3] The ideas of critical geopolitics are partly discussed in Amineh, M.P. and H. Houweling (eds.) 2004/2005 *Central Eurasia in Global Politics: Conflict, Security and Development*, Leiden and Boston: Brill Academic Publishers, introduction and chapter 1; see also the introduction of this book.

producing machinery of the state-society complexes of high-income countries are traded in transnational networks that cross state borders. The wealth of society and the power of these states originate in technological innovation and the incorporation of its fruits into "capital goods," which are used in the production of traded goods, and into "military capability," which is used to conquer or control territory where finished goods or input resources required for production are located. Capital goods and weapons stocks become idle without fossil energy inputs to fuel them.

Controllers of territory can take what they want inside that territory's borders. Producers of wealth procure for local consumption or trade. Territorial control and production/trade are survival strategies of human groups. One strategy man shares with other animals, but the other one is unique to humans. Unlike members of a flock of birds, humans do not forage in isolation; they survive in groups by developing a social division of labor in production and trade. Both strategies, however, interact when goods acquired in a territory are traded beyond that territory's borders, and when profit from production and trade is invested in the military conquest of territory through which goods and resources must pass. Conquest is followed by the "diversion" of trade, when traders of one group are ousted from the network and replaced by traders from another group. These processes are currently underway in Iraq. The US may repeat the same performance in Iran. In 1953, the British and American governments engineered regime change in Iran "without" conquering the territory, which is the cost-effective way to divert trade. When Prime Minister Mosaddeq tried to consolidate parliamentary democracy based on the Iranian Constitution of 1906 and subsequently nationalized the British-dominated Anglo-Iranian Oil Company, compensating Britain for its investments though not for lost profits, British diplomats commented, "We English have had hundreds of years of experience on how to treat the natives" (cited in Kinzer 2006: 118). It did not help the European-educated aristocratic Prime Minister Mosaddeq to refer to the British national coal industry as an example for him to follow: "Socialism is all right back home, but out here you have to be the master" (cited in Kinzer 2006: 118). The British are reported to have sabotaged oil installations at Abadan and to have blockaded ports. The British and Americans got their way until the Iranian Islamic Revolution in 1979. Regime change in Iran was followed by "trade creation" when the reinstated Shah regime bought large quantities of weapons from US-based private producers and arms dealers. This process of interaction between both survival strategies will also occur in Iraq if the US succeeds in its objective of installing a reliable government dependent for its survival on America as its weapons supplier.

A third survival strategy is evident when states collude or use or threaten to use military force to bar third parties from entering the market. This happened in Iraq after the imposition of economic sanctions in 1990. In international relations, markets are not institutionally separated from states and the distribution of military capability. In the Caspian region, the five Caspian littoral states have to find their own strategies of survival for the unresolved dispute on the legal status of the Caspian Sea.

THE CASPIAN LEGAL REGIME DISPUTE

Since the disintegration of the Soviet Union, a prominent example of the problematic nature of ownership rights and the subsequent control and production of oil and gas resources has been the dispute among the five Caspian littoral states (Russia, Iran, Azerbaijan, Kazakhstan, and Turkmenistan) over the legal regime of the Caspian Sea.[4]

Until the end of the Cold War, the only two Caspian littoral states were Iran and the Soviet Union. Since the break-up of the Soviet Union, questions have arisen as to the status of the Caspian Sea and its seabed and subsoil resources: Are these resources owned in common or should they be apportioned among the five littoral states? If the latter, on what basis? However, until now no solution has been found to settle the legal regime dispute regarding the exploitation rights of the Caspian region's oil and gas resources.

The dispute over the Caspian Sea reaches as far back as the 1723 Treaty of Alliance between Persia and the Russian Empire, which gave the cities of Derbent and Baku and the provinces of Mazandaran, Gilan, and Asterqabad to the Russian Empire and virtually turned the Caspian Sea into a Russian lake (Sykes 1951). The Treaty of Gulestan in 1813 and the Treaty of Turkmanchai of February 21, 1828, signed between the Russian and Persian Empires after their wars of 1804–1813 and 1826–1828, respectively, were the first treaties to contain official provisions on the Caspian

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[4] The other example of boundary disputes in resource-rich areas are (1) in the contested waters of the East China Sea and Sea of Japan, Japan, China, South Korea and Russia are pressing incompatible territorial claims; (2) in the South China Sea, China, Vietnam and Taiwan, which claim the Paracel islands for themselves; these countries, together with the Philippines, Brunei, and Indonesia, are in dispute over the Spratly islands, another area believed to be rich in resources; (3) in both Indonesia and Malaysia after being awarded concessions to a disputed area in the Sulawesi Sea and tensions flared in early 2005; (4) in Nigeria and Cameroon have conflicting claims over the oil-rich Bakassi peninsula; the International Court of Justice ruled in October 2002 that Cameroon has sovereignty, but Nigerian troops continue to occupy the area (Renner 2006).

Sea. Following the Treaty of Turkmanchai, Russia received exclusive rights to navigate the entire Caspian Sea.

After the Bolshevik Revolution, on the basis of the Soviet-Iranian treaties of 1921 and 1940, the Caspian Sea was divided between the Soviet Union and Iran; exploitation by third parties was prohibited (Mojtahed-Zadeh and Hafeznia 2003). Through these two treaties, Iran gradually regained limited rights in the Caspian Sea region. The 1921 Treaty of Moscow restored Iran's use of the sea for navigation and the 1940 Iran-Soviet Union Trade and Seafaring Agreement turned the Caspian Sea from a "Russian lake" into a more jointly held "Soviet and Iranian sea." As such, no borders existed on the Caspian except for a ten-mile offshore band for exclusive fishing rights. Although the Soviet Union recognized Iran's rights in the Caspian Sea, it never fully respected Iranian claims to Caspian resources and navigation rights (Saivetz 1989). During the Cold War, Iran was allowed neither to sail in the Caspian nor to explore for onshore oil in the Iranian northern coastal province of Mazandaran. In contrast, for many years the Soviet Union carried out activities of exploration and exploitation in the Caspian, primarily in the area of Azerbaijan, which extended far more than ten miles offshore. After the break-up of the Soviet Union, representatives of the two old and three new Caspian littoral states met in Astrakhan (1992) and Tehran (1993) to discuss Caspian demarcation, regional development, navigation, the environment and fishing rights (Amineh 2000: ch. 6). In November 1994, the littoral states established a Caspian coordinating committee to work on demarcation.

Each country had a different perspective (Witt 2000). Azerbaijan proposed defining the Caspian Sea as a border lake and to divide it into national sectors. Kazakhstan proposed to define the Caspian as an enclosed sea and to apply the Convention on the Law of the Sea of 1982. Russia and Iran rejected both proposals, reminding the other littoral states that the agreement of 1941 was still in force. Russia and Iran continued to promote the old legal regime as laid down in the 1921 and 1940 treaties because both wished to maintain their historically dominant regional position. Overall, the Russians reacted negatively to changing the sea's legal status, stating that the Caspian is neither a border lake nor an enclosed sea but rather a unique inland water basin. Turkmenistan positioned itself along the then dominant position of Russia and Iran.

In September 1996, Kazakhstan and Azerbaijan issued a declaration in which they recognized each other's rights to exploit the biological and mineral resources in the "appropriate sectors." Two months after the declaration, Russia, Iran, and Turkmenistan proposed the establishment of national sectors extending 40 to 45 miles offshore, beyond which the central area of sea would fall under common ownership and management. In their

national sectors, the countries would enjoy exclusive economic rights in the seabed, subsoil, water basin, and sea surface. Neither Azerbaijan nor Kazakhstan supported this proposal. Nevertheless, in January 1998, Kazakhstan and Russia issued a communiqué in which they announced that they had reached a compromise. In this agreement, the two parties decided to divide the Caspian seabed and everything beneath it into national sectors with exclusive economic rights, including the exploitation of oil and gas resources. The water basin and the surface would be of common property over which they would exercise joint rights. The agreement was the first international legal document concerning the Caspian Sea. It is a significant step toward the creation of a legal regime, as the main question was no longer whether to divide the Caspian Sea but how (Lee 2005).

The reactions of the other three littoral states to the Russian-Kazakh agreement were mixed. Iran said it was willing to negotiate division of the sea into national sectors, but rejected the Russian-Kazakh agreement, preferring a legal regime in which both the seabed and the water basin are either common property or divided into five sectors of equal area. Although accusing Russia of inconsistency, Iran's willingness to discuss the division of the sea was an important change from its previous position. It also symbolized a growing realization that "the establishment of a condominium legal regime for the entire length and breadth of the Caspian" was impractical (Mojtahed and Hafeznia 2003: 611). As such, Iran opposed the use of the median line principle, as it would provide it with only 12 to 13 percent of the sea, depriving it not only of much of the Caspian's hydrocarbon resources, but also of an effective naval presence (Mojtahed and Hafeznia 2003). Azerbaijan's view on the division of the Caspian Sea in its entirety (seabed, subsoil, water basin, and sea surface) into national sectors did not change. As such, it complemented Iran's stance and rejected the Russian condominium regime on the water basin. Yet Azerbaijan did not accept the Iranian proposal of five equal shares, favoring the median line principle in accordance with international high seas law. Turkmenistan's position remained ambiguous, although by and large it also called for a division of the entire sea.[5]

Change occurred in January 2001 when Russian President Vladimir Putin and Azerbaijani President Heider Aliev agreed on a "stage by stage" demarcation approach (Lee 2005: 43). The seabed and subsoil, where the

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[5] In February 1998, Azerbaijan and Turkmenistan announced that they had agreed to divide the shared border on the Caspian Sea according to the median line principle. But it was not clear as how to determine the median line since Azerbaijan's Absheron peninsula gave it an advantage Turkmenistan did not want to accept (Lee 2005).

energy reserves are located, were to be divided first, according to the median line principle, while the sea surface would be addressed later and remain under joint control, at least for the time being. This shift in Azerbaijan's position towards that of Russia should not have come as a big surprise, as it was motivated by dividing the sea into clear sections and obtaining the energy resources located in the seabed and subsoil. Politically, however, the shift was more important: now a majority of littoral states was in favor of dividing the seabed alone.

On November 1, of the same year, Russia, Kazakhstan, Azerbaijan, and Turkmenistan agreed that the Caspian Sea should be divided "along lines acceptable to bordering and opposite countries, i.e. in a bilateral format" (BBC Monitoring Service November 1, 2001). Russia, Kazakhstan, and Azerbaijan agreed that in the case of a division into national sectors, Iran would only receive 12 to 13 percent of the seabed. Soon afterwards, Azerbaijan and Kazakhstan also agreed on the division of the seabed, completing the set of bilateral agreements between the three northern states. Yet consensus still had to be reached with Iran and Turkmenistan.

On April 23–24, 2002, in Ashgabat, Turkmenistan, the presidents of the five littoral states held their first summit meeting since the collapse of the Soviet Union. As had been expected, the meeting ended without concrete results. Because of the unsuccessful summit in Ashgabat, Iran announced that it would begin unilateral development of energy resources in its portion of the sea (McConnell 2002). As a consequence, Putin stated shortly after the summit, that "should it prove impossible to reach agreement on all problems with all the Caspian States, Russia considers it appropriate to settle individual issues bilaterally with its neighbors" (cited in McConnell 2002). In May 2002, Putin and Nazarbayev signed a protocol to the 1998 agreement on the median line division between the two countries' share of the Caspian seabed. On September 23, 2002, Russia and Azerbaijan also signed a protocol to the agreement demarcating their common border in the Caspian Sea. The north of the Caspian seabed was finally divided in February 2003, when Azerbaijan and Kazakhstan signed an agreement similar to the above protocols. As a result, two camps started to emerge. Russia, Kazakhstan, and Azerbaijan advocated the division of the seabed along the median line while holding the sea surface in common. Iran and Turkmenistan did not. Turkmenistan also wanted to divide the sea but disagreed on the method; Iran disagreed with both the principle and the method, reiterating that it should possess at least 20 percent of the Caspian Sea (Lee 2005).

Between May and December 2003, a special working group drafted a convention on the legal status of the Caspian Sea. Some progress was made on technical issues such as safeguarding the marine environment (Lee

2005). On the crucial issue of dividing the sea's energy resources, however, no agreement was reached. Moreover, the follow-up summit to be held in mid-2004 in Tehran did not take place and was postponed again in early 2005. The 2003 convention remained the first legal document signed by all five littoral states.

Currently, neither the "northerners" nor the "southerners" have taken any steps toward accommodating the other party. A Russian analyst stated in April 2004 that the "trilateral agreement among the northerners on the delimitation of the Caspian Sea would never be reconsidered. Iran has held fast to its long-standing position that the Caspian Sea should be divided into five equal parts" (cited in Lee 2005: 45). Moreover, tensions between Azerbaijan and Turkmenistan flared up once more in January 2005, when Turkmenistan approved a plan by the Canadian energy company Buried Hill Energy to co-develop the Serdar/Kyapaz field, which Azerbaijan claims as its own and was itself already planning to develop. If no agreements can be reached, a "no-solution" scenario will prevail. This could lead to a proliferation of conflicts and disputes and result in greater Russian or American regional involvement. It will also prevent large-scale investments of TNOCs in the production and export of the Caspian's oil and gas resources.

Despite the absence of a legal consensus in practice, an informal regime is slowly emerging. The agreements between the northerners facilitate the extraction of hydrocarbon resources in their areas. As a Russian analyst stated in July 2003, "The problem of the Caspian Sea, from the point of view of energy resources, has been settled for those countries [the northerners]. The northern part of the sea is fully open for business and investment, and has legal protection" (cited in Lee 2005: 45–46). Similarly, the southerners have also continued to develop hydrocarbon resources. The state of the current conflict can then perhaps best be summed up by the words of the Iranian Deputy Oil Minister Akbar Torkan in April 2003, who announced during ongoing drilling operations that the dispute pertained "only to a small [disputed] section of the sea" (cited in Lee 2005: 46), mostly the exploitation sites along the Azerbaijan-Iran-Turkmenistan border.

DEMAND-INDUCED SCARCITY, SUPPLY-INDUCED SCARCITY, AND STRUCTURAL SCARCITY

As global consumption rises, per capita availability of oil and gas from a fixed stock will at some point in time begin to decrease. This effect is called "demand-induced scarcity," which is caused by three factors. The first is population growth in consuming countries. The second is rising per capita income in high-income countries, which are the major per capita consumers and importers, and in late industrializing economies, particu-

larly in South and East Asia, where the bulk of the world population lives. Demand-induced scarcity thus varies for groups at different levels of per capita income. Those who cannot afford market prices find themselves excluded without any actor deciding to exclude them. Owing to the lop-sided distribution of societies, according to their level of per capita income, demand-induced scarcity will enter into the lives of high-income societies last. These are the countries that industrialized first, using cheap energy. In the past, demand from these countries coincided with world demand, as situation is changing and will further change in the future. The third is technological change. The history of technological change since the 1850s has rendered access to fossil energy more, not less, important for the pro-duction of wealth and power. The process of sequential industrialization of human groups increases demand. This process may be compared with more panda bears on the move to the same bamboo field to join those already there. The similarity is that both the panda bears and human beings have to survive and prosper for the foreseeable time in one resource field alone. Since their emergence in the 1850s, industrialized societies have specialized in becoming dependent for their wealth and power on energy from fossil sources. Without energy, other resources cannot be mobilized or used. Technological innovation, governance, and households depend on it. Historically, wood and coal provided the resource base of industrialization. Today, most forests are gone and oil and gas are replacing coal.

  Supply-induced scarcity is caused by the dwindling of stock. In reality, demand- and supply-induced scarcity interact. Extraction costs, refining and retail plus profit mark-ups determine offer price. The intersection of demand and supply determine consumer price. However, supply-induced scarcity should be studied in its own right. One reason is that the dwin-dling of stock is not translated by the price mechanism into gradual price increases. However, price volatility will increase as awareness spreads that stocks are dwindling. Supply-induced scarcity, or its anticipation, may be expected to provoke a process of competitive power projection by militarily capable and import-dependent nations aiming to gain control over stock or territory where stocks are located either by internally engineered regime change or by territorial conquest. Domestic regime strength and military capability determine the capacity of target countries to ward off unwanted penetration by outsiders. This brings us to the third type of scarcity, called "structural scarcity."[6] Structural scarcity is supply-induced by the deliberate action of a major power, by non-state actors such as major oil companies,

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[6] These distinctions are further developed and illustrated with several examples in Homer-Dixon, T.F. and and J. Blitt (eds.) 1998 *Ecoviolence: Links Among Environment, Population and Security, Boston*: Rowman and Littlefield.

or by producer cartels such as the Organization of Petroleum Exporting Countries (OPEC). Past experience with creating structural scarcity is not inspiring. In the run-up to World War I, the British blocked Germany's Berlin-Baghdad rail project; during World War II, Nazi Germany competed with the British for influence in Iraq and tried to capture Baku. Japan waged war with America to gain access to oil in the Dutch Indies. A major power that manages to gain control over conditions of access by third parties to the stock has the option of inducing scarcity for selected outsiders. In American post-World War II War planning, maritime control was deemed capable of interrupting food and oil supplies to Japan.

In the current unipolar military order, the US can opt to induce scarcity for allies, competitors, and enemies alike by interdicting the maritime transport of oil and gas. That option, however, is available only after oil and gas have been brought to ports and ships from the territory of extraction (Amineh and Houweling 2004/2005: ch. 1). America, by extending the country's defense perimeter into the heartland of energy supply, is equipping itself with the capacity to induce structural scarcity for contenders by diverting flows on land. This is the aim of "energy foreign policy." Particular attention is given to keeping the region richest in oil, the Persian Gulf, within the American sphere of geopolitical power projection. The US played a key role in the coup against the democratically elected Mosaddeq government in 1953 and installed the Shah of Iran, who became the West's principal ally in the region. Following the Iranian Islamic Revolution of 1978–79, Saddam Hussein's Iraq became an American surrogate of sorts, until his invasion in Kuwait. The 1991 Gulf war marked a sharp turning point toward direct American intervention. US forces never left the region completely. Washington and its allies also stepped up their arms deliveries to Persian Gulf clients, selling more than US$100 billion worth of arms in the 1990s alone (see Gasiorowski and Byrne 2006; Renner 2006).

Iraq was considered an outlaw state from 1990 to 2003, but its plentiful, high quality, and inexpensively produced oil remained a major prize. Because of repeated wars, instability and international sanctions imposed in 1990, much of Iraq was never fully explored for oil; some analysts think that Iraqi reserves could even rival those of Saudi Arabia. Had the sanctions ended with Saddam Hussein still in power, Russian, French, and Chinese companies (which had signed contracts with Baghdad contingent on the lifting of sanctions) would have gained preferential access to Iraqi oil. Only through regime change did American companies have a chance to circumvent these three rivals (Renner 2006). But American invasion and occupation has not led to a resurrection of the war- and sanctions-battered Iraqi oil industry. Instead, by December 2005, cronyism and corruption among US contractors, combined with the growing insurgency and gen-

eral instability, reduced oil production to about 1.9 million bbl/d, which is substantially below the pre-invasion level of about 2.6 million bbl/d (Renner 2006). Since late 2001, in the name of the global war on terror, a network of US military facilities and informal basing arrangements has emerged from CEA to the eastern Mediterranean to the Horn of Africa, in countries that are either rich in oil and gas or are considered crucial in terms of transporting energy resources to world markets. According to a 2005 Congressional Research Service report, "While terrorism is cited as the primary reason for US military operations in Africa, access to Africa's oil—which presently accounts for 15 percent of the US oil supply and could reach 25 percent by 2015—is also considered a primary factor for growing US military involvement in the region" (cited in Feickert 2005: 12).

Have oil prices become more volatile over time? That is indeed the case. Historical price levels per bbl of oil (expressed in 1999 US$) between the 1880s and early 1920s fluctuated within the relatively narrow range of US$10 to US$20 per bbl. Between the 1920s and the late 1960s, the price of oil declined to around US$10 per bbl. And the power and wealth of those countries that industrialized first is based on access to cheap oil. Since the early 1970s, the oil price per bbl has fluctuated wildly: from the peak value of just over US$70 per bbl during the Iranian revolution, to the low of US$20 per bbl after the defeat of Iraq in the 1991 Gulf War, to back above US$30 per bbl in 2000. Between 1985 and 2000, OPEC's share of total global annual oil production increased from about 17 percent to over 30 percent. In 2003, 11 OPEC members sat on 80.5 percent of the world's oil stock. With Baghdad in American and British hands and Iraqi territory containing the largest share of the world stock after Saudi Arabia, the occupying powers have gained leverage over the energy security of third-party actors. Regime change, therefore, is not limited to the domain of politics, as Iran experienced in the early 1950s. Oil and gas are not just commodities traded in international markets. Control over territory and its resources are strategic assets. State actors expand domestic state-society complexes to the international level.

The world order being the global level of interactions is constituted by the process of selection among the diversity of state-society complexes, competing for wealth, power, and power-projection capability and by efforts to adapt to the ways of the stronger by those who have fallen behind. The Anglo-Saxons achieved a military takeover of Iraqi state territory, and by this act transferred property rights over the world oil stock located there. By controlling access to it, they also secured a resource niche in which states, enterprises, and domestic society households subsist by creating and diverting trade.

Table 14.1

Projected global oil and natural gas consumption, 2003–2030

Region/Country	Oil			Natural Gas		
	2003 (MMbbl/d)	2030 MMbbl/d)	Annual average growth 2003–2030 (in percent)	2003 (tcf)	2030 (tcf)	Annual average growth 2003–2030 (in percent)
North America	24.3	33.4	1.2	27.4	36.6	1.1
US	20.1	27.6	1.2	22.3	26.9	0.7
Western Europe	15.5	16.3	0.2	17.8	30.8	2.0
Industrialized Asia	8.8	10.1	0.5	5.0	6.8	1.2
Japan	5.6	5.4	−0.1	3.1	3.8	0.8
Former Soviet Union and Eastern Europe	4.9	7.1	1.4	23.6	40.5	2.0
Developing Asia	13.5	29.8	3.0	7.5	28.8	5.1
China	5.6	15.0	3.8	1.2	7.0	6.8
India	2.3	4.5	2.4	1.0	4.5	5.9
South Korea	2.2	3.5	1.7	0.9	1.3	1.7
Central and South America	5.3	8.5	1.8	3.8	10.8	3.9
Middle East	5.3	7.8	1.5	7.9	19.6	3.4
Africa	2.7	4.9	2.3	2.6	8.1	4.4
World Total	**80.1**	**118.0**	**1.4**	**95.5**	**182.0**	**2.4**

Source: Based on EIA, 2006 *International Energy Outlook 2006*, tables A4 and A5, 87–88.

GLOBAL OIL AND GAS DEMAND

Over the next two decades, oil is expected to remain the main fuel for industries and households, accounting for about 40 percent of global energy consumption.[7] It is expected that global oil demand will increase annually by about 1.4 percent from 80 MMbbl/d in 2003, to 118 MMbbl/d in 2030 (EIA 2006: 25). In the industrialized world, total oil demand is expected to decline as gas use increases (see Table 14.1).

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[7] Other fuel sources, such as natural gas, coal, nuclear and renewable (hydroelectricity being the most important) will continue to grow. However, while those will be increasingly used for power generation, oil will remain the foremost source for the next three decades in both industrialized and developing countries.

Global Oil Demand

Among industrialized countries, the largest increase in oil demand is expected in North America (US, Canada, and Mexico). At an average annual growth rate of 1.2 percent, petroleum product consumption in North America is projected to increase between 2003 and 2030 by 9.1 MMbbl/d. For Western Europe, oil is the largest energy source. However, its projected increase in demand is the lowest in the *International Energy Outlook* forecast (2006): during the same period, Western European oil consumption is expected to increase by about only 0.2 percent per year, or from 15.5 MMbbl/d to 16.3 MMbbl/d. The low increase in oil consumption in Western Europe is caused mainly by increasing gas consumption (see Table 14.2). Since the disintegration of the Soviet Union, oil demand decreased steadily in Eastern Europe and the former Soviet republics from 8.3 MMbbl/d to 3.7 MMbbl/d. Since 2000, however, economic prospects for the region are good and expected economic growth will lead to an increase in oil consumption projected to reach an annual average of 1.4 percent, or around 7.1 MMbbl/d, by 2025. This rate is still well below the 9.3 MMbbl/d consumed in 1990.

In industrialized Asia (Japan, South Korea, Taiwan, Australia, and New Zealand), oil demand is projected to increase in the same period by an average of 0.5 percent per year, from 8.8 MMbbl/d to more than 10.1 MMbbl/d. Japan imports all the oil it uses, accounting for about 80 percent of the total oil demand in industrialized Asia.

The greatest increase in oil demand is expected in developing Asia. In 1985, China imported less than 800,000 tons of oil and oil products. In 2001, oil and oil product imports had increased to 5.0 MMbbl/d. China is the second largest oil consumer in the world behind the US, and its expected 2025 "aggregate" oil consumption may reach 46 percent of America's consumption level. China's oil consumption will increase by 3.8 percent annually, from 5.6 MMbbl/d in 2003 to 15 MMbbl/d in 2030.

Between 1962 and the present, India's per capita income growth lagged behind growth in industrialized East Asia and industrializing China. In 2000, its population surpassed one billion. Indian oil consumption is expected to grow by an annual average of 2.4 percent to almost 4.5 MMbbl/d in 2030. India imports about two-thirds of its crude oil requirements. For the rest of developing Asia, oil demand will increase at a slower rate for the projected period than during the 1990s.

In Central and South America, oil demand for the projected period will increase from 5.3 MMbbl/d to 8.5 MMbbl/d. However, the share of oil in the region's total energy demand is declining owing to substitutions of hydroelectric energy, natural gas, coal, and energy from crops. In the Middle East, between 2003 and 2030, oil demand will grow by an annual

average of 1.5 percent, from 5.3 MMbbl/d to 7.8 MMbbl/d. In Africa, oil currently comprises 44 percent of total energy needs; between 2003 and 2030, oil demand will increase from 2.7 MMbbl/d to 4.9 MMbbl/d (EIA 2006).

Global Gas Demand

Between 2003 and 2030, estimated global demand for natural gas will almost double, from 95.5 tcf to 182 tcf, which translates into an annual increase in consumption of 2.4 percent. In developed countries, gas demand will increase by an annual average of 1.5 percent. In North America, it is projected to increase by 1.1 percent per year, and in Western Europe by 2 percent. Western Europe, which holds less than 5 percent of the world's natural gas reserves, was responsible for 17 percent of the world's total gas consumption in 1999. Between 2003 and 2030, industrialized Asia could increase its demand for natural gas at an annual average of 1.2 percent, which is a much slower rate than that of the period between 1970 and 1999, when gas demand in industrialized Asia increased annually by 11.2 percent. In the former Soviet Union and Eastern Europe, gas consumption will average a 2 percent annual increase over the forecasted period, rising from 23.6 tcf to 40.5 tcf.

Developing Asia will account for an annual average increase of 5.1 percent between 2003 and 2030, with China alone accounting for a 6.8 percent annual average increase. In Central and South America, the average annual growth rate in gas demand will be as high as 3.9 percent, raising it from 3.8 to 10.8 tcf. The Middle Eastern countries also seek to develop their domestic gas markets, where consumption is expected to more than double in the projected period, from 7.9 tcf to 19.6 tcf. Africa accounts for about 5 percent of the world's natural gas production, but only consumes 2 percent of the world's demand. It is projected that African gas consumption will increase by an annual average of 4.4 percent from 2.6 tcf to 8.1 tcf between 2003 and 2030 (EIA 2006). Table 2 summarizes current trends.

GLOBAL OIL AND GAS RESERVES

The total global oil stock at the end of 2005 was estimated at 1.2 trillion bbl proven oil reserves, of which 902.4 billion bbl was in OPEC, and 298.3 billion bbl in non-OPEC countries (BP 2006). Fourteen countries account for 90 percent of the total global proven oil reserves: Saudi Arabia, Iraq, United Arab Emirates (UAE), Kuwait, Iran, Venezuela, Russia, Mexico, US, Libya, China, Nigeria, Norway, and the UK. Just five countries (Saudi Arabia, Iraq, UAE, Kuwait, and Iran) hold almost two-thirds of proven global oil reserves.

Table 14.2

Proven oil and natural gas reserves in the Caspian Sea Region, Europe, US and Middle East, 2005

Country	Proven Oil Reserves billion bbl	Proven Natural Gas Reserves (tcf)
Caspian Sea Region		
Azerbaijan	7.0	48.4
Kazakhstan	39.6	105.9
Turkmenistan	0.5	102.4
Iran	137.5	943.9
Russia	74.4	1,688.0
Total	**259.0**	**2,888.6**
Europe	21.1 (OECD Europe)	200.6 (EU 25: 90.8)
US	29.3	192.5
Middle East	605.2	2642.1
Total	**654.8**	**3,035.2**

Source: British Petroleum, 2006 *BP Statistical Review of World Energy 2006.*

Global natural gas reserves at the end of 2003 were estimated to be 6,348.1 tcf. Almost 85 percent of global natural gas reserves are located in the Middle East and the former Soviet Union. The proven gas reserves for Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan are estimated at 2,888.6 tcf, which is almost as much as the combined proven gas reserves of Europe, the US, and the Middle East (see Table 14.2).

Iran and Russia alone account for about 41.5 percent of global natural gas reserves (see table 14.3).

Because of its huge oil and gas reserves, post-Soviet CEA has turned into one of the most important geopolitical areas in the world.

The Role of Caspian Oil and Gas in Global Oil and Gas Supply

The Caspian littoral states hold one of the world's largest oil and gas reserves, which makes them very significant in global markets. Estimates of proven oil and gas reserves in the Caspian region vary. For example, according to the US Energy Information Administration (EIA) report, as of January 1, 2006, total proven oil reserves in the three Caspian littoral states of Azerbaijan, Kazakhstan, and Turkmenistan are estimated at 16.5 billion bbl and the total proven gas reserves at 166 tcf. Total proven oil reserves, according to the *Statistical Review of World Energy* (BP 2006), are 47.1 billion bbl and the total proven gas reserves are 256.7 tcf. If the various oil projects boost production, then the Caspian region's oil exports

Table 14.3

Top 20 countries in estimated oil and natural gas reserves, 2005

Regions and Countries	Proven Oil Reserves		Proven Natural Gas Reserves[a]	
	Billion bbl (Share of world total in percent)	World Rank	Tcf (Share of world total in percent)	World Rank
	Caspian Sea countries			
1 Azerbaijan	7.0 (0.6)	20	48.4 (0.8)	22
2 Kazakhstan	39.6 (3.3)	8	105.9 (1.7)	11
3 Turkmenistan	0.5 (n/a)	–	102.4 (1.6)	12
4 Iran*	137.5 (11.5)	2	943.9 (14.9)	2
5 Russia	74.4 (6.2)	7	1,688.0 (26.6)	1
	Developed countries			
6 US	29.3 (2.4)	11	192.5 (3.0)	6
7 Norway	9.7 (0.8)	18	84.9 (1.3)	15
8 Canada	16.5 (1.4)	12	56.0 (0.9)	18
9 The Netherlands	–	–	49.6 (0.8)	21
	Developing countries			
10 Saudi Arabia*	264.2 (22.0)	1	243.6 (3.8)	4
11 Iraq*	115.0 (9.6)	3	111.9 (1.8)	10
12 United Arab Emirates*	97.8 (8.1)	5	213.0 (3.4)	5
13 Kuwait*	101.5 (8.5)	4	55.5 (0.9)	19
14 Uzbekistan	0.6 (n/a)	–	65.3 (1.0)	17
15 Venezuela*	79.7 (6.6)	6	152.3 (2.4)	9
16 Libya*	39.1(3.3)	9	52.6 (0.8)	20
17 Mexico	13.7 (1.1)	15	14.5 (0.2)	24
18 China	16.0 (1.3)	13	83.0 (1.3)	16
19 Nigeria*	35.9 (3.0)	10	184.6 (2.9)	7
20 Algeria*	12.2 (1.0)	16	161.7 (2.5)	8
21 Brazil	11.8 (1.0)	17	10.9 (0.2)	25
22 Angola	9.0 (0.8)	19	–	–
23 Oman	5.6 (0.5)	21	35.1 (0.6)	23
24 Qatar*	15.2 (1.3)	14	910.1 (14.3)	3
25 Malaysia	4.2 (0.3)	22	87.5 (1.4)	14
26 Indonesia*	4.3 (0.4)	23	97.4 (1.5)	13
	World Total	**1,200.7 (100)**		**6,348.1 (100)**

Notes: *OPEC countries.
Source: British Petroleum, 2006 *BP Statistical Review of World Energy 2006.*

might rise to 3 MMbbl/d in 2010 and by an additional 2 MMbbl/d to 5 MMbbl/d in 2020.[8]

At today's market prices, potential oil reserves of the Caspian Sea zone have an estimated value of between US$2–US$4 trillion. The availability of Caspian energy supplies on world markets will likewise enhance prospects for economic growth and political stability in the Caspian littoral countries (O'Connor, 3 May 1993). Iran and Russia are the two main powers in terms of oil and gas reserves of the Caspian region and have the greatest energy reserves in the world. Iran is the world's second largest owner of proven natural gas reserves (estimated at 943.9 tcf, while producing 87 billion cubic meters (BBcm)[9] per year) after Russia and ranks second in proven oil resources (11.5 percent, estimated at more than 137.5 billion bbl). In 2005, Iran produced 4.05 MMbbl/d. Russia's proven oil reserves are estimated at 74.4 billion bbl (seventh largest in the world) and proven gas reserves at 1,688 tcf (largest in the world). Russian oil production in 2005 was estimated at 9.55 MMbbl/d. Russia ranks second in oil production behind Saudi Arabia. Its gas production in 2005 was 598 BBcm (BP 2006). Russia is currently the world's largest gas producer.

Azerbaijan has been an important oil source for more than a century. Its proven oil reserves are estimated at 7 billion bbl and proven gas reserves at 48.4 tcf. After independence in 1991, Azerbaijan's oil production declined from 238,000 bbl/d to 180,000 bbl/d in 1997. Owing to substantial foreign investments in Azerbaijan's oil sector, this trend has been reversed. As shown in Table 14.4, output rose in 2005 to 452,000 bbl/d. It is expected that oil exports could exceed 1 MMbbl/d by 2010 and 2 MMbbl/d in 20 years from now.

Azerbaijan's natural gas production was 5.3 BBcm in 2005 (Table 14.5), which is rather low owing to the country's lack of suitable infrastructure to deliver natural gas to markets. Given the necessary infrastructure, its natural gas production could increase to as much as 600 billion cubic feet (bcf) by 2010.

Kazakhstan has far greater oil and gas reserves than were estimated during the Soviet period. It is considered, after Russia, to be the richest of the former Soviet republics in oil resources, with proven oil reserves of 39.6 billion bbl. It also has an enormous natural gas reserve, estimated at 105.9 tcf. Kazakhstan's oil production dropped to 415,000 bbl/d during the first few years following the collapse of the Soviet Union, but foreign

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[8] For a detailed analysis of the role of the Caspian region in the global oil and gas market, see Amineh, M.P. 2003 *Globalization, Geopolitics, and Energy Security in Central Eurasia and the Caspian Region*, Den Haag: Clingendael International Energy Program.

[9] 1 cubic feet = 0.028 cubic meters.

Table 14.4

Caspian Sea Region oil production and exports

Country	Production			Net Exports		
	Production, 1995 (TTbbl/d)+	Production, 2005 (TTbbld)+	Possible Production, 2010 (TTbbl/d)# [high]	Net Exports, 1990 (TTbbl/d)†	Net Exports, 2001 (TTbbl/d)†	Possible Net Exports, 2010 (TTbbl/d)†
Azerbaijan	185	452	1,140	77	175.2	1,000
Kazakhstan	434	1364	2,400	109	631	1,700
Turkmenistan	84	192	964	69	107	150
Iran	3.2~	4.09*	3.4~~	n/a	2.55*	n/a
Russia	11.4~	9.27*	9.6~~	n/a	6.67*	n/a
Total	**10735**	**15608**	**4654**	**255**	**920.2**	**2850**

Notes:
+ Based on BP, 2006 *BP Statistical Review of World Energy 2006*.
# Based on EIA, 2003 *Caspian Sea Region: Key Oil and Gas Statistics*.
† Based on EIA, 2002 *Caspian Sea Region: Reserves and Pipelines*.
* Based on EIA, 2006 *International Petroleum (Oil) Imports and Exports*, data on Iran and Russia measured in millions of barrels per day for the year 2004.
~ Based on EIA, 2006 *International Energy Outlook 2006*, data on Iran and Russia measured in millions of barrels per day for the year 1990.
~~ Based on EIA, 2006 *International Energy Outlook 2006*, data on Iran and Russia measured in millions of barrels per day for the year 2010 in the reference case.
Sources: BP, 2006 *Statistical Review of World Energy*; EIA, 2003 *Caspian Sea Region: Key Oil and Gas Statistics*; EIA, 2002 *Caspian Sea Region: Reserves and Pipelines*.

investments in its oil sector helped boost its production to 1.364 MMbbl/d in 2005. Production is expected to reach 2.4 MMbbl/d by 2010, and as much as 2.5 MMbbl/d by 2015. Kazakhstan exported 631,000 bbl/d of oil in 2001, but the country's remoteness from world markets and its lack of export pipelines have hindered faster growth of exports. In 2001, most Kazakh oil exports were shipped mainly through Russia via the Atyrau-Samara pipeline, with additional supplies shipped by rail and by barge across the Caspian Sea.

