

FROM CONFLICT TO COOPERATION

WRITING A NEW CHAPTER IN U.S.-ARAB RELATIONS

A Report of the CSIS Advisory Committee
on U.S. Policy in the Arab World

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Preface

CSIS convened this study group in early 2004 not because there were too few people examining U.S. policy in the Arab world, but because perhaps there were too many. A remarkable focus in recent years on discrete issues and immediate crises in the Arab world—from the Arab-Israeli conflict to Iraq to terrorism to reform—often meant that longer-term strategic issues were left unaddressed. Too often, the high level of activity served to mask the lack of an integrated vision for U.S. policy toward the region.

With this in mind, CSIS brought together a panel of former senior U.S. government officials, academics, and businesspeople to think in a more integrated way about what it is that the U.S. government does, and what it needs to do, to serve U.S. interests in the Arab world. Importantly, the committee also engaged in sustained dialogues with partners and potential partners in the Arab world, seeking to understand their perspectives and honing recommendations with their help. Our thinking was that if partnerships are needed—and we believe that they are if we are to reach our common goals of peace, stability, and growth—the process of dialogue with prospective partners needs to start early and be sustained. The committee also benefited from excellent suggestions from U.S. government officials, who welcomed both the approach and the preliminary recommendations.

CSIS is grateful to the members of the advisory committee for their service and to our partners and hosts in the Arab world for their many courtesies and their patience with our questions. CSIS Middle East Program coordinators Anna Mohrman and Kari Frame were indispensable to the project's successful conclusion, and former U.S. diplomat Robert Holley was very helpful shaping this project in its early phases.

The recommendations contained here reflect the broad consensus of our bipartisan commission, and not every member agrees with every single judgment or recommendation. They do, however, agree on the direction of the report and on the urgency of the challenges it seeks to address. We look forward to working with partners in the United States and the Arab world to begin to implement its recommendations.

Executive Summary

U.S.-Arab relations are at their lowest point in generations. We are facing unprecedented opposition in the region. The number of Arabs coming to the United States to study, do business, visit, or seek medical care is plummeting. Fear, anger, and frustration between Arabs and Americans are creating a dangerous trust gap that is growing wider every day.

Our commitment to reverse these trends is not driven by starry-eyed idealism, but rather a clear-eyed assessment that broken Arab-U.S. relations are a serious threat to the long-term security and interests of both sides. Over the last century, the United States has been drawn increasingly to the Arab world because of our critical interests in the region—from energy to commerce, from military facilities to Israeli security, from its centrality in the Islamic world to, most recently, its role in spawning terrorism that has threatened Arabs and non-Arabs alike.

As the Bush administration begins a new term, it faces two immediate challenges in the Middle East that are as daunting as they are urgent: Iraq and the Palestinian-Israeli conflict. If turmoil and violence continues unabated in Iraq, it will reinforce the voices of those who warn that the United States works for change in the Arab world and then leaves chaos in its wake. While we must not keep U.S. troops in Iraq indefinitely, we must remain until the country is stable, is able to defend itself, and is creating a national identity bolstered by inclusion, not undermined by sectarian turmoil.

The stakes are even higher with the Palestinian-Israeli conflict. Indeed, we predict that the recommendations that follow in this report will not succeed unless the United States shows active leadership in forging a comprehensive solution that creates a democratic, secure, state of Palestine alongside the democratic, secure, Jewish state of Israel.

Yet, even achieving these historic feats is not enough to protect our country's security and interests. We face a multitude of long-term challenges in the region, none of which can be relegated to the sidelines until the immediate crises in Iraq and the Middle East are resolved.

With that in mind, the Center for Strategic and International Studies (CSIS) launched a project one year ago to reexamine U.S. policies and relationships in the Arab world. We brought together a bipartisan advisory committee comprising distinguished U.S. experts, led by former U.S. secretary of defense William Cohen. In this report, we tried to go beyond the Arab-Israeli conflict, beyond short-term fixes or general recommendations, beyond a focus on governments, and beyond the views only of Americans. In fact, what most set this process apart was that CSIS sought strong input from potential Arab partners as well as from American experts.

Too often, U.S. policymakers have talked past their Arab counterparts, failing to adequately listen to them, let alone learn from them.

Understanding Arab Leaders and Their Citizens

Last March, CSIS project leaders traveled for three weeks to Morocco, Egypt, Jordan, Lebanon, Syria, the United Arab Emirates (UAE), and Saudi Arabia to interview nearly 200 Arab opinion leaders, including government officials, journalists, and young leaders. Despite their many differences, they voiced common views about U.S.-Arab relations and common fears and dreams about their own futures.

Frustration and Anger over U.S. Actions in Regional Conflicts

In the last few years, U.S. inactions and actions in the Palestinian-Israeli conflict and Iraq have cast a long shadow of suspicion over all American efforts. Arab leaders from every sector warned us that unless the United States actively and visibly reengaged in the Middle East peace process, every goal our country pursued in the region would be suspect. Those we interviewed saw little chance that Iraq could become an inspiration to the region. Instead, getting Iraq right was a necessary, but insufficient, step in rebuilding U.S. credibility in the Arab world.

A Matter of Style or Substance? How Arab Leaders Perceive the United States

An overwhelming number of leaders we talked to believed that the United States is engaged in a war with the Arab world or Islam itself and that our government has not successfully challenged that perception. They also complained that the United States appears to have abandoned its commitment to consistent principles and justice in the Arab world, thereby diminishing its credibility as an “honest broker” in the region. Finally, many of those we surveyed lamented that the United States is “not in listening mode,” as one official phrased it, and instead simply issues orders for the rest of the world to follow.

Moving beyond Security

How do we balance a relationship built on security with a diplomatic partnership focusing on a broad array of political, economic, and social goals? Increasingly, Arab government leaders and citizens are speaking openly and even enthusiastically about reform, but there is little agreement on what reforms are needed and how to pursue them. Despite some discomfort with conditionality, many Arab leaders we spoke to recognized that setting mutually agreed upon goals, objectives, and time lines could be a real incentive to reform in the region.

In examining the results of these interviews with Arab opinion leaders, we realized we also wanted to understand more about the attitudes Arab citizens hold toward the United States and our potential to improve them. We teamed up with

Zogby International, which conducted a poll of more than 3,000 Arabs living in Morocco, Saudi Arabia, Jordan, Lebanon, the UAE, and Egypt. Some of its key findings follow.

Souring Arab Attitudes Are a Reaction to U.S. Policies—Not Values and Products

In five of the six countries measured, unfavorable views of the United States have increased among Arabs over the past two years, especially in some of our closest allies in the region: Morocco, Jordan, and Egypt. In shaping their attitudes, respondents in most countries surveyed believed that our policies were twice as important in shaping their attitudes as our values and products. In fact, large percentages of Arabs surveyed still have relatively positive feelings about our science, democracy, people, education, movies, television, and products. Respondents did see a role for U.S. assistance, but they said they would rather have help from Americans in solving the Arab-Israeli conflict or improving their employment, education, and health care than helping foster political reforms.

Arabs with Direct Exposure to the United States Have a More Favorable Impression

Large numbers of Arabs surveyed would like to visit the United States and know Americans, including about 60 percent of Moroccans, Jordanians, and Lebanese. Those who have had such exposure give the United States higher overall ratings, especially of our values, people, and products. For those who have not been to the United States or met Americans, the Arab media is their main source of information about this country, with American culture not far behind. Overall, watching American television has a positive impact on attitudes about U.S. science, freedom, people, entertainment, products, and education.



Guided by both our research in the region and our discussions in Washington, we concluded that securing U.S. interests will require two mutually reinforcing approaches: creating stronger bilateral partnerships with Arab governments; and making sustained investments in the next generation of Arab leaders and citizens. Neither strategy is sufficient without the other.

The Role of Governments: The Arab Growth and Development Partnership Initiative

Improving Arab-American relations requires real partnership between our respective governments, something that has been noticeably absent for too long. Partnership is a two-way street; though this report focuses on the U.S. role, our recommendations will not be effective unless Arab governments also do their part. The list of steps we must take together is long—from fighting terror to embracing reform—but the status quo is no longer a viable option. Current Arab-American bilateral relationships—which are often adversarial, narrow in scope, and focused on short-term crises—are ill-equipped to protect either side’s interests.

We believe an Arab Growth and Development Partnership Initiative (Arab GDP Initiative) could help the United States and its prospective Arab partners to set and meet long-term objectives together. Focused solely on the Arab world, the initiative would tailor the right mix of strategies to every country’s needs, create a respectful and productive bilateral dialogue, and include real rewards for progress. At the heart of the Arab GDP Initiative is a belief in positive conditionality, whereby rewards are contingent on a country meeting defined, understandable, and reasonable requirements.

Advisory Board on Arab Growth and Development Funding

Political, economic, and social reforms, while often difficult in the short-term, are essential to long-term stability in the Arab world. Yet, right now, there is not a central initiative that is as ambitious as the challenges we face in the region. Instead, current U.S. efforts in Arab countries seem scattered across a range of programs, often putting them in conflict, if not actual competition, with one another.

We propose a Presidential Advisory Board on Arab Growth and Development to help determine and oversee the right package of trade, aid, debt relief, and other resources necessary to facilitate long-term improvements in the region. In forming the Advisory Board, the president should select six members, while the majority and minority leaders of the House of Representatives and Senate should appoint one each. The board should include members with a wide range of expertise in the Arab world, including development, trade, the private sector, and government.

The board should identify Arab GDP funding needs, paying attention to other international affairs priorities, appropriate criteria and means testing for assistance, the successes and failures of existing initiatives in the Middle East, and the models that have proven successful elsewhere. Appointees should make sure that the Arab GDP funding is driven primarily by the long-term goals of individual countries and insulated from the daily requirements of diplomacy.

Bilateral Task Forces

We propose that the U.S. government establish individual task forces to help guide bilateral relationships in the Arab world. To help inform future efforts, in the first year, the U.S. secretary of state would start by creating such task forces in five repre-

sentative Arab countries, including: Egypt and Saudi Arabia; a modernizing North African country; a small and forward-leaning country in the Gulf; and a country with which the United States has a difficult bilateral relationship, such as Libya.

Led by the State Department, the task forces would include U.S. members from all the relevant cabinet agencies, the ambassador, key embassy staff, top officials from the host government, and if possible, leaders of local nongovernmental organizations (NGOs). This group would create common goals across a wide number of sectors, with future levels of funding, trade, and debt relief dependent on reaching those benchmarks. No doubt, such conditionality is likely to provoke argument over whether the terms of an agreement have been met. But ignoring performance is even more problematic, since it would quickly turn incentives into entitlements and undermine the purpose and spirit of the Arab GDP Initiative.

Strengthening U.S. Personnel in the Field

Our ability to strengthen Arab-U.S. relationships will depend on the skills of U.S. personnel, especially our ambassadors and embassy staff in the field. We need to make sure our ambassadors in the region possess the diplomatic, cultural, and modern management skills to lead a broad range of U.S. and Arab officials in setting and meeting long-term goals together.

