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COMMITTEE ON FINANCE HEARING

U.S. Economic and Trade Policy in the Middle East

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Thank you, Mr. Chairman, for holding this hearing on this important subject.

The citizens of the Middle East are no less entrepreneurial, no less hard-working, and certainly no less interested in economic growth for their families and societies than citizens of any other part of the world. And, for the vast majority of the citizens of the Middle East, they would rather dedicate their energies to economic advancement than to political strife. Yet the region is dominated by conflict, and characterized by economic stagnation. The United States needs to become more active in promoting economic development, in order to match our military and political efforts in Iraq, as well as our diplomatic efforts in the Israel-Palestine conflict.

And I am particularly gratified to see the Administration's recognition that we need to redouble our efforts to promote economic development, through the proposed Middle East Free Trade Area, as well as the Middle East Partnership Initiative. I commend my Senate colleagues, Senator McCain and Senator Baucus, for the introduction of S. 1121, The Middle East Trade and Engagement Act. It is time that we offer this critically important region of the world the opportunity of greater commercial relations with our own economy, which has long been a source of dynamism for all economies that are open and transparent.

Everyone knows the challenges before us. Two statistics from the Administration testimonies I read highlight this challenge. Mr. Aldonas quotes the World Bank projection that, if the region were to achieve non-oil growth of 15 percent per annum, 4 million jobs could be created in region by 2008. Yet Mr. Larson reports, also from the World Bank, that 100 million jobs will have to be created by 2020. Mr. Maxwell, from Hewlett-Packard, quotes the often-repeated fact that, in the 1950s, Korea and Egypt were equal in per capita income, and yet today Egypt has one-fifth that of Korea. The challenges, as I say, are huge. Such a decline in real living standards in the Arab world is not a function of economies, but of governments and their policies. The U.S. is today engaging the Arab world like it never has, we have removed a global threat, are pressing for political reform, and now, both in the Administration and the Congress, are engaging the process of economic development through trade. We cannot delay.