Kazakhstan's gas industry is significantly underdeveloped and hampered by a lack of infrastructure. In August 1999, the Kazakh government passed a law requiring TNOCs to include natural gas utilization projects in their development plans. As a result, Kazakhstan increased its natural gas production to 23.5 BBcm of natural gas in 2005, the highest level in the past decade. If domestic natural gas demand remains stable, production is expected to reach 1,700 bcf in 2010.

Turkmenistan has one of the world's major natural gas reserves and also significant oil reserves. According to recent studies, gas reserves might

Table 14.5

Caspian Sea Region natural gas production and exports

Country	Production			Net Exports		
	Production, 1995 (BBcm), per year+	Production, 2005 (BBcm), per year+	Possible Production, 2010 (bcf)#	Net Exports, 1990 (bcf)†	Net Exports, 2000 (bcf)†	Possible Net Exports, 2010 (bcf)†
Azerbaijan	6.2	5.3	600	−272	00.0	500
Kazakhstan	5.5	23.5	1,700	−257	−176	350
Turkmenistan	30.1	58.8	4,200	2,539	1,381	3,300
Iran	1.25*	2.96*	n/a	0.11~	0~	n/a**
Russia	21.0*	22.4*	26.8**	6.87~	7.65~	n/a**
Total	**632.5**	**772.6**	**6100**	**2010**	**1205**	**4150**

Notes:
+ Based on BP, 2006 *Statistical Review of World Energy 2006*.
† Based on EIA, 2002 *Caspian Sea Region: Reserves and Pipelines*.
# Based on EIA, 2003 *Caspian Sea Region: Key Oil and Gas Statistics*.
* Based on EIA, 2006 *International Natural Gas Production*, data on Iran and Russia measured in trillions of cubic feet per year for the years 1995 and 2004 (second column).
** Based on EIA, 2006 *International Energy Outlook 2006*, data measured in trillions of cubic feet.
~ Based on EIA, 2006 *International Natural Gas and Liquefied Natural Gas (LNG) Imports and Exports*, data measured in trillions of cubic feet for Iran in 1991, for Russia 1992, and for both in 2000.
Sources: British Petroleum, *BP Statistical Review of World Energy 2006*; EIA, 2002 *Caspian Sea Region: Reserves and Pipelines*; EIA, 2003 *Caspian Sea Region: Key Oil and Gas Statistics*.

amount to as much as 102.4 tcf and oil reserves to 0.5 billion bbl. After independence, oil production decreased to 84,000 bbl/d in 1995 and then more than doubled to 192,000 bbl/d in 2005. Expected oil production for 2010 is 964,000 bbl/d. Meanwhile, production of natural gas fell sharply in the first decade after independence. In 2005 the country produced 58.8 BBcm. The recent trend is positive, mainly owing to a major gas export deal with Russia and the resumption of delivering supplies to Ukraine. Turkmenistan is expected to produce up to 4,200 bcf in 2010.

Without Caspian exports, oil exports from the Persian Gulf to Europe will have increased to 0.5 MMbbl/d by 2010. If the Caspian region fully participates in market exports, oil from the Persian Gulf to Europe will have decreased to 1.5 MMbbl/d by 2010 (Emerson 2000).

ARE PROVEN RESERVES SUFFICIENT TO SATISFY DEMAND?

Above we distinguished supply-induced scarcity from demand-induced scarcity. Supply-induced scarcity occurs from the moment world stock begins to decrease. Experts disagree slightly on precisely when supply-induced

scarcity sets in. In the mid-1990s, analysts began to take a closer look at projection methods based on fitting data to growth curves whose underlying generating mechanisms are well studied.

Hubbert used these methods in the mid-1950s to anticipate the peak in US oil production (Deffeyes 2001). Most experts believe the peak in world production will arrive suddenly at the end of this decade or early next decade. Demand for gas is expected to peak at the end of the century. Between 1950 and the mid-1980s oil prices, expressed in terms of the quantity of oil required to produce and transport one barrel of oil to consumers, multiplied from 3 liters to 20 liters. According to EIA estimates, world oil supply in 2030 will exceed the 2003 level by 38 MMbbl/d. Production increases are expected from both OPEC and non-OPEC countries. The rise in non-OPEC oil supply over the last two decades has resulted in a substantial decline of OPEC's market share, which had achieved a historic high of 52 percent in 1973. However, it is projected that by 2030 about 62 percent of the total oil production increase will come from non-OPEC areas. OPEC oil production is expected to reach 45.3 MMbbl/d in 2030. Its capacity utilization will increase immensely after 2000, reaching 90 to 93 percent in 2030.

For the moment, OPEC faces a dilemma, especially with regard to the uncertainty of Iraq's future within the organization. Iraq could be the world's second largest supplier of crude after Saudi Arabia. It has 115 billion bbl of crude oil in reserve and OPEC worries that the world market might demand more oil from Iraq. OPEC fears that a rise in Iraqi oil supply could drown markets and force prices to slump. It would like to see prices balanced between US$22 and US$28 per bbl (Alexander's Gas and Oil Connection 15 May 2003).

In 2000, the industrialized countries imported 15.8 MMbbl/d from OPEC countries, 9.9 MMbbl/d of which came from the Persian Gulf region. OPEC members exported 70 percent of their oil exports to industrialized countries, of which almost two-thirds came from the Persian Gulf. It is expected that OPEC's exports to industrialized countries in 2030 will be about 3.2 MMbbl/d higher than in 2003. Just under half of this increase will come from Persian Gulf countries.

Persian Gulf exports to industrialized countries will fall from 51 percent in 2003 to about 37 percent in 2030. This is because OPEC's oil exports to developing countries will increase by more than 13.6 MMbbl/d between 2003 and 2030, 11.5 MMbbl/d of which will go to developing Asia. China alone is expected to import about 6.8 MMbbl/d from OPEC by 2030, most of which will come from the Persian Gulf (EIA 2006).

Non-OPEC oil supply is expected to increase steadily from 46 MMbbl/d in 2000 to 61.1 MMbbl/d in 2020 (Emerson 2000) and to 72.6 MMbbl/d

in 2030, according to EIA (2006). For the period 1998 to 2010, the three new Caspian littoral states of Azerbaijan, Kazakhstan, and Turkmenistan, will account for 18 percent of the total increase in non-OPEC production. The North Sea will account for 4 percent of the total increase, Latin America for 9 percent, and Africa for 14 percent (Emerson 2000).

As the Middle East is politically unstable, alternative oil resources will be important for reducing dependence on this region. However, the shift in oil production from the Persian Gulf to other areas does not guarantee that new sources will be more secure. Colombia and Nigeria have recently experienced considerable internal violence, and Venezuela is undergoing a difficult political transition (Klare 2001).

China has had similar experiences. It has tightened its hold on the Xinjiang Uighur Autonomous Region, a significant domestic source of oil and gas. Because of the high concentration of an ethnic minority population, the Chinese leadership views Xinjiang as particularly susceptible to foreign anti-Chinese influences. It fears that the radical Islamic and separatist forces operating in CEA could stir up minority separatist aspirations. Instability could undermine China's hold on it and threaten the integrity of the entire country. The region has vast open spaces and a relatively small population, which makes it perfect for nuclear testing and large-scale conventional military exercises of the People's Liberation Army. Bordering Mongolia, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Pakistan, and India, Xinjiang is ideally located to strengthen China's regional influence (Amineh 2003: ch. 5; see also Amineh 1999).

Future Geopolitical Scenarios

Control of the production and transport of Persian Gulf and Caspian oil and gas, however, will determine the political and economic futures of not only those two regions. The collapse of the Soviet Union and the end of the Cold War led to a dramatic change in the configuration of Eurasian geopolitics. One of the most important consequences was the emergence of independent republics in CEA along the southern frontier of the Russian Federation. Since the disintegration of the Soviet Union, the conditions for a New Great Game have been created among the main state-actors—the US, China, and Russia—interested in creating access to the region's energy resources. Each is backing a different pipeline project and seeking to draw the region's governments into its respective orbit. Starting a decade ago, the US promoted the so-called Baku-Tblisi-Ceyhan (BTC) route. Unlike existing, Soviet-era, pipelines, it bypasses Russia and also avoids Iran in order to minimize both countries' influence. Oil from Azerbaijan began flowing in May 2005 to the Turkish Mediterranean port of Ceyhan, located near

the massive US military base at Incirlik. The BTC pipeline will be complemented with a gas pipeline following the same route (see Amineh 2003).

Oil and gas are sources of energy, and thus sources of wealth and power, including the capacity to project military power into energy-rich areas of the world. Experts are concerned that global oil production will be unable to meet the rapidly rising global demand for energy. Existing resources are decreasing while newly discovered ones disappoint. Major oil consumers will have to follow more aggressive policies to satisfy their oil needs, and military intervention to safeguard oil production and export will become more likely. This will have enormous implications for global peace and security. In January 2006, Russia briefly cut off natural gas deliveries in a dispute with Ukraine, triggering concerns that Russia might also withhold deliveries as a political weapon against EU member states. Fears were heightened when President Putin suggested in April 2006 that Russia might redirect future exports to Asian customers. Iran, meanwhile, is planning to build a natural gas pipeline through Pakistan to India. Intent on isolating Iran, the Bush administration opposes the pipeline, even though it has the potential of strengthening the common economic interests of Pakistan and India.

It is not yet clear whether the main contending powers—the US, the EU, Russia, China, and Iran—see each other as rivals, allies, or as combinations of the two. For example, the US will use political, economic, and perhaps military pressure to expand its influence and remove any obstacles to the safe flow of oil. China is unable to compete with the Americans militarily and will avoid a direct confrontation with Washington, but it will ally with local powers, such as Russia, to defend its regional interests. Each contending power's nightmare has to face an alliance of all the others alone. The world's nightmare would be direct confrontation between any of them.

XV. China and the Greater Middle East: Globalization No Longer Equals Westernization

Kurt W. Radtke

Abstract

The reshaping of the domestic social, political, and economic structures all over East Asia takes place in the context of a restructuring of the international (security) order. Despite China's increasing acceptance of international institutions and regimes, the divergence of vital security interests of the United States (US) and Japan *vis-a-vis* those of China has raised the specter of increased polarization. This article seeks to answer the question of whether China is about to consciously challenge the power of the US and its allies not only in Asia, but also in the Greater Middle East (GME), mainly through China's impact on the economics, political, and social structure of those countries rather than through rivalry in the field of military power. China's conceptualization of the current global order is also shaped by historical memories of an age in which China was merely an object of Great Power politics which also directly affected the wider region, including the heartland of Eurasia, Southeast Asia, and in particular Japan and the Korean peninsula with their direct impact on China's security equation. To some Chinese strategists, the Indian Ocean and countries of the GME have acquired a vital importance not only with regard to the supply of raw materials (including those obtained from Africa). Continuing Western strategic dominance in this large area would also have an important negative impact on China's global strategic position. For the first time in its history, China has become critically dependent on the acquisition of foreign resources-raw materials, investment and technology, as well as earnings from exports. China's economic activities in near neighbors such as Japan, South Korea, Pakistan, Thailand, and Iran are also strategically important due to the impact on domestic and international politics of these countries. The US tends to interpret such influence in terms of Chinese power projection. This article interprets the linkages between

domestic events and international strategies on the network of
global security relations in terms of neo-geopolitics rather than
mainstream US scholarship.

INTRODUCTION

This chapter deals with Chinese perception of and strategies toward coun-
tries in the Greater Middle East (GME), keeping in mind that the GME
does not exist as a regional concept in Chinese policy-making. In the early
years of the People's Republic of China (PRC, below abbreviated as China)
the GME was, if anything, merely a sideshow for China. After a brief, but
failed attempt at global revolutionism, mainly in the 1960s, China gradually
adopted a holding defensive strategy in the face of US-led globalization
that also affected China's traditional buffer zones after the collapse of the
Soviet Union with the rise of newly independent states in Central Asia.
The creation of the Shanghai Cooperation Organization (SCO) in 1996
was the beginning of Chinese attempts to limit US influence in the heart
of Eurasia, followed in particular by initiatives in numerous other countries
of the GME since 2004. It is argued that China's policies can only be
fully understood when we realize that Chinese historical experience, and
changing PRC conceptualization of the global international order push
China to interpret current events differently from mainstream United States
(US) perceptions, dominated by neo-realism and its relatives, liberalism
and constructivism. Like the US, China favors a largely non-ideological
global order supported by secular sovereign states and favors leadership
by a limited number of "large countries" (*daguo*). At home, China persists
in modified ideology, market socialism, and adopts an ambivalent attitude
towards market democracy. China does not follow the US classification of
Iran and North Korea as "rogue states," but is likewise concerned about
destabilization resulting from religious extremism that undermines the
basis of sovereign, secular nation states. In the Chinese perception, the
US pursues attempts to encircle China, and China aims to counter such
attempts. A key role is played by Iran. US failure to bring about a regime
change also amounts to a victory of sorts for China, since it will make it
so much more difficult for the US to increase its strategy of encirclement,
for which basic changes in Iran and North Korea are essential.[1]

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[1] The most recent survey of Chinese-Iranian relations is Calabrese, J. 2006 "China and
Iran: Mismatched Partners," *Occasional Paper* (August), Washington, D.C.: The Jamestown
Foundation.

THE GREATER MIDDLE EAST: ECHOES OF PAST EMPIRES IN THE AGE OF GLOBALIZATION

The GME is a geographical notion that resembles Asia, in the sense that it was first a term applied by politicians and scholars from outside the area in question. Far from being a well-defined, or universally accepted geographical or geopolitical notion, in China the GME is often associated with strategies by the Bush Jr. presidency since 2002 to democratize the Middle East and some adjoining areas (Achcar 4 April 2004; Cofman Wittes 10 May 2004). As it happens, most of these also concern states with majority Muslim populations. South Asia and Southeast Asia include countries with the largest Muslim population in the world: Indonesia (roughly 210 million), India (150 million), and Pakistan (140 million). Although India and Indonesia are the world's countries with the largest number of Muslims, they are not usually thought of as part of the GME. To understand China's evolving strategy towards the GME, one must include the impact of religion, mainly Islam in countries of China's immediate or intermediate neighborhood (*zhoubian*) (Shen et al. 2001; Sun 2001; Zhu 2002). One needs to recall that Islam is geographically by far the most widespread religion of Asia. For China, issues in the GME are not "regional" matters, but usually placed in the wider context of global politics (Blank 2003). Both in China and elsewhere some maintain that the world is ultimately moving towards a final showdown for global domination between the US, the globe's most powerful democracy, and the world's most populous state, China. This is reminiscent of the way some Japanese viewed their confrontation with the US in the 1930s that evolved into full-scale war with Pearl Harbor. To others, the dividing lines are not so much between particular states, but between civilizations, a concept heatedly discussed in Asia at the turn of the nineteenth and twentieth centuries, and given new emphasis since the publication of Huntington's thesis on the "clash of civilizations" (Radtke and Saich 1993).[2] Still another view sees various forms of Islam succeeding the role that communism played during the Cold War as an "enemy ideology." To the New Left in China globalization is but a modernized version of the highest stage of capitalist imperialism under US leadership (Gong 2003). Traditional colonialism and modern globalization share basic features, such as the attempt to change local economic and political systems to make them more accessible to foreign merchants and states by increasing their

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[2] The theme "clash of civilization" also plays a role in the strategic thinking of the originator of the Manchurian Incident 1931, Ishiwara Kanji. This move set Japan on a crash course with the US, resulting in the Pacific War from 1941 (Kanji, I. 2006 *Saishuu Sensoo Ron.* 60, 84).

permeability (Strange 1976). Called peaceful evolution (*heping yanbian*), it aims to erode the cohesive strength (*ningjuli*) of post-colonial nation states, and is seen as a vital part of strategies of encirclement by the major economic powers (US, Japan, European Union [EU] member states, the so-called "West") to integrate other parts of the world not only economically, but also politically under their leadership ("market democracy").

As referred to above, China's historical experience with expanding colonialism and imperialism saw threats to its western and eastern borders in the nineteenth century, the beginning of an encirclement that evolved into the threat of a permanent dismemberment of China. Current areas of major strategic concern to China comprise Taiwan, Xinjiang, and Tibet, which are areas that were brought under relatively firm control only during China's last dynasty; and independence movements in northwest China (present-day Xinjiang) presented serious headaches between the 1860s and 1940s.

The Japanese conquest and colonization of Taiwan (1895) was followed from the Korean War (1950) by US and Japanese support for a government of Taiwan operating independently from Beijing. Both in Taiwan and in Xinjiang, China is confronted with movements and their foreign supporters that do not only oppose Beijing from a geopolitical point of view but attempt to use this to foster change in the political, social, and economic system of these areas, termed "peaceful evolution." Strengthening US involvement in Central Asia, especially from the mid-1990s, was interpreted as part of a more general US strategy of encirclement, including pressure on North Korea, but also increasing cooperation with Mongolia.

ENCIRCLEMENT AND COUNTER-ENCIRCLEMENT IN CENTRAL ASIA[3]

Both Taiwan and Xinjiang occupy strategically vital positions on China's flanks, both have strategic links to areas not under Chinese influence, with Taiwan having its own strong links to Japan and the US, and West China to the complex maze of adjoining Central Asia. East Turkestan Independence Movement (ETIM) has links to recent Islamic groupings on the rise in several parts of Central Asia, linked to Afghanistan and allegedly to al-Qaeda as well. A key is formed by the Ferghana Valley, linking Uzbekistan, Kyrgyzstan, and Tajikistan. Great Powers from the nineteenth and twentieth centuries have repeatedly supported and used Moslem movements to increase their own influence. It must, of course, not be forgotten that China herself gave (in)direct support to mujaheddin that opposed the Soviet

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[3] Encirclement and counter-encirclement are basic elements of *Weiqi*, the Chinese form of the better known Japanese game of "go."

occupation of Afghanistan. History is replete with precedents of masters who turn on their followers should they gain undesirable influence (China Research Center for Contemporary International Relations 2001).

   With the outbreak of the Korean War the US intensified its strategy of "containment" that resulted in the quasi-permanent separation of Taiwan from the Chinese central government in Beijing. Until the present day there is not only some support in the US for a de facto independence of Taiwan but also support for greater Tibetan autonomy, if not independence. The issue needs to be seen separately from the other separatist movement, the ETIM. Tibetan history, culture, and religion have no link to Moslem civilization. The Tibetan language belongs to the family of Sinitic languages, and Tibet's culture was strongly influenced by South Asian traditions. It is not surprising that Chinese historical memory links the nineteenth century foreign encroachment on Chinese buffer zones in the West and East, mainly the Korean peninsula, with US containment strategies since the Cold War, and that Chinese discourse hardly distinguishes between strategies of containment—blocking the spread of a "contagious ideological/political disease"—and the more neutral encirclement. Recently, there have been reports about the possibility of a new strategy of containment against China's growing economic, military, and political power.[4] For this author, it is hardly surprising that there is concern in China about encirclement by the US (Lam 2005), even if official documents prefer to talk about the need to prevent the formation of a group of Eurasian powers seeking to reduce US leverage on the Eurasian continent.[5] Viewed from China, the US-led democratization is not just a struggle for values, but also a means to reduce China's strategic rear on the Eurasian continent. China tends to conceptualize global strategy in terms of encirclement by the hegemon and the need for anti-encirclement strategies. This was inspired by the concept of United Front strategies dating from the mid-1930s of the twentieth century that have been at the heart of much of Marxist-Leninist thinking in all parts of the socialist world. United Front strategies seek to isolate the most dangerous opponent both at the international and the domestic

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   [4] "American concerns about China's enhanced military capacities may still push Washington into an increasingly tough policy of containment" (Lo 2004).
   [5] This author is not impressed with the (analytical) quality of the chapters entitled "Understanding China's Strategy" and "China's Military Strategy and Doctrine" in the Annual Report to Congress by the Secretary of Defense on China's Military Power, 2006 entitled "Annual Report to Congress. Military Power of the "People's Republic of China 2006," Secretary of Defense, 7ff., 13ff. It lacks a comprehensive interpretation based on analyses of China's strategies toward various parts of the globe, and is virtually silent on China and the GME.

levels, and for this purpose build alliances that include temporary allies of convenience, the Coalitions of the Willing in US parlance.

Similar to theories of the importance of securing the Eurasian heartland for global domination, Chinese analysts frequently emphasize that Central Asia is the spill of global geopolitics. Zhang Wenmu (2004), a leading Chinese analyst of international politics and strategy, added that US failure in Central Asia will also become the graveyard for continued global hegemony, since US attempts to isolate and encircle China will be thwarted in Central Asia (and Zhang might have added, in the GME as well). Some Chinese writings ascribe an absolute key role to the fate of Iran in the struggle of the US for global supremacy, adding that it is far from certain that the US is on the winning side (Jin 2004). Iran is the last country of the GME preventing US dominance in Iran's neighborhood that links a strategically vital area from the Middle East, Turkey, Afghanistan, and reaching into Central Asia. US access to or even domination of Iran would whittle away China's buffer zones on the Eurasian continent, and greatly reduce China's strategic rear vital to maintain a role as a great power (*daguo*). It therefore does not surprise that Zhang Wenmu argues that the nuclear issue is a means to corner Iran, but not the main target of US strategy (Zhang 2004).

The domestic stability of Malaysia, southern Thailand, and the southern Philippines is deeply affected by opposition groups associated with Muslim populations. China needs to prevent antagonizing its "near abroad," similar to China's millennia-old Chinese strategic concern about invasion by peoples from the areas to the north, northeast, and northwest to form coalitions that would enable them to make incursions into the Chinese heartland, possibly resulting in long-lasting rule over China in the form of a Sinicized dynasty. China's tributary system was designed to weaken the possibilities of such coalitions by granting economic favors, under the cloak of barbarians bringing tribute to the Chinese emperor. The "tributary system" also contains aspects of a policy of mutual non-intervention, so dear to current Chinese makers of foreign policy (Radtke 2006a). Even so, China was divided and governed by peoples to the north of China's heartland for nearly half of its recorded history, which explains China's long historical concern with strategies of encirclement and anti-encirclement. It does not seem accidental that minority ethnic groups played a major leading role in the former empires, such as the non-Chinese Manchus in China and the British in India. We may even liken the existence of a European aristocracy to this phenomenon of cross-border elites who were interested in emphasizing cultural or religious bonds rather than ethnicity as such for obvious reasons (Morton 2005). In this sense, the domestic structure of the Chinese Empire shows interesting similarities to the growth of cross-border elites in the age of globalization. The overthrow of imperial elites and

construction of modern states was usually accompanied by new concepts of national bonding of varying kinds generically known as nationalism. Different experience of bonding in the past influences reactions to globalization in the presence. It was actual strategic issues, rather than abstract arguments by philosophers (*Sunzi*) or tactics from Chinese chess (*weiqi, shogi* in Japanese) that shaped China's strategic response.

THE PEOPLE'S REPUBLIC AND THE GREATER MIDDLE EAST: A "SIDE SHOW" DURING THE COLD WAR[6]

Lack of acquaintance with the Middle East and heavy emphasis on socialist ideology led China in the early 1950s to follow the Soviet Union in supporting Israel—perceived as dominated by socialist ideals in contrast with regimes that were often characterized as feudal or backward (Chen 2004). Israel's socialism as seen in the Kibbutzim proved appealing to China, an appeal lingering on in current positive appraisal by Chinese analysts of Israel's political and economic institutions even as it criticizes that government's policies towards its Arab population and neighboring Arab countries. It is interesting to trace China's ability to maintain links with Israel, at the same time as being one of the earliest states establishing links with the PLO (1964) (Cao 2005). Until the present, there is a significant divergence among different authors regarding the evaluation of Israel, both in terms of its advanced social-economic system and in terms of its changing function in the Middle East during the Cold War and after the collapse of the Soviet Union. Despite its shortcomings, Israel is not seldom portrayed in the light of a development model in terms of its economic, social, and political (multiparty) evolution (Jin and Wu 2001).[7]

The Bandung Conference (1955) presented China's first major success in breaking out of its international isolation imposed by the US and had a major impact on its vision of the GME. With the Bandung Conference, China began to develop a common Third World identity of post-colonial, independent nation states, but it was never easy for China to identify its own experience of modern nation building with that of countries in the GME—it rejected the kind of feudal, patriarchal, or religious political

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[6] For a brief chronological account, see Guang, P. 1997 "China's Success in the Middle East," *Middle East Quarterly*. 4(4), http://www.meforum.org/article/373; and more recently Amineh, M.P. and K.W. Radtke 2005 "Central and East Asia in Search of Geopolitical Security," *Tookyuu*, Waseda University.

[7] "Yisulanjiao yu zhanhou zhongdong shehhui xiandaihua" (Islam and the Modernization of Middle East Societies After the War), http://www.lunwen800.cn/lunwen/70/82/15775.htm.

culture found in much of the GME. Lack of power to project military and economic strength, combined with an atheist ideology led to very uneven and often fluctuating relations with the young states of the GME. Far from becoming a leader of the Third World, China's relations with states in the Third World, and in particular Islamic states in the GME, remained fragile, shifting and relatively weak until the late 1970s. This was partly due to its atheist ideology, partly due to China's support of local Communist Parties such as in Egypt, but also due to its inability to project the kind of economic and military power that allowed the Soviet Union to compete with the US for influence in the GME. Chinese analysts emphasize the different approaches observable in Gamal Abdel Nasr's attempts in constructing post-colonial unions of Arab states, the existence of Arab socialism from the late 1950s as a factor facilitating Soviet influence to the detriment of Chinese influence, and the pivotal impact of the 1967 defeat against Israel that led to a lasting strengthening of religious bonds in societies and countries throughout the Middle East (Chen 2004). During the Cold War both the Soviet Union and China were on the offensive in large parts of Eurasia, the GME and other parts of the Third World (including Africa, Cuba, and Latin America). During the Great Proletarian Cultural Revolution (GPCR), China preached a global future dominated by socialism.

THE FAILURE OF CHINA'S REVOLUTIONARY EXPANSIONISM

In the early 1960s China attempted to forge an axis Beijing-Djakarta as the starting point for creating a separate United Nations (UN), including countries of the third world not dominated by either the US or the Soviet Union. If successful, it would have resulted in a Chinese alliance with Southeast Asia's largest Muslim country. The anti-communist putsch in Indonesia in 1965 succeeded at the cost of more than five hundred thousand lives, and put an end to Chinese hopes of an axis Beijing-Djakarta as the beginning of a new type of international order. This was also the period of the publication of Lin Biao's thesis of the People's War (1965) that foresaw cooperation among the world's Third World countries and suppliers of raw materials to developed countries. They were believed to have the potential to encircle and suffocate the global cities (the industrialized countries) by withholding essential supplies of raw materials and energy. Encirclement is also a basic feature of United Front strategies, and forms an important element in the thinking about strategy in general (Radtke 1990).

The putsch in Indonesia was soon followed by the defeat of the Arab world against Israel in 1967 that created doubts about Arab nationalism, "Arab socialism," and secularism in general. This became a major starting

point for the revival of an Islam that wishes to put an end to the separation of religion and politics.

These days, however, China has joined the league of large economies dependent on massive import of energy and other raw materials. Japan and China share a strategic interest in maintaining stability in energy-supplying regions, in particular Iran and Iraq (Miyazaki 4 September 2003), but Japan is competing with China not only for energy resources and influence in the GME (Shichor 2001). Japan does so as a member of the West: Japan's unwillingness and inability to oppose Washington on major strategies towards the GME prevents a common Chinese-Japanese approach towards the GME. It does not take much to assume that Japan basically welcomes tendencies that decrease dependence of Central Asian states on Russia and China. In this context, India has acquired a pivotal and strategic role; not only is it being courted by the US and Japan, possibly as a counterweight to China, it pursues its own energy strategy in the GME, including stronger ties with Iran that run counter to US strategies. As H.V. Pant (2006) has pointed out, this will also lead to competition for energy with China and Japan, and complicate each country's relations with Saudi Arabia as well.

China's traditional links with Pakistan owe a good deal to its tense relations with India. The history of China's relations with Yemen, Egypt, Iran, and Iraq is too complex to be outlined more fully in this paper (Zhang 2003; Shi 2005; Jin and Wu 2001). Until the present, Chinese authors do not hesitate to criticize past Soviet (or even Russian) interference in the Middle East, but are rather silent about China's history of support for revolutionary movements in the GME. This also applies to changes in China's relations with Iran under the Shah and Khomeini (Calabrese 2006). As in the case of relations with Chile under Allende and Pinochet, China did not simply let ideological affinity or disagreement determine the strength of these links even during the period of the GPCR. China's switch from a largely ineffective offensive support of more or less revolutionary movements of national liberation, to a de-emphasis of ideology marked China's transition to a long-term policy of strategic defense (Radtke 1990). It is thus in China's interest to promote global economic interaction at the same time as preventing erosion of its overall sovereignty, including cultural sovereignty, now termed cultural security in China.

More than anything else, it was the PRC's realignment with the US against the Soviet Union from the 1970s that permitted China to break out of its isolation, occupy China's seat in the UN, and reestablish good links with Arab moderates such as Egypt, as long as countries in the GME would not recognize the Kuomintang (KMT) government on Taiwan. Since the defeat in 1967, Muslim nations saw a strengthening of religious forces

over those of secular politics. China followed the opposite course: the high tide of the Cultural Revolution with its quasi-religious fervor and beliefs soon gave way in foreign relations to pragmatic cooperation with the US to reduce the main threat to China coming from the Soviet Union. China's experience of fundamentalist fervor with clearly religious overtones seems to influence contemporary analyses. Perceptions of religious fundamentalism in the GME frequently read like echoes from China's own past. Religion and militant ideologies are not always a sign of strength, but a form of mass mobilization by weaker nations or domestic opposition groups to deter interference. Some Chinese analysts concur that Islam may function as a means for self-defense by society's underdogs. China has outgrown its own militant, quasi-religious heritage that reached a maximum during the GPCR, and now advocates the "separation of religion and politics" that has ancient roots in East Asian political culture (Tsushiro cited in Radtke 2006).[8]

CHANGING COURSE: CHINA'S FOREIGN POLICIES TOWARDS THE GREATER MIDDLE EAST SINCE 1979

Since 1979, and in particular since 1991, China has strongly de-emphasized or even ignored ideological (dis)agreements in the conduct of its foreign relations, and undertook a basic strategic shift by moving towards the support of multilateralism.

China's support of Muslim mujaheddin from Afghanistan and elsewhere since 1979 was induced by China's strong opposition to the Soviet invasion of Afghanistan. That year was also the beginning of a major overhaul and strategic change in China's approach towards international politics, gradually accepting multilateral policies as a means to support multipolarity. Its long-term aim is to reduce the relative power of the US without engaging in direct confrontation (Radtke 2006a; Radtke 2006b; Friedberg 1993/94). This aim also implied a radical departure from earlier revolutionary rhetoric, which is by now largely absent from Chinese publications relating to the GME, even if memoirs and reminiscence by Chinese diplomats still contain echoes of revolutionary discourse (Zhang 2003; Shi 2005; Wang 2003).

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[8] Tsushiro argued that "values" may change the level at which they function predominantly, and that the history of modernization has regularly seen phases of political values acquiring religious overtones and vice versa. This is also important in analyzing the changing composition of elements that constitute "nationalism"—cultural exclusionism may easily become political when absorbed in anti-foreign nationalism. China no longer preaches revolution; on the contrary, China appears to support governments of all shades as long as they maintain stability and some degree of independence from the US (Tsushiro, H. 2005 *Kookyoo shuukyoo no hikari to kage* [Glamour and Dark Sides of Public Religion], Tokyo: Shunjusha.

Following China's major shift in foreign strategy in 1979 Saudi Arabia had become a major customer of Chinese weapons exports in the mid-1980s, and by now Saudi has not only become a major oil supplier to China, but China has also paid attention to enlarge the range of economic exchanges in general. Different from the US, China does no longer pressure its partners for domestic change as China did during its revolutionary phase. A recent Chinese analysis of China's role presents a succinct comparison of the roles of the US (and EU) and China in the Arab world. Its main points are: with Saddam's fall in fresh memory, Arab radicals may either yield to US pressure, or seek support from the EU or China, which is a "permanent member of the UN Security Council, and it is a developing power enjoying rapid and sustainable economic growth." It stresses that China's views on major Middle Eastern issues are "much closer, even identical, to those of many Arab states." In the face of US pressure for democratization and political reform "the Arab world expects China, the traditional friend, to play a mitigating role in the Middle East." Middle Eastern states do not see China as a threat. "The recent warming of Sino-Arab relations is actually a resurgence, but within a new global and regional context [...]. Unlike the ideological foundations that shaped Sino-Arab relations during the Cold War era, this time the foundations of the relationship are stronger and far-reaching" (Jin 2004).

By now, in 2006, China has developed into a country highly dependent on the import of raw materials and energy, and its formal ideology and international strategies are far removed from the revolutionary era. It is nevertheless striking that some of the current suppliers of energy to China in the GME and Africa are identical with countries considered potential allies during China's revolutionary phase (1960s). Chinese diplomats do at times refer to the long history of their relations, but the current choice of energy suppliers seems invariably motivated by the fact that these are countries whose energy exports are not yet monopolized or dominated by the industrial world. China embarked on a diplomatic offensive in the Middle East around 2004, and one of its main targets was Saudi Arabia.[9] Both countries "decided to hold regular political consultations at the same time when China's state oil company, Sinopec, signed a deal to explore gas in Saudi Arabia's vast empty quarter" (Pant 2006). The rapid transformation of China's economy, accompanied by dramatically increasing dependence on imports of raw materials and energy—from the Middle East, Africa, and Central Asia—demonstrates to numerous Chinese analysts that traditional

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[9] On China-Gulf Cooperation Council Forum to discuss relations with the region, see People Daily Online 2004 7 July, http://english.people.com.cn/200407/eng20040707_148737.html.

geopolitics, with its emphasis on access to the supply of raw materials and energy, and the three major currents of international relations scholarship in the US that share an emphasis on competition among different political/economic systems, are "both" relevant in conceptualizing the globalizing world.[10]

This wider strategic approach acquires a particular place in Chinese analyses of Islamic organizations in the GME, and also leads to an ambiguous stance toward their different roles. A major criterion is whether Islam contributes to the stabilization of societies, thus increasing their independence mainly from the US, or whether militancy on the contrary weakens the ability of modern states in the GME to develop as independent factors in global politics. In the end, the final benchmark is the ability of different parts of the globe to resist domination by the West to prevent a strategic encirclement of China. China has become a major strategic factor in the oil market as well. In December 2005, China conducted its first formal talks with the Organization of Petroleum Exporting Countries (OPEC).

THE SHANGHAI COOPERATION ORGANIZATION: CORE OF A NEW OFFENSIVE CHINESE STRATEGY?

In 1996, China founded a group then known as the "Shanghai Five" (China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan), specifically focused on battling the terrorist threats emanating from Afghanistan and ensuring regional stability.[11] Other major areas of instability that have a direct impact on China's security are Kashmir, Afghanistan, Kyrgyzstan, and Uzbekistan; in all conflicts social/political divisions along religious and ethnic lines play a major role. In June 2001, Uzbekistan was invited to join, and the group was officially named the SCO, gradually acquiring characteristics of a multilateral institution (NOT an alliance) that also seeks to create a framework for economic cooperation, to which the US is no part- clearly an element in China's overall strategy to prevent strategic encirclement by the US. It is also intended to forestall regime change in countries of China's near abroad such as Kyrgyzstan in the wake of the "color revolution" in the Ukraine. China's initiative in supporting the Six Party Talks on

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[10] Mehdi Amineh is one of the main protagonists of neo-geopolitics. See, e.g., Amineh, M.P. and H. Houweling, 2004/2005 "The Geopolitics of Power Projection in US Foreign Policy: From Colonization to Globalization," in M.P. Amineh and H. Houweling (eds.) *Central Eurasia in Global Politics: Conflict, Security and Development*, Second edition, Leiden and Boston: Brill Academic Publishers, 25–26.

[11] Numerous Chinese publications on terrorism appeared during the 1990s. For a substantial publication that came out briefly before 9/11, see China Research Center for Contemporary International Relations: 2001.

North Korea from 2003, and its very active diplomacy towards the Middle East, especially since early 2004, should be seen as part of this broader objective of indirect opposition to US strategy, such as support for "color revolutions": the Cedar Revolution in Lebanon. The "Purple Revolution" in Iraq, the "Blue Revolution" in Kuwait, and others in Georgia, Ukraine, and Kyrgyzstan.