To ensure that the Foreign Service includes more officers who speak Arabic and understand the region, we must immediately bring in more mid-careerists and provide incentives for incoming junior officers to specialize in the Arab world. Finally, we must better train the increasing number of staff in the Middle East from the U.S. Agency for International Development (USAID) and other agencies, including the Departments of Defense, Treasury, Homeland Security, and Justice.

Investing in the Next Generation of Arab Leaders

While improving our bilateral relations with Arab governments is critical, relationships between individual Arabs and Americans are perhaps the most powerful tool to protect our long-term interests. With the current generation of leaders quickly exiting the stage in the Arab world, we have done far too little to reach out to their successors. In the aftermath of 9/11, fewer Arab students, tourists, and businesspeople are spending time in the United States. Moreover, for those who are staying home, our other public diplomacy efforts have failed to change many hearts or minds.

These are all ominous signs. We are currently reaping the rewards of investments we made in Arab people and institutions during the 1960s, 1970s, and 1980s; the costs of today's alienation may not be felt fully for decades. There is no one quick or easy solution. Fully reversing these trends will require using all the facets of public diplomacy—from exchanges to support for civil society—to make a serious long-term investment in reaching the next generation of Arab leaders and citizens.

Increasing Educational Exchanges

After 9/11, the United States made changes to its visa policies that are decreasing the educational exchanges with the Arab world that have built and sustained relationships between our citizens, leaders, and countries for decades. Many Arab students have been scared off by the horror stories they have heard about visa problems. Some are being lured to the United Kingdom, Canada, Australia, or other places promising a more hospitable atmosphere. Still others have heard rumors about anti-Muslim or anti-Arab sentiments in the United States. If the number of exchange students from the Arab world continues to drop, it could have serious consequences for our goals and relationships in the region for generations.

It is not enough to just regain the ground we lost. We believe we must dramatically increase the number of young Arabs who study in the United States, including those who are not from elite backgrounds. Meeting this challenge in the current climate will not be easy, but it is urgent. Therefore, we call on President Bush and congressional leaders to appoint a high-level commission to investigate the roadblocks keeping students, especially young Arabs, from studying in the United States. The commission should include members with experience in law enforcement, intelligence, business, academia, and diplomacy. Within six months, the members should make recommendations about how we can protect ourselves from terrorism while increasing the number of Arab exchange students coming to the United States.

The Arab Partnership Foundation

If we are going to create sustained Arab-U.S. partnerships—leader to leader, citizen to citizen—we will need an organization viewed as separate from the U.S. government, with a deep understanding of the Arab people. For the last 150 years, the American people have spearheaded some of the most successful U.S. efforts in the Middle East, including relief organizations that care for the sick and universities that bring a first-class education and our country's values to young Arabs. Moreover, the U.S. government lacks credibility in Arab countries at the moment, sometimes making it difficult even for sympathetic organizations and individuals to work with us. Finally, our government, by its very design, is often unable to go beyond daily diplomatic pressures and adequately invest in the future.

We recommend that the U.S. government help establish the Arab Partnership Foundation (APF), a 509(a)(1) corporation to foster education, entrepreneurship, and reform among the next generation of Arab leaders. Modeled in part after the British Council and the Asia Foundation, it would depart from other quasi-governmental institutions that receive almost all of their operating budgets from the U.S. government. Instead, funding for APF would come not only from the U.S. government, but also from revenue created by the foundation's own programs and donations from multinational corporations, host and regional governments, and charitable foundations. The APF should grow slowly in the first years in order to make sure its programs are effective and received well by a region that is wary, if not hostile, to the United States.

The APF would lead a wide range of innovative activities. To foster cross-cultural understanding, it would bring 5,000 new Arab high-school students to the United States and teach American students about Arab and Muslim culture. To improve learning in the Arab world, the APF would teach 100,000 new Arab students English within five years and make Arabic translations of key English texts accessible to the public. To forge relationships among a cross section of Arabs and Americans, it would create an annual Arab-U.S. Forum for emerging leaders and organize reciprocal visits for journalists, religious leaders, business leaders, and others with common interests. To raise the voices of reformers, it would support NGOs and forward-thinking writers, academics, and other intellectuals. To help entrepreneurs at all levels, it would provide training in the areas needed to attract greater foreign investment and help poor women get the microcredit loans necessary to expand their small businesses and lift their families out of poverty.



Right now, a significant opportunity exists not only to make progress on the Middle East peace that has eluded us for generations, but also to look ahead at other critical challenges in the Arab world that lie beyond the horizon. In this report, we have chosen to spotlight the crisis in Arab-U.S. relations because we believe it is a serious threat to our security and interests. We have presented a variety of concrete recommendations because we believe we cannot afford to choose between addressing immediate and long-term needs in the region, between reaching out to governments or nongovernmental organizations, between focusing on leaders or their citizens.

We know we share a common future; what we do in the coming years and decades will determine if that future is characterized by conflict or cooperation. Protecting our security and our ever-increasing interests in the Arab world will require a new commitment from policymakers and citizens on both sides to build strong partnerships with one another. Will we continue to have major differences? Of course. But a century of polarization will serve neither Arabs nor Americans, while a relationship built on common goals and common ground has the potential to improve the fates of us all.

Introduction: A Moment of Opportunity

U.S. Security Depends on Stability in the Arab World

The Arab world is increasingly featured on the front pages of U.S. newspapers, at the top of this country's foreign policy agenda, and on the minds of Americans. In the wake of February's historic elections in Iraq, insurgents continue their attacks on soldiers and civilians alike. Oil prices soar. Lebanon's former prime minister is killed by a car bomb. Hopes for peace resurface in the Middle East. Not since the Truman administration has the United States been so deeply involved in such a broad swath of territory.

While Cold War competition focused attention on Arab countries from the 1950s to the 1980s, their importance did not fade after the fall of the Soviet Union. To the contrary, instability in the Middle East is one of the gravest threats facing our country at the beginning of the twenty-first century.

Over the last century, the United States has been drawn increasingly to the Arab world because of our wide range of critical interests in the region—from energy to military facilities to Israeli security. The Suez Canal continues to be a key channel for commerce, warships, and other vital cargo passing from the Mediterranean to the Red Sea and beyond. The Arab world is vital to global energy security, holding nearly 60 percent of the world's proven petroleum reserves and 30 percent of natural gas reserves. The safety of some of the United States' closest allies, including Egypt, Israel, Saudi Arabia, Jordan, and Morocco, depends on a stable region. As the core of the Islamic world, what happens in Arab countries sends ripples around the globe, affecting more than a billion people.

Most recently, the Arab world has been a primary source of terrorists—who attack the United States, defy borders and treaties, and help to fuel an extremist movement that is global in its scope, millennial in its aims, and deadly in its actions. These dangerous networks of non-state actors have both threatened our way of life and highlighted the inadequacy of our approach to the region.

There is a growing consensus that U.S. interests—and indeed, the American people—cannot be secured in the face of social and political turmoil in the Arab world that expresses itself as violence against Arabs and non-Arabs alike. This realization did not begin with the events of September 11, 2001, but the calls for

change, from both inside and outside the Arab world, have been growing in volume since that tragic day.

Immediate Challenges: Iraq and the Palestinian-Israeli Conflict

As the Bush administration begins a new term, it faces two immediate challenges in the Arab world that are as daunting as they are urgent: Iraq and the Arab-Israeli conflict. In the last few years, U.S. actions and inactions in these conflicts have cast a long shadow of suspicion over all U.S. efforts and motivations, making it more difficult for our country to achieve its goals in the region.

If Iraqis fail in their efforts to use the recent elections as a pivot point to decrease the turmoil and violence in that country, the consequences would be far worse than a missed opportunity. Such an outcome would reinforce the voices of those who warn that the United States works for change in the Arab world and then leaves chaos in its wake. Worse than failing to inspire regional democrats, it would undermine their efforts.

While U.S. troops should leave Iraq as soon as possible, they must remain until the country is stabilized, has the capacity to defend itself from internal threats, and is creating a political system that gives all groups a voice. This will require leadership not only from the United States, but also from other Arab governments in the region, who should help control Iraqi borders, train and support her security forces, and exert a constructive influence on key groups inside the country.

The stakes are even higher with the Palestinian-Israeli conflict. We predict that the recommendations that follow in this report—or any U.S. strategy toward the Arab world—will fall far short of their intended results unless the United States shows active leadership in forging a comprehensive solution that provides security for the Israelis and an independent state for the Palestinians.

Long-time students of the region will not be surprised that we found that the Palestinian issue is almost always the response Arab leaders and citizens give when asked to name both their top priorities and the biggest source of their frustration with the United States. However, peace is critical not only for the two parties, but also for the United States itself.

Ending the Palestinian-Israeli conflict could contribute to demilitarizing the Middle East, decreasing proliferation in the region, and enhancing energy security. It could protect a close ally and alleviate a persistent irritant in U.S. relations with Arab and Muslim communities around the globe. A Middle East plagued by anger, an ongoing arms race, extremist politics, and imbalanced economies is a region that is continually perched on the edge of crisis, so enmeshed in the past and terrorized by the present that it cannot begin to plan for the future. Arab-Israeli peace would help create a region that is more prosperous, more peaceful, and more in step with the rest of the world.

After an intifada that has claimed more than 4,000 Palestinian and Israeli lives, this is the most hopeful time for Middle East peace in many years. The rise of a new

Palestinian leadership that rejects violence and is committed to reaching a negotiated solution to the conflict represents a real opportunity. In the coming months, President Mahmoud Abbas will need to deliver by improving Palestinians' daily lives, securing additional Israeli troop withdrawals, and dismantling the terrorist infrastructure—and others must join him in achieving these goals.

Arab leaders and citizens cannot ask the United States to invest more in ending the Palestinian-Israeli conflict while simultaneously supporting groups working to undermine those efforts. Supporting, or even condoning, campaigns to dehumanize and target Israelis only weakens the Palestinian leadership. Instead, Arab leaders must marginalize extremists and give important support to a Palestinian leadership that is pursuing a negotiated, rather than a military, solution to this conflict. They must also move to revive the official, yet fragile, ties that they maintained with Israel in the 1990s. The recent decision by Jordan and Egypt to return their ambassadors to Israel is an important step forward.

The second reason for hope lies in Prime Minister Ariel Sharon's plan to withdraw from Gaza and the northern West Bank, thereby removing numerous flash points and giving the Palestinian Authority an opportunity to exercise its powers unencumbered. A successful withdrawal that improves the lives of Palestinians and Israelis alike could create momentum for future progress.

This new environment represents a real opportunity for U.S. leadership to make a difference. Such leadership has been a vital part of every Arab-Israeli peace agreement since the creation of Israel. After a first term characterized by only sporadic engagement in the Arab-Israeli conflict, the Bush administration has sent some positive signals during the early days of its second term. In his 2005 State of the Union Address, President Bush promised action, including \$350 million in assistance for the Palestinians. Upon confirmation, Secretary of State Condoleezza Rice quickly traveled to the Middle East and appointed a security coordinator for the region.

