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SUMMARY!

The Middle East in the aftermath of the Cold War, perhaps more so than any other part of the world, is entering a period of uncertainty. The external changes it is facing are only compounded by the vast transformation most of the societies in the region are undergoing. With few exceptions, most of the regimes are poorly equipped to confront this new challenge.

While the Arab-Israeli peace process will undoubtedly provide a general sense of relief, it is the mounting pressures from domestic economic and political interests, as well as the burgeoning populations, that will drive the region's agenda. Unlike their counterparts in other regions of the world, many Middle Eastern regimes have yet to formulate a mission for themselves. In East Asia and Latin America the focus has for some time been on economic development. Western Europe's determination to build an economic and political union has not been distracted by the collapse of the Soviet Union: on the contrary, it has made the challenge simply more complex. In the southern cone of Latin America, Argentina, Brazil, Paraguay, and Uruguay have formed Mercosur, a common market, while Chile is aiming at joining NAFTA. Russia and the former Soviet republics have also, for the time being, decided to engage themselves in the process of internationalization and integration. With the exception of Turkey which would like to join the European Union and Israel which has fashioned free trade agreements with both the EU and the US, few Middle Eastern states have sought to conceptualize their role in the post-Cold War world.

There is the distinct possibility that faced with a challenge of integration with the rest of the world and saddled with a cumulative set of past failures, many Middle Eastern states will revert back to, as Rami Khouri has argued, "older, traditional social structures that are patriarchal and even authoritarian." Will Islam then, not in its fundamentalist but in its "civilizational" form become the alternative to the failed secular regimes? The answer lies in the present regimes ability to usher in change while offering a new vision for their societies.

Compiled by the staff of NCSEER from the "Conclusions" section of the Report.

THE MIDDLE EAST AFTER THE SOVIET UNION2

Henri J. Barkey Lehigh University

One of the less memorable international events of the Christmas season was a Euro-Arab conference held in Paris. Twelve foreign ministers from the European Community sat facing 20 or so of their counterparts from the League of Arab States. Advisers sitting behind them passed forward freshly deciphered telegrams from Bucharest, which traveled from hand to eager hand along the European side of the table. Finally the French foreign minister, who was in the chair, interrupted the proceedings to announce that Ceausescu had been overthrown. At this news the Europeans burst into a spontaneous round of applause. The Arab ministers, on their side, stayed silent and stony-faced.³

The stony silence with which Arab foreign ministers received the news of Ceausescu's fall was a reflection of the general ambivalence with which many Middle Eastern states and their leaders welcomed the demise of the Soviet bloc. For many the Soviet Union was a patron of primary importance. It could be relied upon to supply them with weapons, provide political support and act as a buffer against US interests or intentions. For others, including even those who despised the USSR and what it stood for, the USSR was a necessary evil that challenged the US and, thereby, ensured continued US interest in them and in their regional affairs.

The Soviet Union not only collapsed but, during its dissolution and immediate aftermath, it emerged, as far as the states of the region were concerned, as an ally of the US and of Western interests. Starving for funds and preoccupied with its transitional problems, the new Russia acted, at least for a while, more as a client of the West than a superpower. Although Moscow has decided to reassert itself in the region and is no longer as amenable to US solicitations as before, it must achieve this from a weakened position; it has definitely lost its superpower status. Russia cannot afford to be generous, either with economic or military aid, towards the countries of the region. Perhaps more importantly, it also confronts a different geography in its relations with the Middle East. The emergence of the new nations in both the Caucasus and Central Asia has distanced Russia from the Middle East politically and physically.

The disappearance of the ideological rivalry and the competition between East and West and of Russian resources available to most who wished to stand up to the West and its allies

²I would like to thank the National Council on Soviet and Eastern European Research for its support which allowed me to explore the relationship between the Middle East and Central Asia.

^{&#}x27;Edward Mortimer, "Romanian goose, Iraqi gander," Financial Times, January 9, 1990, p. 17.

profoundly shook the Middle East, Some of the impact has been psychological: it has increased the vulnerability of certain regimes and has weakened those forces in Middle Eastern societies which looked up to the Soviet Union, however imperfect, as a model, or partial model as the case may be, of societal and state organization. The Soviet Union's demise fundamentally altered the region's relationship with the West with which Middle Eastern states have had the strongest bonds. These bonds, the result of a colonial past, modern trade links, cultural diffusion, alliance and conflict patterns, have not necessarily always been constructed of trust.

Not all the changes in the region were due to the end of the Cold War. The Arab-Israeli peace process has its roots in the *intifada* and the respective regimes' inability to construct legitimate forms of rule has contributed to the rise of Islamic movements challenging them. What the end of the Cold War has done is to accelerate certain regional trends and add an additional dynamic to domestic and regional change.

Three Ways in Which the End of the USSR Changed the Middle East

The Soviet Union's demise has had three sets of implications for the Middle East. The first is broad and conceptual: what did the Soviet Union represent from the point of view of societal organization, democracy and economic systems. The second is geo-political; the creation of new states in Central Asia and the Caucasus has distanced Moscow from the Middle East both politically and geographically. The end of the East-West rivalry has also transformed interregional relationships with direct implications for alliance patterns and military and economic relationships. Third is the indirect impact on the domestic political structures of the region. Because of crisscrossing influences at work, these categories must not be interpreted as being completely distinct from each other. This essay will start with the broadest category and progress towards the more specific issues.

I. CONCEPTUAL CHANGES

The conceptual changes to be discussed in this section are global and not necessarily specific to the Middle East. However, in many ways, the Middle East is one of the regions most affected by them. The conceptual changes can be viewed from three different perspectives. 1. The demise of the Soviet Union represents the failure of an economic ideology and practice. In the absence of intense superpower competition, economic issues, seemingly depoliticized, have assumed a more prominent profile. 2. The Soviet Union was also a powerful ideological beacon for many third world elites intent on maintaining power at the expense of their respective citizenry. The demise of the Soviet Union does not, of course, imply that the urge to democratize in the Third World has assumed an overwhelming

momentum. But it is a force to be reckoned with and there is a distinct likelihood of it gathering further momentum with time. 3. The rise of ethnic politics is the direct consequence of the demise of the Soviet Union, an event which removed some of the artificial limitations on the expression of ethnic identity.