Recent setbacks to the US strategic position in Saudi Arabia, and the worsening military situation in US-occupied Afghanistan and Iraq have been accompanied by strengthening relations between China, Saudi Arabia, and Iran (a full member of the SCO by the time this manuscript is in print). This development also includes the beginning of a policy of limited arms exports to states in the GME, perhaps best known are its arms deals with Pakistan, Iran, and Saudi Arabia. China's support of multilateralism is also geared to support international institutions in Asia and Central Asia that Washington does not take part in. An additional aim is to strengthen resistance to economic and political penetration of countries in China's vicinity (*zhoubian*). Most visible efforts so far have been Chinese support for the Association of Southeast Asian Nations (ASEAN) + 10 grouping and the SCO, and more recently the East Asia Summit (Almonte 1997; Cao 2005). In the context of this overview, it is not surprising that just like ASEAN, which started out as a security organization, the SCO, of which the US is not a member, is now also gradually acquiring more important functions in promoting economic cooperation in the GME (Len 2005). Although India has received Washington's praise as a democracy, and the US and Japan have courted India from the beginning of the twenty-first century, India maintains a fairly independent strategy towards Central Asia, Iran, and Saudi Arabia, which are developments well noted in China (Radtke 2004/2005).

BIG POWER RIVALRY IN THE GREATER MIDDLE EAST AND ITS IMPACT ON THE GLOBAL SYSTEM

The policies of China and the US towards states in the GME are issues that go far beyond bilateral relations, involve US global strategy towards Eurasia, and concern more general aspects such as the structure of global order. The "Annual Report to Congress Military Power of the 'People's Republic of China 2006' notes that Asia-Pacific Economic Cooperation (APEC) and ASEAN form the institutional basis for East-Asian and Pacific regional architecture, but is obviously concerned about the fact that the SCO's Astana Summit in July 2005 [had called] for a date for the withdrawal of US forces prosecuting the war on terrorism in Central Asia, where Beijing hopes to reduce US influence and gain greater foothold," as well as Chinese support for "promoting regional institutions that would exclude the United

States, such as the December 2005 East Asia Summit and the ASEAN+3 dialogue (Secretary of Defense 2006). This report indirectly reflects awareness that the traditional distinction between distinct geographical regions is becoming less meaningful when we consider the strategic equation between China and the US at the global level. The Report referred to above does not establish a clear linkage between East Asia and the GME.

Since Japan's independence from US-led occupation in 1952, Japan and China have engaged in conscious competition for influence in Southeast Asia. For the following decades, both China and Japan had only limited impact on areas of the GME. Despite Japan's official support of global US strategy, it is noteworthy that some Japanese sources maintain that Japan has no interest or only minor strategic interests in the Middle East.[12]

When, in 1997, the Japanese parliamentarian Obuchi Keizo raised the slogan of a Japanese "Eurasian diplomacy," this echoed moves by Western countries for an Atlantic Eurasian diplomacy and the North Atlantic Treaty Organization's (NATO's) eastward expansion. From a Chinese perspective, this may appear as part of a more comprehensive strategy of Western countries—including the EU—to strengthen its foothold in Central Asia. The opportunities for China—as for Japan—to actively increase its own strategic influence are extremely limited. Japan's room for strategic initiatives is also restrained due to the fact that it should not run counter to vital US concepts (Len 2006a and 2006b). In the next year, Obuchi headed a delegation to Russia and Central Asia. Prime Minister Hashimoto and Obuchi had both aimed for a significant improvement in relations with Russia by concluding a peace treaty by 2000, but the failure to do so brought about a change that emphasized a separate strategy for improving relations with Central Asian states, the so-called Silk road diplomacy. It was within this new framework that Japan and Uzbekistan established a so-called "strategic partnership" during the visit of President Karimov of Uzbekistan, to Japan in July 2002 (Defense University Japan 2003). A major aspect of Japan's involvement in the Central Asian region is through its involvement in post-Taliban Afghanistan, in close coordination with the US and member countries of NATO involved in that country.

China is ambivalent towards Japanese strategies in East Asia and the GME. First of all, there is a consistent strong Japanese support for a de facto independence of Taiwan from China that is also related to US and Japanese opposition to increased Chinese influence in Pacific Island States and the Americas where Taiwan has still some political allies. Thus, China must attempt to defuse as much as possible that the Taiwan issue

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[12] This includes communications to the author by several Japanese officials since 1986.

will lead to polarization with the West, which would that works to China's disadvantage. Japan's push for an East Asian Community should lessen Japan's isolation from Asia, in particular Korea, thus reducing the chances for uncontested leadership of China in Asia. China has few alternatives but to chime in, and might hope that an East Asian Community would create a major institution to which the US is no part. Both China and Japan are offering diplomatic initiatives that appear to go in the direction of cooperation, but in fact pursuing different strategic objectives through apparently similar means.

The divergence of Chinese and US strategies towards Iran, and to some extent, North Korea, is also influenced by different approaches towards dealing with terrorism.

Put simple, China clings to a global vision of more or less secularized nation states and cares more about their internal stability and ability to control religious extremism than the US who aims for long-term stability through systemic reforms ("market democracy"). As observable in Saudi Arabia, China supports governments in the GME when the US tries to increase its influence by supporting domestic change, most visibly in Iran, but also in other countries in Central Asia. Numerous Chinese sources share with the US a deep concern about terrorism and the nuclear issues of North Korea and Iran. An article in the major newspaper *Nanfang zhoumo* (9 February 2006) quotes several leading Chinese scholars on GME politics and terrorism, one argument being that the core of US policy towards Iran is not the nuclear issue, but its strategy towards "democratization" in the GME. It is further argued that the attempt to use force to impose change will lead to radicalization (and terrorism), and regrets that progress towards agreement on a more comprehensive approach in the anti-terrorism committee established by the UN in 2005 has proceeded only slowly.[13]

Those states resisting change and seeking nuclear or other deterrents to prevent a potential conventional attack from the US, such as North Korea and Iran, would easily attract US charges of being called a "rogue state," and mentally associated with "sponsoring terrorism." Unofficially, some Chinese analysts tend to criticize the US for supporting the governments of Saudi Arabia and Pakistan, despite the well-known links of terrorist networks to the society of both countries, including parts of the elites. One may even refer to weapons transfer from Taiwan to countries such as Lebanon and Libya that may end up in the hands of terrorist organizations (Yazhou zhoukan 20 August 2006). Some Chinese analysts argue that Washington

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[13] The scholars quoted—Zhang Li, Li Wei, Ouyang Liping, Zhu Feng, Qiu Guirong—are all members of leading research institutions and universities.

applies this label to states that stand in the way of Washington's strategic domination of the GME, and especially the Middle East itself. Long before the US formal Global War on Terror (GWOT) was announced in the wake of 9/11, some Chinese observers noted that most countries classified by the US as "rogue states" shared an important geopolitical location with a foreign policy that prevented the extension of US strategic objectives in the Middle East and Northeast Asia (North Korea), and most important, so is the case with Iraq and Iran. Last, but not least, the rapidly growing interdependence of the Chinese economy with the global economy, and dramatically increased imports of energy (oil, gas) and some other raw materials increased feelings of vulnerability far beyond what was thought acceptable only seven or eight years ago (Hu 2000). China has little choice but to turn to "rogue states" for energy supplies when it is unable to acquire sufficient supplies from elsewhere, but from the Chinese point of view this should not be seen as a sign of support for terrorism—certainly not when the opportunistic use of the label by US administrations is considered. Such issues press home the power of discourse politics; the framing of international issues in such a way that policy initiatives of a competitor or opponent such as China are presented in a manner suggesting lack of Chinese support against terrorism.

DIFFERENT VISIONS OF A STABLE GLOBAL ORDER: A WORLD OF SOVEREIGN MARKET DEMOCRACIES?

The globalization of market democracies runs counter to the Chinese concept of an international system based on full national sovereignty and non-interference. Pushing for "market democracy" entails patterns of governance with rules for political, economic, but also social transactions, including the relationship between political and economic, elites within the state as a whole. The aim is to increase the permeability of the system to allow easy engagement, if not penetration of other states and societies. Privatization emphasizes a level field for competition, also reducing the power of the state to prevent (foreign) intervention. Since a weakened state is frequently less able to assist in the creation of strong companies able to compete internationally, this may also hinder the growth of economic elites able to challenge (traditional) authoritarian rule. Actions by the state and society must complement each other to achieve a balanced shift that makes a stable, productive shift feasible—if thought desirable by elites currently in power. Democratization was and is not simply an ideological challenge, but also a strategic goal aimed at increasing permeability of sovereign states. Populism, however can easily achieve counterproductive effects, a point well noted by Chinese analysts cautioning the West that its demands for

democratization in Muslim countries may end up bringing radical religious parties into government.

STRATEGIES FOR STABLE SURVIVAL: BALANCE OF POWER, BALANCE OF WEAKNESS(ES)

As in a military conflict, it is not only strength, but also weaknesses and vulnerabilities that play a major role in deciding the outcome of global competition and conflict. Awareness of structural vulnerabilities is strong among giant countries such as India and China, but also present in strategic thinking of ASEAN and Central Asian states. This awareness also was a major reason for adopting principles of non-interference between ASEAN States.[14] Possession of a minimal nuclear deterrent is a practical means to assure non-interference against any attack with superior conventional arms. If strong countries such as the US share vulnerabilities, this may in fact become an important factor for stabilization. Vulnerabilities are important not only at the level of military strength, but economic stability as well. Economic interdependence between the US, the EU, Japan, and China may prevent more extreme policies of undermining potential strategic competitors; the resulting system is one of Mutual Assured Instability (MAI) (Radtke 2000). China regards the economic growth of itself, India, and Brazil as a means to strengthen global economic interdependence, which will hopefully prevent the US from engaging in destabilizing China's economy. Huge asymmetries and dissimilarity in size, location, and structure of power assets demand politics that do not simply balance the strong points of nations, such as possession of offensive (nuclear) weapons and domination of capital markets, but create a common interest in controlling the potential for general destabilization, such as caused by an uncontrolled arms race. China's nuclear armament was set up as a minimum deterrent. In recent years, China has clearly moved to regarding it as a qualifier for entry into the club of large nations (*daguo*).

It is remarkable that some Chinese authors deride India's attempt to play a leading role in the Third World, although it is understood that India plays an important role in the GME, in addition to being South Asia's undisputed hegemonic power. As I set out elsewhere, the triangular relationship between China, Pakistan, and India has undergone significant change also as a result of structural changes in the GME. Both India and China are seeking to establish or maintain good relations with major energy suppliers

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[14] ASEAN countries follow a similar strategy of balancing the impact of large powers within their own region (Cao et al. 2005).

such as Iran and Saudi Arabia, India and Pakistan meanwhile seeking to stabilize and improve mutual relations.

The Chinese concept great power (*daguo*) goes beyond economic, military, and political power to denote those countries that contribute to and shape the structure of the global system and also attempt to realize their own visions and values in the long run. This approach implies a fairly pronounced hierarchy, underlined by China's policy of preventing the arrival of newly declared nuclear powers. The existence of several great powers is also essential to prevent long-term domination of the system by the US that would facilitate the effective encirclement of China. This is a major reason why developments in the GME are of vital strategic importance to China.[15] The fact that both Henry Kissinger and especially Zbigniew Brzezinski have consistently ascribed tremendous importance to Central Asia and what is now known as the GME is a major reason why their works on strategy are taken very seriously in China (including Chinese translations of all their major publications) (Brzezinski 1997). Politicians and political scientists tend to frame their policies and world views in terms of theories and ideologies prevalent in their respective political communities: in the US Hans Morgenthau (1978) laid the basis for the dominant school of international relations theory, (neo)realism and its relatives, liberalism, and constructivism. In countries of the former "socialist" commonwealth, varieties of geopolitics, and practical applications such as United Front strategies virtually monopolized the theoretical framework in the past, more recently also influenced by mainstream US scholarship. Last, but not least, perceptions and politics in the US and China are also heir to the treasure box of historical experience and memories that differ widely for both countries and continue to exert their pull on practitioners of statecraft, political advisors as well as public opinion at large.

US STRATEGIES FROM THE NINETEENTH TO THE TWENTY-FIRST CENTURIES: US GEO-STRATEGIC EXPANSION, COLD WAR CONTAINMENT, AND THE SPREAD OF MARKET DEMOCRACY

Roughly a century ago, US strategic thinkers such as Sir Halford Mackinder and Alfred Mahan placed much importance on Eurasia and Central Asia. They influenced modern US politicians and advisors such as Henry Kissinger and Zbigniew Brzezinski who are among the US strategists most

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[15] Not all Chinese analysts subscribe to notions of global architecture led by "great powers," Li S. and Y. Wang (eds.) 2004 *Nian Quanqiu "Zhengzhi" yu Anquan Baogao* (Report on Global "Politics" and Security), Beijing: Shehui kexue wenxian chubanshe.

quoted—if not appreciated—among Chinese strategic specialists. Far from being political scientists, both Kissinger and Brzezinski excel in viewing the present in a historical context. With Brzezinski in particular, this leads to some degree of affinity with geopolitics,[16] a discipline largely shunned and ignored in US mainstream scholarship. It still commands a wide audience in formerly socialist countries.[17] The most prominent representative arguing the geo-strategic importance of Eurasia for the US is Zbigniew Brzezinski as he states in his 1997 book *The Grand Chessboard. American Primacy And It's Geostrategic Imperatives*, "it is imperative that no Eurasian challenger emerges, capable of dominating Eurasia and thus of also challenging America. The formulation of a comprehensive and integrated Eurasian geo-strategy is therefore the purpose of this book" (Brzezinski 1997: xiv).[18]

Both also display a strong emphasis on the global strategic importance of Eurasia, long before the US wars against Afghanistan (and Iraq) directed general public attention to this part of the world (Brzezinski 1997).[19] In his conversation with Zhou Enlai in the early seventies, Kissinger stated: "If conventional means are not enough, we cannot consider renouncing the use of nuclear weapons. I can think of two places where it would have to be considered. One is an attack on Europe, and the other is an attack that would put all of Asia under one European center of control" (Kissinger 1972).

The strategic situation of the GME is infinitely more complex than the Great Game of the nineteenth-century, added the US. New sovereign states such as Iran, Turkey, China, Japan, and Korea are important players (Amineh and Radtke 2005). The US is certainly not merely engaged in a replay of the nineteenth-century Eurasian Great Game in which large powers such as Russia and the United Kingdom vied for influence in western parts of the Chinese Empire (present-day Xinjiang and Tibet) and adjoining areas in Central and South Asia, to which was later added competition between Russia and Japan in areas within and adjoining the eastern part of the Chinese Empire (mainly Manchuria and Korea). US

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[16] The first holder of the Zbigniew Brzezinski Chair in Global Security and Geo-strategy is Simon Serfaty. CSIS established the Brzezinski Chair in July 2003 to advance understanding in the fields of geostrategy, international security, European affairs, and global politics, http://www.csis.org/zbc/.

[17] Mahan is cited in Xi, R. and H. Gao (eds.) 1996 *Shijie Zhengzhi Xin Gejyu Guoji Anquan* (The New Constellation of Global Politics and International Security), Beijing: Junshi kexue chubanshe, 45.

[18] See also Brzezinski, Z. 2004 *The Choice: Global Domination or Global Leadership*, New York: Basic Books.

[19] Brzezinski's best known quotations from "The Grand Chessboard" are found at http://www.comw.org/pda/fulltext/9709brzezinski.html.

attempts to spread market democracy in China's traditional buffer zones may affect China's strategic security in ways highly reminiscent of nineteenth-century encroachment—and the recent visit of the Dalai Lama to Mongolia is merely one episode in a series of events that China views from that historical vantage point.

NEO-REALISM: THE US ANSWER TO SOVIET UNITED FRONT STRATEGIES

In terms of systemic architecture, United Front thinking and neo-realism and its relatives, institutionalism (liberalism) and constructivism have much more in common than is sometimes assumed or admitted. Perhaps this is not all that surprising when we recall that the father of realism, Morgenthau, was not particularly interested in theory-building as such and wrote his path-breaking book *Politics among Nations* in response to Soviet expansionist strategy that also included United Front tactics. Neo-realism posits that the "mathematical" structure of a unipolar world is likely to be short-lived and followed by a period of multipolarity, emphasizing the importance of a common political-economic system among formal allies and a more flexible approach towards "allies of convenience."[20] These days, US-led globalization is on the counterattack, seeking to push for gradual assimilation of economic-political systems of states in order to achieve greater permeability of countries. Propagating the spread of market democracy is part of this strategy, a major weapon in the attempt to change the identity of competitors seeking to win permanent collaborators and allies through the reconstruction of their political system along the US model. The so-called color revolutions from Eastern Europe to Central Asia and the Philippines also attracted US-EU support for this reason. The promotion of moderate religions may serve a similar purpose. Chinese writers criticize offensive globalization led by the US and charge that America refuses to abandon an ideology of "Cold War thinking"—an expression straight from the textbook of Soviet discourse during the phase of détente. Ironically, it is now the US discourse that favors ideological struggle at the level of the economy, domestic political social systems, as well as an international order that denies equal rights to "rogue states".

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[20] Radtke, K. 2001 "Leste Asiático em Busca de Segurança Geopolítica (Energética); P. v. Ness "Hegemony, Not Anarchy: Why China and Japan Are Not Balancing US Unipolar Power," *Technical Report Working papers* (4), Department of International Relations, RSPAS, ANU, http://eprints.anu.edu.au/archive/00001931/.

THE COLLAPSE OF THE SOVIET UNION AND UNITED STATES STRATEGIES OF ENCIRCLEMENT

The term "encirclement" has been in common use in China since the establishment of the PRC in 1949, and continues to be frequently used in non-official publications until today, even if diplomatic usage and wisdom have often led to banning that expression from use in official documents.[21] This strategy of encirclement and anti-encirclement is at the heart of dynamics that link the powers of Eurasia and the US in the GME. It also involves the question of Russia's position in this "Great Game" versus China and Iran, key factors in current US global strategy (Lo 2004).[22]

Zhang Wenmu (2004), a well-known and influential Chinese scholar, describes the larger context in the following passage, which deserves to be quoted at length. He sees an irony in China's modern history, since China's entry into international society and policies of opening up at home also signaled the beginning of greater international danger from a geopolitical point of view: "With the dismantlement of the Soviet Union the security environment confronting China deteriorated daily, Western hegemonic states daily tightened the ring of encirclement around China. Its causes do not lie in ideological differences, but in the fact that current conventional sources of raw materials do no longer support the rise of an Eastern Great Power with consumption levels equal to that of the West."

Zhang then links modern globalization and its effects on changes in social and political structure in Marxist terms: "Marx' writings say the death knell of capitalism has started to ring, but until now there has been no revolution by the working class in the West, because the West was able to obtain resources from abroad to make up for the losses of its domestic workers, leading to the aristocrization of its domestic working class. Since when do aristocrats attempt to overthrow the rulers? China, too, saw the rise of a 'petty capitalist' stratum, but different from the West it has been nurtured by its own domestic resources, and the price to be paid is increasing the impoverishment of other Chinese. This is very unfortunate, since we know that poverty is a breeding hotbed for terrorism" (Zhang 2005).

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[21] "American concerns about China's enhanced military capacities may still push Washington into an increasingly tough policy of containment" (Lo 2004: 302). On Russo-Chinese rivalry, see Lo 2004 and *Nezavisamaya gazeta* 5 December 2004.

[22] "The implications of this choice go to the heart of what role and place Russia envisages for itself in the strategic map of the twenty-first century." On this issue Lo also cites Menon, R. 2003 "The New Great Game in Central Asia," *Survival.* 45(2): 201.

THE PUSH FOR A NEW INTERNATIONAL SYSTEM: US-LED GLOBALIZATION VERSUS CHINESE STYLE MULTIPOLARITY

Currently, a defensive China de-emphasizes the role of ideology as a factor in the international structure, at least in official publications. To many Chinese observers, the US is engaged in a strategy of active encirclement of potential opponents, including China. The ideological enemy of the US is no longer socialism, but various forms of religious radicalism. It is this changing context that, in my opinion, has caused the change in Western discourse away from low intensity warfare against communist inspired "guerillas" towards the "Global War on Terror," inspired by religious fundamentalism. Chinese analyses of terrorism as a rule point out the importance of poverty as a hotbed for terrorism and its potential for global destabilization, and are cautious not to offend dictatorships clad in religious garment as long as stability is maintained. China is concerned that political opposition may use religious institutions, resulting in the destabilization of countries to the west and south of China, and Chinese areas with a large Muslim population. In general, Chinese attitudes towards the role of religion seem to have returned to the basic tendency of governments throughout East Asia during the past millennium when religions were tolerated if they refrained from interfering into politics (Radtke 2006a). For the past millennium, East Asian governments have consistently prevented religious organizations from interfering with the running of government, long before "secularism" became an important factor in the creation of European modern nation states, to begin with the French Revolution.

Russia herself usually denies that the breakup of the Soviet Union might be interpreted as part of the global process of decolonization, but in the view of this author, the nation states of Russia and China do display more general features of transition from traditional empires towards modern nation states, including the difficulty of building secular nation states in Central Asia and the Middle East where foci of identity such as ethnicity, language, and religion do not easily lead towardS a coherent state, especially since the borders of the new nation states were largely determined by the former imperial authorities. Dreams of the past Ottoman Empires inspired Turkey for some years towards unsuccessful attempts to create some kind of alignment of Central Asian states with a large Turkic-speaking population after the collapse of the Soviet Empire. In other parts of the GME, speakers of Urdu, Farsi, Kurdish, and varieties of Arabic were not sufficient in creating modern nation states along linguistic dividing lines. It may be mentioned in passing that basic features of the EU, such as cooperating with common budgets and deliberating in councils, have antecedents in premodern Europe that still cherished memories of a Holy Roman (European)

Empire, and thus have stronger common historical roots that antedate the relatively recent formation of modern nation states.

The breakdown of the British Empire in India saw British support for a separate Pakistani nation state whose core identity was to be built around the religion of the vast majority of its population, Islam. Malaysia, too, used Islam to shore up its national identity even as a large percentage of its ethnic Chinese population was opposed to this move. Despite its over-whelming percentage of Muslims, Indonesia refused to accept Islam as part of its core national identity. The breakup of Pakistan led to the creation of an independent Bangladesh that, similar to Indonesia, de-emphasized the role of Islam as part of its national identity. The political culture of Central Asia inherited parts of Soviet traditions, including a tendency towards one-man dictatorship. As in Egypt and more recently in Afghani-stan and most conspicuously in Iraq, political instability may easily cause the resurgence of forms of Islam that advocate a "religious" state inimical to the concept of a secular nation state. Soviet expansionism during the latter part of the Soviet Empire assisted Khomeini's revolution that created an Islamic Republic. It is thus not surprising that Russia and China are hesitant to support political change with the potential for destabilization in the countries of the GME, since it is far from certain that states that were parts of former empires will proceed on the road towards a secular nation state. They prefer instead policies of engagement even in the case of Iran, but such a policy is informed by a strategy of preventing the strengthening of religious factors, rather than active support for Islamic theocracy.

SECULAR NATION BUILDING AND ISLAM

The implementation of secularity as a guiding idea is not the same as the application of basic principles of the Western nation state: to many, it epitomizes a deeper clash of Western and non-Western civilizations. For numerous Muslims, the clash is not merely that between Islamic and non-Islamic civilizations, but between believers in "religions of the book" (the Koran, the Torah, and the Christian Bible) and devilish atheism, or immoral secularism. On that point, China, Japan, and the US see eye to eye; as pointed out above, both their historical heritage and modern ideologies advocate a minimal role of organized religion in the political affairs of the state. In discussing the role of China (and its main challenger, the US) in the GME, we must avoid the fallacy that the choice of perception is exclusively one between US-led globalization, or China's advocacy of a multipolar world led by a limited number of large countries (*daguo*). Yet global divisions are not merely between widely accepted principles of secu-larity versus religion. Samuel Huntington (1996) contends that for the US, China and Islam are the challenger civilizations, with risks of a big war

with China and low intensity clashes with the Islamic civilization. While pleading for a strengthening of Western civilization, he admits that "we have to recognize the limits on our power and the fact that our ability to bring about changes in other societies is, is declining. And Asian societies and Muslim societies are increasingly resentful of our efforts to induce them to adopt our values" (Huntington 1996). Huntington does not object to containment of China in the sense of limiting "the expansion of Chinese influence in other Asian countries.[23]

In this sense, the struggle for preeminence in the GME involves issues of decisive importance for global history in the longer term, the relative importance of civilization, religion, and globalizing economics and politics as a means to constitute a bridge beyond religious and civilizational barriers. Whatever the outcome, it is not difficult to predict that current events will have a deep impact both in China and the US on issues of global order, the system of international relations, and the positioning of these states in the formation of future global civilizations. In the short term, I predict that Chinese influence in the GME will remain limited.

NATION BUILDING AND MUTUALLY ASSURED INSTABILITY

The borders of these new states are, to a large extent, a consequence of colonialism and developments linked to the collapse of the Soviet Empire. Ethnic groups regularly straddle the artificially drawn borders between neighboring states, and elites from the same ethnic groups are easily tempted to pursue their group interests—both in terms of ethnicity and elites within ethnic groups—that may ignore the interests of the state to which they formally belong. State and non-state actors are engaged in complex strategies that involve simultaneous games of balancing and bandwagoning. This affects virtually all countries in the GME, from China's West, Pakistan/Afghanistan and its neighbors, Iraq, Syria/Lebanon, and other countries further to the west. The strategies of large countries such as the US, China, Russia, and India are deeply enmeshed in regional systems within the GME, but also play out global politics intended to weaken strategic competitors and opponents. A basic characteristic of countries in the GME is that most of them are still in the process of nation building. Nation building requires not only a massive input of resources; its success and failure can only be judged after decades and after having demonstrated that it can overcome internal and external challenges. Under such circumstances, the study of

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[23] Gergen, D. 1997 "Many World Orders." Transcript, *Online News Hour* (9 January), http://www.pbs.org/newshour/gergen/january97/order_1–10.html.

international relations becomes a hazardous testing ground for theories that assume a basic degree of state sovereignty. Far from having to assert themselves in the face of large neighbors and domestic instability while countries from Mongolia through Central Asia can at most attempt to play off larger countries against each other, those countries—basically Russia, the US, and China—possess military, economic, and political (including "soft") power that was widely used to interfere in the internal affairs of states that are still struggling to become truly independent.

OUTLOOK

Chinese analysts described China's role in terms of a "stakeholder" before Zoellick used the term to further coax China to become a partner interested in maintaining the international system. In various publications I have argued that "franchise taker" is a more appropriate term, likening the evolving international system to a franchise system where the US supervises and controls the norms of governance and logos of the economic, political and social order. "Stakeholder," on the other hand, obfuscates the hierarchical nature of the international order.

Depending on the level chosen to discuss China's relationship with the GME, we may develop rather different views concerning the most likely scenarios for future strategies of China and the US towards the GME. This history did not just begin with 9/11, and will not end once the issues of Iraq, Iran, and North Korea—called "axis of evil" by the Bush Jr. administration—have found a new equilibrium (Li and Lu 2002). The approach of China and the US towards these and other issues of the GME obviously differ. The outcome of the Iranian crisis will have repercussions that go far beyond the Middle East and Central Asia; they are likely to shape future visions in China and the US concerning the course of history, the structure of the international system, the future role of religions and ideologies, but also issues such as globalization that presumes the vehicle of the basically secularized nation state as the main pillar supporting a universal global economic and political order. The importance of Iran is not only that of a supplier of energy; an Iran that would no longer oppose US global strategy, possibly even cooperate with the US, would bring with it enhanced opportunities for the US to extend its influence in Central Asia and the Middle East and put strategic pressure on China.

The globalizing world cannot be reduced to simple notions of a struggle between socialism and market democracy, or modern secularism against fundamentalism (read: Islam). Traditional elites are frequently able to adapt to new forms of political-economic institutions along the norms of market democracy Western-style, while in fact maintaining their hold on power (Morton 2005). If we want to understand the architecture of the

twenty-first century, we should realize that Asia was never a simple part and appendix of the global order established by the leaders of the Cold War, the Soviet Union, and the US. The impact of Soviet Communist Civilization in China, Central Asia and elsewhere proved short-lasting, despite Soviet military might. It is far too early yet to predict which elements of contemporary US civilization will be permanently incorporated in Iraq, China, North Korea, Japan, India, or US civilization itself; the latter is likely to change considerably during the next four decades, not least due to fundamental demographic changes within the US. The Cold War was instrumental in preventing countries in various regions of Asia, from West Asia, across South Asia, Southeast Asia and East Asia, to develop the kind of political, social, and economic regional infrastructure that the core countries of the later EU devised for Europe, and the US aims for the Free Trade Area of the Americas (FTAA). To be sure, the success or failure of the project of building an enlarged EU is still uncertain, but the divisions separating the major countries in Asia from each other are still a powerful factor impeding the long-term stable growth of each of them. Equally, the relations of each of the large Asian countries with the US are still more important to them than relations to their neighbors. That being the case, China, Japan, South Korea, and India (to mention the larger and powerful ones) devote great efforts to improve relations with other Asian nations; the relative growth of Japan's economic relations with China compared to the growth of US-Japan economic relations is just one indicator. Although Asian nations do not agree on a common blueprint for a future order of international system(s) in Asia, the growth of actual interaction pushes the development of regimes supported by nations who preserve a much higher degree of sovereignty than is the case in Europe or the Americas.

The struggle for power through the establishment of institutionalized networks, sometimes taking the forms of Economic Preferential Agreements (EPAs) or FTAs, or grander institutions such as an East Asia Community is part of this extremely complex strategic game to outmaneuver opponents without taking recourse to direct confrontation. These mechanisms have come in the place of traditional, regionally defined spheres of influence. China's influence in Great Central Asia, and the GME, can no longer be charted in terms of (military) alliances and strategic partnerships, rather crude means to measure influence. This is also visible in the complexity of China's relationship with Russia. China expressly avoids the military relationship to develop into an alliance. This paper has argued that influence of actors in the international system consists of their ability to use (anti-)encirclement strategies that alter the relative position of power by changing the nature of the system itself. This goes way beyond the concept of "soft power," observable in China's pre-modern tributary relationships.

Joseph Nye's (2004) use of the term includes the function of soft power as an instrument to influence decisions-making of other states and societies in their own favor and is less specific on how "soft power" can be used to change the *structure* of the international system.

To some, China and Islam civilizations pose a challenge to the US, or even perceive a danger of China and Islam joining hands to confront the US position. As the history of strategies of containment and "breaking out" of containment, of encirclement and anti-encirclement demonstrates, the ability of even the strongest powers to permanently impose their will on other actors in the long run is far more limited than they dare to admit to themselves. The world would be better off if all actors would pay more attention to their own vulnerabilities. Arabs are all too aware of their inability to resurrect their former empire. India has recently shown courage in admitting tenuous government control in large areas of the country, especially its northeastern part (Bajpaee 1 June 2006). Powers and superpowers dream of "managing" the globe—they may find that the figures on the chessboard jump off that board and come up with a different game. The superpower US is good at deconstruction—others are called up to pay for, if not engage in reconstruction.

As Chris Patten pointed out, rash policies of intervention may easily undermine such efforts, leading toward a greater impact of religion: "True, Uzbekistan represents no direct security threat to Europe or the United States, and the government in Tashkent is not at risk of imminent collapse. But when the regime does snap in the medium to long term, this will have a significant impact on Western interests. It could, for example, prompt an aggressive Russian intervention in the region and stimulate the undercurrents of Islamist extremism that so far have been more of an irritant than a major threat" (Patten 22 March 2006).[24] As in Uzbekistan, the US finds itself in a difficult position compared to even two years ago (Engdahl 9 May 2006).

The GME is certainly one of the most important areas where the future structure of the globe will be decided, but it is still too early to give answers.

Writing in the summer of 2005, Wenmu Zhang looks at current developments from a historical vantage point and concludes that China is destined to be a Great Power (*daguo*): "Do these weak large states have a sense of mission? All of them had it in the past, and their inability to revive it uncontested is a continuing source of frustration." Zhang points out

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[24] Lord Patten of Barnes, former European Commissioner for External Relations, is chairman of the board of the International Crisis Group.

inconsistencies in US strategy that betray a basic weakness: "One moment the US says we'll attack Syria, the next we will punish North Korea. The US in Iraq already tastes hardship to the full, and now the Taliban come rushing back. The US is a great power, making a turn is slow, a characteristic of 'democratic politics'. Their parliament keeps quarrelling, until they've come up with a new policy it's taken five or six years, presenting a good opportunity for China. I think the Twenty-first century will be the 'Asian Century' as predicted by Comrade Deng Xiaoping."

XVI. Indian Power Projection in the Greater Middle East: Tools and Objectives

Prithvi Ram Mudiam

Abstract

India's approach to the Middle East during the Cold War years was weighed down by the partition of the subcontinent and the creation of Pakistan on a religious basis, the dispute with Pakistan over the Muslim majority province of Jammu and Kashmir, and its own large Muslim minority. Hence, its policy towards the region tended to be defensive and reactive, and a general policy of support to the Arab causes, particularly that of the Palestinians, and a non-relationship with Israel were considered necessary to serve India's broad interests in the region. India's projection of secularism into the region was meant to prevent Pakistan from organizing an anti-Indian Islamic bloc in the region, and its projection of nonalignment was meant to scuttle the Western attempts to build anti-communist alliances there. However, the transformation in the superpowers relations following the collapse of the Soviet Union, changes in the regional environment in the Greater Middle East (GME) as well as South Asia and changes in India's domestic sphere created a new strategic and economic context for India to pursue its interests in the GME in the 1990s. There is an increasing convergence of strategic interests between the two regions and a growing complementarity of their economies in the post-Cold War world. Iran and Israel have become the two lynchpins of India's policy toward the region and, as an emerging global player, India, unlike during the Cold War, is in a strong position to promote its own interests as well as those of the international system in the region, which largely seem to coincide in the post-Cold War milieu.

INTRODUCTION

The Middle East, perhaps, has been the most important region for India's foreign policy calculations outside the subcontinent ever since the

emergence of India and Pakistan as independent states from British colonial rule in 1947. Though India has had close and continuous commercial and cultural relations with the region from the beginnings of recorded history, the nature and content of this interaction changed dramatically with the emergence of the modern state system, with sovereignty and territoriality as its defining features, in the Middle East as well as in South Asia. The nature of India's power projection in the Greater Middle East (GME) in the post-Cold War world, the objectives of such an exercise and the tools deployed to achieve them, are very different from those obtained during the Cold War. This is primarily because of the dramatic changes that have taken place at the global level in the superpowers' relations, at the regional level in the Middle East and South Asia and in India's own domestic sphere following the collapse of the Soviet Union in 1991, and the subsequent end of the Cold War.

This chapter, after a brief survey of India's interaction with the Middle East during the Cold War, will focus on India's post-Cold War forays into the GME and the forces and factors that influenced them. This focus makes it possible to appreciate change as well as continuity in India's policy toward the region during and after the Cold War.

India's relations with the Middle East went through certain distinct phases during the Cold War. The 1950s and 1960s saw India adopt a highly political approach to the region as a consequence of the partition of the subcontinent and the creation of Pakistan on the basis of self-determination for Muslims of the subcontinent, the dispute over Muslim majority province of Jammu and Kashmir, and the existence of a large Muslim minority in India even after partition. India's projection of secularism into the region was meant to counter the possible emergence of a Pakistan-inspired Pan-Islamic movement inimical to India's national interests in the region. India's simultaneous projection of nonalignment into the Middle East was designed to arouse nationalist sentiments among the people of the region in order to counter the Western efforts to build anti-Soviet alliances there. Pakistan, joining the Baghdad Pact in 1955, from the Indian point of view, provided for the convergence of these two forces, confirming India's worst fears. Consequently, a Cairo-centric regional policy and a non-relationship with Israel, in spite of India's recognition of the Jewish state in 1950, were the political props considered necessary by successive Indian governments to protect and promote India's perceived interests in the region. The 1970s and 1980s, however, witnessed a shift in India's policy towards the region from the political to the economic. After the oil boom in the mid-1970s, the Middle East became an important source of oil for India's growing economy, of employment for its citizens, and of huge foreign remittances. India also made a conscious effort to cultivate the newly emergent powers

such as Saudi Arabia, Iran, and Iraq as a result of their oil wealth (Mudiam 1994). It follows from the above that during the Cold War years India was playing a weak diplomatic hand in relation to the Middle East, and hence its policy tended to be excessively political, highly defensive, and mostly reactive. However, the disintegration of the Soviet Union in 1991 and the subsequent unleashing of globalization processes dramatically changed the strategic and economic context in which India now needed to pursue its policies towards the GME that emerged as a result of the separation of Central Asia from the former Soviet Union and the creation of five new Muslim states.

CHANGES IN THE GLOBAL AND REGIONAL ENVIRONMENT

At the global level, in strategic terms, the collapse of the Soviet Union and the emergence of the United States as the sole superpower in the early 1990s and the incipient tendencies towards unipolarity in the international system naturally caused concern to India. The American adoption of unilateralism and preemption as part of its new strategic doctrine following the 9/11 attacks and its subsequent toppling of the Taliban regime in Afghanistan and the invasion and occupation of Iraq, bypassing the United Nations (UN), impacted adversely on the regional security environment of India. The first development resulted in the shrinking of strategic space provided by the rivalries between the superpowers to regional actors like India. The second development led to American military presence in Afghanistan, Iraq, and some of the Central Asian states and a strong diplomatic presence in Pakistan, thereby posing a potential threat to the regional role and influence of India in South Asia. It is, therefore, in the general interest of India to try to counter, individually and with others, any tendency towards unipolarity and unilateralism and work for multipolarity and multilateralism in the international system (Indian Ministry of Defence 1997–98) This, in turn, will provide India with the necessary strategic space to realize its long-cherished foreign policy goals of political independence and strategic autonomy.

