

**THE MIDDLE EAST PARTNERSHIP INITIATIVE:
PROMOTING DEMOCRATIZATION IN A TROUBLED
REGION**

HEARING
BEFORE THE
SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA
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CONTENTS

Page

WITNESSES

The Honorable William Burns, Assistant Secretary, Bureau of Near Eastern Affairs, U.S. Department of State	13
The Honorable Wendy Chamberlin, Assistant Administrator for Asia and the Near East, U.S. Agency for International Development	20

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

The Honorable Ileana Ros-Lehtinen, a Representative in Congress from the State of Florida, and Chairwoman, Subcommittee on the Middle East and Central Asia: Prepared statement	3
The Honorable William Burns: Prepared statement	15
The Honorable Wendy Chamberlin: Prepared statement	22

APPENDIX

The Honorable Nick Smith, a Representative in Congress from the State of Michigan: Prepared statement	39
The Honorable Joseph R. Pitts, a Representative in Congress from the State of Pennsylvania: Prepared statement	40
Questions for the Record Submitted by Members of the House Committee on International Relations to the Honorable William Burns and the Responses	40

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WEDNESDAY, MARCH 19, 2003

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE MIDDLE EAST
AND CENTRAL ASIA,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:07 a.m. in Room 2172, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen presiding.

Ms. ROS-LEHTINEN. The Subcommittee will come to order. Thanks to all of you for being here this morning.

As a political refugee and a Member of Congress who represents other victims of oppression who have fled dictators and repressive regimes, I have experienced and witnessed firsthand what President Bush articulated in his West Point address last year:

“When it comes to the common rights and needs of men and women, there is no clash of civilizations.”

I have confirmed, through speaking with my constituents, whether from Latin America, African countries such as Nigeria, Holocaust survivors or victims of Iran’s regime, that a human being’s desire for freedom knows no boundaries. I have learned the critical role of political freedom as a prerequisite to economic growth and prosperity and the interrelationships between education, political liberalization, and economic reforms.

The Arab scholars who developed the 2002 Arab Human Development Report came to the same conclusion. As articulated by the Director General and Chairman of the Board of the Arab Fund for Economic and Social Development, the goal in the Arab region is to enhance human dignity. However, he adds, this is difficult to achieve without a free, educated human being fully aware of his or her role in building the future.

The 168-page report scrutinizes the member states of the Arab League, arguing that the root cause for Arab underdevelopment is threefold: A deficit of freedom, a deficit of women’s rights, and a deficit of knowledge. The report concludes that Arab countries must begin to rebuild their societies by taking steps to provide for full respect for human rights and fundamental freedoms as the cornerstones of good governance, the integration and complete empowerment of women, and education as a means of achieving social ad-

vancement rather than a means of perpetuating poverty and a discriminatory class system.

Since the 1950s, the United States policy toward the Middle East has focused on trying to meet the economic and social needs of the people in the region. The desire to raise the quality of life of our fellow human beings in the Arab world has been a fundamental premise of our actions. However, it was perhaps only after September 11th that the need to free the people of the region from deprivation in all of its manifestations became a matter of national security. On that grim day in our nation's history, we realized the nexus that exists between the lack of freedom and human rights and the rise of terrorist violence. We realized that democracy and opportunity are antidotes to terrorism. And so it was that the Middle East Partnership Initiative, a U.S. foreign-assistance program designed to bridge the freedom gap, the economic gap, and the education gap in the Arab world, began to take a more definitive form.

In this first year, MEPI has built on several smaller initiatives, such as the Middle East Democracy Fund and the U.S.-North Africa Economic Partnership. Extrapolating from the needs identified in the Arab Human Development Report and building on progress made by some countries in the region, MEPI aims to help to support the creation of more nongovernmental organizations, independent medial outlets, polling organizations, and think tanks. It also seeks to train candidates, particularly women, for political office. Currently, there are programs being conducted in Yemen, Oman, Bahrain, and Morocco.

Of the request for fiscal year 2004, \$30 million will be dedicated to the establishment of free and fair electoral processes and to promoting the rule of law. On the electoral front, MEPI seeks to accomplish its goals by improving the number and skill of candidates, by increasing the strength of political parties and advocacy groups, and by voter education, among many others. To achieve the objective of promoting the rule of law, MEPI projects that it will support organizations that encourage governmental accountability, a transparency as well as judicial reforms.

In the realm of education reform and assistance, MEPI has several pilot programs, such as the one in Yemen, to promote women's literacy and is developing child center schools in Bahrain and Oman. Building upon these, MEPI will dedicate \$45 million of the requested funds to expand access to and improve the quality of basic and higher education, to provide teacher training, to expand linkages between U.S. business and universities with Arab institutions of higher learning. And, lastly, under the economic pillar of MEPI, the Department of State will dedicate \$50 million to economic reform, establishing an enterprise fund and focusing on opening markets across the region, increasing transparency, and other items.

The purpose of today's hearing is to ascertain how MEPI will operate, how projects will be evaluated, the types of projects that will be funded and where, and numerous other questions which we need answered before the funds are authorized and appropriated by Congress.

We are enthusiastic about the potential of the Middle East Partnership Initiative and commend our witnesses today for their ef-

forts in implementing the President's vision for the Middle East, a vision which includes the liberation of Iraq. Iraq is a test of the extent of the U.S. commitment to freedom for the people of the Arab world.

As President Bush said, "the first to benefit from a free Iraq would be the Iraqi people themselves." Today, they live in scarcity and fear under a dictator who has brought them nothing but war and misery and torture. Their lives and their freedoms matter little to Saddam Hussein, but Iraqi lives and freedom matters greatly to us. It is the men, women, and children of the Middle East who are the real wealth and the value of these countries, and the United States will always stand firm for the demands of human dignity. This, in fact, is the guiding principle for MEPI.

Our hope and commitment is for our brothers and sisters in the Middle East to be able to fulfill their dreams and immense potential through the full exercise of their fundamental human rights and civil liberties. With the parliamentary elections held last fall in Bahrain and scheduled for June in Jordan, and with the release yesterday of Egyptian Scholar Dr. Ibrahim, we believe that we are on our way to making this hope a reality soon. And I would like to yield to our Ranking Member, Mr. Ackerman of New York, for his opening remarks.

[The prepared statement of Ms. Ros-Lehtinen follows:]

PREPARED STATEMENT OF THE HONORABLE ILEANA ROS-LEHTINEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA, AND CHAIRWOMAN, SUBCOMMITTEE ON THE MIDDLE EAST AND CENTRAL ASIA

As a political refugee, and a Member of Congress who represents other victims of oppression who have fled dictators and repressive regimes, I have experienced, and witnessed, first-hand what President Bush articulated in his West Point address last year: "when it comes to the common rights and needs of men and women, there is no clash of civilizations."

I have confirmed through speaking with my constituents—whether from Latin America, African countries such as Nigeria, Holocaust survivors, or victims of Iran's regime—I have confirmed that a human being's desire for freedom knows no boundaries.

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As articulated by the Director General and Chairman of the Board of the Arab Fund for Economic and Social Development, the goal in the Arab region is "to enhance human dignity". However, he adds, "this is difficult to achieve without a free, educated human being fully aware of his or her role in building the future."

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The report concludes that Arab countries must begin to rebuild their societies by taking steps to provide for: full respect for human rights and fundamental freedoms as the cornerstones of good governance; the integration and complete empowerment of women; education as a means of achieving social advancement, rather than a means of perpetuating poverty and a discriminatory class system.

Since the 1950s, United States policy toward the Middle East has focused on trying to meet the economic and social needs of the people in the region. The desire to help raise the quality of life of our fellow human beings in the Arab world has been a fundamental premise of our actions.

However, it was, perhaps, only after September 11, 2001, that the need to free the people of the region from deprivation, in all its manifestations, became a matter of national security.

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Iraq is a test of the extent of U.S. commitment to freedom for the people of the Arab world.

As President Bush has said: “The first to benefit from a free Iraq would be the Iraqi people, themselves. Today they live in scarcity and fear, under a dictator who has brought them nothing but war, and misery, and torture. Their lives and their freedom matter little to Saddam Hussein—but Iraqi lives and freedom matter greatly to us.”

It is the men, women and children of the Middle East which are the real wealth and value of these countries, and the United States will always stand firm for the demands of human dignity.

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My hope and commitment is for our brothers and sisters in the Middle East to be able to fulfill their dreams and immense potential, through the full exercise of their fundamental human rights and civil liberties.

Mr. ACKERMAN. Thank you very much, Madam Chair, for holding today's hearing and for your powerful and enlightening opening remarks.

At the outset, I want to commend the Administration for attempting to deal with an issue that has not been at the top of our agenda in the Middle East. Too often in that region and across the world, other interests seem to crowd out our message of freedom and democracy, and our foreign policy becomes too focused on the short-term goals at the expense of the long-term.

In a variety of regions around the world, we are criticized because we talk about democracy and free markets. But when the dif-

difficult decisions come, democratic and economic reforms get jettisoned for whatever priority has just become more urgent. This has been true in the Arab world. We talk about democracy, but we do not really press the governments there to do anything about it. Political and economic reform have become talking points that we check off during meetings, and when there are steps toward democracy, like in Bahrain or Qatar, we seem to not applaud loudly enough.

I cannot see any reason why Arab states cannot or should not have democratic governments and free-market economies. Nor is there any reason why the citizens of Arab states should be denied the benefits of democratic governments and the prosperity of free-market economies. Certainly, no one has demonstrated that Arab citizens do not want these things. I am sure that Arab parents want the same thing for their children that parents around the world want, but the question remains, how do we get there?

The U.N. Arab Human Development Report paints a dispiriting picture of just how far the Arab world has to go. The freedom deficit, the gender deficit, the knowledge deficit are all long-term problems that will be difficult to solve. But what is novel about the report is not that the authors identify these problems; it is that they propose democracy and free markets as the solution. In this regard, the Administration's timing of the Middle East Partnership Initiative could not be better, but there are some things about the proposal that trouble me.

Based on Secretary Powell's speech, the documents available at the State Department's Web site, and the President's budget proposal, I am not sure what is being proposed is different than what we have been trying to do all along. What is new here is what I am missing. More specifically, democracy and democratic reform are terms that get tossed around a lot, but I see only passing mention of programs to support the rule of law. For me, this is fundamental to both political and economic reform.

The Arab Human Rights Development Report says that politically "obsolete norms of legitimacy prevail." How is this new program going to help create new norms that are relevant and legitimate?

The same report also identifies the need to deal with corruption. It says, "Graft and cronyism need to be firmly and comprehensively addressed." How does the Administration proposal deal with corruption?

On the education front, the MEPI proposal discusses education reform extensively but glosses over the teaching of English. The Arab Human Development Report identifies "a major mismatch between the output of educational systems and the labor market needs. This mismatch is compounded by the increasingly rapid change in these needs brought about by globalization and the needs of accelerating technology." I think teaching English helps them and us. It helps us by empowering more people to understand our message and our language, and it helps them because, in an increasingly globalized economy, English is the language of business.

In short, I like the idea, but I am not sure that there is any "there" there. We have an outstanding opportunity in the wake of the Arab Human Development Report to really help make a dif-

ference in the lives of Arab people across the region and to highlight our message of freedom and democracy. I am not sure that MEPI, as it stands right now, fills the bill. I thank you, Madam Chair, and I look forward to hearing from our witnesses.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Ackerman, and now I would like to recognize Mr. Janklow, with whom I had the pleasure of traveling to Israel last month. Thank you.

Mr. JANKLOW. Thank you very much, Madam Chair, and I appreciate this opportunity. I am going to be brief.

When you talk about democracy, and when you talk about democratic reform, it can take a lot of forms. It means a lot of different things to different people, but there are certain fundamental precepts around which none of us can really disagree.

One, it must deal with equality of all human beings—the old and the young, men, women. Every human being has to be equal if you are going to have democracy.

Two, you have to have the ability to participate in the game. People want to be players; they do not want to be spectators to democracy. They do not want to be spectators to their future. They want to be true players, and they want to have a voice.

The third thing: We long ago understood—and I do not use us as the guiding light—there are a lot of guiding lights that you can look to. Our system happens to have certain precepts around which we can talk about. We have had our good and we have had our bad over the years, but we understand that taxation without representation is tyranny, that people from whom you extract taxes have to be players. We all understand that you cannot have democracy unless you have the ability to speak out. Human beings have to have the fundamental right to freedom of speech. They have to have the fundamental right to freedom of the press.

It is amazing sometimes what we see coming out of some of the countries in the Middle East. When they talk about their freedom of the press, it is the freedom to criticize according to being a semi-official organ of the government. Freedom of the press literally means the right of a free press to speak out any way they see fit.

You cannot have equality without freedom of religion. There absolutely has to be a fundamental understanding that whether people choose to worship or not worship is their own business, and who and how they choose to worship has to be just as important as the other precepts.

You have to have an independent system to adjudicate disputes. How do you have equality and how do you have a system unless you have the ability to call your government to task, unless you have the ability to call others to task when you have a dispute without resolving it by going to weapons or to the use of force?

There are five fundamental things that all families agree are necessary. You have to have an education, and that education includes, in the broad expanse, the ability to open your mind to all sources of learning and to all sources of being able to draw your own conclusions as you become more mature. It means to be free from the preaching of hatred and free from the preaching of talking down or talking against people of other ethnic or religious groups. It means, in addition to education, you have to have the fundamental right to medical care. You have to have the right to nutri-

tion. You have to have the right to clothing and housing. Food, clothing, medical care, housing, education—these are the fundamental rights of all human beings in a system that is equal.

So, Madam Chair, I look forward to your leadership, which I have come to enjoy, and the other Members of this Committee as we look at what can we do as a country and what can we do as a people in order to assist others in moving forward toward democracy and toward democratic reforms. And I say that understanding that our way is not the only way. All of our systems are not great and good.

We are also in the growing/learning process, but we have to understand, if we are going to take our taxpayers' money, if we are going to utilize our men and women in the armed forces in the defense of this country and other countries elsewhere, then we have to do it in such a way that countries are leading toward making sure all of their human beings subjected to their powers and their sovereignty are equal. Thank you.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Janklow, and now one of the fiercest defenders of human rights in the United States Congress and an expert on the Middle East, Mr. Lantos.

Mr. LANTOS. Thank you very much, Madam Chair, and I want to commend you, both for holding this hearing and for your eloquent and powerful opening statement.

Mr. Secretary, this is an historic moment. It is a moment of truth. We might be on the cusp of a major metamorphosis in the Middle East, and we certainly appreciate your being here.

