

PERSPECTIVES

**THE 'NEW MIDDLE EAST' AND
WHY IT MATTERS TO AUSTRALIA**

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The 'New Middle East' and why it matters to Australia

Anthony Bubalo

The 'New Middle East' is a title with an unhappy history.

In 1993, Shimon Peres, then Israeli Foreign Minister and now Israeli President, declared that Israeli-Arab peace would be the foundation for a dramatic regional transformation. A 'New Middle East', he argued, could be built upon a web of economic, cultural and scientific links spun across the region.

His vision barely survived the scepticism of his fellow Israelis and the suspicions of the Arabs. Ultimately, Peres' vision of a 'New Middle East' perished where it began. The demise of Israeli-Palestinian peace-making put an end to any dreams of Israeli-Arab moneymaking.

In 2006, then US Secretary of State, Condoleezza Rice, used the term in reference to another project for regional transformation. Defending charges of American inaction in the Israeli-Lebanon war of that year, she argued that the United States was not interested preserving an unhappy status quo. What the world was witnessing in the Lebanon war, Rice promised, was 'the birth pangs of a New Middle East'.

She was, of course, referring to the Bush Administration's ambitious project for a democratic revolution in the region, which it kicked off by invading Iraq. But Bush's vision proved as stillborn as Peres'. In coming years Iraq may well emerge as a reasonably stable and relatively democratic state, but not in any way that people in the region will be clamouring to emulate.

Even if one does not have a grand scheme of change in mind it is wise, therefore, to be cautious about predicting change in the Middle East. Nevertheless, I do believe we are on the threshold of two major, closely related changes in the region: the end of US hegemony and the Middle East's reconnection with the rest of Asia.

I would argue that these changes are as profound as anything promised for, or experienced by, the region in its modern history and will have major implications for countries within and without the Middle East.

This includes Australia, and I want to conclude by mentioning some of those implications.

This is important not just because I work for an Australian think tank. Judged by the results of the soon to be released Lowy Institute Poll, Australians continue to have an ambivalent attitude toward the region and to broader issues that are part of the Middle Eastern security equation, most notably, Afghanistan. I will argue, however, that such ambivalence is not justified given the impact this 'New Middle East' will have on Australian international policy in coming years.

The end of American hegemony

These days, observing the end of American hegemony in the Middle East would be considered fashionable. Foreign ministries, think tanks, international policy journals are all caught up in another round of debate about the decline of American power globally. It would be odd, therefore, if US hegemony in the Middle East was not a part of this discussion in some way.

Yet in some ways it is actually odd. Real US power in the Middle East has not dramatically diminished in recent years. If anything, America is stronger militarily than it was in the 1990s. Nor has a regional or extra-regional power emerged yet to seriously challenge America's dominant regional position.

To understand this apparent contradiction it is necessary to understand the nature of US hegemony in the Middle East.

In his Boyer Lectures in 2003, Owen Harries noted that the word 'hegemony' did not have much currency during the Cold War.¹ Hegemony, as Harries noted, implied 'domination resulting from superior power', something which was impossible, at a global level, in the Cold War's bipolar world.

¹ Owen Harries, *Benign or imperial: reflections of American hegemony*. Boyer lectures. Sydney, ABC Books, 2003.

Viewed in these terms, America's Mid-East hegemony, like its global hegemony, has a short history.

During the Cold War both sides had their own allies in the region, but neither held sway of the Middle East as a whole. The influence and power of the Soviet Union and the United States in the region was never equal, but the Cold War did limit what each side could do, or would contemplate doing, in the region. In 1991, two years after the fall of the Berlin Wall, but six months before the end of the Soviet Union, all of this changed.

America's defeat of Iraq in that year did not just underline the extent of US military superiority (and not only in the Middle East). The Soviet Union's rather meek acceptance of the war also seemed to signal that the United States would now have a free hand in the region.

Indeed, after the Iraq War, Washington did something that would have been totally unthinkable in the Middle East in the Cold War era: it contemplated ways to totally transform the region. Under the elder President Bush and then President Clinton it sought regional transformation via Israeli-Arab peace; under President Bush it sought change via democratic revolutions.

Yet, if the 1991 Iraq war signalled the beginning of American hegemony in the Middle East, it also proved to be its apogee. The next two decades of American policy in the Middle East demonstrated not its ability to transform the region, but the limits of US power.