At the regional level, India has had to contend with the emerging transnational threats in the form of Islamic militancy, drug-trafficking, and energy security for its huge and rapidly growing economy, which could adversely affect its strategies of national consolidation, modernization, and autonomy. These are closely related areas and tend to feed on each other. Unless countered effectively, they could pose a serious challenge to the very viability of the state system in West, South, and Central Asian regions.

In economic terms, the pressures generated by the globalization processes ushered in a new economic environment for India, both in domestic and

international terms, in which it now needs to pursue its national goals of economic diversification and rapid development. There is now adequate appreciation in India that the global economy will increasingly impact on its national economy and national economic goals and that a regional approach to economic issues would place India in a better position not only to counter the pressures created by economic globalization but also to take advantage of the new economic opportunities it is likely to yield.

CHANGES IN INDIA'S DOMESTIC ENVIRONMENT

In addition to changes in the global and regional environment, India's domestic sphere too underwent a radical transformation in the 1990s. First, the Indian economy reached a crisis point in 1991 as a result of both domestic and international factors. For the first time since its independence, India was on the verge of defaulting on its external financial obligations. This triggered India's most far-reaching economic reform after independence, which included the dismantling of the domestic licensing system, attracting Foreign Direct Investment (FDI) and an export-led growth strategy. Second and concomitantly, India's economic reform, coupled with the collapse of the Soviet Union, made it imperative for India to move closer to the US economically and later strategically as well. In the process, India quietly let go her nonaligned baggage of the Cold War years and settled for a more economy-driven and pragmatic foreign policy. Third, with the rise of the Hindu right in the form of the Bharatiya Janata Party (BJP) in India's domestic politics in the 1990s, the Congress Party's traditional policy of friendship with the Arabs came under constant attack and questioning. Besides, the demolition of the Babri Masjid in 1992 and the Gujarat riots in 2002 shifted the focus from India's support for Muslim causes abroad to the status and condition of Indian Muslims at home. Consequently, the Muslim factor tended to be less of an issue in India's foreign policy calculations. Fourth, the launching of India's "Look East" policy in the early 1990s somewhat downgraded the salience previously attached to India's Middle Eastern interaction. The economic opportunities generated in Southeast Asia by the opening up of Indian economy, the scope for India's diplomatic and strategic forays into the region on account of the concerns over the dramatic rise of China as an economic and military power, the absence of Pakistan and terrorism as factors in India's dealings with the region and India's growing strategic understanding and cooperation with the US in relation to the Asia-Pacific region made Southeast Asia an increasingly attractive option for India's policy-makers. Hence, since the early 1990s, the Middle East has had to compete with Southeast Asia for the attention of the Indian foreign policy establishment.

It is pertinent at this juncture to consider the possible nature of the Indian response to the rapidly changing global, regional, and domestic scenario, both in strategic and economic terms, particularly in relation to the GME.

THE POSSIBLE NATURE OF THE INDIAN RESPONSE

It is in this changed strategic and economic context that India needs to rethink its strategies and reorient its policies in order to pursue its long-standing foreign policy goals effectively and expeditiously. First, it is quite obvious that there is no military counter to the sort of threats and challenges that India confronts in the post-Cold War world. It is not only that India does not possess the military might to pursue its foreign policy goals through the use of force but also that most of the security challenges that it now encounters are not amenable to military solutions. More generally, in the changed atmospherics of the post-Cold War world, the use of force is being increasingly seen as obsolete and unacceptable. Second, if the use of force is increasingly being discounted and underplayed as an instrument of foreign policy in the post-Cold War world, it stands to reason that it is diplomacy that stands out as the most preferred and perhaps most appropriate option currently in dealing with foreign policy issues. Third, even if diplomacy is accepted as the most suitable tool in the current international milieu, it should be borne in mind that, given the global and transnational nature of the threats/problems/opportunities that states face today, the diplomatic forays of individual states are likely to be less effective and less likely to yield the desired results. A transnational approach, therefore, is necessary and perhaps inevitable in dealing with the threats and taking advantage of the opportunities that the post-Cold War world has made available. Fourth, it is not difficult to see that the content of the transnational approach mentioned above is increasingly going to be economic. In other words, it is possible that gradually geoeconomics could be pushed to the center-stage of global and regional diplomatic parleys of nation states rather than geopolitics in the near future. It is, however, neither feasible nor necessary to characterize geoeconomics and geopolitics as two separate and independent categories. They are and have always been two sides of the same coin. Nevertheless, the argument that is put forward here is that in the post-Cold War world where there is a general de-emphasis and decline in the use of military force, geography is increasingly likely to be perceived as a basis for economic gain and commercial advantage rather than strategic gain and military advantage. As Edward N. Luttwak (1990) pointed out, "Everyone, it appears, now agrees that the methods of commerce are displacing military methods—with disposable capital in lieu of firepower,

civilian innovation in lieu of military-technical advancement, and market penetration in lieu of garrisons and bases" (p. 125). More generally, "Today, there is a palpably increasing tension between the inherently conflictual nature of states and the intellectual recognition of many of their leaders and citizens that while war is a zero-sum encounter by nature, commercial relations need not be and indeed rarely have been. The outcome of that tension within the principal countries and blocs will determine the degree to which we will live in a geo-economic world" (Luttwak 1990: 130). This naturally provides an opportunity for states, which are in a position to do so, to go beyond normal commercial relations and build geoeconomic bridges between countries, regions and continents in an increasingly inter-dependent and integrated world. It is against this general backdrop that the factors that are likely to facilitate India's interaction with the GME need to be considered.

FACTORS FACILITATING INDIA'S INTERACTION WITH THE GREATER MIDDLE EAST

There are certain factors that are likely to facilitate and aid India's diplo-matic and economic penetration of the GME in the post-Cold War era. First, India's forays into the region are likely to be welcomed rather than looked upon with suspicion by the states there. The reason is that India's entry into the region is viewed by local powers as necessary to balance the presence of other great powers in the region (Dixit 1999). Besides, there is considerable convergence of political and economic interests between the two regions and India could play a constructive role by contributing to political stability and economic development of the region. Second, the region is unlikely to come under the sway of any single power in the medium and long terms, mainly because all the major powers have strategic and economic stakes in the region and are unlikely to leave the field to be dominated by any one power. Also, there is an appreciable convergence of interests among great powers in the region, which creates huge potential for cooperation rather than conflict among them. Third, the nature of the interaction among great powers in the region is likely to be "competi-tive-cooperation" (Edwards 2003: 92–93). The simultaneous existence of competition and cooperation between states, between divergent interests, and in different time frames will be the defining feature of politics in the region in the foreseeable future. Fourth, a balance of interest through bal-ance of power is likely to characterize the dealings among great powers in the region. And the balance of power game in the region, in turn, will have more and more economic content and less and less military muscle.

It is opportune at this stage to examine how India, taking advantage of the aforementioned factors, tried to tackle the problems of Islamic militancy,

drug-trafficking and energy security emanating from the GME by utilizing Iran and Israel as the two lynchpins of its policy towards the region in the post-Cold War period.

INDIA AND IRAN

No other two countries are as similar in their political interest, strategic outlook, and national economic objectives as India and Iran have been over the decades, particularly since the end of the Cold War. They are inheritors of two of the world's most ancient civilizations but have been endeavoring to emerge as strong and stable modern states over the last five decades. Given their national pride and significant power potential, both have been seeking an autonomous role in world affairs with notable success. However, the possible nature of the Indo-Iranian cooperation in the context of the changed circumstances of the post-Cold War world raises the question as to how well-placed these two countries are to respond appropriately and effectively to these changes.

Factors Facilitating Indo-Iranian Partnership

Apart from the similarity in political interest, strategic outlook and national economic goals, India and Iran enjoy many natural advantages, which if exploited well, will go a long way in facilitating the development of a strong and durable Indo-Iranian partnership that would enable them to counter the challenges and take advantage of the opportunities that the new millennium will place before them.

First, it should be borne in mind that India and Iran sustained extensive cultural and commercial ties over the centuries. It is, therefore, hardly surprising that there has always existed a certain understanding and affinity between the two countries. Second, there has never been any major bilateral dispute or problem between India and Iran. If there was any misunderstanding or misgiving between the two in the past, it was mostly in relation to a third country, and even that never acquired the status of a serious issue. Third, the geographical proximity between the two countries over land as well as water makes strategic and economic cooperation both feasible and worthwhile. Fourth, the changes in the domestic politics of both India and Iran in the 1990s augur well for forging a close relationship between the two. India no longer carries the baggage of nonalignment and would like to focus on economic reform and development. Iran too is downplaying Islamic fervor in its foreign policy orientation in favor of pragmatism and moderation and would like to concentrate on domestic economic reform and reconstruction (Efegil and Stone 2001). Finally, to top it all, both are already middle-range powers with a regional military

and economic clout and also with the necessary resources and political will to look much further.

It is against this background that the framework and possibilities for Indo-Iranian strategic and economic cooperation need to be evaluated.

India and Iran: Strategic Convergence and Cooperation

It goes without saying that there is a definite convergence of Indo-Iranian strategic interests in the post-Cold War world, and as such, there is considerable scope for strategic understanding and cooperation between the two. The large American military presence in the Middle East bordering on South Asia in Afghanistan, Iraq, and some Central Asian states has cut into the regional role and aspirations of India and Iran. It is, therefore, in the general interest of both India and Iran to ensure that neither the international system nor the Middle East is dominated by any single power. It is in the light of this shared objective that the convergence of Indo-Iranian strategic interests in Afghanistan and Central Asia need to be analyzed and appreciated.

AFGHANISTAN

Afghanistan represents a striking case of strategic convergence between India and Iran at least since the mid-1990s. Though India and Iran generally considered Afghanistan as an area of legitimate concern for their own security over the decades, the rise of the Taliban in the 1990s and its subsequent ouster of the Rabbani regime in 1996 with the active military assistance of Pakistan brought them together as nothing else did before. Iran was worried over the role of Kabul in drug-trafficking and the harsh treatment meted out to the Shi'i minority in Afghanistan by the Sunni dominated Taliban. The free availability of small arms in Afghanistan led to an increase in the crime rate and violence in the Iranian provinces bordering on Afghanistan. The unsettled conditions in Afghanistan resulted in a refugee influx into Iran, which is estimated at 1.5 million. More significantly, Iran feared that the Taliban was conceived by America, founded by Saudi Arabia, and logistically supported by Pakistan and was meant to crush the Shi'i minority in Afghanistan in order to contain Iran (Sheppard 2004). Iran did provide assistance to the anti-Taliban forces, but it also established contact with the Taliban with the limited objective of dealing with the smuggling of narcotic drugs, Afghan refugees, and border security (Naaz 2001: 233). India, on the other hand, suffered long because of the Pakistan-Afghanistan nexus in sustaining militancy in Jammu and Kashmir, which in turn was intertwined with drug-trafficking in the region. After the hijacking of an Indian Airlines plane to Kandahar by terrorists

in December 1999 and the subsequent deal, which involved the release of three Kashmiri terrorists and an undisclosed sum of money, the Indian government started covertly assisting the United Front (UF) with technical assistance, defense equipment, and medical aid in order to contain the Taliban. India reportedly supplied the UF with high-altitude warfare equipment, worth US$8–10 million, through Tajikistan and a handful of Indian defense "advisors" were reportedly based in Tajikistan to assist the UF in operations against the Taliban. There were unconfirmed reports of Indian Special Forces assisting the UF forces and New Delhi providing cash grants to the UF via its embassy in Tehran (Sheppard 2004). The Indo-Iranian cooperation against the Taliban was formalized with the signing of a new strategic pact during the Indian Prime Minister Vajpayee's visit to Tehran in April 2001, and the first ever India-Iran dialogue on strategic issues was held in New Delhi in October 2001 (Indian Ministry of External Affairs 2001). Following Iranian President Mohammad Khatami's visit to India in January 2003, India and Iran agreed to "impart a strategic character to their relationship" on the basis of the vision contained in the New Delhi Declaration. "Regular high-level exchanges, strategic dialogue and institutional linkages" have led to enhanced mutual understanding between the two countries (Indian Ministry of External Affairs 2003–04: 5).

The commonality of Indo-Iranian approach to the Afghan turmoil was reflected in the fact that neither recognized the Taliban regime. More significantly, Iran convened a Conference of the "Friends of Afghanistan" in October 1996 in Tehran and invited India to attend it in spite of Pakistan's opposition. The Conference was guided by three general principles—non-interference of foreign powers in the internal affairs of Afghanistan, the invalidity of a military solution, and the desirability of a broad-based government in Kabul. It further called for national unity, territorial integrity, and independence of Afghanistan (Naaz 2001). Foreign ministers, special envoys, observers from Iran, India, Pakistan, Russia, China, Turkey, Turkmenistan, Tajikistan, Kazakhstan, Kyrgyzstan, the UN, the Organization of Islamic Countries (OIC), Organization for Security Cooperation in Europe (OSCE), and European Union (EU) attended the Conference. The composition of the invitees contained its own message. First, it represented a regional approach to the problem, and geographical proximity to the conflict zone was considered an important criterion for participation. Second, the invitation to the OIC underlined the fact that Afghanistan was a Muslim country and therefore the Islamic world has a special role and responsibility for settling it. Third, the invitation to the UN emphasized the importance of the Afghan issue for international peace and stability and the role of the universal organization like the UN in resolving it. Fourth, the invitation to India not only underscored the

convergence of Indo-Iranian strategic interests in Afghanistan, but was also a clear Iranian acknowledgment and legitimization of India's interest and role in Afghanistan. Finally, keeping the US out of the Conference implicitly meant that the sole superpower was seen more as a part of the problem than a solution to the Afghan crisis.

However, the American toppling of the Taliban regime in October 2001 following the al-Qaeda attacks on New York and Washington on 9/11, dramatically changed the situation in Afghanistan. The dismantling of the terrorist infrastructure in Afghanistan, the severe disruption of drug-trafficking in the region and a serious curtailment of Pakistan's influence in Afghanistan could not but have been welcome to both India and Iran. Notwithstanding these major gains, neither India nor Iran could be unconcerned about the American military presence in Afghanistan, so close to their borders and with the likelihood of its prolonged presence there. This compromises the "capacity of Afghanistan to serve as a stable buffer state at the interface between Central, West, and South Asia" (Calabrese 2002: 68), which is in the long-term interest of India as well as Iran. Besides, the emergence of the Central Asian states with their vast reserves of natural gas makes Afghanistan a crucial link in the geoeconomic linkages that could be constructed across Central, West, and South Asian regions. The continued American presence in Afghanistan could give that country enormous leverage over the nature and direction of these linkages. It is, therefore, to Central Asia that the attention now needs to be turned in order to assess the extent to which Indo-Iranian interests overlap in that region.

Central Asia   The emergence of five predominantly Muslim states in Central Asia following the disintegration of the Soviet Union in the early 1990s suddenly and dramatically altered the geopolitical and geoeconomic map of the Eurasian region. The shared objectives of India and Iran in Central Asia pertain to checking Islamic militancy, preventing the spread of drug-trafficking, and providing reliable alternative transit facilities for Central Asian states for trade in general and for transporting and marketing their vast reserves of natural gas in particular. First, both India and Iran desire a stable and peaceful Central Asia, and the spread of Islamic militancy either from Afghanistan or Pakistan could destabilize the region. Iran consciously underplayed Islam as a factor in its Central Asian policy, given the limited appeal of its Shi'i brand of Islam in a predominantly Sunni region and its anxiety not to alienate Russia (Tazmini 2001), and tried to cultivate the regimes there on the basis of mutuality of interests (Naaz 2001). India sees Central Asia as its extended neighborhood and the unsettled conditions in Afghanistan and the possible Pakistani attempts at mischief cause concern in New Delhi (Ministry of External Affairs Annual Report

1999–2000, Government of India; Ministry of Defence Annual Report, Government of India). Second, given the symbiotic relationship between Islamic terrorism and drug-trafficking in the region, India and Iran would naturally want to prevent the spread of drug-trafficking to Central Asia in order to obviate the spread of Islamic militancy to the region. Third, in an attempt to improve and expand transit facilities in the region, Iran sought to strengthen regional economic cooperation through the existing Economic Cooperation Organization (ECO) by expanding it in 1992 to include Turkmenistan, Uzbekistan, Kyrgyzstan, Tajikistan, Kazakhstan, Afghanistan, and Azerbaijan. The move was meant "not only to bolster Iran's relations with the governments and economies of Northwest Asia but to establish Iran as the lynchpin, geographically and organizationally" (Naaz 2001: 235). In a related move, Iran, given its contiguity with landlocked Central Asia, offered itself as India's main gateway to the region. Until the Soviet collapse, commercial transactions between India and Central Asia were routed through Moscow. After the Soviet Union had disintegrated, overland commerce between India and Central Asia almost came to a standstill due to the state of India's relations with Pakistan and China. Taking a decisive step pregnant with possibilities, Iran, India, and Turkmenistan signed an agreement in April 1997, aimed at establishing a "transport corridor" linking Central Asia to India through the Iranian road-railway network and the port of Bandar Khomeini (Ministry of Defense Annual Report 1998–99). It is important to note that all these moves aimed at ensuring the stability, security and economic well-being of Central Asian states have been designed to serve the larger strategic objective of enhancing their political autonomy, which in turn could act as an effective counter to the deeper penetration of the region by other major powers (Puri 1997).

In addition to the increasing convergence of Indo-Iranian strategic interests, the growing complementarity between Indo-Iranian economies adds a new and crucial dimension to their blossoming partnership.

INDIA AND IRAN: ECONOMIC COMPLEMENTARITY AND COOPERATION

In economic terms, there is considerable complementarity between India and Iran given the fact that both are at a comparable level of economic development and are looking to diversify their economies and push them to a higher level of sophistication. As has already been mentioned, the two countries are acutely aware that, as a result of globalization, the world economy is going to increasingly impinge on their national economies and their national economic goals and that a regional approach to economic issues will place them in an infinitely better position to resist some of the seamier sides of economic globalization and also to utilize the various

opportunities made available by it. Apart from these pressures generated from above by economic globalization, the push for economic cooperation between the two countries comes from the compulsions imposed on their domestic economies by the post-Cold War world economy and the need to adapt themselves to its requirements.

Iran was plagued by serious economic problems in the 1980s and 1990s. Its economy has been characterized by "oil dependency leading to a weak and uncertain investment climate, fragile public finances, and an inward-oriented economy for much of the last two decades" (Karshenas and Hakimian 2005: 74). Consequently, Iran's average growth rate was a lowly 2.5 percent per annum in the first two decades after the Islamic Revolution in 1979. The war with Iraq in the 1980s was a major contributory factor to Iran's poor economic performance during this period. Between 1993 and 2001, Iran's inflation rate fluctuated in the range 11–49 percent with an average figure of over 23 percent. In recent years, it averaged about 15 percent per annum. The unemployment was about 16 percent with much higher rates among the educated young Iranians. Total net FDI in Iran amounted to just US$32 million in 2001 (Karshenas and Hakimian 2005). Lack of sufficient diversification and continued high oil dependency reflected the structural weaknesses that weighed down the Iranian economy. The introduction of the Third Plan in March 2000 tried to address these weaknesses by "increasing the role and diversity of the private sector, reducing obstacles to foreign and domestic investment, initiating privatization, supporting export-led growth and developing non-oil sectors" (Karshenas and Hakimian 2005: 76).

India too experienced serious economic crisis following the collapse of the Soviet Union. It initiated its most radical economic reform in 1991 when it was on the verge of defaulting on its external obligations for the first time since independence. Dismantling of the licensing system, attracting FDI, privatization and export-led growth became integral parts of India's new development strategy (Bhaduri and Nayyar 1996). Though the Indian economy has done well over the last decade, excessive dependence on software exports is not seen as healthy. The diversification of the Indian economy by strengthening and expanding the manufacturing sector remains the long-tern goal. Also, there are concerns about India's growing energy requirements and the ways and means of ensuring India's energy security, which is crucial to its developmental goals.

It is against this backdrop that the necessity and potential of Indo-Iranian economic relationship needs to be understood and estimated in three key sectors of their economies, namely, energy, trade, and technology.

Energy

Energy is a critical sector in which India and Iran not only have huge stakes but also complementarity of interests. They are key players in the energy security network in Asia, Iran as a supplier and India as a potential recipient.

Iran holds the world's second largest reserves of oil, with 132.5 billion barrels or 11.1 percent of the world's total reserves. Its natural gas reserves are estimated to be 970.8 trillion cubic feet (tcf) or 15.3 percent of the worlds total (Behera 2005). Besides, due to successive American sanctions, Iran has been finding it difficult to market its resources. India is emerging as one of the largest consumers of oil and natural gas in the world. India's oil consumption is expected to grow rapidly to 2.8 million barrels per day (MMbbl/d) by 2010, from 2.2 million bbl/d in 2003. India's consumption of natural gas has risen from 0.6 tcf per year in 1995 to 0.9 tcf in 2002 and is projected to reach 1.2 tcf in 2010 and 1.6 tcf in 2015 (Behera 2005).

It is in this context that a long-term partnership over energy is in the mutual interest of India and Iran. Such a partnership will ensure a secure source of energy for India over the decades, which is vital to its developmental plans. For Iran, it provides an opportunity to break out of the American attempt to isolate it and gain access to a growing and reliable market. Hence, the proposed Iran-India Gas Pipeline, apart from its undeniable commercial value, acquires certain political and strategic significance as well. The American pressure on India and Pakistan not to go ahead with the project underscores this point. This ambitious 2775 km pipeline project, 760 km of which will pass through Pakistan, would move gas from Iran's South Pars to India. It is estimated to cost US$7 billion and is set for completion in 2010 (Behera 2005). In order to assuage India's concerns over the safety of the part of the pipeline that passes through Pakistan and the reliability of supply, the Iranian government is willing to assure India that if Pakistan cuts off gas supplies at any point, Iran will not only cut off gas supplies to Pakistan but will also supply equal amount of gas to India at the same price (Naaz 2001).

Trade

There has been a significant growth in Indo-Iranian trade in recent times. In 2001–2002, India ranked sixth as Iranian export destination with a share of 4.3 percent of total exports. In the same year, India's exports to Iran totaled US$470 million, and it ranked eleventh among exporting countries to Iran with a share of 1.769 percent. In 2004, bilateral trade crossed US$3 billion mark, a 30 percent rise compared to 2003, and is projected to reach US$5 billion by 2008 (Behera 2005: 12).

Even more important than the growing bilateral trade is the transit facilities that the Indo-Iranian cooperation has ushered in collaboration with Russia in the form of the North-South Corridor Agreement (NSCA). In September 2000, India, Iran, and Russia signed an intergovernmental agreement on a "north-south transport corridor to facilitate faster and cheaper movement of goods from South Asia to Europe, and to establish strategic transport link between Asia and Europe via Central Asia, Iran and Russia" (Behera 2005: 13). This corridor is supposed to reduce trading delivery time by 10–15 days and the operational cost is likely to be reduced by 20 to 25 percent. This corridor can contribute to an exponential growth of trade between West, South, and Central Asian regions.

The possibility of arms sales between the two countries adds a new dimension to their trade relations. India has been acquiring the capability to manufacture under license a wide range of Russian weapon systems. The fact that the Iranian military's conventional weaponry is largely of Russian origin and that Tehran seeks to diversify its arms suppliers makes India an attractive option for Iran. The gradual liberalization of the defense production sector in India and the agreement between India and Russia to consider on a case-by-case basis filling arms export orders by third countries of jointly developed/produced equipment greatly facilitate arms sales between India and Iran (Calabrese 2002).

Technology constitutes another critical area of collaboration between India and Iran. A.B. Vajpayee, Prime Minister of India, during his visit to Iran in April 2001 advocated cooperation in the area of "new economy" and "science and technology." The areas to be covered are information technology, telecommunications, electronics, pharmaceuticals and bio-technology, development of remote sensing, communication satellite and launch vehicle, oceanography and cooperative endeavors to utilize India's large reservoir of engineers, scientists, technicians, and skilled personnel (*Strategic Digest* 2001: 878–80). The collaboration in science and technology is not seen as an end in itself but also as a means to achieve political and strategic autonomy.

It is obvious from the above narration that the Indo-Iranian economic partnership is deep, multidimensional, and demonstrates the growing political trust and strategic compatibility between the two. It has the potential to go beyond normal commercial relations between countries and is, indeed, capable of building geo-economic bridges between West, South, and Central Asian regions and can emerge as a factor for political harmony, economic cooperation, and strategic stability in Asia and the larger Indian Ocean Region.

That said, there is no escaping the fact that India's handling of its burgeoning relations with Iran on the one hand and with the US on the

other is going to be one of the more tricky areas of India's foreign policy endeavors in the near future. India will have to perform a delicate and complex balancing act in protecting its emerging strategic relationships with both the US and Iran in view of the growing suspicion and hostility between these two countries in relation to the latter's nuclear program and ambitions. It is, however, rather simplistic to suggest that India will have to choose the US over Iran, if it ever comes to that. The real challenge for India is to balance these two relationships, both of which are of significance to India in their own way and at different levels. There are in fact several factors that could actually assist India in performing this difficult task. First, the Indo-US partnership has an important role in global balance of power and it is here that the interests of these two countries converge to a large extent. The fact that Iran is not a major factor in global balance of power can help India to somewhat insulate its relations with Iran from seriously affecting its equation with the US. Second, at the regional level where Indo-Iranian relations are of considerable importance, the US is aware that the convergence of Indo-US interests is much less, and hence its expectations for Indo-US cooperation will also be correspondingly lower. Besides, the US enjoys a wide range of options in the region given the fact that it can count on a fairly large number of allies in Israel, Turkey, Saudi Arabia, and Egypt. As such, India's support for American policies in the region or lack of it is of little consequence to the US. Third, India's forays into the GME are diplomatic and geoeconomic rather than geopolitical and military and, hence, unlikely to cause too much concern to the US. Fourth, India's interests and approach to the GME do converge to an extent with those of Russia and China, which could set limits to the American ability and willingness to push India to fall in line with US policies in the region beyond a point.

India, it must be said, has been very careful in trying to insulate its growing interaction with Iran from developments in Indo-American relations. This is particularly true in relation to the India-Iran Gas Pipeline Project and Iran's nuclear program. India strongly denied reports that it backed out of the Gas Pipeline Project due to alleged American pressure and asserted that the country was "fully committed" to the venture because Iranian gas is a critical component for eradication of poverty in India (*The Hindu* 14 January 2006 and 22 January 2006). Regarding Iran's nuclear program, though India voted for the International Atomic Energy Agency (IAEA) resolution in September 2005 (as well as in February 2006), it was cautious enough to provide an "explanation of vote" in which it stated that India did not believe that Iran was in non-compliance or that the Iranian nuclear program had given rise to questions that were within the competence of the UN Security Council (*The Hindu* 16 January 2006). Obviously, India's

vote against Iran was calculated to facilitate the passage of its civilian nuclear deal with the US through the American Congress. India, perhaps, also realized that its voting against the resolution would not have made any difference to its passage. India's general stand seems to be, that as a signatory to the Non-Proliferation Treaty (NPT), Iran has a right to undertake research in peaceful uses of nuclear technology, but it also has an obligation to demonstrate to the international community its commitment not to make nuclear weapons in a transparent manner. It is noteworthy that India, after some vacillation, decided not to send troops to Iraq for peace-keeping in spite of repeated American appeals. Bush for his part made it clear that the US had no problem with Iran-India-Pakistan gas pipeline (*The Hindu* 5 March 2006). The restrained Iranian response to India's two negative votes against Iran at the IAEA meetings is a fair indication of the maturity and understanding that seem to underlie this relationship.

In general terms, "The challenge they [India and Iran] face is one of balancing relationships and separating issues. They must find ways to ensure that friendly or adversarial relationships they have with third countries do not constrain or damage their relations with each other; and that issues over which they differ do not preclude or impede progress in areas where they have chosen to cooperate" (Calabrese 2002: 76).

It is appropriate at this point to shift the focus of attention to the second lynchpin of India's policy towards the GME, namely, Israel.

INDIA AND ISRAEL

It is a little ironic that Israel, which was kept at a political distance for almost four and a half decades by India after recognizing the Jewish state in 1950, emerged as the second lynchpin of India's policy towards the GME since the mid-1990s. However, India did maintain low-key and covert contacts with Israel even during the Cold War years (Mudiam 1994). Israel provided limited military assistance to India during the Sino-Indian war of 1962 and India's two wars with Pakistan in 1965 and 1971. India in turn helped Israel with badly needed spare parts for Israeli Mystere and Ouragan fighter aircraft and the AMX-13 tanks during the Six-Day War in 1967 (Abadi 2004). Israel was well aware that there was no anti-Semitism in India's stance in relation to the Jewish state nor was there any bilateral dispute between the two countries. Israel, therefore, showed considerable understanding and appreciation of the compulsions and calculations behind India's vocal and consistent diplomatic support to the Arab causes, particularly that of the Palestinians in the light of India's concerns over Pakistan's attempt to mobilize the states of the Middle East against India on the basis of Islamic solidarity, especially in relation to Kashmir. Thus,

both India and Israel found it expedient to keep their relationship mostly under wraps during the Cold War years.

The first signs of change in India's Middle Eastern policy surfaced after the collapse of the Soviet Union in 1991 and the emergence of the US as the sole superpower with a dominant presence in the Middle East. In December 1991, India voted with the majority of the UN members in repealing the General Assembly Resolution No: 3379 of 1975, which equated Zionism with racism. Since India voted in favor of the original Resolution in 1975, this was a symbolic but significant departure from the past. More significantly, the Indian decision to let the American planes refuel at Mumbai airport during the first Gulf War in January 1991 was a clear indicator of the shape of things to come (Mudiam 1999). However, the Indian decision to finally establish full diplomatic relations with Israel on January 29, 1992, was a cautious and calibrated move. It was based on a careful consideration of a variety of factors, and the Indian government also took the precaution of informing the then Chairman of the Palestine Liberation Organization (PLO), Yasser Arafat, about the decision well in advance (Shankar 2003). The then Prime Minister P.V. Narasimha Rao's desire to win the support of the Jewish lobby in the US for obtaining World Bank-International Monetary Fund assistance to help India to tide over the economic crisis that it found itself in at that time and the cooperation between the diasporas of India and Israel in the US were important factors (Chellaney 2003). The end of the Cold War considerably diluted the Nonaligned Movement's hostility towards Israel both in India and elsewhere. The inauguration of the Madrid peace process in October 1991 indicated the willingness of both parties, Israel and the Arabs, to give up their maximalist demands and seek a compromise solution. India's desire not to be completely ignored in relation to the Middle East peace process and China's decision to establish full diplomatic relations with Israel on 24 January 1992, must have played their part too. India's frustration with the lack of Arab support to India in its moments of crisis and its support to Pakistan at OIC meetings was also one important reason. In an unusual move, shortly after India upgraded relations with Israel, the then Foreign Secretary of India, J.N. Dixit, publicly queried: "What have the Arabs given us, if I may ask? Did they vote for us in the Kashmir issue? Were they supportive of us when we had the East Pakistan crisis" (Kumaraswamy 2004: 266)? Finally, on India's domestic front less consideration for Muslim vote bank in the calculation of the regime in power (Naaz 2000) also facilitated the move to upgrade relations with Israel.

The motive behind Israel's strong and persistent bid for normalizing relations with India was twofold. In political terms, the establishment

of full diplomatic relations with India has been "a major goal of Israeli foreign policy for many years and was undoubtedly one of its crowning achievements" and this was "primarily due to India's stature as a leading country in the Afro-Asian bloc whose members had persistently waged an anti-Israeli campaign since the early days of the Jewish state's existence" (Abadi 2004: 281). In other words, India's acceptance of Israel would pave the way for Israel's acceptance by the larger Third World, which constituted the majority of states in the world. In strategic terms, the politics of the first Gulf War and post-Cold War worries about "diminished significance" to the US had revitalized Israeli quest for "peripheral alliances" (Berman 2003). Given this mutuality of interests between India and Israel, it is no surprise that their bilateral relations witnessed a dramatic upswing since the establishment of full diplomatic relations between the two countries in January 1992.

The expanding and deepening Indo-Israeli relations have had three broad dimensions, namely, strategic, military and economic. In strategic terms, the Indo-Israeli cooperation seems to principally converge on countering terrorism. Both the countries have been victims of terrorist violence for decades and both realize that the fight against terrorism requires a long-term, transnational, and multi-pronged strategy. The Indo-Israeli strategic cooperation to counter the terrorist threat has focused on three critical areas: intelligence, training and technology, and equipment. There was reportedly close cooperation between India's overseas intelligence agency Research and Analysis Wing (RAW) and its Israeli counterpart Mossad even during the times of Indira Gandhi and Rajiv Gandhi (Naaz 2000). During A.B. Vajpayee's tenure as Prime Minister, there was an expansion of defence cooperation with Israel, particularly in the exchange of intelligence (Abadi 2004). This cooperation was institutionalized with the formation of a special task force on terrorism and routine and periodic consultations between their security agencies (Kumaraswamy 2004: 270). As far as training is concerned, thousands of Indian Special Forces troops were sent to Israel for counter-terrorism training and Israeli specialists visited India to advise Indian officials on combating terrorism in Kashmir (Berman 2003). Regarding technology and equipment to counter terrorism, Israel provided satellite photo-imagery, unarmed vehicles (UAV) hand-held thermal imagers, night-vision devices, jammers, and detection equipment (Mehta 2003). Further, there seems to be a long-term strategic compatibility between the development of Israeli defense industry, which is vital for its security and India's changing defense requirements. Israel is a small country caught up in a hostile security environment, which is unlikely to improve in the foreseeable future. Hence, maintaining a sophisticated defense apparatus and

sustaining research and development (R&D) to maintain its technological superiority place a heavy burden on the Israeli economy. Exports are crucial to Israeli defense industry because "Certain projects would not have been undertaken, if there was no expectation of exports. Without exports some industries would collapse and certain projects would have to be abandoned" (Naaz 2000: 972). Naturally, Israel views India as a large and long-term market for its defense products, which could partly underwrite its huge defense burden. It is also of considerable strategic significance that the expanding partnership between New Delhi and Jerusalem has an American dimension to it. While American lobbying was a factor in the normalization of Indo-Israeli relations, Israel too has been a positive influence in the increasing political understanding between India and the US in recent years. This partly explains the dropping of American objections to the transfer of sophisticated technologies like the Israeli Phalcon advance warning system to India. It is sometimes suggested that the US—concerned over the rising instability in Asia on account of ongoing terrorism and North Korean nuclear standoff and the long-term reliability of existing allies like Pakistan—is inclined towards a multilateral security mechanism to manage Asia with India at its apex, and the emerging Indo-Israeli partnership could be the first tentative step towards such a venture (Berman 2003).

Given such favorable strategic environment, it is hardly surprising that the military dimension of Indo-Israeli cooperation flourished over the last decade. The criticality of Indo-Israeli military cooperation lies in the fact that, given India's resource crunch in buying new military hardware, Israel could play a crucial role in upgrading India's existing armaments and the acquisition of force multipliers. The up- gradation of MIG-21 planes and T-72 tanks with Israeli assistance has already been undertaken. India also showed interest in buying Remotely Piloted Vehicles from Israel (Naaz 2000). As one defense analyst put it, "The typical new military mix is a Russian or indigenous platform, European avionics and Israeli weapons and electronics" (Mehta 2003). The deal for a Phalcon early warning system worth US$1.1 billion has been signed by Israel and India with American approval. Barak missiles for Indian navy and air force and tow and truck-mounted artillery systems for the Indian army are in the pipeline (*National Herald* 23 November, 2003). Israel supplied India with laser-guided missiles that allowed the Indian Mirages to bust Pakistani bunkers during the Kargil war in 1999 and also rushed urgent supplies to the Indian army during a major anti-terrorist operation "Parakram" in Kashmir in 2002 (Mehta 2003). According to one estimate, India-Israel arms trade is likely to touch an annual US $2 billion by 2010 with Israel replacing Russia

as India's principal weapons and technology supplier (*National Herald* 23 November, 2003).

India-Israel economic relationship too has registered an upward swing in recent years. The trade between the two countries grew from US$200 million in 1992 to US$1.2 billion in 2003, and it largely involves textiles, agriculture, diamonds, and foodstuffs. If military items are added to the civilian trade, it would be almost on par with India's trade with China (Chellaney 2003).