Though these steps are welcome, it will take far more for the United States to regain its status as an active and honest broker for peace in the Middle East. Sustained presidential engagement, significant political capital, and substantial financial resources will all be required. They must be directed toward creating an integrated strategy that strengthens pragmatic, moderate forces and moves toward a clearly articulated end goal of two secure and democratic states—Palestine and the Jewish state of Israel—living side by side in peace.

Achieving peace and stability in the Middle East and Iraq are the most critical and immediate steps the United States must take in the region. But as historic as these accomplishments would be, they, alone, are not sufficient to protect our country's long-term security and interests.

CSIS Looks Ahead: The Future of U.S.-Arab Relations

We face a multitude of long-term challenges in the Middle East region, none of which can be relegated to the sidelines until the immediate Palestinian-Israeli and Iraq crises are resolved. Over the next few decades, protecting our security and our ever-increasing interests in the Arab world will require a new commitment from policymakers and citizens on both sides to build strong partnerships with one another.

These partnerships are critical, but creating them has never been more difficult. Arab-American relations are at their lowest point in generations. Many Americans' anger at Arabs is unabated more than three years after 9/11. At the same time, anti-Americanism is rising at an alarming rate in Arab countries. Changes in visa policies and poor treatment of some Arabs in the United States have decreased the number of Arabs coming to the United States to study, do business, visit, and even seek medical care. Fear and frustration between Arabs and Americans are creating an ever-widening trust gap, posing a serious threat to each group's security and, ultimately, to our collective future.

Our commitment to reverse these trends is not driven by starry-eyed idealism, but rather a clear-eyed assessment that broken Arab-U.S. relations are a threat to the United States and its long-term interests. The United States can live without the affection of the Arab world. Yet an Arab world that is in constant turmoil and whose public opinion is unified in its hostility to the United States will increasingly undermine the security of the United States and her allies for decades to come, if we fail to act now.

With that in mind, the Center for Strategic and International Studies (CSIS) launched a project one year ago to reexamine U.S. policies and relationships in the Arab world. We brought together a bipartisan advisory committee of distinguished U.S. experts, including many former high-ranking government officials. Led by former U.S. secretary of defense William Cohen, the advisory committee helped shape the questions CSIS asked and the answers it found.

In writing this report, we tried to go beyond the normal scope of similar projects, beyond the Arab-Israeli conflict, beyond changes that must be made in the coming months and years, beyond general recommendations, beyond actions taken only by governments, and beyond the views of U.S. opinion leaders.

In fact, what most set this process apart from others was that CSIS sought significant input from potential Arab partners as well as from U.S. experts. Too often, U.S. policymakers have talked past their Arab counterparts, failing to listen to them carefully, let alone learn from them. The report that follows combines the insights of both Arabs and Americans, spotlighting the state of U.S.-Arab relations and the recommended steps we must take to improve them.

The first chapter summarizes what we learned about the attitudes of Arab leaders and citizens through extensive interviews and polling. The second chapter makes detailed recommendations to help the United States fix its government-to-government relations with Arab countries, including an advisory board to guide

appropriate packages of trade and aid that reward reform, bilateral task forces that allow both sides to set and meet goals together, and additional training for U.S. officials working in the Arab world.

The final chapter emphasizes the importance of Americans investing in the next generation of Arab leaders and citizens. It recommends an Arab Partnership Foundation that would work independently of the U.S. government and foster entrepreneurship, reform, and the people-to-people exchanges that have helped build and sustain U.S.-Arab relations for more than 50 years.

Understanding Arab Leaders and their Citizens

U.S.-Arab relations are dangerously broken. At a time when partnership with Arab leaders and citizens has never been more important to the United States, our country is facing unprecedented opposition in the region. Even some of our strongest and longest-standing allies, upset about U.S. action in Iraq and inaction in the Arab-Israeli conflict, say they feel isolated and betrayed.

At the core of many Arab complaints is the belief that U.S. policies are driven solely by a narrow self-interest and executed in a high-handed way that makes partnership virtually impossible. As one Lebanese official wrote in 2003: “You can work for the United States, and you can work against the United States, but it is hard to work *with* the United States.”

Some dismiss these sentiments, claiming that Arab frustration with U.S. policies in the Middle East is inevitable, given our country’s strong support for Israel and our image as a powerful outsider. Others argue that the United States is just a convenient public scapegoat for the failings of Arab governments or that this phenomenon, while troubling, does not undermine our efforts in the region.

In our judgment, the depth and breadth of this mutual anger and frustration are making it far more difficult for Americans and Arabs to protect their security and interests. From the earliest days of this project, we came to believe that successful U.S.-Arab partnerships must be built on a foundation of better understanding about our Arab counterparts, opinion leaders and citizens alike.

Listening to Arab Leaders

Last March, CSIS project leaders traveled for three weeks to Morocco, Egypt, Jordan, Lebanon, Syria, the United Arab Emirates (UAE), and Saudi Arabia to hear firsthand from Arab leaders inside and outside of government. While the governments of these countries all knew about the visit, participants traveled without the assistance of U.S. diplomats, arranged their own meetings, and stressed the unofficial nature of their visit at every turn.

CSIS officials interviewed nearly 200 Arab representatives, including key government officials, opinion leaders, politicians, emerging voices, and young people.

They came from countries that were rich and poor, moderate and conservative, friendly and hostile to the United States. Yet, despite their many differences, they voiced common views about U.S.-Arab relations, and common fears and dreams about their own futures.

Frustration over U.S. Actions and Inactions in Regional Conflicts

THE U.S. MUST REENGAGE IN THE ARAB-ISRAELI CONFLICT. In every country, solving the Arab-Israeli conflict was a top priority, one that those interviewed did not believe the United States still shared. Few criticized the United States for failing to resolve the conflict. Rather, most protested that the United States appeared willing to expend little energy or capital to do so. As one scholar from the UAE said, “We feel like we have lost the United States on the Arab-Israeli issue.”

Arab leaders in every sector warned us that unless the United States actively and visibly reengaged as a broker for peace in the Middle East, every goal our country pursued in the region would be suspect. In fact, several government and private-sector representatives saw U.S. commitments to promote reform and improve bilateral relations simply as a smokescreen to obscure our country’s inaction on the Palestinian-Israeli dispute.

While U.S. support for Israel has long been a source of frustration for Arab leaders, most of those we talked to focused their criticism on what they viewed as the U.S. government’s blind support for Prime Minister Ariel Sharon. However, they also looked inward. Some officials seemed eager to walk away from the conflict, but could not do so because their citizens remained committed to resolving it. Others blamed their own governments for not providing leadership in the Middle East peace process, particularly singling out their failure to promote the Arab League’s 2002 peace initiative.

GET IRAQ RIGHT: A NECESSARY STEP TOWARD REBUILDING CREDIBILITY IN THE ARAB WORLD. Iraq, while on the minds of the Arab leaders we interviewed, was not as dominant an issue as the Palestinian-Israeli conflict. The war seemed to reinforce their negative feelings about U.S. policies. Many government officials seemed frustrated that the United States had not heeded their advice about Iraq long ago. Some were suspicious about whether U.S. actions in Iraq signaled a fundamental shift in our objectives in the region. “What does the U.S. really want?” one asked.

Contrary to the Bush administration’s hopes, those we interviewed saw little chance that Iraq could become an inspiration to the Arab world. Instead, getting Iraq right was viewed as a necessary, but far from sufficient, step in rebuilding U.S. credibility in the Arab world.

A Matter of Style or Substance? How Arab Leaders Perceived the United States

THE UNITED STATES IS AT WAR WITH ISLAM. An overwhelming number of opinion leaders we talked to believed that the United States is engaged in a war with the Arab world, or even Islam itself. They point to a long string of evidence—U.S. performance in Iraq and the Palestinian-Israeli conflict, a long and apocryphal list of Muslim countries in which the United States is alleged to be pursuing regime change, shifts in our visa policies, and the way some Arab immigrants have been treated in America—to bolster their view that the United States is in a battle with Islam.

The U.S. government has not successfully challenged this perception. Our existing public diplomacy in Arab countries has failed. In particular, many of those we spoke to leveled heavy criticism at U.S. broadcast media efforts in the region, complaining that they are out of touch and possibly causing an increase in frustration on the Arab street.

Those who were educated in the United States were especially worried about the hostile climate for Arabs here and the impact it is having on the number of young people who want to study in America. Many told us that, if we do not reverse these trends, an entire generation of personal ties between the United States and the Arab world could be lost.

U.S. POLICIES SHOULD BE BACKED BY CONSISTENT PRINCIPLES. Most opinion leaders we spoke to complained that the United States appears to have abandoned its commitment to justice and fair play in the Arab world. The only clear guiding principle for U.S. policies right now, they claim, is amassing greater power. As evidence, several pointed to our treatment of particular leaders in the Middle East, asking how, for example, we can talk about reform while embracing Libyan leader Mu‘ammar Qadhafi.

“It is sad that the real face of the American people is not projected,” explained an Egyptian government official. The belief that only narrow interests, and not core values now guide the United States, has seriously diminished America’s credibility in the region. Many Arab leaders we spoke to say it is increasingly hard to see the United States as an “honest broker” in regional disputes, thereby making it nearly impossible to resolve difficult issues.

THE UNITED STATES MUST LISTEN TO PARTNERS IN THE ARAB WORLD. Many Arab leaders describe their interactions with the United States as closer to a monologue than a dialogue, complaining that our country is “not in listening mode,” as one government official phrased it. In particular, some said that they were blindsided by the Greater Middle East Initiative in the spring of 2004. They contrasted the apparent imposition of a U.S.-led initiative to the European Union’s Barcelona Accords process, which they praised as a sustained dialogue with a significant commitment of resources.

Both government and private-sector representatives acknowledged that the Arab world had been too slow to recognize how 9/11 dramatically changed the U.S. relationship with the region. Nevertheless, even in this new relationship, they

stressed wanting to be treated as equals. Allies and adversaries alike complained about Washington's deaf ear. Some leaders who have difficult relations with the United States insisted that they were prepared to engage in a constructive dialogue but that no one is listening. One head of state summed up his frustrations by explaining, "We need mutual dialogue and respect.... We are not your soldiers. We are not going to just go and do."

The Future of U.S.-Arab Relations

COOPERATION MUST GO BEYOND COUNTERTERRORISM. All government officials we spoke to believe their countries are in grave danger from violent groups operating within their borders. While many point to the level of coordination they already enjoy with the United States, all seemed to want deeper intelligence and security cooperation with us. Both sides still need to discover how to balance a relationship built on security with a diplomatic partnership focusing on a broad array of political, economic, and social issues that are, by definition, more adversarial, more difficult to quantify, and more challenging to sustain.

REFORM MUST MOVE ONTO THE ARAB AGENDA. More than at any other point, Arab government leaders, intellectuals, and citizens are speaking openly and even enthusiastically about reform. At the Forum for the Future conference in December 2004 in Morocco, government and nongovernment participants strongly endorsed a reform agenda, even stressing that it should not take a backseat to regional issues. "The issue of reform is on the agenda of the political elite. There is a sense that it is inevitable," one leader told us. "Three years ago, the phrases 'civil society' and 'political reform' were not accepted by the political elite. Their use has created a revolution of rising expectations."