I do not have an opening statement, but I have a number of questions that I would like to ask you to respond to in your opening statement. First, just so we can be up to date, Kurdish radio is reporting that Tariq Aziz may have defected. We have no confirmation of this from Western media sources, as I understand. I would be grateful if you could comment on what the State Department's understanding is vis-a-vis Tariq Aziz's disappearance or possible defection.

I want to commend Secretary Powell and you for proposing the Middle East Partnership Initiative, although I must say that I was appalled that the Egyptian foreign minister, as Secretary Powell announced this program, denounced and ridiculed it, and I hope that we will remember Mr. Maher's initial reaction as we look at Egypt's possible participation in this program and in other programs.

This is not only a moment of truth, although good policy begins by telling the truth, but it is also a moment when we have to be very candid about the relationships we have with various countries. In this connection, I would be very grateful if you could reconfirm your earlier statement, when we had the pleasure of meeting with you, that our approach, both to the Middle East Partnership Initiative and the Roadmap, will be performance-based and not rigid, not time-schedule-based. There is a great deal of pressure on this Administration by our dependable European allies, like France and Germany and others, to make the Roadmap time-based and not performance-based. At your last meeting with us, you were crystal clear in saying that the President and the Secretary and you view

the Roadmap as performance-based, and I would be grateful if you could touch on that.

I would also be grateful if you would share with us your view concerning the status of the Prime Minister of the Palestinian Authority. Today's New York Times reports a rather contentious meeting of the legislative body, culminating in compelling Arafat to accept some authority for the Prime Minister.

I find it rather interesting that Abu Mazen, the proposed Prime Minister, is being portrayed by some of our media and some of our decision-makers as a combination of George Washington and Martin Luther King. If I am not mistaken, he is one of the original founders of the terrorist organization, Fatah. He distinguished himself academically as a Holocaust denier. And before we open the White House door to his proposed visit to the United States, I would like to ask you if you could share with us your view as to how Abu Mazen needs to cleanse his past record before he is taken and accepted as a serious interlocutor.

Anybody is an improvement over Yasser Arafat, but this amounts to a tendentious presentation of a man, who is an original founder of the major terrorist organization in the region, who is a Holocaust denier, and who, 2 weeks ago, again repeated his support for aspects of the Intifada. His criticism of the Intifada does not relate to his opposition to suicide bombing; it merely relates to his judgment, correct, in my view, that suicide bombing is counter-productive. So he views the Intifada not as something undesirable but as something which is not effective enough.

Finally, if I may, I would like to ask you about the general issue of accountability in the Middle East. In this new atmosphere, are we going to insist that countries in the Middle East receiving vast sums of aid from us, like Egypt, at long last clean up their anti-American media and educational systems, which, despite Mr. Mubarak's constant protestations, are clearly under governmental control or minimally under governmental influence?

Let me welcome you and your colleague, and I am looking forward to your responses.

Ms. ROS-LEHTINEN. Thank you, Mr. Lantos. Good questions all, and we look forward to hearing from you, Mr. Secretary.

I would like to recognize Mr. Chabot of Ohio, with whom we also had the pleasure of traveling to Israel—and for him it was the first trip—last month.

Mr. CHABOT. Thank you, Madam Chair. I appreciate the opportunity, and I will be very brief in my remarks. I do not actually have a prepared statement either but just a few comments.

The potential of that particular region of the world is almost without limit if one could resolve some of the problems that have seemed over the years to be unresolvable, with the conflicts that we have seen, and I do not need to go into those in any detail. But when you consider just a couple of things that they have going for them, I mean, having the oil that is there; there is that resource, which many of the other parts of the world do not have, that if it could be used actually for the benefit of the people as opposed to just building up military arsenals, either to be used or not to be used some day, preferably not to be used, but in any event, so much gets just wasted on that and corruption.

The potential for tourism. We, obviously, saw in Israel the lack of people going to that part of the world right now because it is a frightening place for people even to think about going, for the most part.

There are just so many things that that region has going for it. Of course, there are things going against it. Obviously, the terrorism, which still is far too rampant; the suicide bombings, or as I prefer to call them, homicide bombings, because I think that is a more appropriate term; the continuing Islamic fundamentalism that is far too in evidence; the lack of democracies; the continuing abhorrent treatment of women, and, therefore, the squandering of such an important part of the resources. Half of the population there basically is unable to live up to their potential because of the culture and many times the laws which are on the books.

And just to conclude, we all know that we are probably on the brink of war in Iraq in the very near future, and many have talked about how that is going to cause the region to be even more unstable and terrorism to exist even more than it does now. I like to take a more positive view and look at this as a possibility to change the region for us to be successful in attaining a democracy in Iraq over time—it is not going to happen immediately but over time—that can be an example to those other countries in the region where democracy just does not exist. And to the extent that you are able to touch on those things or the new programs that we are discussing here today are relevant, I would love to hear what you have to say.

Thank you very much, Madam Chair, for holding this hearing. I think this is very timely to have it today.

Ms. ROS-LEHTINEN. Thank you, Mr. Chabot. Mr. Berman, my good friend from California.

Mr. BERMAN. Well, Madam Chairman, thank you again for your excellent opening statement. I do not have an opening statement myself, but I will throw one question to the hopper that I do have. A recent article in the *Los Angeles Times* talked about a classified report inside the State Department that essentially is rather dismissive of efforts to democratize the Middle East and any domino or positive consequences coming from that. The *Times*, obviously, has a higher classified clearance than I do because I would like to know if I could see that report. Secondly, I am wondering if the conclusions of that report reflect your views on the issue.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Berman. Also with us is Congresswoman Katherine Harris from Florida. Welcome to our Subcommittee, Ms. Harris.

Ms. HARRIS. Thank you, Madam Chairman. Welcome. I had just one statement, really. When I was Secretary of State of the State of Florida, we really focused on diplomatic, humanitarian, educational, cultural outreach, and principally because Florida is in the Western Hemisphere and found it to be immensely helpful, successful creating those kinds of communications and work closely with USAID in that regard.

Now, focusing on terrorism, I think the President and Secretary Powell have been immensely successful in developing a two-prong approach, not only with the use of force but, of course, engaging in some of these economic, social, and educational opportunities as

well. I think the Middle East Partnership Initiative can be essential in terms of eradicating terrorism because they will sustain the efforts to continue those positive, outreach, communication, educational types of things.

But along those lines, I understand that the State Department and USAID are going to conduct a joint review concerning the existing programs that we have in the region and make certain that they align with MEPI. How do you think it is going to function differently than what you already have, and do you think we will be able to combine those two different types of initiatives? I would like to hear your comments on that, but looking forward to that effect, I think it is really critical in the region. Thank you.

Ms. ROS-LEHTINEN. Thank you, Congresswoman. Congressman Schiff of California.

Mr. SCHIFF. I thank the Chair for yielding. I am going to be very brief also, as I am eager to hear the witnesses' testimony. I am very interested to hear a response to the question posed by my colleague from California, Mr. Berman.

There are a couple of questions I would also like to add to the hopper, and that is I think this is an extraordinarily important effort. I am interested to see how this effort, though, is distinguished from what we have done in the past in the region, whether it is a consolidation of several efforts or whether there is something really new in kind. But also, the size and scope of this initiative is quite a bit smaller than the Millennium Challenge Account, which is, I think, a multibillion-dollar effort. This is considerably smaller in the allocation of resources, but, arguably, the importance of this may be far greater in terms of the target, the recipient of this assistance and the significance of the effort to try to bring the foundation of democracy to this region.

So I am interested also in why, vis-a-vis the Millennium Challenge Account, a funding disparity of this magnitude exists and whether this might be more deserving of that investment of resources than the other, which is also, I think, an extraordinarily valuable effort. But those are two of the questions that I had, and I will yield back the balance of my time.

Ms. ROS-LEHTINEN. Thank you, Mr. Schiff. Mr. Engel, my longtime friend from New York.

Mr. ENGEL. Thank you, Madam Chairwoman, and welcome. Madam Chairwoman, I find it ironic, almost surreal, that we are here discussing a program designed to help foster democratization in the Middle East through an incrementalist program just as our troops are poised to invade Iraq and bring democracy there forcefully. We look at the budget. We have \$145 million for the Middle East Peace Initiative, and we have \$145 billion for war and rebuilding in Iraq. This may be a good balance. I am not completely sure, but I do believe in the Middle East Partnership Initiative concept, and I am eagerly awaiting to hear you talk about it.

It represents a boost in the money America provides to promote democracy and our values throughout the Middle East. Other than Israel, which is the only real democracy in the Middle East, for years we have, unfortunately, in my opinion, relied on conservative, Arab monarchies who stifle their publics and in many cases help drive the public to fundamental Islam as the only form of ex-

pression. This freedom deficit was recognized in the UNDP Arab Human Development Report of 2002, which is a report, as you know, written by Arab scholars. I am glad that we are now ending the inconsistency in our foreign policy which promoted democracy, civil society, rights of women, and religious tolerance everywhere except in the Middle East.

In fact, as you are likely aware, I offered an amendment, which was accepted last year, to Chairman Hyde's Public Diplomacy Bill, H.R. 3969, which provided \$10 million through the National Endowment for Democracy for these very goals. Although Chairman Hyde's bill did not become law, and I hope it will become law eventually, the State Department has been aware of my amendment.

Now, some of my colleagues have asked very pointed questions about what is happening in the Middle East, and I know Mr. Lantos, his first question—I am very anxious, Secretary Burns, to hear your comments on the Roadmap because when we met in private, we were very anxious to say that the Roadmap should be performance-based, not rushed to move to a time-based without any kind of performance. I think, and I believe, that the failure of Oslo in large part came about because we looked the other way when Arafat did not perform and did not keep his word. We were so anxious to move along that we looked the other way. I do not think we should make that mistake ever again.

I also am somewhat troubled by this rush to glee with the Abu Mazen, the Prime Minister of the Palestinian Authority. Hopefully, he will show a difference than Arafat in terms of promoting democracy, but I think, again, President Bush said several months ago that there would have to be some real progress and that the Prime Minister would have to be given real authority.

I was a little bit disturbed by the President's statement the other day with Tony Blair saying that now that the Palestinians seem to be putting forward a Prime Minister, we can move forward, as if just putting forward a Prime Minister is an end in itself. It really is not. It may be a first step, hopefully, in the right direction, and I hope it will be, but, again, we have to see performance. We have to see if he really has authority, the new Prime Minister, and if the new Prime Minister acts responsibly, not the way Arafat has acted.

I hope also you will address some questions about the Middle East Partnership Initiative. As I mentioned, I had an amendment, and I wonder if you can comment on my amendment and whether it was considered when the Middle East Partnership Initiative was put together.

I also want to talk about how in Egypt, the vast majority of our the civil society programs operate with government approval or through government-approved NGOs. I believe it undermines the credibility of our efforts, and I would like to know how we are going to ensure that the Middle East Peace Initiative programs will truly assist nongovernmental organizations.

Finally, as you know, Secretary Burns and Ambassador Chamberlin, I am the author of the Syria Accountability Act, and I would like to know how the Middle East Partnership Initiative programs can be used in an authoritarian country like Syria or an occupied country like Lebanon. And speaking of Lebanon, Secretary

Burns, I would like to again make a public plea that you and other high-ranking officials in the State Department would meet with General Aoun.

Lebanon for years—when we talk about promoting democracy—was a democracy. Unfortunately, it has now been shattered. It is an occupied country. Syria, which occupies it, tolerates terrorism on Israel's northern border and stifles the aspirations of the Lebanese people. I think that, frankly, Syria has a worse record in terrorism than even Iraq, and I would hope that when we look at democracy, General Aoun and others who promoted democracy in Lebanon for years, we would accord him the courtesy of meeting with him. He espouses the same kinds of democracy and free-market economy and all of the things that we in the United States put forward, and I would like to raise that issue with you again, and I thank you for your indulgence, Madam Chair.

Ms. ROS-LEHTINEN. Thank you, Congressman Engel. Congresswoman Shelley Berkley of Nevada.

Ms. BERKLEY. Thank you, Madam Chairman. I think time is of the essence now, and I would love to hear your comments rather than talk at you, but I appreciate what Congressman Engel had to say, and I would like to associate myself with his remarks and concerns and welcome you and tell you I am looking forward to hearing your testimony.

Ms. ROS-LEHTINEN. Thank you so much, Shelley, and with that I would like to take this opportunity to introduce our two witnesses. Our first witness will be Honorable William J. Burns, Assistant Secretary for the Bureau of Near Eastern Affairs. He will be followed by our second witness, Ambassador Wendy Chamberlin, Assistant Administrator for Asia and the Near East of the U.S. Agency for International Development.

Since entering the Foreign Service in '82, Assistant Secretary Burns has served in a number of posts in Washington and overseas. These include Political Officer at the Embassy in Amman, Jordan, and staff positions in the Bureau of Near East Affairs and the Office of Deputy Secretary of State, Special Assistant to the President, and Senior Director for Near East and South Asian Affairs at the National Security Council staff; Acting Director and Principal Deputy Director of the State Department Policy-Planning staff, Minister Counselor for Political Affairs at the U.S. Embassy in Moscow, Executive Secretary of the State Department and Special Assistant to the Secretary of State, as well as Ambassador to Jordan. We welcome you, Secretary.

And, secondly, we will hear from Ambassador Chamberlin, who is a decorated, career Foreign Service Officer, whose Middle Eastern experience includes a tour as Political-Military Officer in the Office of Israel and Arab-Israeli Affairs, Acting Director of Regional Affairs, Director of Press and Public Affairs in the Near Eastern Affairs Bureau, Director of Counterterrorism at the National Security Council, and Deputy Assistant Secretary for Counternarcotics and Law Programs from 1999 to 2001, and prior to serving in her current position, Ambassador Chamberlin was also U.S. Ambassador to Pakistan.

So we welcome our distinguished panelists today. We look forward to receiving your testimony. Feel free to summarize your re-

marks. They will be entered in full in the record, and we would like to begin with Secretary Burns. Thank you.

STATEMENT OF THE HONORABLE WILLIAM BURNS, ASSISTANT SECRETARY, BUREAU OF NEAR EASTERN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. BURNS. Thank you very much, Madam Chair, and I very much appreciate your eloquent opening statement and the comments of all of your colleagues and the opportunity to meet with all of you today. And, again, I look forward to continuing to work with all of you on this Subcommittee very closely.

With your permission, and as you suggested, I will submit a longer written statement for the record and briefly summarize my remarks now.

