



# ARAB FRACTURES

CITIZENS, STATES,  
AND SOCIAL CONTRACTS

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**CARNEGIE**  
ENDOWMENT FOR  
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# FOREWORD

The historic crises in the Middle East are having immeasurable and far-reaching consequences. Across the Arab world, central authority is under severe strain amid conflict and decaying institutional frameworks. With generous support from the Asfari Foundation, the multiyear Arab World Horizons project, led by the Middle East Program at the Carnegie Endowment for International Peace, aims to shed light on the deeper trends driving these turbulent events.

Drawing on a network of scholars in Washington, Beirut, and across the Middle East, the project looks at the socioeconomic upheavals facing the Arab citizen, the institutional pressures on the Arab state, and the changing geopolitical realities of the Arab region. Through an examination of the complex, interconnected changes occurring within and across the human, political, and geopolitical landscapes, the project hopes to offer policymakers—both in the Arab world and the broader international policy community—a more nuanced understanding of the underlying causes of the region’s profound instability.

In February 2016, the Horizons project released *Arab Voices on the Challenges of the New Middle East*, which captured the views of more than one hundred Arab practitioners and scholars from across the region.<sup>1</sup> These experts overwhelmingly prioritized local political challenges (authoritarianism, corruption, and the lack of accountability) over geopolitical

ones (regional conflict, sectarian rivalries, and foreign intervention), which many saw as derivative of long-standing fundamental failures in governance.

This insight—that political stagnation, authoritarianism, and corruption are integrally tied to conflict and terrorism in the Arab region—is the starting point of this report. It seeks to grapple with several essential conundrums facing the Middle East: Why did the Arab uprisings, with the notable exception of that in Tunisia, fail to deliver on the promise of better governance, economic opportunity, and political pluralism? Why has internal and regional conflict become so widespread and so brutal in the region? What would more accountable social contracts between citizens and states look like, and how can Arab countries take advantage of their human capital?

The old Arab order, characterized by authoritarian political systems and oil-based economies, appears to be passing away. While there may be no returning to the pre-2011 status quo, without clear alternatives, even more repressive systems threaten to take hold. Further, without more holistic policy approaches that begin to address the root socioeconomic and political causes of the Middle East crises, it is difficult to see an end in sight.

Given the enormity of the challenges, it can be tempting for despondent populations to withdraw from politics and focus on personal security and for policymakers to focus narrowly on security and counterterrorism threats. Certainly, these threats are real and deserve considerable attention, but the social, political, and economic grievances—above all, the demand for human dignity and justice—that gave rise to the Arab uprisings six years ago are not going away.

This report is intended to generate a discussion on the vital need for new directions in the Arab world. We welcome thoughtful critiques of the analysis, so they may be reflected in future Arab World Horizons publications.

*Marwan Muasher*  
*Vice President of Studies*  
*Carnegie Endowment for International Peace*  
*December 2016*

## ACKNOWLEDGMENTS

The Middle East Program at the Carnegie Endowment for International Peace wishes to thank the following individuals for their valuable contributions to this report. The program would additionally like to thank the participants of the public and private Arab World Horizons events in Beirut and Washington and the more than one hundred individuals from across the Middle East who contributed to the Arab Voices survey. Finally, Carnegie is deeply grateful to the Asfari Foundation for its generous support of the Arab World Horizons project.

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# SUMMARY

Long-standing pillars of the Arab order—authoritarian bargains and hydrocarbon rents—are collapsing as political institutions struggle with the rising demands of growing populations. Pervasive socioeconomic deficiencies, polarization, and repression have resulted, leading to unprecedented state disintegration, particularly in Iraq, Libya, Syria, and Yemen. These forces are in turn fueling massive human displacement and geopolitical power plays. If any semblance of order is to return after the conflicts subside, citizens and states must forge new social contracts that establish accountability and energize systemic political and economic reform.

## THE ROOTS OF A REGIONAL COLLAPSE

- Societies worldwide are grappling with technological, economic, and cultural transformations. However, the inherent pressures have been particularly combustible in the Arab world, given institutional deficiencies and the proliferation of conflict, sectarianism, and radicalization.
- There is a crisis of trust between governments and citizens. Authoritarian bargains, whereby regimes trade social services and government jobs for citizen quiescence, have fractured. These social contracts began eroding as inflated budgets and bloated bureaucracies could no longer keep up with population growth.

- States have lost control of large swaths of territory to nonstate actors, including the self-proclaimed Islamic State. Former regional powerhouses, such as Egypt and Iraq, are now severely constrained by domestic weaknesses. Powerful states are increasingly interfering in the affairs of weaker ones, heightening internal and regional conflict.
- Alongside their oil-exporting neighbors, oil-importing Arab countries—long dependent on remittances, external assistance, and investment—will face increased fiscal pressures due to the collapse in oil prices. The dependence on oil revenues has impeded economic and political development in many states, leaving them unprepared for the resulting turbulence.

## **CAUGHT BETWEEN RETRENCHMENT AND CHANGE**

- With few exceptions, Arab regimes are increasingly using means of coercion to reassert control. However, citizens will not abandon their demands for greater accountability, transparency, and political agency as social welfare declines, making increased tensions between citizens and states likely.
- Political and economic control is integrally linked across the Arab world, resulting in pervasive cronyism and corruption. Building the foundation for sustainable, private-sector-led economic growth requires breaking this linkage.
- Continued chaos in the Middle East might seem inevitable, but other regions have experienced similar collapses and managed to step back from the precipice. Yet, until Arab societies develop new social contracts based on more sustainable political and socioeconomic models, efforts to do so in the Middle East are likely to fail.

# INTRODUCTION

Mina, a twenty-four-year-old teacher from Syria, is caught between her past, an unfamiliar European present, and an uncertain future. She enjoyed her life in Homs, where she worked at an institute for autistic children, while continuing her studies. She was not politically active, but, as the peaceful antigovernment protests that began in 2011 gave way to civil war, she struggled to remain neutral. In October 2015, she fled her home and country.

Today, Mina lives in a refugee camp in Berlin. Although she has found work at a local preschool, she says, “I’m also so incredibly tired by the idea that I have to start my life over.” She worries about the psychological trauma that those still in Syria have endured: “They merely exist. They eat, drink, and sleep.” Nonetheless, she hopes to further her pedagogical skills while in Germany, so she can help to rebuild Syria when she finally fulfills her dream of returning home.

Like Mina, many people across the Arab world have entered a period of profound dislocation. The old regional order has come undone, and it is unclear what will replace it. Arab regimes are facing a perfect storm of fraying citizen-state relations, internal and regional conflicts, a collapse in oil revenues, rising temperatures and the prospect of severe water shortages, and a breakdown in the shared sense of purpose among the region’s authoritarian leadership. It is a storm that the regimes, with a few notable exceptions, have been

unprepared to face. The result is the most destructive period in the Middle East since the establishment of modern Arab states after World War I.

For decades, Arab regimes offered social services, subsidies, and government employment in return for little or no citizen participation in decisionmaking—essentially social contracts based on authoritarian bargains. While there were significant differences between how Arab states managed their internal affairs, in terms of both their methods of control and use of repression, virtually all were governed by autocratic regimes. They built powerful security and intelligence apparatuses and expended enormous energy to carefully stage-manage their political legitimacy—a difficult challenge in Arab republics given their antipathy toward democratic institutions. As economic and political power became increasingly linked in many Arab states, powerful patronage networks developed. The Arab-Israeli conflict and Cold War were further impediments to, and excuses for a lack of, institutional development.

The regimes' emphasis on tools of co-optation and coercion led to the creation of cultures of dependency and severely hampered the development of institutions that might have promoted inclusive governance. More perniciously, the inherently corrupt and repressive predatory systems that emerged in many countries actively resisted efforts to reform, depriving them of tools to face new political and economic challenges.

A powerful mix of local and global forces was also slowly brewing: a youth bulge across the Arab world; a massive spike in terrorism and religious extremism in the aftermath of the 2003 U.S. invasion of Iraq and the ongoing Syrian civil war; accelerating international economic competition; and transformative information technology. There is no political or cultural roadmap for socioeconomic disruptions of this magnitude. If relatively resilient political institutions, such as in North America and Europe, struggled to adapt to these seismic changes, it was perhaps not surprising that stagnant Arab regimes were caught unprepared when the uprisings began in 2011.

At its core, then, the collapse of the regional order is a crisis of trust between governments and citizens. In 2011, it became clear that the so-called social contracts were one-sided, as citizens across the region openly rejected the underpinnings of the authoritarian bargains.

After Tunisian President Zine el-Abidine Ben Ali's sudden and unexpected exile, regimes resorted to a familiar playbook to contain the repercussions of what had happened in Tunisia. They responded by using a combination of social welfare and repressive policies, with varying degrees of brutality and sophistication. As a result, some of the region's most repressive states—Iraq, Libya, Syria, and Yemen—began fragmenting along ethnic, ideological, sectarian, and tribal lines, while another half dozen or more began experiencing significant domestic political unrest. The most extreme manifestation is Syria, whose

citizens are now trapped between a regime willing to reduce its cities to rubble and the genocidal violence of the self-proclaimed Islamic State.

External pressures have exacerbated state crises. Although oil prices stabilized after losing 70 percent of their value, they are expected to remain low for the foreseeable future, creating monumental fiscal challenges for the Arab world. For all but the region's wealthiest countries, the rentier economic system, in which rents derived from the sale of oil financed vast national systems of patronage and sustenance, will become increasingly unsustainable over time. Even the region's resource-poor countries will be affected, since most Arab countries became in some way dependent upon the region's oil revenues.

Arab countries have little hope of developing prosperous societies without new political and economic models. As citizens are asked to sacrifice long-standing social welfare benefits in the name of fiscal austerity, their acceptance of the old systems of top-down rule will wither. They will demand accountability, justice, and a greater say in national affairs in return. For leaders long accustomed to absolute power, this is a dangerous trap—largely of their own making. They would be right in believing that the path of political and economic reform would likely lead to a loss in power. Thus, with few exceptions, regimes continue to cling to an untenable status quo, even at the risk of catastrophe.

With the old order in disarray, there is no clarity about where the region is heading. Writing from a prison cell in fascist Italy during the 1930s, the Marxist philosopher Antonio Gramsci observed, “The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum, a great variety of morbid symptoms appear.” This is the reality faced by today's Middle East, a region that remains critical to global peace and security.

This report attempts to explore the underlying causes of the region's turbulence. It examines the fundamental national and transnational trends playing out in the region's human, political, and geopolitical landscapes, both horizontally and vertically—that is, the interrelationships between these trends both within countries and across them. Specifically, the analysis looks at

- **The Human Landscape**—the changing experiences of Arab citizens amid demographic pressures, human migration, political polarization, and social activism.
- **The Political Landscape**—the crisis of governance across the region, the stresses upon the rentier systems, and the influence of the security sector and media on Arab politics.



- **The Geopolitical Landscape**—the collapsing regional order in the context of myriad internal and interstate conflicts, the implications of lower oil prices, and the longer-term impacts of climate change and water scarcity.

The findings constitute a framework for understanding how the breakdowns within each landscape interact with each other and how various countries might begin to address them. To help illustrate how these breakdowns and trends are playing out in different settings, eight case studies are presented: Egypt, Iraq, Jordan, Libya, Palestine, Saudi Arabia, Syria, and Tunisia. Although other countries could have been chosen, these bellwethers highlight the main trends in the Arab world, as well as the disparate manner in which governments are facing them. Understanding their experiences is vital to understanding what lies on the Arab horizon.

# THE HUMAN LANDSCAPE

The collapse of the regional order and the fraying of social contracts in many Arab countries have important implications for how Arab citizens relate to their governments and to each other. Although societies worldwide are struggling to adapt to technological and cultural transformations, these social pressures provide a particularly combustible mix in the Middle East, given the region's political and economic challenges and the proliferation of conflict, sectarianism, and radicalization. Complex, social transformations are occurring at the individual level within and across four domains: demography and human development, migration, polarization, and social activism.

## DEMOGRAPHY AND HUMAN DEVELOPMENT

**Human Landscape** | **Political Landscape** | **Geopolitical Landscape**

The future stability and prosperity of the Arab countries depends on accelerated human development, as reliance on hydrocarbon resources has become untenable due to growing populations and changing world energy markets. While Arab countries have made strides in literacy and higher education for women, other areas of human development have lagged, inhibiting the needed shift from public-sector-led growth to private-sector-

led growth. One major obstacle relates to perception and attitudes. As youth unemployment and restiveness have risen, some governments have tended to treat their younger citizens more as security threats than economic assets, inhibiting their activities in the public realm. These attitudes are ultimately denying the region the potential demographic dividend—accelerated economic growth as a result of an expansion of the working-age population—that has given East Asia and other regions economic boosts in the past.<sup>2</sup>

In 2002, the release of the first of a series of Arab Human Development Reports (AHDRs) sent shockwaves throughout the region. Produced by a prominent group of independent Arab scholars and researchers, these reports were painfully honest examinations of the state of human development in Arab countries. The 2002 report concluded that the Arab world suffered from profound deficits in political freedoms, education, and women's empowerment.<sup>3</sup> Yet nearly fifteen years later, all three challenges remain and new challenges have emerged.

The AHDRs define freedom as “participatory governance.” Since 2002, only one Arab country, Tunisia, has crossed over into the category of “free,” according to Freedom House ratings. There are only two countries, Lebanon and Morocco, that are deemed “partly free”; the rest are all classified as “not free.”

