Title:
The Costs of Coalition Building

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Summary:
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Keywords:

Article Body:
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By now it is clear that the United States will have to bear the bulk of the direct costs of the actual fighting, optimistically pegged at c. $200 billion. The previous skirmish in Iraq in 1991 consumed $80 billion in 2002 terms - nine tenths of which were shelled out by grateful allies, such as Saudi Arabia and Japan.

Even so, the USA had to forgive $7 billion of Egyptian debt. According to the General Accounting Office, another $3 billion were parceled at the time among Turkey, Israel and other collaborators, partly in the form of donations of surplus materiel and partly in subsidized military sales.

This time around, old and newfound friends - such as Jordan, an erstwhile staunch supporter of Saddam Hussein - are likely to carve up c. $10 billion between them, says the Atlanta Journal-Constitution. Jordan alone has demanded $1 billion.

According to the Knight Ridder Newspapers, in February 2003, an Israeli delegation has requested an extra $4-5 billion in military aid over the next 2-3 years plus $8 billion in loan guarantees. Israel, the largest American foreign and military aid recipient, is already collecting c. $3 billion annually. It is followed by Egypt with $1.3 billion a year - another rumored beneficiary of $1 billion in American largesse.

Turkey stands to receive c. $6 billion for making itself available (however reluctantly, belatedly, and fitfully) as staging grounds for the forces attacking Iraq. Another $20 billion in loan guarantees and $1 billion in Saudi and Kuwaiti oil have been mooted.

In the thick of the tough bargaining, with Turkey demurring and refusing to grant the USA access to its territory, the International Monetary Fund - thought by many to be the long arm of US foreign policy - suddenly halted the disbursement of money under a two years old standby arrangement with the impoverished country.

It implausibly claimed to have just unearthed breaches of the agreement by the Turkish authorities. This systemic non-compliance was being meticulously chronicled - and scrupulously ignored by the IMF - for well over a year now by both indigenous and foreign media alike.

Days after a common statement in support of the American stance, the IMF clinched a standby arrangement with Macedonia, the first in two turbulent years. On the same day, Bulgaria received glowing - and counterfactual - reviews from yet another IMF mission, clearing the way for the release of a  tranche of $36 million out of a loan of $330 million. Bulgaria has also received $130 million in direct US aid between 2001-3, mainly through the Support for East European Democracy (SEED) program.

But the IMF is only one tool in the administration's shed. President Bush has increased America's foreign aid by an unprecedented 50 percent between 2003-6 to $15 billion. A similar amount was made available between 2003-8 to tackle AIDS, mainly in Africa.

Half this increase was ploughed into a Millennium Challenge Account. It will benefit countries committed to democracy, free trade, good governance, purging corruption and nurturing the private sector. By 2005, the Account contained close to $5 billion and is being replenished annually to maintain this level.

This expensive charm offensive was intended to lure and neutralize the natural constituencies of the pacifistic camp: non government organizations, activists, development experts, developing countries and international organizations.

As the war drew nearer, the E10 - the elected members of the Security Council - also cashed in their chips.

The United States has softened its position on trade tariffs in its negotiations of a free trade agreement with Chile. Immigration regulations were relaxed to allow in more Mexican seasonal workers. Chile received $2 million in military aid and Mexico $44 million in development finance.

US companies cooperated with Angola on the development of offshore oilfields in the politically contentious exclave of Cabinda. Guinea and Cameroon absorbed dollops of development aid. Currently, Angola receives c. $19 million in development assistance.

Cameroon already benefits from military training and surplus US arms under the Excess Defense Articles (EDA) program as well as enjoying trade benefits in the framework of the Africa Growth and Opportunity Act. Guinea gets c. $26 million in economic aid annually plus $3 million in military grants and trade concessions.

The United States has also pledged to cause Iraq to pay its outstanding debts, mainly to countries in Central and East Europe, notably to Russia and Bulgaria. Iraq owes the Russian Federation alone close to $9 billion. Some of the Russian contracts with the Iraqi oil industry, thought to be worth dozens of billions of dollars, may even be honored by the victors, promised the Bush administration. It reneged on both promises. Debt relief reduced Iraq's debt by 90% and all Saddam Hussein era contracts were vitiated.

Thus, the outlays on warfare are likely be dwarfed by the price tag of the avaricious constituents of president Bush's ramshackle coalition. New York Times columnist Paul Krugman aptly christened this mass bribery, "The Martial Plan". Quoting "some observers", he wrote:

"The administration has turned the regular foreign aid budget into a tool of war diplomacy. Small countries that currently have seats on the U.N. Security Council have suddenly received favorable treatment for aid requests, in an obvious attempt to influence their votes. Cynics say that the 'coalition of the willing' President Bush spoke of turns out to be a 'coalition of the bought off' instead'."