Ms. ROS-LEHTINEN. Without objection for both. Thank you.

Mr. BURNS. Thank you. And at the end of my remarks, I will try to respond specifically to the questions that Congressman Lantos and other Members raised.

All of us are focused intently today on Saddam Hussein's defiance of the international community and the critical actions that loom ahead for the United States and our coalition partners. This is, indeed, a time of crisis and great challenge for the Middle East, but the issues immediately before us are in many ways manifestations of deeper problems.

Many in the region are beginning to realize that their most profound challenges at this moment lie not in war and conflict but in meeting the political and economic expectations of a new generation. As we enter the 21st century, it is a hard truth that countries that adapt to global conditions and open up and seize the economic and political initiative will prosper. Those that do not will fall farther and farther behind.

Last year, at President Bush's direction, Secretary Powell took the lead in organizing the U.S. Middle East Partnership Initiative to establish a framework for working with those in the region who are committed to change. The initiative allows us to focus our efforts around three key, regional reform issues: Economic reform, educational opportunity, and political participation.

We chose the term "partnership" very carefully. We are committing ourselves to work together with the people and leaderships of the region to support their efforts to address these critical issues. Real and enduring change can only come from within, driven by the aspirations and self-interest of the people of the region and not as a result of outside preaching or prescription. But for the initiative to be successful, the partnership will have to include as well Congress, the U.S. and regional and private sectors, the U.S. Agency for International Development and other Executive Branch departments and agencies, and key nongovernmental organizations.

I certainly hope we will be able to draw on the experience and leadership of this Subcommittee as we move ahead. We should have no illusions about the difficulties before us, but there are signs of hope. Many in the region understand better than we ever will the challenges they face and have begun to speak openly about what must be done. We have secured initial funding, and together with our partners in the region, we are developing a set of prom-

ising pilot projects. In addition, State and USAID are working with host governments and nongovernmental organizations to ensure that our existing regional aid programs are targeted on the kinds of reforms that are most critical.

To promote economic reform, we will support those who are working to open up their economies and expand opportunities for all of their citizens. For example, we have begun planning a broad program of assistance to the Moroccan government and private sector to help them prepare for an eventual free-trade agreement with the United States. The great benefits of free-trade come at the price of sometimes difficult structural adjustments. We are developing programs that will help both rural and urban communities affected by these necessary judgments to prosper under free-trade.

We have seen the impressive results of free-trade in Jordan, where qualifying industrial zones have been powerful economic engines for growth and development, providing jobs, especially to women and others who have been hard hit by tough economic times. Jordan's experience can be a model as we work to expand trade and the economic opportunities it brings across the region.

As we help open up economies, we will work to spark the region's well-known entrepreneurial spirit. We will soon bring to the United States our first group of Arab entrepreneurs, many of them women, participating in our Middle East Entrepreneur Training Program.

The United States has a long and distinguished tradition of helping to bring educational opportunities to the region. To expand educational opportunity, we will create new, U.S.-Arab university partnerships, helping to expand the marketplace of ideas in the region. As we help expand access to education, we will also focus on improving its quality. Educational reformers in the region are looking at innovative ways to move away from rote learning to emphasize critical thinking and problem solving, and we will work with them and governments in the region to encourage this trend.

Open economies and effective educational systems require open and accommodating political systems, the third key area of our initiative. Last fall, we brought 50 Arab women leaders to the United States to observe our mid-term elections and meet with U.S. political professionals. We plan to expand this effort, establishing regional campaign schools in the Gulf, North Africa, and the Levant to provide political leaders with the tools to take advantage of new opportunities for democratization. In Yemen, we will help build the capacity of women and local councils in tribal areas to make their voices heard through the political process. We will help Yemen's elections commission organize effective voter registration and fund the monitoring of upcoming parliamentary elections.

I have outlined briefly what is an ambitious, broad-based, and long-term program. None of it will be easy, and we will see results only over time. We have to approach this not only with determination but also with a degree of humility. The Middle East is a diverse and complex set of societies, and there can be no one-size-fits-all solution to the region's problems. However, in the end, our interests are best served by aligning our policies with the goals and aspirations of the people of the region: A Middle East that is stable, prosperous, and open. Secretary Powell, last December, called

it "adding hope to the U.S.-Middle East agenda." It is a sorely needed element right now.

Madam Chairwoman, we have no monopoly on wisdom in approaching these challenges. To be successful, we will need the advice and support of this Subcommittee, the entire Congress, and many others. As we fashion and implement this initiative, I hope we can turn to you and the Congress for your support.

[The prepared statement of Mr. Burns follows:]

PREPARED STATEMENT OF THE HONORABLE WILLIAM BURNS, ASSISTANT SECRETARY,
BUREAU OF NEAR EASTERN AFFAIRS, U.S. DEPARTMENT OF STATE

Thank you, Madam Chairwoman. I am grateful for this timely opportunity to speak with members of the Subcommittee. All of us are focused intently today on Saddam Hussein's defiance of the international community, and the critical actions which loom ahead for the United States and our coalition partners. This is indeed a time of crisis and great challenge for the Middle East. Iraq's disarmament and the further spread of WMD, terror and violent extremism, and the continuing conflict between Israel and the Palestinians are all urgent and critical issues for the U.S., threatening regional stability and the security of the U.S. and our allies.

But there is also another set of issues which neither we nor the people of the region can afford to ignore, and which deserves a priority in our policy agenda which it has not always received in the past. Many in the region are beginning to realize that their most profound challenges at this moment lie not in war and conflict, but in meeting the political and economic expectations of a new generation. I know that members of this Subcommittee are aware of these challenges as well, and I appreciate the Subcommittee's interest today in discussing the ways the United States can support the region's people and leaderships as they look for a path forward.

As we enter the 21st century, it is a hard truth that countries which adapt to global conditions and open up and seize the economic and political initiative will prosper; those that don't will fall farther and farther behind.

The facts on the Middle East are sobering. Per capita incomes throughout the region are stagnant or dropping. Economic growth lags even as the labor force expands. Unemployment throughout the region averages more than 20 percent, and in some countries is even higher. Forty-five percent of the population in Arab countries is now under the age of 14 and the region's population will double over the next quarter century. Most young people entering the job market lack the proper training, knowledge and skills to be competitive.

These grim realities have proven extremely resistant to change. A primary reason is that too many in the region live in closed systems that afford them little opportunity to compete economically or participate in their nations' political life. As a result, many feel caught in a frustrating web of diminishing opportunities and unrealized expectations.

Last year, at President Bush's direction, Secretary Powell took the lead in organizing the *U.S.-Middle East Partnership Initiative* to establish a framework for working with those in the region who are committed to change. The Initiative allows us to promote key regional reform issues, such as broadening economic and educational opportunities, and expanding political participation, in a systematic way. This is a long-term commitment to work with the peoples of the region in support of their efforts and aspirations. Real and enduring change can only come from within, not as the result of outside preaching or prescription. But there is a lot we can do to help.

We chose the term "Partnership" carefully. We are committing ourselves to work together with the people and leaderships of the region to support their efforts to address these critical issues. We want to listen to them and make this a genuine two-way effort. But for the Initiative to be successful, the "Partnership" will have to include as well Congress, the U.S. and regional private sectors, the U.S. Agency for International Development and other Executive Branch departments and agencies, and key NGOs. I certainly hope we will be able to draw on the experience and leadership of this Subcommittee as we move ahead.

We should have no illusions about the difficulties before us, but there are signs of hope. Many in the region understand much better than we ever will the challenges they face, and have begun to speak openly about what must be done. The 2002 Arab Human Development Report, prepared by some of the region's brightest thinkers, lays out in very candid terms the gaps in economic openness, political freedoms, educational opportunity, and women's empowerment that obstruct the real-

ization of the vast human potential of the Middle East. Saudi Arabia's Crown Prince Abdullah recently seized on the Arab Human Development Report's challenge to issue a proposed "Arab Charter." The Charter document calls for internal reform, enhanced political participation, and economic revitalization based on free market principles. We need to encourage this ambitious and hopeful vision, and support it.

Together with our partners in the region we are developing a set of promising initial projects. In his speech launching the Initiative last December, the Secretary outlined a series of pilot projects. For fiscal year 2004, the Administration is requesting \$145 million to broaden and deepen the Initiative throughout the region. In addition, State and USAID are working with host governments and non-governmental organizations to ensure that our existing regional aid programs are targeted on the kind of reforms—educational, economic and political—that are most critical. A comprehensive review of our current programs in Egypt is already well underway. Similar reviews for West Bank/Gaza, Jordan, Morocco and Lebanon will follow.

We have focused our efforts on three key "pillars"—broad areas in which progress toward reform and development will, we believe, have positive ripple effects across the region. These three areas are economic reform, educational opportunity, and political pluralism and democratization.

Under the *economic* pillar, we will support those who are working to open up their economies and expand opportunities for all their citizens. While there is no single model for change, we will be strong advocates for enhancing private sector involvement, diversifying economies, and preparing the region's workforce for the global economy.

We will provide accelerated and intensive technical assistance to countries seeking accession to the WTO, regional WTO members not yet in compliance, and those with which we plan to negotiate trade arrangements, such as FTAs or Trade and Investment Framework Agreements. For example, we have begun planning a broad program of assistance to the Moroccan government and private sector to help them prepare for an eventual free trade agreement with the United States. The great benefits of free trade come at the price of sometimes difficult structural adjustments. We are developing programs that will help both rural and urban communities affected by these necessary adjustments to prosper under free trade. We have seen the impressive results of free trade in Jordan, where Qualifying Industrial Zones have been a powerful economic engine for growth and development, providing jobs especially to women and others who had been hard hit by tough economic times. Jordan's experience can be a model as we work to expand trade, and the economic opportunities it brings, across the region.

As we help open economies, we will work to spark the region's well-known entrepreneurial spirit. We will soon bring to the U.S. our first group of Arab entrepreneurs, many of them women, to participate in our Middle East Entrepreneur Training program in the U.S., or *MEET U. S.* As the Secretary announced, we are also exploring the establishment of Enterprise Funds in the region to provide capital to small and medium-size businesses unable to obtain capital today. Finally, we are looking at ways to expose young people to entrepreneurship and market-based economics through education and skill-development programs like Junior Achievement.

The United States has a long and distinguished tradition of helping to bring educational opportunities to the region. Many of the region's leaders are graduates of the outstanding American Universities of Beirut and Cairo. The recently established Cornell Medical School campus in Doha continues this tradition. Under the *education* pillar, we will create new U.S.-Arab university partnerships, helping to expand the marketplace of ideas in the region. A "Young Ambassadors" program will bring undergraduate students to the United States to study the nature and function of democratic institutions.

We will also support literacy programs, especially for women and girls. We will expand existing programs such as a successful girls scholarship program in Morocco that provides funding to help Moroccan girls complete middle school, with tuition, housing, and computer training. A literacy program in Yemen will expand opportunities for young women of childbearing age.

As we help expand access to education, we will also focus on improving its quality. Educational reformers in the region are looking at innovative ways to work to move away from rote learning to emphasize critical thinking and problem solving, and we will work with them and governments in the region to encourage this trend. We will also fund programs to bring computers and the Internet to more schools and students across the region. In this area, in particular, we are working with private sector partners, such as the Case Foundation, to establish computer learning centers.

Economic and educational modernization cannot, however, exist in a vacuum. Open economies and effective educational systems require open and accommodating political systems. Today, however, many political systems in the region fail to give

voice to their citizens. Political structures all too often serve to insulate the regime and governing elite from change or accountability.

Under the *political participation* pillar, we will support those seeking openness and democratization in their societies. Last fall, we brought 50 Arab women leaders to the U.S. to observe mid-term elections and meet with U.S. political professionals. We plan to expand this effort, establishing regional campaign schools in the Gulf, North Africa, and the Levant, to provide political leaders with the tools to take advantage of new opportunities for democratization. In Yemen, we will help build the capacity of women and local councils in tribal areas to make their voices heard through the political process. We will help Yemen's Elections Commission organize effective voter registration and fund monitoring of upcoming parliamentary elections. In Bahrain and Morocco we have provided technical support and training in connection with recent elections. We are working with the government of Jordan to ensure they have the support they need to ensure their June elections are free and fair.

We will provide greater training opportunities for journalists and work with governments to reform media laws. Other programs will include initiatives to strengthen respect for the rule of law and human rights.

In our FY04 request, we have also set aside \$10 million for programs focused on the empowerment of women. The Arab Human Development Report identifies the "women's empowerment deficit" as one of three key obstacles holding back the entire region. We will use these funds to work with groups in the region who are working for legal and regulatory reform to ensure women have equal treatment under the law. We will also fund programs, as I discussed above, to provide political skills, business training, and to support improved educational opportunities for women.

I have outlined very briefly what is an ambitious and broad-based program. None of it will be easy, and we will see results only over time. We have to approach this not only with determination, but also with a degree of humility. The Middle East is a diverse and complex set of societies and there can be no "one size fits all-solution" to the region's problems. However, in the end, our interests are best served by aligning our policies with the goals and aspirations of the people of the region: a Middle East that is stable, prosperous, and open. Secretary Powell last December called it "adding hope to the U.S.-Middle East agenda." It's a sorely needed element right now.

Madam Chairwoman, we have no monopoly on wisdom in approaching these challenges. To be successful, we will need the advice and support of this Subcommittee, Congress, and many others. As we fashion and implement this Initiative, I hope we can turn to you and Congress for your support.

Thank you.

Mr. BURNS. Madam Chairwoman, with your permission, let my just try and respond specifically to some of the questions that were raised. First, Congressman Lantos. Sir, I have no information to add on the Tariq Aziz issue as of at least the time I left the State Department, but I will be sure to be in touch with you with whatever we can report.

Second, with regard to the question of the Roadmap, as I have stressed before, and, more importantly, as President Bush and Secretary Powell have stressed, this effort is performance-driven and performance-based. We have talked about target in time, but we are not subscribing to any kind of artificial timetable here. You cannot move ahead in this process unless all sides are performing those obligations, and that is something to which, as you know, the President is quite committed. All sides will have obligations, but we are going to have to see performance if we are going to get any place.

With regard to your question, sir, about the Palestinian Prime Minister, again, we consider this to be a positive step, a step in the right direction, the creation of this post. It was quite interesting, as you pointed out, to see the debate within the Palestinian legislature and amongst Palestinians themselves, which I think reflects the reality that this kind of a step, to move in a direction which strengthens institutions, which creates the institutions which pro-

vide a solid base ultimately for Palestinian statehood is deeply in the self-interest of Palestinians. It is not a favor to the United States or to Israel or to anyone else, and I think that debate in itself is a very encouraging sign. It also encouraging that some real authorities have been embodied in that position.