Although reform is now on the Arab agenda, there is little agreement on what reforms are needed and how to pursue them. Some of those we interviewed blamed the current lack of reform efforts on their own leaders, pointing to the failures of the Arab League Summit in May 2004 and similar gatherings to address the topic adequately.

Although a small number argued that the Bush administration's embrace of reform has intimidated governments into providing more space for opposition voices, others said it has presented additional challenges, making those who embrace change look like U.S. agents, not local patriots. Several opinion leaders felt that reforms must move in concert with progress on the Palestinian-Israeli conflict, thereby making it easier to trust and work with the United States and avoid the rise of extremism. In fact, many worried aloud that if reforms happened too quickly or carelessly, radicals would win. "Democratization that takes place too fast creates Islamism," a Jordanian cabinet minister cautioned. "We need to create a liberal democracy."

ARAB AID SHOULD BE CONDITIONED ON PROGRESS. When talking about the United States fostering reform in the Arab world, the idea of conditionality inevitably arises. Most U.S. experts we consulted believed that our aid to the region should reflect U.S. interests and depend upon our counterparts achieving

measurable results. Many Arab leaders agreed with this point. Although expressing some discomfort with the concept of conditionality, those we spoke to recognized that setting mutually agreed upon goals, objectives, and time lines could be a real incentive to reform in the region.

Listening to Arab Citizens

Three weeks of interviews with Arab officials and opinion leaders helped shed light on how our potential partners view the U.S.-Arab relationship. As we examined the qualitative data, we realized we also needed to understand more about the attitudes of Arab citizens themselves. As President Bush and others have recognized, the United States cannot secure its interests in the Middle East merely through strong relations with Arab governments.

While many Americans worry about the anger and frustration Arab citizens feel toward the United States, few understand its sources or consequences. Much of the public discussion on this topic, since 9/11, has focused primarily on one group, terrorists, and one overly simplistic question, “Why do they hate us?” Hand wringing over this query has yielded few insightful answers.

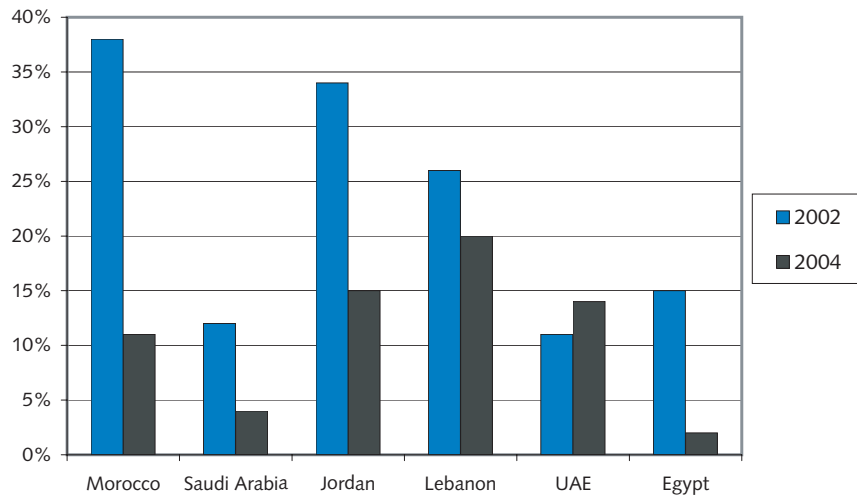
Since 2002, a variety of organizations, including the Pew Global Attitudes Project, have documented the declining popularity of the United States in the Arab world. For this report, CSIS wanted to spotlight not only the attitudes Arab citizens hold about U.S. policies and society, but also the reasons behind these views and our potential to change them. To accomplish that, CSIS teamed up with Zogby International, which last summer conducted a poll of more than 3,000 Arabs living in Morocco, Saudi Arabia, Jordan, Lebanon, the UAE, and Egypt. Some of its key findings follow.

Arab Attitudes about U.S. Policies, Values, and Assistance

ANTI-AMERICANISM AMONG ARABS HAS SKYROCKETED. In five of the six Arab countries measured, unfavorable views of the United States have increased dramatically since 2002, cutting across age and gender divides. As figure 1.1 shows, the most significant changes occurred among some of our closest allies—Morocco, Jordan, and Egypt—where unfavorable attitudes toward the United States soared an additional 17 to 27 points.

ARAB ATTITUDES ARE A REACTION TO U.S. POLICIES—NOT VALUES AND PRODUCTS. Arab attitudes about U.S. policies are overwhelming negative. In Saudi Arabia, the UAE, and Lebanon, more than 80 percent of those surveyed view our policies unfavorably. The poll particularly undercut those who claim Arab citizens hate us because we love freedom. Instead, it appears that U.S. policies, not our values and products, have the most influence on Arab attitudes. In all six countries studied, Arabs overwhelmingly said that U.S. policies played the largest role in their attitudes toward the United States. Respondents in every country except Lebanon and Saudi Arabia believed that our actions in Iraq, our policy

Figure 1.1. Percent of Populations with a Favorable View of the United States



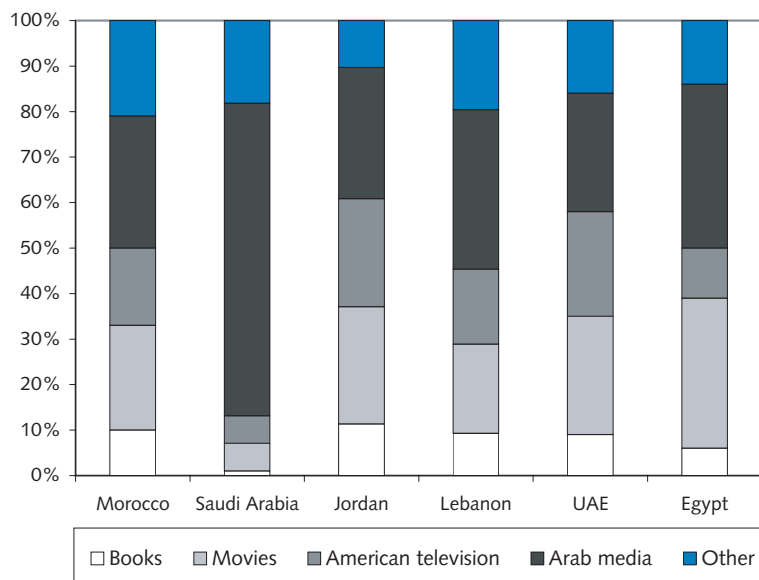
toward the Palestinians, and our treatment of Arabs and Muslims in the United States were twice as important in shaping their attitudes as our commitment to freedom and opportunity.

Although Arab attitudes toward all aspects of American society have soured in the last two years, large percentages of Arabs still have relatively positive feelings about some facets of American society, such as our science, democracy, people, movies, and products. That is especially true in Morocco and Jordan, where more than 80 percent of Arabs surveyed have a favorable impression of American science and technology, and more than 50 percent like our people, movies, TV, and products.

ARAB MAJORITIES WANT U.S. HELP WITH IMPROVING QUALITY OF LIFE—NOT POLITICAL REFORMS. In the countries surveyed, Arab citizens spotlighted the challenges facing their countries: resolving the Palestinian-Israeli conflict, expanding employment opportunities, improving health care and education, fighting extremism, protecting civil rights, expanding democracy, promoting political debate and reform, and advancing women's rights.

Although respondents in every country voiced slightly different priorities, some clear trends emerged when they were asked how the United States could be most helpful. Overall, Arab citizens believed that the most important role for the United States was in resolving the Israeli-Palestinian conflict. The next priority for U.S. assistance, especially in Lebanon, Morocco, and Jordan, was improving employment, education, and health care. In all countries except Lebanon, far less than half the Arab citizens surveyed saw an important role for the U.S. in advancing civil rights, democracy, and political reform.

Figure 1.2. Sources of Information about the United States



Arab Exposure to the United States and Its Citizens

ARABS ARE EAGER TO VISIT THE UNITED STATES AND MEET ITS CITIZENS.

Large numbers of the Arabs surveyed had visited the United States, including approximately 20 percent from Saudi Arabia, Jordan, and the UAE and 10 percent from Morocco and Lebanon. Except for the Saudis, those who had visited the United States reported positive experiences. Large numbers of respondents who have not visited would like to do so, including two-thirds of Moroccans, Jordanians, and Lebanese. They also expressed a desire to meet Americans. More than 25 percent of Moroccans, Jordanians, and Lebanese surveyed already know Americans and more than 70 percent would like to know them.

ARABS GET MOST INFORMATION ABOUT THE UNITED STATES FROM ARAB MEDIA. For those Arabs who have never traveled to the United States or known an American, the Arab media is their main source of information about our country. That is true for 30 percent of respondents in most countries studied and two-thirds in Saudi Arabia. But American culture is not far behind. In Morocco, Jordan, Lebanon, the UAE, and Egypt, more than 40 percent of those surveyed get their ideas about the United States from a combination of books, movies, and American television. In fact, a full 23 percent of those in Jordan and the UAE cite American television as their primary source of information about the United States.

ARABS WITH DIRECT EXPOSURE TO THE UNITED STATES HAVE MORE FAVORABLE IMPRESSIONS. Those Arabs who have visited the United States give it higher overall ratings, especially when it comes to American values, people, and

products. For example, 68 percent of Jordanians surveyed who have visited the United States have a favorable opinion of our commitment to democracy and freedom versus 54 percent of those who have never traveled to the United States.

Although Arabs who know Americans are somewhat more likely to have positive feelings about the United States, they feel most favorably about our people, values, products, and education. In all countries except Jordan, watching American television has a similarly positive impact on attitudes about American science, freedom, people, entertainment, products, and education. That is especially true in Saudi Arabia, where watching American television increases the United States' favorable ratings by more than visiting the United States or knowing Americans. However, direct exposure to the United States—whatever form it takes—does not significantly change Arab attitudes towards our country's policies. In all countries except Jordan, U.S. policies toward Arabs, Palestinians, and Iraq are viewed unfavorably by more than 80 percent of those surveyed who have visited the United States and those who have not, including more than 95 percent of Saudis.

Observations

As a result of our study, we have come to a number of important conclusions. First, there is a remarkable dynamism in Arab attitudes toward the United States. Over a relatively short period they have shifted markedly, and we are confident that they can shift again. Second, we were impressed by the number of avenues to reach and influence Arab audiences. Information technology of all kinds, improved literacy in the Arab world, and the increased availability and affordability of travel have combined to enable Arabs to think about and interact more with the world outside their region. The types of interaction—and the opportunities they present—are truly endless.

Finally, we remain even more firmly convinced that a U.S. approach to the region that focuses almost exclusively on Arab governments cannot fulfill our country's goals. Instead, the United States must adopt an approach that engages both Arabs governments and their people. The goal is not to bypass Arab governments, but rather to make the kinds of long-term investments in these societies that will serve our mutual interests for decades to come.