This did not occur straight away; for much of the 1990s, the states of the region did doff their caps (to differing degrees) to the new order. Erstwhile foe Syria reached out to the United States and even Iran struck a more conciliatory tone under President Khatami. Friends took notice too: time and again Israelis and Palestinians were forced back to the negotiating table (even if they also got there by themselves on occasion); while Arab allies were compelled to support a sanctions regime against Iraq that was unpopular with their own citizens.

Nevertheless, the limits of American hegemony became clearer over time. Saddam Hussein's regime survived efforts to isolate and dislodge it for more than a decade. Iran continued to move steadily toward a nuclear weapons capability. Israeli-Arab peace proved elusive, despite the expenditure of considerable financial resources, political capital and the microscopic attention of President Clinton.

When President Bush tried to replace eight years of peace-making with eight years of democracy-making, US failure seemed only amplified by the extra blood and treasure he expended in its cause. And while the jury is, rightly, still out on President's Obama's term in the Middle East, the dominant perception he seems to have created within the region so far is that the United States has gone from being too reckless to being too timid.

If this all seems a harsh judgement of America's role in the Middle East it is not meant to be. America has done, and continues to do, a great deal to ensure the security and promote the prosperity of the region, often with little thanks. Where there have been failures these sometimes reflect missteps and mistakes, but they also reflect the extent of American optimism, ambition and its sense of responsibility in the face of complex and in some cases probably insoluble problems. What America does badly most nations could not (or would not) hope to do at all.

But this ambition has also been the source of American decline. As former French Foreign Minister Herbert Vedrine once observed of US power globally, it was not overt or oppressive, but existed 'in people's heads' and so it has been in the Middle East.²

Arguably, had America been more parsimonious in the use of its power, its regional hegemony might still be in people's heads. Instead, each time the United States has been overambitious it has confirmed in the minds of foes and friends alike that the reality of US hegemony has proven to be something less than was initially promised or feared.

Indeed, it matters little that America's bruising encounters with the limits of its power might produce a more prudent, less ambitious regional hegemon. American hegemony in the Middle East is a spell that once broken is not easily recast.

Here again I would return to Owen Harries' Boyer lectures. Speaking in 2003, with the Iraq adventure newly launched, Harries noted that 'the Iraq commitment has an importance that goes beyond the fate of Iraq itself'. If, he went on, 'it fails at the first hurdle...the limits of the United States' capacity will have been made evident, and the inclination to resist it greatly strengthened.'

This 'inclination to resist' is most evident in Iran. Iran's effort to pursue a nuclear capability both reflects and will probably crystallise the end of American hegemony in the Middle East.

² Quoted in Ibid.

The problem for the United States is that Iran's nuclear program is motivated by a combination of insecurity and ambition. This means that sanctions, or the threat (or even the reality) of military action, will only deepen Tehran's insecurity and propel its efforts to acquire a nuclear capability and to otherwise challenge American regional hegemony.

But the alternative, direct negotiation, only feeds the desire of the regime (especially in its current incarnation) to be acknowledged as a leading regional power. Indeed, seen from the perspective of either Iranian insecurity or ambition, it is difficult to conceive of a scenario where Tehran would trade away its nuclear capability, while preserving American regional hegemony.

The result is, therefore, much the same, at least as far as American hegemony is concerned: either Iran will become a leading regional power because it will one day become a nuclear power (or a threshold one); or it will trade that capability in the very unlikely event that America is willing to grant it such a place at the regional table. Other factors might, of course, intervene, such as Iran's economic and perhaps one day, political, fragility. But these are not factors over which the United States has significant influence.

Reconnecting with Asia

At this point it is important to be clear about what I am not saying. The end of America's short regional hegemony does not mean the end of American power in the Middle East. American dominance may now be in question, but its power is still significantly in advance of its rivals by at least one key measure – military force. In fact, as I noted at the outset, American military power in the Middle East, judged by the extent of its presence in the Gulf and elsewhere in the region, and the technological progress made by the US military in recent decades, is greater than it was at the apogee of American hegemony in 1991.