Now, the challenge, of course, is going to be not just the authorities that are created in a structure, created on paper in the Palestinian basic law. It is going to be how those authorities are used and how they are implemented. And without regard to particular personalities, all I would say is that I think there are few saints today in leadership positions in the region.

I think Abu Mazen is someone who has spoken out quite publicly in recent months against violence and terror and underscored the ways in which this, more than almost anything else, has worked against Palestinian interests and undermined the legitimate political aspirations of Palestinians, and I think those are encouraging words. Obviously, what we are going to need to see is performance and the exercise of the authorities that have now been created in that post, and that is going to require not just the efforts of one individual but the efforts of many, many Palestinians to make that work.

With regard, sir, to your broader question about accountability, I think that applies in the Middle East Partnership Initiative, just as it does in our critical relationships with countries in the region. It is going to be very important, and it is one of the centerpieces of the Middle East Partnership Initiative, to try and underscore the importance of tolerance, tolerance in educational systems and what young people are taught, as well as accountability in ensuring that the kind of programs we put together and propose to you for funding are ones which we can measure, and working with our colleagues in AID and in other institutions in the Executive Branch to try and ensure that that process is also performance-driven and performance-based. We have no interest in programs that are not going to produce the kind of results that I talked about in my opening remarks because it is only those kinds of programs that are going to support the aspirations and the efforts of people in the region.

Congressman Berman, you asked about the report in the *Los Angeles Times*, and without getting into classified reports, even those that appear in the *Los Angeles Times*, what I would stress is simply what I said in my opening remarks. It is absolutely the case for the President, for Secretary Powell, for myself that the goal of broader political participation, the goal of supporting the efforts of people in the region to create democratic institutions is an incredibly important one. It has not always been given the priority in Administrations that I have worked in before that I think it deserves, and for this Administration and for our successors I think it is going to be a very important goal, and there are many resources that we can bring to bear to support the efforts of people and leaderships in the region to bring that about. That does not mean it is going to be a neat or easy process, and I think, as Mr. Janklow said, that does not mean that the particular models that have worked so well for us in this society, with all of our own imperfec-

tions, are necessarily going to work neatly in the Arab world or any place else around the world.

That is a goal. I think it is extraordinarily important, and I think that is why we are committed to doing everything we can to support in that region.

Mr. Engel, you raised a couple of questions about the eligibility of different countries, and, again, we are going to be guided by U.S. legal restrictions. For example, ESF programs cannot be applied to states that are on the list of state sponsors of terrorism. There are other kinds of exchange programs that our Educational and Cultural Affairs Bureau runs which can be applied in certain states, but we will look very carefully, and obviously we will be guided by U.S. law.

With regard to General Aoun, last week, when General Aoun was in Washington, he did meet with a member of my senior staff, and had a good, constructive conversation. So I look forward to following up with you on that issue as well.

Mr. Schiff, you raised also the Millennium Challenge Account and its relationship to the Middle East Partnership Initiative. We have tried to be very careful in seeking monies for the Middle East Partnership Initiative to take this step by step and to demonstrate that the kinds of pilot projects being funded under the 2002 supplemental, as well as the kind of programs we are proposing for fiscal year 2004, are ones that will work. We have wanted to make sure that we are demonstrating that accountability that Mr. Lantos talked about. But obviously, as time goes on, I think there is going to be a very strong case for looking at more monies and more resources that we can use to support the efforts of people and leadership in the region.

So I apologize. I know I did not respond to all of the questions that were asked.

Mr. LANTOS. Madam Chair.

Ms. ROS-LEHTINEN. Mr. Lantos.

Mr. LANTOS. May I just follow up on one of the issues for additional clarification?

Ms. ROS-LEHTINEN. I will allow you to do that, although we are about to listen to the Ambassador and then take some questions, but go ahead, Mr. Lantos.

Mr. LANTOS. I appreciate it. When the President made his speech in June, and the concept of the Quartet was created, we had a very different relationship with many of our European friends. We had a very different relationship with Russia, and we had a very different relationship with the United Nations.

In view of the fact that some of these entities, like France, have spent the last few months attempting to undermine U.S. foreign policy. Russia has chosen to side with France with respect to the Iraq controversy—we will not go into the U.N.'s role. What is the Administration's policy with respect to the very concept of the Quartet because it is very difficult for me to envision people who have been deliberately attempting to undermine our key foreign policy moves suddenly becoming accepted as full partners in an extremely complex venture?

Mr. BURNS. Mr. Lantos, it obviously is an extremely complex venture. The President, last Friday, made a statement with regard

to his personal commitment to moving ahead toward his vision of two states, as well as on the Roadmap, as a starting point to engage the parties. He called public attention to the hard work that we have done along with Russia, the European Union, and the U.N. Secretary General. And so I think we are committed to working with those partners on this issue to try to bring to bear the resources, the efforts that they can produce but directed at the aim that the President has laid out: A performance-driven process that can ultimately produce and make a reality of that vision of two states, one in which Israel is going to be able to live in the security that it deserves and in which Palestinians, through performance, can achieve their goal of statehood.

So I think that is very much the President's commitment, but clearly this is going to have to be a process that is led actively by the United States. Working with others is not a substitute for the kind of leadership and drive and initiative that will have to come from the United States, and I think that is what the President made very clear last Friday.

Ms. ROS-LEHTINEN. Thank you, Mr. Lantos. Ambassador Chamberlin, thank you.

STATEMENT OF THE HONORABLE WENDY CHAMBERLIN, ASSISTANT ADMINISTRATOR FOR ASIA AND THE NEAR EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. CHAMBERLIN. Thank you, Madam Chair, and thank you and the other Members of the Subcommittee for your excellent statements and insightful questions. I welcome the opportunity to appear before you today and to discuss the role of the Agency for International Development, USAID, in supporting the Middle East Partnership Initiative, which we do full heartedly.

Recent events have clearly demonstrated the enormous risk posed by the existence of nations with weak institutions, high poverty, and limited opportunity. As noted in the National Security Strategy, poverty does not make poor people into terrorists and murderers, yet poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders. For this reason, the strategy calls for the United States to ignite a new era of global economic growth through free markets and through trade. It also argues for expanding the circle of development by opening societies and building the infrastructure of democracy.

Against this backdrop, MEPI is an important tool to address systematically these issues in the Middle East. My staff and I are fully committed to using all of the resources available to us to support this important initiative.

Based on USAID's extensive experience around the globe and in the region, MEPI's focus on democracy, economic growth, and education is exactly right. The gaps in economic openness, political freedoms, and educational opportunities in the region are well documented in the 2002 Arab Development Report, which some of you mentioned yourselves. The importance of these issues in creating conditions for broad-based economic growth and development are also very well recognized throughout the development community.

USAID embraces economic growth and democracy as two of the three pillars which define our agency's mission and shape our organizational structure. Education is also an important area of emphasis within that economic-growth pillar.

To inform the debate on development and economic assistance, USAID's Administrator, Andrew Natsios, commissioned an analysis of key trends and challenges. The report, and I recommend it to you, "Foreign Aid in the National Interest," speaks to the importance of democratic governance and driving economic growth as key themes. Education is also an end in itself, as literacy rates are a key development indicator. Education is also essential to support the roles of democracy and growth. This analysis reviews the great wealth of experiences in each area and identifies important lessons and successful approaches. USAID's report very clearly recognizes that economic growth accompanies good governance, just legal systems, transparent and accessible economies, and governments that invest in their own people.

These are the themes of MEPI. These are the themes that USAID supports. This is the new focusing that we are doing now in the agency, and we are delighted to be able to participate so closely with our colleagues at State in this review.

It is our goal to work with State to advance MEPI's goals by profiting from the enormous experience available in each of these areas. We must be rigorous in evaluating new programs so that we can recognize and replicate successful approaches and quickly discard those that do not work so well. While the critical elements of a successful program can be identified, the unique circumstances in each country require that our Embassies and our USAID officials on the ground tailor the programs to local experiences, and we are doing that together.

We are pleased to note that a significant number of activities that will be directly funded by MEPI this year will be implemented by USAID. Our goal is to ensure that USAID remains a key implementing partner in the future. Where MEPI will implement through other partners in USAID presence countries, we will work to ensure that these activities are well coordinated with the existing bilateral programs.

We are currently engaged, as you point out, in a series of extensive joint State-USAID program reviews. Democracy, economic growth, and education are already important areas of our own emphasis, but, as always, we recognize that there is room for improvement. It is our firm desire to involve and inform any aid bureau at the Department of State in all aspects of strategy development and program design, monitoring, and evaluation with respect to USAID programs in the region.

In conclusion, USAID believes that the Middle East Partnership Initiative is timely. It is well focused on the critical issues of the region. It is our goal to use USAID's extensive expertise and resources to aid in the success of this important new undertaking. Thank you very much.

[The prepared statement of Ms. Chamberlin follows:]

PREPARED STATEMENT OF THE HONORABLE WENDY CHAMBERLIN, ASSISTANT ADMINISTRATOR FOR ASIA AND THE NEAR EAST, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Chairman Ros-Lehtinen, Members of the Subcommittee, I welcome the opportunity to appear before the Subcommittee today to discuss the role of the U.S. Agency for International Development (USAID) in supporting the Middle East Partnership Initiative (MEPI). Recent events have clearly demonstrated the enormous risks posed to our nation by the existence of nations with weak institutions, high poverty, and limited opportunity. As noted in the National Security Strategy of the United States, "Poverty does not make poor people into terrorists and murders. Yet poverty, weak institutions, and corruption can make weak states vulnerable to terrorist networks and drug cartels within their borders." For this reason the Strategy calls for the US to ignite a new era of global economic growth through free markets and trade while expanding the circle of development by opening societies and building the infrastructure of democracy. Against this backdrop, MEPI is an important tool to address systemically these issues in the Middle East. My staff and I are fully committed to using all the resources available to us to support this important new initiative.

Based on USAID's extensive experience around the globe, the MEPI's focus on democracy, economic growth, and education is exactly right. The gaps in economic openness, political freedoms, and educational opportunities in the region are well documented in the 2002 Arab Development Report produced by the United Nations Development Program (UNDP). The importance of these issues in creating the conditions for broad based growth and development is also well recognized by the development community.

To inform the debate on development and economic assistance, USAID's Administrator Andrew Natsios commissioned an analysis of recent trends and challenges. The report, "Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity," speaks to the importance of promoting democratic governance and driving economic growth as key themes. Education is both an end in itself, as literacy rates are a key development indicator, and essential to support the goals of democracy and growth.

USAID's report recognizes that political parties are among the core elements of democracy. It also demonstrates the important link between democracy and good governance. The two are mutually reinforcing, and when they go together, resources are used to advance the public good. A functioning democracy gives citizens the means to participate in policy making and to monitor officials. Leaders then feel the obligation to justify and explain decisions, giving the public a stronger sense of policy ownership. When government institutions perform their designated role with a high degree of transparency, transaction costs are low and trade and investment can flourish. Democracy must also include an independent judiciary, an elected legislature that can check the power of the executive branch, and civil society that can participate in shaping policy.

Turning to the second element in MEPI, economic growth, the "Foreign Aid in the National Interest" report notes that economic growth in the US has been moderate, averaging 1.7 percent per person since 1776. But over our nation's 225 year history, per capita income has increased 44 times. The key to improving living standards and reducing poverty is sustained economic growth over the long term. Sound macroeconomic policies are well recognized as being essential for economic growth, but good economic governance is also essential. Institutions and rules must be in place to sustain growth once it starts. Globalization provides an unprecedented opportunity to direct resources toward development. Countries that have experienced growth in trade and investment have also achieved faster growth. Foreign investment is particularly valuable because it transfers not just capital but also technology, management know-how, and access to new markets. The report also notes that wealth is actually created in the microeconomic foundations of the economy, rooted in company operating practices and strategies as well as the overall business environment. This has important implications for assistance providers.

The report also discusses the importance of investing in people. In the early stages of growth, investments in education and health improve the distribution of assets. At later stages equitable growth requires providing skilled and unskilled workers for opportunities for secondary education and on-the-job training.

It is our goal, then, to work with our colleagues at State to sift through the enormous experience available in each of these areas to craft new and innovative approaches for advancing our goals. We must also be rigorous in evaluating new programs to recognize and replicate successful approaches and to quickly discard methods that do not work. While the critical elements of a successful program can be

developed and disseminated, the unique circumstances in each country require that Embassy and USAID officials on the ground tailor the programs to local conditions. Success will ultimately be judged by demonstrable impact and results.

We are pleased to note that a significant number of activities that will be directly funded by MEPI this year will be implemented by USAID. Our goal is to ensure that USAID remains a key implementing partner in the future. We will work to create streamlined and collaborative project identification and design processes. We will also develop procedures to clarify management and reporting responsibilities. The goal is to minimize the administrative burden of the program while maximizing impact.

We have also devoted considerable resources to the joint State/USAID program reviews. We believe there is much right with current programs in the region and that many of our programs already contribute directly to MEPI's objectives. Democracy, economic growth, and education are the focus of many existing programs. But we also recognize that there is room for improvement and there is an urgent imperative to show results. It is our firm desire to involve and inform the NEA Bureau of State in all aspects of strategy development, program design, monitoring, and evaluation with respect to USAID programs in the region. NEA Bureau representatives participated at the earliest stage of our process to re-craft the county strategy for Morocco. With respect to Egypt, State/NEA, the USAID mission and USAID/Washington are assessing all facets of the current USAID/Egypt program. This has included meetings and visits, a great deal of written information and, most recently, a teleconference with the mission to address specific questions and issues. We are confident that this process will lead to a more focused program and greater achievement of our goals and objectives.

In conclusion, USAID believes the Middle East Partnership Initiative is timely and well focused on the critical issues in the region. It is our goal to use USAID's extensive expertise and resources to aid in the success of this important new undertaking.

Mr. CHABOT [presiding]. Thank you, Madam Ambassador. We appreciate it. At this time, each Member has the opportunity for 5 minutes to ask questions, and I will begin with myself.

[The proceedings were interrupted by an outspoken audience member.]

Mr. CHABOT. Okay. The first question I had, and either one of you can answer the question is: When I was back in my district, which happens to be Cincinnati, one of the things that I do is I go around to a lot of the classrooms and talk to the kids. I had 200 sixth graders, 200 seventh graders, and then 200 eighth graders, and I generally gave them an idea about what our government does and then took questions. The questions that I got, without surprise, were mostly about the war. Was it going to happen, and how long was it going to last, and casualties, and all those types of things.