The Role of Governments

Arab-U.S. Relationships: Unequipped to Meet Today's Challenges

Improving Arab-U.S. relations requires a sense of real partnership between our respective governments, something that has been noticeably absent for too long. Although individual relationships have flourished for short periods of time—from our relationship with the Saudis in the 1980s to the Jordanians starting in the late 1990s—close and enduring ties have been the exception, not the rule. Lately, as our interviews with Arab leaders made clear, the situation has grown far worse.

As we enter a century in which our security is increasingly intertwined with the fate of the Arab world, our diplomacy with its governments is in desperate need of repair. Some of the fissures are a result of the current political climate. The rising influence of Islamic extremists in Arab countries is a direct threat to those societies and our interests in them, making it more difficult for pragmatic leaders to embrace reform, let alone a closer relationship with the U.S. government.

Moreover, as already noted, the U.S. role in Iraq and in the Palestinian-Israeli conflict is the dark prism of suspicion through which potential Arab partners view all our actions, interactions, and motives. When it comes to bringing security to Iraq, her regional neighbors must play a key role, whether it is by training Iraqi forces or helping to control its borders. Regardless of Arab state actions, the United States has a responsibility to stay in Iraq until the country stabilizes. Although that certainly does not mean keeping U.S. troops there indefinitely, it does require remaining until Iraq is able to defend itself and is creating a national identity bolstered by inclusion, not undermined by sectarian turmoil.

The stakes are even higher with the Palestinian-Israeli conflict. Nothing we propose in this report, no matter how bold, will achieve its intended result unless we aggressively pursue a peace that provides security for the Israelis and an independent state for the Palestinians. But even accomplishing this historic task will not cure all that ails U.S.-Arab relations or allow both sides to work together to meet their individual and collective goals.

Current Arab-U.S. bilateral relationships are ill-equipped to protect today's wide range of interests in the region, and they certainly cannot withstand tomorrow's challenges. That is because, even with our allies, our government-to-government relations are too often adversarial, narrow in scope, spread out across

many different programs, and focused on short-term crises rather than long-term solutions.

Much of the time, the United States requests—or demands—concessions from governments and expects them to comply. In some circumstances, such as counter-terrorism, this approach is necessary to address immediate concerns. In others, it is limiting, or even self-defeating. This dynamic often makes it extremely difficult for an ambassador to establish a long-term strategic vision for the relationship, because it places the U.S. and Arab governments in opposition, instead of partnership.

When U.S. assistance is used primarily as a tool to meet short-term diplomatic ends, not as an investment in the target country, aid money often ends up lacking effectiveness and accountability since neither the U.S. government nor the host country ever fully intended the money to elicit systemic change.

U.S. assistance to the Arab world is often spread out across a wide array of government programs, without a necessary overarching structure to ensure that the whole is greater than the sum total of its parts. Finally, U.S.-Arab bilateral relationships are often too narrowly focused, creating limited constituencies committed to change. Interactions between senior government officials rarely extend across multiple areas of concern. In countries, for example, in which military relations are critical, their officials might have personal contact with our secretary of defense but not with other senior U.S. representatives in Washington.

Arab Growth and Development Partnership Initiative

What is missing is a mechanism for the United States and its prospective Arab partners to set and meet comprehensive, long-term objectives together. We believe an Arab Growth and Development Partnership Initiative (Arab GDP Initiative) could fill that gap by coordinating all our existing aid and trade programs, tailoring our strategies to each country's needs, creating a respectful and productive bilateral dialogue, and including real conditions and rewards for progress. The Arab GDP Initiative's ultimate goal would be to strengthen the commitment of Arab countries to positive change.

What we propose here is not a substitute for domestic leadership in the region. Indeed, our recommendations will not bear fruit unless both sides alter the way they do business. For Arab leaders, that means refusing to support, or even condone, terrorists. It means fighting to curb extremists and to create space for moderate pragmatists. It means offering assistance to Palestinians, reaching out to Israel, and refusing to engage in anti-American rhetoric that undermines our partnership.

Creating a climate for real progress also requires Arab countries to work tirelessly for economic, political, and social reforms. Despite the slow pace of reform, there is a growing recognition among many Arab leaders that their societies cannot move ahead when so many of their people are falling far behind. Job markets are expanding far more slowly than the numbers of job seekers who enter them.

According to a recent World Bank study, those looking for their first jobs comprise more than 50 percent of the unemployed in every country in the Middle East and North Africa, except Jordan and Lebanon. A senior Saudi Aramco executive told a recent gathering that if his country's economic situation does not improve substantially, the average Saudi will be living on \$2 per day by 2025.

The *Arab Human Development Reports*, created by an impressive array of Arab intellectuals, speak eloquently about the need for change. In the first report in 2002, its authors note: "The fundamental choice is whether the region's trajectory in history will remain characterized by inertia, or whether prospects will emerge for an Arab renaissance that will build a prosperous future for all Arabs, especially coming generations."¹ That report outlined three critical deficits facing Arab countries: knowledge, freedom, and women's empowerment. In 2003, the second report emphasized the depth of change necessary to "build a knowledge society," including reassessing the educational system, religious education, cultural diversity, and the Arabic language itself.²

Some government leaders, too, realize that meeting the challenges of the future will require leaving behind the practices of the past. Speaking frankly about the need for reform, King Mohammed of Morocco said in August 2004, "For the generation of the liberation, patriotism consisted mostly in fighting colonialism; for today's generations, however, patriotism requires all-out mobilization and unbri-dled energies in order to fight illiteracy, poverty, youth unemployment, social disparities, and regional imbalances, to meet the challenges of democracy and modernity, to step up human development and economic production, and to foster academic and artistic innovation."

The Arab GDP Initiative would help align the United States with these kinds of positive values and ideas, reclaiming a reputation that characterized our country in the twentieth century but has eluded us at the beginning of the twenty-first century. This does not mean our values and interests will always be aligned—they will not—but it does mean we can strive for bilateral relationships that clearly articulate both.

Since 9/11, the U.S. government has taken some important steps—such as the Middle East Partnership Initiative (MEPI) and the Broader Middle East and North Africa Initiative (BMENA)—to push for Arab reform and renewal. However, because both these programs operate at the margins, they alone are not sufficient to create strong partnerships with Arab countries or accomplish our ever-expanding goals in the region.

BMENA does not have a stable base of resources. Our G-8 partners have not yet contributed to this effort significantly, and in the United States, it does not receive specific funding through presidential budget requests. MEPI, which funds a series of reform-focused projects, requires political will from both Arab governments and U.S. legislators. Congress has not yet funded the program at levels requested by President Bush because it is concerned with program design and the absorptive

1. United Nations Development Program, *Arab Human Development Report 2002: Creating Opportunities for Future Generations* (New York: United Nations, 2002), p. 31.

2. United Nations Development Program, *Arab Human Development Report 2003: Building a Knowledge Society* (New York: United Nations, 2003).

capacity of the region. As a result, MEPI spent less than \$80 million last year, far less than the European Union's Barcelona Accords and a tiny fraction of what the United States itself is spending in Iraq every month.

In strengthening our bilateral relationships with Arab countries, we propose an approach that takes into consideration the successes and failures of a cross section of existing programs. Like the Barcelona Accords, the Arab GDP Initiative would focus on individual bilateral relationships and create agreed-upon plans for action. Incorporating the efforts of MEPI and BMENA, it would support a broad range of trade and aid in the Arab world. It would also build on the model of the Millennium Challenge Corporation, which promises substantial investments in those countries that qualify.

Our suggested approach emphasizes both partnership and positive conditionality. By partnership, we mean institutionalized relationships that will not only improve diplomacy, but also broaden the constituencies that support close bilateral relations with the United States. The U.S. and host governments must be willing to invest a substantial amount of time toward meeting common objectives. But what are those?

At the heart of the Arab GDP Initiative lies a belief in positive conditionality, whereby rewards are contingent on a country meeting defined, understandable, and reasonable requirements. Though the United States reserves the right to employ the full spectrum of coercive measures—from limited sanctions to war if our vital interests are threatened—those “sticks” fall outside the purview of this report and its recommendations. Instead, our interest lies in making our bilateral relationships and assistance more effective.

Too often, governments—and especially those in the Middle East—have come to treat U.S. assistance as either an entitlement or a payoff, with criteria either never clearly defined or ignored in the interest of expediency. Host governments, who often resent the conditions from the start, steadily undermine them over time.

That is not to say that conditionality is always appropriate; some aid, for example, should be given without any strings attached, in response to a humanitarian crisis or a country's support of a critical U.S. policy. But we firmly believe that U.S. interests in the Arab world would be furthered by positive incentives that are substantial enough to attract interest from countries and requirements that are strict enough to ensure their compliance.

In the area of positive conditionality, much attention, particularly in the development community, is focused on the Millennium Challenge criteria, which are intended to spur governments toward better performance. This new approach is still unproven, however, and it is insufficient on its own to meet the many bilateral challenges the United States faces in Arab countries.

We need an initiative that is focused solely on the Arab world and has at its disposal tools that are as varied as the individual countries it targets. In fact, some countries may not need additional foreign assistance from the United States at all because they already have sufficient funds, including a current windfall in oil profits that should be invested in creating positive change. Other countries are locked in relatively adversarial relationships with the United States, and we are barred either by statute or common sense from offering them this kind of assistance. With such

countries, we should paint a positive picture of what our relationship could become and lay out clear steps that would lead us in that direction.

Even among countries with comparable levels of poverty, needs will vary greatly. One country's strategic plan could focus a lot of attention on education and training, while another's could spotlight debt relief and trade. On trade, for example, President Bush should be commended for pushing for a free trade agreement in the region. But we also need to take other steps right now to help turn our reform-minded Arab partners into trade partners, including making some items duty-free immediately, as Senators John McCain and Max Baucus have proposed.

Finally, this approach does not intend to ignore the substantial efforts of other countries working in the Arab world, especially those in the European Union. For example, we applaud the G-8's Broader Middle East and North Africa Initiative as a helpful way to share ideas and coordinate activities. Although we have some different interests and constituencies, many of our strategic goals are the same. We must try to avoid situations—real or perceived—that put U.S. and EU representatives at loggerheads, either by competing for the same projects or undermining the conditionality carefully woven into our respective agreements. Instead, the U.S. government should coordinate more closely with the EU on the ground.

The Arab GDP Initiative includes three main components: an advisory board to guide all assistance to the Arab world, bilateral task forces with Arab countries so we can set and meet goals together; and better training for U.S. officials working in the region.

Advisory Board on Arab Growth and Development

Political, economic, and social reforms in the Arab world are critical, and while often difficult in the short term, they are essential to long-term stability. Yet, right now, there exists no central U.S. initiative for the Arab world that is as ambitious as the challenges we face in the region. Instead, our current efforts in Arab countries seem scattered across a range of programs, often putting them in conflict, if not actual competition, with one another. Moreover, funding decisions are primarily made by Congress, where foreign assistance is rarely popular and major initiatives aimed at the Arab world are, as of yet, largely untested.