But this is nothing new. When Yemen cast its vote against a November 1990 United Nations Security Council resolution authorizing the use of force to evict Iraq from Kuwait - the United states scratched $700 million in aid to the renegade country over the following decade.

Nor is the United States famous for keeping its antebellum promises.

Turkey complains that the USA has still to honor its aid commitments made prior to the first Gulf War. Hence its insistence on written guarantees, signed by the president himself. Similarly, vigorous pledges to the contrary aside, the Bush administration has allocated a pittance to the reconstruction of Afghanistan in its budgets - and only after it is prompted to by an astounded Congress.

Macedonia hasn't been paid in full for NATO's presence on its soil during the Kosovo conflict in 1999. Though it enjoyed $1 billion in forgiven debt and some cash, Pakistan is still waiting for quotas on its textiles to be eased, based on an agreement it reached with the Bush administration prior to the campaign to oust the Taliban.

Congress is a convenient scapegoat. Asked whether Turkey could rely on a further dose of American undertakings, Richard Boucher, a State Department spokesman, responded truthfully: "I think everybody is familiar with our congressional process."

Yet, the USA, despite all its shortcomings, is the only game in town. The European Union cannot be thought of as an alternative benefactor.

Even when it promotes the rare coherent foreign policy regarding the Middle East, the European Union is no match to America's pecuniary determination and well-honed pragmatism. In 2002, EU spending within the Euro-Mediterranean Partnership amounted to a meager $700 million.

The EU signed association agreements with some countries in the region and in North Africa. The "Barcelona Process", launched in 1995, is supposed to culminate by 2010 in a free trade zone incorporating the European Union, Algeria, Morocco, Tunisia, Egypt, Israel, Jordan, Lebanon, the Palestinian Authority, Syria and Turkey. Libya has an observer status and Cyprus and Malta have joined the EU in the meantime.

According to the International Trade Monitor, published by the Theodore Goddard law firm, the Agadir Agreement, the first intra-Mediterranean free trade compact, was concluded In March 2003 between Egypt, Jordan, Morocco and Tunisia. It is a clear achievement of the EU.

The European Union signed a Cooperation Agreement with Yemen and, in 1989, with the Gulf Cooperation Council, comprising Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman. A more comprehensive free trade agreement covering goods, services, government procurement and intellectual property rights is in the works. The GCC has recently established a customs union as well.

Despite the acrimony over Iran's not-so-civilian nuclear program, the EU may soon ink a similar set of treaties with Iran with which the EU has a balanced trade position - c. $7 billion of imports versus a little less in exports.

The EU's annual imports from Iraq - at c. $4 billion - are more than 50 percent higher than they were prior to Iraq's invasion of Kuwait in 1990. It purchases more than one quarter of Iraq's exports. The EU exports to Iraq close to $2 billion worth of goods, far less than it did in the 1980s, but still a considerable value and one fifth of the country's imports. EU aid to Iraq since 1991 exceeds $300 million.

But Europe's emphasis on trade and regional integration as foreign policy instruments in the Mediterranean is largely impracticable. America's cash is far more effective. Charlene Barshefsky, the former United States trade representative from 1997 to 2001, explained why in an opinion piece in the New York Times:

"The Middle East ... has more trade barriers than any other part of the world. Muslim countries in the region trade less with one another than do African countries, and much less than do Asian, Latin American or European countries. This reflects both high trade barriers ... and the deep isolation Iran, Iraq and Libya have brought on themselves through violence and support for terrorist groups ... 8 of (the region's) 11 largest economies remain outside the WTO."

Moreover, in typical EU fashion, the Europeans benefit from their relationships in the region disproportionately.

Bilateral EU-GCC trade, for instance, amounts to a respectable $50 billion annually - but European investment in the region declined precipitously from $3 billion in 1999 to half that in 2000. The GCC, on its part, has been consistently investing $4-5 billion annually in the EU economies.

It also runs an annual trade deficit of c. $9 billion with the EU. Destitute Yemen alone imports $600 million from the EU and exports a meager $100 million to it. The imbalance is partly attributable to European non-tariff trade barriers such as sanitary regulations and to EU-wide export subsidies.

Nor does European development aid compensate for the EU's egregious trade protectionism. Since 1978, the EU has ploughed only $210 million into Yemen's economy, for instance. A third of this amount was in the form of food support. The EU is providing only one fifth of the total donor assistance to the country.

In the meantime, the USA is busy signing trade agreements with all and sundry, subverting what little leverage the EU could have possessed. In the footsteps of a free trade agreement with Israel, America has concluded one with Jordan in 2000. The kingdom's exports to the United States responded by soaring from $16 million in 1998 to c. $400 million in 2002. Washington negotiated a similar deal with Morocco. It is usurping the EU's role on its own turf. Who can blame French president Jacques Chirac for blowing his lid?