In recent decades, Arab countries have made strides in school enrollment and literacy, but the quality of education—meaning the provision of skills needed for employment, technology training, and academic and scientific research—remains a major challenge. A disparity has emerged in this regard between the wealthier and poorer Arab countries. In the World Economic Forum's 2014–2015 Global Competitiveness Index, the United Arab Emirates ranked number twelve among the 144 countries surveyed for quality of higher education, whereas Egypt, Libya, and Yemen remained at 119, 126, and 142, respectively.<sup>4</sup>

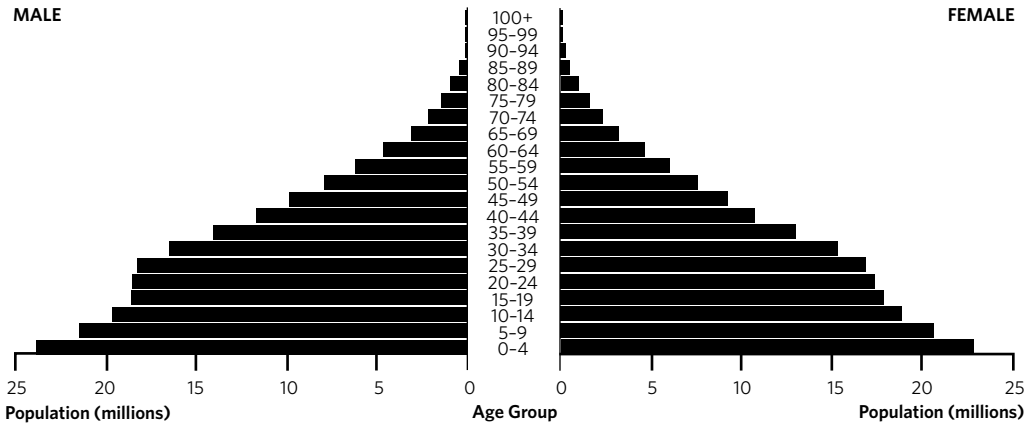
Regarding women's empowerment, female literacy and school and university enrollment also have progressed since 2002. The adult female literacy rate across the Arab world increased from an estimated 41 percent in 1990 to 69 percent in 2010.<sup>5</sup> In most Arab countries, women outnumber men in universities.<sup>6</sup> And yet women's participation in the workforce in the Middle East and North Africa continues to be the lowest of any region, at just 22 percent compared to the global average of 50 percent.<sup>7</sup> Political participation, similarly, is lower in Arab countries than in most other regions, according to UN data tracking percentages of women ministers and parliamentarians.<sup>8</sup>

Moreover, human development challenges, particularly unemployment, have intensified with population growth. The population growth rate in the Middle East and North Africa is second only to the rate in sub-Saharan Africa. Although the average fertility rate among Arab countries has dropped from 5.2 children per woman in 1990 to 3.4 in 2014, the

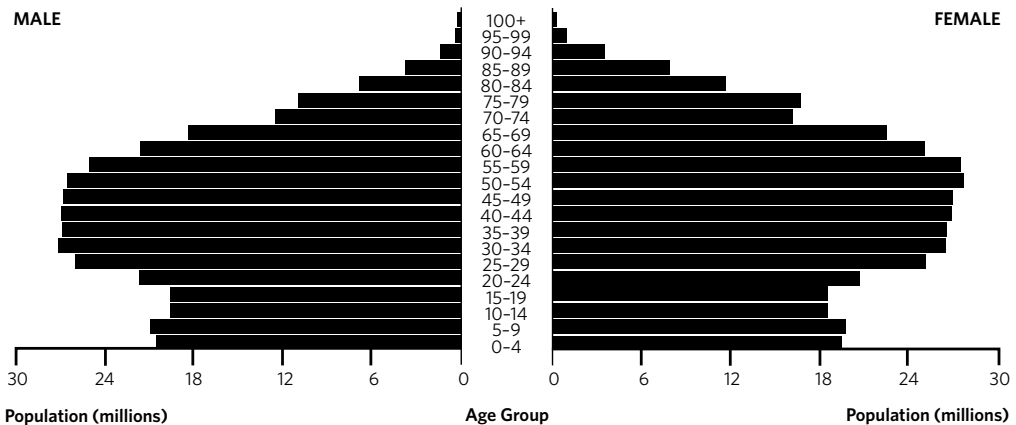
fastest decline of any region in the world, it is still well above the replacement rate of 2.1; and several countries—notably Iraq, Palestine, Sudan, and Yemen—average more than four children per female.<sup>9</sup> Egypt, the region’s most populous country, has experienced rapid population growth: the country’s population has risen from 68 million in 2000 to 92 million in 2015, while fertility rates (which had declined dramatically in recent decades) have again moved upward from 3.0 children per female in 2007 to 3.3 in 2014.<sup>10</sup>

As a consequence of historically high fertility rates, Arab countries have experienced a youth bulge—a larger proportion of young adults compared to other age groups. Figure 1, representing age and sex distribution in the twenty-two member states of the Arab League, shows a classic youth bulge, in contrast to Figure 2, which shows the contracting population of European Union member states.<sup>11</sup>

**FIGURE 1. Youth Bulge Among Arab League Member States, 2016**



**FIGURE 2. Contracting Youth Population Among European Union Member States, 2016**



The Middle East and North Africa's disproportionate population of adolescents and young adults between the ages of fifteen and thirty-five means the number of people demanding work and requiring higher education or vocational training is unusually large. Youth bulges have been historically associated with civil conflicts,<sup>12</sup> thus compounding the need for countries with youth bulges to achieve rapid economic growth to keep pace with the abundance of young workers. When the aspirations of youths are stymied, countries tend to be unstable. In the Arab world, which has long had the highest youth unemployment rate in the world,<sup>13</sup> frustration levels are high.<sup>14</sup> The generation gap also has social and political consequences: While several Arab countries have median ages under twenty-one, political and economic power is firmly concentrated among the older generation.<sup>15</sup>

Some Arab countries, such as Tunisia, are gradually moving past their youth bulges, with fertility rates beginning to fall.<sup>16</sup> The populations of other Arab countries are continuing to grow at rapid rates, and in populous places such as Egypt, another even larger youth bulge is expected within the coming ten to fifteen years.<sup>17</sup>

These population pressures add urgency to the need for Arab states to address human development gaps, dismantle cronyism, and match a trained labor force with private-sector employment opportunities. Experience in other contexts has shown that with wise investments and policy choices, especially in education, these youth bulges can become development boons. If a shift toward greater human development does not take place in the Arab countries, demographic trends are likely to continue to be a source of problems rather than prosperity for years to come.

## HUMAN MIGRATION

Human Landscape | Political Landscape | Geopolitical Landscape

Demographic and human development challenges have been further compounded by massive population movements triggered by the post-2011 regionwide conflicts. Some countries, particularly Iraq and Syria, have had large numbers of citizens flee the horrors of conflict to seek safe haven in neighboring countries or further afield in Europe. Consequently, they are experiencing severe human development deficits, as well as a dramatic reduction in the number and range of professionals remaining, such as medical and engineering staff. Other countries, like Lebanon and Jordan, that have received an influx of migrants, are experiencing a severe strain on their education, welfare, and security systems. Further, with the social makeup of countries rapidly changing, political systems based on identity politics are becoming increasingly complex.

It is difficult to overstate the magnitude of the catastrophe. In 2015, it was estimated that more than 143 million Arabs are living in countries experiencing war or occupation,<sup>18</sup>

and around 17 million have been forcibly displaced from their homes.<sup>19</sup> Further, while Arabs constitute only 5 percent of the world's population,<sup>20</sup> they account for more than 50 percent of its refugees.<sup>21</sup>

With more than 4.8 million people forced to flee the country and nearly 6.6 million displaced internally,<sup>22</sup> one in five refugees globally is Syrian.<sup>23</sup> Iraq, which has suffered through waves of displacement dating back to the 1980s, has also witnessed considerable internal displacement due to ongoing conflict, with more than 3.3 million people fleeing territories held by the Islamic State.<sup>24</sup> People in Libya, Sudan, and Yemen are all facing forced displacement as well. Additionally, the Arab world has hosted significant numbers of Palestinian refugees—the oldest and largest refugee population in the world, numbering more than 5 million people—from the time of the Arab-Israeli wars of 1948 and 1967.<sup>25</sup>

The region's conflicts and the resulting widescale population movements have resulted in major social changes, and refugee populations risk becoming trapped in intergenerational cycles of poverty. Populations that have fled violence, joined in the fighting, or become refugees include many of those best-positioned to contribute to postwar reconstruction—mainly the youth and the middle class. A recent study, for example, found that 86 percent of Syrians who fled to Greece between April and September 2015 have secondary-level or university education.<sup>26</sup> Further, more than 2.8 million Syrian children are not in school,<sup>27</sup> which could have long-term consequences.

The overall poverty rate in Syria was estimated to be 83 percent in 2014, with 35 percent living in abject poverty, unable to meet basic food needs for their households.<sup>28</sup> Elsewhere, almost 11 million people in Yemen are severely food insecure.<sup>29</sup> In Iraq and Libya, the United Nations estimates the number of individuals in need of some form of food assistance to be 2.4 million and 210,000, respectively.<sup>30</sup>

Jordan and Lebanon host the largest number of refugees in the Arab world, with roughly 655,000 registered Syrian refugees in Jordan<sup>31</sup> and 1.01 million in Lebanon,<sup>32</sup> in addition to the long-standing Palestinian refugee communities of roughly 2.1 million<sup>33</sup> and 450,000 registered refugees,<sup>34</sup> respectively. This large population influx is having a significant impact on both countries' societies and security structures and threatens to undermine existing social contracts. The settlement of large numbers of refugees in Jordan's and Lebanon's most impoverished areas has induced large-scale urbanization in places lacking the requisite infrastructure—for instance, as of November 2016, the Mafraq and Zaatari camps in Jordan host 158,683 Syrian refugees, or roughly 24 percent of all those registered in the country.<sup>35</sup>

Welfare systems that have exhibited remarkable resilience and generosity in hosting refugees have also come under immense pressure. Both Jordan and Lebanon have seen a

decline in crucial social services such as education and health, a depression in wages, an expansion in the informal sector and youth unemployment, and a rise in child labor.<sup>36</sup> In Lebanon, for example, 10 percent of Syrian refugee children are working, including 18 percent of refugee children in the Bekaa Valley. Furthermore, 26 percent of Syrian refugee children are estimated to have been withdrawn from school.<sup>37</sup>

The refugee crises have been exacerbated by identity politics, changing the demographic makeup of many areas and greatly complicating postwar reconciliation efforts. For example, Mosul in Iraq has been emptied of its Christians for the first time in centuries, but Christians fared better than the Yazidis, Shabaks, Mandaeans, Shia, and Turkomans, many of whom were hunted down by the Islamic State and killed. Moreover, population transfers are no longer just the by-products of political power struggles and war; they have also become principal elements of local peace agreements in certain places. For example, in Syria, the accords to end the sieges of Zabadani in 2015 and Darayya in 2016 included population transfers.<sup>38</sup>

This Arab demographic unraveling has not only weakened states and societies, but also undermined, perhaps irreparably, cultural values of coexistence and pluralism. The creation of ethnic or sectarian entities could well further sow the seeds of conflict for decades to come, creating new claims for rights of return.

Finally, the emergence of new actors and economies in conflict zones, which also feed off forced migration, will affect prospects for peace. The smuggling of refugees, for instance, has become a large-scale industry for organized criminals in Europe, with estimated annual revenues of \$5 to \$6 billion.<sup>39</sup> A large conflict-related economy in Syria has emerged, involving the sale of weapons, the smuggling of food and essential products, and other criminal activities. An estimated 17 percent of Syria's active population is involved in the conflict-related economy, creating a new stratum that has grown wealthy from the war.<sup>40</sup> Many of these actors, along with the large number of militias that have been formed during the conflict, could act as spoilers of any prospective peace settlement. Similar trends are also apparent to a lesser extent in Iraq, Libya, and Yemen and are having an impact on neighboring countries. Tunisia's border towns, for example, have become closely implicated in Libya's war-related economy.

With conflicts not abating, the flow of displaced populations both within and outside Arab countries is likely to continue. This expansion will bring about more dramatic transformations in the region's social fabric and economic outlook. The prospect for the return of this massive number of refugees will, to a large extent, be contingent upon the shape of the peace settlements that end the current conflicts and their ability to offer safety and security to those who managed to escape their horrors. The availability of a vi-

able economic- and service-oriented infrastructure, the status of reconstruction, and the prospects for participation in the governance of their own affairs will also play a vital role in facilitating the safe return of refugees to their homes.

## **POLARIZATION**

Human Landscape | Political Landscape | Geopolitical Landscape

The changing social makeup of populations is contributing to the rise in, and complexity of, social polarization. While polarization seems to be a global phenomenon, arguably no region has been as divided as the Middle East since 2011. Though the specifics vary from country to country, spaces for moderate voices have generally receded. Authoritarian practices of ruling regimes, their systems of patronage and co-optation, the general weakness of opposition currents and civil society organizations, and the ideologically divided nature of public spaces have all enabled Arab rulers to close the public space and sideline voices of dissent. As a result, political actors and citizens alike are left with little scope for compromise and forced to choose between supporting or opposing a government, or, more dangerously, adopting or rejecting a particular confessional, ethnic, or tribal identity.

Polarization in Arab societies can be divided into two broad categories. The first is ideological, unfolding between secular and religious forces and exemplified by the differing post-2011 experiences of Egypt and Tunisia. In Egypt, the military autocracy has attempted to persuade the public to accept the loss of pluralist politics and personal freedoms, in exchange for stability and security. But repressive measures—such as wide-scale human rights abuses, the passing of undemocratically spirited laws, and the unchecked prerogatives of military and security institutions—have exacerbated long-standing social divisions and induced more violence.

In contrast, though Tunisia's popular uprising has yet to fully translate into public trust in political institutions, the country has had significant success in creating the framework for a new constitutional order that both integrates secular and religious forces and provides citizens access to a vibrant public space, where economic grievances, social tensions, identity issues, and policy objectives can be deliberated freely. It remains to be seen whether the rare spirit of compromise that Tunisia's political elite demonstrated during its post-2011 transition can be further institutionalized, or whether the growing terrorist threat, political violence, and ideological demagoguery have injected long-term destructive factors into Tunisian politics.



A second, more virulent, category is political polarization, which has accompanied political turbulence in ethnically and religiously divided societies. A powerful political tool, polarization can provide scapegoats on whom to pin socioeconomic failings and against whom to mobilize core constituencies. In places such as Iraq and Syria, partisan rhetoric has sometimes been radicalized to the point of legitimizing political or sectarian violence, creating fertile ground for extremism and terrorism. The results have varied from an upsurge in communal tensions in Bahrain and Lebanon to civil wars and state collapse in Iraq and Syria.

In Iraq, sectarian politics has resulted in civil strife and dysfunction in a social context conducive to violence and terrorism. The ongoing conflicts over economic resources and political representation between Kurdish, Shia, and Sunni communities have created safe havens for the Islamic State and led other social groups seeking to capitalize on sectarian division, such as the Popular Mobilization Forces, to adopt similar violent strategies.

In Syria, the sectarian-based patronage system and the repressive nature of the Bashar al-Assad regime led to the almost complete loss of popular trust in state institutions and their neutrality. The notion of a Syrian national identity has collapsed along with modern conceptions of citizenship based on equal rights and entitlements for all Syrians. The destruction of the social fabric of the country and the apparent dismemberment of what was a unified Syrian state have created de facto sectarian fiefdoms in their wake.

Bahrain is quieter today than it was in 2011, when tens of thousands of protesters (a significant number in a country of 1.3 million people)<sup>41</sup> took to the streets in protest before being repressed by the security forces, with strong support from Saudi Arabia and other Gulf nations. But the rift between the disenfranchised Shia majority and the ruling Sunni minority is growing, and Bahrain's long-term stability seems somewhat in doubt. In Lebanon, major sectarian groups, or more specifically their political representatives, are locked in a permanent conflict over the distribution of limited resources and competing regional affiliations. The resulting polarization has weakened state institutions, created political paralysis, and widened the rift between the Lebanese population and the political class governing it.

With few venues for consensual political expression, polarized systems allow rejectionist voices to dominate, and extreme political discourse becomes a potential gateway to radicalization or religious extremism. Unless democratic transitions are once again seen as viable and new social contracts between ruling establishments and citizens are developed to overcome economic grievances and governance deficits, extremism and terrorism may become more appealing for underprivileged and marginalized groups.



CASE STUDY 1

**PALESTINE—DIVIDED IT FALLS**

*A decade of social and political polarization in Palestine has led to a steady erosion of governing institutions and the undermining of national aspirations.*

The Oslo process of negotiations between Israel and the Palestine Liberation Organization (PLO) is now widely seen as having ended. The Palestinian Authority (PA)—formed in 1994 as a five-year interim body with administrative control (and a role in internal security) over Palestinians in the West Bank and Gaza—is now seventeen years overdue and bereft of purpose.