There is historical precedent for an overarching initiative in other parts of the world. In 1961, President Kennedy introduced the "Alliance for Progress," an ambitious \$100-billion program to improve governance, increase incomes, and lift up the poorest members of society in Latin America. More than a mere aid program, U.S. spending was leveraged five-to-one by local governments. Although the alliance was not as effective as its boosters had hoped, its combination of high-level leadership and partnership helped create progress in Latin America for decades thereafter. Likewise, in the aftermath of the Cold War, money from the Support for East European Democracy (SEED) program helped Eastern Europe chart a new direction for its countries, and the Freedom Support Act of 1992 reoriented almost a half-century of U.S. policy toward the Soviet Union, committing both the U.S. government and the private sector to supporting positive change in Russia and the newly independent states.

Table 2.1. Arab Growth and Development Partnership Initiative

Goal: To create structures, incentives to encourage stronger bilateral relationships

Major components		
Program Name	Leadership	Purpose/actions
Advisory Board on Arab Growth and Development	Ten-member board includes executive and legislative branch appointees	<p>Recommend criteria for countries to receive Arab GDP Initiative funding, including means testing and positive conditionality</p> <p>Recommend requisite funding levels</p> <p>Concentrate on long-term strategic objectives</p>
Bilateral task forces	<p>Interagency membership on both sides</p> <p>Nongovernmental involvement on some issues</p> <p>Led by the Near East Bureau at the Department of State</p>	<p>Create a common agenda for long-term progress across a wide number of sectors</p> <p>Set clear benchmarks for success and failure</p> <p>Set firm intermediate benchmarks for long-term programs</p>
Strengthening U.S. personnel in the field	U.S. Department of State	<p>Increase language training in Foreign Service</p> <p>Improve regional training for non-Foreign Service professionals serving overseas</p> <p>Improve management training for outgoing ambassadors</p> <p>Encourage more knowledge sharing within country teams</p>

If we are going to make appropriate commitments to the countries of the Arab world, we will need ongoing guidance from a wide range of experts. Therefore, we propose a Presidential Advisory Board on Arab Growth and Development to help determine and oversee the right package of incentives, projects, and other resources necessary to facilitate long-term improvements in the region. In forming this advisory board, the president should appoint six members, while the majority and minority leaders of both the Senate and the House of Representatives should appoint one each. The appointees should represent many different forms of expertise in the Arab world, including leaders from development, trade, the private sector, and government.

The advisory board should examine Arab funding needs within the context of other international affairs priorities, current budgetary restraints, and assistance

already flowing to the region. To improve coordination, it should pay particular attention to the successes and shortcomings of current U.S. trade and aid programs aimed at the Arab world, especially MEPI and the G-8's BMENA, and any lack of coordination between them that keeps the United States from reaching its goals. The board should also examine other international efforts in the region, such as the Barcelona Accords; models that have proven effective for the United States elsewhere, including Eastern Europe and Latin America; and early lessons from the Millennium Challenge Corporation and Relief for Highly Indebted Poor Countries (HIPC).

The initiative should be driven primarily by long-term goals and given insulation from the daily requirements of diplomacy, which tend, by necessity, to be driven by short-term interests. Because its success will depend on whether we have created a sense of local ownership, the board should recommend packages of trade, aid, and other assistance that recognize not only important regional goals—such as economic growth, private-sector development, and accountable governance—but also the unique needs and interests on the ground. The tools it recommends must reflect the wide range of political and economic circumstances in the region. In some cases, the goal may be to nudge countries on the brink of embracing reform to make the brave decision to do so. In others, we will need to be flexible enough to encourage small steps, while firm enough to demand clear results.

The board should recommend graduated criteria for countries to receive Arab GDP Initiative funding, including for example an independent judicial system, freedom of religious belief and practice, economic openness, a functioning and fair electoral system, and support for the United States on its antiterrorism and peace priorities in the region. It must also look at means testing for the funding, especially the appropriate income levels and the potential of requiring wealthier countries to match our donations. Finally, it should identify grounds that could cause funding to be discontinued.

Bilateral Task Forces

To fulfill the goals of the Arab GDP Initiative, we propose that the U.S. government establish individual task forces to help guide bilateral relationships with the Arab world. The biggest reason for the cool response MEPI and BMENA initially received from the region is that Arab leaders did not feel fully consulted; instead, many believed that reform would simply be forced on them, without any dialogue or agreement. We believe U.S.-Arab government-to-government task forces would provide both sides with concrete and comprehensive goals and an ongoing, collaborative process to achieve them.

In the first year, the secretary of state would establish task forces in five representative Arab countries, including: Egypt and Saudi Arabia, because of their strategic importance; a modernizing North African country; a small and forward-leaning country in the Gulf; and a country with which the United States has a difficult bilateral relationship, such as Libya. These early experiments can help shape our future efforts.

Each task force would be led by the Near East Bureau at the Department of State and include senior U.S. members from all the relevant cabinet agencies, including Defense, Intelligence, Treasury, and Commerce; our ambassador in that country; key members of his or her embassy team; top officials of the host government; and, if possible, leaders of local nongovernmental organizations (NGOs). This group would create a common agenda for long-term progress across a wide number of sectors and set clear benchmarks for success and failure.

For each long-term program identified by these task forces, intermediate concrete goals must be agreed to, with future levels of funding, trade, and debt-relief opportunities dependent on reaching those benchmarks. This process will not be easy. Conditionality is likely to provoke argument over whether the terms of an agreement have been met. But ignoring performance is even more problematic, since it would quickly turn incentives into entitlements and undermine the purpose and spirit of the Arab GDP Initiative. Although it is inevitable that task force meetings in both Washington and in the field will highlight differences between and within governments and societies, their tangible agreements will be far more important by helping focus both sides on their long-term goals and the collective action needed to achieve them.

Strengthening U.S. Personnel in the Field

Our ability to strengthen Arab-U.S. relationships will depend on the skills of our U.S. personnel, especially our ambassadors and embassy staff in the field. Although reinvigorating the Foreign Service so that it better serves our needs is beyond the scope of this project, its current failings are particularly acute in the Arab world, where the results of diplomacy are so inextricably tied to U.S. interests.

The Foreign Service must include more officers who speak Arabic and understand the region. Right now, most Foreign Service officers (FSOs) start as junior officers in their 20s and 30s. Given the difficulty of learning Arabic and the political complexity of the region, in the immediate term, we should hire a greater number of mid-careerists who already possess these critical skills. In the long-term, however, we must provide incentives for FSOs to specialize in the Arab world and spend a large portion of their careers serving the United States in that region.

The United States also needs to look carefully at the ambassadors it sends to Arab countries. There is no one-size-fits-all model for what makes an ambassador successful in this or any other region. Some are political, others are career FSOs. Some speak the language fluently, others only passably. Clearly, prospective ambassadors and key FSOs need rigorous training in language, history, and culture before they enter a region in which nuance is so important.

But if we are going to expand our bilateral relationships in Arab countries, we need ambassadors who possess all the necessary skills to lead those efforts on the ground. This means that they must have the diplomatic ability to forge partnerships with a broad array of contacts, especially government officials, NGOs, business leaders, academics, journalists, and citizens. It also means that our ambassadors must possess the modern management skills to lead a diverse team of U.S. officials, including embassy staff, U.S. Agency for International Development (USAID) staff,

military and intelligence personnel, and other agency employees. Ambassadors and their senior embassy staff must know how to develop and implement a strategic plan, and their performance must be measured, in large part, on how well they meet its goals.

The answer to these challenges is not one extra course, however well designed. Instead, it is to integrate professional development more deeply into the career paths of our Foreign Service officers. The short-term costs of losing personnel to class time, internships, or sabbaticals, while potentially high, are far outweighed by the long-term benefits.

The State Department should also encourage regular meetings among ambassadors and key FSOs stationed in the Arab world so they can learn from one another and work together more effectively. But the challenge does not stop with the Foreign Service. We must do a better job of training USAID officials and the increasing number of staff sent to the Middle East temporarily from other agencies, including the Departments of Defense, Treasury, Homeland Security, and Justice.

Investing in the Next Generation

Although improving our bilateral relations with Arab governments is critical, relationships between individual Arabs and Americans are perhaps the best tool to protect our long-term interests. U.S. foreign policy depends on having leaders sitting across the table with whom we can work effectively. With the current generation quickly exiting the stage in the Arab world, we have done far too little to invest in the next generation of leaders and institutions or in their relations with the United States.

Our challenge is even greater when it comes to Arab citizens. As we have learned since September 11, 2001, U.S. national interests are affected as much by the views on the street as by what goes on in the halls of government. In fact, reaching the people directly is often our only option in countries with leaders who are hostile to the United States and its policies.

According to the Zogby poll, Arabs who have been to the United States and know Americans are somewhat more likely to view our country favorably. Over the last half-century, many of our best friends in the Arab world have had college and graduate degrees from the United States, fond memories of their time here, and familiarity with our ideals. But, as these leaders age and, in some cases, become isolated from their own societies, too many of their successors are not forging the same kinds of personal relationships with the United States or its people.

In the aftermath of 9/11, there is far less opportunity—and less desire—to travel to the United States. Fewer Arabs are coming here to study, visit, do business, or seek medical care. A recent study produced by the National U.S.-Arab Chamber of Commerce estimated that the decrease in Arab visitors could cost the United States more than \$5 billion per year. These changes are exacting a price that goes far beyond dollars and cents. Moreover, for those who are staying home, our other public diplomacy efforts are not changing many hearts or minds.

“A process of unilateral disarmament in the weapons of advocacy over the last decade has contributed to widespread hostility toward Americans and left us vulnerable to lethal threats to our interests and our safety.” That was the troubling conclusion reached by the U.S. Advisory Group on Public Diplomacy for the Arab and Muslim world, headed by former ambassador Edward Djerejian.

Our public diplomacy in the Arab world has failed. Successful public diplomacy requires far more than delivering the political “message of the day.” It is about reaching people, not just governments. It is about communicating an accurate pic-

ture not only of our policies, but also of our cherished values and institutions. It is about understanding the societies we are trying to reach—about listening, not just acting or talking.

When it comes to public diplomacy, the United States all too often has three strikes against it: the wrong structure, the wrong messengers, and the wrong message. Current public diplomacy efforts are folded into the State Department, struggling for a meaningful voice and reacting to the crisis *du jour*.

We need more public diplomacy professionals with independence and credibility in the Arab societies they are trying to reach, especially those who are not affiliated with the U.S. government or seen as its puppets. They also need better tools at their disposal. Though the United States boasts the most cutting-edge market research in the world, our new television, radio, and print efforts in the Arab world have missed the mark.

These are all ominous signs, and their effects on the future are even more troubling. We are currently reaping the rewards of investments in people made in the 1960s, 1970s, and 1980s; the costs of today's alienation may not be fully felt for decades. There is no one quick or easy solution. Fully reversing these trends will require examining all the facets of public diplomacy and making a serious long-term investment in reaching the next generation of Arab leaders and citizens.

