THE EURO-MEDITERRANEAN CHALLENGE: DEMOCRATISATION OR GOOD GOVERNANCE?

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The EU's Mediterranean initiatives have their strong and weak points. For that reason some recently proposed policy directions are worthy of close scrutiny. The first, which however will not be analysed at length here, concerns the interface between the Euro-Mediterranean Partnership (EMP) and the new Neighbourhood Policy as well as the Strategic Partnership with the countries of the Middle East which was announced last June. Has the EMP been devoured by the Neighbourhood Policy so that in fact we are living in the post-EMP stage already? Many are confounded by this uncertainty and the EU needs to clarify the position as soon as possible in order to ensure greater transparency of goals and perhaps improved decisiveness in action. The second issue which shall be analysed at more length here is that as a result of modest policy achievements in the Mediterranean region, that have often been judged to fall short of projected targets, the EU seems to be constantly groping for useful conceptual tools that would extricate its initiatives from the morass of ineffectiveness. Prescriptions are often discarded as quickly as they are prepared. Rather heroically last year the Commission was proposing mainstreaming human rights in its policies towards the Mediterranean region in an aggressive manner. Recent Commission proposals seem to suggest that the EU ought to pursue good governance first. Does this entail that democratic reforms and main-streaming democracy have taken a back seat in the Commission's approach to the Mediterranean? What is the position of the member states? What the Commission seems to be suggesting is that the EU should first pursue good governance and democracy may or may not follow afterwards.

Last year the European Commission published two communications, one in May the other in October, the first dealing with democratisation in the Mediterranean region, the second with the issue of governance in developing countries. Although the latter is not specific to the Mediterranean region the Communication has obvious ramifications on the evolution of the EU's Mediterranean

policies.[1] The two communications seem to espouse two different policy approaches, two distinct paradigms, to political reform in the region. The first emphasises the need of radically changing the political structure of Mediterranean societies, albeit gradually, to help them cross over from authoritarianism to liberal democracy. We can label this the '*high politics*' of democratic transition. The second takes a bottom-up approach, claiming that in developing countries more emphasis should be placed on governance, which by a process of spill over may lead to the attainment of a democracy. The strong points of this approach is that it encourages the conditions for eventual rapid economic growth while dispensing with the messier and more daunting challenges of deep political changes as implied by the human rights/democracy approach. We can also call this approach the '*low politics*' of a broader democratisation process. It attaches more importance to economic and social reform as a catalyst for political change. In addition there seems to be some claim on the part of its supporters that it dispenses with one important problem that has dogged efforts to induce political change from outside: it can be *country-owned* and *country-driven* thus whitewashing the image of 'external interference'. In brief the policy issue does not seem to be a simple choice between democracy and good governance. In all probability the optimal approach to the region is one which includes elements of both governance and democracy, perhaps something resembling Sylvia Chan's Asian model which could be applied to the peculiar characteristics of the Mediterranean region.[2] This paper seeks to focus on issues just raised particularly on the relationship between democracy and governance, seeking to establish the extent to which they are different, whether one is prior to the other, whether a distinction between the two is necessary for the success of the EU's policies in the Mediterranean region or

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[1] Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee, on *Human Rights in the Mediterranean Region* [Com (2003) 294 final of 21 May 2003] and on *Governance and Development* [Com (2003) 615 final 20 October 2003]

[2] Chan Sylvia, *Liberalism, Democracy and Development*, Cambridge University Press, 2002.

whether such a distinction is possible or whether some other paradigm is required.

The question of the relationship between democracy and economic reform/development is a very old one with writers often taking very diametrically opposed positions. There are those like Samuel Huntington, who believe that some cultures are inherently incompatible with liberal democracy. There are some who favour what Amartya Kumar Sen refers to as the "Lee Hypothesis" which claims that 'disciplinary' states can better handle economic change and achieve substantively higher rates of economic growth than democracies. Sen disagrees with this assessment on theoretical and practical grounds. Sen's approach is fully espoused by the Arab writers of the UNDP *Arab Human Development Reports*.[3] The EU, the USA and many international organisations not least among them the UN are explicit in declaring that democracy and economic liberalisation go hand in hand.[4] The positive causal link between economic growth and democracy has meanwhile been challenged by Sylvia Chan who claims that the success of some Asian economies rests on the fact that they were capable of freeing themselves from classical liberal approaches preferring instead a particular mix (or matrix) of economic and civil liberties with less emphasis on political liberties.

The related issue of 'external interference' in the 'internal affairs' of states is one of the major ones that trouble the EMP. Thus a new approach which steers an independent course from the current European policies, perhaps a modified Chan model could in all probability enjoy more support in the Mediterranean Region if it could dispense with the image of interference. It could also be more responsive to the region's unique conditions. This of course will have to be tested empirically. Meanwhile, the notion of 'interference' itself needs to be opened up and analysed further. For

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[3] *Arab Human Development Report* (2002 and 2003), UNDP, Arab Fund for Economic and Social Development.

[4] These issues were covered in Pace R., "Democracy, Economic Development and Regional Stability in the Mediterranean Region," in Xuereb Peter G., *Euro-Med Integration and the Ring of Friends*, EDRC, 2003, pages 101-134.

the colour of its skin seems to vary depending from which angle one looks at it. 'Interference' is conveniently invoked by governments sensitive to criticism by members of the international community for their unsatisfactory democratic and human rights record. However, failed policies produce economic and social upheavals and produce shockwaves of varying degrees of strength and importance in the rest of the world community. In an open and interdependent world system such as ours, serious problems of poverty and political instability caused by bad policies, worse still by failed states, cannot anymore be simply ignored and left to fester in some forgotten and isolated corner of the globe because of their broader repercussions and the swift manner in which their side effects could spread beyond these isolated corners.

In short, in a more open and interdependent world system, political instability has comparable transboundary spill over potential and negative effects or externalities as environmental pollution. What one does in one's own country is not necessarily solely of concern to itself. It is legitimate for states whose welfare can be negatively affected by domestic turbulence in their neighbouring states and its fallout, to demand that the latter observe standards and norms of behaviour in their domestic domains or to co-operate with them in containing such turbulence. One cannot lead a peaceful life in a condominium unless one can persuade the neighbours to lower the volume of their noise. Were states to be completely isolated from one another, and leaving aside the vexed issue of the universality of rights, then the world could perhaps afford to be indifferent to what governments did in their respective national domains. Alas, in a more open world characterised by globalisation, in which crime, proliferation of weapons of mass destruction, terrorism, migrants and refugees can move more easily across political frontiers and threaten the peace and stability of otherwise peaceful societies, questions of democracy, human rights, good governance, ethnic and minority rights cease to be purely 'local affairs' and take on more of the properties of "global responsibilities" such as trans-boundary pollution or pandemics. No amount of 'cultural diversity' arguments suffice to justify indifference or 'non interference' particularly when matters threaten the broader global welfare. Without having to engage in a discussion on whether rights are

natural, God-given or universal, at a minimum the respect of certain common norms becomes essential. This is what international law and international regimes are there for - to help states relate peacefully to one another, on the assumption that there exists some minimum global community of interests which can only be achieved by collective common action.