Instead of evolving into statehood, Palestinian political conditions have stagnated. The PA struggles to provide public services to Palestinians in the West Bank and Gaza; security coordination between the PA and Israel in the West Bank remains robust but is deeply resented; a split between the Fatah-dominated PA in the West Bank and the Hamas-dominated government in Gaza robs the Palestinians of unified leadership; the controls imposed by Israel over movement into and within the West Bank continue to hamper economic development and administrative control; and Israel and Egypt continue to enforce harsh and almost total restrictions on the movement of goods and people, respectively, in and out of Gaza.

However, this stagnation, amid repeated attempts by the United States to restart what seems to be a moribund negotiation track, has masked a slow political deterioration in a highly polarized society. While Palestinians have avoided the collapse of central political authority, as has occurred in Syria and Yemen, Palestinian national aspirations have been seriously undermined, and the potential for genuine statehood seems to be receding.

Political polarization in Palestinian society cuts across several dimensions. The chasm between political entities in Gaza and the West Bank has grown deep. Despite repeated perfunctory negotiations to reunify Palestine's two halves, neither the Hamas leadership in Gaza nor the Fatah leadership in Ramallah has shown sincere interest in reconciliation. Instead, each faction uses disunity as propaganda to discredit its rival and shore up its own base. But just as significant, Israel's tight closure of Gaza, which began in 2001 during the al-Aqsa Intifada, will soon be as old as half of the territory's residents, meaning that the human linkages between Gaza and the West Bank have atrophied.

Geographic dislocations in Palestinian society are no less profound. Palestinians are divided between those who reside in Jerusalem and are governed by Israel (generally with residency rights but not citizenship), those in pre-1967 Israel (increasingly alienated citizens of a Jewish state), and those in the diaspora, whose treatment by Arab governments often ranges from neglect to suspicion. These political divisions

are entrenched, leading to different outlooks and interests. Social and economic contacts among these disparate populations have become more attenuated as each population seeks to cope with its own distinct burdens.

Meanwhile, Palestinian statehood is not only receding in an institutional sense, it is also receding from the Palestinian political agenda. The generation that built a set of national institutions—the PLO, the PA, political movements, unions, and bureaucracies—is exiting the scene. Its political vision no longer seems either viable or relevant to younger Palestinians, who have little faith that a comprehensive settlement with Israel is possible. More than two-fifths of Palestinians were born after the al-Aqsa Intifada erupted in 2000 and another one-fifth were born too recently to have memories before that date. The political attitudes of the younger generation show marked differences from its older peers, with nearly one in three Palestinian youths supporting the dissolution of the PA and seven in ten believing that an armed intifada would help Palestinians achieve national rights.<sup>1</sup>

Palestinian polarization is as much effect and cause. External security and significant aspects of the West Bank's internal security have remained in Israeli hands. And the political institutions that were created in the 1990s to form the democratic foundations for a sovereign Palestinian state have unmistakably collapsed, leaving Palestinian factions to grasp what they can control rather than deal with each other. Full elections in the PA for president and parliament have only been held in 1996 and then 2005 (for president) and 2006 (for parliament). New national elections are unlikely to be held any time soon. The electoral mandate of Palestinian President Mahmoud Abbas ended eight years ago and, given his inability to counter the expansion of Israeli settlement construction in the West Bank, his political legitimacy and personal popularity has eroded unambiguously. Were the presidency to become vacant, it would likely be filled through an ad hoc procedure that weakens the new occupant's legitimacy, removing even the semblance of national unity.

The legislative process has been similarly improvised, with decrees issued in the West Bank by Abbas following opaque procedures, and in Gaza by a defunct parliament bereft of initiative or popular support. Courts display clear indications of political subservience to the executive in both Palestinian territories. Municipal elections, which were scheduled for October 8, 2016, have been postponed indefinitely because feuding court systems in the West Bank and Gaza have made coordination impossible. The PLO, which has continued to represent Palestinians and Palestinian interests throughout the world, has faced institutional decay, becoming a set of bodies run out of Abbas's office (since the PA president is also chair of the PLO Executive Committee). Not surprisingly, human rights and political and civil freedoms have deteriorated sharply under such conditions.

How does such a dysfunctional and divided political system continue? Although Palestine lacks the significant hydrocarbon assets of many Arab states, the Palestinian

political economy exhibits distinctive symptoms of rentierism, further contributing to economic polarization. Unfortunately, the international donor community has inadvertently exacerbated these tendencies at virtually every step in the two-decade-old Oslo process. Since its establishment, the PA has received \$17 billion in foreign assistance.<sup>2</sup> More subtly, the Paris protocol on economic relations, signed in 1994, created a series of monopolies over imports to the PA that generated large rents, as well as opportunities for corruption.

Since the division of Palestine, Israel's severe strictures have hollowed out the Gazan economy: 80 percent of the population is at least partially dependent on assistance, and an estimated 41 percent of men and 61 percent of women are unemployed.<sup>3</sup> In the West Bank, the public payroll is \$1.9 billion, nearly 50 percent of government expenditures.<sup>4</sup> Clearly, rentierism is not simply a condition of the region's wealthier states.

Exhibiting many of the same unfortunate tendencies as other Arab states, the Palestinian political system has thus lost unity and purpose and is beginning to lose international support.

Although Palestine has not been able to establish statehood in anything more than name, Palestinian nationalism has displayed considerable cultural and ideological resilience in light of the many setbacks and obstacles that have confronted it. It is a resilience that is likely to be further tested in the years to come.

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## SOCIAL ACTIVISM

Human Landscape | Political Landscape | Geopolitical Landscape

For decades, Arab citizens have lacked access to public policymaking processes, formal political spaces, and mechanisms for effective government oversight. However, they have not been passive bystanders to developments in their countries, using mainly nonviolent activism to voice their concerns. In fact, in several Arab countries, young citizens and groups of civil society and labor movement activists have been at the forefront of peaceful protests opposing the status quo, culminating in the 2011 Arab uprisings. They have championed demands to improve deteriorating living conditions, fight corruption and nepotism, and commit governments to uphold human rights.

Protests were hardly a rarity before 2011. They were among the assorted tools young activists used to denounce their government's failures. Protests organized around political demands were less frequent, but occurred nonetheless, giving birth to a new type of citizen engagement and activism. Young and more established activists from civil society, labor movements and professional associations, and student groups sought to transcend the prevailing religious-secular divide and joined to establish informal protest networks. They broke with formal politics—regime and opposition alike—and channeled new energy into Arab societies and polities using peaceful protests and modern communication technologies. These included the April 6 Movement, Kefaya, and the Youth for Change movement in Egypt; the National Campaign for Defending Students' Rights and the Jordanian Democratic Youth Union in Jordan; the *Diplômés Chômeurs* in Morocco; the Fifth Fence group in Kuwait; and the Bahrain Youth Society for Human Rights.

Nothing brought to the fore the significance of the new activism among Arab citizens better than the Egyptian uprising. Inspired by events in Tunisia, the call by Egyptians to participate in the peaceful protest of January 25, 2011, was championed by those informal protest networks. Although most mainstream opposition political parties initially declined to participate, young activists gradually mobilized considerable segments of the population to engage in peaceful protests.<sup>42</sup>

But if the resignation of former president Hosni Mubarak in February 2011 represented the high-water mark of Arab social activism, popular uprisings against dictatorial regimes elsewhere were met with brutal force, as in Libya and Syria. The momentum of protests was broken, and security forces throughout the region reasserted themselves. The resulting dislocations have yet to be resolved.

Despite the different—and contradictory—directions that various Arab countries have taken after the democratic uprisings of 2011, activism has continued to shape realities

on the ground. In Tunisia, young citizens have entered formal political arenas and have sustained their strong presence in informal spaces as well as on the protest scene, driven primarily by economic and social dissatisfaction.<sup>43</sup>

In countries consumed by conflict, civil society organizations are currently focused on finding safe havens to ensure their own viability. So long as severe repression continues, it will be difficult for Arab populations to engage in meaningful discussions about the contours of new social contracts. In Egypt, the military-led government has stifled pluralist politics and imposed severe restrictions on civil society organizations.<sup>44</sup> However, this has not stopped young Egyptians from remaining engaged in informal spaces of protest, nor has it affected the cross-ideological nature of citizens' activism. Informal networks have continued to bridge the religious-secular divide and have either expanded their roles in new public spaces such as the artistic<sup>45</sup> or literary realms, or rediscovered their traditional strongholds in universities and secondary schools.<sup>46</sup> Networks of young filmmakers, novelists, and university students have shaped a new anti-establishment narrative that does not shy away from demanding radical democratic reforms and commits to a vision of a secular and modern Egypt.

In Syria and Yemen, citizens' initiatives have continued despite brutal civil wars. Especially during the brief cessation of hostilities that began in Syria in February 2016, local nongovernmental organizations and groups of activists resumed popular protests and facilitated the delivery of humanitarian assistance to embattled populations.<sup>47</sup>

Despite this resilience, it is indisputable that the forces of the status quo have regained momentum. The quest for stability and the backlash against religious politics in Egypt, not to mention the chaos in Syria and Yemen, have pushed significant segments of the Arab populations to side with autocratic regimes against demands for change. The horror of events in those countries at war has convinced many Arabs of the overriding need for stability—a sentiment that rulers have exploited to defend the existing state of affairs as the only way to avoid mayhem.

But even in these difficult circumstances, civil actors continue to engage using various modern technology and social media tools. Even as avenues for political reform have closed, the importance of defending personal freedoms through launching advocacy campaigns and citizen initiatives has increased in resonance. And the opportunity for progress remains feasible in several areas—for example, in the struggle for women's empowerment, improvement of workplace conditions, modernization of educational curricula, and encouragement of fiscal transparency.

While status-quo forces seem to have regained the upper hand in most Arab countries, Arab citizens are unlikely to remain docile as socioeconomic stresses increase and welfare

systems are curtailed in the years to come. They do not expect governments, ruling establishments, and state institutions to provide for their basic needs, nor to guide societies out of the persistent crises. Thus, citizens will increasingly use activism, albeit in forms different from those associated with the Arab Spring, to influence the fate of their countries.

#### CASE STUDY 2

### TUNISIA—A CATALYST FOR CHANGE?



*Tunisian social activism was not just a feature of the 2011 Arab uprisings; it has also played a salutary role in the construction of democratic institutions in the years since.*

Tunisia suffers from many of the same ills as other Arab nations: poor governance, corruption, inequality, youth unemployment, and radicalization. However, Tunisia's nascent democratic system, new social contract, and revitalized civil society, while not panaceas, provide important tools that are unavailable in other Arab countries.

In the years following the dramatic December 2010 popular uprising, Tunisians made remarkable progress in reaching a new governing consensus in an energized atmosphere of postrevolutionary social activism. Despite major differences between Tunisia's secular and religious forces, Tunisians were able to agree on a constitution that ensured a place in society for all groups—upholding the peaceful rotation of power, granting full rights to women, and ensuring protections for freedoms of speech and belief. Tunisia has been a rare regional example of the compromise and peaceful alternation of power.

The political struggles continue, however, with many expressing concern that the administration of President Beji Caid Essebsi, who is ninety, has brought back features of the Zine el-Abidine Ben Ali regime. The new political system has yet to fulfill its promise of delivering solutions for Tunisia's festering economic and social problems. Urgent priorities include developing a new economic vision for the country, addressing persistent corruption, and devolving some decisionmaking to the local level.

While Tunisia no longer has a ruling family determined to monopolize the wealth of the country, laws and policies intended to preserve a closed economic game still plague the economy, as does corruption. Despite Tunisia's dramatic political transformation, the country's Corruption Perceptions Index score, published by Transparency International, has actually declined, from 43 (out of 100, which is "very clean") in 2010 to 38 in 2015.<sup>1</sup>

Tunisian politicians have struggled to institute economic reforms by bridging the contradictory interests of a massive bureaucracy, a strong labor union (the Union Générale Tunisienne du Travail, or UGTT), businesspeople associated with the old regime, youthful entrepreneurs, and unemployed youth demanding public-sector jobs.

The very problems that caused Mohamed Bouazizi's momentous self-immolation in December 2010, which sparked the Tunisian uprising—the economic marginalization of rural populations, their dependency on an informal economy that includes smuggling and peddling, and their vulnerability to extortion and harassment by local officials—have been among the most difficult to address. Officials recognize the need to develop the country's interior and poor urban neighborhoods, but little has been done.<sup>2</sup>

Service provision in the coastal and interior regions remains vastly different. This has led to the polarization of Tunisians—those residing in privileged regions with formal or public-sector employment versus those in marginalized regions with less access to formal employment and government services.<sup>3</sup> This socioeconomic injustice has fueled not only political protest but also violent extremism.

Part of the reason for the slowness in improving the economy and governance outside the coastal areas is the repeated postponement of decentralization measures, which would push some decisionmaking and control of funds from the center to local areas. Local officials continue to be appointed by the central government, with few resources at their disposal unless they can attract foreign aid.<sup>4</sup> Local elections were to be held for the first time in 2016, but they have been postponed repeatedly because most political parties still feel unready to mobilize throughout the country.

Tunisia is also vulnerable to events in neighboring Libya. The Tunisian perpetrators of the three major terrorist attacks in 2015 that gutted Tunisia's tourism sector all had links to training camps in Libya. Islamic State militants from Libya went so far as to try to seize control of the Tunisian border town of Ben Guerdane in March 2016.<sup>5</sup> Nonetheless, Libyans themselves might well complain that Tunisian jihadism has contributed to Libya's state failure.

Despite these problems, Tunisia possesses several important assets. Tunisians were well-positioned to take advantage of the political opening in 2011 at least partly because of the country's greater historical investment in human development, relative to other Arab and African countries.<sup>6</sup> This was particularly true of education and women's empowerment, areas of particular attention during the thirty-year rule of former president Habib Bourguiba who was deposed in 1987.<sup>7</sup> Although Bourguiba and his successor Ben Ali were by no means democrats, they allowed and to some degree supported the development of human capital, which produced significant social activism. Well before 2011, Tunisians had created institutions with some independence from the government, such as the UGTT, lawyers' unions, and civil society groups including the Tunisian League for Human Rights, which in 1976 became the first such organization founded in an Arab country.

Since the Tunisian revolution, the freedoms of expression, association, and political organization have blossomed in the country, leading to the establishment of strong



new civil society organizations and the revitalization of older ones, reflecting the country's dynamic, pluralistic political scene. The most dramatic example of civil society's role was the brokering of a political compromise in 2013 that saved the nascent democratic transition, earning several civil society groups the Nobel Peace Prize in 2015.<sup>8</sup>

These civil society organizations are also generating policy ideas, bridging social and political differences, and insisting on transparency in day-to-day activities that garner little international attention. Elected legislators as well as some appointed ministers are generally open to their input—a very different situation than existed before—partly because many of these new officials hail from civil society organizations themselves or at least appreciate the contributions such groups can make. An increased capacity in civil society, new avenues for its participation in government decisionmaking, and the development of mechanisms for accountability to citizens have all created potential pathways for Tunisia to overcome its persistent economic and governance challenges.

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COMMENTARY

**A WARNING UNHEEDED**

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RIMA KHALAF

War, death, and destruction, as well as skies congested with bombers from the four corners of the earth. These experiences have become the norm for many Arabs. Hundreds of thousands of people have been killed, and millions have been displaced. Violent nonstate actors have proliferated, and borders have frayed. Decades of tyranny and foreign intervention have yielded the chaos and immeasurable suffering seen today.