I then had a third-grade class, and I read a book that I got up here some years ago called House Mouse, Senate Mouse, and it talks about the government structures at a level that they understand. I was thinking, however, about some of the countries in the Middle East where the books that have been utilized over time have been books that clearly are inappropriate and that basically teach hatred, particularly of Jewish people, and in a number of the Arab countries, is just rampant.

How will MEPI address curricula in those countries which teach hate and violence against a particular religious or ethnic group? What safeguards are in place to ensure that MEPI funds do not go to institutions which promote such intolerance? And, finally, what prerequisites are in place, if any, to evaluate the Arab institutions of higher learning prior to forming partnerships with their U.S. counterparts or to receiving MEPI funds?

Mr. BURNS. Mr. Chabot, why don't I take a stab at that, and then Wendy may want to add to as it well? First, as I said to Mr. Lantos, I think the whole issue of tolerance is obviously a critical one across the region, affecting not just educational systems but, I think, the way in which societies function, and that is not something that people in the region need to hear Americans telling them; it is something they have identified themselves, including in the Arab Human Development Report.

I think we have already devoted a fair amount of resources with regard to textbooks for Palestinian children, for example, to try and address that problem in part in response to concerns that some of your colleagues in Congress have raised. That is something that we have hired an independent organization to evaluate, and we will be providing a report to you shortly on that with some recommendations about how we can use new resources to try and help address those challenges and those problems.

We, obviously, are going to take a very careful look at any institutions with which we launch partnerships to ensure that what we are doing is not in any way going to feed intolerance but the opposite, is going to try and encourage changes in educational systems, to encourage changes in curricula and secondary schools and elsewhere, and we have already begun some quiet work with some governments and some ministries in the region to try and encourage those kinds of reforms.

Again, they are going to have to be driven from within, I think, to be sustained and be successful, but what is encouraging is the willingness on the part of some governments, at least, and some educational reformers in the region to respond and to look for resources from us and from others to help achieve those objectives.

Mr. CHABOT. Thank you. Madam Ambassador, you would like to comment?

Ms. CHAMBERLIN. Mr. Chabot, I completely agree with my colleague, Ambassador Burns. It is extraordinarily important that we work with those within the societies themselves who are committed to tolerance and to improved education systems. Unless it comes from within, it will not be sustainable.

But there are things that we can do with our programs and with our developmental assistance money. Teacher training, we have discovered from long experiences, is just as important as a modernized curriculum. When push comes to shove, and kids are in the classroom, they are with a teacher, and if the teacher is well trained, has those commitments to tolerance and human rights and all of the principles that we certainly agree with, you are going to have education at the high caliber that we would like.

USAID has been working with teacher training in a number of schools throughout the region, in fact, globally, but we also have a number of projects working with local educators for curriculum design and curriculum development. We are working very closely with MEPI to ensure that these kinds of projects get focused attention.

Mr. CHABOT. My time is ready to expire. Let me just follow up real quickly with one final question. Given the U.S. announcement to rejoin UNESCO, how are we working to ensure the detoxification of textbooks in programs supported by UNESCO?

Mr. BURNS. Mr. Chabot, I honestly do not know the answer to the specific question about UNESCO, but I would be glad to get one for you and get back to you.

Mr. CHABOT. I would appreciate that, if you could supply all of the Members of the Subcommittee with a response to that.

Mr. BURNS. Sure.

Mr. CHABOT. And my time has expired. I will now yield to the gentleman from New York, Mr. Ackerman.

Mr. ACKERMAN. Thank you very much. Has the President lost confidence in USAID? Is there a turf war brewing here in setting this up? Is this another level of competing bureaucracy that we need? Why can't this be done within one agency?

Ms. CHAMBERLIN. May I take that?

Mr. BURNS. We will both respond.

Mr. ACKERMAN. Don't trip over yourselves.

Mr. BURNS. This is one where we might.

Ms. CHAMBERLIN. I think I can say emphatically no. I have had the opportunity, actually even before I came to AID, to spend some time with the President, and I have rarely met an official at the White House who is more committed to assistance and more supportive of AID activities abroad, particularly, I might note, in education.

We see this as an entirely collaborative effort. What MEPI does is to emphasize and focus on those—it is to provide us policy guidance, and that is the way we are organized. We are quite pleased with the way we are working together, not only in focusing our programs in the Middle East on the three areas that MEPI emphasizes but also to conduct some very helpful reviews of our program. We have started in Egypt. It is working well. We are working collaboratively and with our very able Ambassador, David Welch, in Cairo, and I would call it an enormously productive relationship. Now let us see what Ambassador Burns has to say.

Mr. ACKERMAN. So you are in favor of this occurring outside of your agency and do not think that it should be—

Ms. CHAMBERLIN. No. We are working together. It is collaborative.

Mr. ACKERMAN. I understand that. Would you be in favor of this collaborative effort in Africa, say, and South America and everywhere else you work?

Ms. CHAMBERLIN. I might note that a great deal of the funding that is coming to MEPI is actually being implemented by AID. Now, there are some programs that are being implemented by other agencies.

Mr. ACKERMAN. What do you mean, "the funding is being implemented by AID?" Do you have a separate funding source?

Ms. CHAMBERLIN. No. MEPI has a separate funding source. It is coming through the State Department. It is not coming through the AID budget. But it is being expended on projects which we endorse and actually we are helping to implement, so we see it as supplemental and very useful.

Mr. BURNS. Mr. Ackerman, I will not trip over any of that because I absolutely agree with what Ambassador Chamberlin said. It is also a way of responding to the very good question you asked at the outset, which is what is new, what is different about this.

I think in some ways there is a parallel—the analogy is not perfect—to the effort that the Administration and the Congress made in the early 1990s. Mr. Eagleberger was Deputy Secretary of State, and he was the coordinator for a program to look at the nations of the former Soviet Union and Eastern Europe, the former Soviet bloc, and look at ways in which we could do a couple of things.

One is to highlight the importance of the political and economic challenges and transformations taking place there, and second was to coordinate across the government so that the programs that AID runs very successfully but that other parts of the Executive Branch—U.S. Trade Representative, Department of Commerce, and other institutions—are integrated in a way which reflects that priority and makes it successful, and in some ways that is the kind of model we are looking at here.

The White House has asked Deputy Secretary Armitage to serve as the coordinator for the Middle East Partnership Initiative and to try and harness the efforts of all of the Executive Branch institutions and to work with the private sector and NGOs to make sure that we are bringing all of those resources together. I will just give you a couple of examples from my own experience in Jordan, where I served as Ambassador the last few years, that give a sense of what we can do as we look to the future.

We entered into a series of highly successful trade arrangements with the Jordanians, qualifying industrial zones and a free-trade agreement. We looked very carefully at ways in which we could tailor our assistance program to help the Jordanians look ahead to the kind of challenges they face in a free-trade environment and how they can adjust their own economy to take advantage of that, and that is exactly the kind of thing, as I said in my opening remarks, we are looking at with regard to Morocco now.

So I think there is a lot that we can do with this kind of an effort that helps to harness all of our resources and, again, helps show the very high priority that the Administration and the Congress are attaching to this set of challenges, and that leads to a very complementary relationship.

Mr. ACKERMAN. I am glad you are all in agreement on this. Let me ask this.

Mr. CHABOT. The gentleman's time has expired, but he can complete the question.

Mr. ACKERMAN. Thank you, Mr. Chairman. With many governments in the region viewing democratization as a threat to themselves, how have they responded to this proposal?

Mr. BURNS. I think the response has been some public skepticism. I think there has been some sensitivity, with some leaderships in the region sensitive to what they perceive as being dictated to from the outside.

On the other hand, I think if you look carefully at what leaderships in the region are doing, what the Arab Human Development Report did, what Crown Prince Abdullah has been talking about recently in talking about an Arab charter and greater political participation and economic openness, it strikes me that leaderships, at least many leaderships and people in the region, are beginning to realize the importance of the challenges that they face, and I think they are beginning to look at how best to address them themselves.

And I think when you put it in that context, and they look at ways in which we can support their efforts and look at particular programs like English language teaching, where there is a huge thirst and a demand in the region, and I agree with you that there are many ways in which we can use our resources and expand the use of those resources to serve that end. When you look at the specific programs, there is a great deal of receptivity. So I think what we are going to find is an active sense of partnership in the region, despite that initial sensitivity and skepticism on the part of some.

Mr. CHABOT. The gentleman's time has expired. The gentleman from South Dakota, Mr. Janklow, is recognized for 5 minutes.

Mr. JANKLOW. Thank you very much, Mr. Chairman. I am going to try and be right to the point with my questions to both of you. Ambassador Chamberlin, in response to the questions about education, I was a little puzzled. You talked about curriculum development. The fact of the matter is in some of these countries, some of the school systems have textbooks that are racist, that demagogue, that ridicule, that make fun of other people, that hold them up to obloquy, that contribute toward children being biased and prejudiced.

It is not a matter of curriculum development. We all know right from wrong, including the school teachers in those areas and the government officials. Are we demanding anything specific to put a stop to those kinds of teachings?

Ms. CHAMBERLIN. Certainly, yes. Yes, sir. We do not support that. In fact,——

Mr. JANKLOW. I know we do not support it. Are we doing anything to demand that it stop? Are there any quid pro quos with respect to what we are doing? I realize that it is their school systems, and they can do what they want with them, but we have been giving aid for a long time. We have been involved in these regions for a long time. A lot of this stuff is not changing. What are we doing to see that it changes other than purported curriculum development?

Mr. BURNS. Mr. Janklow, we have raised these concerns very directly with a number of governments in the region. Second, we have tried in very specific terms—I mentioned the issue of textbooks in the West Bank and Gaza—to work with others in support of efforts on the part of Palestinians to ensure that educational systems meet the needs of young people.

Mr. JANKLOW. Sir, if I could, do these government officials that you have consulted with privately, do they indicate that, in their opinion, these textbooks are appropriate for the training of children?

Mr. BURNS. What we have tried to do, Mr. Janklow, is look at areas in curricular reform to support the efforts of educational reformers in some parts of the region. I would not pretend to you for a minute that it applies to every government in the region or every——

Mr. JANKLOW. My question is, do they acknowledge they have got a problem with textbooks, or do they just think we are pushing them around?

Mr. BURNS. Some people, as I said before, do not react well to the sense that they are being dictated to from the outside, however

much they may realize the inadequacies and the excesses of their own systems. So what we have tried to do, and it is a complicated process—it is not a perfect answer to your question—is to try and find people who are committed to making those changes and provide support to them and not to provide support in areas where it is going to either be misused or it is going to be used simply to reinforce practices that are reprehensible and unacceptable to us.

Mr. JANKLOW. Ambassador Chamberlin again or to both of you, the Agency for International Development has been in business for a long time. It has been around for a long time. What have been the findings of State's review of AID's existing democracy-promotion programs? In other words, how successful have you been? This cannot be a new venture by you, supporting democracy.

Ms. CHAMBERLIN. Well, no, it is not a new venture, and we, ourselves, are constantly reevaluating our specific projects to monitor them for results. Where we have projects that are not working, we either chuck them or we reshape them, and we are currently doing that now with State. I am working very closely with Deputy Assistant Secretary Liz Cheney, focusing first on the Egyptian program. Next week, we will be getting together for an intensive look at our democracy and governance programs in Egypt to put it through just this kind of an intensive review.

Mr. JANKLOW. Do you feel that Egypt has been a success so far over the decades?

Ms. CHAMBERLIN. There have been areas of great success, yes, sir, and areas of not so great success.

Mr. JANKLOW. What would you call the greatest two successes in Egypt?

Ms. CHAMBERLIN. In 1984, when I first went to Egypt, at that time you could not walk on a sidewalk. It was a city where the electrical system was constantly being interrupted by blackouts and shutouts. The sewage system was not working. Our urban intellectuals were saying that this is a city that has already collapsed. It is a city that is overpopulated by seven or eightfold. When I went back a few months ago, I found a very impressive, functioning city. Our infrastructure projects worked well.

Mr. CHABOT. The gentleman's time has expired. The gentleman can complete his question.

Mr. JANKLOW. Excuse me. I was talking about democracy and democratic reforms, not electrical infrastructure.

Ms. CHAMBERLIN. Excuse me. You deserve a better answer, and we will get you one.

Mr. JANKLOW. Thank you.

Mr. CHABOT. The gentleman's time has expired. The gentleman from California, Mr. Berman, is recognized for 5 minutes.

Mr. BERMAN. Thank you. Just continuing with the last theme, democracy-building programs may not be new, but other than a few fledgling efforts in some cases by the National Endowment for Democracy, AID has not really been heavily involved in democracy building in the Middle East until very recently—isn't that a fair conclusion?

Ms. CHAMBERLIN. Until very recently, yes, sir, that is true.

Mr. BERMAN. So in the context of Egypt, we would not have to spend a long time discussing long efforts at democracy-building programs in Egypt.

Ms. CHAMBERLIN. We do not have a long track record, no, sir. Thank you.

Mr. BERMAN. And the extension of Mr. Janklow's questioning, this education pillar is very important and a key part of all of this stuff, and this is a great idea, but if you are reaching a very small percentage because there are limits on how many you are going to reach with the amount of money you have, and the government policy is to, with the vast majority of the children who are in their educational institutions, to maintain the kinds of textbooks and curriculum that promote hatred and intolerance and all of this. Is there a logic to leveraging, to essentially tying the positives of the additional assistance maybe in all areas to a termination of that kind of program? Or is that self-defeating? That is one question I have, and that just came up from his questions, but maybe I had better get the question I wanted to ask before Mr. Janklow spoke out there so you will answer that, too, before my time expires.

On the economic-development front, I heard originally that, and you mentioned it with the experience with the states of the former Soviet Union, particularly Eastern Europe, on this private-investment and trade-promotion effort, other than the technical assistance, I once heard you were thinking of creating for this Middle East Partnership Initiative a separate sort of board that would filter through different programs. These would be private sector people who had no interest economically in the programs but who had some experience with new enterprises and where the investments would make the most sense.

Neither of you mentioned that in your testimony today. Is that no longer what you are thinking of doing, or has that been decided? What is the status of that?

Mr. BURNS. No, sir, Mr. Berman. I think I mentioned it in my longer written statement, but it is something that we are looking very carefully at, the idea of enterprise funds. Now, the experience with those enterprise funds in Eastern Europe was a mixed one, to be honest. Some worked, and some did not. What we are trying to do before launching anything formally is to look very carefully at that experience.