The Relevance of Economics and the Necessity to Reform

The collapse of the Soviet Union exposed not only the basic failure of its economic policies, applied for decades, but, with the environmental devastation left in its aftermath, also the myth of the socially responsible superpower. This Soviets' demise has severely undermined the basis of state-managed attempts at industrialization and development. It has given a considerable intellectual boost to advocates of privatization and other types of economic reform in the Third World. Already in a few countries of the Middle East the winds of change had started to blow in advance of the USSR's end. In other parts of world, in Latin America and the Far East in particular, integration with the international market and the beginnings of economic reform precede the fall of the Berlin Wall and the disintegration of the Soviet bloc. By and large, the Middle East has been slow to adapt to the exigencies of the new international market place and the globalization of trade and financial networks.

The Middle Eastern countries not unlike their counterparts in Latin America and the Far East, embarked on their economic development strategy by emphasizing, to varying degrees, the role of the state in investment and actual management of day-to day economic affairs. In the 1950s and 1960s a strategy that put excessive reliance on autarky and inward-oriented development schemes did pay off. Incomes rose, the state became a major source of employment and, by and large, there was a perception that standards of living were improving. In the Arab world, Arab Socialism became an attractive model: it was sufficiently distinct from the total state control system that Soviet bloc countries followed to allow some level of private activity, but the state was the undisputed economic agent and engine of change. In Turkey and Iran, while the state was an important agent for investment and infrastructure development, the private sector enjoyed greater latitude than in the Arab world. In Israel, the state and its close relation, the Histradut, the labor union confederation, owned large segments of industry coexisting all the while with an increasingly dynamic private sector.

With the advent of the oil crises of the seventies, the economic picture was dramatically altered. States fortunate enough to be sitting on large reserves of oil procured windfall profits. In turn, oil revenues underwrote a massive consumption boom throughout the region. Within the Arab world, oil revenues also created a two-tier ordering of states: those that enjoyed the full benefits of oil rents and those that were the indirect recipients of these rents through

interregional transfers of aid, capital, and especially workers' remittances. Egypt was, and continues to this day, to be a major recipient of workers' remittances whereas Syria benefited from its front-line position vis à vis Israel to acquire direct aid from Saudi Arabia and other Gulf countries. Among the recipients of the oil rents, two types of states emerged. Nationalist populist ones, such as Algeria and Iraq, embarked upon, with varying degrees of success, massive state-led industrialization drives. Iraq, with its military focus, appears to have been considerably more successful than others in developing an industrial edifice. By contrast, Saudi Arabia, Kuwait and the Gulf Emirates were content to create substantial welfare states for their small populations. For both the direct and indirect beneficiaries of the rush of petrodollars into the region, the resulting abundance of foreign exchange delayed the need to seek alternative economic strategies. Instead, bureaucratic structures expanded and little was done to construct productive and competitive enterprises.

The opposite can be said of Turkey and to a lesser extent of Israel. These, with almost no oil of their own and some remittances, were the countries most negatively affected by the oil price hikes. By the end of the decade, Turkey was bankrupt and in 1980 it was forced to dramatically restructure its economic strategy: it replaced the inward looking strategy with an export-oriented one. The results, helped initially by the advent of the Iran-Iraq war which made both belligerents Turkey's principal trading partners for a while, were dramatic. In Israel, the oil price hikes, economic mismanagement together with the costs of the 1973 war and the invasion of Lebanon spurred runaway inflation which was finally brought under control in 1985. Although both Turkey and Israel have a great deal more left to accomplish in the realm of economic reform, they have each succeeded in integrating themselves into the new dynamism of the international market.

By contrast, declining oil prices in the 1980s did not trigger a similar urge in the Arab world to seek alternative economic responses. As a result, at the onset of the post-Cold War era, many of the Arab economies found themselves with large, inefficient, and cumbersome public sectors that drained their national treasuries. Years of economic mismanagement has had a debilitating impact not just on the public but also their private sectors rendering these economies uncompetitive and unfit to partake in an international market where the competition, especially from the new tigers of East Asia, is fierce. The Middle Eastern states are also in the unenviable position of having to compete internationally with Latin American countries, which after a debilitating debt crisis, are in the process of putting their economic houses in order.

With the end of the Cold War, strategic rents, another source of foreign exchange for many of the Middle Eastern states disappeared. These rents were derived from the intense superpower competition where location and natural resources or proximity to them could be parlayed into superpower support. The promise of Soviet aid or interest could very often mobilize Washington or other Western capitals to deliver aid packages of their own. The reverse was also true, though to a lesser extent in view of the Soviets' general financial difficulties. Military agreements and arms transfers were additional vehicles through which superpowers transferred resources to their client states. Although the Middle East, as the primary source of oil, will continue to be important to the well being of Western democracies and others, the end of the superpower competition removes the premium local regimes could charge for their allegiance to one or the other of the superpowers. There remain some exceptions. While Egypt may continue to retain its strategic importance to the US because of the peace process and thus remain as a major beneficiary of US largesse, it is also unlikely that aid at this level will be maintained for long.

The end of the Cold War has made economic concerns more salient. This change in priorities is also due to the fact that unlike the conclusion to World War II when a bitter ideological rivalry emerged, the end of the Cold War has been accompanied by a general agreement on broad economic policies and beliefs. Even China, although not a democratic state, is busily trying to adapt capitalist techniques and market mechanisms to its needs. Unlike the post World War II period, the United States, despite its sole superpower status, has no longer the resources, capacity or even the will to exercise the role of hegemon. After 1945 it had provided the international system with liquidity and tolerated protectionist policies instituted by non-communist states, all because it feared that economic problems in these societies could lead to the installation of communist systems. Indebted and facing domestic problems of enormous magnitude, the US, in the future, will be much less tolerant of protectionism and more aggressive about opening markets for exports, preferably, for its own products. The US has devoted considerable energy to not only to forcing open some markets, such as the Japanese, but also to creating new ones. Among Middle Eastern countries, only Turkey has figured in the Commerce Department's list of the big emerging markets (Israel has a free trade agreement with the US) which have been designated as future core markets for trade and investments.