The UNDP Arab Human Development Reports, which were published starting in 2002, all but foretold this cataclysm. Deficits in freedom, knowledge, and women's empowerment arrested development and marginalized the majority. Combined with military occupations and escalating foreign encroachment, this created an explosive mixture of anger, frustration, and despair. Without peaceful channels through which to address their grievances, some Arabs would eventually resort to violence, with dire consequences.

The reports called for serious political and economic reforms in order to make the transition to democracy orderly and peaceful. Yet little more than fragmented and cosmetic initiatives were the response. Freedoms remained stifled. The abuse of rights went on, as many continued to be killed for their opinions or affiliations or languished in detention indefinitely without due process.

For Palestinians, in turn, the violation of these and other rights, including the right to self-determination, has been the norm under the relentless Israeli occupation.

Discontent peaked in 2011, when Arabs rose en masse against injustice. In Tunisia a tyrant was deposed, initiating a peaceful transition to democracy. Where wisdom prevailed, as in Morocco, the people's demands were met with major reforms. The less prudent, in contrast, redoubled their repression, preferring instead to stoke religious, tribal, or ethnic conflict and invite foreign military intervention.

The threats to Arab lives intensified, and the circle of oppressors expanded. Despotic regimes, foreign powers, and now violent groups and criminal networks are riding roughshod over the little freedom and few rights that Arabs had enjoyed.

Today's crises leave limited options. The few who have been spared violence should not count their blessings too quickly. Without far-reaching reform to empower the people, the fire could reach them all. New social contracts are needed based on the consent of the governed, rule of law, and respect for fundamental rights and freedoms.

Arab rulers need to smother rather than fuel the fighting in neighboring countries, and they must work to save their unity and territorial integrity by supporting democracy based on equal citizenship that protects the cultural and religious rights of all. The kind of sectarian and ethnic-based, power-sharing agreements that may help to end wars, but which frequently fragment societies, must be avoided.

Injustice will continue for as long as the Israeli occupation of Palestine does. Half a century is far too long for one people to be dominated by another. Treating Palestinians as less deserving of universal rights is abhorrent. Calling for the establishment of purely religious states—Jewish, Islamist, or other—violates international principles of equality and nondiscrimination, and it amounts to perpetuating conflict and intensifying ethnic cleansing and human suffering.

Based on their own interests and for the sake of global peace, Arab states and international powers must take the path of reform and end wars and occupations. If they remain prisoners of continuity, they will only sink further into the abyss.

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COMMENTARY

**TUNISIA'S CULTURE OF COOPERATION AND COMPROMISE**

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RACHED GHANNOUCHI

Tunisia, which sparked the Arab Spring, remains one of the few Arab countries still standing in the struggle against tyranny and repression in the Middle East and North Africa. That is in no small part due to a culture of cooperation and compromise between Islamist and secularist parties, which has been consciously and assiduously nurtured over the past several years and indeed decades.

The difficult journey from dictatorship toward democracy could not have been begun in Tunisia without crossparty partnerships. In its transition, Tunisia was able to overcome the dangers of ideological polarization and the monopolization of the process by one side or the other. The country did this by building coalitions of different parties with intellectually diverse outlooks and cultivating a shared commitment to democracy, pluralism, human rights, and the fulfillment of the key demands of the revolution.

Long before the results of Tunisia's first free and fair elections in October 2011, my party—Ennahda—and a number of others were already convinced that a coalition government was needed to build the foundations of a democratic Tunisia. We needed to forge a new democratic political culture based on respect and coexistence between parties and, in particular, between the two principal intellectual trends in Tunisian society: moderate secularists and moderate Muslim democrats. These have long been the two wings of the country's national movement and are both critical to the democratic project.

Over a decade ago, Tunisian opposition parties and activists launched an initiative that brought together political activists from various parties, journalists, human rights campaigners, and independents into a body that came to be known as the 18 October Committee. The initiative began as a joint hunger strike in 2005 to draw attention to violations of human rights and the plight of political prisoners. It then turned into a forum for dialogue between opposition actors to develop a shared vision for a new democratic political system in Tunisia. Through long, detailed, and deep discussions, the committee produced joint position papers on the fundamental principles of a new political system, including mechanisms for the peaceful alternation of power, equality between men and women, freedom of belief and thought, and the relationship between religion and the state.

This process was not an easy one. It was attacked by those who opposed dialogue between secularists and Islamists. Participants faced intense intimidation and personal attacks from the Ben Ali regime, which was desperate to prevent any rapprochement between the opposition groups. Arab opposition parties have far too often become embroiled in internecine battles rather than focusing on the real culprit: dictatorial and unjust regimes. By allowing themselves to be co-opted by those in power in the hope of eradicating their ideological rivals, opposition parties have at times played into the hands of dictators who have skillfully manipulated social and ideological divisions to their own benefit, using one ideological camp against another before turning against both.

Tunisia's democratic transition has managed to avoid such forms of exclusionary and maximalist politics by building partnerships between parties of different intellectual backgrounds. The first coalition government (2011–2014) contained the Ennahda Party and two center-left secular parties (Ettakatol and the Congress for the Republic Party), and this proved to be a pioneering model of coexistence between secularists and Islamists. The current coalition government contains five parties, including secularists, leftists, trade unionists, center-right figures, and Muslim Democrats.

Making such partnerships work requires a principled commitment to pluralism and a willingness to build consensus through dialogue and compromise. Only by abandoning all exclusionary attitudes toward one's political adversaries can we build stable, inclusive democracies that reflect the will of the people and abandon polarization, the eradication of dissent, and dictatorship in favor of healthy political competition, pluralism and cooperation.

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COMMENTARY

**A TECHNOLOGY-DRIVEN ARAB SOCIAL CONTRACT**

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FADI GHANDOUR

One of the Arab world's most critical, but least discussed, transformations is the digital disruption. The onset of digitization and digital technology has prompted fundamental changes in the way Arabs connect, voice their opinions, learn, seek entertainment, consume goods and services, and conduct business.

The region's transforming digital economy will reshape the future of work and create types of jobs that do not exist today. While this change is more apparent in some industries than others, digital disruption is everywhere, affecting first and foremost younger populations by connecting them with each other and with the rest of the world in unprecedented ways.

The Middle East has one of the fastest rates of adopting digital technology in the world. The constant double-digit growth of e-commerce saw it develop into a \$5 billion industry in 2015.<sup>1</sup> Arabs average more than five hours per day online, mostly on different social media platforms. As of 2014, Saudis were collectively viewing around 90 million YouTube videos daily, the highest per capita rate in the world.<sup>2</sup> Mostly lacking real democratic outlets, Arabs share their political and socioeconomic opinions on social media, as evidenced by the 17 million tweets per day originating from the Arab world, also as of 2014.<sup>3</sup> Saudis, once again, top the world with a Twitter penetration rate of 33 percent.

These new realities require that governments, businesses, and societies redefine their relationships with citizens. In a recent regional survey, 68 percent of respondents said the internet and social media have increased their political influence, while 70 percent were comfortable voicing political opinions on Facebook.<sup>4</sup> The region's estimated Facebook user base of 114 million people as of November 2015 represents a sizable constituency with which governments must engage and a potentially powerful platform for direct access and immediate engagement with citizens.<sup>5</sup>

Similarly, the rapid encroachment of technology and technology-enabled businesses into facets of the economy that, until now, had been immune to change will cause economic displacement. For example, Careem, a successful regional competitor of Uber, is disrupting traditional taxi monopolies, while allowing tens of thousands of unemployed and underemployed people to participate in a once-protected market. Jamalon, the region's largest online bookstore, is revolutionizing publishing by offering on-demand printing—opening doors to a new generation of authors and publishers.

The emergence of technology-enabled financial businesses (or FinTech) will potentially bring financial inclusion to the 86 percent of adults in the Middle East and North Africa that lack accounts at financial institutions.<sup>6</sup> By giving citizens and small business owners access to credit markets from which they had been previously shut out, platforms such as Liwwa and Beehive are empowering individuals, helping businesses grow, and creating

jobs. Instagram has enabled countless female Arab entrepreneurs to launch online stores with nothing more than smartphones.

The region is already witnessing the pioneers of an entrepreneurial movement building disruptive businesses and creating wealth outside the region's traditional spheres of the public sector; legacy, family-driven trading monopolies; and real estate. Samih Toukan and Hussam Khoury built Maktoob, which was later acquired by Yahoo, creating the region's first large-scale digital success story. Together with Ronaldo Mouchawar, a native of Aleppo, Syria, they proceeded to build Souq.com, the region's largest and first billion-dollar e-commerce business.

The digital economy is creating a new generation of entrepreneurs who are challenging tired, traditional governance structures and creating new, flatter social systems where access to information is key. Regardless of the direction that the development of the digital economy takes, one thing is certain: Both governments and businesses need to be agile in their responses or they will be left behind in the new digital world.

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# THE POLITICAL LANDSCAPE

While some Arab monarchies, and certainly Tunisia's postrevolutionary governments, have recognized the need for change, most regimes are hunkered down in a high-stakes game of survival. Ironically, their coercive responses to the uprisings have exacerbated what were already deep-rooted socioeconomic, political, security, and cultural challenges, making it even more difficult for them to regain control. It is no longer a question of whether they can return to the status quo, but rather how to outlast the unraveling and, in many cases, the collapse of their political systems and authoritarian bargains. Arab states are contending with rapid transformations in four main areas: governance, rentierism, security, and media and information technology.

## GOVERNANCE

Human Landscape | **Political Landscape** | Geopolitical Landscape

Six years into the Arab uprisings, most Arab states are still facing a crisis in governance, but their responses have varied. Many of the regimes that did not experience uprisings insist the current regional turmoil is a consequence of these upheavals and are thus seeking a return to the stability of the pre-2011 Arab order. Countries that have undergone

transitions are struggling to create more inclusive and responsive systems of government. Others are caught up in civil wars, or, as in the case of Egypt, are headed toward further repression and a new brand of authoritarianism.

Arab social contracts began eroding at the turn of the twenty-first century; inflated budgets and bloated government bureaucracies could no longer provide adequate education, health care, and other services and failed to create the proper environment for private-sector growth and job creation.<sup>48</sup> When the social contracts no longer adequately delivered, people took to the streets.

As part of their stratagems for remaining in power, regimes often favored certain groups over others and relegated women to second-class status either through constitutions or the laws that limited these constitutions' practical applicability. This showed how cultural, ethnic, and religious diversity was not regarded by many states as a source of strength but rather as a political weakness.

Thus, a common theme of the Arab uprisings was the need for social justice. Lacking equal protections before the law, citizens gradually fell back on narrower forms of identity—based on religion, tribe, or geography—as more effective means of addressing their grievances. In countries such as Iraq, Lebanon, Libya, and Syria, tribal or sectarian affiliations are most often stronger than those to the state.

The enemy of bad governance is an informed, educated public able to think critically and be tolerant of different outlooks. That is why an area where serious reform is desperately needed in Arab countries is education—primarily the *quality* of education. What has been absent from many Arab educational systems are curricula that nurture the evolution of a healthy concept of citizenship and lead to proper state building by teaching values, including tolerance and appreciation for diversity.<sup>49</sup>

Instead, Arab children today are taught from an early age to suppress personal differences in service of larger Arab common goals. They are encouraged to think monolithically and one-dimensionally. Critical thinking is neither valued nor encouraged. Entire generations have been raised to believe that allegiance to a country means allegiance to the party, the system, or the leader governing it. Such reflexes stifle the pursuit of good governance.<sup>50</sup>

Another common theme of the uprisings was the call for accountability and transparency. In the 2016 “Arab Voices” survey, conducted by the Carnegie Endowment for International Peace, the experts polled identified authoritarianism and corruption as two of the three most important issues facing the region: 65 of 103 experts cited authoritarianism and forty-eight cited corruption as being among the most pressing.<sup>51</sup>

Tunisia is the rare example of an Arab state that has responded to these challenges by seeking to forge a forward-looking, inclusive social contract—awarding equal treatment for women, assuring the rights of all components of society, and putting in place the elements for a civil, democratic state—even if the country has not resolved its economic and security challenges. Qatar and the United Arab Emirates, while resisting political liberalization, have made strides in improving their economic regulatory environments.<sup>52</sup> Most other Arab states, though, have either engaged in cosmetic reform or reverted to a security-first mindset.

The failure of Islamic parties, most notably in Egypt, to present credible alternative governance models, the pervasive fear of violent movements, and the conflation between the two has facilitated a counterrevolution similar to what took place in Europe in 1848. Attempts to wind back the clock to before 2011 will most likely fail, as the frustrations that led to the uprisings remain very much in place. The region is in dire need of new, agreed-on and inclusive social contracts that address citizens' political, economic, and social needs. But so far, there is little evidence that most Arab countries, with the exception of Tunisia, are thinking along these lines.



CASE STUDY 3

**IRAQ—AUTHORITY IN THE SHADOWS**

*Systematic governance failures have severely inhibited political legitimacy in Iraq and have paved the way for nonstate actors to exert significant political influence.*

The full transformation of Iraq from a centralized, unitary state to a functioning federal democracy has yet to occur. Instead, state-building efforts since the U.S. invasion in 2003 have thus far led to a system of governance based on identity politics. As a result, Iraqi governments have been unable to legitimately represent citizens, provide them with basic services, or protect them against violent sectarianism.

The political class, comprising officials from all major ethnicities and sects, has established a system of musical chairs. Shia politician Ibrahim al-Jaafari has served as the prime minister, vice president, and foreign affairs minister. Sunni politician Osama al-Nujaifi has served as the vice president, speaker of parliament, and industry minister. Kurdish politician Hoshiyar Zebari has served as the foreign affairs minister, finance minister, and deputy prime minister. Increasingly, Iraq's leaders are finding it difficult to legitimately speak on behalf of a substantial portion of their constituencies. Many of these leaders, who returned to Iraq after 2003, derive legitimacy from external allies.



Today, real power in Iraq lies outside national governing institutions. It is primarily civil society and paramilitary groups who are struggling for control over the state. There is a bottom-up civil society movement calling for reforms—above all, more competent governance—and a new set of independent leaders neither part of the old elite nor affiliated with political parties. This movement has portrayed itself as cross-sectarian, and its protests have been led by the Shia cleric Muqtada al-Sadr.

Leaders of the Popular Mobilization Forces (PMF), which includes about fifty predominantly Shia paramilitary groups, are increasingly taking on a political role and attempting to exploit the state's inability to protect citizens.<sup>1</sup> They are effectively acting outside of the state to gain influence over the state. The most prominent PMF leader is former prime minister Nouri al-Maliki, who created the organization and has influence over its most powerful groups. Politics in Iraq is increasingly being defined by the contest between Sadr's and Maliki's followers.

In 2015 and 2016, Iraqis protested in earnest against the status quo. Their anger was directed primarily at a political class that has benefited from the sect-based quota system (*muhāsasa taifiyya*) to place allies in positions of power and engage in corrupt practices. As one female parliamentarian admitted, there is not a single official who has not benefited from corruption, including herself.<sup>2</sup>

This has allowed Sadr to expand his support among civil society and the general populace. To some extent, the cleric has acted above the law. This was most evident in April 2016, when he and a few followers staged a protest inside Baghdad's Green Zone, later encouraging hundreds of protesters to storm parliament to demand change.<sup>3</sup> Although he is the most visible leader of the movement, smaller secular movements have also been active since July 2015, when citizens became frustrated at the government for its inability to provide water, electricity, and other basic services during the hot summer months.