It should, however, be noted that India's burgeoning relations with Israel, important as they are, constitute just one element of India's policy towards the GME. Even in fighting Islamic militancy, Israel is not the only potential ally India has in the region. Egypt and Algeria have been battling it for decades. Islamic militancy tends to threaten the existing political order in the region, and here India has a huge common ground to exploit and make common cause with the established states there. More generally, "To realize its full potential in the 'New Middle East' India needs to shed its traditional assumptions about the region and the temptation to view it from the prism of its own internal communal divide" (Raja Mohan 2000). Nor should India's growing and mutually beneficial relationship with Israel need to come in the way of India's continuing diplomatic support for the legitimate demands and aspirations of the Palestinian people. A political resolution of the Palestinian problem would be in India's long-term interest in the sense that it will greatly simplify India's relations with the region by dissolving the half-century-old Arab-Israeli political divide and by considerably reducing the appeal of Islamic militancy in the region.

CONCLUSION

The vital importance of the GME and India to each other in terms of their respective long-term political, economic, and strategic interests and goals in the post-Cold War world can hardly be exaggerated. The Persian Gulf area, for instance, accounts for about 15 percent of Indian foreign trade, exceeding US$10 billion annually. Nearly two million non-resident Indians (NRIs) remit in excess of US$4 billion to Indian foreign exchange reserves every year. The region also meets nearly two-thirds of India's oil imports. For the Gulf region, India is a source of skilled and disciplined manpower, a market for its products, a place for educational and medical services, and an option for science and technology and training establishments (Indian Ministry of External Affairs 1995–96 and Indian Ministry of Defence 1997–98).

One cannot deny the fact that the GME will be of crucial importance for the stability, security, and prosperity of the international system in the foreseeable future in relation to three critical areas: Islamic militancy, drug-

trafficking, and energy security. While each of these areas is important in itself, what makes matters even more complicated is that all these areas are closely related and tend to feed on each other. Given that these problems are both deep-rooted and transnational in nature, the major powers of the region are in no position to tackle them on their own. Nor can great powers from outside manage the region through their interventionist policies as has been demonstrated by the history of the region since the end of World War II. The best way out of this complex situation seems to be greater understanding, cooperation, and coordination between regional and global players on the basis of a broad consensus among them on the place of the GME in the international system and the lines along which it should evolve politically and economically. This approach in the long run can ensure that the region will be a source of strength and sustenance for the international system rather than be a source of strife and instability as it has been over the last five decades.

India, given its proximity to the GME, its historical and cultural ties with the region, its own large Muslim population, its ever-increasing energy needs, its good/improved/improving relations with Russia, the US, and China, has both the necessity and the capacity to play a positive and constructive role in the evolution of the region along moderate and modern lines, which is in the larger interest of the international system and in the enlightened self-interest of India. Unlike during the Cold War, India is in a strong position both strategically and economically to play such a role for a variety of reasons.

First, India's emergence as a global player in both strategic and economic terms is one of the most striking features of the post-Cold War international system. India's high growth rates over the last decade, its reputation as a software superpower, its increasing technological prowess, civilian as well as military, its status as a nuclear weapon state, its deep-rooted and durable democratic institutions, and the growing political and economic clout of its vast diaspora make India one of the six principal centers of power in the contemporary global strategic configuration. India's growing stature and profile in a globalizing world simplifies its relations with the GME and strengthens its diplomatic hand in its dealings with the region. This is so because it more or less removes Pakistan as a factor in India's interaction with the region as the states of the GME realize that in order to develop stable and long-term relations with an emerging global player like India, it is necessary to cultivate India independent of the Pakistani factor. It can be discerned that most of these states have made a conscious effort to insulate their dealings with India from developments in India-Pakistan relations over the last decade. Concomitantly, Kashmir and Indian Muslims as factors in India's interaction with the region stand substantially

downgraded as countries of the GME pay less and less attention to them and focus more and more on the broader issues of strategic compatibility and economic complementarity between the GME and South Asia. Second, India's huge size and rapidly growing economy makes it one of the largest consumers of energy in the world for a long time to come. This creates a critical complementarity between the GME and South Asia, the former as a reliable and long-term supplier of energy at a reasonable price and the latter as the recipient of increasing quantities of energy with an ability to pay for it. Apart from the obvious commercial gains that such partnership can offer to both parties, at a strategic level and in the longer term, it can lay the foundations of an Asian energy union. This could not only reduce the dependence of the energy exporting countries of the GME on the US but also facilitate the emergence of a non-dollar (either euro or yen) denominated energy trade. If and when this happens, the American stranglehold over the energy market on account of its strategic domination of the GME and the domination of the oil trade by the American dollar will be significantly eroded (Varadarajan 2006). Third, India, given its geographical location, is gradually emerging as a crucial geoeconomic link for energy security and trade in Asia. As a huge landmass that connects West, Central, South, and Southeast Asia to Europe, India is literally central to the Asian economic resurgence in the twenty-first century. Fourth, India will be in the forefront of combating Islamic militancy and drug-trafficking not only because it has been a victim of them for almost two decades but also because of its geopolitical location and the experience and expertise that India has accumulated in fighting them over the years. The narcoterrorism that has afflicted the GME and South Asia over the last two decades can potentially destabilize the already fragile state system in the two regions, and India's role will be critical in combating this menace in the years to come. Fifth, India's options in the region have increased considerably as a consequence of the emergence of the GME following the collapse of the Soviet Union. The new Central Asia that came into existence not only adds to India's diplomatic options in the region but also makes it easy for India to cultivate these states given the existence of certain strategic compatibility and economic complementarity between India and Central Asia. The establishment of full diplomatic relations with Israel in 1992 enabled India to further widen its diplomatic base in the region, and within a decade India has been able to strike a mature and mutually beneficial partnership with Israel in military as well as economic terms. India also found it expedient to make overtures to Turkey, a country it hardly paid any attention to during the Cold War years (Indian Ministry of External Affairs 2003–04). A moderate and modernizing Muslim country, constituting the geographical link between Asia and Europe and with considerable economic potential,

Turkey is an important addition to India's widening options in the GME in the post-Cold War world. Sixth, India's reasonably good relations with other major powers can place India at an advantage in its dealings with the GME. India's close relations with Russia can be a positive factor in cultivating Central Asia because the latter was part of the (former) Soviet Union for seven decades and continues to depend on Russia for both its energy and defense needs even after becoming independent (Raczka 1998). India's improved relations with the US has proved to be an important factor in India's dealings with the countries of the traditional Middle East such as Turkey and the smaller countries of the Persian Gulf. For instance, the Muscat Declaration that followed the second Gulf Cooperation Council—the India business conference in Muscat in March 2006—decided that information technology, biotechnology, tourism, industry, energy, and petrochemicals would become the core areas of collaboration. It is also expected that the Free Trade Area (FTA) agreement between India and the GCC could be ready by early 2007 (*The Hindu* 27 March 2006). Also, India's improving relations with China has enabled the two countries to favor joint bidding for exploring energy resources in the GME in order to meet their galloping energy requirements (Varadarajan 2006).

In sum, India's power projection in the GME after the end of the Cold War has had to be very different from the tentative, defensive, and reactive approach that it adopted to the region during the Cold War years. The increasing convergence of strategic interests between the GME and South Asia, the growing complementarity of their economies and India's own rising power profile make it both necessary and feasible for India to play a more proactive and constructive role in protecting and promoting its own perceived interests in the region as well as those of the international system, which seem to largely coincide from a long-term perspective. In order to achieve this goal, the Indian policy to the GME requires subtlety, flexibility and adaptability, and India needs to consciously and consistently adopt a non-zero-sum approach where no single country or no single issue dominates its foreign policy concerns in relation to the region.

XVII. The Changing Face of the Russian Far East: Cooperation and Resource Competition Between Japan, Korea, and China in Northeast Asia

Roger Kangas

Abstract

When significant changes take place in one part of the world, it is to be expected that effects will be felt elsewhere. Particularly in an era of increasing globalization, as regions and countries become inextricably linked to each other, what takes place in one region will be felt in another. This is clearly the case with the Greater Middle East (GME). As this region expands in scope and composition, those areas on the borders must deal with the consequences. For example, much attention is placed on European reactions to and relations with the GME. Whether it is it terms of energy transfers, European Union programs regarding a "dialogue with Islam," or NATO's "Mediterranean Dialogue," there is a strong sense that Europeans must remain engaged with the region. However, can the same be said for states to the East, particularly in the Far East? Is there a connection, and if so, how does this region relate to the GME? In short, why should someone examining the intricacies of state and societal development in the GME care about what takes place in the Russian Far East? There are several reasons that will be assessed in this chapter. First, the uncertainty of resource management and exploitation in the GME does mean that states in the Far East need to evaluate their own resource capabilities and needs. Developments within the GME necessitate a more thorough evaluation of what exists in the Far East for the countries in the region. Second, this sense of resource needs is in contrast to a political reality in the region: the major states have their own national security concerns located in other areas, thus creating a political and security "void." Russia, for example, gives higher

priority to the West (Europe) and the South (Middle East). China remains committed to security concerns to the Southeast (Taiwan) and increasingly to the West (Central Asia and South Asia). Are the states in question devoting enough attention to the area that intersects them all? Third, if the states in the region believe that regional cooperation is important to address the first part above, the realities of the second part will most likely dampen any chance at true cooperation and regional development. How to overcome these problems and prevent the region from becoming a true "void" is the challenge of the states in the Far East today and in the future. A proper analysis of these security issues requires that one examine the perceptions held within the region, the capabilities and limitations of the respective governments, and an understanding of how these geopolitical differences have played out in the past.

INTRODUCTION

When significant change takes place in one part of the world, it no longer should be surprising that effects will be felt elsewhere. Particularly in an era of increasing globalization, as regions and countries become inextricably linked with each other, these cause-and-effect relationships are only deepened. Over the past decade, this has been the case with the Greater Middle East (GME). As defined throughout the present volume, this geographical and cultural space is expanding in scope and composition. Those countries located along the borders must, as a result, deal with the consequences. For example, much attention is placed on developing "Good Neighborhood Policy," or North Atlantic Treaty Organization's (NATO's) "Mediterranean Dialogue," there is a strong sense that Europeans must remain engaged with the region. Can the same be said for states to the East, particularly in the Far East? Is there a connection? If so, how does this region relate to the GME? On the surface, there are trade ties and political relations that are important today. Does the expansion of the GME signal any negative changes for the Far East? One potential object of study is a subregion that itself was claimed to be an expanding region or a new frontier for many years: the Russian Far East (RFE). During the Soviet period, it was a region of economic exploration as well as a border zone between the major powers of the Cold War. The Soviet Union, China, and the United States (US). However, during the past decade, international attention has shifted to the GME, leaving the RFE outside of the spotlight. If this is so, one could ask the question: Why should someone examining the intricacies of state and societal development in the GME care about what takes place in the Far East, particularly the Russian Far East? There are several reasons that will be assessed in this chapter.

First, the uncertainty of resource management and exploitation in the GME means that states in the Far East need to clearly understand their own resource capabilities and needs. Developments within the GME necessitate a more thorough evaluation of what exists in the Far East for the countries in the region. Second, resource needs can contrast with a political reality in the region: the major states have their own national security concerns located in other areas, thus potentially creating a political and security "void." Russia, for example, gives higher priority to the West (Europe) and the South (Middle East). China remains committed to security concerns to the Southeast (Taiwan) and increasingly to the West (Central Asia and South Asia). Are the states in question devoting enough attention to the area that intersects them all? More to the point, if these states are devoting resources and energy to the GME, are they doing it at the expense of the Russian Far East? Third, if the states in the Far East region believe that cooperation is necessary to address the energy and economic potential in their border zones, the realities of diminished resources to actually address them will most likely dampen any chance at true cooperation and regional development. Conflicting national interests and competition among states might prevent the realization of cooperative efforts. How to overcome these problems and prevent the region from becoming a true void is the present and future challenge of the states in the Far East. A proper analysis of these security issues requires that one examine the perceptions held within the region, analyze the capabilities and limitations of the respective governments, and understand how these geopolitical differences have played out in the past.

In short, this chapter will provide a brief case study of a region that is, on the surface, tangentially related to the GME. It will demonstrate what nations do when their focus in international economics and politics is altered because of what is happening elsewhere. Given that an examination of the entire Far East would be too ambitious for one treatment, I will devote my attention to one particular zone: the Far Eastern part of the Russian Federation. The RFE has played a critical role in the regional interaction of the major states of the Far East, and can illustrate the impact of political economics and the economies of energy, both critical to the GME. To this end, I will first assess the importance of the RFE to the Russian Federation itself. Then, I will turn to the relationships with and presence of neighboring states. Finally, I will examine the question of whether an increasing GME means that the RFE is becoming a void, and thus a potential source of instability, or if the relationship might even be mutually beneficial. While no treatment can be considered complete on these questions, it is my intent to illustrate the importance of regional border zones for the GME.

THE RUSSIAN FAR EAST

For centuries, the territories of the Russian empire located to the east of the Ural Mountains were cast as places of promise and natural resource wealth. Whether it was the fur trade in the sixteenth century, or the oil and gas bonanza of today, Siberia and the RFE were, and remain, territories to "control and exploit" (Lincoln 1994; Bobrick 1992). This image is juxtaposed with other serious issues today: the population of these territories is declining, tales of corruption abound, and fears exist in Moscow that pressures from China and other states will become a source of tension in the near future for this remote part of the Russian Federation. By understanding the current reality of the RFE, one can better assess the interplay of neighboring states and their relationship to the GME.

When describing the RFE, one is prone to using words such as "vast," "expansive," "open," "endless," and "potential." The latter term was used with respect to what a person could do if they went out to the RFE to "make their fortune" and exploit the timber, fur, and minerals found in the territory. Knowledge of this vast wealth was unknown at the time of conquest in the 1600s, although it quickly became evident as the territory was settled. As the initial conquerors and explorers crisscrossed the Far East in search of trade routes and even Arctic Ocean transportation lanes, it was clear that the rapid exploitation of these commodities would greatly enhance the coffers of the Russian empire. However, as the living conditions in the region were harsh, the total number of voluntary settlers remained relatively small. Some might go out for finite periods of time, but few would actually remain and set roots in the region. In addition, the indigenous peoples of the RFE, much as their Siberian counterparts, quickly grew to distrust the Russian settlers and often were at odds with these invaders from the West. Unfortunately, their numbers were always small and they were ill-matched against the superior firepower of the Russians. In the long run, the indigenous peoples were relegated to the fringes of the settled communities and eked out livings that were always in danger of being changed by the expansion of Russian, and later Soviet progress. Today, the indigenous peoples in the RFE make up less than 10 percent of the region's population (Goskomstat 1993).

The grim reality of the RFE also made it an ideal location for exiling political prisoners and, later, for the development of labor camps. Indeed, much of the Western knowledge, or perception, of the RFE is that of the *gulag* system that was developed during the Soviet period. As far back as the eighteenth century, political exiles were sent to either Siberia or the Far Eastern regions of the Russian Empire (Applebaum 2003; Solzhenitsyn 1973). Given the vast and difficult communication and travel links, punishment could be as minimal as being forced to live in one of the cities or

villages in the region. A series of labor camps also developed, especially in the Kolyma region for mining. These became notorious for their brutal work conditions and high death rates. Ironically, this network of camps required a bureaucratic and logistical support system, resulting in the growth of communities that were largely employed to keep these camps going. Thus, it is not surprising to find residents of the RFE who have links to this particular chapter of Soviet history. Recent scholarship has taken advantage of newly opened archives to gain a clearer picture of this connection.

While the notion of the RFE has changed over the years and depends upon how one is viewing the region, today there is a defined political and spatial concept of the territory. In 2000, the Russian federal government formed the Far Eastern Federal District with the city of Khabarovsk as the district's administrative center (Davis 2003). This district is comprised of the Amur, Kamchatka, Magadan, and Sakhalin Oblasts, Khabarovsk and Primorsky Krai, the Jewish Autonomous Oblast, the Chukotka and Koryak Autonomous Districts, and the Sakha (Yakutia) Republic. According to the 2002 Russian Federation census, the entire region has a population of 6,692,865, with nearly 75 percent of these living in urban settings that are situated primarily along the southern stretch of this territory. These include the cities of Vladivostok (594,701), Khabarovsk (583,072), Komsomolsk-on-Amur (281,035), Blagoveshchensk (219,221), and Yakutsk (210,642). The challenge for the RFE Federal District is that it comprises over 6,216,000 square kilometers, making it one of the least densely populated areas of the world, let alone of the Russian Federation. To compare it to the rest of the Russian Federation is also instructive. The RFE is 36.4 percent the entire country (17,075,200 square kilometers), and yet the population is a mere 4.7 percent of the total population. This means that while the RFE has a population density of 1.08 persons per square kilometers, the rest of the country has a density of 12.50 persons per square kilometer. One can also note that nearly twice as many Russian citizens live in the greater Moscow area than in the entire eastern third of the country. This isolation and lack of a popular base often means that the RFE is ignored in national politics—a phenomenon paralleled in the Tsarist era, as well.

Problems in transportation, communication, and basic governmental functions are exacerbated by these distances, not to mention the extreme temperatures and weather patterns that characterize the region. Much like neighboring Siberia, the RFE must contend with an Arctic climate in the north, but a severe continental climate in the southern reaches. Navigation is nearly impossible in the northern regions for much of the year. Moreover, the thin line of railroad in the south limits the amount of traffic that can transit the region, particularly as road travel is difficult, at best. Facilitating transportation through the region are a series of major rivers, with

the significant Amur and Ussuri Rivers forming part of the border with China, as well as the major rivers of the Lena, Anadyr, and Kolyma. In addition, the major port city of Vladivostok is a "window to the Pacific" for Russian trade.

The significance of the region is not just that it is a geopolitical extension of Russia into Asia, but that it possesses an abundant natural resource wealth. From the fishing industries in the Pacific Ocean to the mineral and petroleum fields in the ground (and offshore), the RFE is a vital part of the Russian economy. Iron and steel manufacturing anchor the heavy industry, along with mining for gold, iron ore, coal, lignite, lead, zinc, and silver. In the past, these were exploited with reckless abandonment, and it was common for prison labor to be used to mine the most difficult fields. While not as endowed as the Western and Central Siberian plateaus, the oil and gas fields in the RFE are still considered to be significant by international standards (USDOE 2006). In particular, the fields on Sakhalin Island are now just being explored. In addition, the RFE is the "gateway to the Pacific Ocean" for the Russian Federation, and while transportation links are tenuous, they are vital to the shipment of goods from the Pacific Rim economies. In addition, cross-border trade with China is increasingly important to the region.

The strategic value of the RFE cannot be underestimated. During the Soviet period, this was a "front line" in the Cold War, especially as the easternmost tip of the Soviet Union was a mere 20 kilometers from the US (Alaska). As a result of the Soviet Union's need to compete with the US, a military presence in the Far East was maintained and enhanced during this period, with the port city of Vladivostok becoming a key power source. Ground troops were stationed along the Chinese border, and naval, air, and strategic rocket forces were positioned throughout, thus protecting the homeland from the US and/or China (Davis 2003). In the 1950s, the conflict on the Korean peninsula was heavily monitored and resulted in the Soviet Union paying even greater attention to the RFE borders. The tension on this border was exemplified by the 1983 shooting down of a Korean Airlines jet that had inadvertently flown over Soviet airspace. Today, in the post-Cold War era, the Russian security posture still obligates some attention to the RFE, although a lack of financial support has made this more difficult. The deep-water naval forces stationed in the RFE are not able to conduct exercises as frequently as they had in the past and units regularly complain about shortages of resources and financial support.

With the breakup of the Soviet Union, the Russian Federation's leadership had to examine the role and purpose of its Far Eastern regions to the nation as a whole. The loss of key economic territories, such as Azerbaijan, Central Asia, and the Ukraine, the importance of the Far East

increased for Moscow. However, the systemic problems noted above were only made clearer as the central government tended to lack the financial wherewithal to effectively address them. In addition, the leaders of these regions (oblasts) began to resemble the governors of the Russian Empire: corrupt power-brokers who came to dominate the key sectors of industry and the exportable wealth of their fiefdoms. As power was tenuous in the new post-Soviet environment, it was unclear how this would work out. During his tenure as President, Boris Yeltsin appreciated the support of the region's leaders and, in turn, did not attempt to control them (Orttung 2000). Vladimir Putin has had a different perception of power relations and does not see generous patronage relations as a key to maintaining power in the country. Since 2000, he has slowly reined in the regional bosses to a more manageable level of autonomy. Corruption remains rife in the region, with political officials such as Nazdratenko, Pulikovskii, and Darkin being linked to scandals in the region. Indeed, as the major national energy companies dominate the extractive industries in the region, such problems have increased, not decreased, over time.

From Moscow's perspective, the Far East poses several key challenges to Russia's overall security. The economic potential of the region is vital to the growth of the Russian economy, and greater integration into the Russian domestic market is essential. The need to export this wealth to customers who can pay on time and at top dollar prices means that the markets of Northeast Asia are critical. Given the challenges and uncertainties of the GME, it is only natural for Russia to see its own territories as a viable alternative. Current energy transport routes through the RFE are limited to rail links to Harbin and Daqing. Approximately 300,000 barrels per day (bbl/d) are shipped through these routes at present, with Russia's desire to increase this by adding several pipeline options (USDOE 2006). Indeed, as a supplier of energy, Russia sees the Chinese and Far Eastern markets in general to be major sources of revenues in the near future. If the Asian markets are to be credible for Russia, then it will have to transport the oil and gas from the major Western Siberian fields across the RFE to market. Hence, the RFE stands to benefit from the overall energy market of Russia—whether the actual resources are located within its territory or not.

Second, there are the problems of demography. The total Russian population has been declining over the past decade with some international organizations making predictions of rather radical numerical changes. As noted above, the RFE has a population of slightly more than 6.2 million. That said, this reflects a drop of 14 percent over the past decade and most analysts assume that the current rate is actually lower than this 2002 census figure. The country's population stands at 144 million, with this number also seen as higher than what it probably is in reality. The most extreme

predictions note that with Russia's out-migration, low birth rate, and higher mortality rate, the total population may drop to under 100 million by 2050 (Vishnevsky 2005). While such dire predictions should always be viewed with a healthy dose of skepticism, it is clear that Russia is in a demographic quandary. The Far East may face even greater perils than the population as a whole, as villages and territories east of the Ural Mountains make up the districts with the greatest potential losses. During the Soviet period, the government offered cash incentives and other benefits to those who were willing to work in the severe conditions of the RFE and Siberia. With this incentive structure all but gone, and with opportunities seemingly limited, the draw to the RFE is nonexistent. Moreover, that younger generations are actually leaving the RFE for other parts of Russia suggests that there is an aging of the RFE at a pace faster than the country as a whole. In short, the demographic reality of the RFE for the government in Moscow is not viewed positively.

Finally, an assessment of Russian national security raises a number of key concerns that emanate from the Far East. Given the instability on the Korean peninsula, with North Korea's desire to acquire nuclear weapons, and the increasing power projection of China, is there ground for cooperation or competition in this region? Even if this is the case, Russia's contribution will be strained. Decreases in the Russian military budget allocated to personnel have resulted in the RFE contingent dropping from 390,000 troops in 1989 to 190,000 by 1996. Today, there are approximately 150,000 troops stationed in the RFE. The Far East Military District remains intact, although stories abound of troops malnourished, supplies inadequate, and equipment being antiquated. Furthermore, the lengthy border and coastline still require defending and the desire of Russia to remain a "Pacific power" has not changed, resulting in a continued need to pay attention to the security structure of the region. Of course, Russia cannot address these issues in isolation. Taking a broader look at Russia's Far East, one is reminded that it is imbedded in a more complex Northeast Asian region—with Japan, China, Mongolia, and the Koreas as immediate neighbors, and the US never far away.

With these concerns, does the Russian government see the RFE as a void? As a problem that needs to be solved? To an extent, the answer is yes. Yet it must be stressed that the issues noted above are largely internal and the questions of social, political, and economic importance are deemed to be best solved within the Russian Federation's own domestic agenda. Some in the region express the hope that increased energy revenues will trickle down and result in greater services and opportunities in the RFE. Yet, at the same time, given the paucity of real representation and power in the central government, there is the very real chance that the RFE will remain

marginalized in Russian politics and economic policy. Another potential source of improvement for the region comes from abroad. In an era of increasing globalization, it is clear that the relationship of neighboring states to the RFE will have a greater and more direct impact on the region. It is to these states that we will now turn.

CHINA AND GEOPOLITICAL COMPETITION

China's role and presence in the region are complex and are linked to energy needs, as well as political, cultural, and historical points of potential tension between itself and Russia. Indeed, the history of the RFE is tightly bound to the history of northern and northeastern China, dating back to the early Russian exploration of the region in the sixteenth and seventeenth centuries. The "unequal treaties" signed by the Russian and Chinese imperial courts in the subsequent centuries formed the basis of relationships mired in mutual suspicion, periodic cooperation, and basic needs. As the Chinese Communist Party began its campaign to defeat the Goumindang, the leadership in Moscow vigorously debated the extent to which they should support these forces under the control of Mao Zedong. Periodically, Stalin opted to not offer substantial support, which created a rift between the sides. Indeed, after the 1949 victory, Mao and his colleagues were repeatedly slighted by the Soviet leadership in bilateral meetings and were unsure as to how deep the relationship would ever be. There was a strong sense that the Soviet leadership condescended to their Chinese counterparts, in sort of an "elder brother-younger brother" relationship. This upset Mao and his colleagues, who looked upon their own culture and civilization as being much older and more developed than the Russian/Soviet one (Chang 2005).

Whether it was opposing views on the Korean conflict, the war in Vietnam, and relations with the US and Japan, the two communist powers were just as much at odds with each other than they were allies. It is critical to note that this was more than a perception problem, as it directly affected regional relations. At its nadir, this relationship was exemplified by cross-border military conflicts along the Ussuri and Amur rivers in 1969. Even as the states found themselves cooperating in subsequent years, a certain tension remained from this point onward.

The ideological gap between the two states was apparent by the 1970s. Whereas the Soviet Union focused on its leadership role in the communist world, Mao's China was cast as a beacon for the nonaligned states and for others in the developing world. Increasingly, the Chinese government moved away from the Soviet-dominated bloc and focused on its own internal development and relations in Asia. China conducted a limited foreign policy—relations with countries such as Albania, Yugoslavia, and Angola

being exceptions to the rule. The closing years of the Soviet Union saw a renewal of bilateral ties, especially in light of Mikhail Gorbachev's visit to Beijing in the Spring of 1989. However, it was clear that the relationship had changed and that China was treated more as an equal.

Following the collapse of the Soviet Union, the dynamics further evolved into one of Chinese domination. As the subsequent years have borne out, there is merit to this conclusion. Since 1991, the Chinese government expressed a much clearer interest in expanding its economic ties, energy ties, and security relations globally. All of these, one can assume, will reshape the perceptions of this relationship and perhaps redress the historic legacy of past events. The shuttle trade between the countries has become a mainstay for the consumer markets in Russia and other former Soviet states and an important part of the low-end production facilities in China. In the past decade, this trade has several key characteristics. First of all, Russian exports to China tend to be in the areas of base metals, mineral fuels, chemicals, wood, and aircraft. The last category is a legacy of arms sales from Russia to China that have continued for much of the last two decades. These commodities represent over 70 percent of the roughly US$8.4 billion worth of Russian exports to China, as of 2002. In contrast, Chinese exports to Russia are in the areas of textiles and clothing, leather goods, and footwear—mainly finished products. These few categories account for over 56 percent of the US$3.5 billion worth of trade, as of 2002. In the past several years, while the numbers have increased, the relative percentages have stayed the same (Lotspeich 2006). Of course, these figures just take into account the legal trade between the countries; the illegal shuttle trade only increases the importance of the RFE to the two states.

As one looks at the regional markets, the Chinese districts in the Far East comprise a comparatively greater share, although the RFE is developing as more money is being invested in the energy sector. Until this sector truly expands, however, one should expect the RFE to remain of limited economic potential. Within the region, most of the Russian trade is concentrated in Khabarovskii and Primorskii Krais, as well as the Jewish Autonomous Region. In contrast, the Chinese district of Liaoning sees 18 percent of its GDP in exports (mainly to Russia), which is the most of all cross-border districts (Lotspeich 2006). Not surprisingly, Chinese economic development in this region has a strong internal element and is thus not wedded to cross-border trade exclusively. Thus, Russia needs China more than China needs Russia at present. Statistical data bears this out. Whereas China remains a key actor in Russia's regional economy, Russia plays a lesser role in the overall Chinese import/export relationship. It is still the case that Russia received from China finished and consumer products. In return, China receives raw materials from Russia.

There is one sector in which the Chinese are increasingly finding the RFE to be of great important: energy. The current high growth rate of the Chinese economy has directly resulted in that country's increased need for oil and gas imports. To date, China imports less than 50 percent of its petroleum-based energy supplies, but that is expected to increase to perhaps 60–70 percent by 2025 (British Petroleum 2006). Therefore, reliance on convenient and accessible outside sources is essential. For the past several years, China has expanded agreements with countries such as Sudan and Nigeria in Africa, as well as countries within the Middle East. Broadening this out to the GME, China is aggressively seeking controlling or influential roles in a number of oil and gas operations in the Central Asian states, especially in Kazakhstan. Finally, pipeline routes from Russia itself are playing a key role in any future planning of China's energy needs. If one adds to this the Russian timber industry, raw material imports or exports will be the extent to which the Russian market can successfully satisfy Chinese interests and needs.

Related to the economic ties is the social issue of demographic change. While a constant refrain from some xenophobic writers and pundits in Russia, illegal Chinese immigration into the RFE does pose some credible problems. Because of Russia's declining population in the region and the uncertain economic health in the Far East, the notion of a demographic imbalance is very real to Russian policy-makers, or at least is a political issue on which they can rally constituents (Alexeev and Hofstetter 2006). To be fair, statistics vary greatly and the actual economic impact of illegal Chinese immigrants in the Russian Far East is unclear. As with any cross-border (and cross-cultural) migration pattern, perceptions of the competing sides almost become more important than the empirical evidence. In this instance, there is a concern that China is somehow seeking to economically dominate the region, to plant "fifth column" actors in the region, and to cause a significant shift in the geopolitical dynamic of Asia. The actual data on this question is sketchy, at best. Xenophobes assume that millions of Chinese are already crossing the border and are poised to control the RFE. As it stands, it is most likely the case that Chinese do cross the border for short-term gains, but remain housed in the better equipped and serviced communities within China along the Sino-Russian border. Some experts note that the number of permanent Chinese residents in the RFE is around 300,000, or 5 percent of the total RFE population.

Legal restrictions, attitudes of the ethnic Russians living in the RFE, and the economic limitations in the region all dampened the possibility of a flood of immigrants. Quite frankly, some Chinese find opportunities in Russia, but most prefer to remain in their own, more rapidly developing districts. In general, they see Russia as a land of economic opportunity, but

for short terms only. This does not assuage Russian fears of an impending population problem in the Far East. In May 2006, President Putin even highlighted the demographic challenges of Russia, calling on his fellow co-ethnics to "have more babies." Is all of this truly a security challenge for Russia and China? Probably not, as it is doubtful that the worst-case scenarios will play out. However, it does become an issue coloring relations between the two states.

One area in which Russia and China are in agreement with the GME is their views on security. Both are founding members of the Shanghai Cooperation Organization (SCO), a security structure that also includes four of the five Central Asian states (all but Turkmenistan). In addition, India, Pakistan, Mongolia, and Iran are observers, making this a security organization that truly represents the key actors in the area stretching from the RFE to the GME. In spite of some differences, both Russia and China share a common perception of threats in the region and both seek to limit the influence of outside powers in the territories that border them: the Central Asian part of the GME. If there is a competition within this region, it once again concerns energy. Since the late-1990s, China has sought shares in Kazakhstani oil and gas fields and is actively seeking to create an energy pipeline network that would include Kazakhstan and Turkmenistan. These ties are in direct competition with those routes from Russia and show that China is willing to limit its relationship in the RFE if it means that it can be more active in influencing the GME.

JAPAN AND ENERGY NEEDS

Japan's interest in the RFE also goes back more than a century. If one includes indirect contact resulting from Japan's actions on the Korean peninsula, then it goes back even further. During the late nineteenth century, as Japan was challenging China's control in Northeast Asia, that government had to address the presence of Russia in the region. Russia, along with other "European" powers, sought to limit Japan's influence, leading to a direct military confrontation between the two states. The Russo-Japanese War (1904–1905) was more than a historic footnote: it was the first time that an Asian power defeated a major European power, and was a critical step in the demise of the Russian Empire and the rise of Imperial Japan. This humiliation was erased in 1945 when the Soviet Union began hostilities against Japan at the end of World War II. During the brief campaign in the summer of 1945, Soviet forces occupied Manchuria, parts of the Korean peninsula, the entire island of Sakhalin, and the Kurile Islands extending southward of that. Abruptly, the RFE expanded in territory and scope.

Japan was a front-line state during the Cold War in that the Far East was the nexus point between the Soviet Union, the US, and the People's

Republic of China. Japan was a staging area for US troops entering the Korean conflict of the 1950s. Indeed, US military installations in the country and the special security treaty between Japan and the US underscored the perception that Japan was an American client state. This resulted in Japan having very little influence or presence in the RFE for much of the Cold War era.

The collapse of the Soviet Union was a mixed blessing for Japan. On the one hand, a significant geopolitical threat disappeared overnight. While there are some in Japan who might conjure up scenarios of a Russian invasion, the reality of this happening is remote. The dispute over the ownership of the Kurile Islands remains to this day, but the solutions are being addressed through political and economic channels, when they are raised. Over the past decade, efforts have been made to break the stalemate, with official declarations made in 1953 and 1993 about the need to map out a resolution. Unfortunately, Japanese leaders, up through the current administration, remain frustrated by the lack of concern on the Russian side to actually act upon these declarations (Ouimet 2006). On the positive side, Russia's vast raw material base opened up over the past decade, and Japanese leaders and energy officials see this as a potential boon to their own needs. So what are the issues facing Japan in the RFE today?

First, supplies of raw materials—timber and energy in particular—are of utmost importance. Given its limited resource base, Japan traditionally has sought partners with whom to trade for raw materials. While in the past such actions led to regional tensions and periodic conflict, today the country is seeking to diversify sources to prevent imbalances and chokepoints. As early as the oil shocks of the 1970s, Japan was leery of relying too much on Middle East oil and gas for its domestic consumption. To that end, and in spite of being located on a major geological fault-line, Japan invested heavily in nuclear energy which, to date, supplies nearly 35 percent of the country's electricity. This dynamic was highlighted by the Iraqi invasion of Kuwait (1990) and the subsequent Gulf War (1991). These events served notice to Japan that reliance on one region for energy supplies was a dangerous situation, and since that time, the country has been seeking to diversify sources. Russia has come to the forefront of the list of alternates to the Middle East.

Japan's attention devoted to the RFE is tempered by three specific factors. First, the political dynamics of Russia and the periodic bouts of uncertainty within the country do give one caution. In particular, when xenophobic political actors such as Vladimir Zhirinovsky make disparaging remarks about the Japanese, tensions naturally increase. Second, the unresolved question of the Kurile Islands is important, and not just for far-right nationalists. For decades, successive Japanese administrations have sought some sort of

timetable for Russian withdrawals from these islands, which really provide no additional security in the post-Cold War environment. However, as Russia experienced significant territorial loss in the 1990s, there are those in power, including President Putin, who would like to prevent future territorial losses, even territories that are relatively insignificant. Finally, Japan does see itself needing to maintain positive relations with other energy suppliers and region—Central Asia, the Middle East, South-East Asia—thus limiting the attention that it can give to the RFE. In particular, if Japan sees Russia as a less-than-reliable source of energy supplies, or one that could exert undue pressure upon Japan, then it must cultivate relations with alternative regions. Ironically, this runs counter to the logic of needing Russia, which was expounded in the early 1990s. As the satisfaction of energy needs is essential for the country's economy, Japan is willing to maintain ties with a range of states in GME, to counter any limitations in the RFE.

Finally, it should be noted that Japan's policy toward the RFE is embedded in a broader foreign policy approach that reflects a new Japan of the twenty-first century. Unlike the Japan of the last century, Japan today is more willing and able to assert itself on the international stage. Now several generations past World War II, the country sees itself as a voice of moderation, a participant in international peace-keeping operations, and an economic engine in the world economy. For example, over the past decade, Japan has cultivated a body of experts on Central Asia. Japanese educational institutions and businesses are present in the region that is broadly part of Asia. This activism extends southward to Afghanistan, where Japan is playing a part in the peace-keeping operations in that country. Finally, Japan is even present in Iraq, in a demonstration of desire to see states in the GME stabilize. Admittedly, some of these efforts are symbolic, given their limited funding and scope. However, they are part of a broader campaign to present Japan in a positive light within Asia and beyond. The impact on the RFE is not so direct, but as more Japanese attention is placed on the GME, one could imagine that Japan's interests will remain limited in the RFE.