This does not mean that economic concerns will always be paramount; political principles and interests will continue to figure prominently. In the Middle East, the US presently maintains unilateral sanctions on Iran and is the most forceful supporter of continued UN-sponsored sanctions on Libya and Iraq. By contrast, the Clinton administration threatened to impose sanctions on China not when this country trampled on the human rights of its citizens but rather when the pirating of US software and movie industry products assumed a massive dimension. Clearly, the relative size of China's market and the economic costs of sanctions has

deterred the US from emphasizing political differences. The reverse is true for Iraq and Iran; some of the US's Western allies are eager to have sanctions lifted on Iraq and have refused to go along with US policy on Iran precisely because of their potential economic benefits.

The Middle East will face stiff competition for both export markets and investment flows not only from the East Asian and Latin American states that have either vibrant economies à la Korea and Taiwan, or are rapidly instituting reforms such as Argentina, Chile, and Brazil, but from the former Soviet bloc countries as well. The Czech Republic, Slovakia, Poland, Ukraine, to name a few, and, most importantly, Russia itself have now joined the international economy. After years of state-controlled economic policies, they are eager for direct foreign investment. The changing international economic dynamic will certainly lead to a capital crunch for Third world states because there is a finite amount of investment-ready funds for all the equity issues being floated and the expected privatization of state-owned enterprises around the world.

In spite of the massive transfers of wealth that occurred following the oil price hikes, the Middle East remains an economically underdeveloped part of the world. Oil and gas revenues, if not properly managed, will not make a country developed or rich. The case of Algeria is a perfect example as billions were squandered in the pursuit of economic policies and projects that were ill-suited for it. Today, heavily indebted, with a young and mostly unemployed population, the regime is engaged in the fight for its life with its disaffected who have turned to a violent Islamist underground. Significant resources in the Middle East have been wasted not just on the purchasing of military hardware but also in the wars fought between Arabs and Israelis, Iraqis and Iranians, and most recently in the Gulf conflict. Capital that flowed out of the Arab world into the West in the form of equity investments or spirited away in numbered bank accounts still exists but is unlikely to return to the region unless profitable opportunities are created for it.

The challenge ahead for many Middle Eastern states is to forge strategies which will open up their economies while minimizing the dislocations that generally accompany such measures. The state, in these societies, has failed not because it got involved in the developmental project in the first place but because it did not know how to extract itself and allow for the burgeoning of private interests. Failure to pick up the challenge will mean that the Middle East will remain backward and the gap between it and other Third world societies will increase. Some Middle Eastern states, in addition to Israel and Turkey, have begun to implement reforms: Tunisia, Morocco and Jordan are among the more prominent ones. In Egypt the pace of reform is slowed by the vastness of the project at hand, the lack of human

resources, and the strength of entrenched vested interests that have often succeeded in blocking the path to reform.

The primary road block in the path of reform in the Middle East is the regimes themselves. Even in democratic societies, such as Israel and Turkey, resistance to privatization is strong. Nowhere, however, is the resistance stronger than in those states where individual regimes have staked so much of their own well-being on the continued maintenance of patronage networks that bind society to the regime through intricate arrays of contractual relationships and kinship and sectarian ties. It is this interconnection between political power and patronage networks that sustain the regimes which is at the core of their inability to institute necessary reforms that could allow them to produce more efficiently and compete more effectively. Ironically, the regimes, because they have constrained the development of a civil society, face limited pressure from inside to speed up economic reforms.

Hence the pressure to reform at the moment is externally derived: it is the product of the new international economic order which threatens to leave behind all those that do not reform. This external pressure is ultimately going to felt domestically. Non-existent or mediocre rates of economic development in an age of instant communications will ultimately convert the external pressure into a domestic one although the domestic variant will not necessarily assume a form that is in line with the exigencies of the new economic order. Instead, it could assume an Islamist or even an autarchic-nationalist character further severing the links with the outside.

The regimes, therefore, are confronted with a series of dilemmas: they could try to institute reforms so as to keep up with others, but there is no guarantee that they will succeed. In any case, undoing years of learned behavior in favor of policies that require a significant degree of finesse and vigilance necessitate time and patience. If reforms are successful, they will almost certainly entail a corresponding decrease in the state's control over the economy and the regime's ability to manipulate groups in society thereby undermining some of the foundations of the existing political order. On the other hand, the cost of not trying is certainly to fall behind others. Hence, the risks of action and inaction are politically consequential and it is to this issue of political reform we turn next.

The Pluralistic Imperative

The imperfections of the "democratic" systems that swept through Soviet bloc countries following the collapse of the Berlin Wall have been on display for all to see. These imperfections notwithstanding, the failure of the Soviet Union as a totalitarian state, the revelations regarding its past domestic practices and the lack of enthusiasm in the West for

supporting authoritarian governments will increase the indigenous pressures within many Third World countries to politically liberalize. Just as with dirigiste economic policies, the failure of the Soviet Union eliminates the ideological underpinnings of one-party states and other forms of authoritarian rule. It would be unrealistic to assume that a wave of democratic regimes will sweep through the region. Democracy requires the building of institutions, the creation of groups and associations independent and often in opposition to the state. In short, meaningful democracy need a vigorous civil society. This has yet to materialize in most of the Middle East. There are, however, signs of increasing pluralism and demands for increased pluralism. In part, this is a response to the failure of the state in these societies to provide for some of the essential necessities of life. It is also a response to the increasing sense that authoritarianism may have run its course. This, of course, does not ignore the existence of groups and interests, such as the Islamists, who have a radically different conceptualization of the societal organization. Their agitation, however, is another indication of the push for increased diversity of interests.

Two other consequences of the demise of the Soviet Union will encourage the trend toward pluralism. The first is the end of the Arab-Israeli conflict which would not have happened, at least now, if the Soviet Union were still in existence. For many years the conflict with Israel allowed Arab regimes to sustain national-security states that stifled political dissent, mobilized capital and human resources for the ever present and future combat with Israel. These states received the active encouragement of Moscow which helped them construct the various security apparatuses in the first place. In fact, the national security argument masked not only the stark failures of these regimes but also provided their raison d'etre. With the advent of peace, these regimes will have to confront the same difficult problems all governments around the world have: how to manage complex societies and a multiplicity of demands with limited resources. It is not clear that these regimes are ready for the task at hand. The elimination of the state of belligerency will liberate resources devoted to military expenditures although there will be a corresponding increase in the citizenry's expectation of the "peace dividend."