Sadr's followers aim to undermine the cozy relationships among the political class. Implicit in their efforts is a desire to move away from identity politics toward issues-based politics. They seek to address pervasive problems, including corruption, poor government services, and nepotism. In a sign of the potential for such movements to transcend sectarian or ethnic affiliation, some Shia are protesting against the abuses of Shia leaders and some Kurds are doing the same against Kurdish leaders.

In contrast, the base of support for the pro-Maliki PMF leaders lies squarely in identity politics. They enjoy the backing of millions of Iraqi Shia and have acquired most of their weapons and funding from Iran, which has used the PMF as its proxy inside Iraq. Maliki has leveraged his popularity, influence over government institutions, and Iranian support with the intention of returning to office. In pursuit of this goal, he has worked to discredit the current government of Prime Minister Haider al-Abadi.

Other PMF leaders include Hadi al-Amiri, the former transportation minister who leads the powerful Badr Organization; Abu Mahdi al-Muhandis, who acts as the PMF's administrator and once led Kataeb Hezbollah; and Qais al-Khazali, who leads Asaib Ahl al-Haq. To benefit from the collapsing state, these officials have exerted considerable pressure on the Abadi government. Recently, they expressed their intention to compete on a unified PMF list in the 2017 provincial elections—and as such, they intend to become a political force.

Their hostility toward the Sadr-led movement stems from the latter's desire to take power out of the hands of the old elite, including Maliki, Amiri, and others. The antipathy is mutual. During the Sadrist protests in April 2016, protesters chanted "Iran, out, out!"<sup>4</sup> This was directed partly against the Maliki-allied PMF groups that remain close to Iran. Moreover, Sadr has worked to delegitimize Maliki on several occasions—for example, by leading a no-confidence vote in parliament against the then prime minister in 2012.

Abadi has strived to appease both Sadr and the senior PMF leadership. To meet the demands of the protest movement, he has appointed technocrats to his government. Although his initial three attempts to do so in April 2016 failed to win a parliamentary consensus, he was able to show progress by gaining approval for new candidates for five ministerial posts in August. Abadi has also accommodated the PMF leaders who are in a position to threaten his premiership. The prime minister's office now pays the salaries of the paramilitary groups and recognizes them as a branch of the state. Looking ahead, Abadi will have to maneuver between the Sadr and Maliki political forces, which will continue to put pressure on the weak state.

These dynamics within the political elite, and the state's more general failures to provide basic services to its citizens, have implications for the fight against the Islamic State and for future political arrangements in the towns and cities from which it has been expelled. Although the protest movements have been limited to Shia and Kurdish areas, citizens in Sunni-majority areas will also demand changes that end the domination of the current political class, as well as their own marginalization. The only reason Sunnis were unable to make their voices heard in recent years was because of the security situation related to the Islamic State's presence. However, Sunnis were the first to initiate protests in 2011, when they demanded better representation as Maliki increasingly centralized power.

Political contestation in Iraq will continue to focus on the crisis of governance, marred by cronyism, and a struggling security sector. The first hints of what is likely to emerge from this will come in the upcoming provincial elections in 2017 and parliamentary elections in 2018, as the followers of Sadr and Maliki continue to compete for political power. For Maliki's group, a return to power would entail producing a strongman and thus a powerful central government. Although gaining power is less likely for Sadr's group, its policies would entail the use of state institutions, like the

parliament, and protests to target former leaders from opposing parties. In this context, national actors—namely the Shia religious authorities in the city of Najaf who are operating under Grand Ayatollah Ali al-Sistani, and what remains of the state apparatus under Abadi—have an opportunity to use their influence to increase the likelihood that both the Maliki and Sadr trends can benefit, rather than undermine, the state.

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## RENTIERISM

Human Landscape | Political Landscape | Geopolitical Landscape

Most Arab countries in recent decades have in some way benefited from the region's abundant resource wealth. This not only includes producers of hydrocarbons, who were able to use the profits to buy loyalty and establish what were effectively welfare states; it also includes non-oil producers, who benefited from aid or capital inflows from oil-producing countries or from remittances of nationals working in those countries.

But the Middle East's large oil reserves have proven to be as much a curse as a blessing.<sup>53</sup> Along with the obvious improvements that oil brought to the material quality of life in the region, it also gave birth to rentier states whose wealth derived mainly from the rent of their hydrocarbon resources to outsiders. This led the onetime Saudi oil minister Ahmed Zaki Yamani to allegedly declare, "All in all I wish we had discovered water."<sup>54</sup>

The governments of oil-producing countries used their income to act as general providers for their people, rather than encourage self-reliance or growth led by the private sector.

Thus, citizens became dependent on rulers for jobs, services, and favors. As governments did not need to levy taxes on their citizens to raise national income, their authoritarianism was even more difficult to challenge.

Even Arab governments in non-oil producing countries became heavily dependent on aid and capital from oil-producing countries—including the remittances sent home by their citizens living there—to compensate for their limited ability to provide social services to their own populations. This resulted in a system of regional rentierism, whereby most Arab countries became somehow tied to the network of wealth generated by the oil-producing economies. Political and economic elites in both oil-producing states and other countries, such as Egypt, Jordan, and Tunisia, benefited from privileges provided by regimes in exchange for their allegiance. Over time, the luxuries enjoyed by these elites and the manifest injustice and corruption of resource distribution resulted in increasing public alienation.

As Arab social contracts started to fracture, several countries, including Egypt, Jordan, and Tunisia, responded by introducing economic reforms. At the time, it was thought that economic reform should precede political reform if these countries were to avoid social unrest.<sup>55</sup> However, the economic reform processes undertaken fell short for two reasons.

First, without the necessary political reform to ensure robust monitoring and parliamentary oversight, the unchecked, economic reform programs tended to benefit only a small elite rather than the general population. The privatization of many state industries, although much needed, often took place without complete transparency and led to a perception, often justified, of corruption.<sup>56</sup> The 2016 Arab Barometer survey found that a large majority of the public in each country surveyed—Algeria, Egypt, Jordan, Morocco, Palestine, and Tunisia—believed that corruption existed in state agencies and institutions to a “great” or “medium” extent.<sup>57</sup>

Second, most economic reform programs paid insufficient attention to the resulting social dislocation. Although perceptions of economic well-being are normally positively correlated with growth in the gross domestic product, a Gallup poll conducted on the eve of the Egyptian uprising found that the opposite was true: While the Egyptian economy grew by 5 percent in 2010, only one in five Egyptians perceived an improvement in economic conditions.<sup>58</sup> As a result, the public came to associate economic reform not with prosperity and an amelioration in their lives, but with corruption and economic abuse.

The current decline in global oil prices, if sustained over several years as expected, will present significant challenges for rentier systems in the region. Saudi Arabia is shifting its assistance paradigm from a grants-based to an investments-based approach.<sup>59</sup> That will

increase pressure on recipient governments to improve their economic performance and shift away from welfare systems to ones based on merit and private-sector-led growth.

The rentier model, hitherto so pervasive in the region, has reached a saturation point. Governments have reached the limits of their ability to maintain public-sector employment, raise their public debt, and sustain outside grants. But attempts to change such systems are likely to be met with significant resistance from political and economic elites who do not want to lose their privileges. Opposition can also be expected from state bureaucracies, which lack a vision of how to transition to a system of inclusive and sustainable growth.

The Arab world cannot hope to develop prosperous economies without abandoning rentier systems. But the transition will prove arduous, given governments' decades-long overreliance on rent resources. As Arab societies are asked to sacrifice in the form of reduced subsidies, fewer government jobs, and reduced services and support in general, it will become much more difficult for their leaders to bar them from the decisionmaking process. Economic reform will not succeed in the Arab world if it is not accompanied by a political reform process that gives people a meaningful voice and builds a system of checks and balances.



#### CASE STUDY 4

### **JORDAN—BETWEEN STATUS QUO AND REFORM**

*Jordan's institutional and economic development continues to be hindered by an unsustainable dependence on foreign assistance and a bloated public sector.*

Although small demonstrations occurred in Jordan during the early days of the Arab uprisings, the kingdom was spared the brunt of the chaos that followed. The Hashemite monarchy is regarded as legitimate by a vast majority of Jordanians, as well as a unifying force for major ethnic groups in the country. As a result, most demands have centered on changes within the regime rather than regime change.

The monarchy has also been relatively more pragmatic, and less repressive, than many of its regional counterparts in dealing with dissent. But that does not mean that all is well. Jordan has operated under a more benign version of the authoritarian bargain, whereby the regime has provided citizens with basic services while also denying them a meaningful say in national affairs. Though political institutions do exist, both the legislative and judicial branches of government have been kept weak in favor of a dominant executive branch. Over time, the security sector has acquired a larger sway over decisions than appointed governments. The Royal Court, meanwhile, continues to enjoy a dominant role in running the affairs of the country.

State institutions have suffered from a major credibility gap over the years. An April 2016 national poll showed that 87 percent of Jordanians could not name one achievement for which to commend the outgoing parliament.<sup>1</sup> Such sentiments crystallized in May 2016 when the parliament rapidly approved a series of constitutional amendments giving the king unprecedented new powers.<sup>2</sup> Moreover, while legislative elections have taken place in 2013 and 2016, election laws are designed to produce ineffectual parliaments. Thus, the regime has not been concerned about the parliament exercising any real authority.

Despite the lack of confidence Jordanians have in their government, the outcome of the Arab uprisings in Syria and Egypt dissuaded them from taking to the streets after 2013, for fear that Jordan might face similar upheavals. However, this regional turmoil also emboldened the regime to crack down on Jordan's Muslim Brotherhood, reversing a long-standing trend of accommodating a movement that has always pursued its objectives through peaceful means. This underlined the regime's ability to exploit opportunities to keep a tight rein on political developments, even at the cost of reinforcing popular uncertainty with regard to state institutions.

Jordan today also faces severe economic problems. The semi-rentier system under which the kingdom has operated since its establishment is reaching its limits. The kingdom's dependence on outside aid to finance its bloated bureaucracy can no longer be guaranteed. While aid from the United States has significantly increased in light of the Syrian crisis—from \$850 million in 2013 to nearly \$1.5 billion—such levels may not be sustainable indefinitely.<sup>3</sup> Meanwhile, the decline in global oil prices has forced Saudi Arabia, Jordan's main regional financial backer, to reduce the scope of aid in favor of an investment-driven approach.<sup>4</sup>

Domestically, the government employs 42 percent of the workforce, one of the highest ratios in the world.<sup>5</sup> Public debt is rising dramatically and stands today at a dangerous level of 93 percent of the gross domestic product.<sup>6</sup> Official unemployment figures have hovered around 14 percent for the last two decades, despite economic reform measures taken by successive governments.<sup>7</sup> More dangerously, unemployment among Jordanian youths (between fifteen and twenty-nine years old) is near 30 percent.<sup>8</sup>

The regime understands that the economic system under which the country has operated is not sustainable. However, previous attempts to change it were met with great resistance both from a political elite unwilling to move to a more merit-based system and from a public bureaucracy either unable or unwilling to transition to an economy more dependent on the private sector for job creation and growth.

When Jordan developed its National Agenda to produce a results-based and inclusive plan for political, economic, and social reform in 2005, it was immediately undermined through an aggressive media and political campaign run by the political elite. Given that earlier economic reform measures led to increased corruption and failed to address the pervasive unemployment, growth, and public debt challenges,

Jordan is stuck today—unable to sustain the current system, but also unable to move on.<sup>9</sup> Closing political and economic spaces is not a healthy formula for ensuring stability and prosperity.

Mass migration into Jordan is exacerbating the country's economic problems. The conflict in Syria has pushed 1.2 million Syrians into Jordan, per the latest census taken in 2015, where they reside either as refugees or as resident non-nationals.<sup>10</sup> There is little prospect of their return home in the foreseeable future. The Syrians are a major strain on Jordan's fragile infrastructure—especially given the country's water scarcity—and are competing with Jordanians over limited job opportunities. With prospects for work and education constrained, the Syrians are likely to become increasingly frustrated and therefore more susceptible to radical ideologies.

Lastly, Jordan faces security concerns due to the presence of the Islamic State on its borders with Syria and Iraq and the militant group's small but growing pool of supporters inside Jordan.<sup>11</sup> While the government has taken a tough stand militarily against the group, the war against the Islamic State needs to be coupled with efforts to address the political, economic, and social challenges that have led some younger Jordanians to join its ranks.

Jordan's problems are real, but not insurmountable. The kingdom's future will be defined by its ability to navigate successfully through its multiple challenges. However, Jordan has so far lacked the political will to transition to more open political and economic systems, which could be achieved through giving people a more meaningful political voice in running their affairs and empowering the private sector to replace the government as the main provider of jobs. It remains to be seen whether the end of the rentier era in the region will push it to do so.

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## SECURITY SECTOR

Human Landscape | Political Landscape | Geopolitical Landscape

The predominance of the security sectors and armed forces in Arab states has contributed significantly to the region's current political and governance crises. In the states that experienced popular uprisings, public anger with police abuses fueled discontent. But even where those revolts were successful, weak interim governments and inexperienced representative assemblies failed to place security-sector reform on the public agenda.

Such reform would have applied to law enforcement, security agencies, and other paramilitary or coercive state agencies. It would also have included a parallel shift in civil-military relations to bring national armed forces under the unambiguous control of democratically elected civilian authorities. Instead, rival political factions either competed for control over the security sector and the armed forces or sought to appease them.<sup>60</sup> The inability to engage in reform also revealed the residual influence of former regime figures and networks within security and military institutions.

As a result, security and military institutions in Libya and Yemen, for instance, broke down completely, triggering a wider crumbling of the state and a deepening of social divisions. The fragmentation of Libyan and Yemeni societies along regional, tribal, and sectarian-ethnic lines generated multiple security dilemmas. Rebuilding central security sectors and national armed forces became integrally linked to redefining the nature and



purpose of their states and renegotiating the relations between state and society, greatly complicating both tasks.<sup>61</sup> The same dilemmas have manifested in Syria since 2011 and Iraq since 2009; when Nouri al-Maliki became Iraq's prime minister, the Iraqi army largely collapsed, resulting in the rise of the Shia-led Popular Mobilization Forces.

In other countries, the departure of powerful autocratic leaders enabled their security sectors and armed forces to expand their autonomy. This was demonstrated most graphically in Egypt, where the security forces and army colluded in ousting the country's first-ever elected civilian president in July 2013. But they have failed to transform coercive power into stable political and social control, let alone resolve the deep structural problems of the Egyptian economy, which they have penetrated extensively.

In Tunisia, conversely, political parties successfully achieved a democratic opening by resolving their differences through dialogue and respecting electoral outcomes. However, they have failed to assert control over the interior ministry, which remains a black box dominated by informal networks that permeate the security sector.<sup>62</sup>

Similar trends have emerged among republican Arab systems undergoing a political or postconflict transition, but without the same degree of systemic crisis or institutional breakdown. The erosion of constitutional frameworks and political consensus over the prerogatives and responsibilities of state agencies have degraded governance of the security sectors in Algeria, Lebanon, Palestine, and Sudan. In some cases, the loose distribution of power formed by rival political parties, elite groups, and institutional factions has paralyzed the security sector, reducing its effectiveness and undermining government legitimacy. In others, it has enabled the security sector to operate with increasing autonomy, setting its own policies and priorities in the absence of coherent government guidelines or goals.