THE KOREAN PENINSULA AND MONGOLIA

Admittedly, officials in the RFE consider the states of the Korean peninsula and Mongolia to be far less important that China and Japan. However, each does play a part in the broader regional economic and security dynamics. Not surprisingly, each of these also has had problematic relations with Russia. For example, Mongolia was the quintessential satellite state of the Soviet Union for most of the twentieth century. Establishing a communist regime in 1921, Mongolia was largely forgotten in the grand East-West competition of the Cold War. It was only with the collapse of the Soviet

bloc in the period 1989–1991 that one saw a similar transformation take place in Mongolia. This nation of barely 2 million people in one of the most sparsely populated regions of the world soon experimented with market reforms and political democratization. While one could conclude that these processes have been incomplete, Mongolia finds itself a relatively stable country wedged between Russia and China, bordering the RFE (Freedom House 2005). To this end, it serves as a conduit of trade and communication. Moreover, the current regime is cognizant of very real limitations: it maintains good relations with Russia, acceptable ties with China, and seeks to broaden ties with outside states, namely, the US. To further this latter connection, Mongolia became the fourth nation in the world to commit troops to the stability operations in Iraq, in support of the US mission.

South Korea follows a path similar to that of Japan with respect to the RFE. Investments are present, although Korean firms, as a rule, focus on other markets. The primary focus is to maintain positive relations with Russia and simply provide opportunities for potential business investments and commercial trade. In particular, Korean consumer products are prevalent in the RFE region. Paralleling the Japanese experience, there are also historical considerations that temper more robust relations between South Korea and Russia. Imperial Russia did expand colonial influence on the Korean peninsula, in competition with Japan. In addition, the Soviet Union was instrumental in the division of the peninsula into two states, following the end of World War II. Soviet support for the North Korean government, especially during the Korean War, resulted in tense relations with the southern state that affect bilateral relations today.

North Korea holds perhaps the most unusual position in the region: it is isolated from the other states in the Far East by choice. The historic links between the Soviet Union and North Korea give Russia some access to the country, albeit in limited forms. After all, the Soviet Union helped establish the Democratic People's Republic of Korea and militarily supported it during much of the past half century. While Kim Jong II has traveled the Trans-Siberian Railroad and Russian trade does take place with this neighbor to the east, the sum total pales in comparison to that with other regional neighbors. For much of the past decade, North Korea has exacerbated tensions in the Far East by its countless declarations of intent to create a nuclear weapons arsenal. The very thought of a nuclear-capable North Korea concerns Japan, China, and even Russia. As long as the potential remains, at least one part of the Far East will continue to be of global security importance. For the RFE, this means that Russia will continue to maintain a military presence in the region.

Other than the issue of nuclear proliferation, these three states fall behind China and Japan as interested regional partners active in the RFE. However,

they provide evidence of greater regional cooperation (or the lack thereof) in matters of economics and security. They follow the same issues of concern as these two larger states—energy and economic development—and maintain a desire to see the region strengthen its stability. The question arises as to whether these states, along with Russia itself, can actually devote much time and resources to the RFE as they are increasingly turning their attention elsewhere. Indeed, as they all become global actors (even North Korea, although as a negative influence), and as the GME occupies a larger share of global politics, is there a danger in minimizing attention to regions such as the RFE? It is to that question we will now turn.

FILLING A VOID OR SHIFTING RELATIONSHIPS?

With the concurrent collapse of the Soviet Union and the shifting regional dynamics of the GME, one could easily draw the conclusion that the area of the RFE will quickly become a void, that is a territory of no power, no significance, and no stability. To an extent, this is true, especially as the Russian state, itself is forced to address the challenges of demography and regionalism within its own borders. In addition, with international attention being placed on the Middle East—and the enhanced geography of the GME, it is not surprising that less focus in being placed on this peripheral region. The present-day reality is that most major powers see threats in the GME, even calling this region an "arc of instability." If the RFE does not compare in levels of threat and uncertainty, then the security focus will naturally shift away.

However, one would be remiss to draw the conclusion that the dynamics in the GME will somehow equate with a weakened or even absent RFE. On the contrary, there are several issues that actually link developments within the GME to those of the RFE. Particularly in the realm of security, the RFE, and Russia in general, might find itself better tied to the GME. In addition, as the countries bordering the RFE seek to secure access to Russian energy reserves, Russia itself will play an enhanced role in regional politics. Three examples highlight the potential continued linkage between the RFE and the GME: energy, political developments, and international organizations.

As previously noted, the developments in the GME do have a direct bearing on the dynamics—especially the energy situation—of the RFE. First of all, in the area of energy pricing and supply, the RFE is part of the larger energy market that is dominated by the GME. Russia itself is the leading gas producer in the world and a leading oil producer. Not an OPEC member, Russia can act independent of the Middle Eastern states in its share of the global supply. Moreover, as a potential competitor of the Central Asian state, Russia will find that it must engage with the states of

the GME. Likewise, as for the consumers in the region, China and Japan in particular, the broadening of sources from Russia to the GME is critical for specific countries' energy security. The same could be said for European energy consumers, as well.

The linkages between the RFE and the GME can also be seen in the area of political behavior, especially when one considers role-playing and perceptions. In many ways, Russia remains wedded to the belief that it is the successor state to the Soviet Union and, while perhaps not a super-power, it remains a major power in world politics. During the Cold War, the Soviet Union played an active role in the Middle East, pitting itself against the US and backing those countries deemed friendly to the US. The links between the Arab states and the Soviet Union, while mixed and perhaps analyzed differently in Middle Eastern capitals, are somehow seen as natural in the eyes of Russian foreign policy experts. They look to the Soviet support for Egypt in its rivalry with Israel and with national projects such as the Aswan Dam as evidence of this relationship. It is not surpris-ing that Russia was quick to host the Hamas leadership of the Palestinian Authority shortly after its victory in the 2006 elections. This was a visible way in which Russia could become more engaged with a critical actor in the region. Perhaps tied to its own concerns of Islamism within Russia proper, the Putin administration was clear in its desire to see the Hamas leadership renounce terrorism as a legitimate tactic and sought to have that organization rescind its desire to destroy the state of Israel. While these efforts failed in the short run, it provided an opportunity for Russia to reengage in the Middle East.

The same can be said for the global tensions surrounding Iran's desire to develop nuclear energy and perhaps nuclear weaponry. Whether acting as a brake on aggressive US declarations against Iran in the UN Security Council or as a potential trading partner and supplier of nuclear technology to Iran, it is clear that Russia sees its relations with this neighbor to the south as being a key element in a broader policy of reengaging in the Middle East. Most notable was the Russian effort to diffuse the question of Iranian nuclear technology in 2005–2006 by offering to be the external monitor of Iranian activities, instead of the IAEA or another organization.

More direct are the ties with the other parts of the GME: the Central Asian states. To be blunt, Central Asia is held in even closer regard by the Russian leadership. While not used much today, the term "near abroad" still resonates in Moscow. As the northern most extension of the GME, this region is geographically and geopolitically tied to the states of the Far East and yet retains a strong tie to Russia itself. Whether one is looking at economic relations with Central Asian powers or the delicate geopolitical dynamics toward Iran, Russia feels that it can play an influential role in the region.

Third and finally, one sees the links between the GME and the RFE in the creation and expansion of regional security organizations. One way in which China has started to assert itself as a global player is by sponsoring the SCO, which has members from both the RFE and GME. Not only are both sources of energy for China but both offer opportunities for China to be an active member in regional security organizations. The enhanced SCO is a vehicle for China and Russia to coordinate economic cooperation. China is also increasingly becoming active in the United Nations Security Council, largely in the role of offering alternative solutions to such issues as tensions between the West and Iran or the situation in Iraq. While the motivations may be suspect—quite frankly, acting in a certain way to counter US moves, right or wrong—the end-result is that China is participating outside of its traditional realm of Asian politics.

These last points are critical for the GME partly because Russian or Chinese involvement in the region carries less emotional and historic baggage than European states or the US. For one, none of the Far Eastern states have colonial links to the Middle East—and the Russian colonial experience in Central Asia is still viewed somewhat positively by policy experts, leaders, and even the public in those countries, regardless of whether academics consider it differently. In addition, the question of human rights is not factored into regional agreements. Seen as a western stratagem, the advocacy of enhanced human rights is controversial in the GME, especially as some perceive a double standard in the enforcement of this pillar. For Russia and China, in particular, human rights are deemed to be internal matters and not the subject of international, regional, or even bilateral negotiations. The stability of a state, even under the strong hand of an authoritarian figure, is deemed more important than vague notions of political participation, individual freedoms and democratization. Colored by their own experiences, democratization is often equated with instability, chaos, and weakness. Thus, stability is the essential quality of a partner within the GME, a quality also prized by the nations within the region itself.

One would be remiss to ignore the US in the overall dynamics of the RFE. Indeed, the views of regional security often center on countering American influence in the GME and the RFE together. Ultimately, it should be noted that the US has little interest in the RFE itself as either a source of economic activity or in the context of security interests. Energy reserves in the region are not likely to ever go to the US, nor are commercial goods in the region competitive in the US market. With American security challenges focused in the GME and other non-state phenomena such as terrorism, the RFE has lessened in recent national security statements of the US. The Pacific fleet remains important for the US, but more in the context of China. Indeed, US and Russian ships have made port calls to

each other and have conducted joint training exercises. On the other hand, there is an increasing fear on both sides that the US and China may be future Pacific rivals. American scholars and policy-makers still talk of the "Chinese challenge" and China itself is pushing for a deep-water fleet to challenge potential (American?) threats. While this may allow one to draw the conclusion that the Far East could become a potential region of great power tension, one must remember that this is really limited to a US-China dynamic, not a Russian-US one.

However, this does not minimize the perception that the US does have certain designs. Furthermore, there are specific developments that do make the regional states reconsider the US. For example, the American presence in Afghanistan and Central Asia has, in fact, galvanized the states in the RFE to better coordinate security policy to limit the influence of the US. The SCO is the most visible manifestation of this trend. In addition, the pressure of Russia and China on the Central Asian states to reduce, and eventually eliminate, the American military presence in the region is also telling. This concern to limit US power in the world is one element in the broader relationship between Russia and China, often cast in the phrase "minimizing outside powers."

In short, one can make connections among the states in the border region of the RFE through a variety of means. Ultimately, the phenomenon of globalization is leading to an integration of numerous subregions, including such seemingly peripheral ones as the RFE. While the RFE has lost influence and importance from its Cold War position, it remains engaged in the broader regional security framework and in global developments overall. Thus, it is not surprising to see ties to the development of the GME continue in the decades to come.

CONCLUSION

In a broader discussion of the GME and the significance of developments in countries such as Iran, Iraq, Afghanistan, and Central Asia, the importance of the RFE can logically be called into question. Why is it even worth the time and effort to focus on this region? It is hoped that the preceding discussion has outlined the basic reasons for this and will provide grist for future discussions on energy and geopolitical topics. As one examines the importance of the GME, and the expanding scope of this territory, the notion that areas on the periphery can be considered "voids" is less true today.

The issues of energy and economic development inextricably link the GME to the RFE. Both regions feel the effects of market prices and demands. Likewise, the security concerns emanating from the GME have had an impact on the RFE. One visible example of this development is

the SCO, which is a security organization that has transferred from a border-security focus to one that wants to emphasize transnational threats and regional security concerns. Moreover, the individual actors of the SCO—Russia and China in particular—are more readily expressing their views on specific problems in the GME.

Finally, as this volume has detailed changes in the GME, it is important to understand that the border regions have been equally affected by similar concerns and dynamics. The very perceptions of threats, the relative power of other nations, and the desire to secure one's own borders and position have shaped the dynamics of the Far East region as a whole. And, as the Far Eastern states continue to engage in the GME, they will expect to see their own region, particularly the crossroads of the RFE, reflect the realities of a globalizing world.

XVIII. India-Pakistan Engagement with the Greater Middle East: Implications and Options

B.M. Jain

Abstract

This chapter aims to examine Indo-Pakistan relations to assess their implications for the Greater Middle East (GME). Both countries are frantically engaged in deploying their military and nuclear capabilities, resources as well as extra-regional connections, with an intention to alter the balance of power in one's favor, as this is evident from their close contest for enhancing the level of strategic cooperation with the United States, especially after 9/11. Moreover, the deep-seated historic hostility between India and Pakistan has produced a peculiar geopsychology among ruling elites to outmaneuver the other in order to contain each country's political, economic, and strategic influences in GME rather than to contribute to peace, prosperity, and stability there. This chapter also aims to explore interaction and interconnectedness between the three core concepts—geopolitics, geoeconomics, and geopsychology—while evaluating Indo-Pakistan engagement with GME to advance and safeguard their respective manifold national interests.

INTRODUCTION

India and Pakistan, the two major powers in South Asia with a de facto nuclear weapon power status, have been interlocked in a deep-seated mutual hostility ever since they became independent, sovereign nations from British colonialism in August 1947. Driven by the strong pulls and pressures of history and culture, reinforced by the deeply entrenched psychology of mutual mistrust and hatred, both countries have scarcely been free from tension and rivalry. Realistically enough, born on a platter of clashing political ideologies, their security and strategic interests have been at cross purposes, resulting in four bloody wars: 1947–1948, 1965, 1971, and the Kargil conflict in May 1999.

Nevertheless, in the aftermath of nuclear weapons tests of May 1998, Indo-Pakistan relations have undergone a new kind of metamorphosis characterized by a blend of conflict and cooperation depending on the convergence and dissonance of their geopolitical, geostrategic, and geo-economic interests in the Greater Middle East (GME). Needless to stress, security and strategic complexes have played a major role in shaping and articulating Indian and Pakistani policies towards the GME in which they have rival stakes and interests. Undoubtedly, Pakistan's geographical contiguity and ideological affinity with the countries of this region are bound to have both short-and long-term security, economic, and strategic implications for India. It is also a patent fact that India's relations with the countries of the GME will always figure prominently in Pakistan's psyche as well as in its foreign policy towards India and vice-versa.

This chapter aims to examine Indo-Pakistan relations in order to assess their consequences for peace and stability of the GME. Also, it aims to find out how they are proactively engaged in displaying their military resources and nuclear capabilities as well as in utilizing their extra-regional connections with an intention to alter the balance of power in one's favor.

GEOPOLITICS, GEOECONOMICS, AND GEOPSYCHOLOGY

This chapter aims to explore interaction and interconnectedness of the three core concepts—geopolitics, geoeconomics and geopsychology—in a new global balance of power system in order to understand the functionality of state relations at bilateral, regional, and multilateral levels.

Undoubtedly, international relations theorists are still grappling with the problem of establishing the validity of prevailing theories such as "balance of power," "Unipolarity" versus "multipolarity," "neorealism" versus "neoliberalism." International relations theorists like John Mearsheimer hold the view that international anarchy—the driving force behind great-power behavior—did not change with the end of the Cold War (Brown 2003). Brown and Studemeister (2001) characterize the emerging paradigm as a "profusion of asymmetrical relationships between state and non-state actors." Whereas, the information age has fostered "hard power" versus "soft power," it has also propelled major powers into rethinking whether "hard ball coercion" is an easy sale to nation states in the rapidly growing global interdependence (Brown and Studemeister 2001).

It may be pointed out that the technology of modern communication has added a new dimension to international relations as well as national security concerns of nation states. On the one hand, the profound impact of information and communication technology (ICT) has necessarily led both state and non-state actors into sharing information across the globe, consequent upon minimizing the intensity of coercive diplomacy. On the

other hand, ICT has contributed to creating vast awareness among citizenry about what is good or bad for a country's national interest.[1] Without exaggeration, ruling elites' decision with regard to transferring a nation's valuable strategic assets to other countries are within the gaze of people's eyes in today's age of a faster interconnectivity. In other words, people's perceptions about the critical national issues provide important feedback to decision-making at the ruling elite level. Henry A. Kissinger (2001) has brought forth a new thesis that the emerging nature and trends in great-power politics will likely to be based on a "geological survey of the world," which will aim at finding out new sources of oil, natural gas, and minerals, for instance, in Central Eurasia (CAS) and the South China Sea region. Such a development is bound to produce a geopsychological contest between major powers over energy sources indispensable for energy security of the fastest growing economies like China and India. Middle ranking powers such as Pakistan and Turkey, will also compete with one another in order to make certain that they will have uninterrupted access to energy resources, which are vitally important for their own resurgent economies. In this respect, the GME and the South China Sea are probably the emerging theaters of an intensive geopsychological conflict over natural resources.

According to the "psychiatric school" of thought, the thirst for energy might help generate geopsychological impulses among political leaders and local people to register their strong protest against ruling leaders' decision of transferring a nation's valuable natural resources to other parts of the world. Henry Kissinger in his reply to a question, during an interview with Nermeen Sheikh, February 22, 2006, said that "local conditions are paramount" in judging the psychology of a particular region.[2] For example, Pakistan's psychology that India is bent upon decimating its "self-preservation" and "self-esteem" as a nation has been one of the core reasons for its deeply entrenched psychology of hostility towards India. Over a period of time, ruling leaders' sustained efforts at continually casting their adversary into an enemy image in the people's psyche results in strained ties between neighbors. Such examples abound in the GME between Arabs and Israel, between Iran and Iraq, between Iran and Saudi Arabia, between Lebanon and Syria.

Energy security is another area that has dominated the psyche of national actors. For example, as an "energy hungry" nation, China is concerned about safeguarding its energy security interests by establishing a network of protocols, memorandum of understanding (MoU), and agreements

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[1] For a background study of this aspect, see Samuels, R.J. 1994 *Strong Army: National Security and Technological Transformation of Japa*, New York: Cornell University Press.

[2] Asia Source Interview with Henry Kissinger, February 22, 2006, http://www.asiasource.org.

with energy suppliers. As Schilling (1998) observed, "the future role of China in the Central Asian region is already becoming clear. In deciding to build a 3,000 km pipeline from Kazakhstan to western China, Beijing has given notice of its major interest in the region and has unambiguously signaled that it regards itself as a competitor with Russia and the United States (US) for the raw material reserves of Central Asia. The estimated cost of this huge project, $10 billion, represents China's largest foreign investment" (p. 54).

Above instances and evidences demonstrate a "cyclical change" from the Cold War geopolitics through the post-Cold War period of primacy of geoeconomics to the fast-emerging primacy of geopsychology. The latter needs to be properly addressed for the simple reason that geopsychology of nations appears to be heavily influenced by the rising forces of globalization (Bhagwati 2004), which has further contributed to accentuating an economic disparity between developed and developing nations. In addition, the emergence of the US as a "lonely superpower" has prodded it to take unilateral decisions even against the desire of the world community. Joseph Nye (2002), in his recent publication titled *The Paradox of American Power*, has forewarned the US that its "unilateralism" and "arrogance" might prove counter-productive given the altered geopolitical and geopsychological environment. While describing power in hard and soft terms, Nye suggests that the US ought to opt soft power (openness and persuasion) rather than hard power (use of overwhelming military and economic resources) to realize it policy objectives. Employment of hard power, he further asserts, is incompatible with nation states' geopsychological impulses. Such an assessment is rooted in a dramatic geopsychological change among relatively medium and small powers, which are vigorously opposed to the US unilateral policy of regime change through military means, for instance, in Iraq. While applying this yardstick to India and Pakistan, as major regional powers equipped with massive military and nuclear capabilities, both sides are called upon to exercise maximum nuclear restraint in their respective policy behavior and actions. Instead of treading on the path of nuclear confrontation, New Delhi and Islamabad are expected to develop negotiating skills and methods, as part of soft power, to resolve their outstanding bilateral disputes.

If viewed from the standpoint of geopolitical and geopsychological perceptions, both India and Pakistan are poised to compete for power, prestige, and influence beyond the shores of South Asia. A "perceptional shift" is clearly visible among Pakistani elites that Islamabad has acquired nuclear parity vis-à-vis India by appropriately responding to India's nuclear weapon tests carried out in May 1998. Since then, a realization has percolated down the thinking of Pakistani policy-makers that Pakistan needs to vigorously pursue its political, economic, and security interests internationally and

regionally. As one might recall, General Musharraf made hectic diplomatic efforts to strengthen his country's geopolitical and geostrategic linkages with the GME and South East Asia. First, his visits to China, South East Asian countries, and the Persian Gulf region were intended not only to legitimize his military rule in Pakistan by wining their sympathy and support but also to seek their moral and diplomatic succor on the Kashmir issue, especially in the Muslim world, to besmirch the Indian image. Second, President Musharraf has publicly reiterated on numerous occasions that Pakistan's nuclear power status has enhanced Pakistan's image, prestige, and influence among Muslim countries. These actions are primarily intended to exploit the Muslim community's psychology that Pakistan is the only Muslim country that possesses nuclear weapons, which might act as deterrence against the enemies of the entire Islamic community. In other words, Pakistani ruling elites are projecting the country's nuclear deterrence capability as a force to be reckoned with, capable of challenging the Indian preponderance not only in South Asia but also in the "extended neighborhood." The "thrust for role elevation to major-power" by the "eligible middle powers," as in case of India having acquired nuclear weapon status, will remain a cause of rivalry, confrontation and competition.[3] The enduring and protracted conflict between India and Pakistan has considerably undermined India's strategic significance because, in the perceptions of the West and developing nations, India's asymmetric conflict with a smaller neighbor made Pakistan into an equal of India" (Nayar and Paul 2004: 83). This idea is embedded in the region's geopolitical structure in which India and Pakistan are located (Nayar and Paul 2004).

The Greater Middle East

Given the above framework of analysis, I will examine Indo-Pakistan engagement with the GME. In this part, I attempt to evaluate both short- and long-term implications of India-Pakistan engagement with the Middle Eastern region. What are the prospects for India and Pakistan to accommodate each other's legitimate concerns and interests in the region? Will the Iran-Pakistan-India gas pipeline agreement be feasible given the fragile nature of the ongoing peace process between India and Pakistan? Answers to these two important questions will be addressed in the following sections of this chapter.

The GME, a "tri-continental hub" of Asia, Africa, and Europe, is known for abundant petroleum and gas natural resources, sharing 63 percent of

[3] For a perceptive study of this part, see Nayar B.R. and T.V. Paul 2004 *India and in the World: Searching for Major-Power Status, New* Delhi: Foundation Books.

the world's oil reserves. Since it is "strategically situated astride three continents and holding the largest petroleum reserves in the world, the Middle East has long been a busy arena for Great Power rivalries and a target of Great Power influence" (Jabber 1980: 69).

The region has always remained psychologically competitive for both India and Pakistan from the geopolitical, geostrategic, and geoeconomic standpoint. From the demographic point of view, India is the largest population of Muslims after Indonesia, and also the second largest country of Shi'i Muslims after Iran.[4]

In light of the aforementioned perspectives, India's sustained pro-Arab policy and its systematic support to Arab countries were rooted in India's geopolitical and geo-strategic considerations (Hadass 2002). In realistic terms, India's Middle East policy was crafted and articulated in a broad politico-strategic spectrum for myriad reasons. These included to (1) curtail Pakistan's influence in the region; (2) counteract the Pakistani propaganda aiming at projecting India as anti-Muslim; (3) ensure uninterrupted supply of petroleum products and natural gas from GME, especially from the Gulf countries which fulfill more than three quarter of India's needs; (4) protect three million and a half Indians working in Arab states, mostly in the Gulf, where Indian expatriates constitute 10 percent of the total Gulf Cooperation Council's (GCC's) population.[5]

George Tanham (1992), an expert on defense and security affairs, also holds a similar view on India's Middle East policy. He writes: "India has cultivated the Islamic States in the Middle East in order to weaken Pakistan's economic and diplomatic links with these countries. India was able to form a close relationship with Iraq that worked reasonably well until the recent crisis because the two countries had close economic ties, and Iraq supported India on Kashmir" (Tanham 1992: 138). Be that as it may, a strange mix of ambiguity, reticence, and ill-conceived pragmatism characterizes India's Middle East policy. If viewed with hindsight, Indian policy elites were virtually caught up in a perilous dilemma whenever geopolitical and strategic upheavals had occurred across volatile regions, for example, the Soviet military invasion of Afghanistan in December 1979, the 1990–91 Gulf War, US military attacks on Afghanistan and Iraq in

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[4] Hamid Ansari writes: "Geography is relevant. Muslim countries and societies form the immediate and proximate neighborhood of India in South, Southeast, Central, and West Asia. Contacts with countries figure prominently in our relations. These are for the most part have a substantive economic content, and considerable potential in terms of our developing capabilities. They have a bearing on our strategic environment" (30 January 2006: 10).

[5] For further details and analysis, see Jain, P.C. 2005 "Indian Migration to the Gulf Countries," *India Quarterly*, (April-June): 50–81.

2002 and 2003, respectively. Undoubtedly, India and Pakistan have always closely chased each other's diplomatic moves and counter-moves in order to make sure that their respective national interests in the GME are not adversely affected. It may be recalled that India's security and strategic imperatives impelled New Delhi to adopt a pragmatic policy towards Israel as evident from granting the latter full diplomatic recognition in 1992 to advance India's defense and security interests (Hadass 2002). At the same time, New Delhi was equally perturbed by the apprehension lest Arab countries should become antagonized with India due to its strategic tie-ups with Israel, which is considered an archenemy of the Arab world. In fact, India's consternation is rooted in several factors. First, India is neither in a mood nor has the intention to intent upon to undermine the Palestinian cause even by forging a military and strategic partnership with America and Israel. Second, India is fully aware of its oil dependence on the Gulf countries such as Saudi Arabia and Kuwait. Third, millions of Indian workers are employed in the Gulf countries whose remittance to their families is vitally significant (Pattanayak June 2001). Indian Prime Minister Vajpayee's visit to Syria in November 2003 reflected how India was concerned with the legitimate rights of Palestine. Vajpayee frankly acknowledged that there was no turnabout in India's forthright stand on espousing the Palestinian cause. He reiterated India's firm support to the legitimate rights and aspirations of Palestinian and Syrian people within the framework of the United Nations Security Council Resolution (UNSCR) 242, 338, 1397, 497 and the Land for Peace principle (Gupta et al. 2004: 120; see also Vasudevean et al. 2004). He also underlined that the fate of Iraq should be left to its people without external intervention; that is, the US should neither impose its policies on Iraq nor perpetuate its ad hoc regime there. This Indian stance was identical with that of Pakistan for the simple reason that Islamabad might not derive any political mileage from New Delhi's ambiguous or anti-Iraq policy. This reinforces how geopolitical and geopsychological considerations hang heavily in the Indian and Pakistani foreign policy behavior, watching carefully each other's strategic moves and acting accordingly rather than choosing one's autonomous and independent policies. If viewed from a realistic angle, India and Pakistan have scarcely contributed by way of forging a common strategy and approach to help resolve territorial conflicts, for instance, between Israel and Arab countries because of the fact that both New Delhi and Islamabad continue to be at logger's head.

At the same time, India and Middle Eastern countries are heading towards developing strong economic and political ties. The Cold War psychology of India and Arab countries has undergone a major shift, reflecting from their desire to mutually cooperate in areas of common concerns and interest

such as combating the threat of terrorism and drug-trafficking. India's foreign minister Jaswant Singh, during his visit to Saudi Arabia, January 19–21, 2001, impressed upon the royal regime, while describing Pakistan as a citadel of terrorism, that cross-border terrorism sponsored by Pakistan in the Kashmir valley was a destabilizing factor in South Asia. Although the Saudi government expressed its sympathy for India, it maintained silence on what concrete measures Riyadh would undertake to force Pakistan to abstain from fomenting cross-border terrorist acts against India along Jammu and Kashmir. This meant a twofold message to India. First, Saudi Arabia wanted to avoid antagonizing Pakistan with whom it had long-standing ideological, strategic, and military ties. One must not gloss over this fact that Pakistan had come to the rescue of the Royal Saudi government by deploying its ten thousand armed personnel against any misadventures of President Saddam Hussein during the Gulf crisis of 1990–91. Second, India's increasing strategic and defense tie-ups with Israel are deeply etched in Riyadh's psyche; India was deviating from its past pro-Arab policy, although the Indian government tried to convince Saudi Arabia that the Indo-Israeli strategic partnership was not directed against any Arab country. In *Realpolitik*, such political rhetoric has no practical value.

Moreover, Saudi King Abdullah's visit to New Delhi, as India's special guest on the Republic Day celebrations on January 26, 2006, added a new dimension to the New Delhi-Riyadh relationship. Both countries signed several agreements during Abdullah's visit, notably on the bilateral strategic energy partnership that promised India to be provided with stable and increased crude oil supplies and to fight the menace of terrorism together (*Public Opinion Trend Pakistan* 2006 2 February).

Growing India-Saudi ties "prompt Islamabad to radically improve its economic portfolio. So long as reforms will continue to be cosmetic, it will have little surprise that allies like Saudi Arabia and China tilt more towards India, sidelining Pakistan in South Asia."[6] Pakistan got somewhat worried over a perceived change in King Abdullah Bin Abdulaziz's perception about India when he stated during an interview to some Indian newspaper, on the eve of his January 2006 visit to India, that "India should have an observer status in the Organization of the Islamic Conference (OIC) similar to that held by Russia" (cited in Ansari 30 January 2006).[7] The observer status for India, Pakistan felt, might enhance India's position in the Islamic world and

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[6] Ibid. Pakistan did not take kindly to the emerging India-Saudi ties; see the Indian Express 26 and 27 February 2006.

[7] Ansari (30 January 2006) further elaborates: "The Indian position, on its part, is grooved in the experience of 1969 and has been reinforced by the negative perceptions generated by the OIC its parrot-like reiteration of resolutions that even Pakistan, in its

might also help India scuttle Islamabad's influence over Muslim countries by projecting it as a destabilizer in the region and sponsor of terrorism in Jammu and Kashmir.

INDIA AND IRAQ

India has had a close traditional friendship with Iraq, which was once the source of 30 percent of India's oil needs and home to 90,000 Indians working in that country until the Gulf War in 1990–91.

From a geopolitical point of view, Iraq, as an exception among Gulf states, had always extended its unqualified diplomatic succor to India on the Kashmir issue unhesitatingly. In addition to this, Iraq came to India's rescue when it was facing an oil crunch following the 1973–1974 oil crisis. At that critical juncture of time, Iraq had come forward to supplying oil to India at a much cheaper price. It was, therefore, quite natural on the part of Iraq to expect India to lend its open and full-fledged support to Baghdad at a most difficult time when the Bush Administration was firming up its decision to overthrow Saddam Hussein's regime by military means, brazenly flouting all canons of morality and international law. It was too well known to the world community that the war unleashed on Iraq by the American and British forces in March 2003 was an open defiance of the United Nations (UN) Charter. The Indian government was found in a piqued situation. All the opposition political parties in India put mounting pressure on the Vajpayee government to immediately pass a unanimous resolution condemning the US-led war against Iraq. After a lot of persuasion and heated discussions in Indian parliament, the *Lok Sabha* (Lower House of parliament) passed a resolution calling upon the United States and Britain to halt the aggression immediately. In realistic terms, the resolution had lost both its importance and relevance since it was passed by parliament at a time when the coalition-led war was virtually coming to an end.

Deviating from its known independent policy, India adopted a middle path policy towards Iraq. There were reasons for this. First, New Delhi's options were limited. India realized that it could practically do little to restrain America when the Security Council's permanent members like France, Russia, and China were found hapless and helpless spectators to stop America from attacking Iraq for the reason of "regime change." Second, Indian policy elites, dictated by pragmatic considerations, realized that India would not gain substantially by opposing the US with which New Delhi had been cementing its defense and strategic ties. Third, India

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present diplomatic posture, would find of little use. Despite this, there may be a case for thinking beyond the obvious."

preferred to choose a cautious path by not committing to dispatch its troops to Iraq at the behest of the US, given the fact that Pakistan had already declined to oblige Washington by sending its troops to Iraq. India realized that Pakistan was bound to exploit the Muslim world's psyche in its own favor if New Delhi had decided to send its troops to Iraq. Fourth, there was a broad national consensus that India should play a positive role in the economic reconstruction of Iraq, and must continue to tread on the policy of expanding trade and commercial ties with the new Iraqi regime.

Whereas Pakistan, being geographically proximate to Iran and Afghanistan, would continue to enjoy the strategic edge and advantage over India. It sounds quite interesting, and at times paradoxical, that whenever the GME turned into a theater of war by accident or design, Pakistan automatically occupied the status of a "front line state" in the US strategic scheme, for instance, during the Soviet Union's long military presence in Afghanistan (December 1979–February 1989). And recently, Islamabad became America's chief strategic ally in the global war on terrorism in the wake of the US removal of the Taliban regime, while Washington denied such a role to New Delhi by the simple logic that physically it was not possible for India to provide the logistical and direct military support to US forces stationed in Afghanistan.[8]

In a broad spectrum, Pakistan's relations with Middle Eastern countries may be characterized as a "mixed bag of warmth and tension," depending on how the geopolitical and geostrategic situation in this part might emerge. But one thing is clear, that Pakistan's political and strategic ties with the Middle East countries and Afghanistan have not remained stable over the past fifty years. Rather, they have quite often fluctuated due to a variety of reasons. During the Cold War period, Pakistan was in a better position to develop its solid ties with Muslim states of the region, who had also sided with Pakistan during the 1965 and 1971 India-Pakistan wars. As of now, several Islamic groups are supporting Pakistan's stance on the Kashmir issue. The OIC members such as Iran and Saudi Arabia have extended unqualified support to Pakistan on Kashmir. Iran also muses over the right to self-determination of Kashmiri Muslims. At the OIC summit held at Doha in November 2000, Iran not only espoused the Kashmiri

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[8] If seen with hindsight, India's failure to help contain the Soviet invasion of Afghanistan backfired in the form of India's "isolation from all Gulf countries, except Iraq. Although India did score some foreign policy gains in the Gulf by 1981, Pakistan remained the hardest barrier between India and the Gulf states; indeed, India's rejection in 1981 of a Pakistan proposal for a no-war pact injured India's image in the Gulf" (Yetiv 1990: 76).

cause but facilitated the passage of a resolution asking India to shun violence in Kashmir.

Moreover, a sudden u-turn took place in the Tehran-Islamabad relationship following the US attacks on Afghanistan. Pakistan's strategic alliance with the US global war on terrorism has adversely affected Pakistan-Iran ties in view of the fact that America had declared Iran as "an axis of evil." One important implication of the close strategic cooperation of India and Pakistan with the US has been that Iran appears to be gravitating towards Russia and China. Not surprisingly, Russia has already been helping to build up Iran's nuclear program despite the US strident opposition. China is also assisting Iran to develop its Yadavaran oil field. At the same time, China has struck a deal with Iran to import its oil and gas, worth 70 to 100 billion. Besides that, India is assisting Iran to develop its Chahbabar port to "frustrate Pakistan's ambition" to make its Gwadar port (Athanasiadis 22 April 2005).

It may be mentioned here that Iran-Pakistan relations were friendly and cordial, attributable mainly to Pakistan's assistance in the development of Iran's nuclear program, as evident from its supply of centrifuge technology to Iran for nuclear enrichment (Pant May/June 2004). Tensions in the Pakistan-Iran relationship started brewing over Pakistan's accusing Iran of inciting "ethnic-led insurgency" in Balochistan. Pakistan blamed India also for propping up ethnic riots in Balochistan, although both Tehran and New Delhi have brushed aside such charges as false and purely imaginary. Nevertheless, the fact remains that India and Iran have come much closer over the plight of Shiite Muslims in Pakistan and Afghanistan.

Rapid growth in the understanding between India and Iran was symbolized by India's designating President Khatami as its chief guest on India's Republic Day celebration in 2003. Manifold ties started developing between the two countries. India's central minister Kapil Sibbal noted: "Both countries are interested in forging a long term strategic relationship built around security and transit arrangements. Iran is ready to work with India to provide viable and rapid access to Afghanistan, Central Asia and Russia and some projects have already been agreed upon. India and Iran have shared geopolitical interests in pursuit of this part of Asia can be knit into networks of economic cooperation with increased stability as consequence" (Gupta et al. 2004: 267). Despite the "strategic rationale" dictating India-Iran relations, both countries have failed to fully utilize enormous opportunities to realize common objectives such as promoting bilateral trade and implementing the gas pipeline project to boost their respective economies. However, what worries India more is that Pakistan might remain a major stumbling block in cementing closer ties between India and Iran

for geopolitical and geopsychological reasons due to the Pakistani fear lest India should expand its influence in the GME.[9]

What is significant to mention here is that Pakistan has been playing a silent diplomatic role behind the door to help defuse tension between Iran and America on the nuclear standoff. As reported in Pakistan's English daily *Nation*, "the USA has conveyed to Pakistan that it would not use force to resolve the contentious issue" (*Nation* 23 January 2006: 28). The US Undersecretary of State for political affairs Nicholas Burns, during his meeting with President Musharraf and his Foreign Minister Khurshid Kasuri in January 2006, gave assurance to Pakistan that conflict over the Iranian nuclear program would be resolved through peaceful means (*Nation* 23 January 2006: 29). But given the American intransigence and subsequent recommendations to the UN Security Council by International Atomic Energy Agency (IAEA's) Director General El Baradei, it appears that America may not listen to saner voices. However, Pakistan is not going to lose anything in the US game plan of overwhelming Iran with the help of the Security Council's resolution, as *Frontline* (6–19 May 2006) maintains "demanding from Iran that it cease uranium enrichment of all sorts of demands." Iran has refused to comply with the UN demand. In this scenario, Pakistan's moral and diplomatic support to Iran is an important factor in helping to generate Iran's goodwill for Pakistan. On the other hand, India's vote against Iran in accordance with the US desire cannot be wished away easily by Tehran.