The other pluralist impulse comes from the economic changes discussed above. Because economic liberalization rests on two pillars, the gradual retreat of the state from productive functions in society in favor of private interests and the opening of the economy to domestic and international competition, the function and role of the state has to change. In the Middle East, this would undermine the basis of many regimes that have exploited the inefficiency of their private sector and its dependency on the state to coopt and bind them. The more resources are transferred to the private sector or the more it is allowed to develop and flourish

the greater will be the constraints on regime behavior. Economic liberalization will entail a degree of pluralism without which businesses cannot make reliable decisions, unions cannot engage in collective bargaining, and individuals cannot become rational consumers.

There is no guarantee that this process, being unleashed as a result of the Soviet collapse (conceivably one could argue that these changes were ultimately bound to come, but the timing was facilitated by the USSR's demise) will result in pluralistic politics. What seems clear is that Arab regimes, in particular, facing resource constraints, inefficient and bloated bureaucracies, and high birth rates risk severe internal turmoil.

The Rise of Ethnic Politics

The break-up of the Soviet Union and the awakening of long-dormant ethnic differences, not just within the former superpower's boundaries but in Europe as well, has underscored many states' multi-ethnic character. In the Middle East, the single largest minority without a state has been the Kurds. Kurdish activism in pursuit of a separate state or autonomy is not new to Iraq. However, in the mid-1980s a similar movement emerged in Turkey. It gained prominence with the Iraqi invasion of Kuwait and the subsequent Iraqi Kurdish debacle that led to hundreds of thousands taking refuge across the border in southeastern Turkey. This event mobilized Turkish Kurds and focused worldwide attention on the plight of the Kurds not just in Iraq but in all the surrounding countries, but especially in Turkey.

The Kurds are just one such fissure in the Middle East. Sunni-Shiite, Berber-Arab, Arab-Christian black African, Persian-Azerbaijani, Turkmen-Persian, and Israeli Jews-Palestinian are just some of the many divisions that run through the states of the region. Nationalism is not a new idea. The desire of many minorities to rule themselves and benefit from the trappings of being an independent state in not new either. Although nationalist movements among minorities may emerge even when the "minority is happy," the current upsurge has a direct connection to the fact that states facing revolts have throughout their modern history attempted to forcibly construct modern monoethnic units and engage in state-led economic development. What is also different about this recent upsurge in nationalism is that for the first time since Wilsonianism there is again a general recognition that the third and second world variants of the modern nation state has failed its minorities: it has brought them neither freedom nor prosperity.

Augustus Richard Norton and Robin Wright, "The Post-Peace Crisis in the Middle East," Survival 36:4, (Winter 1994-95), p. 8.

Preferring democratic solutions to problems of ethnicity, the US and the West in general have, even in the most egregious cases of discrimination, discouraged secessionist movements. For the West, one of the main impediments to the break up of states in the past was their geopolitical consequences for the Cold War balance of power. Hence, at the peak of the superpower rivalry it would have been almost unimaginable that either side would have consented to the independence of Eritrea, yet this has occurred. Therefore, resistance to self-determination has diminished somewhat and it is difficult to imagine active opposition by the US or its Western allies to a peaceful separation of ethnic and religious groups in a post-Saddam Iraq. There are instances when, as Michael Lind observes, the goals of promoting democracy and preserving a multiethnic entity cannot be reconciled. As a result, pressure within the democratic countries to minimize dealings with those who oppress their minorities will continue to build. Sanctions on South Africa were crucial in inducing first members of the business community and later others to consider alternatives.

This is not to say that there will be an upsurge of support for ethnic movements seeking autonomy, devolution or even independence. What is suggested, however, is that unless multiethnic states do a better job of caring for their minorities, rebellions and civil disobedience movements will have a greater chance of attracting international support than ever before. The Middle East, already the cauldron of many such conflicts, will not be an exception to this trend.

II. THE GEOPOLITICAL TRANSFORMATION

In this section we will take up three separate issues relating to the geopolitical transformation. The first is the changing map of the region and the entry of new actors onto the scene. These include both the new states of the Caucasus and Central Asia as well as Russia. Second, the impact of the Arab Israeli peace process, which received a significant boost from the Gulf War. The war itself would not have been possible but for the fact that the end game was being played out in the Soviet Union. Finally, the Middle East's relationship with the West in general will be explored especially in light of the conceptual changes outlined above.

The New Map of the Middle East

Where does the Middle East begin and end? The sudden appearance of a series of new Muslim states, such as Azerbaijan, Turkmenistan, Kazakhstan, Uzbekistan, Tajikistan and

Michael Lind, "In Defense of Liberal Nationalism," Foreign Affairs 73: 3 (May/June 1994), p. 96.

Kyrgyzstan, which share many of the characteristics of Middle Eastern states including rich deposits of oil and gas, has for some expanded the boundaries of the region further eastward. Despite their strong resemblance to Middle Eastern societies, these formerly Soviet republics have strong colonial-type bonds that attach them to Russia. For the latter, these are part of its "near abroad," areas that are integral to Russia's sphere of influence. Until their political and economic fates are disentangled from that of Russia's, these new republics will remain on the sidelines of the Middle East unable to make a significant mark on this region's economic and political life. Still, their presence has had an indirect impact on the region as exemplified by Turkey and Saudi Arabia's mobilization of resources to abate Iranian influence following their independence. In other words, they will gain in importance as Middle Eastern dynamics get exported to them.