States have an array of means to encourage unstable states to conform, short of compelling them by the use or threat of using force. Milda Anna Vachudova analysing the democratisation process in Central and Eastern Europe, made reference to "*passive leverage*" i.e. the force of attraction of markets and institutions.[5] The quest to attain membership of the EU encourages states to change their political systems and adopt market economies. Alternatively states can use coercion through economic sanctions, denial of market access or as some would argue (e.g. the Bush Administration) the use of "pre-emptive" force. All these policy choices are controversial to say the least. What seems certain is that a Union of 25 states with a population of 450 million such as what the EU has become, has every capacity to practise "*passive leverage*" to advance freedom and stability.

Whatever policy line is followed in the Mediterranean region, it is bound to raise a measure of misunderstanding and acrimony. For countries on both shores of the sea misunderstanding and the problem of lack of communication must be addressed. Roberto Aliboni argues in favour of devising a 'common language' to bridge this divide.[6] The European Commission's recent Communications on democracy and good governance must be seen as an integral part of this attempt at finding a common language. What is lacking is a detailed reaction to this position by the southern Mediterranean states which could serve as a first step towards achieving a common language. For in constructing this

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[5] Vachudova Milada Anna, "The Leverage of International Institutions on Democratising States: Eastern Europe and the EU", *EUI Working Papers*, RSC No 2001/33, European University Institute, Florence, 2001.
[6] Roberto Aliboni, "Common Languages on Democracy in the Euro-Mediterranean Partnership", EuroMeSCo Papers, No 31, May 2004

common language it goes without saying that both sides must be seriously and extensively involved.

But first it is essential to resolve the first issue, namely that in the Commission Communications under discussion, as has already been pointed out, there seems to be a cleavage between governance and democracy which could possibly lead to different but not perhaps unconnected policy outcomes. From this point onwards, this analysis seeks to identify the relationship between 'governance' and 'democracy' and then to go on to explore a number of issues related to them and the manner in which economic and political reforms could be approached in the EMP.

Good Governance

In the last quarter of 2003, the European Commission published a Communication on governance and development.[7] The Communication is interesting from many angles, however its central point is that it contrasts 'governance' and 'good governance' and to the extent possible it attempts to disaggregate 'governance' from democracy. The Commission seems to be suggesting a new approach to the challenge of democratisation in third countries involving a three stage process moving from governance to good governance and then on to the last and final stage which would be the achievement of democracy:

STAGE 1   Essentially the aim would be to develop **governance** in a partner country until it reaches the highest stage of development which is **good governance**;

STAGE 2   Further develop **good governance** until it spills over into **democracy**;

STAGE 3   Strengthen **democracy**.

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[7] Ibid., *Governance and Development*, Com (2003) 615 final, Brussels 20.10.2003

According to the Commission, one of the many attractions of this approach is that the governance process would be 'owned' by the country concerned and that the reforms to be carried out would be country-driven. The Communication's approach as shown here also seems to cut short the argument as to which should come first, democracy or economic reform. Democracy is the final, cumulative stage of development which begins from the initial step of attempting to achieve governance. Disaggregating democracy and governance is not a completely novel approach and it finds resonance in (for example) Dimitris Xenakis and Dimitris Chryssochoou who argue that:

> "good governance…seen primarily as a flexible policy structure, aims at distancing itself from absolute notions of democracy and democratisation, focusing instead on a set of norms and rules that are associated with what can be taken to denote a system of working relations based on the constitutive elements of openness and transparency; public accountability; lack of corruption; the institutionalisation of civil society; the socio-political dimensions and, crucially, sources of legitimacy; civic competence (defined as the institutional capacity of citizens to be actively engaged in the political process); individual and collective liberties; civic entitlements; minority and human rights; efficient public-sector management; equitable distribution of public resources; deliberative political processes; the independence of the judiciary; the conception and enactment of well-articulated laws, and so on."[8]

This approach to governance is surely intended to extricate it, as the writers emphasise, from the more complex and difficult question of political reforms aimed at instituting full-blown liberal democracies which are feared and resisted by the political elites in the south. This difficulty constitutes a real obstacle in the further development of the EMP. Thus while the EU rhetoric (less so in

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[8] Xenakis Dimitris and Chrysochoou Dimitris, *Agora Without Frontiers*, Volume 9, No 4, Institute of International Economic Relations, Athens, March-May 2004, page 270.

practice) maintains that democracy and the market economy must progress hand in hand, the southern Mediterranean states may be readier to accept a more limited programme of political reform, a cocktail of elements from both the democratic process and good governance. Such a matrix of selected items would hopefully help the southern littoral states achieve good governance possibly with or without any further end points in mind.

But when discussing governance and democracy a further difficulty arises. Broadly speaking when reference is made to democracy, it is the Western-Liberal model based on the market economy, the respect for fundamental freedoms, the separation of powers and the rule of law that most people, including its most ardent opponents have in mind. When it comes to defining governance, the opposite is the case. The term has been given so many different meanings by governments and international organisations that it would perhaps be easier to list its denotations, which are many, than to find a measure of consensus on its connotation. *Appendix One* comprises a table of various approaches to measuring and defining governance. Some meanings of governance are very loaded. Sylvia Chan observes that although international organisations such as the World Bank have done their best to avoid declaring openly what kind of political regime is desirable to achieve good governance, emphasising instead the process by which authority is exercised and the capacity of governments to design, formulate and implement policy, it is clear that "politically neutral recommendations presuppose profound political change and represent a political vision. In essence, the concept of '*good governance*' means a state enjoying legitimacy and authority derived from a democratic mandate and built on the traditional liberal notion of '*separation of powers*' and the '*rule of law*', as commonly agreed to be the case in Western industrialised countries. In other words it is derived from the model of *'liberal democracy'*."[9] This has very important implications for designing policies and for establishing criteria to measure their progress. Besides, 'governance' has a dual personality in being both an

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[9] Ibid., Chan (2002) page 17.

objective to be achieved and a criterion for measuring policy outcomes.

The Commission defined governance as a basic measure of quality and performance of any political/administrative system and went on to define it like this:

 "Governance is a key component of policies and reforms for poverty-reduction, democratisation and global security. This is why institutional capacity-building, particularly in the area of good governance and the rule of law is one of the six priority areas for EC development policy that is being addressed in the framework of EC programmes in developing countries".

While there is no internationally agreed definition of governance, the concept has gained importance and over the last ten years…Governance concerns the state's ability to serve the citizens. Such a broad approach allows one conceptually **to disaggregate** governance and other topics such as human rights, democracy or corruption. Governance refers to the rules, processes, and behaviour by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in that context. The real value of the concept of governance is that it provides a terminology that is more pragmatic than democracy, human rights, etc. In spite of its open and broad character, governance is a meaningful and practical concept relating to the very basic aspects of the functioning of any society and political and social systems. It can be described as a basic measure of stability and performance of a society. As the concepts of human rights, democratisation and democracy, the rule of law, civil society, decentralised power sharing, and sound public administration gain importance and relevance as a society develops into a more sophisticated political system, governance evolves into good governance."[10]

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[10] Ibid., points 3 and 4

The Commission's definition of governance conforms to its three-stage scheme outlined above. Curiously the wording seems to place corruption outside the realm of governance. In its Communication, the Commission also quotes the definition of governance inserted in Article 9.3 of the *Cotonou Partnership Agreement*:

> "In a context of a political and institutional environment that upholds human rights, democratic principles and the rule of law, good governance is the transparent and accountable management of human, natural, economic and financial resources for the purpose of equitable and sustainable development. It entails clear decision-making procedures at the level of public authorities, transparent and accountable institutions, the primacy of the rule of law in the management of resources and capacity-building for elaborating and implementing measures aiming in particular to preventing and combating corruption".