Increasing Educational Exchanges

For generations, U.S. public diplomacy in the Arab world has been built on a foundation of educational exchanges that have cemented relationships between our citizens, leaders, and countries. The United States made changes to its visa policies after 9/11 that are now having a significant impact on these exchanges and, ultimately, Arab-U.S. relations. The number of students studying here from many Arab countries has decreased by at least 15 percent, including a full 30 percent from the UAE.

If the number of student visitors from the Arab world continues to decrease, it could have serious consequences for our relationships and goals in the region. Of all the world leaders recruited by the Bush administration to help us fight terrorism, more than 50 had studied in the United States or come here early in their careers. On 9/11, nearly half of Morocco's ministers were either Fulbright scholars or International Visitors Program participants.

Will the next generation of leaders follow in their footsteps? Many Arab students have been scared off by the horror stories they have heard—from young people who lose prestigious scholarships because their visas never arrive to the unthinkable decision one exchange student had to make about whether to risk going home to attend a parent's funeral. Some are being tempted to study in the United Kingdom, Australia, Canada, or other places promising them a more hospitable environment. Still others have heard rumors about anti-Muslim or anti-Arab sentiments in America and are worried about how they will be treated in our country.

We must address two security risks simultaneously: the risk of terrorists slipping past our borders; and the risk of denying access to the Arab world's next government and civil society leaders. The Bush administration has taken some steps recently to address the visa problems, but there is far more that needs to be done.

Although most of those looking at this problem have highlighted the need to bring the number of international students back to their levels before 9/11, we believe that approach is inadequate to meet our goals in the Arab world. If, over the next few decades, we are going to strengthen the personal ties that have helped secure U.S. interests in the Arab world for more than a century, we must dramatically increase the number of young people from the region who are studying in the United States today. We also must look far beyond a country's elite families and recruit more promising young people from modest backgrounds who could grow up to challenge the status quo.

Meeting this challenge in the current climate will not be easy, but it is urgent that we do so. Therefore, we call on President Bush and congressional leaders to appoint a high-level commission to investigate the roadblocks keeping students, especially young Arabs, from studying in the United States. Within six months, the commission should make recommendations to the president outlining how we can protect ourselves from terrorism, while increasing the number of exchange students coming to the United States from the Arab world. The task force should include members with experience in law enforcement, intelligence, business, and academia, as well as diplomats who have seen firsthand the long-term effects that American educations have on their counterparts in host countries and the U.S. officials who work with them.

We also need to be smarter about the exchange programs we conduct. There is a great deal of anecdotal evidence about their effectiveness, but there still hasn't been an examination of what kind of exchange at what point in a person's life for what duration and with what level of intensity has the greatest effect on their future. Such a study, while long overdue, is even more urgent as we work to increase the number and effectiveness of our educational exchanges with the Arab world.

The Arab Partnership Foundation

It is not enough to improve our country's public diplomacy and public affairs. We need to create sustained Arab-U.S. partnerships—institution to institution, leader to leader, and citizen to citizen—that will help us meet our collective goals in the twenty-first century. This will require the leadership of an organization viewed as separate from the U.S. government, with some independent funding, and a deep understanding of the Arab people, from Cairo to Baghdad and Abu Dhabi to Rabat.

For the last 150 years, the American people, not their government, have spearheaded some of the most successful U.S. efforts in the Middle East. Relief organizations have helped cure disease and alleviate hunger. Institutions have pushed the frontiers of medicine, literature, and the arts. Perhaps most important, American universities in the Arab world have not only served our interests, but pro-

moted our values. From Beirut to Cairo, these first-class institutions have opened the minds and enriched the intellectual lives of young Arabs in their host countries, and new endeavors, such as those in Qatar, hold the same promise.

It is often helpful for the U.S. government to put some distance between itself and the populations it is trying to reach. That is especially true in the Arab world right now. Bluntly put, the U.S. government currently lacks credibility in Arab countries, sometimes making it difficult even for sympathetic organizations and individuals to work with us. Our government also, by its very design, often does not have the ability to go beyond daily diplomatic pressures and adequately invest in the future.

We recommend that the U.S. government help establish the Arab Partnership Foundation (APF) to support the next generation of Arab leaders, organizations, and thinkers and the collaborations necessary to make them successful. Modeled in part after the British Council and the Asia Foundation, the Arab Partnership Foundation breaks new ground as a U.S. chartered 509(a)(1) corporation. Based in the United States, but operating independently of our government, the foundation would eventually have a network of offices throughout the Arab world to help ensure that our projects reflect an understanding of local culture and concerns.

The foundation should grow slowly in its first years in order to make sure its programs are effective and received well by a region that is wary, if not hostile, to the United States right now. Although specific funding levels should be determined by the Presidential Advisory Board on Arab Growth and Development, resources for the foundation would come from three sources: the U.S. government; revenue created by its own programs; and donations from multinational corporations, host and regional governments, and charitable foundations. In this way, the foundation would depart from quasi-governmental institutions such as the National Endowment for Democracy, the National Democratic Institute, the International Republican Institute, and the U.S. Institute for Peace, which receive the vast majority of their operating budgets from the U.S. government.

The Arab Partnership Foundation would focus on three areas: education and exchanges; reform; and entrepreneurship.

Supporting Education and Exchanges

EDUCATIONAL EXCHANGES AND OPPORTUNITIES. Tomorrow's partnerships between Arabs and Americans depend on young people learning about each other's cultures, values, and aspirations. As noted above, if we do not take immediate steps to increase the number of young Arabs studying in the United States, their leaders will have little familiarity with our country, let alone desire to work with us. Likewise, even after 9/11, young Americans are dangerously ignorant of Arab culture, history, and the Muslim faith that influences so many lives in the region.

The APF would oversee an ambitious exchange program in Arab and American high schools, with the ultimate goal of bringing 5,000 new Arab students to the United States every year and sending 1,000 American students to the Arab world.

Table 3.1. Arab Partnership Foundation

A U.S. chartered 509(a)(1) corporation, based in the United States, operating independently of the government

Funding sources: the U.S. government, program revenues, and donations

Goal: To support the next generation of Arab leaders, organizations, and thinkers

Major components	
Focus area	Activities
Education and exchanges	<p>Educational goals:</p> <ul style="list-style-type: none"> Bring 5,000 new Arab students to the United States and send 1,000 U.S. students to the Arab world each year Make special effort to reach out to female students and those from low-income backgrounds Teach 100,000 new students English in five years Train 5,000 new English-language instructors each year Conduct 10-year campaign to make Arabic translations of English-language texts widely accessible <p>Fostering dialogue among emerging leaders:</p> <ul style="list-style-type: none"> Hold annual Arab-U.S. forum to foster informal discussion among the next generation of emerging leaders <p>Sharing information across borders:</p> <ul style="list-style-type: none"> Increase reciprocal visits for a wide array of Arabs and Americans with common professional backgrounds and concerns
Raising the voices of reformers	<ul style="list-style-type: none"> Support a wide range of local NGOs improving the everyday lives of citizens, especially those focused on reforming social, economic, legal, and political sectors of their societies Support forward-thinking Arab writers, academics, and other intellectuals, especially those focusing on reform and relations with the United States Provide research grants to young and promising APF fellows each year Publish a journal for Arab and American intellectuals writing about the future of the region and its relations with the United States Sponsor roundtables and symposiums in the Arab world and in the United States
Supporting entrepreneurs	<ul style="list-style-type: none"> Train in areas multinational companies identify as being in short supply in local markets Facilitate new investment capital opportunities for small businesses through enterprise funds and other instruments Support micro-enterprise projects for the poor

Consistent with the work being done by MEPI, the foundation would make a special effort to reach out to girls in Arab countries and to talented Arab and American students from low-income backgrounds.

In addition, APF would work through its regional offices to recruit more undergraduate and graduate students, many of whom are increasingly being lured to other countries, to study in the United States. For some prospective students, this will simply mean reaching out to them alongside groups like AmidEast, encouraging them to apply, and helping them clear the bureaucratic hurdles. For others who

cannot afford to study abroad, it will mean scholarships. For those worried about anti-Muslim and anti-Arab sentiments in the United States, it could mean putting them in contact with Arab students who are currently in the United States and able to offer first-hand assurances.

One important component of the APF educational mission will be to foster better understanding of Arabs and Muslims among Americans, especially children. In its first years, it would support pilot programs in a number of American schools that teach these subjects in innovative ways and partner with sister schools in Arab countries. Educational materials could be distributed that teach Arab and American children about each other's cultures, their similarities and differences. Of course, such learning is a lifetime endeavor. The APF should look for ways to support institutions dedicated to increasing understanding among Americans of the Arab world—its culture, history, and relations with the United States.

IMPROVING LEARNING: CURRICULUM, INSTITUTIONS, ENGLISH LANGUAGE. In response to requests from local institutions, APF would help them strengthen their curricula. It would also support individual schools—at the elementary, high school, and university levels—in target countries, including our own American universities abroad. As noted, American educational institutions are among the best in the Arab world, providing not only a first-rate education, but also an introduction to our values. They are particularly important for those young Arabs, especially women, who are unable to travel to the United States and are looking for a more-accessible alternative close to home.

For many Arabs, English language and culture have long served as bridges to greater opportunities at home and a deeper understanding of their American counterparts. The end of the Cold War, security concerns, and budget cutbacks have taken a toll on American libraries and other educational programs or forced them inside heavily guarded embassies. While some academics and officials in the Arab world still remember their explorations of U.S. libraries 40 or 50 years ago, this important form of outreach and education has been lost for the young students of today.

APF would dramatically enhance English instruction in Arab countries. It would work with existing organizations and local partners to revise teaching materials and, within five years, teach 100,000 new students English and train 5,000 new English-language instructors annually.

For those who do not speak English, the foundation would embark on a 10-year campaign to make Arabic translations of English-language texts accessible to the public. The texts, which would include our best works of literature, children's stories, technical topics, and social science, would be available in traditional and nontraditional venues. One such nontraditional venue is the "bookmobile," which could travel to major cities in target countries and spread knowledge and learning.

FOSTERING DIALOGUE AMONG EMERGING LEADERS: THE ARAB-U.S. FORUM. With a generational change in Arab leadership already underway, there is a great need for the United States to reach out to their successors in politics, the military, the private sector, civil society, the arts, and academia. One effective way to

accomplish this goal is to create an annual Arab-U.S. forum that fosters informal discussion among a cross section of emerging leaders.

Many international forums exist. In the economics world, there is the World Economic Forum at Davos. In the defense world, there is Wehrkunde/IISS. But few offer the opportunity for truly candid, informal discussions among a diversity of emerging leaders, and certainly none does so between Arabs and Americans.

The Arab-U.S. Forum would bring together these leaders for off-the-record exchanges on a different central issue every year. In keeping with the informal nature of the talks, there would be no speeches given, no consensus reached, no reports produced. Instead, participants would engage in roundtable discussions about the challenges they face, individually and collectively. Perhaps even more important, they would form relationships that would be firmly in place by the time they assume the pinnacle of influence in their respective fields.

