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It is very humbling to follow a talk like that of Claudette Habesch who brings us really to what is happening on the ground. One feels very frivolous sitting in London making pontification about the situation when one hears what is happening on the ground. But that is exactly what I am going to do; I am going to be frivolous and pontificate because I think it is important to be able to look at things from different perspectives. When it comes to policy and its implementation, one must separate between the thinking process, the strategy behind what we do, the policy process, which is what politicians say and the actual implementation on the ground.

I think the discrepancy in this falls because of the dynamics. If we are sitting in a room like this we can evaluate the situation. The CEMOFPSC is a think tank, it is supposed to take a step back and see what the larger picture is, what is the meaning of the work that is done on the ground, etc. This process is quite dynamic. This process can change very quickly. We can have another meeting tomorrow and we can change perspective and we can change our strategy.

Once we influence policy makers and policy makers adopt some of the strategy that we have discussed, it becomes a bit more rigid, because once they pronounce it, it becomes a set policy and you cannot change everyday like the thinking process.

The most rigid part of the process is the implementation. Once you have a policy and you have a budget line and an implementation program and it is like 4 or 5 year-implementation program, it becomes very rigid and it takes a life of its own. So, in the meantime, if you have changed what you think and you have changed what you say, what you are doing on the ground is totally different from what you are saying and what you are thinking. This is the discrepancy that I think we have to bear in mind while doing work.

I think what Ms. Habesch said illustrates very much the problem because, what are we talking about in Palestine?, are we talking about a problem of education?, is this something that can be resolved by giving two or three more grants for education?, are we talking about a problem of resources?, or is this merely a kind of local anesthetic?, if you deal with it.

There is the larger picture of the conflict, if there is no economic crisis in Palestine as Mrs. Habesch said, the economy would take care of itself. It is a very dynamic economy; they also have a huge number of expatriates who will help. They do not need

our help. They do not need the assistance, or the charity that we give them. So, this is the difference between what is done on the ground and what the larger picture dictates. I think we have to bear the larger picture in mind, when we look at the Middle East.

Looking at the Middle East also from the perspective of Europe having a policy is not a luxury anymore. It is really something inevitable, even if we decide one day we want to ignore the region, we want to stop engagement or whatever, this in itself is a policy that will affect the developments on the ground as much as full engagement.

I think the best description that I can tell you, the image of why there is this interaction is inevitable is; if we go back to the early XIX century, there used to be something called the *Conseil Sanitaire* in the Mediterranean. This came after a realization that if there is cholera in Marseille, the cholera would spread to Barcelona and will spread to Turkey and will spread elsewhere. So they set up this quarantine stations. It is the first Euro-Mediterranean partnership, if you like. It is the antecedent of the Barcelona process. If there is a disease in one place in the region, the disease will spread and we have to deal with it because it is a common problem. Now, when we started thinking of the Mediterranean in the 1990's, we started thinking along the same lines but diseases were only considered to be in the South, not in the North. I think now it is too late to say that because it has spread to the North, as well, so it has become a common issue.

On the American side, they also started thinking of the region after the first Gulf War when President George Bush, the father, started talking about a *new world order* and resolving economic development issues as well as, political issues. Of course, the same subject of: gender, education, women, human rights, etc. came up in the global thinking on Millennium Development Goals, etc. I will not go into these details.

Then you have the shock that Mr. Lasquetty mentioned also, which is the realization of there is also terrorism involved, that we cannot ignore these problems because of the consequences; so you have September 11th and then you have the Iraq War, and you have a new type of thinking emerging because of September 11th and the Iraq war.