Compounding the challenge of weak or nonexistent security-sector governance is the severe decline or outright paralysis of the criminal justice sector. Where the security sector has broken down, as in Libya and Yemen, judges have been exposed to assassination or fled, leaving entire communities without an official judiciary. Even in Tunisia, court officials have been assaulted by security-sector personnel demanding the release of colleagues put on trial for the unlawful killing of citizens.<sup>63</sup>

Arab monarchies have fared better by and large. Ruling elites in the Gulf Cooperation Council states, Jordan, and Morocco are at least relatively more united around core goals and policies, and their policymaking processes are more coherent. The close intertwining of ruling families and the alliance of elite groups with the security sectors and armed forces underpins the loyalty of the latter two, as does major government spending on salaries and procurement. Financial austerity has sometimes strained this relationship,

as in Jordan in 2010;<sup>64</sup> and political reforms have occasionally subsumed partial authority over the security sector from the royal court, as in Morocco since 2010.<sup>65</sup> But the monarchies have preserved mutual dependency with their security sectors and armed forces. However, the absence of meaningful political reforms or power sharing, except in Morocco,<sup>66</sup> means that domestic politics in Arab monarchies are generally becoming more security-driven. Indeed, for some countries—most prominently Bahrain and Saudi Arabia—police repression remains a fundamental feature of their political systems.<sup>67</sup>

Going forward, three challenges stand out. First, despite significant variations across Arab states, political power is more visibly dependent than ever on the ability to build and maintain the means of coercion. This is driving contrary efforts by state agencies to centralize the organization and control of security sectors and the armed forces on the one hand and by nonstate agencies to construct their own parallel security and military structures on the other. The resulting duality of such institutions is a fact of life in Iraq, Lebanon, Palestine, Sudan, Syria, and Yemen. It is also implicit in the growing distinction between better-trained and armed special forces and counterterrorism units and the undertrained, underequipped, and underpaid units that form the bulk of the armed forces in countries such as Algeria, Jordan, and Saudi Arabia.

Second, the erosion of governments' political authority and the capacity of key state institutions—coupled with financial crises and economic cronyism—has expanded the scope of corruption in the security and defense sectors of most, if not all, Arab states. This has affected all aspects of state functioning—from admission into police and military academies, to promotions and appointments, to all aspects of procurement, to the conduct of basic operational tasks and service delivery.

Moreover, the decline of state capacity and armed conflict has generated extensive cross-border economies based on smuggling, in which security sectors are often embedded, making it much harder to dismantle black markets. The armed forces have also become an important economic actor in several Arab states. They have, varyingly, engaged in formally registered or black market activities or acted as vehicles for speculative investments and commission-taking by members of ruling families and governing elites.

Third, employment in the security and defense sectors, which has often functioned as a job-generation and welfare scheme, is under strain as a result of financial retrenchment in many Arab states. In numerous countries, employment also drives the factionalization of security sectors and armed forces along regional, tribal, rural-urban, or political-ideological lines, depending on the specific country context.

These challenges stiffen resistance to security-sector reform and to renegotiating civil-military relations within a context of democratic governance. They, moreover, impede the

professionalization of the security sector and armed forces, the rebuilding of collapsed security and military institutions, the integration of nonstate militias into government security and military institutions, and the bridging of partisan or communal divides among the security and military rank and file. To achieve real progress, states must firmly place the reform and governance of security sectors and armed forces on the public agenda, and international actors must avoid prioritizing counterterrorism to the detriment of these reform efforts. A culture of consultation and dialogue is needed to build political coalitions around agreed-on goals and then pursue these consistently through coherent policies and concrete programmatic approaches.



#### CASE STUDY 5

### EGYPT—THE LIMITS OF LAWLESS SECURITY

*Egypt's military is now more firmly in control than at any other time in recent decades, stifling civilian politics and threatening economic growth.*

Egypt's terrorism challenges have intensified since the military takeover in 2013, while there have been few meaningful improvements in the economic and living conditions of most citizens. Thus, while the military is held in high esteem by most Egyptians, the military government may find it increasingly difficult to derive legitimacy from its promise to restore security and eliminate terrorism, let alone from achieving economic prosperity.

On July 26, 2013, a few days after then armed forces chief Abdel Fattah el-Sisi had ordered the removal of then president Mohamed Morsi, many Egyptians followed his call to take to the streets to grant him a popular mandate to fight terrorism, convinced that he was the new savior of their troubled country.<sup>1</sup> Since then, however, widespread human rights abuses—including the mass killing of Muslim Brotherhood supporters in the Rabaa al-Adawiya massacre of August 14, 2013—and the poor security, economic, and social performance of the military regime have begun to erode President Sisi's popularity. Many Egyptians have come to perceive the government as an authoritarian regime keen on defending the privileges of the military and security leadership, as well as the financial and economic elites to which they are tied.

More than 22 million Egyptians live in poverty,<sup>2</sup> and the total unemployment rate is more than 13 percent, rising to 34 percent among youth.<sup>3</sup> The inflation rate has gone up to almost 15 percent in 2016, according to government sources.<sup>4</sup> Annual economic growth rates remain at around 4 percent,<sup>5</sup> and Egypt's domestic and external debt totaled \$331 billion in 2015, equivalent to more than 90 percent of the gross domestic product.<sup>6</sup> Although the Sisi government had some early success in tackling subsidies and addressing the country's energy shortfalls, these efforts seem to have slowed down. It is not clear that the government has an economic vision.

Meanwhile, in spite of ongoing counterterrorism operations in the Sinai Peninsula, the death toll among the army and police forces has remained high. According to local press sources, about 125 army and police personnel were killed in 2015, as opposed to 150 during the two years prior.<sup>7</sup> Elsewhere in the country, acts of violence committed by the security services, such as extrajudicial killings and torture and violent actions by radicalized groups along the Islamist spectrum, have been escalating.<sup>8</sup>

As a result, regional backers, including Saudi Arabia and the United Arab Emirates, have become increasingly wary of the regime's economic and social performance amid falling oil revenues. Although Egypt has been widely perceived as an important counterterrorism partner, growing concern over human rights abuses has tarnished its image internationally.

Despite rising public misgivings and a growing aversion to its human rights record, the regime has stayed the course, with the apparent backing of significant elements of Egyptian society. It has pursued repression while also slandering opposition movements. In the summer of 2013, the Muslim Brotherhood was held responsible for the upsurge in terrorism and the failure to improve living conditions in Egypt. Three years later, university students, young activists, industrial workers, and civil servants have been accused of conspiring against the nation, either for demanding an end to human rights violations or for peacefully protesting against the loss of their economic and social rights.

Medical doctors, whose syndicate organized peaceful protests after a number of them were the victims of police brutality in 2015, have been accused in pro-government media outlets of national treason.<sup>9</sup> Popular anger in the face of accumulating human rights abuses—as witnessed in Luxor in 2015 and Cairo in 2016—has been denounced as the work of foreign agents. The governments of Qatar, Turkey, and the United States, as well as the Hamas movement,<sup>10</sup> have been accused of stirring up protests to undermine national security and render Egypt a failed state.<sup>11</sup>

The military regime has made a determined effort to undermine civilian institutions and make them more pliable. In 2015, it adopted a parliamentary election law that favored independent candidates over political party lists, thereby weakening the parties and neutralizing public policy debates. Moreover, government officials and surrogates, abetted by submissive local media outlets, have systematically delegitimized the political opposition, discredited civilian politicians, and suggested that only generals—whether from the army, police, or intelligence services—are fit to rule the country. Civilian institutions within the state apparatus, especially the state bureaucracy and local administrative bodies, are portrayed as being dependent on the military-security core of the Egyptian state.

In spite of systematic repression, activism against the regime continues. Although the number of protests reported has declined since 2014, it remains high, with 3,691 protests taking place in 2015.<sup>12</sup> Segments of the population participating in the protests have also become more diverse to include students, laborers, civil servants,

doctors, victims of human rights violations, Muslim Brothers, independent opinion makers, and civil society activists.

Egypt's social, economic, security, and political challenges are daunting. To overcome them, a fundamental shift in the regime's policies is needed. The regime must change its security strategies to bring together effective counterterrorism policies and elicit better respect for the rule of law. Wide-scale repression and human rights abuses need to stop to halt the dangerous radicalization trends in Sinai and elsewhere. The regime must move away from squandering the country's limited resources on grand construction projects—such as the New Suez Canal and the new administrative capital—and away from enabling the military's unaccountable economic and financial expansion. Instead, its priority must be empowering the private sector and creating an environment that promotes transparency and the rule of law. Without this shift, the country's challenges will become increasingly difficult to address, leading to more political instability.

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## MEDIA AND INFORMATION TECHNOLOGY

Human Landscape | Political Landscape | Geopolitical Landscape

Arab citizens today are formulating their attitudes in the context of a fundamental and irreversible change in the nature of political communication. For decades, Arab states used media as tools for political mobilization and control. Stifling censorship and heavy-handed state broadcasting largely shaped the availability of information to Arab citizens. However, state control began to erode in the 1990s with the appearance of satellite television stations such as Al-Jazeera. The rapid spread of the internet brought about unprecedented opportunities for citizens to access information and express their opinions. Thus, the Arab uprisings of 2011 took place within a media-saturated region, in which most citizens had regular access to a dizzying spectrum of television stations, newspapers, websites, and social media outlets.

Internet access, once very low by international standards, has grown extremely quickly, as has usage of social media networks, including Facebook, Instagram, and Twitter. The proliferation of online and broadcast media had powerful effects during the Arab uprisings, when they played a critical role in linking together protest movements across the region and spreading the dynamics of political contention from Tunisia to other countries. The uprisings, in turn, allowed previously marginalized figures to gain access to mainstream media while encouraging the proliferation of numerous new online media platforms.

However, the early hope invested in this open media environment was quickly tempered by many of the same obstacles hindering other aspirations for regional change. Arab regimes began exploiting the new media forms, devoting resources to using them as tools of repression, mobilization, surveillance, and control. Similarly, state sponsors began applying more pressure on transnational satellite television stations, using them as policy instruments to encourage uprisings against regional adversaries while simultaneously supporting friendly regimes. Most national media institutions, even in transitional countries such as Egypt and Tunisia, resisted fundamental change and remained dominated by old-regime loyalists. Newer private media platforms often came to represent the interests of political parties or wealthy individuals.

Not all of the pathologies of this new media environment can be blamed on regimes. The polarization of politics along sectarian and ideological lines has been exacerbated by the global trend toward partisan media and the tendency of social media consumers to self-segregate into like-minded, closed communities. Those tendencies contributed to the polarization and mistrust across ethnic, sectarian, and ideological lines, which undermined political transitions.<sup>68</sup> Social media is an integral component of the Islamic State and other extremist groups, which have developed highly sophisticated media organizations to coordinate efforts across borders, disseminate propaganda, and attract recruits globally.

Such media effects were most obviously felt in transitional countries, including Egypt and Tunisia, where the media exacerbated mutual fears and the breakdown of revolutionary unity between Islamists and their adversaries. The media proved to be a powerful tool for mobilizing support for Egypt's coup in 2013 and for discouraging political dissent in other states.<sup>69</sup> Arab states have sought to regain their control over media and to mobilize its power in the service of protecting their rule.

Although states and regimes have vast resources to devote to controlling and exploiting the media, they will struggle to dominate the flow of information. The Middle East has one of the highest rates of internet adoption of any global region, technological changes continually offer new means for communication, and Arab citizens now see access to information and freedom of expression as a basic right.<sup>70</sup> Even after years of autocratic resurgence, two-thirds of respondents in the 2016 Arab Barometer survey believed they could criticize the government without fear.<sup>71</sup> The internet and social media provide abundant opportunities for citizens to connect with others across social and physical distances. That is why state efforts to reimpose censorship and dominate their populations will face stiffer odds in the future.

**THE ARAB BAROMETER AND ARAB VOICES**

The Arab Barometer is a joint research partnership between the Arab Reform Initiative, Princeton University, and the University of Michigan, which has conducted extensive scientific polling into political and social attitudes across fifteen Arab countries since 2006.<sup>1</sup>

In the Arab Barometer's fourth wave, respondents in Algeria, Egypt, Jordan, Morocco, Palestine, and Tunisia identified the economy and corruption as the most serious perceived challenges by significant margins. More noteworthy is the extent to which Arab citizens identified corruption as widespread and threatening. Forty-four percent of the Arabs surveyed named corruption as one of the top two threats to their respective countries. Ninety percent of Tunisians believe there is some or a lot of corruption in the government, as do 84 percent of Algerians and Egyptians, 83 percent of Palestinians, 76 percent of Moroccans, and 63 percent of Jordanians.

Support for democracy in principle remains high, with more than 70 percent of respondents in every country agreeing with the statement that "democracy may have problems, yet it is better than other systems." But, perhaps as a legacy of the failed Arab transitions, there is less enthusiasm. Of the six surveyed countries, only in Algeria did more than 10 percent of respondents identify promoting democracy as one of the top two challenges.

In February 2016, the Arab World Horizons project of the Carnegie Endowment for International Peace released the Arab Voices survey, which examined the detailed views of more than one hundred experts from across the Middle East and North Africa, including some of the region's foremost political thinkers.<sup>2</sup> Though not a scientific poll like the Arab Barometer, the survey included a number of open-ended analytical questions, shedding light on the region's policy dilemmas.

While the experts did not come to a consensus on the underlying causes of turmoil in the Middle East, they overwhelmingly prioritized local and political challenges, such as authoritarianism and corruption, over geopolitical ones, such as regional conflict, sectarian rivalries, and foreign intervention. They also were almost unanimous in their extreme dissatisfaction with their governments' responses to the many challenges they face.

While nearly 80 percent of the experts believed that democracy was suitable for Arab countries, they generally viewed democratic governance not as an end in itself but as an instrument for improving accountability and addressing corruption. Asked to name the three Arab countries that provide the most effective governance, two in three experts cited Tunisia and others frequently cited Morocco and the United Arab Emirates. Nearly one in five experts said that no Arab states provide good governance.

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COMMENTARY

**PUTTING INSTITUTIONS FIRST**



SALAM FAYYAD

While initiating political reform is difficult, sustaining it is even more so. This is not unique to Arab societies. Rather, it is a challenge that today's well-functioning democracies had to contend with in their often-turbulent formative years. The answer is a process of smart incrementalism, which establishes and safeguards state institutions while creating the potential for additional reforms down the line.

To expect a nation to move from authoritarianism to a near-perfect democratic system through the instrument of elections alone is to invite failure. At some point, one has to stop and realize that elections are not the foundation of democracy, but a manifestation of it. And once a country has passed the point of already initiating reform, a key organizing principle to sustaining it is smart incrementalism.

For far too long, key international players have pushed the idea that basic democratic principles would inevitably materialize in countries if only free and fair elections were allowed to be held—or, in simpler terms, the idea that elections come first and individual liberty comes later. Yet time and again, one has seen new democracies established, only to later watch them fall into the same traps as their predecessors: protesters are silenced, media outlets are censored, and even satire is banned.

Inexperienced elected leaders often feel weak as they take over turbulent nations, and this pushes them to resort to the tactics of strongmen, rather than work toward building up a tradition of strong leadership. As a result, democratic ideals and civil rights are trampled upon in the pursuit of stable government.