In the Cotonou definition of governance, there is a tacit acceptance that good governance does not precede democracy, but democracy is what makes good governance possible. At the very least this is a controversial assertion with various policy implications and which is at variance with the current Commission definition as discussed earlier in this paper. Thus even before governance-centred policies could emerge there is a great need for clarifying the meaning of 'governance'.

Apart from the many different meanings that have been attributed to 'governance' the term takes on a different aspect when it is applied to different levels of decision-making, namely the global, regional (i.e. international region), sub-regional, national and sub-national which may also include sub-national regional and local levels. Applied to the EMP, governance is used on the one hand in the discussion of the individual polities of the Mediterranean states, but it is also significant in a different though not wholly unconnected sense in a discussion of the institutional structure of the EMP itself.

The literature also seems to indicate that the stronger the attempt to define governance in a most comprehensive manner so as to encompass most if not all of the shades that it has been painted in, the more it approaches the definition of democracy. Thus the exercise of conceptually separating governance and democracy as a 'linguistic' device in order to avoid the implementation problems and obstacles allegedly generated by democracy, becomes a futile one when governance becomes more than just a simple set of criteria to guide economic and social reforms and begins to demand deeper and broader political reforms for its sustenance, if not a root and branch overhaul of the political system. In addition, can good governance be sustained in the longer term without democratisation? The evidence from the Mediterranean region seems to show that authoritarianism, corruption, clientalism, the rentier economy and excessive bureaucracy are mutually reinforcing. For example, how can Mediterranean societies overcome the drawbacks just mentioned without the essential elements of a democracy? How can institutions whose arbitrariness is not open to public scrutiny and control eradicate the worst side effects of authoritarianism, i.e. bad governance? The invocation of the '*Asian model*' has obvious relevance when answering this question.

A quick survey of the Mediterranean region shows that the economic growth experience of the democratic countries is much better than that of those which are still in the grips of authoritarianism. But this may also be no more than circumstantial evidence. This relative success could be explained by the fact that the northern littoral states entered the phase of economic liberalisation before the southern shore ones, which plodded on with their outdated, often state-centric, economic policies well into the 1990s. Thus the critically determining factor which led the southern shore countries to fall behind could owe more to the wrong economic policy choices than to their kind of political regime. In other words it may be argued that if the economic philosophy is changed it is just possible to attain brisk economic growth without the immediate need, though it may nevertheless happen later as a result, of changing the political system. The case of Egypt's liberalisation process started in 1974 undermines this

argument. As Richard Pomfret observed, although in that year Egypt proclaimed a new '*open door*' policy to replace import-substitution, "Foreign investors rushed to take a look at Egypt but few decided to stay when they saw how difficult it was to do business there."[11] What drove them off? Mostly the same kind of problems such as bureaucracy, red-tape, corruption, the lack of financial intermediaries, in short those same aspects of bad governance and underdeveloped market economy that are blamed today for the region's poor economic performance and its inability to attract foreign direct investment (FDI) in sufficient quantities. It seems that political stagnation in the southern Mediterranean states has delayed the transition to good governance, which in turn has stifled economic growth.

The evidence is even more compelling when the case of Turkey is brought in. For a long time Turkey followed an import-substitution economic policy. Political turbulence in the seventies led to the intervention of the military in 1980 and political stability was soon established. The 1980 intervention also led to a change in policy in Turkey from one of protectionism and import-substitution to one of more openness. But this new policy thrust still fell short of achieving the right macroeconomic fundamentals (inflation and public spending to mention two) and these combined with corruption and red-tape continued increasing unabated. Then crisis struck: towards the end of 2000 and the first few months of 2001, Turkey came close to economic collapse. High inflation, a growing public debt, a runaway public deficit and extreme resistance to getting on with economic reforms depressed business confidence, instigating a run on Turkish banks. In the light of this crisis, a strong restructuring programme was put in place with the help of the IMF and the Turkish Lira was floated. Three years later, growth averages 6-7 per cent per year, inflation has come down to single digits, expectations about inflation are good, i.e. that it is being tamed, and all the main macroeconomic indicators except the crucially important public debt figure are looking healthy.[12]

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[11] Pomfret Richard, *Diverse Paths of Economic Development*, Harvester Wheatsheaf, 1992, page 80.
[12] See *IMF Survey*, Volume 33, No 17, 20.09.2004

Turkey's case shows that a cocktail of political instability, wrong macroeconomic policies and bad governance are disastrous. Further, that half-baked solutions comprising a restoration of political stability and more open economic policies which do not however give sufficient attention to crucial economic policies such as controlling inflation and public spending while ignoring the need of good governance may also lead to a dead end. What seems to work is a formula comprising the maintenance of political stability, sound and far-reaching economic policies that leave no crucial element out and good governance.

Contrasting the case of Turkey with that of Egypt (the two most populous Mediterranean states) we can draw a number of conclusions: authoritarianism or centralised political control is no guarantee of success unless it is enlightened as to where it wants to arrive at. Authoritarianism with no clear macro-economic policies (pre-200/01 Turkey) is as bad as authoritarianism with some worthy economic policies but without good governance. Extending this analysis to the broader Mediterranean region we find that all of the countries of the southern Mediterranean are under some form of authoritarian regime, though the intensity of this authoritarianism differs a lot across the group. All suffer from a huge deficit in good governance. Their economic performance also varies: some have performed badly mostly due to internal political upheavals (Algeria, Lebanon), some suffered as a result of international embargoes (Libya) while others have done relatively well due to more open economic policies. Nearly all of them have pursued state-centric economic policies for a long time. All have suffered from adverse geo-political developments such as the war in Iraq. In general it can be said that where modest economic growth was achieved it was however swamped by their growing populations leading to no real improvements in GNP per capita. It is then very difficult to nail the cause or causes of the region's economic problems to a single factor. The evidence is that those countries that have relatively-speaking advanced most on the road to economic reform (Turkey, Israel and Tunisia) seem to have performed better. Indeed, what has been repeatedly stressed by major aid donors over the years is the need of improving good governance and overcoming the enormous resistance to change.

The 2004 *World Bank Strategy Paper for the MENA Region* summarises the problems thus:[13]

1.   The region is politically sensitive: Geo-political considerations, the Israeli-Palestinian conflict, the war in Iraq, a process of political transition in the face of strong vested interest groups, religious extremism, and volatility which creates enormous uncertainty all increase the degree of political sensitivity in the region. This sensitive political environment leads to prudence on the part of the leaders in adopting new policies with long-term benefits but immediate social costs.