Another area of conflict between India and Pakistan is New Delhi's deepening ties with Tel Aviv, especially in defense and military sectors. To some strategic pundits, Indo-Israeli political and defense cooperation is antithetical to India's long-standing pro-Arab policy as well as a departure from its nonaligned policy. While rebutting critics charges, the United Progressive Alliance (UPA)-led government by Manmohan Singh has argued that it is India's vital national interests rather than the Cold War's ideological overtones that dictated India's foreign policy. At the same time, the Indian government maintained that its commitment to the Palestinian cause was impeccable.

In response to New Delhi's increasing strategic overtures to Tel Aviv, Pakistan has also started normalizing its political relations with Israel in order to boost its image as a "moderate Islamic State." Foreign ministers of Pakistan and Israel met in Istanbul in September 2005 at the behest of

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[9] For a background study, see Dietl, G. 2004 "New Threats to Oil and Gas in West Asia: Issues in India's Energy Security." *Strategic Analysis*, (July-September): 373–89; see also Mishra, R.K. 2004 "Iranian Nuclear Program and Pakistan: Implications of the Linkages," *Strategic Analysis*. (July-September): 440–53.

General Musharraf to discuss the modus operandi to normalize relations between the two countries. Logic behind the perceptible shift in Islamabad's Israel policy is grounded in a host of reasons. First, Pakistan enjoys solid military and strategic ties with the US and the latter is a reliable strategic and security partner of Israel. In effect, America is playing the role of a facilitator to help improve Pakistan-Israel ties. Second, India's proactive diplomacy in the Middle East has exhorted General Musharraf, as always, not only to chase India in the region but also to scuttle India's diplomatic moves and options in dealing with Middle East states. The third reason is to foster Pakistan's image as a responsible, reasonable, and moderate Islamic state.

IRAN-PAKISTAN-INDIA GAS PIPELINE: TOWARDS COOPERATIVE DIPLOMACY

Indo-Iran gas pipeline was originally conceived in 1989, measuring a 2500 km pipeline between India and Iran via Pakistan, of which, 1,000 km will be in Iran, 800 km in Pakistan, and 700 km in India (Shahzad July 2005). Inordinate delay in translating the project into reality is rooted in the fear that the pipeline passing through Pakistani territory might not be safe and secure in view of the congenital Indo-Pakistan hostility. Over the years of diplomatic confabulations, Tehran, Islamabad, and New Delhi have minimally agreed in principle to go ahead with the project. Meanwhile, US tense relations with Iran have complicated the deal. America has been putting mounting pressure on India and Pakistan to cancel the project. The Bush administration wants to make sure that India and Pakistan do not clinch the so-called "peace pipeline" project, worth US$4.5 billion. The underlying motivation behind the US's fierce opposition to the proposed project is to deny any economic benefit to Iran. It should not be construed that the project has witnessed its natural death. Given the firm political determination of India, Pakistan, and Iran to work out modalities to implement the gas pipeline project, there is little chance that it would go awry under American pressure.

Quite important, President Musharraf has unambiguously stated that despite US opposition, Pakistan was determined to go ahead with the project since it was in the overall interest of his country as well as that of India and Iran. This reflects a flexible and accommodative approach of Pakistan. Partly rooted in Pakistan's oil import bill rising by US$514 million in the first half of the fiscal year 2004–2005, Islamabad has decided to "go ahead with the Pakistan-Iran gas pipeline without waiting for Indian decision" (Shami 10–16 January 2005: 15). Not surprisingly, Pakistan has already agreed to bring the gas pipeline from South Para gas field to Pakistan, for the latter would lay pipelines from the Pakistan-Iran border to Sadiqabad.

At the same time, Pakistan is exploring alternative sources of energy in its Balochistan province, which, on the basis of a geological survey, suggests that Balochistan has a rich energy potential similar to the Arab peninsula and the North Sea. It is the country's largest gas field, estimated to possess 200 trillion cubic feet of gas. As reported, "India would face a deficit of 140 billion cubic meters of gas in the year 2020, which accounts for 13 percent of its energy needs (Khan 7–13 February 2005: 30)."

THE INDIA-IRAN NUCLEAR ROW

Controversy over Iran's Nuclear Energy Project following India's diplomatic stance synchronizing with that of the US has caused deep alarm in Tehran's politics. One might recall that India had voted with the US and EU-3 (European Union-Britain, France, and Germany) at the September 2005 IAEA meeting over Iran's nuclear program, while arguing that Iran must abide by the Non-Proliferation Treaty (NPT) obligations. Leaders of the mainstream left parties in India criticized the stand of the UPA government led by Manmohan Singh. Prakash Karat, Secretary of Communist Party of India, and Sitaram Yechuri, leader of the Communist Party of India-Marxist (CPI-M) asked the UPA government that India should abstain from voting on Iran's nuclear program if no consensus could be reached at the IAEA's meeting. While giving reply to them, Prime Minister Manmohan Singh stated that India could not be pressured by any country, including America, and gave them full assurance that the "Left's concerns in this regard would be adequately addressed" (*The Hindu* 30 January 2006: 1). Prime Minister Singh reiterated: "Our approach will be to safeguard India's enlightened national interest" (*The Hindu* 30 January 2006: 1). This controversy was generated following the US Ambassador David Mulford's remarks that if India did not support the US on Iran's nuclear project, the Indo-US Nuclear Agreement of July 2005 could be in jeopardy, negatively impacting Indo-US relations. However, the Bush administration later tried to assuage Indian fears.

India has sent out clear signals to the Iranian government that India is neither-pro America nor against Iran but pro-India's enlightened national interests. But critics charge that India is deviating from the path of its independent and nonaligned policy. Although the Manmohan Singh government endeavored to dispel Iran's misgivings that India would make a decision under US duress, Prime Minister Manmohan Singh, while answering the press media in New Delhi on February 1, 2006, said that India would be guided by the country's "enlightened national interests." He further clarified that his government remained firm on its stance that Iran had its legitimate right to pursue its nuclear activities within the framework of the NPT regime, but at the same time, Iran has an obligation, being an NPT member, to fulfill. This was aimed at giving sufficient hints to Iran

that Tehran should not come into direct conflict with the US and EU-3. At the same time, India tried to pacify Iran. In his statement made in the *Lok Sabha* on February 17, 2006, Prime Minister Manmohan Singh remarked, "Let me begin by affirming that India's vote on the IAEA resolution does not, in any way, detract from the traditionally close and friendly relations we are privileged to enjoy with Iran. Let me also state that the importance of India's relations with Iran is not limited to any single issue or aspect" (*Strategic Digest* March 2006: 293–94). The Indian government thus tried to impress upon the Tehran regime that its vote should not be interpreted as anti-Iran. But this kind of political rhetoric did not cut much ice with Iran. Some Indian critics, however, maintain that Iran has not been favorably disposed to India's interests when it needed allies (*The Economic Times* 1 February 2006).[10]

CLASH OF STRATEGIC INTERESTS IN CENTRAL ASIAN STATES

After the collapse of the Soviet Union, Central Asian States (CAS) have once again come into sharp focus mainly due to the emerging energy contest between major powers as well as between peripheral states such as Iran, Turkey, Pakistan, and India. India and Pakistan entertain contrary perceptions and conflicting interests in CAS. At the same time, both of them are claiming to share commonality with the region in terms of history and culture. Both of them are also keen to play a vital role in domestic and external affairs of CAS. This attitude suggests that both New Delhi and Islamabad are bound to be each other's rival for a potential role in the region in accordance with their capabilities, resources, and diplomatic niceties. For instance, India has already started boosting its military, trade, and economic cooperation with the countries in CAS, especially to set up joint ventures in the oil sector, whereas Pakistan, being geographically and ideologically more proximate to CAS than India, seems to be determined to deny India a larger political and strategic space in the region.

One can ill-afford to gloss over this ground reality that Pakistan is an important gateway to CAS from the South via Iran, and from the south

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[10] Critics cite the following instances of Iran's anti- India stand: (1) During the India-Pakistan War of 1965 and 1971, Iran chose to support Islamabad; (2) During the 1965 War, Iran went to the extent of supplying military equipment and war planes to Pakistan; (3) Iran supported Pakistan at the Organization of Islamic Countries on the Kashmir issue; (4) Iran had joined the international bid to isolate India in the wake of Pokharan II (nuclear weapon tests, May 1998); (5) Iran had refused to condemn the Jihad attack on Parliament (i.e., Indian parliament in December 2001); and (6) At the IAEA, Iran had said that US should not give a preferential treatment to India through the nuclear deal.

west via Turkey. During the British colonial rule, India had cultivated close historical, cultural, and trade ties with CAS. After its partition in August 1947, India lost the natural geographical advantage to Pakistan, which shared direct land borders with Afghanistan and Iran through which it could easily operate its economic and trade linkages with CAS. During the Cold War era, India mainly used to conduct its relations with CAS through the Soviet Union, known as India's "time-tested friend."

With the collapse of the Soviet Union and the rise of CAS as independent and sovereign entities, Pakistan accidentally emerged as an influential political player in the region by virtue of its ideological and religious affinity with the states in CAS. Besides, Pakistan can provide dependable supply routes to CAS. In spite of that, the Pakistan-CAS economic and trade cooperation could not move forward mainly due to the persisting mercurial political and security situation in Afghanistan and Iran. As a result, Pakistani businessmen are not much enthusiastic to set up new businesses in CAS. Nor do they perceive immediate financial gains because of the fact that the entire region is wading through unprecedented political upheavals, and is also seriously faced with the rise of Islamic radicalism. This apart, Pakistan's "overplaying the 'Islamic card'" to win the special favor of CAS did not work. Despite these odds, Pakistan took a momentous initiative to help set up the Economic Cooperation Organization (ECO) of ten member states, comprising Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan, and Uzbekistan. This initiative is aimed at expanding economic and trade linkages among ECO's member nations. During a recent visit of Kyrgyzstan's President Askar Akayev to Pakistan, both countries decided "to impart impetus to their bilateral relations by improving communication links and activating the ECO to become an effective vehicle for economic integration of the region" (Rizvi 31 January–6 February 2005: 30). But the ECO did not take off except for holding summit meetings. Pakistan, therefore, stressed the need for a "result-oriented approach" to ECO rather than paying "lip sympathy" to it.

As the situation unfolds, Pakistan is engaged in working out multifarious projects such as developing new road and rail links with CAS that would not only give Pakistan greater economic advantages over India but would also better increase the people-to-people contact between Pakistan and CAS. More significantly, Pakistan is making its best endeavors to bring electricity from Tajikistan and gas from Turkmenistan. In December 2002, Pakistan, Afghanistan, and Turkmenistan signed an agreement to lay gas pipeline from Turkmenistan via Afghanistan to Pakistan. The project has not, however, moved forward due to the worsening civil law-and-order situation in Afghanistan. At the same time, Pakistan is fast developing

Gwadar port with Chinese assistance to facilitate export goods to CAS. Pakistan also appears to be determined to establish its communication links with Kyrgyzstan through Kashgar in China and onto Kyrgyzstan, and also through improving the Karakoram highway in Pakistan. Besides, both countries have decided to cooperate in defense training and studying the feasibility of electricity transmission from Kyrgyzstan to Pakistan (Rizvi 31 January–6 February 2005). Pakistani Prime Minister Shaukat Aziz said that "bilateral ties between both the countries would further grow with the opening of the silk route which will allow transportation between Kyrgyzstan and Pakistan via China" (Rizvi 31 January–6 February 2005: 30). With the opening of Gwadar port in the early future, economic and trade ties between the two countries are likely to be further enhanced with greater pace and intensity.

India is wary of these developments. But India's performance on the energy sector has been dismal. It has failed to achieve a major breakthrough so far as obtaining a major oil project from CAS is concerned, whereas China managed to clinch the oil bid. Because Pakistan is a close and old strategic partner of China, Islamabad has better leverage to undercut India's influence as well as to undermine India's economic and trade cooperation with CAS in the future. The prevailing scenario is further likely to intensify trade and investment competition as well as confrontation between India and Pakistan, and between India and China. Although India might try to counter Pakistan's diplomatic and strategic tools and initiatives in CAS, its main hurdle is that of connectivity with CAS. To tide over it, India is making every effort to gain transit routes through Iran to funnel oil and gas from Turkmenistan. Besides, India is seriously thinking of making investments in Kazakhstan's oil and gas resources.[11]

Given its increasing political contacts with the leadership of the countries of CAS, India has good prospects to upgrade and enhance its manifold ties with CAS for a host of reasons. First, the CAS states have respect for India's liberal and tolerant values while they are wary of the Islamic terrorism emanating from across the borders of Pakistan and Afghanistan. This naturally makes CAS suspicious about Pakistan's role in aiding and abetting religious fundamentalism. Second, India has invested its capital and technology in CAS to help develop its economic, service, and social infrastructure building sectors. Third, India's close strategic ties with Russia and the latter's past connections with CAS do not augur well for Pakistan's ambition to play a leading role in the region.

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[11] For a detailed study, see Roy, M.S. 2002 "India-Kazakhstan: Energy Ties," *Strategic Analysis.* (January-March): 48–64.

THE AFGHANISTAN IMBROGLIO

Geopolitics is a major factor in shaping the contours and content of Indo-Pakistan engagement with Afghanistan. It was during the Soviet military presence in Afghanistan, when Pakistan emerged as a dominant regional actor in the Afghan politics. By virtue of its strategic location, America had conferred on Islamabad the status of a front-line state that qualified it to acquire massive military assistance from the US. This apart, Islamabad's political clout with Afghanistan and its military support to the Taliban elements in capturing power in Kabul in 1996 contributed to enhancing Pakistan's image and influence in the region, whereas India was totally marginalized in the Afghan politics.

A sea change occurred in the political scenario of Afghanistan following the removal of the Taliban regime by the US forces that launched military offensive against the Taliban regime in October 1991. India was among the first countries to recognize the new government in Kabul and later undertook the onerous task of economic reconstruction of Afghanistan by channeling economic assistance.

India's relations with the Karzai regime are on an upswing. Prime Minister Manmohan Singh's visit to Afghanistan in August 2005 was aimed at taking the India-Afghanistan relationship into "a new stage of partnership" (*Strategic Digest* September 2005: 1125). He said that India was "fully supportive of the goal of a sovereign, stable, democratic and prosperous Afghanistan" (*Strategic Digest* September 2005: 1126). Singh also promised to provide every possible economic and technological assistance to Kabul for transforming it into a peaceful and stable democratic regime. India committed US$500 million to Afghanistan's reconstruction program, and US$15 million for creating of a new national assembly. Also India and America are making joint efforts to help develop the young democracy of Afghanistan, which, in Islamabad's perception, might curtail Pakistan's geopolitical and diplomatic options in Afghanistan, its closest geographical neighbor.

Nevertheless, the geopolitical imperative has forced Pakistan to rethink its Afghan policy to patch up its strained ties with the Karzai government in Kabul with an intention to balance off India's increasing influence over a new Afghanistan. During President Hamid Karzai's visit to Pakistan in February 2006, President Pervez Musharraf underlined the need for strategic cooperation between the two countries to make sure that both countries could prosper and live peacefully. Karzai also appealed to Pakistan to be a partner in making his country strong and stable. He cautioned Pakistan that an unstable Afghanistan would not be in the long-term interest of economic progress and the political stability of Pakistan as well. Karzai further remarked that an unstable Afghanistan would feed terrorism, which both countries were trying to battle (*POT* Pakistan 18 February 2006). He

also proposed the abolition of visa-requiremnets between the two countries in order to increase the people-to-people contact on the pattern of EU. Karzai went a step further when he opposed the fencing of borders between the two countries, saying that the fencing was against his concept of closeness (*POT* Pakistan 18 February 2006). Pakistan did not subscribe to his views on the fencing of borders, primarily due to the internal security threats emanating from the Taliban and fundamentalist elements who are operating from Pakistani territory in Balochistan.

President Karzai's other area of priority that he underlined during his visit was an imperative for further expanding trade and economic cooperation between Afghanistan and Pakistan. He reminded Pakistani leaders that during the Taliban regime, trade between Islamabad and Kabul was around US$25 million, which had risen to over US$1.2 billion. He also stressed that there was a great potential for Pakistani markets in CAS, securing business up to US$5 billion dollars as markets in CAS open for its goods through Afghanistan (*POT* Pakistan 18 February 2006). Pakistani Prime Minister Shaukat Aziz noted that steps were being taken to facilitate and enhance trade with Afghanistan, which is likely to cross US$1 billion dollar in the near future. He further added "economically strong, politically stable and vibrant Afghanistan is good for its people and its neighbors" (Rizvi 14–20 February 2005: 11).

Be that as it may, Pakistan's strategic stranglehold over Afghanistan has been considerably undermined in the aftermath of the fall of the Taliban regime, whereas India has been trying to avail of every opportunity to refashion and revitalize its ties on a positive note with the new regime of Afghanistan. As said, India was one of the first countries to recognize the post-Taliban regime, and made an immediate decision to set up its embassy in Kabul. Not only this, the Indian government has undertaken several humanitarian relief measures, such as supplying wheat, tents and blankets, medical services, including revival of Indira Gandhi Children's hospital, as well as infrastructure development and rehabilitation assistance to Afghanistan. India's recent wheat aid of 15,000 tons to Afghanistan through the World Food Program (WFP) has garnered "international goodwill and prestige" for India.

It is a truism that India's overarching political, economic, and strategic engagement with Afghanistan is likely to remain a major source of tension between India and Pakistan. Despite that, a glimmer of hope in India-Pakistan relations is visible since both countries now share a common concern about the imperative need of dealing with a common devil of terrorism and drug-trafficking, primarily originating from Afghanistan. India has reiterated its firm commitment to preventing reemergence of terrorist force and spread of narcotics from Afghanistan (Gupta et al. 2004).

For whatever strategic and geopolitical differences persisting between New Delhi and Islamabad, it would be in long-term development interests of both countries to make cooperative and well-coordinated efforts to prevent the reemergence of Taliban and fundamentalist forces. Voices of the people from both sides staunchly favor a constructive cooperation between India and Pakistan to combat the scar of terrorism on the face of South Asia. But the major hurdle is the lack of mutual trust between the two countries in each other's motivations and objectives.

THE ROLE OF THE UNITED STATES

The GME has remained a "strategic fulcrum" in US foreign policy to promote and preserve its long-term national interests ever since the power vacuum was created due to the British withdrawal from the region (Binder 1989). America's relations with countries of the Middle Eastern region have quite often oscillated between a deep politico-strategic engagement, marked by its shuttle diplomacy, and a great frustration, marked by its colossal failure to help resolve the Arab-Israeli conflict (Rodman 1991). Despite the US's abysmal failure (excepting victory in the 1990–91 Gulf War) and frustration, its myriad stakes and interests in terms of its energy security, imperative of continuing the global war on terrorism, and fostering democracy and human rights in the region call upon US policy-makers to sustain American hegemony in the region (Kemp and Harkav 1997). Without exaggeration, America's oil dependence on external sources is rapidly increasing: "The trend lines clearly indicate that Americans are becoming more energy dependent, not less so. In 1973, the United States imported 35 percent of its oil; by 2003 that proportion had jumped to 50 percent. In 2004, the United States consumed an average of 20.4 million barrels of oil per day, more than half of which was imported. Worse, US demand is projected to grow 37 percent in next 20 years. At that point, oil imports will likely account for 68 percent of petroleum supply" (Deutch November-December 2005: 20).

The 2001 Afghanistan War provoked the Bush administration into bringing a "new order" to what it calls the GME initiative, which was announced at the G-8 Summit in June 2004. While realizing that the Middle East is going to be a "focus of international geopolitics," the US, G-8, and the North Atlantic Treaty Organization (NATO) partners have underscored the imperative of undertaking multilateral and bilateral efforts to "democratize the Middle East," and to collectively deal with problematic issues such as Islamist terrorism, weapons of mass destruction, and nuclear proliferation in the region.

The Bush administration has also realized that "the enforced regime change" without structural changes in the region would not be enough to

bring about permanent peace and stability in the region. This "grandiose" concept of the GME initiative carries the seeds of producing misgivings among Arab countries, that American efforts to democratize the Arab society in conjunction with European powers are aimed at weakening Iran, which America has described as a "rogue state." It is no secret that the US has lost its credibility in the Arab world as an "honest peace broker" in the Arab-Israel conflict. The rise of Hamas to power in Palestine has become an added cause of worry to the US. Moreover, dilatory tactics on the part of the members of EU and the US with regard to Turkey's entry into the EU do raise misgivings about US motivations. In the American perception, Turkey's admission into EU would demonstrate that the Muslim culture could be an integral part of the European culture. Some analysts have argued that it would demolish Huntington's "clash of civilization" thesis in case Turkey is granted the membership of EU without further delay.

This apart, the US and Europe have geopolitical divergences on the peace process in the Middle East. For instance, America has a strong tilt in favor of Israel, causing grave doubts among Palestinians about the US peace initiative. On the contrary, the EU enjoys a greater degree of credibility among Palestinians. The US legitimacy has also been severely eroded due to its abuse of human rights in the Abu Ghraib prison. Therefore, US attempts to democratize societies and its claim to foster civil society in the Middle East might prove ineffectual unless the Arab-Israel conflict is resolved in accordance with the UN resolutions, calling upon Israel to vacate the Arab territories illegally occupied by it since the 1967 War. It would be a litmus test for American policy-makers to prove their credentials as an "honest broker" in the Middle East peace process.

So far as Islamist radicalism is concerned, America has not adequately addressed its root causes. According to Stanley Hoffman (2000), "One of the major causes of terrorism is humiliation, particularly strong in the Muslim world and among the oppressed and those who see themselves as victims of globalization, attributed to the West and especially to the United States" (Pp. 1033–34). Hoffman also suggests that there is need to "respect cultural diversity and the dignity of others." To Anthony Pagden (2005), the ongoing conflict in the Middle East is attributable to the US inherent desire to impose its political values on the rest of the world. The US's former Secretary of State, Madeline Albright, has justified spreading liberalism and democratic values elsewhere as the "American mission" (cited in Pagden 2005: 53). But Pagden does not subscribe to her viewpoint. As he observes, "Today, for instance, Iraq and Afghanistan look remarkably like British protectorates. Whatever the administration may claim publicly about the autonomy of the current Iraqi and Afghan leadership, the United States in fact shares sovereignty with the civilian governments of both places, since

it retains control over the country's armed forces" (Pagden 2005: 53). On a similar note, Lawrence F. Kaplan (2004) argues that "The genesis of the new realism is, of course, America's problems creating democracy in Iraq. But today's problems in Iraq do not derive from failures of democracy. They derive from failures of security, which have made democracy difficult to achieve" (p. 22).

John Mearsheimer has tried to explain the global hegemonic behavior of America within the power hierarchy paradigm. He writes that "realists tend not to draw sharp distinctions between 'good' and 'bad' states because all great powers act according to the same logic, regardless of their culture, political system, or who runs the government" (cited in Kaplan 21 June 2004: 20–21). What is important to bear in mind is that the American mission to spread democracy throughout the world has certain built-in handicaps. First, local conditions may not necessarily be favorable to the fostering of democracy. Second, democracies forcibly imposed on authoritarian regimes, as borne out by the Iraqi case, cannot be peaceful and stable. Third, new democracies thrust upon in an inhospitable societal terrain produce internal security problems. This has been amply proven in the case of Iraq that democracy alone cannot automatically bring security and stability in the country, though it may have brought "some degree of freedom." Kaplan (2004) argues that lack of realistic alternatives to democracy in Iraq applies equally to the Middle East as a whole. In effect, it is a futile exercise on the part of the United States to impose its own political values on the Middle East nations (Saigal October-December 2005).

America's indefinite military presence in Afghanistan and Iraq is a cause of grave concern to most of the countries of the GME. Besides, the US proactive diplomacy of building up strong strategic ties with India and Pakistan is being looked upon by Iran as an American subterfuge to sustain its military and strategic gains in the region (Khan January-March 2005), whereas in the US perception, the "troubled triangle" of India, Pakistan, and Iran, and of Pakistan, Afghanistan, and Iran might severely undermine US strategic interests. In order to disrupt the impending triangular partnership, the Bush administration has employed "carrot and stick" policy towards them. For instance, the administration is not leaving any stone unturned to prove its credibility in Indian eyes as New Delhi's reliable strategic partner to make certain the enactment of the US-India Promotion of Nuclear Cooperation Act. This would, in the administration's perception, act as a double-edged weapon. On the one hand, it would please New Delhi that America was sincere in helping to fulfill India's energy needs. On the other hand, this might not tempt India into forging an immediate tie-up with Iran for its energy security as manifest from the proposed India-Iran gas pipeline project.

At the same time, the Bush administration is fully conscious of the imperative of maintaining US's special strategic alliance with Pakistan, with an underlying motivation that General Musharraf carry out "the dirty job" of eliminating Islamic fundamentalists on behalf of America. To reward Pakistan in lieu of this action, the Bush administration conferred the Major Non-NATO Ally (MNNA) status on Pakistan, under which the Pentagon has agreed to transfer massive military and economic assistance, including F-16 fighter aircraft, to Pakistan. The logic behind simultaneously cultivating friendly ties by the Bush administration with both New Delhi and Islamabad is guided by its core strategic interests in Afghanistan and Iran. In the latter case, the administration intends to create a rupture in the friendly relations of India and Pakistan with Iran, against whom the US has already been using the "stick policy" to isolate it from the world community, as evident from the IAEA's March 2006 resolution forwarded to the UN Security Council on Iran's nuclear program (Vardarajan 25 January 2006). Iran, in response to this, is engaged in offsetting US pressure tactics by making the renewed efforts to cement its ties with Russia and China as a counterweight to the US.

CONCLUSION

In a transformed strategic environment at the global and regional level, both India and Pakistan have started realizing that despite their divergent security and strategic interests in the GME, they are capable of producing conducive conditions for peace and stability in the region. They have also accepted this stark fact that continuing with a persistent mutual hostility would neither serve their national interests nor those of the Middle East and Central Asia, in particular. But the important question is how India and Pakistan can transform mutual enemy images into a positive image of the other.

The negatively surcharged competitive psychology of India and Pakistan would create obstacles in fostering peace, stability, and prosperity in the GME. This apart, a large majority of the countries of this region look upon New Delhi and Islamabad as promoters of US interests for realizing their narrow national interests. For example, India's nuclear deal with the US and Pakistan's oblique permission to the US forces to use its territory to continue the war on terror reinforce suspicion of the Middle East countries that India and Pakistan cannot be counted as reliable friends. Another implication of the India-Pakistan rivalry is a severe blow to the nation-building projects in Iraq and Afghanistan. Their energies are being frittered away more on how to outmaneuver the other rather than to undertake concrete measures to promote the regional peace, stability, and economic reconstruction. Third, on the nuclear issue, India and Pakistan

have not done anything substantial diplomatically to protect Iran from the onslaught of Anglo-American cousins' punches that are threatening Iran with economic sanctions and military action. Fourth, autonomy of Afghanistan has been considerably undermined mainly due to the non-cooperative attitude as well as diametrically opposed strategic policies of India and Pakistan. Instead of jointly addressing domestic and economic challenges facing Afghanistan, both India and Pakistan are indulged in reviving the Cold War politics.

Both India and Pakistan need to reshape their relationship in accordance with the persisting geopolitical realities of the Middle East. But the major obstacle that comes in the way is that New Delhi's attribution to Islamabad's hand in destabilizing India, and Pakistan's nightmares of India as the real threat to its security and sovereignty will further accentuate the geopsychology of mutual mistrust between them.

On the other hand, India and Pakistan will need to wake up to the "geopolitical reality" that mutual threat perceptions structured on false geopsychological notions have become things of the past. And they also need to abandon strong predilection and prejudices structured on competitive psychology to outmaneuver one another. If India needs to abandon its hegemonic aspirations in the region, Pakistan will also need to shed off its anti-India biases on regional and global issues. Their internecine hostility would not serve the interests of the GME countries. They need to realize that they have enormous opportunities to step up security and stability in the GME. Also, New Delhi and Islamabad can contribute in a large measure to help reduce the great-power hegemony by crafting a well-defined and purposeful strategy. Our study suggests that both India and Pakistan will continue to compete for their myriad national interests in the GME rather than collectively work towards addressing key challenges as well as potential risks facing the region.

XIX. The EU's Policies of Security of Energy Supply towards the Middle East and Caspian Region: Major Power Politics?*

Femke Hoogeveen and Wilbur Perlot

Abstract

Vast reserves of fossil fuels make the Greater Middle East (GME) region the centre of attention in terms of security of supply considerations of all major energy-consuming countries, most notably of the United States (US), China, India, and of the European Union (EU). Although energy security is on the EU's agenda, the supranational nature of the EU inhibits it to pursue an external energy security policy in the same way as other consuming countries. Its power, mandate, and in many ways preparedness to execute a common foreign policy towards the GME, let alone as specific as a common foreign energy strategy, are limited. This chapter seeks to answer the questions of what role the EU wants to play in the GME region in relation to objectives of energy security, what role it can play in this respect, and whether the EU's Middle East politics can be regarded as major power politics.

INTRODUCTION[1]

This chapter starts with an account of the oil crises as the origins of the European Union's (EU's) energy security policy. It highlights how, due to the EU's strategies of diversification, oil imports originating in the Greater

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  [1] This chapter focuses on the relations of the EU with major producing countries in the GME region. These are Algeria and Libya in North Africa; Iran, Iraq, Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates in the Gulf region; Kazakhstan, Turkmenistan, and Uzbekistan in Central Asia; and Azerbaijan in the Caucasus. Turkey is included in

Middle East (GME) region, especially in organization of Petroleum Exporting Countries (OPEC) countries, significantly decreased in the past decades. Next, it is demonstrated how changing characteristics of the international energy market and of the international political system have added to the importance of the security of energy supply objective and how these changes have at the same time made it harder to attain this very objective. The shift from a buyers' to a sellers' market and the growing acknowledgment of the importance of GME resources are but two of the reasons why energy security features prominently on the political agenda of energy-consuming countries, including EU member states. At supranational level, the EU pursues a host of bilateral agreements, partnerships and dialogues, covering every single country in the GME region. It is argued that the extent to which the EU's formal GME policy serves objectives in energy security is limited, while material policy suffers from asymmetric interests of member states. The final section concludes this study.

ORIGINS OF THE EU'S ENERGY SUPPLY SECURITY POLICY

European Energy Security Policy

Although in some ways European integration has always included "energy issues"—think of the founding treaties of the European Communities on Coal and Steel and on Atomic Energy—EU policy-making related to security of energy supply has gained attention only later. Characterized by strong conflicts between a common policy and divergent national policies, decisions on energy security were initially excluded from the central EU level (Andersen 2000). From the early 1960s onward, the EU's energy security policy has incrementally developed, mostly in response to crises or at the brink of crises.

Security of supply is a general term to indicate the access to and availability of energy at all times (CIEP 2004). Supply can be disrupted for a number of reasons, for, example, owing to physical, economic, social, and environmental risks (EC 2001). The most important crises that have been instrumental in shaping the EU's security of supply policy are of a social

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the analysis as an important transit country. Unless indicated otherwise, Iran is treated as a producer country of the Persian Gulf region rather than as a Caspian Sea littoral state. Despite the substantial amount of natural gas reserves in the region, focus in this chapter is on oil. Where necessary, gas data are given. The overall conclusions of the chapter on EU major power politics also uphold for natural gas. This chapter focuses on the current EU of 25 Member States. Sometimes reference is made to the European Economic Community (EEC) and European Community (EC). Although technically incorrect, we consistently refer to the EU and EU Member States.

and economic nature and were all crises in the GME region: (1) the Suez crisis in 1956; (2) the Six Day war between Egypt and Israel in June 1967; (3) the October war or Yom Kippur war and ensuing Arab oil embargo in 1973; (4) and the oil crisis in the wake of the Iranian revolution in 1979. After all these events, a heated debate started about energy availability and decreasing dependency on foreign suppliers. Each time initiatives were taken to come to an EU policy framework on energy security; as a result of national interests and opposition by the United States (US), however, they were without much success. Hence EU crisis policy and directives follow those of the International Energy Agency (IEA), which is part of the Organization for Economic Cooperation and Development (OECD), whose members are autonomous nation states. In this context, the EU has no role as separate actor.

Consequently, the basis for EU energy legislation is weak and in accordance with the principle of "subsidiarity;" energy policy is still largely regarded as member states' own responsibility (Lyons 1998). Most policy has been developed under the competition chapters of the *Acquis Communautaire*, (e.g., with the introduction of the internal gas and electricity market). Nonetheless, the European Commission (EC) has played and plays an active role in pushing the EU's common energy security policy, for example, with the EC's 2001 Green Paper "Towards a European Strategy for the Security of Energy Supply."

The inclusion of energy in the constitution of Europe provided ground for modest optimism on a common EU energy policy and can be seen as the result of a process of change in European integration. But as the constitution is currently "on hold" and can only come into effect after the ratification of all 25 EU member states, the entering into force is doubtful. As a ratified constitution of Europe will incorporate energy into the EU *Acquis*, the outcome of the present "period of reflection" is important. However, postponed or even non-ratification does not mean that energy policy has come to a standstill. Energy is continuously on the agenda of both the Commission and the Council, even more so since the turbulent beginning of 2006.

The EU's 2006 Green Paper "A European Strategy for Sustainable, Competitive and Secure Energy" continues in the spirit of the 2001 Green Paper. It identifies security of energy supplies as one of the three core objectives of a common EU energy policy and proposes actions for the next decades (EC 2006).[2] Of relevance for this chapter is that the EC calls

[2] "Secure," "environmentally sound" and "economically affordable" are generally seen as the three objectives of pillars of a consumer country's energy policy (Hoogeveen and Perlot 2005: 23).

explicitly for the development of an external energy policy, acknowledging that if this were to be followed up for the first time, it would be a "break from the past, and show member states' commitment to common solutions to shared problems" (EC 2006: 14).

Today, new EU policy is formulated in response to increasing oil prices and concerns about the political situation in producer countries. Policy-making and the willingness for European cooperation received an extra boost by the Russia-Ukraine gas crisis in January 2006, which caused diminished gas flows, for example, to Poland, Germany and Austria. Since the crisis is generally perceived as an example of Russian power play with gas and only exceptionally as an economic conflict about prices, it added to a feeling of mistrust towards Russia and of increased vulnerability of energy supplies. Is the time for new policy right? Are there now enough incentives to take EU energy security to another level? Perhaps, but will the attention energy currently receives persist long enough until actual decisions are made at EU-level or will member states revert to national preferences instead? And what kind of energy market should the EU make policy for?

The Aftermath of the 1970s: Formulating Security of Supply Policies

Two fears   To date the experiences of the 1970s are a reference point for policy-makers in both consumer and producer countries. The constraints on production imposed by Organization of Petroleum Exporting Countries (OPEC) in the 1970s and its decision to quadruple the price of oil constituted a traumatic shock to the economic and political system of EU member states as well as to the EU as a whole, due to the lack of cooperation and solidarity among member states. From this period stem two fears, which still drive energy security policy.

The first is the fear that political instability in producer countries and regional tensions will lead to a disruption in oil supply. The core of this fear can be found in the 1979 oil crisis. This fear figures prominently in policy documents throughout the world, including the 2006 Green Paper, which reads, "Our import dependency is rising. Unless we can make domestic energy more competitive, in the next 20 to 30 years around 70 percent of the Union's energy requirements, compared to 50 percent today, will be met by imported products—some from regions threatened by insecurity" (European Commission 2006: 3). In this case it is expected that a supply disruption is not motivated by a producer country's foreign policy, but the result of domestic—national and regional—struggles for power and influence.

The core of the second fear can be found in the 1973 oil crisis. This is the fear that energy (oil, natural gas) will be willfully used as a weapon.

In this case it is expected that a government of a producer country can actively pursue its objectives by using the country's energy market power and a politically motivated supply disruption can be issued against a consumer country. In the wake of the 1973 crisis, for example, the US feared that the EU member states' import dependence made them too vulnerable to withstand Arab politics thwarting other political and strategic interests.

A consumer country's mere perception of its vulnerability in the event of a supply disruption can thus be sufficient to alter its position vis-à-vis a producer country. To prevent being threatened with a supply disruption, a consumer country's policy may include averting attention from sensitive issues. This part of policy, in which non-energy policy goals come second to energy security objectives is rarely openly addressed, but the call to maintain "good relations" with producer countries could be understood as such. The question to be asked of EU member states is to what extent "good relations" will be allowed to intervene with non-energy policy goals.

The changed and changing role of GME resources   The fears stemming from the turbulent 1970s led to the formulation of successful security of supply policies (Hoogeveen and Perlot 2006). The EU member states' policies focused on (1) maximizing indigenous production, for example, in the North Sea; (2) more efficient use of energy; (3) regime to deal with supply disruptions, the IEP within the IEA framework; (4) diversification in the fuel mix, for example, nuclear power stations instead of oil fired power plants;[3] (5) diversification to suppliers, for example, more oil from Norway, the Soviet Union, and other non-OPEC, non-Middle East producers; (6) Incorporating energy in foreign and security policy, for example, by building good and strong relations with producer countries (CIEP 2004).