SHARING INFORMATION ACROSS BORDERS: PEOPLE-TO-PEOPLE

EXCHANGES. The benefits of exchanges are not reserved for a country's students and leaders. The foundation should organize reciprocal visits for a wide array of Arabs and Americans with common interests or concerns, including local officials, journalists, religious leaders, business leaders, military personnel, social workers, and health care providers.

In some cases, the United States might serve as a facilitator, not a participant, in the exchange. A Polish expert on privatizing state-run industries, for example, may have experiences that are more relevant for Arab governments than a U.S.-based expert, yet arranging such an exchange is very much in the U.S. interest.

Raising the Voices of Reformers

STRENGTHENING CIVIL SOCIETY. Although some countries—such as Libya, Saudi Arabia, and Syria—still prohibit independent citizen organizations, and other countries impede their efforts, NGOs rose in prominence and numbers through much of the Arab world in the 1990s. The U.S. government has assisted Arab NGOs since the first Bush administration, with mixed results.

Often, U.S. government support is necessary to create an environment in which NGOs can exist at all. Strong U.S. support for fragile nongovernmental organizations has often been the only thing standing between these organizations and ruin, imprisonment, or both. But, though the U.S. government must focus on changing laws and customs necessary for NGOs to survive, it is critical to supplement these efforts with substantial support for individual NGOs from an independent entity such as the APF.

Civil society organizations resist being put in the middle of the bilateral relationship between their government and the United States. Similarly, U.S. diplomats often make political decisions that are focused on the short-term interests of improving a tense bilateral relationship, not the long-term interests of NGOs.

The foundation would support a wide range of local NGOs that are improving the everyday lives of citizens, especially those that are focused on reforming the social, economic, legal, and political sectors of their societies. While it would work with established organizations, some of its grants would be small awards to new,

innovative NGOs. It would also reach out to cultural groups that express the heritage of the host country, forging new relationships that, while not serving any immediate U.S. interest, would prove durable and important over the long term.

FOSTERING NEW IDEAS. There is a great need for new ideas in the Arab world and an inadequate infrastructure to generate and promote them. In our conversations with Arab opinion leaders, few were able to envision what their country or its relations with the United States should look like 10 to 15 years from now. Although there are think tanks scattered across the Arab region, most are focused on particular countries or issues, such as science, economic development, or the Palestinian question. The United Nations Development Program's *Arab Development Reports* made extraordinary contributions, but too many of the boldest intellectuals in the Arab world are still either denied a platform or don't have the resources to promote their ideas and observations.

The foundation would support forward-thinking Arab writers, academics, and other intellectuals, especially those focusing on reform and relations with the United States. It would help give their ideas a more prominent platform by providing research grants to a number of young and promising APF Fellows each year, providing them with media training and help in placing their articles, and publishing a journal for Arab and American intellectuals writing about the future of the region and its relations to the United States. APF would also sponsor roundtables and symposiums in the Arab world and in the United States about these topics.

Supporting Entrepreneurs

BUSINESS TRAINING AND ENTREPRENEURSHIP. From visa problems in the United States to corporate governance shortcomings in the Arab world, there are many obstacles to economic opportunity that governments on both sides must take the lead in removing. One area, however, in which APF could make a significant contribution, is in training potential business leaders.

In some cases, APF would reach out to the multinational business community in each host country to determine which skills are lacking in the local labor market. In other cases, the foundation would provide training in the areas needed to attract greater foreign investment in the local economies, such as the importance of transparency, risk investment, and stability in investment climates and business dealings.

In fostering entrepreneurship, the APF should take advantage of its independent status to work closely with the business community, U.S. and international associations, and governments, including our own. In fact, whenever it is beneficial, the APF should team up in these activities with the appropriate U.S. agencies, especially the Departments of State, Treasury, and Commerce. The APF could also be an incubator for new products and jobs by participating in regional equity funds, fostering new funds, or working with others to create investment capital opportunities for small businesses.

MICROCREDIT: LIFTING FAMILIES OUT OF POVERTY. Around the world, microcredit has proven that the poor are good credit risks and that loans of a few

hundred dollars can lift entire families out of poverty. Poor people, mostly women, get loans to open a fruit stand, a clothing store, or any other very small business. When they pay back the loans—and the vast majority do—they get new loans to expand their enterprises.

Microfinance is especially needed in the Arab countries, some of which have 30 percent or more of their citizens trapped by poverty. The *Arab Human Development Report 2002* says that 12 million people in the Arab world—15 percent of the labor force—are unemployed, a number that could double by 2010.

When it comes to expanding microcredit, Arab countries are at a wide variety of stages. Some have nothing. Others are just beginning. A few have made significant progress. But even one of the pioneers in the Arab world, Egypt, still reaches only 10 percent of its market.

The fact is there is a great demand for microfinance in the Arab world, and it is not being met. An October 2000 paper by the United Nations Capital Development Fund noted that, although the number of borrowers in the Arab region has increased from 129,000 to 710,000, an estimated 3 million of the entrepreneurial poor in rural areas still lacked access to credit.

The foundation would help fill that gap by supporting existing international and local microcredit programs in Arab countries, especially those with a proven record of success in that region.

Conclusion

It is clear from the headlines of our newspapers, the interviews we conducted with Arab leaders and citizens, and the articles written by some of the top foreign policy experts that Iraq and the Palestinian-Israeli conflict are the United States' top priorities in the Arab world. Although we agree with that assessment, this report grew out of a concern that a singular focus on these short-term crises was insufficient to protect our long-term security and interests in the region.

A significant opportunity exists right now not only to make progress on the Middle East peace that has eluded us for generations, but also to look ahead at other critical challenges that lie beyond the horizon. Our wide array of interests in the region—stopping terrorism, protecting our allies, and ensuring energy security, to name just three—cannot be safeguarded unless we forge stronger partnerships with those countries with which we share long-term goals. One of the most effective weapons at our disposal in Arab countries is still the least technologically advanced: the individual exchanges and relationships forged between Arab and American leaders and citizens.

In this report, we have spotlighted the rise in anti-Americanism and the decrease in the number of Arabs visiting the United States because we believe they are direct threats to our security and interests. We have set forth a variety of recommendations to improve U.S.-Arab relations because we believe that, as a country, we cannot afford to choose between addressing immediate and long-term needs in the Arab world, between reaching out to governments or nongovernmental organizations, between focusing on leaders or their citizens. We need an array of tools as diverse as the needs they fulfill.

Partnership is a two-way street. Our recommendations will not be effective unless Arab governments do their part. The list of critical steps both sides must take is long, but the status quo is no longer a viable option. We know we share a common future, but what we do in the coming years and decades will determine if that future is characterized by conflict or cooperation. Will we continue to have major differences? Of course. But a century of polarization will serve neither Arabs nor Americans, while a relationship built on common goals and common ground has the potential to improve the fate of us all.

About the Committee Members

Jon B. Alterman is director of the CSIS Middle East Program. He is a former member of the Policy Planning Staff at the Department of State and former special assistant to the assistant secretary of state for Near Eastern affairs. The author of a number of books and articles on the Middle East, he has lived and traveled extensively in the region.

William S. Cohen, a counselor at CSIS, is chairman and CEO of the Cohen Group and chairman of the William S. Cohen Center for International Policy and Commerce at the University of Maine in Orono. He served as U.S. secretary of defense from January 1997 to January 2001, as a U.S. senator from 1979 to 1997, and as a U.S. representative from 1975 to 1979. He was born in Bangor, Maine, and received a B.A. in Latin from Bowdoin College (1962), and a law degree from Boston University Law School (1965). During his 24 years in Congress, he found time to write or coauthor eight books: three nonfiction works, three novels, and two books of poetry.

Frances D. Cook joined the Foreign Service in 1967. She is a former U.S. ambassador to Burundi, Cameroon, and the Sultanate of Oman. During her time at the U.S. State Department, she held numerous senior positions such as deputy assistant secretary of state for refugee programs, deputy assistant secretary of state for political-military affairs, and consul general in Alexandria, Egypt. Ambassador Cook transitioned to the private sector in May 1999 and operates an international business consulting firm, the Ballard Group, LLC.

Guilain P. Denoeux is professor and chair of the Department of Government at Colby College. A political scientist with extensive experience in the Arab world (including Morocco, Tunisia, Egypt, Jordan, Lebanon, Palestine, and Iraq), he holds a Ph.D. in politics from Princeton University. A regular consultant to the State Department and the U.S. Agency for International Development, he has briefed senior staff of both organizations in Washington, D.C., as well as overseas. For over a decade, he has been actively involved in the design and implementation of democracy-building strategies and activities in the Arab world, Southeastern Europe, and the Caucasus.

Edward Gabriel has an extensive background in international affairs. From November 1997 to March 2001, he was the U.S. ambassador to the Kingdom of Morocco. He has convened multilateral policy forums involving national security, environ-

mental, trade, and energy issues. Ambassador Gabriel was involved in matters of Russian and European nuclear nonproliferation and safety, and he has been active in advising the U.S. government on Middle East policy matters. He is also a visiting fellow with the CSIS Middle East Program.

Marc Ginsberg is managing director and CEO of Northstar Equity Group, an affiliate of APCO Worldwide, a global consulting company. Prior to entering the private sector, he served as U.S. ambassador to Morocco from 1994 to 1998. He also served as U.S. coordinator for Mediterranean trade, investment, and security affairs, as deputy senior adviser to President Jimmy Carter on Middle East policy, and as White House liaison for the secretary of state. Aside from his work with the federal government, he also served as senior partner and chief financial officer at Galland, Kharasch, Morse & Garfinkle.

C. Boyden Gray served as counsel to President George H.W. Bush for four years. He joined Wilmer Cutler Pickering LLP in 1969, leaving in 1981 to serve as legal counsel to then-Vice President Bush, returning to the firm in 1993. Mr. Gray serves as cochairman of Citizens for a Sound Economy. He is a member of Harvard University's Committee on University Development and sits on the boards of trustees of a number of organizations, including the Washington Scholarship Fund, St. Mark's School, and the National Cathedral School. He is also cochair of the Washington Roundtable at CSIS.

Frederic C. Hof is president and CEO of AALC, and was a founding partner of AALC's predecessor, Armitage Associates L.C. He directed the Jerusalem field operations of the Sharm el-Sheikh Fact-Finding Committee headed by former U.S. senator George Mitchell and was the lead drafter of the committee's April 30, 2001, report. He was also a principal drafter of the "Long Commission" report, which investigated the October 1983 bombing of the U.S. Marine headquarters at Beirut International Airport. A Vietnam veteran, his awards include the Purple Heart, the Department of State's Superior Honor Award, the Secretary of Defense Meritorious Civilian Service Medal, and the Defense Superior Service Medal.

Randa Fahmy Hudome is president of Fahmy Hudome International. Previously, she served as associate deputy secretary of energy under President George W. Bush. Prior to her executive branch experience, she was a foreign policy counselor to Senator Spencer Abraham and an associate attorney at the law firm of Willkie, Farr, and Gallagher. She received her J.D. degree in 1990 from the Georgetown University Law Center. Appointed by Maryland governor Robert Ehrlich to the Maryland Commission for Women, she is currently serving a four-year term as its chairperson.

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