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2.   The region is slow and lagging in reforms: Countries are slow to move on structural reforms and for decades have performed well below their potential. Oil and strategic rents have enabled many countries to postpone reforms while putting in place social and employment policies that are proving increasingly unsustainable. Serious governance issues in both the public and corporate sectors are not being adequately addressed. MENA policies are ill-suited to the global economy. The region has not featured in the upsurge of private capital to developing countries. Distortions continue to thwart competitiveness. Savings rates are below those in comparator countries. In the absence of successful non-oil trade diversification, it will be very difficult for MENA countries to find alternative sources of sustained growth as neither oil, nor aid, nor workers' remittances are likely to be sufficient to generate adequate employment and incomes in years to come. That is why one of the key pillars of our strategy is to assist governments to build a business climate conducive to investment, jobs and sustainable growth.

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[13] World Bank: Middle East and North Africa Region, Strategy Paper (*Updated June 2004*)
http://lnweb18.worldbank.org/mna/mena.nsf/Attachments/MNA+Strategy/$File/MNA+Strategy+2004.pdf (21.10.2004)

Furthering the Quest for a Common Language

Another approach to the question of political reforms in the Mediterranean Region favours a more parsimonious and top-bottom approach urging radical democratic and economic changes in order to usher in the liberal economic-democratic state. This approach gained popularity, not least with the EU, following the fall of communism and in the light of the convulsions that shook Central and Eastern Europe afterwards. In the heady days following the fall of the Berlin Wall many were ever so ready to graft the European experience on to other regions, despite the markedly different conditions.[14] Fortunately since then European policies are more down to earth. In this case as well, cultural differences and experiences, not to mention the need to avoid all semblance of 'interference' have also led to the promotion of the need of constructing a common language of democracy or of bridging the gap between the many discourses on democracy if any headway is to be made towards the establishment of mutually acceptable criteria, not only to assess progress - or regression - in the democratisation process but also to map out a clearer course of action for the future. It was partly as a reaction to this approach that other courses of action have been proposed such as the one beginning with governance as discussed in the previous section.

The insistence by the EU, and the Western democracies, on the need of political reforms to strengthen democracy and the respect of fundamental freedoms in their partner countries in the developing world, is often interpreted, not least in the Mediterranean region, as an interference in the internal affairs of states which goes against the principle of state sovereignty. This reaction is a symptom of the cleavage that exists between the claims to 'universality' of Western, liberal values and those of cultural relativism. According to R.J. Vincent the debate between universality and cultural relativism has been going on in the history

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[14] For example in 1990 Spain and Italy proposed the convocation of a Conference on Security and Co-operation in the Mediterranean (CSCM) in order to repeat the 'success' of the Conference on Security and Co-operation in Europe (CSCE) in the Mediterranean Region.

of Western political thought for around two centuries.[15] One of the many claims of the cultural relativity argument is that the moral claims deriving from outside a culture have no validity within it. This amounts to asserting that a society is effectively withdrawn from the moral scrutiny of others. Vincent poses the question: "should the rest of the world have no say about a society in which the rulers practice slavery or starve their people?"[16] The acceptance of a minimum set of 'universal' rights cannot thus be altogether avoided. Also, as argued earlier, in the global society, it is arguable how much and to what extent that which happens locally is purely local.

In the universality versus cultural relativity debate there seems to be an underlying motif that what is developed in one cultural domain cannot be universalised or applied in other domains - which is not true. It is like saying that if freedom from torture emerged as a value in Western societies then its application in other socio-cultural contexts is not necessary, worse that a culture could actually sanction the torture of humans as one of its basic values (moral relativism). There is also evidence that cultures and civilisations borrow from one another in their evolution.

The alleged incompatibility of democracy with Muslim societies (the cultural relativity argument) comes from three main angles: from ruling elites in the Arab world, from their religious fundamentalist opponents and from some Western Liberal thinkers who argue like Samuel Huntington does that "*Islamic culture explains in large part the failure of democracy to emerge in much of the Muslim World*"[17] or like Francis Fukuyama who holds that although Islam poses a threat to liberal practices in the Arab World, in the longer term the Islamic World would seem more vulnerable to liberalism.[18] Fukuyama's views, if correct (depending of course

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[15] Vincent R. J., *Human Rights and International Relations,* Cambridge University Press, 1995.

[16] Ibid. page 55.

[17] Huntington Samuel P., *The Clash of Civilizations and the Remaking of World Order,* Touchstone Books 1998, page 29.

[18] Fukuyama Francis, *The End of History and the Last Man*, Penguin Books, 1992, pages 45-46

on what he means by "vulnerability"), would also justify a sceptical attitude by Islam towards liberalism. The views expressed by Huntington and Fukuyama are consistent with those of the 'Orientalist' school which holds that democracy is alien to Muslim culture. But *Orientalism* consists of many strands, one of which is culturally deterministic maintaining that democracy and Islam are incompatible for inherently cultural reasons, while the other is historic, attributing the lack of democracy in the Muslim world to historic reasons, which are contingent. In opposition to the *Orientalists* stand the neo-*Thirdworldists* who focus on the elements of democracy permeating Islamic political systems which have the potential of developing further if encouraged to do so or if conditions turn in their favour.[19] The views expounded by Huntington, Fukuyama and the *Orientalists* are also contested and contrasted by some Islamic scholars such as Khaled Abou El Fadl who argues that in sharp contrast to the authoritarianism which is rampant in most Moslem states, a constitutional democracy protecting individual rights is the most suitable polity to help Moslems attain Islamic values as enshrined in the Koran and the Shari'a.[20] This kind of reconciliation of liberalism with the Koran has the advantage of maintaining the unity of the aims (as seen from a western perspective) of 'religious' and 'secular' law which is the main characteristic of Muslim culture and society.

The first strand of Islamic thinkers, those who harp on the incompatibility of Islam and democratic/liberal values, argues that because of its claims to universality, liberalism is not only intolerant of local, indigenous values and cultures but it also subdues Islamic values. Thus the 'universality' of the principles of democracy and of fundamental freedoms is attacked and labelled "Western". The "West" is accused of trying to impose its values upon the weaker developing world. This criticism has a special appeal among extremist religious-inspired Islamic movements

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[19] Aliboni, pp 11-12.
[20] El Fadl Khaled Abou (edited by Joshua Cohen and Deborah Chasman), *Islam and the Challenge of Democracy*, A Boston Review Book, Princeton University Press, 2004

opposing their governments in the Arab World as well as among the elites resisting political reform for whatever reason. Political elites claim that democracy would deliver power to religious fundamentalists and that this would represent a definite step backwards in the 'modernisation' of Arab societies. Those who oppose the elites propose an "Islamic" alternative. Hence, "modernizers" and "fundamentalists" find common ground in their opposition to liberalism which both perceive as a threat to their power base: the ruling elites because they have to relinquish power and subject it to a *demos*, the religious fundamentalist movements because they lose their dogmatic monopoly which gives them power over people, which could in turn help them attain power. In short, as the purportedly Arab proverb goes when confronting liberalism "the enemy of my enemy is my friend".