In the USA they created something called the *Middle East partnership Initiative* with also deal with the same issues: education, women, human rights, civil society, etc. You have the same themes recurring, but in different ways. Then you have something called the *Greater Middle East initiative*, in 2003 and the Europeans also created something called the *European Neighborhood Policy*, also in 2003. It's very interesting to note that, at the same time that the European Neighborhood Policy was created, (I will explain to you what the European Neighborhood Policy is); it also expressed in Spanish by Javier Solana, when he said that: the main point of the European Security is that Europe should be surrounded by a ring of well governed States. So, if Europe is surrounded by a ring of well governed States then, this will be the best thing for its security. So, the emphasis is not on economic development, is on governance issues. Influencing these countries through the neighborhood policy in acquiring some of the characteristics of good governance that Europe has created to develop the European *acquis* for the Eastern European States would be the way to promote Europe's security.

Why is this relevant to us here? It is relevant because a lot of this background thinking is behind the policies that generated the funding through which a lot of NGO do their work. That's how money comes from governments, from the European Commission, from USAID, etc. through certain strategies based on these thinking processes.

In 2003, in particular, we had a very good excuse to talk about these things very openly. Because, as you know, Europeans sometimes suffers from many complexes; they think

that they should be culturally sensitive, they should not impose their values, they should not be interventionist, they have to pay attention to the contexts, to the historical and cultural background, etc. There are all these excuses to not do anything. But in 2003 there was a report that came out, from UN Development Program and it was called *the Arab Human Developing Report* and this was written by Arabs. It was not written by UN experts from other countries. So because it was written by Arabs, it was politically correct to quote it, because you are quoting Arabs, you are not saying it yourself. This report was really very damaging about the region. It said that this region is one of the most underdevelopment in the world that it suffers from many deficits (freedom, development, education, gender, etc.). It gave up some very alarming statistics. For example, the whole of the Middle East, the whole of the Arab world, the MENA region, its whole GDP, was as much as Spain. So, Spain on its own is the equivalent of the whole production of the whole area, including the oil. That is number one. Number two; even that, it was highly dependent on oil, so growth figures and development were linearly correlated with the price of oil. Whenever there is an oil boom, things go up. So there is no real economy.

As Ms. Habesch mentioned a very serious problem; the high proportion of youth in the region, meant that if this issue are not resolved soon, they will become much bigger later. So the region in 2003 it was seen that if it does not produce 5 millions jobs a year by 2010, which is next year, then, things will become much worse. Just to go on a steady path of development is needed to produce that much. Most importantly the conclusions of the Arab Human Development Report was that the main problem was in governance, the freedom gap, that you cannot resolve economic issues without improving political ones.

Because this report came out at a time of the Iraq war and at a time when after September 11th, when people were thinking that this region is very dangerous, this region cannot be ignored, if we ignore it, it will blow up in our face, as we have seen. There was a kind of thinking that probably it is attributed to the neocoms in the States, but I think it was very wide spread, even among people in the region, that this region is sick. This region need complete overhaul, the comparisons were with Europe and Japan after the II World War, that it needs serious attention. That is were the question of governance came up and the regimes changed got associated with these issues. So aid programmes began to be associated with broader thinking about promoting radical change in the region.

The absurdity of it is that when you say: we want give grants to a woman from Gaza to go and study in Bethlehem; by association and because the funds may come from certain programmes then you are talking about a regime change. There is already an association between these policies, these sort of strategic thinking behind the aid and what happens on the ground and how it affects both the funds and the actions are received and how they are dispersed. For example, a lot of organizations in the region refuse funds from MEPI, from the Greater Middle East Initiative or USAID, because of this association, not because they don't want the money, because they are worried about the political implication of that. So giving a grant to someone like the student that Mrs. Habesh talked about, to go to study from Gaza to Bethlehem, is not as innocent as it looks, it is really, really serious if seen as part of a regional overhaul. The perspective on the ground looks like you are just helping a person, but on the higher level, the way it filters down is very explosive and very serious. I think this is where we have to think of what are the ideas behind the strategies at work in places like Europe and the United States and the donor community.

