

Opening Statement  
Greater Middle East Initiative  
Senator Richard Lugar  
June 2, 2004

As the United States and our allies continue to seek stability and security in Iraq, we must consider how to address broader political and economic issues in the Greater Middle East. Ultimately, a new social and political environment must develop in the region, which is the source of most terrorist threats confronting the international community. Too often, U.S. policy in the Greater Middle East has focused exclusively on the immediate crisis. Constructing a secure future in an age of terrorism requires that we not limit our thinking to the problems of the moment. We also must work with like-minded nations to develop solutions to underlying social, political, and economic conditions that breed hatred and conflict.

Although home to some of the world's oldest civilizations, with deep reserves of talent and wealth, the Greater Middle East region has become a land apart from the modern world. That's the conclusion of Arab intellectuals and scholars themselves in two reports for the United Nations on Arab Human Development. They said the region suffers from widespread illiteracy, economic stagnation, and isolation from other cultures. These experts concluded that this backwardness results from three important deficits -- the lack of freedom, the lack of women's empowerment, and the lack of knowledge, particularly with regard to science, technology, computers, and the Internet.

These deficits have created throughout the Greater Middle East an atmosphere of hopelessness and frustration that has helped fuel extremist organizations, terrorist ideologies, and reflexive resentment of the West.

To help foster a new environment of hope, opportunity, and progress in the region, I have proposed the creation of a Greater Middle East 21<sup>st</sup> Century Trust. The Bush administration has proposed its own Greater Middle East initiative to achieve many of the same ends. These ideas will be on the agenda of the G-8 Summit in Sea Island, Georgia. I hope this hearing can provoke debate and provide valuable input for the G-8 leaders.

I believe that multi-lateral participation is central to the success of any initiative to encourage economic and political reform in the Greater Middle East. The United States can and should provide unilateral aid to the region. The Bush administration and Congress launched the Middle East Partnership Initiative in 2002 to support economic, political, and educational reform as well as women's empowerment in the region. The other G-8 countries have similar programs. But if we want to leverage resources for greater effect and emphasize the broader international responsibility for improving opportunity and hope in the region, we must have a mechanism that includes other nations. Organizing a Greater Middle East Trust around the G-8 would maximize participation and provide the imprimatur of the international community.

The Greater Middle East 21<sup>st</sup> Century Trust that I have proposed would be modeled on the principles of the Global AIDS Fund, the G-8 Africa Action Plan, and the U.S. Millennium Challenge Account. The concept would unite the G-8 countries with donor countries in the Greater Middle East. The donors would pool resources to deliver grants and would work together with recipients to define the funding criteria.

It is important that the Trust's contributors include wealthy countries from the Middle East, such as Saudi Arabia, that are willing to invest in the Trust's success. This would increase resources and guarantee Middle Eastern voices on the donor side of the equation. In addition, it would give donors in Saudi Arabia and other countries a secure vehicle for charitable donations to its neighbors. Saudi Arabia has completely banned its citizens from donating to charities in foreign countries because it feared that funds were being diverted to terrorist causes. To be sensitive to cultural concerns the Trust also could be structured to respect Islamic financial principles.

What I have proposed is different from the Bush Administration's proposal in several key respects. Rather than a set of programs to be created and funded, the Greater Middle East 21<sup>st</sup> Century Trust would set broad goals and criteria. Specific programs would be developed and offered by the recipient countries themselves, and evaluated by the Trust based on the standards it sets. In this way, we can confer ownership of the reform process on the recipients. The Trust would go beyond the primary development paradigm of growth, infrastructure, and health. It would help realize what the Arab Human Development Reports called "a restructuring of the region from within." Ultimately, the Trust would seek to promote changes in many of the structures that the Development Reports identify as roadblocks to modernization in the Greater Middle East.

The Trust concept could be a vehicle for achieving economic reform goals in the Greater Middle East that have resisted progress for years. These include reforming economic systems, reducing state control of economies, diversifying industries, reforming labor markets to promote productivity and avenues for advancement, revamping weak education systems, creating new roles for women, and improving scientific and technological capabilities.

It also would include political reform. Arab reformers meeting in Alexandria, Egypt, in March declared they wanted "without ambiguity, genuine democracy." After heated debate, the recent Arab Summit that occurred May 22 and 23 in Tunis resulted in calls for greater democracy, women's rights, and human rights in the region. That these issues were raised on the agenda was a new phenomenon. A dialog on reform and modernization is taking place in governments, academia, media and other organizations in the region. This dialog is vibrant, and reflects American ideals of freedom, despite what President Mubarak has identified as the "unprecedented hatred" in the Arab world for Americans after Iraq.

As the United States and the G-8 nations consider how to boost economic development in the Greater Middle East, we must examine how democratic reform fits into this process. Some experts have said that if many countries in the region held elections tomorrow, the result might well be Islamic theocracies just as undemocratic as the current governments. In other words, the concern is that elections will produce "one man, one vote, one time."

So the question arises, how can the region move to full democracy in stages? What other democratic and civic institutions need to be built or strengthened before a country is ready for full democracy? Would partial measures inevitably be used by the existing powers to put off democracy indefinitely?

We also must examine how the international community can be the most helpful. We know that political reforms cannot be imposed from outside, but can our efforts help generate reforms from the inside? What is the best way to get these societies to accept changes that, in many cases, would alter the established order? As sensible as it may seem to empower women, restructure inefficient state industries, or broaden educational horizons, powerful institutions on the inside have vested interests in the status quo. How can we enfranchise the forces in these societies that want modernization?

To begin our examination of these questions the Committee is pleased to be joined today by three insightful panels. On the first panel, we welcome Dr. Alan Larson, the Undersecretary for Economic, Business, and Agricultural Affairs at the Department of State. We then will have the honor of hearing from His Royal Highness Prince El Hassan bin Talal of Jordan. Prince Hassan is an extraordinary international leader and a creative thinker on the issues we will address today. We are grateful for his willingness to travel from Jordan to be with us. Finally, we welcome Dr. Patrick Cronin, Senior Vice President and Director of Studies at the Center for Strategic and International Studies and Dr. Alan Richards, Professor of Economic and Environmental Studies at the University of California, Santa Cruz.

We look forward to the assessments and recommendations of our witnesses.

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