Aliboni identifies a third but radically different strand of opposition to external interference arising from liberal elements, religious or otherwise, nestled in the Arab World itself and who are committed to developing their own 'home-grown democracy' and who for that very reason believe that external influences obstruct their efforts.[21] Aliboni proposes two key challenges for EU (and I suppose) Western approaches in the democratisation endeavour: one is to reduce if not eliminate the perception of "interference" or intrusion in internal affairs; the other is to seek to end the collusion between "moderates seeking authenticity and governments seeking only to survive" in other words to divide the opposition to liberalism. The problem with this second approach is to find enough entry points in societies in democratic transition to allow the EU to influence the process. This is difficult to achieve since the development and role of civil society still lags somewhat behind in the Arab countries when compared to the EU.

The search for a common language of democracy obviously involves a normative discussion of the universality (or otherwise) of democratic values and their compatibility with Islam, some

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[21]A short discussion paper entitled "New Political Approaches to Democracy Promotion" discussed at a EuroMeSCo seminar for Senior Officials of the Euro-Mediterranean Partnership organised in Malahide, Dublin, June 1st 2004.

allusions to which have been made above, and which the 'governance' approach tries to avoid. A 'normative' discussion is not useless and it helps sharpen the debate and strengthen the case of groups in Muslim societies who base their political programmes on the notion that there is compatibility between a constitutionally based liberalism and Islam. However, in the context of the Euro-Mediterranean Partnership (EMP) it is important to maintain our focus on a number of other important issues that are often lost sight of in the heat of the normative *versus* positivist debate. Firstly, the EMP partners have accepted the Universal Declaration on Human Rights and most subsequent international declarations on democracy and human rights which place special obligations on them. In addition, when the EMP itself was launched in Barcelona in 1995, all parties agreed to "*respect human rights and fundamental freedoms and guarantee the legitimate exercise of such rights and freedoms, including freedom of expression, freedom of association for peaceful purposes and freedom of thought, conscience and religion both individually and together with other members of the same group, without any discrimination on grounds of race, nationality, language, religion or sex.*"[22]

This is a quasi-contractual obligation to respect such rights if not for the fact that the Declaration is not a treaty. Moreover (and this is where the contractual obligation lies) in line with this aim, the so-called 'human rights and democracy' clauses were inserted in the bilateral free trade accords concluded by the EU with each of its Mediterranean Partners. Furthermore, the inclusion of these clauses in the bilateral agreements with the EU's partners demonstrated amply enough that the spirit of Barcelona required that progress in the political and economic field as well as in the third basket were to be linked. The EU's reluctance to enforce more compliance with this requirement for many years and the partners' careful selection of what to go along with and what not to accept are enough to highlight one of the many glaring deficits of the Partnership but can never cover up or excuse failure to act on an international commitment. The lesson for the EU out of all this is that in future it should either restrict itself to what is doable or to ensure that

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[22] Barcelona Declaration page 137

international commitments are kept. Otherwise it would be difficult to prevent a complete descent into universal scepticism when confronted with Mediterranean affairs.

However, more important than these considerations is the fact that the universality of democratic rights and fundamental freedoms has been accepted by human rights activists in the Arab world itself. In this context, while keeping in mind the sharp differences in outlook between the educated elites who espouse such views and the popular masses, it is important to take note of initiatives such as the landmark *Casablanca Declaration*, adopted by the Arab Human Rights Movement at its First International Conference which met between the 23–25 April 1999. The Declaration clearly rejects:

1.   The manipulation by some Arab governments of patriotic sentiments and the principle of sovereignty so as to avoid complying with international human rights standards.

2.   The use of civilisational or religious specificity to contest the universality of human rights. (A denial of the Huntington-Fukuyama thesis and Islamist arguments rejecting democracy for its alleged inherent incompatibility with Islam);

On the other hand the *Casablanca Declaration* accepts and emphasises that "*Commendable specificity is that which entrenches the dignity and equality of citizens, enriches their culture and promotes their participation in the administration of public affairs*."[23] This is much in line with El Fadl. In short, not all the opponents of authoritarianism are apprehensive of the universality

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[23]At the invitation of the Cairo Institute for Human Rights Studies, and hosted by the Moroccan Organization for Human Rights, the First International Conference of the Arab Human Rights Movement: Prospects for the Future met in Casablanca between the 23 and 25 April 1999 to examine the condition of human rights conditions in the Arab world, as well as the responsibilities, tasks and prospects of the Arab human rights movement. After extensive discussions, the Conference declared that the only source of reference in this respect is international human rights law and the United Nations instruments and declarations. The Conference also emphasized the universality of human rights.

of human rights and democratic principles. It is axiomatic then that the EU should do its utmost to seek to create a constructive dialogue with those elements in Muslim societies which think in like manner. Certainly, it is not in the EU's interest to lessen or dilute its insistence on democratisation at a time when the debate in the Arab World seems to be gathering momentum.

Regional Initiatives

The EU is not the only actor in the Mediterranean and Middle Eastern Region. Exogenous pressures for Arab reform originate also from the USA. In Appendix 2 the main initiatives in the region and which exert pressure on the governments of the region are listed. These include the EU's "Strategic Partnership" and the US "Middle East Partnership Initiative" as well as the Arab League's renewed interest in the need for democratic reforms. These initiatives show how different pressures are not only building inside the Arab states themselves but also from outside. Does a joint EU-USA effort make sense in view that the two powers collaborate jointly in the 'Quartet' on Middle East Peace Process and are running parallel programmes in the region? American intervention in Iraq has accentuated anti-Americanism in the region apart from rocking trans-Atlantic relations raising doubts on the advisability of a joint effort at least for the foreseeable future. Hence it looks as if the EU has no choice but to pursue its policies on its own until the clouds over the Middle East begin to clear.

The main challenge which the EU policies face, not least in the context of the Mediterranean Region's reform process, is that of maintaining the momentum and of ensuring that governments committed to reform stay on the road. The main difficulty with this lies primarily in the fact that certain events, as in the case of 9/11, may cause reversals in such processes. Apart from this, Political elites in the Arab world have in the past been criticised for paying lip service to commitments in the field of democratization and human rights much to the consternation of reformist elements within Arab society. The *Arab Human Rights Charter* is one such

glaring example.[24] Originally approved in 1994 and re-endorsed in May 2004 by the Arab League, it has so far (August 2004) been ratified by only three Arab countries. To add to the complications, Arab governments are being selective as to which parts of the Charter they wish to implement. An item which appeared in *The Jordan Times* of May 21st 2004 is perhaps indicative of the overall very guarded approach to human rights and democratic principles:

Arab Human Rights Charter Endorsed

AMMAN (Petra) - A Royal Decree issued on Wednesday endorsed the Arab Human Rights Charter as established by the Arab League and approved by the Council of Ministers last March. The charter seeks to reaffirm respect of human rights as basic and sublime in nature. It provides for the right of humans to determine their destiny, to have control over their wealth and resources, to have the right to live in peace and dignity under the umbrella of national sovereignty and territorial integrity, and to have the right to resist foreign occupation.

