



The Middle East needs a Marshall Plan

By Judith Barnett
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On Oct. 12, representatives from international donor countries meeting in Cairo pledged \$5.4 billion to help reconstruct Gaza after nearly two months of war between Hamas and Israel this summer. Barack Obama's administration pledged to contribute \$212 million, doubling U.S. aid to the Palestinians this year.

But after three wars in six years, pouring yet more money into Gaza without a coordinated, long-term plan will not provide a solution. Nor will spending more in Iraq to solve that country's crisis as it faces disintegration under pressure from the Islamic State in Iraq and the Levant (ISIL). And money alone will not rebuild Syria from the devastation of civil war or save the millions of refugees in Jordan, Lebanon, Gaza, Syria and Iraq who lack necessities for survival.

What the whole region needs, rather, is a Marshall Plan like the original, which brought war-torn Europe out of devastation and into peace and prosperity. Named for then-Secretary of State George Marshall, the project was key to rebuilding war-ravaged Europe and essential to the U.S. effort to stop the spread of communism after World War II. It trained Europeans for jobs and trades, rebuilt its devastated economies, helped remove trade barriers and stop the spread of the red scare.

It is critical that the United States and its allies win hearts and minds against radical ideologies, whether the communism of yesterday or the radical Islamism of today. A Marshall Plan for the Middle East is key to stifling the seeds of extremism and bringing hope to millions of people in the region. The answer to the poverty and hatred and the violence they breed is economic opportunity through careful planning and long-term development.

As with postwar Europe, the U.S. and the rest of the international community have a huge vested interest in stability across the Middle East. U.S. policies in the region, however, have not kept pace with the rise of poverty, anti-American sentiment and militancy. To be sure, international military coalitions are critical to counter immediate threats. But if the United States and its allies want to stop radicalization, violence and poverty in the long term in the Middle East, they must work with the people of the region to enable democratic governance, build educational and job-training opportunities, functioning infrastructure, independent judicial systems and the rule of law.

The Marshall Plan helped European nations develop and implement best practices in building strong institutions to support economic reconstruction. It established an integrated public-private partnership that, in consultation with national governments, reorganized a devastated Europe into healthy peacetime economies. The U.S. shipped fuel, raw materials and tons of food. American-made machinery was sent to get factories up and rolling. Skilled engineers rebuilt transportation systems and devastated infrastructures. Loans were made, repaid and issued to others. By 1952, each participating European nation's economy had surpassed prewar levels by at least 35 percent.



Economic growth, job creation and commercial development require enormous and sustained efforts, and they are not headline grabbers. Implementing the Marshall Plan required substantial funds and congressional approval — two difficult subjects in politically divided Washington. Congress approved \$17 billion (approximately \$160 billion in 2014 dollars) for the plan, which operated from 1948 to 1952, after bitter political battles with President Harry Truman. ISIL's advances over the last few months and the rise of radicalism in the Middle East have created consensus for greater U.S. involvement in the region, which can be channeled into support for more productive efforts.

Having traveled to and worked in the region for the past 30 years as a senior official during Bill Clinton's administration and as a trade lawyer, I believe a similar plan could turn fear and desperation into hope in the Middle East. To illustrate the promise of a Marshall Plan for the Middle East, it could first be tried on a smaller scale. Gaza would be a good place to start. Gaza is arguably in the same or worse economic shape today as Europe was after the war. Nearly 70 percent of the population lives below the poverty line, per capita GDP is \$ 3,460, and unemployment hovers around 45 percent. In contrast, Gaza's neighbors are in another economic dimension. For example, Israel's per capita income is 10 times Gaza's per capita GDP, and the United Arab Emirates' is more than 14 times. Qatar's economy is 30 times Gaza's.

To adopt a Marshall Plan for Gaza, experts from the U.S. and other donor nations could team up with infrastructure companies and nongovernmental organizations to help build homes, schools, hospitals, roads and bridges. This would create jobs for thousands of unemployed Gazans. In partnership with local businesses, the United States' largest banks could develop and administer micro-enterprise loans to jump-start hundreds of new companies and manufacturing operations, employing even more people.

The U.S. Department of Agriculture and its counterparts in Europe could join with the best global agri-companies to send expert teams to train farmers in agricultural best practices. Tech entrepreneurs from around the world could team up with the people of Gaza to build new technological platforms. For example, Gazans would benefit greatly from e-government platforms that could ensure open and transparent elections and from technologies that could deliver e-medicine and education. Similarly, the U.S. Bureau of Labor Statistics, which tracked the Marshall Plan's progress and productivity, could work with international organizations to do the same for a plan in the Middle East. If the Gaza prototype proved successful, a similar plan could then be expanded to Iraq, Syria and other fragile states in the region.

The most immediate challenge to this proposal is Israel's blockade of Gaza. United Nations Secretary General Ban Ki-moon, the U.N. Human Rights Council and, at times, the U.S. government have all criticized the blockade for hampering the delivery of humanitarian aid to Gaza. "You can't reconstruct Gaza without Israeli participation and without Israeli co-operation," Israeli Foreign Minister Avigdor Lieberman said last week, commenting on the fact that Israel was not invited to the donor summit. "In any case, we will try to be positive about the civil infrastructure and the rehabilitation of civilians."

Israel's legitimate security concerns must be balanced with the humanitarian needs of the people of Gaza. Israelis and Egyptians, who share borders with Gaza, should develop a confidence-building



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measure, many of which were successfully tried during the 1990s, when I was an official in the Commerce Department responsible for the Middle East. We were able to get the Israelis to work directly with the Palestinians, Jordanians and Egyptians to create several joint commercial ventures. For example, the Qualified Industrial Zone program, which allowed Egypt and Jordan to send duty-free exports to the U.S. in exchange for cooperation with Israel, continues to employ tens of thousands of workers and help strengthen the Jordanian and Egyptian economies. Similarly, Israelis should be part of the solution by helping develop and implement the Middle East Marshall Plan. The effort should include a process to escort goods, services and people through military-protected gates, under the auspices of the U.N. both to provide safe passage and to address Israel's security concerns.

Clinton said it best, in a speech at the University of California at Davis in 2002:

You have to have a positive strategy to make more partners and fewer terrorists. Harry Truman and George Marshall took a bit of our money to build a world that had more friends and better enemies. Foreign assistance is national security — not charity. The Marshall Plan saw it that way, and we have to do the same today.

A Middle East Marshall Plan could do just that.