The problem for the United States is that while the extent of its military superiority has increased, the utility of that power in the Middle East has declined. The United States retains, for example, the ability to rapidly decimate the Iranian military, as it did with its Iraqi counterpart. But as it found in Iraq, this is unlikely to be the end of the story. At the very least, it will be left fighting a protracted insurgency around the region against Iran or Iranian proxies, to say nothing of other unintended consequences .

For some US allies America's military superiority has been, and remains, a key asset in terms of their external security. But the military relationship between America and Middle Eastern states has also become much more complicated. Recent US efforts to bolster the defence of Gulf Cooperation Countries against a potential Iran threat underlines the extent to which these states are still tied to US security guarantees. But the presence of US forces in these countries also increases the likelihood of these states being attacked in the event of a US strike on Iran.

Moreover, the association of some of these states with unpopular US policies, or the presence of US forces in their country, has become a key liability in their efforts to preserve internal security. This became such an issue in Saudi Arabia, for example, that it eventually led to the movement of most US forces out of the country.

Other measures of US power in the region are much less healthy. The limits of American diplomacy have been demonstrated by the ongoing failure of the Middle East Peace Process over several decades. Even if it is not fair, which it is not, judgements about US political power in much of the region are made on the basis of the health of that process.

In fact, for those keen to pin the blame for current American woes in the region solely on President Bush's adventure in Iraq, I would point out that his predecessor also ended his term of office ignominiously in the Middle East with the failure of the Camp David Summit in 2000.

But it is when one considers economic power that changing relativities in the Middle East become more interesting. What this relates to is less a loss of America's economic power in absolute terms, than a function of a deeper change taking place in the Middle East: the region's reconnection with Asia.

I say reconnection because we are all familiar with the Silk Routes that once carried trade and ideas from the Middle East across Asia. These links are now being revived. The 'New Silk Road' thesis, or as my colleague Malcolm Cook and I have termed it, the 'Horizontal Asia' thesis, has been gathering an increasing amount of attention.

As Malcolm and I argue in the May-June edition of *The American Interest*, the largely maritime conception of Asia, running vertically down the eastern coastline of the continent, which has dominated Western perceptions of Asia since World War II, has outlived its

usefulness.³ The rise of China and India, and the expanding web of economic and strategic links across the continent are redefining Asia horizontally.

One key element of that redefinition – or more accurately, revival – of an old definition of ‘the Orient’ is the economic integration of the Middle East into Asia. It is not just that the Middle East’s main export customers for oil and gas are now in Asia. ‘Horizontal Asia’ also marks the rise of Asia’s importance as a source of trade for the Middle East in general.

China recently overtook the United States to become both the single largest exporter of merchandise goods to the Middle East and a bigger importer of Saudi oil. In 1990, four of Iran’s top five export markets were European; by 2008 four of the five were Asian.

The Middle East’s reintegration into Asia is not just economic, however. It is strategic in at least two respects.

First, China’s growing economic power in the Middle East is reinforcing the loss of American hegemony. China is not about to challenge US military superiority in the region, but it does not need to if the utility of its economic power is seen to outweigh the benefits of American brute force.

In the short term, this may mean a preference amongst regional states for enhancing economic ties with China over military ties with the United States. This makes sense given the importance many regional countries are placing on domestic stability and security as opposed to external security. In the longer term, it may even see a greater reliance on Chinese economic power for the external security of those Gulf states that fear Iran, given the leverage Beijing is building in Tehran.

Second, the Middle East is being tied into a broader Asian security equation. Most obviously this relates to energy. While it has long been the case that key Asian countries, notably Japan, have been reliant on Middle East energy, it is only really in the last decade that there has been competition for that energy between Asian countries.

That competition is now folding into pre-existing rivalries, such as those between China and Japan. So, for example, Japan’s decision in 2006 to increase the amount of its imported oil

³ Anthony Bubalo and Malcolm Cook, Horizontal Asia. *The American Interest* 5 (5) 2010.

secured by Japanese-owned companies to 40 per cent by 2030 was directly related to the success of Chinese companies in securing access to Middle East (and African) oil resources.

What does this mean for Australia?

The end of American hegemony in the Middle East will be welcomed in unsurprising quarters. Amongst American foes and rivals, and amongst those reflexively critical of the United States, it will be seen, wrongly, as the long hoped-for denouement of American power in the Middle East. But even amongst American friends there may be some who see the end of so dominant a position in the Middle East as a healthy corrective to the recent excesses of US policy in the region.