If we consider our way of thinking in 2003 the area needs complete regime change, complete overhaul. You do ctrl+alt+del start from scratch. What happened after that is that we changed the way we think, because there was an oil boom. The price of oil went up 150 dollars a barrel. The oil countries, Saudi Arabia in particular, and all these Gulf countries were a bit worried about their future. They saw what happened to Saddam, they imagined themselves falling like this and all the regimes in the region also felt the same, so they started working on their image, making things look better. Not making things better on the ground, but making them look better. The truth is they were successful because there was a perception that the oil boom of the mid 2004, 2005, 2006, was spent more cleverly than the previous oil boom of 1970's when the Princes were buying, pink villas in Los Angeles, or California, maseratis, etc. This time they were spending in Algeria, in Sudan, in Morocco, in Egypt, etc. They were investing a portion of that money in the region and there was a hope that this push will help bridge the gap and things will move into a better path. So the perception started changing, the idea was let's give these regimes another chance, they are not so bad. The alternative is much worse, so the regimes played on this; they promoted the idea that if for example you don't elect Gamal Mubarak, if he doesn't succeed his father then we are going to have the Muslim Brothers who will take over, you are going to have the whole region from Marrakech to Bangladesh becoming Taliban. So they played on these issues. We started moving away from the idea of governance and thinking more in terms of economic measures, local anesthetics and parching up the problems. Politics between since 2003 has taken a more realist turn, influenced by the worsening situation in Iraq.

One of the manifestations of this is the President Sarkozy's *Union for the Mediterranean*, which is a complete departure from the thinking of Barcelona or the Neighborhood Policy. The Union for the Mediterranean was: "let's forget about politics, let's forget about ideals and let's do business, let's construct roads, etc". If you look at it there is a very revealing picture of President Sarkozy in Paris during the opening of the Union for the Mediterranean Conference, surrounded by Gaddafi, by Mubarak, by Asad, by Ben Ali, etc. by all these leaders of a "ring of (not) well governed states" around Europe. This picture showed that we had forgotten about larger problem and we are now going towards a more realism in European strategies. It is the same thing happening in United States; democratization and governance budgets are being cut. In Europe they are also thinking in terms of slowing down on democratization issues and cutting budgets and they are beginning also to write papers about non interventionism and specificities of cultures, and all these excuses. We, i.e Europeans, cannot impose our values, we should be culturally sensitive. The question I ask is: ok, if you take all this things into account, if Saddam was still around, we would be discussing with him gradual democratization of Iraq and a program of promoting civil society, while taking into consideration historical specificity of the future of his boys and how he will run Iraq and all that?

Now, all of this is to lead to one question which I want throw on the table before I stop and it is, can we really separate between all these issues? If there are several deficits, such as: freedom, education, women empowerment and economical development, can we deal with one and forget about the others? And should do we in a, in a sense does this lead to any results in the region, in the long run?

One of the reasons for asking this question is that there is what professor Steven Heydemann describes as the emergence of something called "upgraded authoritarianism" in the region, where the regimes of the region have showed, at least on the surface, that they are displaying some characteristics that look good. So they do

privatization. They do liberalization of the economy. But the privatization of course, benefits all the cousins, and the husbands of the brother and the sister, etc. The telecoms of the region are a very good example; they show that they are developing civil society. If you look closer, you find that civil society is all sponsored by the wife of the dictator or the royal family of such a place, etc. In a sense, they are using, they are displaying improvement but it is really becoming much worse. They have turned the table around, they are using the European arguments to strengthen themselves while making things worse. At the same time, we are seeing that there is a new realism emerging in policy circles, the kind of thinking that says that we have to be culturally specific and we have to be careful, look at what happened in Iraq, look at what is happening in Palestine, maybe democracy is not such a good idea, maybe good governance in the future but these countries now maybe the status quo is best... . We are becoming more realistic, the money is been spent in a more realist policies and is it resolving the problem or is it making it worse? If bad governance is the problem then we are consolidating it and making things worse. The big question is, now that the big oil boom is finished, last year, how much of that gap is covered? I do not think that much of that gap is covered. It disappeared too quickly. The problems are still there but our thinking has changed. On the ground the programs are developing as though the oil boom years were still there and that the region was moving to a sustainable parth regardless of governance issues. I will leave it like that, as a question: are we making things worse?

Thank you.