The strategies of the EU to become less dependent on oil have been successful. In 1978 the "EU-19" consumed 13.8 million barrels per day (MMbbl/d) (see Table 19.1).[4] At the end of 2004, the EU-19 consumed 12.9 MMbbl/d (see Table 19.2), roughly 7 percent below the amount of 1978.

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[3] France, for instance, invested heavily in nuclear power plants in the 1970s and 1980s to decrease import dependency. At the time, French power generation relied heavily on oil products. The choice for nuclear energy therefore mitigated directly oil import dependency.

[4] The year 1978 has been chosen because reliable data of the IEA goes back to 1978. It should be noted that there were no big changes in import origins in the years prior to 1978. The EU did not consist of 19 member states in 1978, but for comparison reasons the calculations were made for 19 member states, which are part of the EU today. Due to insufficient data, Cyprus, Estonia, Latvia, Luxembourg, Malta, and Slovenia are not included. These countries together consumed roughly 0.16 million bbl/d in 2004.

Table 19.1

Top-10 crude oil supply origins of EU–19 in 1978 (in MMbbl/d)

1	Saudi Arabia	3,05	22,1%
2	Islamic Republic of Iran	1,70	12,3%
3	Iraq	1,39	10,1%
4	Unspecified others[1]	1,21	8,7%
5	UK[2]	1,07	7,7%
6	Libya	0,84	6,1%
7	Kuwait	0,78	5,6%
8	Nigeria	0,76	5,5%
9	United Arab Emirates	0,75	5,4%
10	Soviet Union	0,63	4,6%
	Sub TOTAL	12,18	88,1%
	TOTAL Supplies	13,83	100%

[1] The category unspecified others is mostly Eastern European countries for which no data is available in 1978. These supplies came mostly from the Soviet Union, which should therefore be higher in the top 10.
[2] The number for the UK is the total domestic production as no detailed export data is available for 1978. The main share was consumed in countries which later form the EU-19, but significant amounts were exported to non-EU destinations such as the US and Canada as well.
Source: IEA 2004 Oil Information. OECD/IEA.

The policy to become less dependent on OPEC production, especially Middle East OPEC production, and develop more indigenous sources was also successful. Table 1 presents the Top-10 crude oil supply origins of the EU in 1978. The rather large crude oil import share from countries surrounding the Persian Gulf and particularly Saudi Arabia is striking, while the United Kingdom (UK) is the only West-European supplier. Soviet Union figures include Russia, Kazakhstan, Turkmenistan, Uzbekistan, and Azerbaijan.

By 2004, the dependence on producing countries around the Persian Gulf (i.e., Saudi Arabia, Iran and Iraq) and OPEC members in general has been reduced and replaced by supply origins that are perceived to be politically more stable and reliable suppliers (see Table 19.2).[5] The former

[5] For comparison: The figures for the share of the top ten import origins in relation to the total imports for the US accounted for 87 percent in 1978 and 90 percent in 200, respectively (while imports accounted for 45 percent and 63 percent of total consumption) (IEA 2002). For China, it was 87 percent in March 2006 (*Petroleum Intelligence Weekly* 2006).

Table 19.2

Top-10 crude oil supply origins of EU-19 in 2004 (in MMbbl/d)

1	Former Soviet Union	3,88	30,0%
2	Norway	2,09	16,2%
3	Saudi Arabia	1,33	10,3%
4	UK[1]	1,28	9,9%
5	Libya	1,00	7,7%
6	Islamic Republic of Iran	0,72	5,6%
7	Algeria	0,38	2,9%
8	Denmark[1]	0,37	2,9%
9	Nigeria	0,30	2,3%
10	Iraq	0,25	1,9%
	Sub TOTAL	11,59	89,6%
	TOTAL Supplies	12,94	100,0%

[1] Not counting exports to non-EU countries.
Source: IEA 2004 Oil Information. OECD/IEA.

countries of the Soviet Union and Norway are now first and second supplier, respectively. The increase in imports coming from the Soviet Union was made possible by the end of the Cold War in 1989 and come largely from Russia. Imports from the Caspian Sea to the EU go mostly to Russia, although new projects make direct imports possible.

The changes in crude suppliers is further illustrated in Figure 19.1, which shows the market share of crude supply from countries in the Middle East and North Africa to the EU over time. In 1978, the share of the region was almost 70 percent. In 2004, it had decreased to 4.88 MMbbl/d, representing just 32 percent of crude supplies.

Other (non-EU) OECD countries have followed similar diversification strategies, although with differing results. The share of the region in US crude oil supply declined from 26 percent in 1978 to 17 percent in 2004, or in absolute numbers from 3.99 MMbbl/d to 2.67 MMbbl/d (in 1985 it was just 3 percent or 0.36 MMbbl/d). Japan and South Korea received 67 percent (3.78 MMbbl/d) of crude oil from the region in 1978, decreasing to 50 percent in 1988 (2.29 MMbbl/d). Since these two countries have less diversification options to supplier in their own region, let alone domestically, the figure increased to 79 percent (5.50 MMbbl/d) in 2004.

The two oil crises had serious repercussions, not only for the Western economies and the world at large, but especially in producer countries that were at the root of crises. The sharp rise of the oil price brought economic growth and prosperity in the short run; in the long run it proved to be disastrous. High prices and the successful diversification policies of consumer countries led to an actual decrease of global oil demand from 1979

Figure 19.1

Middle East and North Africa share in crude supplies EU−19
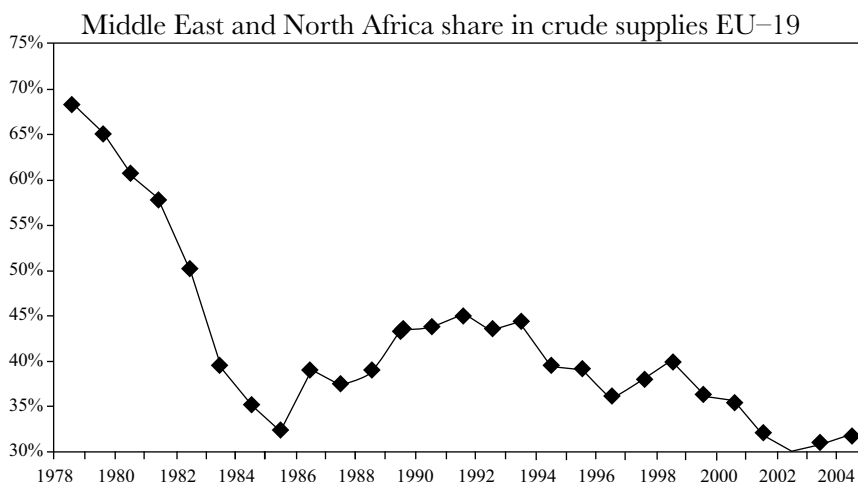
Source: IEA Oil Information 2004, IEA/OECD

to 1983, and only in 1988 did demand reach the level of 1979, of which a growing amount was satisfied by new production areas, which were the result of spurred exploration and production activities all over the world (Bahgat 2003).

By 1985/86, the oil market had more than enough production capacity to satisfy demand and as soon as Saudi Arabia decided to increase production in 1986 to win back market share, prices plummeted to only US$10 (Skinner 2005). The price drop started years of economic stagnation and recession in Middle East OPEC members, prolonged by the unsuccessful attempts to diversify their economy away from oil. The per capita income dropped throughout the 1980s and 1990s, a trend further strengthened by high birth rates, which also impacted other economic variables such as unemployment levels and domestic consumption of oil. The social and political problems rising from this economic downturn are visible today and only recently softened by the return of high prices. Producing countries realized they needed security of demand in the long run to provide economic welfare to their populations. Today this recognized mutual dependency of consumer and producer countries is at the heart of the dialogue between consumers and producers, both bilaterally and multilaterally in the International Energy Forum.

A NEW ERA: A SELLERS' MARKET WITH NEW CONSUMERS AND "OLD" PRODUCERS

Though not the exclusive driver of oil market changes, the impact of energy policies executed by consuming countries during the 1980s on the market cannot be neglected. Producing countries saw themselves forced to cede their market power: the international oil and gas market had become a buyers' market. The market situation to which the EU governments had become accustomed from the mid-1980s was characterized by abundant supplies and low energy prices and allowed them to become more focused on market design and environmental concerns. This has changed rapidly since 2002.

The convergence of a number of factors has caused this change. On the supply side, low oil prices in the 1990s limited the incentives for companies to invest in new production and refinery capacity. Income earned by National Oil Companies was needed to support government budgets, while International Oil Companies were in a process of consolidation and reorganization to increase growth potential and create shareholder value.

On the demand side, the economic growth of EU member states and the US late 1990s, and in recent years especially the economic success of China created an unexpected demand growth. Since 1973, production capacity always surpassed demand, but today it barely does. In the past few years, the oil market again turned from a buyers' market to a sellers' market. However, contrary to the 1970s, the current tight market is not the result of a supply disruption, but mostly of a demand shock. The result is a market in which every barrel and therefore every producer of that barrel counts. Political tension in producer countries, whether caused by strikes by Norwegian oil workers or acts of rebel groups in Nigeria, as well as *force majeure* disruptions such as the tropical storms in the Gulf of Mexico, all have an impact on the balance in the oil market.

Catching up on investments in oil production and refinery takes time and security, two things that are especially difficult in the current market and political climate. Uncertainties about the feasibility of new projects, for example, due to war and insurrection, restrains the necessary investments in the area. The pace at which Iraq will recover from the overthrow of Saddam Hussein and will realize its potential as an important oil producer is illustrative. Increases of terrorist activity, globally but especially in the Middle East, cause concerns over the protection of oil production locations, infrastructure, and transport and the costs thereof.

Another important element defining future energy relations is the geographical shift in energy consumption. The decreasing demand for Middle Eastern oil from the EU was replaced in the 1990s by the increasing demand from Asia. Exports from Middle Eastern countries to Asia increased by

almost 4 million barrels per day (MMbbl/d) in the period from 1993–2003, while exports to Europe decreased with about 1.8 MMbbl/d during the same time period (BP 2005). China has become the second largest oil market, with a consumption of almost 6.6 MMbbl/d in 2004, of which 3 MMbbl/d were imported, of which half came from Middle East and North Africa.[6] China, Japan, and South-Korea combined consumed only 400,000 barrels (bbl) less oil than the EU in 2004, while the EU market will only increase by 0.3 percent annually until 2030, and Chinese oil demand is expected to grow by 2.9 percent per year, reaching 13.1 MMbbl/d by 2030. The oil consumption of India will increase from 2.5 MMbbl/d to 5.2 MMbbl/d. Asia as a continent will have a total demand of 37 MMbbl/d by 2030, which is higher than any other continent (IEA 2005). The relative importance of the EU as a customer of Middle East oil has decreased considerably.

The production of oil will also see more geographical shifts. In the past decades countries such as Norway, the UK, the US and Russia/Soviet Union were in the top ten of largest oil producers. But the bulk of the reserves is located in five countries around the Persian Gulf: Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Iraq, and Iran. Their share in production has been low (30 percent) in comparison to their share in oil reserves (66 percent). Production is expected to level off and decrease in the EU and the US, while remaining stable in China at best. Consequently, oil import dependency for all major importing countries will rise to over 70 percent. Although some regions are still relatively underdeveloped, most notably West Africa and the Caspian Basin, all statistical projections of future consumption show an increasing call for Middle Eastern oil (Amineh 2003).

In the Reference Scenario of the *World Energy Outlook 2005* oil production in the Middle East and North Africa (MENA) will increase to 50 MMbbl/d by 2030, up from 29 MMbbl/d today. The Persian Gulf countries, excluding Qatar, will produce twice as much, from 21 MMbbl/d in 2004 to 43 MMbbl/d in 2030. In the Reference Scenario, it is assumed that investments in capacity is done timely and the political situation is stable. It remains to be seen therefore whether Saudi Arabia will be able to produce 18 MMbbl/d, up from 10 MMbbl/d (IEA 2005: 154). Similarly, it is an open question whether Iraq will reach its potential of 8 MMbbl/d by 2030. For the EU, stability in Iran and the future relations of Iran with the international community are also important because of its large natural gas reserves (second after Russia). It is unclear whether Iran develops suf-

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[6] Japan is the second largest importer of oil after the US, but consumes less than China (British Petroleum 2005).

ficient gas export facilities due to strong domestic demand increases and the desire to keep gas for Iran to secure energy supplies for the very long term. Kuwait and the UAE will substantially increase production, with far less political insecurity than their larger regional neighbors. Both also strive for more cooperation with international oil companies.

The most important producing countries in North Africa are Algeria and Libya. Both have substantial oil and natural gas reserves, and production is expected to increase in the future. Algeria comes from a long and difficult road of civil war and insurrection. The current government is opening up Algeria more and more for foreign investments. It wants to become a member of the World Trade Organization, for which it is making good progress (EIA 2005). Algeria is cooperating with the EU in numerous treaties, dialogues, and the Neighborhood Policy and has extensive bilateral relations with EU member states in the Mediterranean. Libya has more oil reserves than Algeria and is therefore more promising for future oil production. Since President Qaddafi made rehabilitation into the international community possible, numerous consuming countries and international oil companies have shown interest in Libya. Qaddafi is opening up the energy sector for foreign direct investments, which is part of wider economic reforms. Political and social reforms are being put off.

The resources in the Caspian basin are substantial and important for future diversification policies of the EU. However, the EU member states do not have a clear unified strategy towards the Caspian and is therefore barely a real political actor, despite increasing economic ties in the region (Amineh 2003). Other actors are more active in the struggle for influence in the region. China is developing projects with Kazakhstan for future exports going east, which might also include exports from other countries in the region. Russia has become more influential again, while the US seems to be losing ground. Russia's renewed influence means that also in the future a large part of the oil and natural gas coming from the region goes through Russia. Russia might even need to import Caspian gas to fulfill its contract with the EU (Stern 2005). In that respect, the best option for the EU might exactly be a strong Russian influence in the region as long as the relationship with Russia can be strengthened.

The option for future exports out of the region through Iran hardly seems a possibility at the moment. US support for Western routes to Turkey is limited at the moment now that the US is keen on aiding India in its energy security policies and a pipeline through Afghanistan and Pakistan to India might serve as a "peace pipeline."

Turkey remains important for the EU member states as a transit country. Already oil from North Iraq and Azerbaijan (BTC pipeline) reaches consumer markets from the Turkish port of Ceyhan. Oil from Russia and

other countries in the Caspian region might follow to bypass the Bosporus. In the future, gas from Iran and the Caspian region might reach the EU through Turkey, but that is largely dependent on the Iranian desire to export gas and the Russian and American influence in the region.

Despite the importance of Turkey as a transit country, accession will not enhance the EU's security of supply. The import dependency of the EU will increase, since Turkey is overall more import-dependent than the current member states. The chance that Turkey will not transit gas and oil in the future is slim, since Turkey and the EU are long-term partners, and considering the amount of natural gas Turkey has already contracted, not exporting it would be quite non-economical (EIA 2005b).

SECURITY OF SUPPLY POLICIES REVISITED

The new market conditions have important consequences for security of supply policies that are at the disposal of EU member states. A core element is a well-functioning, transparent, free and open oil market. If the market functions properly, no additional safety measures would be really necessary. Economic reasoning and logic should prevail, leaving no room for politically motivated maneuvering in the market, although a safety net for disruptions caused by instability should be necessary. However, bounded rationality of any country limits wealth maximizing behavior (Van Der Linde 2005a). Perceptions of reality influenced by cultural notions, history, and national experiences impact the choices made, especially when dealing with such a strategic commodity as oil (Hoogeveen and Perlot 2005).

This partly explains policies by China and India to adopt an equity approach to energy supply security. Their state-owned companies buy concessions to produce oil that, in case of a crisis, goes directly to China and India. Such an approach has been tried before, for example, by Japan in the 1970s and 1980s, but without much success. However "resource nationalism" on both the demand side as on the supply side may again be on the rise (*The Economist* 2005). In the EU, the discussions on cross-border takeovers of energy companies and the reactions of the French and Spanish governments hint in the direction of nationalism. Increased nationalism can be found in Bolivia, Venezuela, Russia, and numerous producer countries in the Middle East. Many producer countries have always favored the nationalized molecule flows, but the arrival of strong and influential consumers that do the same can lead to a paradigm shift in the energy sector with consequences for consumer countries such as the EU member states, which rely for a large extent on the international market to deliver security of supply. For the EU a thorough evaluation of its energy policy might be in order (Van Der Linde 2005).

Maximizing indigenous production of oil has had maximum results in the past, but cannot be prolonged to the longer term. The policy of diversification to supplier also becomes increasingly difficult. In the current market the EU does not have the luxury of picking between producers. Diversification in the fuel mix is still possible by introducing more renewable energy sources, coal and nuclear fired power plants, which each come with their own problems and costs. Oil dependency is difficult to offset since no large-scale alternatives for the use of oil products in the transport sector are available.

The geographical shifts in the market make the IEA less effective to deal with supply disruptions. Of course, oil stocks and the sharing mechanisms within IEA will continue to have their function, but as a block of consuming/importing countries, it is becoming less important, since China and India are not members, making them more vulnerable for supply disruption. Similar to the US fear of 1973, IEA members states are worried that China's and India's foreign policy towards the Middle East proper may be especially informed by their energy interests.

Membership of China and India to the IEA could perhaps coalesce consumer countries' interests, although the differences in vulnerability, dependency levels and political outlook can, on the other hand, also limit the IEA to deal with crisis situations. Although International Energy Program (IEP) goes far in depoliticizing implementation decisions, it is not impossible. Disagreements between countries in activation of IEP would seriously threaten IEA legitimacy. Already with the current member states, the political position towards the Middle East differs greatly and so do dependency levels towards certain suppliers (Willenborg et al. 2004). Discussions within the EU continue to create additional stocks of thirty days that do not fall under IEA commitments, although preliminary proposals by the European Commission have not been agreed upon by the European Council (Willenborg et al. 2004).

"It is better to reduce than to produce" is an often-heard statement regarding the solution to energy demand growth. Active demand management for example, by implementing efficiency standards for transport vehicles might change the structure of the automobile market away from larger and heavier vehicles. Binding EU-wide targets have not been possible so far.

Energy savings and anti-oil policies have a problematic side effect. In the short run it might actually threaten security of supply, since these policies hamper the future security of demand for producing countries. Why should these countries invest in new production and export facilities for a product that seems to be unwanted by their clients (Skinner 2005)? The renewed producer power and the increased concerns about security of supply in consumer countries have already led to strong public statements

about producer countries and the announcements of off-oil policies—for example, by president Bush in the State of the Union 2006—which undermine security of demand for producer countries. This threatens constructive dialogues on how to solve the current situation together and puts pressure on producer-consumer dialogues.

That pressure also comes from environmental measures. The EU has ratified the Kyoto Protocol and is working on a post 2012 strategy, making the story of the EU towards producer countries even tougher to sell (Perlot 2005). The EU member states do not only want to reduce oil consumption because they do not trust the producers in the Middle East, and Russia for that matter, they also have to reduce it, because it is "dirty." The main competitors of the EU for fossil fuels, the US, China and India, either did not ratify the protocol or do not have any commitments to reduce emissions and can therefore give more security of demand to producer countries.

Pressure on the dialogue between Islamic producer countries and the EU is further increased by the heated public debate about Islam in many member states, including questions about oil money going to Muslim fundamentalists. At the same time, Anti-Western sentiments are running high in many Middle Eastern countries, linked to the invasion of Iraq, the continuing Israel-Palestine conflict and the problematic position of Israel in the region.

Due to the new market circumstances, energy is again viewed as a strategic commodity, which needs to be part foreign and security policies, in addition to economic policy. Bilateral relations between consumer and producer countries have always been very important in oil and natural gas and especially the relationship between the US and Saudi Arabia that has for decades provided security and stability in the oil market (CIEP 2004). The extent of strategic bilateral relations is largely determined by the general foreign policy and economic strategy of an actor. EU member states have a different toolset than China, for example, in the manner that companies can be supported in business transaction or supplying military aid.[7] The US has a long track record of providing military aid; so did Russia during the time of the Soviet Union. Increasingly, China is active in aiding in security issues in the Caspian Basin (Klare 2004). There is no direct link between the EU's energy interests and its military and security involvement; this is the prerogative of individual member states.

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[7] The EU policy space in which the companies are private and the role of the government is primarily regulative, the possibilities are to some extent limited in comparison to the approach of China and India, at least in a period of time where resource nationalism is increasing (Hoogeveen and Perlot 2005: 22–26).

A NEW GEOPOLITICAL CONTEXT FOR ENERGY MARKETS

The success of and the choice in security of supply policies depend on developments beyond the immediate scope of the energy sector (Correljé and Van der Linde 2006). The concern for energy security comes at a time that the international system is in its biggest state of flux since World War II (National Intelligence Council 2004). A push for intensified globalization, emerging powers in Asia, transatlantic divisions, a politically volatile Middle East, differences between EU member states, an assertive US foreign policy, marginalization of the UN, and a growing perception of insecurity, including the threat of terrorism, the very magnitude and speed of change and the uncertainties that go with it will all be defining features of the world for many years to come.

The economic landscape will change considerably. In an often quoted outlook for the future, Goldman Sachs(2003) calculated that the six largest economies of the world in 2050 will be China, the US, India, Japan, Russia, and Brazil, while the largest European economies, Germany, the UK, France, and Italy, ranking third to sixth in terms of gross domestic product (GDP) worldwide in 2004, will have fallen respectively to the seventh to tenth positions. Although there are many reasons why the prediction did not become full reality, also slower than predicted growth rates in the upcoming countries make it still likely that they surpass the EU member states.

The changing economic balance will reflect in the international system at large. Since the fall of the Berlin wall, Western countries, principles, and ideologies have dominated global political and economic thinking. Coming from this period is the idea that it would not be long before most countries would integrate into a world system based on the political, economic, legal, and social mores of the victors of the Cold War (Van Der Linde 2005b; Hoogeveen and Perlot 2005). The role of governments would become limited to facilitating and regulating markets and political authority to solve and prevent conflicts. Under the new mores, political strivings and national interests would be limited, marking "The End of History" (Van Der Linde 2005b; Fukuyama 1992).

Reality is shaping up differently, however. Countries such as Russia and China, with strong historical traditions different from the Western ideology, seem to have no real interest in adopting the market system mores to the full. And they are not the only ones. Throughout the developing world, resistance to Western dominance and especially lack of trust in the US is increasing. This has become more apparent after 2001 when the US, for national security reasons, began to define more closely the political, legal, and social requirements for integration in the world system, now including notions of freedom and democracy. The US is now more and more perceived as striving to secure its own national interests, and the rhetoric

of the Bush administration, as well as the invasion of Iraq, seems to come close to forcefully imposing the US rule-set. As such, the US has failed to create a dominant position long enough to create a "geopolitical framework that can absorb the inevitable shocks and trains of social-political change while evolving the geopolitical core of shared responsibility for peaceful global management" (Brzezinski 1997: 215).

In the present geopolitical setting, many countries try to seek and find their development model, inspired by the example of China, instead of relying on the Western recipe for development. Instead of going for full integration, these countries opt for "participating in the international economy, but on the condition that the state's long-term political, strategic, and economic national interests are served" (Van Der Linde 2005b: 13). The distinct difference is that they make their national interests the main motive for their international activities (Hoogeveen and Perlot 2005). As such, it is possible to say that the world today is divided into two types of international systems, one more oriented towards economic efficiency and markets as the leading principle of governance and the other being a system where the effectiveness of national interests promotion and states prevails (Hoogeveen and Perlot 2005).

The trend at the moment seems to be away from the mores of the US and allies in favor of more a national interest-driven international system. As a matter of fact, protectionist flavored discussions on the energy sector among EU member states, the reaction in France on the take-over of Arcelor by India steel giant Mittal, the US political concerns when Chinese company announced that it wanted to take over Unocal, the British government opposing the take-over of Centrica by Gazprom, and the US senators leading the resistance against Dubai Ports World in gaining control over six port facilities in US cities, all show that the former proponents of integration have difficulties themselves adhering to all the rules of the game, confirming to the other countries that they were right all along. These examples stand in a long row of other developments, such as UN Security Council decision-making over Iraq, the lack of progress in the WTO negotiations, the difficult ratification process of the Kyoto agreements, the difficult progress of EU power and gas market liberalization, the unilateral approach of foreign relations of the US after 2001, Chinese relations with developing countries, rising influence of Venezuela, political changes in Latin America, the developments in the Russian energy sector, the lack of multilateral agreement to deal with the Darfur crisis in Sudan, and the lack of a common stance on the international community concerning the nuclear program of Iran and enhancing the nuclear non-proliferation regime (Correljé and Van Der Linde 2006).

Although not an inevitable consequence, the rise of interest-driven economic and political maneuvering on a global level could eventually lead to more tension and conflict between major powers, more political-strategic rivalry for influence and resources. In such a future, the dash for energy resources becomes a real possibility and the means for competition will change. In terms of security of supply, foreign and security policies gain in importance to secure supply while multilateral institutions and consumer countries cooperation lose meaning. Oil-and gas-endowed countries become the focal point of major powers attention. In such a situation elites in the Middle East maintain strong control over oil revenues. In such a future, consumer countries, directly or indirectly, aid reactionary regimes to stay in power and will most often refrain from criticizing social and political reform issues (Hoogeveen and Perlot 2005).

THE EU AND MAJOR POWER POLITICS

Formal Policy: Amalgam of Partnerships and Dialogues

Judging from the range of its external relations, the EU is no less a major power than other sizeable consumer countries. What's more, the EU has formal agreements with all major energy producer countries, including those in the GME region.

The Euro-Mediterranean Partnership, or Euromed, covers the relationship with Algeria and Libya and has an observer status. The European Neighborhood Policy, which also includes Euromed countries since 2004, has an agreement with Azerbaijan. The EU-Central Asia Partnership & Cooperation Agreements involve also Kazakhstan, Turkmenistan, and Uzbekistan; and the EU-GCC Cooperation Agreement channels the relations with the members of the Gulf Cooperation Council, Saudi Arabia, Bahrain, Kuwait, Oman, Qatar, and the UAE. In addition, the EU-OPEC dialogue links the EU with the OPEC member countries. Since Turkey was acknowledged as a candidate EU country and entered into accession negotiations, the 40 years bilateral relations stand a chance of being reinforced in an even more formal way and significantly change the borders and neighboring countries of the EU.

"Making the EU a factor in the Middle East" is the slogan of the EU's external relations with the Gulf Cooperation countries, Iraq, Iran, and Yemen.[8] Since "The South and East Mediterranean and the Middle East

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[8] The EU & the Gulf Cooperation Council Countries, Iran, Iraq & Yemen, http://ec.europa.eu/comm/external_relations/index.htm.

is an area of vital strategic importance to the EU," it is therefore a key priority target.[9] "To support their political and economic transformation," the EU remains committed to working with the countries of Central Asia (Amineh and Houweling 2004/2005: 226–7).

The Energy Charter Treaty (ECT), designed to build an energy bridge between East and West, aims to establish a legal framework in order to promote long-term energy cooperation. The Treaty's most important provisions concern investment protection, trade in energy materials and products, transit and dispute settlement. The ECT has been ratified by Kazakhstan, Turkmenistan, Uzbekistan, and Azerbaijan.[10] Russia, however, has signed but not ratified the treaty and, given the country's objections to some of the treaty's provisions, is not likely to do so.

Do these agreements enhance the EU's energy supply security? Do they enforce the Union's power and strengthen the EU's major power status?[11] Perhaps so; however, the crucial point to realize when one would evaluate these dialogues and their impact on security of supply is the difference between the EU's representation in partnerships and dialogues and its mandate in external energy policy.

Recall that the European Commission has never been granted competence in external energy matters, neither can it dispose of a common foreign and security policy within which external energy policy might be developed further. In its 2001 Green Paper, the Commission regrets that in external energy matters "the EU lacks the means to negotiate and exert pressure. The Union suffers from having no competence and no community cohesion in energy matters" (EC, 2001: 28). These statements are sometimes insufficiently understood by countries outside the EU or understood all too well. Despite the many agreements concluded by the EU, the European Commission is not the government of the EU and Brussels is not its capital. In the EU's "bilateral" relations, in which the 25 member states are represented as one party, this clearly leads to a discrepancy between formal policy in which the EU is presented as an actor that can enforce policy upon its member states and material policy in which it becomes clear that

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[9] The EU's Mediterranean & Middle East Policy, http://ec.europa.eu/comm/external_relations/index.htm.

[10] See http://www.encharter.org.

[11] The EU is not the only organization or group of countries to engage in formal dialogues. To name but a few, OPEC has also held a Round Table of Asian Oil and Gas Ministers and is in the process of establishing a formal dialogue with China and Asia Pacific Economic Cooperation (APEC). The Shanghai Cooperation Organization is an important organization linking the Caspian countries to the East. Its members are Russia, China, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan and official observers (perhaps at the time of publishing, full members), India, Pakistan, Iran, and Mongolia.

the Union's policy goes as far as its members want it to go, which is not always that far.

Material policy?

The US and China have promoted energy supply security as a priority in their foreign and security policy and so have many EU member states. The UK, for example, launched a cross-government international energy strategy aimed at energy security in 2004. The Netherlands has issued a new energy strategy in response to a governmental council's advice on energy and foreign policy. Other member states have taken similar initiatives. National interest promotion is an understandable response to the pressure of geopolitical changes and the sense of uncertainty and insecurity regarding energy supply. However, the interconnectedness of the EU member states in a more and more unified energy market means that one country's national approach can have consequences for neighboring or other countries. Theoretically, then, a common EU energy policy should offer more advantages than a national one.

The process of European integration has been and still is an ongoing Herculean task to merge twenty-five sets of policies, economic, foreign, security and other categories into one. The accession of ten new member states in 2004 has made the decision-making process even more difficult and slower. There are obvious historical and cultural differences between the member states and differences in preferences, including in the energy sector. Where UK and Netherlands have an open and liberalized electricity market, France and Germany dawdle to implement relevant EU directives to create "national champions" which in the single EU market will become the European champions. Further illustration can be found in the earlier mentioned reflexes of the Spanish and French governments on the possible take-overs of Endesa and Gaz de France, which goes to show that even among member states, when strategic interests are considered to be at stake, bounded rationality and perceived threats dominate the discussion. National interests, especially interests regarding a strategic commodity, do not add up to European interests. Reaching the objective of a common energy policy through the general process of harmonization of 25 policies, then, offers little hope.

Differences in energy security risks between the member states were reaffirmed by the Russian-Ukraine gas crisis. The "old" member states have been diversifying away from the Persian Gulf for years in favor of Russia, while the former communist countries that became members in 2004, such as Poland and the Baltic states, want to become less dependent on Russia and consider the rising assertiveness of Russia in the international arena as a considerable threat. The need to distance oneself from Russia and find

a safe harbor within the EU was for a number of countries, for example, the Baltic States, the reason to apply for membership. It also explains the Transatlantic orientation of some of them, while "old" Europe is hesitant and unsure about its relation with the US. It is therefore not surprising that Poland calls for an energy NATO, while the Netherlands dismisses such an idea and calls for more dialogue. In this view, we can only speculate what the accession of Turkey might mean for EU decision-making on energy and the Middle East. Turkey brings a new set of interests, risks, and preferences to the table, while the EU already has a hard time defining a common position and does not speak with one voice on Middle Eastern politics.

The many aforementioned regional cooperations do not have a clear strategic agenda attached to them. These initiatives are based on the EU's strong points of economic leverage, trade balance, promotion of technological innovation and soft diplomacy, and their most important goal is to promote stability and peace. This may also explain why the EU insists in regional policies, as is the case with Central Asia, instead of focusing on bilateral treaties, which would in fact be the preference of most countries in the region. Still, the non-confrontational approach based on carrots rather than sticks can raise goodwill and thus offer advantages, especially in comparison with the US. But the EU is not, or at least less than other major powers, used to selling its strong points. When it did use its soft power, such effort went largely unnoticed, undermining public confidence in the EU as a potential superpower.

For most non-Europeans, the EU's influence comes from its affluence, its continuous peace and prosperity. The EU is a global player in areas such as trade, finance, agriculture, and humanitarian aid (Van Ham 2005); as an economic bloc and as an energy-consuming region, the EU cannot be neglected at the moment. This position needs to be sustained, however, by implementing the Lisbon strategy to become the most innovative and competitive economic bloc, according to chairman of the European Commission, Jose Manuel Barroso (2005). Progress so far gives reason to believe that the strategy will not succeed.

The EU as a project is fully embedded in the multilateral post-1945 world system. The changing geopolitical landscape will force the EU to extend the economic process at least to a project in which the strategic use of state and economic power becomes an option (Hoogeveen and Perlot 2005; Van Der Linde 2005b). Next to sustaining its economic leverage, it has the range of capacities in political or military leverage. However, foreign and security policy are typically policy areas in which goals and strategic interests of member states highly differ and are therefore not often commonly pursued. EU member states pursue their own strategic interests and sometimes prefer certain bilateral relations over common multilateral

ones. In some international organizations, a few member states hold specific decision-making powers that they do not want to concede to the EU, partly because they would lose influence—for instance, trading in three UN Security Council votes for one—and partly because they want to play an autonomous role in international politics.

The transfer of competences from the member states to the EU in the areas of foreign, security, and energy policy seems very unlikely in the short term, if only because the populations of many member states are wary of more supranational control: anti-"Brussels" sentiments. Many political leaders are careful not to proceed too quickly with the political unification of the EU. Perhaps such a process is overall incompatible with the EU (Correljé and Van Der Linde 2006). It can be a super-power, but never a super-state, as are other actors with a central government that determines both internal and external policy (see also De Wijk 2005).

CONCLUSION

Historically, EU energy supply security policies have been event-driven. Towards the GME region these were mostly policies formulated at the time of or as a result of a crisis. The EU as an actor never positioned itself strategically to secure common long-term energy interests, and the few occasions that prompted a possible common approach, such as the Arab-Euro dialogue in 1973, the will of and alliance with the US proved to be stronger. Many individual countries have tried to make their mark in the region but since the 1970s, with the possible exception of France and Algeria, without much prevail.

As a result of successful diversification policies, the position of the EU as a customer of GME, especially the Gulf, energy products have decreased. Long-term outlooks, however, predict that the EU's dependency on this region's oil and natural gas resources is bound to increase, which also holds true for every other large consumer country. While it has one of the weakest growth rates in oil demand, the EU has to make a comeback into a buyers' market. Add to this the fear for dependency and the related policy jargon that hampers communication and the commitment to sustainability goals and it is easy to see how the EU is not an interesting energy-trading partner for the future.

Formally, the actor EU knows which policy responds to this situation. Formally, by promoting the full implementation of the Lisbon strategy, the actor EU wants to reposition itself as the most innovative and most competitive economic power and thus as the most attractive trading partner. Formally, by engaging in dialogues, the actor EU emphasises the meaning of mutual interdependence between consumer and producer countries. Formally, the EU presents itself as a thinking and acting power.

In the meantime, politicians and policy-makers in the EU member states assess the consequences of the geopolitical changes and the ensuing consequences for their national interests, which are not similar to European interests. In the current and future international energy market with its increased role of GME resources and competition between consumer countries, which seems to be evolving around a new and, for the EU, 'alien' rule-set, the natural reaction of EU member states is to refocus on national interests and it is likely that member states will put more emphasis on their promotion. This approach obviously nullifies the common supranational approach envisaged by the European Commission.

In addition, if the member states are able to overcome their differences of opinion, today the EU's energy and foreign policies, by agency of the same member states, would still lack the balanced competences necessary to make a difference. The most developed competences lie in the field of the internal market and competition, while competences in the field of security of supply and foreign policy are weak. This has consequences for the EU's actions vis-à-vis other actors. The lack of unison coming from the EU, combined with the lack of proper instruments, does not go unnoticed outside of the EU. Despite appraisal for what the EU succeeds in doing and the power of the EU as a brand of prosperity and peace, the EU fails to exploit these strengths towards the GME region to gain strategic advantages, as a major power should.

If the EU wants to fulfill a meaningful task in the GME region and with the same secure energy interests, politicians and policy-makers of the EU member states and in the European institutions have the difficult task of ignoring the nationalistic reflex. The EU member states should then create more political room to maneuver for the actor EU. They should maintain their defense for the market-based system while designing policies to become partners with areas and countries that do not adhere to the same rule-set. They should strengthen relations with Russia and remain an ally to the US. They should exploit the benefit of not being and not being seen as a superpower, while maturing their external foreign policy instruments. Such a balancing act might be difficult, but would be the only way to create a robust position for the EU as an actor.

The combination of international economic geopolitical changes and increasing energy import dependency might be enough incentive for the EU to reach a common energy policy, and in its wake a more unified stance in the GME region. However, the "threat" of the international changes and resistance, within member states, to economic reforms and ceding more decision-making competences to "Brussels," might mean that governments or populations of EU member states will block any meaningful progress. Despite economic integration and greater dependence on one another, the

EU then is not ready to act as a unitary actor, while it might face a world in which such a role is more and more asked for, including in its relations with the countries of the GME. Can the EU become a major power in the future? History and current trends suggest that for the time being, the answer is "No."

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