On the other hand, the vast oil and gas deposits believed to be under the Caspian Sea and the adjoining Central Asian states will have a direct impact on the oil exporting states of the Middle East. Once the transportation problems are resolved, the Caspian Sea "could become the West's second largest supplier of oil and natural gas, reducing reliance on the Persian Gulf." By one estimate alone, the Kazakh portion of the Caspian Sea may contain as much as 3.55 billion tonnes of oil and 2.53 trillion cubic meters of gas. With the dissolution of the Soviet Union, the oil and gas resources of this region have been made accessible to Western firms and capital which, with their superior technology, can dramatically increase the production level. Considering the fact that oil prices have remained relatively stable despite the sanctions on Iraq, which prevent this country from exporting its share of the oil, any significant increase in oil supplies in the medium turn is bound to push prices lower.

It is Russia's relationship with Iran and Turkey that has undergone the most fundamental change in the post-Cold War era. The Soviet Union used to border both Turkey and Iran. The new physical distance between the Russian heartland and the Middle East is presently reinforced by other Russian concerns. Despite its imposing military presence in the Caucasus and its defense agreement with Turkmenistan, Russia has been distracted from direct engagement in Middle Eastern affairs by the need to reestablish its influence over the former republics, ethnic conflicts within its own boundaries as well as in its former territories, and its

⁶For a redefinition of the Middle East see Bernard Lewis, *Rethinking the Middle East* Foreign Affairs 71:4 (Fall 1992).

^{&#}x27;Steve LeVine, "Way Sought for Pipeline to Bypass Russia," New York Times September 9, 1995.

Paul Thomas, "Kazakhstan sells its silver," The Financial Times Energy Economist, June 1995.

desire to maintain some control over the extraction and distribution of natural resources, primarily oil and gas.

In both Iran and Turkey, Russia has discovered serious competitors for primarily economic but also political influence in Central Asia and the Caucasus. In what has become a three-way competition for these newly emerging countries, Russia, while holding most of the cards, still suffers from disadvantages primarily emanating from its economic difficulties. Nevertheless, Russian perception of potential pan-Turkic influence throughout the region has encouraged it to confront Turkish attempts at parlaying its Western connections and cultural ties to Central Asia. Ironically, the once atheist and now would-be Orthodox Russia has more in common with the Islamic Republic of Iran than with a secular Turkey. Iran harbors its own suspicions regarding Turkish efforts at establishing close links with Baku because it has always feared a resurgence of pan-Turkish irredentist or separatist movements among its own Azeri population. Both Russia and Iran have quite successfully used the Kurdish card against Turkey which is facing the most widespread and effective Kurdish rebellion of its modern history.

It is, however, over the construction of gas and oil pipelines that the Russian-Turkish competition in particular has assumed its most visible form. Russia, which provides the primary outlet to markets for Azeri, Kazakh and Turkmen oil and gas, has sought to maintain this exclusive role for both economic and strategic reasons. Because Azerbaijan, Kazakhstan, and Turkmenistan have staked their economic futures on the expansion of their natural gas and oil exports, control over the distribution routes allows Moscow to exercise significant political influence over them and thus maintain its predominant position in the area. Facing its own economic difficulties at home, the Russian leadership has also sought to maximize the revenues it derives from transit fees. Whereas Russia has insisted that Azeri and Kazakh oil be transported to the port of Novorossiysk on the Black Sea, to be then loaded onto tankers. Turkey has been equally forceful in advocating that pipelines be built to transport oil to its Mediterranean port of Ceyhan where already existing loading facilities can easily be upgraded. This tug of war between the two countries has effectively curtailed the further expansion of extraction capabilities as evidenced by Chevron's decision to scale down its mammoth Tengiz project in Kazakhstan.

Moscow, accustomed to attaining its objectives with little effort, must now engage in diplomacy to ensure that lucrative oil and gas pipelines traverse its territory rather than neighbors'. But when diplomacy failed in achieving its aims, Russia has not hesitated to employ intemperate methods such as meddling in the domestic affairs of these "new" countries. The most often quoted example is the presumed Russian involvement in the overthrow of the pro-Turkish Azeri leader Elchibey in 1993. However, Russia's diminished post-Cold War

status can be seen in the fact that it has joined hands with Iran to force Turkmenistan.

Azerbaijan, and Kazakhstan to accede to its wishes over the division of the spoils of the Caspian Sea. Russians have marshaled all their capabilities, including the threat to close off the Volga river to shipping to and from Turkmenistan, to convince the latter to go along with their proposal. Prior to the dissolution of the USSR, the Caspian Sea was a virtual Soviet lake with Iran unable to exercise any say in its management.

The nature of the Russian role in the Middle East in general has also undergone a dramatic transformation in line with its change of status. Russia's interests have to reflect the fact that it no longer is a revisionist superpower; it nonetheless remains a great power with diversified interests. Instead of constantly interfering with US objectives, Russia is seeking to carve a niche for itself based on past clients, which will continue to procure Russian armaments, and on new markets where it can peddle its military wares. The current US-Iranian discord, therefore, serves Russia's interests well because it effectively detaches Iran from Western arms markets. Moscow's decision to sell three Kilo-class submarines to Tehran followed by the announcement that it would help build two nuclear reactors led to friction with the United States. Its dealings with Iran and resistance to US pressures to refrain from transferring nuclear technology to that country are a reflection of the desperate need for foreign currency.

For Iran, its rapprochement with Moscow may be more geopolitically significant. While Russia has abandoned the mantle of revisionism, it is Iran that has picked it up. Iran does not represent a strategic threat to the US of the kind represented by the USSR. Still, Tehran has paid a price for its behavior. As part of the "dual containment" strategy, the US has tried to block Iranian access to technology and capital. In one of the more important defeats for the Iranians, the Azeris revoked Iran's 5 percent share in the Caspian oil consortium giving it to Turkey instead. Despite the historical and ideological distrust, Iran's tactical moves in the Caspian in support of the Russian position and purchase of arms may in the future become a strategic choice.

[&]quot;In the Caspian Sea, the Russians have pushed for a "condominium approach" which transforms the sea, with the exception of a narrow coastal band, into an area for joint exploration and exploitation among the littoral states thereby giving, in theory, each of the states a veto right. This is opposed by Azerbaijan and Kazakhstan which have sought to divide the sea along coastal territorial lines.

Author interview with high ranking foreign ministry official, Ashgabad, June 7, 1995.