Certainly I wish that the history of American hegemony in the Middle East had been a happier and longer one, free of some of its wilder mood swings. But even given the history of the last 20 years, and even the last ten, I will lament the passing of American hegemony for no other reason than the uncertainty that it leaves behind.

I am sure there is, in all of this, an optimistic scenario. In coming years, a more prudent and poised America may well use its still significant power in the region more cautiously and less ambitiously. It may be able, through subtle and agile means, to snooker Iranian nuclear and regional ambitions or to cajole and entice Israelis and Palestinians into some form of durable and sustainable political agreement.

But being a pessimist by instinct, I suspect that US hegemony will end without a stable order to replace it. This will see regional and extra-regional states take matters into their own hands as they jockey to protect their interests and project their power. The way that the Iranian nuclear issue is likely to play out is, on its own, sufficient reason to be concerned. The region may well see in coming years either a nuclear-armed or capable Iran, an Israeli military strike on Iranian nuclear facilities spark a broader regional confrontation, a regional nuclear arms race, or in fact, all three.

This is bad news for Australia. The chief implication of the two changes I have outlined is that the Middle East's strategic reconnection with Asia will make its stability even more important to Australia at about the same time as America's ability to preserve that stability is diminishing.

For a nation used to seeing the Middle East largely through the lens of its alliance commitment to the United States this should be sobering news. Judged by the results of the forthcoming 2010 Lowy Institute Poll, however, Australian attitudes towards the Middle East and to issues that are part of the Middle Eastern security equation, like Afghanistan, seems to reflect an understandable collective ambivalence.

Asked should Australia continue to be involved militarily in Afghanistan, 43 per cent said yes (46 per cent in 2009) and 54 per cent said no (51 per cent in 2009). Averaged out over the last four years of polling on this issue one finds support for the war in the mid 40s and opposition in the low 50s. In other words, the community is pretty evenly divided, if marginally opposed to the war.

That ambivalence is well reflected in the policy of successive Australian governments to do just enough to satisfy alliance requirements with respect to Afghanistan, but not so much as to risk awakening greater community antipathy toward the Australian military effort there. Of late, that means even avoiding speaking in anything other than the blandest and narrowest terms about what Australia is doing in Afghanistan and what the war means in terms of Australian security.

This year the Poll also asked about other threats in the region. When asked which of Iran's nuclear program, instability in Pakistan and the war in Afghanistan was the greater threat to Australian security, Iran came out marginally ahead (35 per cent) of Pakistan (31 per cent), with Afghanistan, where our troops are deployed, ranked last (26 per cent).

There is no way to judge from the results of this year's Poll where the Iranian nuclear program sits overall in community perceptions of threats to Australian security (although in 2009, poll respondents judged the possibility of unfriendly countries gaining nuclear weapons the top threat out of 12 possible threats to Australian security). Conceivably, though, it does present the interesting notion that Australians believe their government should be doing more on the Iranian issue than it is on Afghanistan.

Nevertheless, the fact that Australians were more or less evenly split on these three threats is another sign, in my view, of a continued, collective ambivalence. Yet if I am correct about the changes now in the wind in the region, the ambivalence of Australians and successive governments toward the Middle East will be brought increasingly into question.

This will mean a number of things. The decline of US hegemony will result in an even greater reliance on collective action to preserve stability in the Middle East. This will mean real help from allies, both militarily and diplomatically, and not just token commitments. Australia will also find that meeting these expectations will be as much about its own security interests in Asia, of which the Middle East is now a significant part, as it will be about managing alliance requirements.

This will have flow-on effects on everything from the shape of Australian military forces to the nature of its diplomatic engagement with the Middle East. In short, ambivalence, or worse, indifference, to the New Middle East will be a luxury we can no longer afford.

ABOUT THE AUTHOR

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Before joining the Lowy Institute, Anthony was an officer in the Department of Foreign Affairs and Trade (DFAT) for some thirteen years. He has served in Australian diplomatic missions in Saudi Arabia and Israel, and was Senior Middle East Analyst with the Office of National Assessments from 1996 to 1998. From 2002 to 2003 he was a Director on the Australian government's Iraq Task Force. Immediately prior to joining the Lowy Institute, Anthony was DFAT's Senior Speechwriter.

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