If sustainability is the end goal, there needs to be a foundation made up of strong institutions that guarantee basic democratic principles for citizens, even if their leaders are not elected through the will of the people. Freedom of speech and government transparency are essential to a more democratic system, as they create openings for additional reforms. Authoritarian rule and government for the people are ideas that seem to be mutually exclusive, but they are not entirely so. They can, in fact, coexist until one erodes, or overpowers, the other. For example, if citizens are able to speak out about their governments' expenditures and elicit a certain degree of responsiveness, not only will they feel empowered, they will also notice when those rights are stripped away from them. In a way, the people start to serve as a check and balance on the government. Step by step, in an incremental fashion, good governance that is for the people will ultimately become governance of the people and by the people as well.

This is not to say that one should be content with aiming for mediocrity. It is to say that in many places mediocrity just happened to be a part of what turned out to be the long road toward democracy. Pushing for the best should give way to incrementally establishing institutions that put in place, promote, and safeguard basic democratic principles

and rights—beginning with the right of access to information and the freedoms of speech and of the press.

And if this sounds like a pitch for mediocrity, that would be a small price to pay if—along the long path toward well-functioning democracies—slippages or, worse, reversals were avoided.

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COMMENTARY

**THE INTERNET, THE MEDIA, AND THE STATE IN EGYPT**

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LINA ATTALAH

In the summer of 2016, news spread in Egypt that a media law was about to be passed. A draft has been in the making since 2014, when former prime minister Ibrahim Mehleb formed a committee to write the new law. The draft, which continues to be an object of disagreement, was motivated by a desire to control what state institutions perceive to be unregulated media spaces, particularly online ones.

According to the draft that was circulated this summer, media outlets operating online, such as newspapers, will now have to register for authorization to publish from the Supreme Council for the Regulation of Media, the head of which is chosen by the president. A minimum bank deposit of 500,000 Egyptian pounds (about \$56,000) is required for registration.<sup>1</sup> The draft contains a number of prohibitive measures such as rendering censorship official in times of war—albeit enacted through a judicial order—and banning the dissemination of foreign media if such content is deemed harmful to national security. Fines as high as 1 million Egyptian pounds (about \$113,000) are imposed if an entity publishes without authorization.

For a long time, the Internet has represented an alternative political space for Egyptians—one in which young media outlets have been able to operate and offer a different kind of journalism than that sponsored primarily by state money or corporate wealth. State-sponsored or state-friendly media have been succumbing to a new level of unprecedented restrictions, either by order of state institutions, through indirect means of intimidation or the chilling effect of seeing journalists arrested, or simply because of pressure from the wealthy individuals subsidizing them.

New voices online, such as Aswat Masriya, Qoll, Za2ed18, Zahma, Welad El Balad, and Mada Masr (which I co-founded)—while still marginal in their abilities to secure wide followings—are set to define the future of journalism in the country, if they survive. They are outlets that have been experimenting with meaningful explanatory journalism, have made room for writers with new ideas on how to address Egypt's state of affairs, have been writing intelligently about the economy (Egypt's most pressing issue), and have created a space for interesting editorial subcultures.

New online voices are attracting attention—sometimes too much of it—despite their presence on the margins of a mainstream media landscape that is becoming increasingly concentrated in the hands of wealthy individuals aligned with the state. Recently, a youth band that has been producing online satirical political videos online at no cost was arrested for doing so.

Everyone knows that, whatever happens with the new media law, the state's impetus will be to control these margins. That way, Egypt's regime would have a full menu of control over the media, from the informal channels of direct contact and intimidation in news-

rooms—imposing self-censorship and pushing private wealth in the direction of media consolidation—to the blunter instruments of imprisoning journalists, closing down news outlets, imposing gag orders, and of course, passing prohibitive legislation.

It remains to be seen how these nascent media voices will resist, survive, and grow in influence. What is certain is that they can potentially be at the forefront of media practices the moment the political space is liberated and reappropriated by people who would be rigorously looking for the truth amid the media maze.

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# THE GEOPOLITICAL LANDSCAPE

Although the Middle East witnessed high levels of geopolitical tension and frequent interstate conflict during the Cold War era, the turmoil was generally characterized by principles of state sovereignty and, after 1967, relative structural stability. That regional order has now collapsed and been replaced by anarchy, which Thomas Hobbes, the seventeenth century British philosopher, described as the natural state of man—that of “war of all against all.” In this new Middle East anti-order, there is no evidence that powerful states are refraining from interfering in the affairs of weaker ones. Multiple countries, including Iran, Israel, Saudi Arabia, and the United Arab Emirates, are competing for regional dominance, playing outsized roles in surrounding countries such as Libya, Syria, and Yemen. Meanwhile, previous regional powerhouses, Egypt and Iraq, are now constrained by domestic weaknesses. The breakdown in the Arab regional order can be understood from four angles: state collapse and internal conflict, regional conflict, energy geopolitics, and the environment.

## STATE COLLAPSE AND INTERNAL CONFLICT

Human Landscape | Political Landscape | **Geopolitical Landscape**

The decay at the heart of many Arab states has been revealed to be deeper than most imagined, exacerbating the region’s deep socioeconomic deficiencies, polarizing its societ-

ies, and reducing the scope for political compromise. The result has been three broad types of breakdown in recent years: institutional collapse, social collapse, and a collapse of the broader Arab state system.

The institutional collapse has, perhaps, been the most apparent, as governance structures have struggled against the rising demands of dissatisfied populations. For as long as hydrocarbon rents could be translated into enough public-sector jobs to keep pace with population growth, Arab leaders could focus on regime security and stage-managed legitimacy (and in many cases economic predation) at the expense of genuine political and economic development. As a result, it is not accidental that the Arab states beset by civil war consist of the most repressive—Iraq, Libya, and Syria—and the least institutionally developed—Libya and Yemen.

Social collapse, in turn, has been most visible in the fragmentation of states along confessional, ethnic, and even tribal lines. As state institutions have come unglued, individuals have fallen back on primordial identities, accelerating state disintegration. In practical terms, this means that even once the fighting ends in such places as Libya, Syria, and Yemen, those countries are unlikely to be reconstituted as centrally controlled, unitary political entities. New arrangements will have to be contemplated, including constitutional mechanisms to allow regions and local communities greater latitude in managing their own affairs and to offer physical protections for minority groups.

These institutional and social breakdowns have contributed to an unprecedented broader collapse of the Arab state system. Gone is the relative coherence and sense of shared purpose that once characterized the collective actions of Arab states. While the roots of conflicts in Libya, Syria, and Yemen seem specific to their locales, the simultaneous eruption of the conflicts strongly suggests a dynamic interplay of destabilizing regional linkages.

The breakdown of the Arab state system represents a paradox. In 2016, the Sykes-Picot agreement—the British-French scheme to divide the former Ottoman Empire into spheres of control—turned one hundred years old. In the popular imagination, the agreement is synonymous with the supposedly artificial boundaries of the Middle East, which Arab nationalists have traditionally held were designed to divide an otherwise single, unified Arab people. However, notwithstanding the destructive colonial legacy, Arab borders have proven more resilient than many borders in the Balkans, East Africa, or Southeast Asia, which have seen the creation of new states or the transformation of old ones.

At the same time, to assume that there are *natural* borders in the Middle East is a potentially dangerous concept, implying that more stable political institutions might result if only such borders could be created. The reasoning is that such natural borders could be

defined by the imposition of ethnic and sectarian homogenization, opening the door to even more violence and destruction than is already convulsing the region. With the significant exceptions of the Israeli-Palestinian conflict and Arab-Kurdish struggles in Syria and Iraq, the turbulence in the Middle East is not fundamentally about territory. These conflicts are about the nature of states within borders, not the borders between states. In each of the four countries suffering from seemingly intractable internal conflicts—Iraq, Libya, Syria, and Yemen—political fragmentation is well advanced and, in the best case scenario, some form of decentralization seems likely.

The results of the Middle East's wars have been catastrophic, fueling many of the other crippling problems facing the region—including massive human displacement, political instability (not just for immediate neighbors but as far away as Europe and beyond), and regional intervention. Terrorism was hardly unknown in the region in decades past. But the combination of the U.S. invasion of Iraq in 2003 and the regional collapse since 2011 has unleashed a monumental wave of terrorism in the region's failing states. Iraq suffered more than 2,000 suicide attacks between 2003 and 2015, an astounding 41 percent of all suicide attacks in the world since 1982.<sup>72</sup> Similarly, in Libya, Syria, Yemen, and Egypt, which is experiencing a more limited insurgency in the Sinai, attacks have also increased substantially since 2011.<sup>73</sup>

Given the linkages between internal conflict and global terrorism, refugee flows, and humanitarian disasters, resolving the Middle East's myriad wars is among the most urgent challenges facing global leaders. Until these conflicts can be contained, reduced, and eventually settled, they are likely to overwhelm all other regional challenges.

Meanwhile, because an ounce of prevention is worth a pound of cure, the international policy and donor communities should focus on bolstering weak and fragile states, as well as states located near conflict zones. In particular, international support for countries that have at least marginally responsive governments or civil societies—such as Tunisia, Morocco, Jordan, and Lebanon—should be a priority.

As hopeless as the situation in the Middle East might seem, state failure is not a permanent condition. While complete state collapse, as in Syria, permanently changes a country's trajectory, numerous countries have experienced a partial or robust recovery in recent decades, including several African, Balkan, and Southeast Asian states. Even Somalia, the archetypal failed state, has shown meaningful indications of rebirth since the deployment of African Union troops there in 2007.<sup>74</sup> Arab states, too, have stepped back from the brink. As fragile as Lebanon is, it has managed to partially recover from a devastating civil conflict, as did Yemen after earlier conflicts in the 1960s, 1970s, and 1990s, though it has since relapsed into turmoil. So, even in Syria, eventual stabilization is not only possible, it is probable.



CASE STUDY 6

## LIBYA—THE HOLLOWED STATE

*Libya today is a failed state, plagued by hollowed or nonexistent institutions, a collapsing economy, endemic violence, and the rise of localized, subnational identities.*

Five years after the overthrow of Libyan strongman Muammar Qaddafi, it is hard to recall the initial optimism, even euphoria, that greeted Libya's revolution in 2011. It was violent to be sure, but it was not prolonged. At the time, Libya was seen as a "best-case" example: an oil-rich country with a small, urbanized population that was geographically accessible and relatively homogeneous in its ethnic and sectarian makeup.

The first half of 2012 seemed to bear these arguments out. The state was brittle, but relatively stable. Western embassies and businesses returned, civil society flourished, and oil production rebounded more rapidly than anyone had expected to near-prewar levels of around 1.6 million barrels per day.<sup>1</sup> But the clearest marker of success for many were the parliamentary elections held on July 7, 2012, which outside observers deemed transparent, fair, and, with scattered exceptions, free from violence.

Today, the Libyan state has failed. The country is split between two rival groupings beholden to a dizzying array of militias tied to towns, tribes, and local power brokers. Foreign embassies and companies are gone. Civil society activists have fled, too, or have been murdered or cowed into silence. Oil production has dropped to 300,000 barrels per day as of October 2016.<sup>2</sup> The Libyan dinar has collapsed, leaving ordinary Libyans at the mercy of the black market to purchase medicine and basic foodstuffs, both in dangerously short supply.<sup>3</sup>

Factional fighting has destroyed vast swaths of Benghazi, the seat of the revolution, and has displaced thousands of people. In the capital city of Tripoli, where a UN-backed unity government clings tenuously to power, garbage collection has stopped and entire neighborhoods suffer from ten-hour blackouts. Far to the south, crime has soared and human traffickers ferry tens of thousands of African migrants across the desert and onward to Europe.<sup>4</sup> Meanwhile, the Islamic State managed to embed itself in Qaddafi's hometown of Sirte, adjacent to the strategic "oil crescent," and in pockets elsewhere in the east and west.

How did this happen? Libyans like to quip that Libya cannot be considered a failed state because there was never any state to fail in the first place. Qaddafi had bequeathed them a hollowed-out country, bereft of governing institutions. Nowhere was this institutional vacuum more consequential than in the security sector. Qaddafi had long marginalized the regular military, fearing its potential to organize coups, and instead concentrated power in a few elite security brigades commanded by his sons. After the revolution, the loyalist brigades and security services all but evaporated and their place was taken by a multitude of militias.

In the following years, the militias' ranks swelled and their power grew. They took control of ministries, airports, armories, oil fields, and customs posts as economic

spoils and political leverage. With no means of its own to police the country, the transitional government started diverting salaries to the militias, placing them under the loose authority of the interior and defense ministries. But these ministries were themselves captured by competing factions.

The reality is that the anti-Qaddafi uprising had always been more fragmented than many realized: between the long-neglected east and the more developed west; between towns and tribes that had enjoyed Qaddafi's favors and those that had been denied them; between dissidents, especially Islamists, who were imprisoned or exiled and technocrats who had accommodated the regime or tried to reform it; and between the older officer class that sought to preserve the structure of the army and the younger revolutionaries who wanted to demolish and remake it. On the periphery, long-repressed ethnic groups such as the Amazigh, Tabu, and Tuareg demanded greater rights in the new order.

By mid-2013, a new form of exclusionary politics had taken hold, epitomized by the push by some Islamist and revolutionary factions for a sweeping Political Isolation Law that would ban ex-regime functionaries from future public employment. A year later, Libya was in a full-blown civil war between two loosely constructed factions, each with its own government: the Dawn, representing Islamists and revolutionary strongholds in the west, such as the commercial powerhouse of Misrata; and the Dignity, representing remnants of the military, eastern tribes, and federalists, as well as a few western towns such as Zintan.

Regional meddling, present since the revolution, helped fuel the conflict. Egypt and the United Arab Emirates started funneling arms and advisers to the Dignity faction's military leader, Khalifa Haftar, a virulently anti-Islamist Qaddafi-era military officer who had defected from the regime in the 1980s.<sup>5</sup> For its part, the Dawn faction received arms and money from Qatar, Sudan, and Turkey.<sup>6</sup>

By December 2015, a UN-brokered agreement had halted open fighting between the two sides and created a new unity government, the Government of National Accord (GNA), whose members installed themselves in Tripoli in March 2016. But in August, the recognized parliament in the east, the House of Representatives, voted no confidence in the GNA.<sup>7</sup> Segments of the population in the east, and to a lesser extent the west, remain hostile to this government; the two sides have battled over access to the Central Bank and oil revenues.<sup>8</sup>

Western governments had hoped that the threat of the Islamic State would serve as a rallying point for the two sides. It did not. GNA-allied militias from Misrata—some of them Islamist—have borne the brunt of the fighting in the Islamic State's bastion in Sirte, while Haftar continues to battle Islamic State militants fighting alongside other Islamist militias in Benghazi. Western special operations forces have supported each faction against the Islamic State, which has had the unintended consequence of heightening their mistrust of one another.

The fragile GNA faces daunting threats to its survival. Even in Tripoli, it is unable to completely secure itself against the many militias that hold sway, let alone offer sufficient guarantees for foreign diplomats to return. Beyond this, it must find an equitable mechanism for the distribution of oil revenues and political power with the east and the south, bolster municipal-level governance, and control its borders. Most critically, it must chart a path forward for building cohesive military and police structures. This includes a process for demobilizing young men from the militias and offering them jobs, scholarships, or entry into the state's security sector.

Providing opportunities to young Libyans will entail a massive, and probably generation-long, reform of the economy to bolster the private sector while lessening dependence on hydrocarbons, which account for more than 90 percent of government revenue.<sup>9</sup> Despite the decline in Libya's oil production and the drop in world oil prices, public-sector spending—the primary source of income for most Libyans—continues to be high. The country is burning through its foreign currency reserves at an alarming rate.