[&]quot;Repeated US attempts to get Moscow to cancel the nuclear reactor deal have come to naught. The Russians, however, conceded to US concerns by "canceling" the sale of gas centrifuges to Iran. It is not clear whether the Russians ever intended to sell the centrifuges in the first place.

Moscow's divergent approach to Baghdad is fueled by commercial and strategic concerns. Iraq owes Russia a sum variously estimated at between \$7 and \$10 billion which Iraq can only begin to start paying back if it were allowed to resume pumping oil. A rehabilitated Iraq is a vast potential market for Russian arms. Iraq's past reliance on Soviet arms. Russian efforts to have the UN lift the oil embargo, its influence on the present Iraqi leadership as when it convinced the latter to recognize Kuwait's borders and, thereby, comply with one of the UN's provisions, are both indicators and expectations of a significant future Russian role in Iraq. In fact, some have even suggested that Iraq represents "Russia's road back to greatness" because it could provide it with a say in the oil market, since combined Russian and Iraqi oil production surpasses that of the Gulf countries. In view of the US's opposition to the present regime in Iraq, how successful would Russian entreaties be in a post-Saddam Iraq?

Beyond obvious commercial ties, does Russia have genuine interests in such areas as the Persian Gulf or the eastern Mediterranean?¹³ At first glance there are none. Russia has concrete concerns regarding Turkish, Iranian, and even Western attempts at penetrating Central Asian markets and accessing its resource base. There remains, however, an element of superpower temptation, that is more the result of a peculiar domestic political constellation linking the extreme right wing with communist nostalgists that has succeeded in putting the Yeltsin regime on the defensive. For Yeltsin and the reformers the choice is clear: the exercise of raw power in pursuit of more influence will not alleviate the pain of transition to a market economy. In the longer run, Russian interest in the Persian Gulf may become the function of its own dwindling energy supplies. Lukhoil, the state-owned oil company, has aggressively pursued opportunities not only in its own backyard, composed of the Caucasus and Central Asia, but also in Iraq. As a result, Russian policy in the Middle East will increasingly assume the attributes of the astute state policy making, in contrast to its hegemonic formulation in the 'near abroad.'

There are other more subtle issues that result from Russian weakness. Although a majority of the Soviet Union's Muslim populations no longer live within Russia's borders, there are still significant Muslim minorities in Chechnya, Dagestan, and Tatarstan to name a few. The conflict in Chechnya has demonstrated the tenuousness of the coexistence of these

¹²See for instance Ragheda Dergham in al-Hayat reprinted in Mideast Mirror, December 16, 1994, pp. 21-22.

¹³Moscow signed military cooperation agreements with both the UAE and Kuwait in 1993 with the expectation that these will generate purchases of Russian military equipment, Alvin Z. Rubinstein, "Moscow and the Gulf War: Decisions and Consequences," International Journal 49 (Spring 1994), p. 320.

populations. Moscow has succeeded in blunting criticism from Muslim countries for its support for the Serbs in former Yugoslavia and, more recently, over its conduct in Chechnya. In effect, Iran, potentially the most vocal of the critics, was silenced through the sale of nuclear reactors and resistance to US pressure to forgo the deal. Russia's success in deflecting Muslim criticism, especially after the destruction of Grozny, is all the more extraordinary in view of the bad press the West and the US in particular have received over Bosnia. Moscow may need Muslim quiescence in the future since its domestic problems with its Muslim minorities may gather steam.

Ironically, it is the Arab conviction that Russia is a much diminished and, perhaps, inconsequential power compared to the US that is the most damaging to Russia's future aspirations. Lamenting the fact that Arab leaders constantly harp on Russia's subservience to the US, Russian Deputy Foreign Minister, Viktor Posuvalyuk, argued in an article in the pan-Arab-daily, al-Hayat, that Arabs did not appreciate the extent to which Moscow's policy was indifferent and even in opposition to that of the US. From his perspective the problem lies in the fact that the Arab media and leaders perceive the world through a "Western" prism, which, in turn, leads to the neglect of Russia by Arab commercial and investment interests. This also explains why Russia's commercial and other relations with the West and Israel have grown so much faster. 15

Russian protestations to the contrary, the fact remains that in the post-Cold War environment in the Middle East, Moscow has become largely irrelevant to the calculations of the regional actors. In the discussions on the future of Iraq, for instance, there is almost no mention in the Arab press of Russian preferences and possible influence. Similarly, with respect to the peace process, the Russian role is ceremonial at best. In effect, the regional actors behave as if there is only one relevant external power: the US. All dialogue, irrespective of its friendly or hostile content, is with the US. If, in the eyes of primarily Arab powers, there is a constellation of powers looming on the horizon that can challenge the US it is located in Europe and not in Russia. For Arab countries, in particular the Gulf states, Iranian purchases of Russian arms further solidify their links to Washington.

[&]quot;Turkey, which has a small Chechen and a significantly larger and politically relevant Bosnian minority, was sidelined by Russia which used the Kurdish card with great effectiveness. Moscow's political skillfulness can be evidenced by the fact that two Turkish firms, ENKA and GAMA, were awarded a sizable contract to rebuild Grozny, Hurriyet, September 7, 1995.

¹⁵ Mideast Mirror, June 13, 1995, pp. 15-17.

The Gulf War and Arab-Israeli Rapprochement

A far more significant result of the collapse of the Soviet Union is the arduous peace process between Israelis and Arabs. The process was put into motion by the Gulf War because "with Iraq's defeat the regional military trend toward any viable Arab 'peace through strength' strategy was smashed" and with it any illusion of Arab unity was put to rest. The Gulf War underscored the importance of individual state and regime interests in the Middle East as opposed to the more amorphous notion of a larger community. Michael Barnett argues this "new realism" has allowed individual states to identify security threats directed at them and show greater interest in sub-regional blocs, such as the Arab Mahgreb Union or the Gulf Cooperation Council. 17

The Madrid Conference convened by the US and the Soviet Union designed to start the process of reconciliation between Arabs and Israelis proved to be the last joint accomplishment of the superpowers in this region as they both delivered their client states and groups to the negotiating table. Although it floundered at the beginning, the US assumed the leadership from that point onwards and helped the process along. Even if the Oslo talks that culminated in the Israeli-Palestinian breakthrough occurred without a direct US involvement, it is the "new realism" hastened by the end of the Cold War that made this development possible.

