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A Fundamental Truth

By Stanley A. Weiss

LONDON—Of the new French president's stream of foreign policy initiatives—from a simplified European constitution to a United Nations-African force for Darfur—perhaps none is more appealing, or unlikely, than Nicolas Sarkozy's call for an EU-style Mediterranean Union.

Unlikely, because Sarkozy's proposal that Turkey play a leading role in such a union is clearly intended as an alternative to 70 million Turkish Muslims entering the European Union. Moreover, Sarkozy—while speaking of a "bridge between Europe and Africa"—appears driven largely by a desire to give job-seeking foreigners a reason to stay home.

Still, whatever his motives, Sarkozy's idea for an economic bloc uniting southern Europe, North Africa and Israel is rooted in a fundamental truth that anti-globalization activists are often loath to admit—if you want peace, promote trade.

"It's harder to kill people who you are selling things to and buying things from," says Guy Tozzoli, president of the New York-based World Trade Centers Association, which—under the banner of "Peace Through Trade"—has forged trade links across the Balkans, between China and Taiwan and between India and Pakistan.

In the Balkans and Cyprus, the economic benefits of possible membership in the European Union are helping to dampen old animosities between Serbia and Kosovo and between Greek and Turkish Cypriots.

Economics was a key factor in the return of self-government to Northern Ireland. Weary Protestants and Catholics watched as the Republic of Ireland joined the European Union, became a manufacturing powerhouse and now enjoys the second-highest income per capita in Europe. Self-government puts Northern Ireland "on the road to prosperity," said Ian Paisley, the Protestant firebrand, upon being sworn in as First Minister.

In a globalized economy, trade reduces the prospect of war. The U.S.-China trade relationship—nearing \$300 billion—makes a military confrontation between the two giants improbable. For all its saber rattling, China is unlikely to invade Taiwan, one of its biggest investors and trading partners and a lynchpin of high-tech global supply chains, leading some to speak of Taipei's "Silicon Shield."

Although direct trade between India and Pakistan is too anemic to serve as a brake on military escalation, the subcontinent does have an economic form of nuclear deterrence—India's dependence on its high-tech services

sector. New Delhi realizes that any replay of the 2002 confrontation between the nuclear rivals could cause an exodus of foreign firms.

Conversely, the more economically isolated a nation is, the more intransigent and dangerous it can become. "Poor and isolated North Korea is all the more dangerous because it has nothing to lose economically should it provoke a war," says Dan Griswold of the Cato Institute in Washington.

Trade also offers hope when the threat to peace is not nations, but the poverty and despair that helps fuel radicalism and jihadist terrorists, mostly from North Africa and the Middle East. By virtually every measure, the region is the least integrated into today's global economy, walled off by tariffs and trade barriers that are among the world's highest. According to the World Bank, the entire Arab world, with its 300 million people, exports fewer non-oil goods than Finland, with just five million people.

As a result, the Middle East and North Africa are gripped by the highest unemployment rates in the world. And as the population continues to grow faster than any other region, Arab unemployment—especially among the young—raises a dark possibility: What the Gaza Strip is today, the region will be tomorrow.

Thus the appeal of a Mediterranean economic union. Leaders across North Africa—who told me and other visiting American executives that "we are looking West" despite continuing terrorist attacks—seem eager for an alternative to the European Union's 12-year-old Euro-Mediterranean Partnership, which has made little progress toward a Euro-Mediterranean free trade area.

With Washington's Middle East democracy agenda in flames from Iraq to Lebanon to Gaza, a new European initiative that emphasizes creating Arab jobs—rather than simply holding Arab elections—would compliment the Bush administration's push for a Middle East Free Trade Area.

An economic union that includes Arabs and Israelis would foster the trade links that will be essential to any future Middle East peace. And though not included in Sarkozy's proposal, Gaza—Palestinians' only outlet to the Mediterranean—will be critical to any economically viable Palestinian state.

Sarkozy's Mediterranean Union, if it materializes at all, likely won't fulfill his grand vision of turning the region into a "space for a great dream of peace and civilization." But focusing on creating prosperity—rather than democracy—could be the world's last best hope for a long-troubled region.