In the meantime, while Arab elites argue over the content of the Charter, internal and external pressures are building up. Reference has already been made in previous publications[25] to the *Arab Human Development Reports* written by a group of Arab experts which have roundly criticised a number of shortcomings in Arab societies which need urgent attention. The situation is succinctly captured in a sub-head to a commentator's article in the electronic weekly of the influential *Al Ahram*, entitled "Whose human rights?" written just prior to the Tunis Arab League summit last May, which amongst other things re-endorsed the Arab Charter: "*While Americans promote occupation as a potential vehicle for human rights, Arabs stall on enforcing the rights they honour on paper.*"[26] The same writer commented on the many fundamental

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[24] The text of the Charter can be read in Brownlie Ian and Goodwin-Gill Guy S. (eds.) *Basic Documents on Human Rights*, Oxford University Press, fourth edition, 2002, pp 774 forward.

[25] Ibid Pace R., op.cit.

[26] Al Ahram Weekly on Line, 4-10th March 2004, Issue No 680.

differences dividing Arab leaders and which are delaying the ratification of the Charter such as the question of more rights for women and the abolition of capital punishment. Similarly, according to *Arabic News* of 12th May 2004, the Speaker of the Moroccan House of Representatives (lower parliamentary chamber), Abdelouahed Radi, while inaugurating the African Parliamentary Union (APU) held in Rabat between 11-12 May 2004, underlined the urgency of establishing democracy in Africa in order to enable the continent to overcome the problems it is facing. He was reported to have said that "*the dissemination of democratic values and practices, the modernization of political institutions, as well as the consolidation of the culture of human rights and the civil society constitute indeed the main, urgent, and basic tasks that need to be undertaken by our peoples*".[27]

This discussion is also pointing towards another element which is important: that one must avoid the trap of treating the Arab world as a monolith or a homogeneous, monochromatic bloc. Specialists are rarely entrapped in this fallacy but popular images frequently fall into it, unwittingly sucking in some Western political leaders in their vortex. Policy analysis cannot be allowed to be dictated by popular images though these have to be taken into account. EU policies towards the Mediterranean have always tried to maintain a differentiated approach to each partner even when the avowed aim of these policies was to achieve a uniform 'global' approach, such as in the celebrated "Global Mediterranean Policy" of the 1970s. The Euro-Mediterranean Partnership has allowed a modicum of differentiation as well. But the Neighbourhood Policy and the Strategic Partnership promise a stronger dose of differentiation, a tailor-made approach to every partner while maintaining overall coherence. The main challenge is whether the course will be maintained or whether substantive parts of the policy and the Strategic Partnership will be jettisoned along the way?

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[27] http://www.arabicnews.com, May 12th, 2004

Neighbourhood Policy

The Euro-Mediterranean Partnership has today become a strange animal indeed. At one and the same time it is both autonomous and yet part of the overarching EU "Neighbourhood Policy". It is not clear how the two policies interface. In meeting the goals of its Neighbourhood Policy the EU does not intend to pursue a common approach to all its neighbours nor to countries of the same region. The common approach was the nadir of the *Global Mediterranean Policy* of the 1970s and of the *Euro-Mediterranean Partnership* despite the fact that on numerous occasions the EU was forced to depart from its self-imposed norm to take account of local differences or in order to compromise when negotiations stalled. The Commission now favours a "tailor-made approach". According to this approach, the Action Plans will be differentiated to reflect the existing state of relations with each country, its needs and capacities as well as common interests. They will be put forward by the Commission and approved by the respective Co-operation or Association Councils. This shift in policy stance may not be altogether bad. Perhaps, a differentiated approach is in fact what is needed to ensure better results for it allows the EU enough elbow room to deal with countries in the same region in accordance with their different and uneven levels of economic and political development. The main limitation of this approach is that the EU partners may practice *linkage politics* by demanding similar treatment on the basis of concessions made by the EU in another bilateral setting. Thus the real space of manoeuvre available to the EU in treating partners "differently" may be less than at first meets the eye. One has to allow sufficient time to pass to assess the final outcome of this approach.

The Action Plans are based on a **commitment to shared values**, meaning respect for human rights, including minority rights, the rule of law, good governance, the promotion of good neighbourly relations, and the principles of the market economy and sustainable development as well as to certain key foreign policy goals. The pace at which the EU develops links with each partner is meant to reflect the extent to which these common values are effectively shared, in short implemented by the partner. The Action Plans will

contain a number of priorities intended to strengthen commitment to these values. They also cover a number of other key areas such as political dialogue which comprises the fight against terrorism and the proliferation of weapons of mass destruction as well as measures to resolve regional conflicts. In addition the Plans cover economic and social development policy, offering neighbouring countries the prospect of a "stake in the EU internal market based on legislative and regulatory approximation", participation in a number of EU programmes (education and training, research and innovation) and improved interconnection and physical links with the EU (e.g. In the fields of energy, transport, environment and information society). In trade the EU foresees increased market openings in accordance with WTO principles and convergence with EU standards. In the field of Justice and Home Affairs close co-operation is envisaged to include issues such as border management, migration, the fight against terrorism, trafficking in human beings, drugs and arms, organised crime, money laundering and financial and economic crimes. It is very hard to see what would motivate partner states which are reluctant to reform to actually accept change. The nirvana for those who behave well is a new privileged partnership in the form of **European Neighbourhood Agreements**, to replace the present generation of bilateral agreements, when Action Plan priorities are met say in three to five years time. The stick with which to punish non-compliance is not clearly identified.

The Plans are also intended to encourage regional and sub-regional co-operation. For the Mediterranean region this implies further developing various forms of cross-border co-operation as well as the promotion of infrastructural interconnections and networks, in particular in the energy sector. The aim is for the Mediterranean partners to develop new forms of co-operation with each other. The European Commission has started to draw up a series of country reports under the auspices of the Neighbourhood Policy. In the case of the Mediterranean region, five country reports were published last May covering Tunisia, Morocco, Jordan, Israel and the Palestinian Authority.

There is nothing wrong with a flexible approach in as much as the overall goals to be achieved are not lost sight of. What is required together with flexibility is perseverance in order to ensure that the initiatives are pursued to a successful conclusion or as close to it as possible. This flexible approach also opens the way for the EU to focus on a critical group of countries which would carry on their reform efforts ahead of the pack and which exercise a locomotive role for the other countries of the southern Mediterranean Region.

The Asian Model

Reference has been made in this analysis to the so called Asian model discussed by Sylvia Chan. Chan's discussion is a variant of the "Lee Hypothesis". She starts the discussion by decomposing "liberal democracy" into its three main components (or dimensions): *economic liberties* (capitalism), *civil liberties* (courts/legal system) and *political liberties* (democracy). She argues that defining liberal democracy in this way is better than looking at it as a unitary concept. The writer next poses the question as to whether the 'liberal' and 'democratic' parts of 'liberal democracy' complement one another or whether there is a trade-off between them? From a political angle they are complementary, but democracy without limits can also threaten civil liberties. She further argues that there is a more conflictual relationship between 'economic' liberties and democracy. An effective democracy cannot do without civil liberties. But some civil liberties can still be provided under an authoritarian or undemocratic regime.