The Palestinians on their part inadvertently provided an important impetus to the peace process by publicly backing Saddam Hussein. Because so much of the belief in Arab solidarity had been constructed around their cause, Palestinian support for Iraq drove home the reality that states in the region were alone to fend for themselves. As a result, Palestinians found themselves exposed and abandoned at the end the Gulf war by many of the states that had championed their causes over the years. The weakening of the Palestinian position both within and outside the Arab world provided a strategic window of opportunity to Israelis who had elected a more pragmatic leadership to replace the ideological one represented by the Likud. The regional realignment that characterized the period during and following the Gulf war would perhaps have been possible without the beginning of the collapse of the Soviet Union. Nonetheless it was certainly helped by the fact that the Soviet leadership was far too distracted by rapid internal developments to adequately focus on the longer term consequences of the

¹⁶Richard K. Herrmann, "The Middle East and the New World Order," International Security 16:2 (Fall 1991), p. 56.

[&]quot;Michael Barnett, "From Community to the New Realism: The Elusive Search for Regional Order in the Middle East," in Arab-American Relations: A New Beginning? (Washington DC: Foundation on Democratization and Political Change in the Middle East, 1995), pp. 27-28.

crisis in the Gulf. Gorbachev's last minute briksmanship to find Saddam a face saving formula for exiting Kuwait failed.

Both the Gulf War and peace process have allowed the US to implant itself concretely in the Middle East and the Gulf. Ironically, the US succeeded in doing so not because it wanted to but rather because it beat a hasty retreat after the end of the war. The fact that 500,000 troops were withdrawn as fast as they were convinced the Gulf Arab countries that the US was not interested in a long-term and substantial presence in the region. As a result, the Gulf countries are more comfortable with the US presence there, a fact which has made the US the predominant power in the Gulf and beyond.

Intra-Regional Politics

The end of the Cold War has also transformed intra-regional relations. In tandem with the peace process, the change in the geopolitical make up of the world has made Israel an integral part of the region — not just as an adversary but also a economic and strategic partner. More time is needed for the residual hostility to Israel in the region to disappear and, thus, achieve a degree of normalcy. Some changes in regional alliances are already evident. Turkish attempts at improving relations with Israel after years of neglect by Ankara, the emergence of a Jerusalem-Amman axis with its possible extension to the Palestinians and even beyond, and the intensification of economic ties between Morocco, Tunisia, Israel and other more reform minded states are all representative of an emerging new regional order.

It is Egypt which has had the greatest difficulty in adapting to the changes in its environment. By virtue of its peace treaty with Israel, it had played a critical role in US calculations in the region. Long accustomed to being the center of the Arab world even when at odds with it, Egypt has perceived a degeneration in its regional position with the advent of peace in the Middle East and the absence of the menacing Soviet colossus. The resulting possible loss of US political and economic support, which had hitherto provided an infusion of much needed aid, culminated in an odd spectacle in the fall and winter 1994-1995. In part responding to genuine and long-held security concerns and positions, Egypt took a strong public stand against the extension of the non-Proliferation Treaty (NPT) at the United Nations, which has ignored Israel's nuclear program not under NPT supervision. By rallying other Arab countries behind it, Cairo sought to demonstrate to those in and outside the region of the critical role it could still play. The problem for the regime in Egypt was that it chose an issue that it could not parlay beyond the immediate region. The other occurrence that underscored the underlying insecurity with which the Egyptian leadership approaches relations with the US was the almost hysterical reaction generated in the Cairo press by a few articles critical of

Egypt that appeared in the US press. Interpreting these articles as part of an orchestrated attack on Egypt's importance and, therefore, the beginning of a cutback in assistance, the Egyptian press managed to create a veritable crisis in the perceptions of the Egyptian-US relationship.

Despite Egyptian doubts, the US relationship with Egypt is unlikely to experience a change in intensity, but perhaps will in its direction. Stability in the Middle East is still a critical US concern and goal. In this respect, Egypt's own domestic stability, because of that country's historical role in the Arab world and the fact that it is its most populous one, is linked to the overall stability of the region.¹⁸

Although it is difficult to discern any meaningful signs of unity among Arab states, the same cannot be said of pan-Arabism. As much as the end of this movement has been heralded, it would be wrong to assume that the "new realism" of the Arab states has obviated the appeal of pan-Arab causes. Whether it can exist as a constructive force — in the context of a democratic revolution within the Arab world — devoted to region-wide cooperation on issues of economic, social and environmental concerns, as Rami Khouri envisages it, remains to be seen. On the other hand, as the early days of the Gulf crisis and Egypt's stance on the NPT demonstrated for brief periods of time, pan-Arabism is still capable of reemerging in its "anti-Western and reactionary" formulation although its security implications would be severely diminished.

Clearly, pan-Arabism can stage a comeback if the peace process between Arabs and Israelis were to seriously falter. There are other potential issues that could trigger such a revival: Arab uncertainty regarding the future role of Turkey and specifically concern about the dispute over the waters of the Euphrates and the Tigris is one possible source of future conflict. In recent times, Syria and Iraq, while bitter ideological enemies and fierce competitors in the Arab world, have succeeded in joining diplomatic forces over their respective quarrels with Turkey.

III. IMPACT ON DOMESTIC POLITICS

It is the traditional rejectionist front that has suffered the most from the demise of the Soviet Union. The decline of regimes and groups associated with the Soviet Union has created an ideological vacuum. With previously anti-American regimes collaborating with the West,

¹⁸In the atmosphere of hysteria unleashed in Cairo few noticed the importance of this aspect of the relationship. For an exception please see Osama Saraya, "The future of the America Aid to Egypt," al-Ahram November 28, 1994 reprinted in Mideast Mirror, same date, pp. 14-16.