One example, and I am not an expert on this, but from everything I have learned, in Poland was pretty successful.

Mr. BERMAN. Yes.

Mr. BURNS. And it was successful for several reasons. First, the board was very carefully chosen, a combination of people who understood how to encourage small- and medium-sized enterprises to grow, who also knew Poland and knew the circumstances there. Second, it was headquartered in Poland, so it was very much focused on the needs and demands and challenges in that society, and, third, it was a national enterprise fund. In other words, it was not a regional fund, and it could focus on the particular requirements and circumstances there.

And so that is the kind of model that we find most encouraging, and we are going to work, as we look at the money that we have requested for fiscal year 2004, at how we might use some of those

monies to set up such a fund or funds in the region, but, again, based very much on what was positive about the experience of the nineties and to try to learn from the mistakes that were made then, too.

Mr. BERMAN. We have existing economic-assistance programs, ESF and others. Are those going to be folded into this, or is the Middle East Partnership Initiative solely for this fiscal year the \$149 million you are proposing?

Mr. BURNS. Let me just make one quick comment and then turn to Ambassador Chamberlin. Our concept is very much, as I said, the initiative, the framework that was used in the early nineties with regard to the former Soviet Union and the former Soviet bloc; in other words, a broad initiative that could take advantage of existing assistance programs, existing agency efforts, highlight the importance of an integrated effort, look at new monies which could be used to kind of integrate that effort as well. And so that is why, Mr. Berman, an important part of this effort is not just the \$145 million we are requesting for fiscal year 2004 but also the review of existing aid programs that Ambassador Chamberlin was talking about before so that we are all pointed in the same general direction.

Ms. CHAMBERLIN. Right. Mr. Berman, if I could get to you first question a bit, and I want to thank you for it because I think it touches on a very important point, let us take the example of Egypt. We were launched for some time with the Government of Egypt in an education project mostly centered in Cairo in the Department of Education. We took a hard look at this, and it was not working, for many of the reasons that have come up in some of your own questioning.

So we stopped that, and we shifted, and we are now funding a pilot program in Alexandria. We found a mayor who is very progressive, who gets it, who wants to work with us in ways that we find shows that he understands what the basic fundamentals of a good education system is. And this Alexandria pilot program is taking off. It is very impressive. I would like to invite you to come and visit it at some time.

But it does make the point that we do have to be flexible in our approaches, that if it is not working, shift, do something that does work, and in our experience in Egypt and in elsewhere, if you involve the local communities, if you devolve some of the controls and the power and the funding from a central to the local areas and give the people of the community and the local officials a greater involvement in the education system, your product is going to be better.

Mr. JANKLOW [presiding]. The time has expired. The Chair now recognizes the gentleman from Pennsylvania, Mr. Joe Pitts.

Mr. PITTS. Thank you, Mr. Chairman, and welcome, Secretary Burns and Ambassador Chamberlin, and I believe, Ambassador, we last met in Pakistan. It is good to see you.

I think as our Nation continues to fight the war on terrorism and our President prepares to release his Roadmap to peace in the Middle East, it is more important than ever that we continue to engage this vital region. Mr. Secretary, I would like to ask you first, if you

would elaborate on the statement by Secretary Powell, who was quoted on December 18th of last year, where he said,

“Saudi Arabia has to find its own path. It is up to the Saudis to decide how they wish to transform their society to make it prepared for the 21st century.”

I would like you to comment on what this might reveal about our approach to political liberalization, human rights, empowerment of women's programs in Saudi Arabia. What will MEPI do in countries like Saudi Arabia who have not shown the will or commitment to change, and how would you respond to the argument raised by Arab scholars, who are supportive of MEPI, that the U.S. should demand hard decisions from our friends?

Mr. BURNS. Congressman Pitts, thank you. It is a very good question. With regard to Saudi Arabia, again, what we have tried to do is both call attention to and support some of the statements coming from Saudis themselves, not just Crown Prince Abdullah's call for an Arab charter, but also the call from more than 100 leading Saudis from outside the government who recently met with Crown Prince Abdullah and called for an opening up of political participation, for an opening up of the economy, who highlighted a lot of the challenges that I think many, many Saudis understand very well.

Secretary Powell's point was that Saudis are going to have to come to grips with these challenges. To the extent that they are committed to try to move in the direction of opening up their economy, for example, of looking at ways in which their educational system can better respond to the needs of Saudi young people so they can compete in the global economy of the 21st century, there are things that we and others can do to help.

For example, Crown Prince Abdullah has stressed his interest in become a member of the World Trade Organization, a complicated process. There are no shortcuts, but, again, it is the kind of process that can bring along with it a number of the economic changes which are a benefit, first and foremost, to Saudis themselves but which also help open up an economic system and a society, and help create a rule of law. As Congressman Ackerman stressed rightly at the very beginning of this hearing, rule of law is going to be fundamental to the sort of stable and evolving political and economic system that serves the interests of Saudis, serves the interests of others in the region, and also serves American interests over the long haul.

It is not a neat process, not an easy one, and sometimes not a pretty one, but I think, to the extent we see people and leaderships in the region pointing in that direction, the whole point of the partnership initiative and working with our colleagues in U.S. Government is to recognize the importance of that and find ways in which we can support those who are determined to help themselves.

Mr. PITTS. Could you speak about some of the impediments to private sector development in the Arab world? What policies should be changed to give the private sector a greater role in economic development?

Mr. BURNS. Sure. Well, sir, it varies, obviously, from society to society. Some have made more progress in opening up economies

than others. Even if you look at Egypt, for example, as Ambassador Chamberlin was describing before, I think one of the big, and maybe not fully recognized, benefits of our assistance programs over the years is that a little more than a decade ago, 75 percent of the Egyptian economy was public sector. Today, 70 percent is private sector. Now, that is a change that did not occur overnight. It is an evolution in a direction that is going to make for a more dynamic economy, going to produce more jobs, and be more responsive to the extremely competitive world of the 21st century.

I think there are many, many societies in the region which have a lot to do to break down barriers to competition to create, again, a rule of law that is going to protect not just foreign investment but retain domestic investment because so much domestic capital has flowed out of the region, that if you could only begin to attract some of that back, it would have an enormous, positive impact.

And, again, educational systems, to connect the dots amongst the areas that we have highlighted in the partnership initiative. You have got to educate and train young people so they have the skills to be able to take on the jobs that are created through economic reform and then compete effectively in them.

So all of these changes, I think, are connected. It is an enormous challenge, but it is a critically important one in our own self-interest as well as in the self-interest of people in the region.

Mr. PITTS. Thank you.

Mr. JANKLOW. Thank you very much, Mr. Pitts, and I was requested by the Chairwoman to allow one additional round of questioning with the remaining panelists, if you folks are able to continue to be with us. So if I could, I will just go ahead, and I will get started at this point in time.

When we are talking about these initiatives, how do you balance the two, what I will call the economic-reform initiatives with the political-reform initiatives? Do we have a real emphasis with respect to the focus that we are trying to bring? Which one is more important, if there is such a thing? Which one is more important in the beginning?

Mr. BURNS. This is going to sound like a typical State Department answer. They are both important, and let me try and explain that a little bit. Just to cite the example I used, the question of accession to the World Trade Organization, an economic matter in most respects, but the kinds of changes that you have to undertake to open up an economy to meet the very strict standards for accession to the World Trade Organization—creating a system of commercial law, rule of law so investments are respected—are the same kind of changes that are going to begin to open up a political system, again, to create that same basic respect for the rule of law, a judicial system that can function independently, to build institutions which are going to serve not just the interests of an open economy but ultimately a much more participatory political system.

So I think a lot of the kinds of changes that people in the region are talking about are going to benefit both sets of interests, and, again, the third pillar of the partnership initiative in terms of educational opportunity, is very much related to that because it helps you to train young people to take advantage and compete in those systems.

Mr. JANKLOW. Are there any countries that have indicated they are not interested in being involved in the partnership, and, if so, what are they?

Mr. BURNS. No. In general terms—I am just trying to think through the region—I mentioned to you before that there is a fair amount of skepticism. There is concern that somehow we are just trying to change the subject, that we are substituting our interest in these issues for our interest in other kinds of active diplomatic efforts in the region, whether the Arab-Israeli conflict or other challenges, and that is absolutely not the case. This is not a kind of *ala carte menu*. The United States is going to have to pursue a number of different important items on our agenda.

But in general terms, beyond the sensitivity about outsiders providing prescriptions, beyond the skepticism about our motives, I think there has been a fair amount of receptivity across the region. It has varied in intensity, but I think over time we are going to be able to work with most societies in that region on these issues.

Mr. JANKLOW. Maybe this is not the right way to ask this, but I do not know another way. Do you sense any willingness at all by people within this region to work with Israel with respect to what I will call the political and the economic reforms? Given its unique resources, especially human talent, and its unique resources in terms of having addressed a lot of these resource issues in a country as short of resources as Israel is, do you sense any willingness or understanding at all that they are willing to go forward that way?

Mr. BURNS. Sure. I think there is a willingness, Mr. Janklow. When you think back 5, 6 years ago, much more hopeful times in the region, after the Madrid Peace Conference we launched, in the first Bush Administration, a whole range of multilateral discussions, which involved a range of countries in the region and Israel, to look at questions like how cooperation could benefit everyone in the region in terms of water resources, the environment, and some other very obvious issues.

Now, that seems like a long time ago against the backdrop of 2½ years of violence and desperation and hopelessness for Palestinians as well as for Israelis, but I think it is worth remembering where we were a few years ago because I think you can tap into that sense of a shared interest in the region. It is not going to be easy, but to answer your question, I think there still is a potential for doing that.

Mr. JANKLOW. I noticed you talked about bringing a group of entrepreneurs to the United States. It was in the sentence following your statement that this region is known for having all of this entrepreneurship. So I am wondering what can we teach people who have this history of entrepreneurship about being entrepreneurs. When we bring 50 to the United States, is that truly a meaningful number? Given the number of nations and the number of issues that we are dealing with, the number of nations and the number of people we are dealing with? Is 50 really a number of any consequence?

Mr. BURNS. If that is the end of the road, of course not. It is not going to make an impact, but it is a start. A decade ago, we started in dealing with the nations of the former Soviet Union and the

Eastern bloc and had some very active programs—the Sabit program that the Department of Commerce has run—in bringing young entrepreneurs, investing in the next generation. So, sure, I think if we can take that start and build on it, there is a lot of good that can come of that.

Mr. JANKLOW. Thank you very much. I now recognize the gentleman from New York, Mr. Berman.

Mr. BERMAN. California.

Mr. JANKLOW. I apologize. That is what I get for being new around here. I just learned the names, and now I have got to put the faces with it.

Mr. BERMAN. Henry Hyde, the Chairman of the Full Committee, had a hearing last year in the context of a Marshall Plan for the Middle East, and he had different people with different proposals testify, and in line a little bit with the last question of Israelis and Arabs participating together, I take it, there has been some experience in Jordan with this, but a particular witness at that hearing was a fellow named Stef Wertheimer. I do not know if you know him, but he is a prominent Israeli industrialist who made a lot of his money establishing different kinds of high-tech business parks that employed many Israeli Arabs as well as Israeli Jews in these areas. He is now very interested in trying, not out of any personal profit motive, to help establish that kind of a prototype, particularly in non-oil-rich Arab countries. Is Turkey not eligible for this initiative because of its European tendencies?

Mr. BURNS. Our focus has been on the Arab world in this initiative, sir.

Mr. BERMAN. This is an Arab world initiative. But in any event, hopefully, at some point maybe in the West Bank and Gaza when the situation develops. I am curious, does a proposal like that, is that something that is entertained in the context of all of this?

Let me ask you about another proposal also. The American University in Beirut; they are interested in taking advantage of this initiative to provide scholarships for students across the Middle East to attend that university, the one in Cairo, and some of the other American-based Middle East campuses on the grounds that you can get a lot more students covered for much less cost and provide an American style of education—there is some reason to believe that might be helpful, not totally conclusive—and also that people in that situation are more likely to stay in their home countries and return to their home countries rather than the situation where they come here in large numbers and decide to stay here. I am curious about both of those proposals and how they might get considered as you decide how to implement this.

Mr. BURNS. Well, Mr. Berman, I have met with Mr. Wertheimer before in Washington and elsewhere.

Mr. BERMAN. Could you hit your mike, please?

Mr. BURNS. I am sorry. This is with regard to Mr. Wertheimer, who has some very interesting ideas about how you can promote job creation and put together industrial estates, and that is something that we certainly will follow up on.

With regard to American University in Beirut and American University in Cairo, the U.S. Government, and Ambassador Chamberlin can address this, has had a long association with both

institutions. They have done an awful lot of good in the region, and we are certainly aware of their thinking, their proposals for what we might be able to do under the partnership initiative to take advantage of what they have to offer, and we would like very much to do that, so we will be talking to both institutions about it.

Ms. CHAMBERLIN. We have ongoing programs with both institutions and have found them very profitable and hope to continue them.

Mr. BERMAN. In my remaining time, let me ask you a little bit more about Jordan. You have great experience there. What is the assessment now of some of these efforts in Jordan, the free trade agreement, some of the economic assistance we have provided? Is Jordan mostly military? Is there also an economic-assistance component to our aid program in Jordan?

Mr. BURNS. It is very significant economic assistance.

Mr. BERMAN. How would you evaluate that—in some cases, this has been 4 or 5 years; in some cases, less—both in terms of employment in Jordan and the kinds of jobs, economic growth in Jordan, and in the context of better relations with Israel? To what extent has Israel played a role and Israeli figures played a role in some of this?

Mr. BURNS. Mr. Berman, I think it is actually a very good example of the ways in which you can combine, first and foremost, a real drive on the part of a leadership and a people to make some difficult changes because none of these reforms are easy to make, and nothing is going to be accomplished or be sustained unless you have that drive from within. But in the case of Jordan over the last few years, you have seen that kind of a leadership, in the face of some very difficult challenges.

Second, combining that with resources that we can offer, and, again, those resources include not just conventional economic-assistance programs but also trade instruments as well. The best example I can think of is the qualifying industrial zones, which are a collaborative effort.

When I arrived in Jordan as Ambassador in 1998, the total Jordanian exports to the United States were about \$9 million a year. Last year, total Jordanian exports to the U.S. were nearly half a billion dollars. That resulted in the creation of 40,000 jobs, at least, and it was very interesting to see that many of those jobs were taken by Jordanian women who had not been in the marketplace before.