To be said to possess the three dimensions of 'liberal democracy' outlined here is to say that one is able to exercise them. A poor person is not judged to be free if he cannot exercise any or all of these freedoms. Thus if and to the extent that they lead to destitution, economic, civil and political liberties are in conflict with both the liberal and democratic parts of liberal-democracy. Thus if economic liberties have negative consequences on distribution, they have to be restrained. This counts for political and civil liberties as well: although restrictions on these may affect the distribution of wealth less than restrictions on economic liberties, political liberties may conflict more than civil ones with improving

material welfare.[28] This discussion, coupled with the decomposition of liberal democracy into its three main components, leads the writer to observe that the mix of these liberties is different in different societies and that "…the mix of liberties at any given time itself depends on the particular history, culture and tradition of the particular society as well as the more specifically political skills of the leaders."[29]

Using Asia's newly industrialising countries and Japan as case studies, Chan concludes that

> "it may therefore be concluded that a distinctive set of institutions embodying a particular mix of liberties, in combination with a set of internal and external pressures, produced economic development through the achievement of 'security', 'stability' and 'information flow' in the Asian countries considered here. The ways in which 'security', 'stability' and 'information and openness' contribute to economic development are in some cases the same in Asia as in the West and in some cases not. The important thing is that the connection does not depend on their being a 'liberal democratic' regime but a regime with a different mix, manifestation and institutionalisation of 'economic', 'civil' and political liberties."[30]

In short, the writer argues that the Asian economies have achieved success by adopting a particular mix of 'economic', 'civil' and political liberties, which is different from that which is found in established liberal democracies - and it seems to work well.

Of course the causal link between the Asian model or 'mix' and the economic success of the East Asian NICs and Japan is attractive but not completely unassailable. What results would have been obtained had the mix consisted of full blown democracy and the same set of economic liberties? Of course a satisfactory answer to

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[28] Chan, page 44-56.
[29] Ibid page 55.
[30] Ibid., page 219

this question cannot be given. However, it would be relevant to observe the performance of these countries as they increase democratic freedoms (freer media, political contestation and competition as is happening in Taiwan and South Korea).The link between these countries' culture, work ethic and practices and other sociological factors and economic growth need to be explored further in order to establish which factors really explain their success. As Amartya Sen observes: "The economic policies and circumstances that led to the economic success of East Asian economies are by now reasonably understood…There is nothing whatsoever to indicate that any of these policies is inconsistent with greater democracy and actually had to be sustained by the elements of authoritarianism that happened to be present in South Korea or Singapore or China."[31]

Democratisation or Good Governance?

It is difficult to judge which of the two approaches discussed here, good governance or democracy should be accorded precedence or which will translate into more stability in the Mediterranean region. EU rhetoric is still targeted on the need to achieve democracy. The Commission appears to be proposing a "*governance > good-governance > democracy*" approach as discussed in the first section of this paper. The advantage of this approach is that it is flexible, allows for short to medium-term goals to be targeted, leading eventually to a situation where the longer-term goals could begin to be focused on. However, this Commission approach maintains democracy as the ultimate step to be achieved – though there is no predicting where the three-stage process will stop in each of the Mediterranean partners once it has been initiated. Much will depend on local conditions, the regional context at the time and the political will to see the reforms through. All of these are contingent factors. The other strong point of this approach is that a different menu could be established for each of the partner countries.

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[31] Sen Amartya, *Development as Freedom*, Oxford, 1999, page 150.

The difficulty with the governance approach is that what is meant by 'governance' has to be closely defined since governance means so many different things to different people, governments and international institutions and each meaning has different policy implications. It is also doubtful whether good governance is sustainable in the medium-term, let alone in the longer-term, without a democratic infrastructure. It can be argued that a measure of authoritarianism could be useful in ensuring good governance. The argument that a benevolent authoritarian government could possibly provide enough safeguards to maintain governance is plausible and seems to be rendered plausible by the 'Asian model' expounded by Sylvia Chan. But the evidence from the Mediterranean region seems to show that authoritarianism has shielded corruption, inertia, crony capitalism, red tape and others element of bad governance that have obstructed economic forces from playing their role. Hence a legitimate question to ask is: can good governance be maintained within a society that does not have the separation of powers, the rule of law, and political leaders who are liable to be sanctioned by the people in free elections? How long will it take for good governance to degenerate into bad governance again without a system of checks and balances provided by democracy?

The other problem with the "Asian Model" is that while sufficient time has passed to allow for a better appraisal of the liberal model which is still with us, not so much time has lapsed in the case of the 'Asian' approach. And should we speak of the Asian "approach" or "approaches"? There are obvious differences of approach across the continent.

The analysis in this chapter applied to the situation in the Mediterranean region seems to point to the following policy aims:

1. The desegregation of 'governance' and 'democracy' is useful but only to a limited extent. Both concepts form part of a single continuum. One can envisage good governance in an authoritarian system but it is more likely to break down in that case, as a result of the absence of checks and balances, than it is likely to do in a full-fledged democracy.

2. There is nothing wrong in adopting a gradual approach to political reform in the Mediterranean, beginning first by focusing on good governance. This would entail combating excessive bureaucracy, corruption, rentier practices, red tape and clientalism. This process can be strengthened by the introduction of civic and political rights. The ultimate aim should be the achievement of democracy because it is the only way of ensuring that there will not be a relapse into misgovernance.

3. There are then what we may refer to as pragmatic considerations. Firstly, if there is an 'internal' awakening in the Arab world in favour of the need of achieving political reform in a democratic direction as exemplified by public statements made by the Arab League last May, it is not in Europe's interest to throw cold water on it by lowering its targets.

4. The EU is not acting alone in the region. Indeed, apart from the internal pressures being felt internally in the Mediterranean states, there are other major initiatives in the region such as the USA's Greater Middle East initiative that are exercising pressure for reform. These too must be carefully considered in the EU's strategy - without necessarily associating with them.

5. Achieving good governance is important in the Arab states but it will not eliminate the EU's image of 'intrusion'. What it does is that it limits this 'intrusion' to levels of 'low politics' that are less visible to the Arab publics and for this reason more acceptable to them and the ruling elites alike than more profound political reforms are.

6. Good governance is probably untenable in the long-term without democracy. It can never be an end in itself and thus it can never put to an end once and for all one of the main bones of contention in the EMP - namely democracy or 'good governance'.

7.   It is rather too much to hope for that the transition from good governance to democracy will happen automatically and naturally as in a spillover process. It will have to be helped along by the EU assisting those elements in Arab societies which are supportive of democracy and by the appropriate economic and financial concessions for those governments who proceed with reforms. But in trade and economic matters the EU has tended to be protectionist, particularly in agriculture, rather than proactively using concessions as a bargaining chip to encourage bolder political and economic reform. "Passive leverage" has to be intensified by the EU.

8.   Policies that pursue different economic, political and 'governance' goals concurrently and which are tailor-made to the individual countries of the EMP each in accordance with its experience, the level of development, and its unique conditions might be more effective because they allow for the mutually re-inforcing elements of democracy and governance to develop side by side and sustain each other. This approach probably also facilitates the transition to democracy. The broad strategy taken in the EU's Strategic Partnership seems to fit this need. However, a close watch will have to be kept in future with respect to the balance kept between the goals (political/economic), the EU's commitment towards ensuring the success of the policy and whether there will be some back-tracking on the part of the Partners.