¹⁹Rami Khouri, "Pan-Arab Nationalism: Is it Dying or Being Born?" in *Jordan Times*, reprinted in Mideast Mirror, December 14, 1993, pp. 23-25.

the PLO engaging in peace talks with Israel, it is Islamic extremists who have attempted to fill the ideological vacuum as the new revisionists. The stage had been previously set by the 1979 Iranian revolution. The strongest opposition to status quo regimes such as those of Egypt and Tunisia or radical ones such as Algeria and even the PLO comes from Islamists.

The Islamist challenge is primarily one directed at the regimes themselves. They criticize not only the regimes' lack of religiosity but also their corruption. These radical Islamist movements are fundamentally the product of dire economic circumstances that are unlikely to change for the better in the short term. The exigencies of the new economic reforms and changes conditioned by the need to participate in international markets will disproportionately fall on those who can least afford it. It is primarily the regimes, both status-quo oriented and radical ones, that are to blame for the economic hardships that fuel the discontent. For Islamists, therefore, the primary aim is not the West, but rather the ruling regimes themselves. The Islamicists' anger will not turn against the West until they perceive the latter as directly implicated in what they perceive to be an attempt at blocking their political progress.

The future struggle in the Middle East will be internally generated. In effect, with the end of the Cold War the source of instability has shifted inwards from outside the state boundaries. Anti-regime Islamist groups are not new to the region. After all, the Muslim Brotherhood in Egypt has been in existence for the better part of this century. What is new is the fact that the Islamist groups have de facto inherited the mantle of the real and genuine opposition. It is unlikely that the traditional methods of repression that have served Middle East rulers will ensure political stability.

The rise of what, in the West, is perceived to be an "undemocratic" Islamist opposition creates a quandary for the outside powers willing to foster the development of pluralist institutions. While the Cold War provided the fig leaf necessary to support undemocratic and sometimes brutal regimes in the name of combating communism, the demise of the Soviets has blown this cover away. Hence, Western states face an unsavory choice: to push for political liberalization in states where regimes have little legitimacy and increase the likelihood of Islamic opposition groups gaining ground, or even power. The sensitivity of the regimes to criticism can be seen in the Egyptian Minister of the Interior's accusations that Western governments and human rights organizations are supporting "terrorists" in both Egypt and Algeria. The quandary is accentuated for countries such as France that harbor so many residents of Middle Eastern origin because of the potential for the spread such opposition on their own soil.

³⁹Interview with Hassan al-Alfi, al-Hayat, reprinted in the Mideast Mirror, February 10, 1995, pp. 17-18.

In this respect Algeria may prove to be the critical arena where the future course of Western-Islamic relations is defined. French and, to a lesser extent, other Western support for the Algerian state was predicated on the belief that the Islamicist party, the FIS, would have undermined not just Western interests had it been allowed to assume power following a second, but canceled, round of elections, but that the demonstration effect from such a victory could have spread all along North Africa and beyond. The French were also concerned by the potential influx of refugees fleeing an Islamic Algeria. As Ghassan Salamé argues, the panicky European reaction to events in Algeria is not only driven by the fear of terrorism on their soil — not an unreasonable fear in view of the wave of bombings that hit France in late summer 1995 — but also by a political culture less accommodating of religious politics.²¹

Should the present regime succumb to the FIS, then, in view of the determined French support for it, a new regime is likely to be bitterly hostile to its neighbor(s) across the Mediterranean. Algerian-French relations could resemble those between the US and Iran. It is then that the perception of engaging in a cultural conflict, or "clashes of civilizations" as Samuel Huntington has characterized the state of affairs between the new East and West, could become real.²²

From the perspective of domestic politics, the demise of the Soviet Union had the most direct impact on Israel, Israeli society had to absorb hundreds of thousands of Soviet Jews in a record amount of time. This influx not only provided a dose of self-confidence, but the newcomers with their more secular and less ideological perspective may have provided the Labor Party of Yitzhak Rabin with the necessary margin of victory in the 1992 elections. In turn, the Rabin government abandoned the hard line of the Likud in favor of a compromise with the Palestinians.

Conclusion

The Middle East in the aftermath of the Cold War, perhaps more so than any other part of the world, is entering a period of uncertainty. The external changes it is facing are only compounded by the vast transformation most of the societies in the region are undergoing. With few exceptions, most of the regimes are poorly equipped to confront this new challenge.

[&]quot;Ghassan Salamé, "Torn between the Atlantic and the Mediterranean: Europe and the Middle East in the Post-Cold War Era," Middle East Journal 48: 2 (Spring 1994), p. 239.

²²Samuel Huntington, "The Clash of Civilizations?" Foreign Affairs, 72:3 (Summer 1993). To some Islamists, such as the Egyptian writer, Fahmi Howeidi, Western support for the 1992 coup in Algeria is a continuation of the West's historical animosity towards Islam that dates back to the Crusades. In fact, he does see this conflict as a civilizational one, in al-Majalla, reprinted in Mideast Mirror, April 8, 1994.

While the Arab-Israeli peace process will undoubtedly provide a general sense of relief, it is the mounting pressures from domestic economic and political interests, as well as the burgeoning populations, that will drive the region's agenda. Unlike their counterparts in other regions of the world, many Middle Eastern regimes have yet to formulate a mission for themselves. In East Asia and Latin America the focus has for some time been on economic development. Western Europe's determination to build an economic and political union has not been distracted by the collapse of the Soviet Union: on the contrary, it has made the challenge simply more complex. In the southern cone of Latin America, Argentina, Brazil, Paraguay, and Uruguay have formed Mercosur, a common market, while Chile is aiming at joining NAFTA. Russia and the former Soviet republics have also, for the time being, decided to engage themselves in the process of internationalization and integration. With the exception of Turkey which would like to join the European Union and Israel which has fashioned free trade agreements with both the EU and the US, few Middle Eastern states have sought to conceptualize their role in the post-Cold War world.

There is the distinct possibility that faced with a challenge of integration with the rest of

²³Rami Khouri, "The Middle East, Russia and dreams of chocolate ducks," Jordan Times, December 21, 1993 reprinted in Mideast Mirror, December 21, 1993, p. 22. Khouri sees a parallel between the changes in the Middle East and those in the former Soviet bloc countries and argues that the politics of ethnicity, religion and tribalism serve as a substitute for the state that has failed people in the past.