I do not hold that up as a panacea. It is not an easy process, and you cannot neatly reproduce this experience every place else in the region. But where you have the drive from within, and you have a leadership that is determined to move in a direction that serves the best interests of its people, there are things that we can do with the kind of timely and generous use of our resources that can produce real results.

That is what I took away from my experience there, and I think as we look at other societies in the Arab world, again, you are not going to have sort of a perfect, one-size-fits-all solution, but it is that kind of combination of drive from within as well as our resources, again, looked at creatively, that can produce a lot of good.

Mr. JANKLOW. Thank you very much. I thank the gentleman from California, and I will work on my geography. And now we will recognize again Mr. Pitts from Pennsylvania.

Mr. PITTS. Thank you, Mr. Chairman. Could you explain, how do the MEPI activities differ from those carried out by USAID missions in the Arab world?

Ms. CHAMBERLIN. They do not. Many of the activities that MEPI is focusing on are the very activities that we and have been focusing on, and that is why our collaboration and coordination is so important.

Mr. PITTS. Well, when you set up these projects, how much consultation has there been, or will there be, with Arab scholars and civil society to ensure that our programs are well targeted and do not offend the people of these countries in the region?

Mr. BURNS. Mr. Pitts, that is an extremely important point. For a partnership to be more than just a word, it is going to require that kind of intensive, long-term engagement with governments and leaderships in the region but also with people outside government. We have started that process. We have tried very hard to listen to suggestions from people in the region. When we have run exchange programs of the sort I mentioned to you before, bringing over 50 Arab women leaders from the region to watch our mid-term elections, we tried to listen very carefully to their suggestions about how we can support their interests and their efforts when they go back to their societies.

So this is not a process you are going to measure by one exchange program or one consultation with a government. We are going to have to work very hard at it. We are going to have to be better listeners than we sometimes are. We are going to have to take our lead sometimes from the kind of initiatives that come from within the region. In fact, we are going to have to take our lead on the basis of initiatives that come from within the region and shape our programs to fit what reformers in the region think best serves their interest because, as you said, there are a lot of sensitivities and a lot of skepticism to navigate here.

Mr. PITTS. Could you speak a little bit about the process that you are utilizing to measure the results of the MEPI projects? How will you measure advances in participatory governance or the rule of law or determine progress on the economic front? Could you talk about your measurements, standards?

Mr. BURNS. Sure. And a lot of these are sort of a work-in-progress in the sense we are going to work very closely together with our colleagues in AID to try and make sure that we are putting in place the best system for evaluation that we can. Now, some aspects of the three pillars of the partnership initiative are easier to measure than others. For example, on the economic side, if you are talking about microfinance programs, you can measure the number of loans you give out, what the repayment rates are, issues like that. When you look at the educational pillar, for example, one of the programs we are supporting is to provide scholarships to Moroccan girls in middle school to try to keep them in school, where a very high percentage of Moroccan girls have not been able to see through their schooling to a very high level. So you can measure

that in the sense of, you know, what their attendance rates are and how your scholarships are being used.

In other areas, in terms of rule of law, sometimes it is more complicated to measure and a little bit more subjective, but we are going to work very hard, and we will look forward to working with the Congress to try and come up with methods of evaluation that work well and that ensure that the monies that you authorize are going to be well used.

Mr. PITTS. And we still have just a little bit of time. What will the process be for selecting programs or institutions that receive MEPI funding?

Mr. BURNS. Well, sir, to some extent, as Ambassador Chamberlin said, we are making use of AID as an implementer for these programs, taking advantage of contracts and programs that have already been in place and using more resources to expand them. As time goes on, though, as I said, we are looking at ways, through the partnership initiative itself, that we can put in place a clear system for evaluating different contenders for a project and making sure that the money is going to organizations which are going to use it wisely, and, again, that is something where we will try and work very closely with our colleagues in AID.

Mr. PITTS. Okay. Thank you, Mr. Chairman.

Mr. JANKLOW. Thank you very much, Mr. Pitts, for your questions and to you folks for the responses. The Chairwoman, Ms. Ros-Lehtinen, had to leave because she had a family emergency. There is a significant sickness in the family that she really had to go attend to, and that is the reason that she had to leave. She felt it was terribly important that she have this hearing today and have you folks come in.

We will hold the record open for 10 additional days for any additional testimony that you, ma'am, or you, sir, would like to give or any Members of the Committee would like to add.

I would like to add one thing, if I could. There were some questions about cooperative ventures in the Middle East, and the Chair and I have been made aware by staff that there is a very significant project that Israel and Jordan have undertaken together with respect to the pipeline project and the Dead Sea. They announced last September an \$800 million cooperative venture to try and deal with the Dead Sea.

In addition, Jordan is going to have parliamentary elections—I believe it is on June 17th of this year. For the first time in their history, they will have a quota of some seats that are set aside specifically for women with respect to those parliamentary elections. They are trying to put themselves instead of on the historical glide path down a glide path up, if I can call it that, of accommodating their culture and their society to a greater involvement by women in the political process. I have also been made to understand that Jordan, under MEPI, has been involved in setting up national center for civil rights within their particular country.

So it does appear that some things, notwithstanding the kinds of questions that people like me ask, there are really some good things going on and that we have got some cheese plant that everybody can work toward the future.

I would really like to thank you both for coming here and taking these kinds of questions in the atmosphere that you have. It really contributes to an additional understanding of our people in America and our society, and we hope it contributes to the understanding of others about our process and what our intentions are. Thank you very much, and we will be adjourned.

[Whereupon, at 11:58 a.m., the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE NICK SMITH, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MICHIGAN

I want to thank Chairman Ros-Lehtinen for holding this hearing today to discuss the State Department's Middle East Partnership Initiative. I would also like to thank our distinguished guests for sharing their thoughts with us on these matters.

Secretary Colin Powell first proposed this initiative late last year to encourage the development of institutions in the Middle East to support democracy and free markets. In the West, we sometimes forget that freedom and the rule of law are not merely legal structures; they are ways of thinking. These ways of thinking developed over, literally, hundreds of years of experimentation with legal systems. The keys to this development in the United States have been an educated population and our strong civil society. An educated and involved society oversees the actions of the government. People begin to expect that laws are not arbitrary, and people begin to plan for the future with the expectation of predictability. The goal of the Secretary's initiative is to lay the groundwork for a functioning, free society, to plant the seed for these expectations, in the Middle East. Our profound hope is that with this, the people of the Middle East can get on the path to genuine freedom and prosperity.

This initiative has another agenda, to fight terrorism. If we can help the people of the Middle East find systematic and productive outlets for their political and economic frustrations, we hope that there will be fewer terrorists. When people can reform their own society peacefully and when people can work to support their families and hope for prosperity, will not turn to terrorism. People turn to terrorism out of despair, and this is a way to give them hope.

These are wonderful ideas, but their implementation is difficult. Today, we are supporting the process of building these institutions in Afghanistan. Soon we may be doing the same in Iraq. And we are currently cooperating with Jordan and Morocco to help them reform their economies through bilateral trade agreements. Altogether, these projects, when combined with MEPI suggest a vision for Middle East aid programs, and I would like to hear more about this vision. Given the President's speech of a couple of weeks ago, we will be devoting extensive resources and attention to this visions. I also would like to hear what we have learned from our experiences so far.

I also have fiscal concerns. Given our current budget, we have to be wise with our taxpayer's dollars. We must achieve the established goals efficiently and cheaply. Last week, we heard testimony about the Millennium Challenge Account, which incorporates objective measures of success when determining recipient countries. Perhaps we need to incorporate that paradigm into the MEPI program. The FY2004 Budget Justification indicates that all Middle Eastern aid programs are to be re-evaluated in the light of MEPI. Now is the time to rethink the role of accountability in our aid programs.

Again, let me thank our witnesses for sharing their thoughts with us today. Our aid programs throw good money after bad throughout the world, and we cannot repeat that pattern in the Middle East, where the stakes are, perhaps, the highest. However, if we get it right, we can help this region achieve stability, prosperity, and freedom. That is an investment that I would like to see pay off.

PREPARED STATEMENT OF THE HONORABLE JOSEPH R. PITTS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA

Madam Chairperson, thank you for convening this important hearing today to discuss the President's Middle East Partnership Initiative (MEPI).

The MEPI, announced by Secretary of State Colin Powell on December 12, 2002, is a program that will promote political, economic, and educational development in the Middle East.

As our nation continues to fight the War on Terrorism and our President prepares to release his "Roadmap to Peace in the Middle East," it is more important than ever that we continue to engage this vital region.

We must take concrete action to improve the quality of life of those in the Arab world.

With an average unemployment rate of 15% across the region and steep population increases, 50 million more Arab workers may crowd the job market in the next 8 years. Additionally, nearly 14 million Arab adults lack the job skills to provide enough income even for the most basic of necessities.

In terms of economic growth and trade, all of the Arab countries combined only generate 1 percent of the world's non-oil exports.

These factors, combined with the lowest "freedom score" out of the seven world regions, according to the *Arab Human Development Report 2002*, contribute to the regional instability the Arab countries continue to face.

The MEPI seeks to lay a foundation for stability and freedom by promoting programs that (1) encourage economic reform and private and public sector development; (2) support local initiatives that strengthen Arab civil society, expand political participation, encourage a more open media, and promote women's rights; and (3) provide more access to higher education for young people and raise the quality of education in local schools.

We must now discuss how the MEPI will operate with existing State Department programs and how best to implement the Initiative in a region that harbors significant anti-American sentiment.

I look forward to the remarks by our distinguished panel members today, and I thank the Chairwoman for calling this important hearing.

I yield back the balance of my time.

QUESTIONS FOR THE RECORD SUBMITTED BY MEMBERS OF THE HOUSE COMMITTEE ON
INTERNATIONAL RELATIONS TO THE HONORABLE WILLIAM BURNS, ASSISTANT SEC-
RETARY, BUREAU OF NEAR EASTERN AFFAIRS, U.S. DEPARTMENT OF STATE, AND
THE RESPONSES

Question:

How would you respond to those who point to the security relationship the U.S. has with many countries in the region and the level of military assistance the U.S. provides them as sending conflicting signals on U.S. policy priorities in the region? How does the Department plan to reconcile MEPI's political and economic goals with U.S. security interests? How are we coordinating our security assistance programs with MEPI efforts?

Answer:

The Department of State supports military engagement programs that promote U.S.G. policy priorities in the region—promoting peace, combating terrorism, and maintaining secure borders. As Secretary Powell said last December, MEPI represents a broadening of their agenda to include promotion of political, economic and educational reforms.

In establishing levels of assistance, we rely on information from embassy and office of military cooperation sources that work directly with government officials in the various countries to establish appropriate long-term plans that are mutually beneficial.

Security assistance programs that promote peace, combat terrorism and maintain secure borders create a climate that is conducive to political reform, economic development and improved economic conditions are helpful to our political goals.

As we implement MEPI projects, we will continue to work in partnership with governments and people across the Middle East. We hope that programs funded under the Partnership Initiative will also address some of the underlying political and economic conditions in Middle East countries that are often exploited by terrorists and extremist organizations.

Question:

How can we contend with the issues of democratically elected parliaments rejecting democratic norms? How are we to go about promoting political and economic freedoms in countries with governments that are not enthusiastic about the idea?

Answer:

The promotion of effective democracy is a vital component of the Middle East Partnership Initiative. Programs advancing civil society and political institution building have been implemented or are being planned in every country in the region where we are allowed, by law, to operate.

In Morocco we are training parliamentarians in effective representation of constituents. In Bahrain we trained candidates in the recent elections and are working with the Justice Ministry on judicial reform. In Qatar we are planning a program to assist in upcoming elections and will be holding a campaign training school in Doha for the entire Arabian Peninsula. In Yemen we are working with the new Ministry of Local Affairs to train tribal councils in advocating for local needs and we will be sending an election monitoring team to observe the April parliamentary elections. To help create momentum towards effective democracy throughout the region, we are creating similar bilateral programs in other countries but are also focusing on regional efforts.

A regional civic education initiative is underway to train an engaged and educated citizenry. A regional campaign school has been created to educate candidates in a region inexperienced with running a democratic campaign. Special efforts are being taken to ensure that women are included in this school. Civil society organizations and NGOs are being educated in effective advocacy, networking for coalition building and lobbying representatives for change. The bilateral judicial reform initiative in Bahrain has touched off a regional judicial reform collaboration plan that Manama will host.

Democracy cannot be built or imposed externally. However, it is necessary for interested parties in the region to have a reliable source of information and technical assistance to support them in their efforts at internal reform. With the MEPI, we are currently targeting our efforts at the building blocks of a free society—a free press, a fair and efficient judiciary, a freely and fairly elected body of people's representatives with the power to legislate and a vibrant civil society—and in this way can best support local reformers.

Question:

Among the programs MEPI has begun and will continue to develop are region-wide political training efforts focused on campaigning, election monitoring, understanding legislative systems and constituent and media outreach. Who will conduct the training? How will systematic and other differences among countries in the region be addressed or incorporated to ensure the participants can fully apply their training to the situation in their respective countries?

Answer:

We plan to work closely with American NGOs, especially the National Democratic Institute and the International Republican Institute to implement these projects. Topics to be addressed will include developing a campaign platform, raising funds, dealing with the media and public speaking. While it is anticipated, and hoped, that each participant will bring a different perspective to the gathering, some skills are universal and the curriculum is expected to prove highly useful to the entire group.

At the same time, we will look to implementing NGOs to customize country-specific programs during any break-out sessions to the culture, traditions and needs of a country. We expect our programs to equip participants with the basic tools and expertise to apply appropriately in building democratic organizations and societies in their respective countries.

To help our efforts at integrating participants, we are also relying on a core group of women from the region who participated in the Campaign School held in Washington, D.C. last fall to participate in the first regional school in Doha. Based on our consultations with these women, the upcoming regional school and future iterations will tailor the curriculum to the skills most in demand.

Question:

What steps are the nations of the region currently taking to reduce their economic vulnerability (i.e., attracting international capital to the energy and other sectors)? What is the U.S. doing to assist their efforts aimed at diversifying their economies? Should the U.S. provide support to those nations attempting to enter the WTO?

Answer:

Governments in the region are embarking upon reforms necessary to attract investment but are doing so at different paces. Increasingly, top officials have recognized the importance of developing market-based economies driven by the private sector and integrated with world markets. Our work with countries in the region to establish Free Trade Agreements is one sign of increasing commitment to reform. We completed an FTA with Jordan in 2000. Morocco began negotiations this January and we are exploring the possibility of FTA negotiations soon with Bahrain.