Appendix 1

The data included in this Appendix is published by the **Public Sector Governance Group** of the World Bank. This brings together officials of the Bank working on lending and non-lending activities relating to core public sector reform, including civil service reform, public expenditures, tax policy and administration, decentralization/intergovernmental fiscal relations, and generic issues in public service delivery. It can be accessed at http://www1.worldbank.org/publicsector/about.htm The contents is indicative of the multi-varied forms of indicators and their reliability which are employed in promoting and measuring good governance. The Table is being included just as a demonstration of the many varied methodologies in which 'governance' is employed and what kind of data the different users are analyzing.

Selected Performance Indicators

Sources	Aspects of Governance Assessed (partial list only for some sources)	Specificity	Method of Data Collection	Coverage across countries	Coverage over time	Reliance on Subscribers (y/n)	Use in Published Studies
WDR97 (Private sector survey) World Development Report 1997	Policy Unpredictability, Quality of Government Services, Corruption and Red Tape, and Judicial Unpredictability	Med	Business Survey	Med	Low	No	Low
CPIA (World Bank) Country Policy and Institutional Assessment	Property Rights and Rule-Based Governance Quality of Budgetary & Financial Management	Med	Experts (many)	High	Low	No	None

	Efficiency of Revenue Mobilization Efficiency of Public Expenditures Transparency, Accountability and Corruption					
KKZ (Kaufmann, Kraay and Zoido-Lobaton) Paper for the World Bank	Graft Rule of Law Voice and Accountability Political Instability and Violence Government Effectiveness Regulatory Burden	Low	Aggregation	High	Low	No	Low
TI (Transparency International)	Corruption Perceptions Index	Low	Aggregation	Med	Low	No	Med
Freedom House	Political Freedoms Civil Liberties	Low	Experts (few)	High	High	No	High
International Country Risk Guide (ICRG)	Corruption in Government Law and Order Tradition Bureaucratic Quality	Low	Experts (few)	High	High	Yes	High
BERI (Business Environmental Risk Intelligence)	Bureaucratic Delays Contract Enforceability Nationalization Risk Policy Stability	Low	Experts (many)	Low	High	Yes	Med
Heritage Foundation	Property Rights Black Market Regulation	Low	Experts (few)	High	Low	No	Low
GCR (Global Competitiveness Report	Civil service Independence from Politics Competence of Public Sector	Med	Business Survey	Low	Low	No	Low

	Personnel Tax Evasion Effectiveness of Police Force						
WCY (World Competitiveness Yearbook)	Bribing and Corruption Tax Evasion Public Service Exposed to Political Interference Personal Security and Private Property	Med	Business Survey	Low	Low	No	Low
CIM (Contract-intensive Money)	Contract Enforcement and Property Rights	Med	Objective	High	High	No	Low
Policy Volatility Data [xls 162 K]	Policy Credibility and Fiscal Management	High	Objective	Med	Med	No	None
Telephone Delays	Quality of Government Service Delivery	Med	Objective	High	Med	No	Low

Appendix Two

Recent Initiatives on Strengthening
The Democratisation Process in the Arab World

On the 23rd of May 2004, the 16th Arab League Summit convened in Tunis approved a Declaration which included the following:

"2.3 Endeavour, in light of the document on the reform and modernisation process of the Arab World, to carry on reform in our countries, to keep pace with accelerated world changes through the consolidation of democratic practice, the broadening of participation in political and public life and the reinforcement of the role of all components of civil society, including the non-governmental organisations in conceiving the guidelines of the

society of tomorrow. Endeavour also to widen women's participation in the political, economic, social, cultural and educational fields, reinforce their rights and their position in society and carry on promoting family and the protection of Arab youth."

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On the 16th of June 2004, the General Affairs Council of the European Union approved the report entitled *EU Strategic Partnership with the Mediterranean and the Middle East*. This was approved by the EU Heads of Government during the European Council which met in Brussels on June 17-18 2004 under the Irish Presidency.

The EU's **Strategic Partnership (SP)** proclaims the EU's readiness to support economic and political reform in the Mediterranean region, the Middle East and outer Middle Eastern region, sometimes referred to as the "Greater Middle East", and in particular the political reform programme in line with the Arab League's decision taken in Tunis in May. One of the relevant principles of action approved by the EU leaders emphasises that "*successful implementation (of all elements of the strategy) requires a long term and coherent engagement with a pragmatic approach*." The **SP** aims to take a differentiated approach to each of the partners in order to avoid the pitfalls of 'one size fits all' approaches. Another principle is that those countries which are more consistent in their reforms will benefit more financially and economically (carrot).

In the words of the **SP** "the primary political concerns of the EU involve good governance, democracy, the rule of law, human rights, gender, respect for the rights of minorities, co-operation on non-proliferation, counter-terrorism, conflict prevention and resolution, and economic development as recognised by the Arab League Summit on 23 May 2004."

On the Political Dialogue on Human Rights and the Rule of Law, the SP states that "the EU should adopt the following general approaches, taking account also of requests from partners in the Mediterranean and the Middle East:

- To deepen the political dialogue with partners focusing on concrete reform issues;
- To develop systematic support for the rule of law and good governance, with emphasis on legal reform and human rights with a constructive involvement of national authorities;
- To support electoral processes and judiciary reform;
- To engage with non-violent political organizations and civil society movements at all levels in society with such engagement open to all organizations committed to non-violent and democratic means;
- Work to implement the recommendations of the relevant Commission communication on human rights and democracy, as endorsed by the November 2003 Council, including through existing bilateral and regional programmes and increased focus through the European Initiative on Democracy and Human Rights."

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The USA's "Middle East Partnership Initiative"
(Source: http://mepi.state.gov**)**

The Middle East Partnership Initiative **(MEPI)** was initiated by President George Bush to support economic, political, and educational reform efforts in the Middle East. The initiative strives to link Arab, U.S., and global private sector businesses, non-governmental organizations, civil society elements, and governments together to develop innovative policies and programs that support reform in the region. The MEPI is the administration's primary diplomatic policy and development programmatic tool to support this new U.S. policy.

It is structured in four reform areas: the economic, political, educational and women's pillar. In the economic field the MEPI policy and programs support region-wide economic and employment growth driven by private sector expansion and

entrepreneurship. In the political pillar the MEPI champions an expanded public space where democratic voices can be heard in the political process, the people have a choice in governance, and there is respect for the rule of law. In the education pillar, the policy supports education systems that enable all people to acquire the knowledge and skills necessary to compete in today's economy and improve the quality of their lives. Finally, in the women's pillar, the MEPI works toward economic, political, and educational systems where women enjoy full and equal opportunities.

Among the hallmark activities being conducted under the auspices of MEPI are the establishment of the Middle East Finance Corporation (economic pillar); a Regional Judicial Forum and Regional Campaign Schools (political pillar); "Partnership Schools" that offer creative, innovative alternatives for quality and relevant education for children and serve as models for governments as they build schools in the future (education pillar); and regional micro-enterprise and business internships for women (women's pillar).

To date, the administration has committed $129 million to MEPI ($29 million in FY 2002 supplemental and $100 million in FY 2003 supplemental). This MEPI funding is in addition to the bilateral economic assistance we provide annually to the Middle East.