We will be launching a number of new projects this year to promote economic reform across the region. We have been investigating the merits of establishing a major financial sector reform project.

In the past year, we have allocated \$8 million in MEPI funds for economic reform projects. These projects include: Morocco—FTA Assistance for \$1.7 million; Algeria—commercial code development and debt reform for \$1.3 million; Tunisia—commercial code development and ICT development for \$1.1 million; Gulf—trade institution building for \$600,000; and the “MEET U.S.” program—modeled on Commerce’s SABIT program for \$786,575.

We will also provide support to states attempting to enter the WTO and those who are already members but are not yet in full compliance with their WTO obligations. In the Middle East region, Saudi Arabia, Lebanon, and Yemen are pushing forward to meet accession criteria. Complying with WTO criteria will improve these countries trade and investment climate, thereby opening new markets to U.S. business.

Question:

Can the United States do anything to increase the external trade of the Arab states? What sort of regulatory burdens are placed on trade and investment across borders in the Arab world?

Answer:

In order to open and expand economies throughout the region, we are working to produce a series of bilateral trade agreements in the manner of existing agreements with Israel and Jordan. We are currently negotiating an FTA with Morocco, and are exploring the possibility of working toward a similar agreement with Bahrain.

In addition, through the U.S.-Middle East Partnership Initiative, we will provide targeted assistance to help countries in the region begin to undertake the structural changes necessary to boost exports and promote private sector development.

We will work closely with USTR to fund assistance and advice as countries make changes necessary for WTO Accession or to implement Free Trade Agreements with the United States.

Arab governments have made modest efforts at undertaking trade reforms, but obstacles to international trade persist. Unweighted tariff rates for Arab countries remain among the highest in the world. Quantitative restrictions are still in use, primarily for sensitive state owned sectors. Rules and standards on product lines vary, often described by businessmen in the region as arbitrary. Other types of barriers include exclusive distribution contracts, primarily found in GCC countries, where companies are given monopoly rights in selling certain imports, eliminating competitive access to the market.

Similarly, investment obstacles remain. The Arab world has a distinct advantage over many other regions; it possesses the domestic private assets needed to support economic development. Some estimates place the level of savings of Arab nationals held outside the region in the range for \$100 to \$500 billion. For countries such as Egypt, Jordan and Syria, the estimated total savings of nationals held abroad exceeds GDP. In order to attract its share of FDI, the region will need to address issues related to corruption and government interference, ambiguous commercial codes and inadequate arbitration, limited property rights, and inadequate protection of IPR.

Question:

Under the Economic Reform and Private Sector Development section of MEPI, enterprise funds will be established to provide “capital and technical assistance.” What role do you envision for the Overseas Private Investment Corporation and the Export-Import Bank? How will these be set up? What will be the authorities of the private sector board? What will be requirements for establishing country specific sub-funds? How many sub-funds do you envision?

Answer:

We are currently in the design phases of a new project that will have some of the same characteristics of an Enterprise Fund, although it will be tailored to the

needs of the Middle East economic and investment climate. We have consulted closely with OPIC in this design process. EX-IM has a different mandate and we do not anticipate that they will have a direct role in its design.

We anticipate that these funds will be managed by a private sector board of directors selected by the US Government. The fund will provide capital and technical assistance to small- and medium-sized enterprises across the region. We will be happy to brief the committee in more detail once we have completed our internal design work.

Question:

We understand that these funds would be structured with requirements similar to those of the SEED Act of 1989. Does this mean that there will be Congressional consultation prior to the designation of sub-funds? What mechanism will be in place to ensure that a host country citizen not committed to respect for democracy and a free market economy does not benefit from the Enterprise Fund? Will eligibility requirements for MEPI programs and projects under the Enterprise Fund be the same as those in the SEED ACT? Will each Enterprise Fund take into account such considerations as internationally recognized human rights and worker rights, and the likelihood of commercial viability of the activity receiving assistance from the Fund? How will this be measured and evaluated?

Answer:

We are currently in the process of designing, in coordination with Congress, a program to provide capital for small- and medium enterprises. We have looked in depth at the experiences of the Enterprise Funds established in Eastern Europe and the former Soviet Union for lessons about both what has worked and what hasn't.

Question:

Under region-wide higher education programs, MEPI seeks to improve the quality of curriculum and teaching. How will MEPI address curricula in these countries that teach hate and violence against a particular religious or ethnic group? What safeguards are in place to ensure that MEPI funds do not go to institutions that promote such intolerance? What prerequisites are in place, if any, to evaluate the Arab institutions of higher learning prior to forming partnerships with their U.S. counterparts or to receiving MEPI funds?

Answer:

The MEPI has launched a pilot program—the U.S.-Middle East University Partnerships Program—to support institutional partnerships between U.S. and Arab universities. This pilot program is a joint effort of the Department and the U.S. Agency for International Development.

The pilot-scale effort, utilizing FY 02 emergency supplemental funding, will support up to eight partnerships to strengthen curriculum, instruction, materials, and administrative capacity in the following disciplines: American Studies, Business and Economics, Education, Information and Communication Technologies, and Journalism and Media Studies. The pilot program, managed by AID's Association Liaison Office for University Cooperation in Development (ALO), will award grants through a rigorous competition and peer review process. Proposals are developed jointly by U.S. and Arab institutions that are interested in a partnership; however, in keeping with ALO's standard procedures, the U.S.-based institution submits the application for the grant, in response to a widely advertised ALO Request for Applications, on behalf of itself and its Arab partner.

The Request for Applications sets forth the criteria for evaluating proposals, including the educational development need and fit with MEPI objectives, the soundness of project design and potential results, degree of reciprocity and likely sustainability of the partnerships, potential to achieve mutual understanding and strengthen relationships with private sector and civil society partners, and rigor with which the applicant will monitor and assess progress.

U.S. Embassies and AID Missions where applicable will review relevant grant applications and provide feedback for peer reviewers' consideration. The relevant U.S. Embassies and AID missions will also be asked to approve the final list of grantees.

With future MEPI funding, we will be able to expand successful partnerships, increase the number of grants available in subsequent competitions, and pursue more focused single-country partnering efforts to support bilateral engagement in education reform.

Question:

One of the programs under the Education component of MEPI is a Young Ambassadors Study of the United States to fund 25-30 undergraduate student leaders to

participate in a five-week Institute hosted by a small U.S. college. Among other considerations, will you be screening to ensure that these have no ties to terrorist entities? What criteria will be used to select the participants?

Answer:

The Young Ambassadors Study of the United States Institute is managed by the Department's Bureau of Educational and Cultural Affairs, and complies with established procedures and security protections for academic exchange programs.

U.S. Embassies in MEPI-eligible countries were invited to submit up to four nominations for the Summer Institute. The Department issued guidance on qualifications, asking posts to identify nominees who are highly motivated and exemplary undergraduate students with a sustained high level of academic achievement; who exhibit strong leadership potential and involvement in activities such as student government or campus journalism; and communicate a serious interest in learning about the United States and its political institutions, society and values.

Embassy public affairs section staff interviewed the candidates prior to making nominations. To the extent practicable, Embassy staff also consulted with candidates' professors, faculty advisers and campus administrators.

In addition to due diligence performed by Embassy staff in the recruitment process, the nominees for this program will clear the mandated security checks prior to receiving their exchange program visitor visa. Moreover, all candidates' names will be screened through the Department's CLASS system.

Expanding educational opportunity and correcting misperceptions held by Arab college students is critical to achieving the MEPI's reform objectives over the long term. With future MEPI funding, we will be able to expand the number of summer institutes and build an alumni network of young Arab leaders who better understand the United States and have positive experiences upon which to base future engagement.

Question:

In 2002 a group of Arab female leaders came to Washington, DC to study the political process in the United States. How effective was this dialogue? Have there been any significant changes in the professional lives of these women since their participation in the program? Due to illiteracy and general lack of knowledge about the government, some women are unaware of the rights available to them in their countries. Are there any problems within the MEPI to teach women about their existing legal rights? What is the US doing to encourage movement in the region on issues such as female suffrage (particularly in Kuwait)?

Answer:

The feedback from the participants from the 2002 Arab Women's International Visitor Program (IVP) has been overwhelmingly positive. Reports from our posts describe the energy and excitement generated by the IVP experience. At least one participant has told us that as a result of her experience here she will declare her candidacy in her country's next elections. We have been in touch with all the women since and will be working closely with them, as a core group, as we launch our regional campaign schools beginning in Doha this fall.

We are also consulting closely with a broad array of women who are activists in their own country as we identify ways the US can support their efforts at empowerment. We will hold meetings to discuss specific ways the United States can support their efforts. We have also provided MEPI funds to Freedom House to undertake the first ever study of the status of women's freedom in the Arab world. We will be working closely with them, and with women activists in each country in the Arab world, to identify ways to overcome obstacles to women's empowerment.

The general problem of illiteracy in the Middle East, for both men as well as women, is being addressed by educational reform being undertaken both by the MEPI and independently by governments in the region. The deficit in knowledge about citizen rights is being addressed by a MEPI regional civic education program linking educators in several countries, with expansion to more expected in future years and exchanging best practices and teaching materials for all school levels.

There is no shortage of interest among female activists and leaders in the region for training and information on eliciting change in women's legal rights. The issue of opening doors for women in the region is a central focus of all MEPI programming, not just democracy initiatives. This is in addition to frequent high-level engagement by U.S. and regional officials on women's issues and reform needs.

Question:

How is the review of the existing U.S. assistance programs in the region going? What were the conclusions reached? What steps/ procedures are being implemented

to ensure that our assistance is reaching as many people as possible and there is no duplication of our efforts? What mechanisms are, or will be, available to guarantee the assistance is reaching those it is intended to help?

Answer:

Last June, NEA launched a review of our USAID program in Egypt. Objectives of the review are to 1) ensure that our USAID money is focused on promoting reform in the areas of education, economic reform, political participation, and empowerment of women; 2) expand the reach of the USAID program to directly improve the lives of more Egyptians; 3) improve the efficiency of our USAID activities; and 4) measure the results more effectively.

Egypt received \$655 million in FY 2002 Economic Support Funds. In FY 2003, that figure will decline to \$611 million. Based on an agreement with the Government of Egypt, U.S. economic assistance to Egypt will continue to decline by \$40 million annually until it plateaus at \$415 million in FY 2008.

As a result of our review, we anticipate that we will make a number of structural changes in the program, with an aim towards ensuring that USG funds reach more Egyptians, that our programs are supportive of political, economic and educational reform, and that our money is allocated as efficiently and effectively as possible.

As we move forward to improve this program we will be working closely with the Government of Egypt and the US Congress.

We plan similar program reviews for Jordan, Morocco, West Bank/Gaza, and Lebanon.

Question:

How is the MEPI going to be managed and structured? Please elaborate on how this will work internally in State; between the Bureau in D.C. and our overseas posts; and what will be the relationship between State and AID?

Answer:

The MEPI coordinator is Deputy Secretary Armitage; day-to-day operational management provided by the State Department's Bureau of Near East Affairs. We will establish a new office within NEA called the Partnership Initiative (PI) Office, which will include two MEPI offices in the region. NEA coordinates project review and allocation process and works with posts and other USG agencies, especially USAID, to implement programs. NEA management of MEPI ensures consistency and coordination with broader policy interests.

We have also established inter-agency working groups for each of the three pillars (Political, Economic, and Education) with participation from United States Agency for International Development, United States Trade Representative, Department of Commerce, Department of Education, and other parts of Department of State in creating Goals and Objectives for MEPI, which serve as our guiding principals for MEPI programming.

We are working closely with AID and other agencies to insure that MEPI programs benefit from lessons learned from previous USG assistance programs.

Question:

What is the process being utilized to measure the results of MEPI Projects?

Answer:

The first MEPI programs were funded with FY02 money. As we implement these projects, we are working closely with AID and with State R/M to ensure that rigorous reporting, evaluation and monitoring programs are in place. NEA retains the primary oversight role and there are standardized MEPI reporting requirements and performance measurements included in all the implementation mechanisms.

Question:

What aspects of MEPI make it a partnership? Who is the partnership with? How are you addressing concerns about partnerships with and consulting with governments—particularly if some governments are part of the problem, rather than the solution?

Answer:

We are working closely with every government in the Arab world (except where legal prohibitions are in place) to design and implement MEPI programs. We have received very enthusiastic responses. We began consultations in Washington with Arab Ambassadors this past fall and continue the dialogue today both here and in the region. Our ambassadors and embassy officers in the region have had extended exchanges with governments and non-government organizations to solicit input and comment on the MEPI. We have sent State Department officers to meet with gov-

ernment officials and NGOs in the region to consult on programmatic opportunities, and we will continue to do so.

Most governments understand the need to undertake reforms in areas identified under MEPI and have expressed a willingness to work with us.

We have also had in depth discussions with other donor countries and the international financial institutions about projects we might fund together and the importance of a broad based effort to promote key reforms.

MEPI will also take advantage of opportunities to partner with both the private sector, host countries, especially in the Gulf, and other foreign aid donors, where appropriate.

We will engage the U.S. domestic private sector as both reform advocates and implementation partners. MEPI will partner with the private sector (businesses and NGOs), public sector (other USG agencies and host countries) and other international donor organizations as appropriate.

Question:

What is/will be the process for selecting programs and institutions that will receive MEPI funding?

Answer:

NEA staff coordinates the decision-making and allocation process. Inter-agency working groups (IWGs) for each of the three pillars (Political, Economic, and Education) with participation from USAID, USTR, Department of Commerce, Department of Education, and other parts of the Department of State (Bureau of Democracy, Human Rights and Labor (DRL), Bureau of Population, Refugees, and Migration (PRM), and Bureau of International Narcotics and Law Enforcement Affairs (INL) draft the Goals and Objectives for the initiative and generate ideas for project funding. Program ideas are received from governments and NGOs in the region, through our embassies, from the IWGs, posts, foreign governments, and the international NGO community. Program ideas are prioritized and vetted with the IWG and within NEA. Resources are allocated and Congress is notified.

MEPI programming is currently implemented by a variety of mechanisms including pre-existing USAID grants, cooperative agreements and contracts, interagency transfers to other government agencies, such as the Department of Commerce and the State Department's Bureau of Education and Cultural Affairs, and Department and Post grants and contracts to local NGOs. For the FY03 and FY04 programs, we will be launching additional new initiative projects through new funding mechanisms and competition.