Libya seems headed for a period of prolonged decentralization within the framework of a very loosely unified state. Towns and municipalities will be left to their own devices. A few, such as Misrata, Tobruk, and Zuwara, have achieved some normalcy through arrangements among tribes, militias, elected officials, businesses, and even organized crime. But in most areas, especially those with mixed populations or strategic resources—for example, Benghazi, Tripoli, the Nafusa Mountains, and the Sirte Basin—the future is likely to bring simmering conflict.

Despite these tensions, it seems doubtful that Libya is headed for full partition. Conflict is often highly localized, between towns and groups within historically defined regions (for example, Barqa, Fezzan, and Tripolitania). The biggest challenge is fixing governance and power imbalances within these regions rather than detaching them from one another. Such tasks are daunting, but not insurmountable. Libyans have already shown the capacity to act forcefully against the Islamic State, eroding its power in Sirte and other footholds. This resilience, combined with a renewed Western and regional commitment to assist, could help start the country's slow recovery.

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## REGIONAL CONFLICT

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Perhaps no recent event has exemplified the complicated interaction of the conflicts reshaping the Middle East more than Russia's intervention in Syria in the fall of 2015. Not only has Moscow ensured the survival of the Assad regime, it has highlighted Washington's ineffectiveness and created the most complex geopolitical moment in decades.

Adding to the high stakes of these conflicts, struggles for domestic reform have been unfolding within this increasingly confused context of regional and international power plays, especially in the eastern part of the Arab world. The Arab uprisings have upended the rhythms of regional politics. The profound weakening of former Arab powerhouses, in particular—such as Egypt, Iraq, and Syria—has unsettled the balance of power. As a result, the role of both non-Arab regional powers—Iran, Israel, and Turkey—and the Gulf monarchies has increased. The successive, disastrous wars in Iraq, and more recently the war in Syria, have created institutional vacuums at the heart of the Middle East, inviting competitive interventions in both countries while destabilizing their neighbors. The collapse of state authority in Libya and Yemen has had a similar effect.

Political warfare across state lines has shaped the course of not only shattered states but also those going through transitions after the 2011 uprisings. Gulf states suspicious of democratic change and keen to preserve regional stability, including Saudi Arabia and the United Arab Emirates, have provided support to fellow monarchies. They also backed



Egypt's military coup in 2013 both financially and politically, and they supported the Nidaa Tounes coalition in Tunisia that opposed Ennahda, the country's leading Islamist party with ties to the Muslim Brotherhood. Qatar and Turkey, in turn, supported Islamist movements in Egypt and Tunisia, translating local politics into a wider regional competition for power.<sup>75</sup> This pervasive external involvement has meant that no transition, failed or successful, has been purely a domestic affair.

The disintegration of multiple Arab states created many new opportunities for countries to advance their interests through support to local allies. Their interventions have included open and covert financing and arming of local allies, information campaigns through local and transnational media outlets, and, in the most extreme cases, military action. These actions have essentially created proxy wars and profoundly shaped local politics. Local power struggles have been subsumed into broader regional divides, such as between Sunni and Shia Muslims or Islamists and their adversaries. That is why any attempt to address domestic problems without taking these dynamics into account will likely fail.

There is not a single, clear line of regional conflict. Instead, there are several overlapping lines connecting the region's states, which have varied in salience and potency over time:

**Iran versus Saudi Arabia:** The conflict between U.S.-backed “moderates” and the “resistance” camp, which structured politics throughout the first decade of the twenty-first century, has given way to an increasingly sectarian proxy war waged across a broad regional canvas. Both Riyadh and Tehran view conflicts in Bahrain, Iraq, Syria, and Yemen through the lens of an Iran–Saudi Arabia regional rivalry, even where such links are at best tenuous. Tensions between the two countries have added a geopolitical dimension to what began as local conflicts, complicating efforts to de-escalate or resolve them.

**Qatar and Turkey versus the United Arab Emirates and Saudi Arabia:** This regional conflict revolves around Islamism, especially the Muslim Brotherhood and like-minded movements. Regional proxy interventions have occurred in transitional countries such as Egypt, Libya, and Tunisia. However, this line of conflict has receded somewhat since Qatar's young emir ascended to the throne in June 2013 and Egypt's military coup shortly thereafter brought the most intense battle between these countries to a climax. Since then, the rivals have cooperated in the Syrian and Yemeni wars, but the potential for renewed polarization remains close to the surface.

**Israel versus Palestine:** The Palestinian conflict is no longer at the center of regional disagreement, having been replaced by the Syrian conflict. Arab regimes continue to voice support for a two-state solution, but they seem ever more comfortable coordinating with Israel against Iran, even without meaningful progress on the Palestinian issue. It is less clear that Arab publics have lost interest in Palestine, however, and the cooperation

between Israel and Arab regimes could emerge as a contentious issue if and when Israeli-Palestinian violence resumes.

**Salafism-jihadism versus the Arab states:** The Islamic State and al-Qaeda reshaped the long-standing jihadi challenge faced by Arab regimes. No state openly supports jihadists, but each has a different perception of the threat and whether to prioritize the fight against Salafi-jihadi groups, such as the Islamic State, or against Iran, especially in Iraq and Syria. Even if the Islamic State collapses in both countries, new strands of the jihadi insurgency will likely emerge wherever state failure opens up opportunities. The terrorism threat certainly adds to the security and societal challenges facing the Arab states, but it has also been used as a pretext for Arab states to narrow the scope of political expression, free association, and peaceful protest by defining such activities as security threats.

These regional power struggles have unfolded within an uncertain international setting. U.S. regional hegemony has been disrupted by sharp disagreements with key allies such as Egypt, Israel, Saudi Arabia, and Turkey over U.S. policy in Syria, the nuclear agreement with Iran, and the promotion of democracy. Russia has moved opportunistically into the region—most directly through its military intervention in Syria—to court unhappy U.S. allies and to establish itself as an unavoidable power broker in the region's strategic conflicts.

Within autocratic states, these proxy wars have undermined democratic transitions, driven fragile states into civil war, and exacerbated sectarianism and violent extremism. The impact of these conflicts is not limited to the states where the wars rage. Refugee flows from Iraq, Libya, Syria, and Yemen are placing great and growing stress on neighboring countries. Where regional powers have cooperated, it has generally resulted in the reinforcement or restoring of autocratic rule at the expense of desperately needed reforms. Regional powers and the unsettled international environment have therefore intensified the problems of the region rather than helped to solve them. Addressing the manifold challenges to Arab governance will become much more tractable if these powers pull back from these destabilizing proxy competitions.



CASE STUDY 7

## SYRIA—A WEB OF CONFLICT

*Syria lies at the epicenter of the Middle East's overlapping conflicts and geopolitical interests.*

Although the Syrian regime's brutal offensive has resulted in the country's almost complete destruction, the underlying trends that led to the 2011 uprising were similar to those found in other Arab countries.

It is often forgotten that, together, the presidencies of Hafez al-Assad and Bashar al-Assad have perpetuated one of the longest examples of republican dynastic rule in the world. Hafez al-Assad took power in 1970 and, behind a façade of Arab nationalism, began building a corporatist, authoritarian state around a clan- and sectarian-based core, fueled by cronyism. This made Syria an exemplar of a pattern visible in other Arab states.

The Assads also began regular rounds of domestic repression (with the crushing of the Muslim Brotherhood in Hama in 1982 as a centerpiece) and permanent designs for regional domination (over the Palestinian national movement as well as Lebanon). Their domestic and regional behaviors were, and continue to be, motivated by one imperative: the survival of the regime and the clique sitting atop it.

Bashar al-Assad's succession to his father's role in 2000 deepened and amplified many of Syria's volatile tendencies. There were early hopes the British-trained ophthalmologist might modernize his country. But the crackdown on the reformist Damascus Spring movement in 2001 presaged a narrowing of both the regime's base of political support and the distribution of economic spoils, leading to growing sectarian resentment and friction.<sup>1</sup>

Syria's social fabric also began to change. Unemployed, but literate, youths flooded the labor market in the years before the Syrian uprising, but there were not enough jobs to absorb them. A series of disastrous agricultural and economic decisions backfired, impeding social mobility and creating frustration in many segments of society.

It is striking to recall Assad's initial expression of understanding for the uprisings in Egypt and Tunisia, and his failure to understand when the protests reached Syria. The regime insisted that it was the victim of a plot and rejected any meaningful reform.<sup>2</sup> Instead, it opted for extreme brutality, in the expectation that this would lead to counterviolence by an initially peaceful protest movement, thus legitimizing the regime's repression. Accompanying this was its methodical sectarianization of the conflict, so as to rally the Alawite community and other non-Sunni minorities to the regime's side and, in return, paint the rebellion with a radical Islamist brush, rendering its annihilation more legitimate.<sup>3</sup>

The Syrian cauldron then fueled, and was fueled by, the Saudi-Iranian rivalry and broader Sunni-Shia tensions. When the Syrian regime called Iran to the rescue in September 2011, Saudi Arabia saw Assad's potential defeat as an opportunity to halt

the Iranian ascent in the Levant. Both countries and their allies began supporting local proxies, exacerbating Syria's cleavages and further radicalizing the rebellion.<sup>4</sup>

This, in turn, fed into broader dynamics, including Turkey's Islamist ambitions and Russia's quest for global parity with the United States. Washington's subcontracting of the management of anti-regime forces to regional actors according to sectarian rationales proved to be a fateful error.<sup>5</sup> This led to the further Islamization of the revolution, helping to create the "either Assad or the Islamic State" equation prevailing today. Syria drifted into a protracted and multilayered war, whose complexity has now become an alibi against intervention.

What is left is a fragmented Syria, with implicit buffer zones controlled by regional actors. There has been a mushrooming of warlordism, with branches of the regime behaving as militias, profiting from a lucrative war economy. There has also been mutual radicalization and lethal polarization on both sides of the divide, as well as an unstoppable flow of refugees inside and outside the country.

International efforts to address this situation have been inadequate. A series of failed peace talks never really produced more than ephemeral arrangements, sporadic and imperfect ceasefires, and insufficient action to alleviate human suffering.

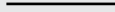
Central to the failures of international mediation efforts has been the U.S.-Russian dialogue of the deaf. The core of the conflict—the struggle between the Syrian regime and a large portion of the Syrian people—has been subsumed by the battle against the Islamic State. This has come at the expense of any realistic political plan that would initiate a transition away from Assad rule—the only practical condition to end Syria's ordeal.

Russia has sought, uncompromisingly, to bolster the regime and to use Syria to challenge the United States' global might. Iran considers the loss of its influence in Syria to be an existential matter and seeks to become the dominant player in the grand Middle Eastern game. With Moscow's air force in control of Syrian skies and Tehran in command of the only efficient ground troops supporting the Assad regime, Washington has lost most of its influence and been left with little choice but to adapt.

If peace in Syria is still achievable, the challenge remains enormous. It would require, first, some convergence of the U.S. and Russian visions for a regional and, perhaps, global order. Second, and more elusively, it necessitates a coming to terms between Iran and Saudi Arabia on the sharing of power, security, and influence in the region. Other neighbors have their own priorities, such as Turkey, which fears Kurdish ambitions, and Israel, which must acquiesce in any new power structure in Damascus. At best, all this implies a Syria buffeted in the foreseeable future by outside influences, a weaker central authority, and a high degree of local autonomy.

Whatever the outcome of the war, it will be impossible to envisage a Syria reborn without a radically revised power-sharing formula. This will have to take into account

postwar demographics, territorial realities, the need to provide sectarian guarantees to all communities, and the repercussions of these factors on the security sector. And a much more vital question will have to be addressed—namely, how Syria’s economy and society can be put back together again, almost from scratch.



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## ENERGY GEOPOLITICS

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Although the Middle East’s hydrocarbon wealth remains critical to the global energy supply, the recent collapse in oil prices—expected to remain a feature of energy markets for years to come—adds significantly to the challenges facing Arab countries.

In 1908, oil was struck at Masjed Soleyman in southwestern Iran, marking the beginning of the oil era in the Middle East. The region’s hydrocarbon wealth has been an indispensable engine for unprecedented global economic expansion since the end of World War II. The result was the remarkable transformation of many Arab societies. However, the ease with which these revenues came has masked enormous wealth disparities between Arab countries and complicated the political and long-term economic development of the beneficiaries of oil resources.

In August 2014, a barrel of West Texas Intermediate crude cost more than \$100. In January 2016, the price briefly dipped below \$30, though it has since stabilized in the \$40–\$50 band.<sup>76</sup> Oil receipts can account for 80 percent or more of the Middle East’s energy-exporting countries’ revenues,<sup>77</sup> so the price collapse has created massive fiscal challenges in a region already experiencing profound turmoil. Oil revenue in the six Gulf Cooperation Council (GCC) states is estimated to have declined by \$390 billion in 2015—some 20 percent of the gross domestic product—and losses in 2016 will likely be greater.<sup>78</sup>

Most experts agree that supply factors—such as a glut of exploration investment and increased Iraqi and Iranian exports—have played a more prominent role in the price drop than demand factors—such as the recent sluggish economic performance in China, Europe, and many developing countries.<sup>79</sup> But more significant is the extent to which the collapse was caused neither by cyclical supply and demand nor by short-term political factors, but by technological transformations—increased energy efficiency, the North American shale gas and tight oil revolution, and the early stages of an expected boom in electrical automobiles—portending permanent and fundamental structural changes.<sup>80</sup>

Futures markets did not predict the collapse, and it is certainly possible that its magnitude will set the stage for a coming price spike as the sharp decline in exploration investments leads to supply shortages in the years to come.

But taking a longer view, profound changes are apparent. In 1970, oil accounted for 50 percent of global energy consumption. The proportion has fallen to 30 percent and will continue to drop, albeit more slowly, amid continued technological advancements.<sup>81</sup> The Middle East accounts for nearly half of all proven global oil reserves and more than 40 percent of its natural gas reserves.<sup>82</sup> It will increase its production share in the decades ahead, but there is good reason to believe that oil prices will not return to \$100 a barrel anytime soon.<sup>83</sup>

Sheikh Mohammed bin Zayed, the crown prince of Abu Dhabi, has said that the United Arab Emirates will celebrate loading its last barrel of oil,<sup>84</sup> while the Saudi Vision 2030 project articulates a diversified economic future.<sup>85</sup> However sincere these statements are, they suggest that prominent oil producers are themselves girding for a sustained price depression.<sup>86</sup>

The GCC countries, and Algeria to a lesser extent, are prepared to handle several years of reduced prices. They enjoy minimal debt, retain massive currency reserves (except Oman and Bahrain), and have extremely low production costs. However, these countries are likely to face massive challenges in the period ahead as they confront the need to reduce vast public sectors while creating vibrant private sectors capable of keeping up with the demographic youth bulge.

They have generally taken some positive steps: making sharp cuts in domestic spending and energy subsidies,<sup>87</sup> moving toward the introduction of value-added taxes, and signaling the need for economic diversification and limited political reform. But in countries ruled by absolute monarchies, where ruling families have used oil wealth to impose patriarchal social contracts, such moves are likely to create counterreactions with important long-term consequences, as calls for transparency, openness, and accountability increase.

For Iraq and Libya, both engulfed by war, the crises have already arrived. Iraq, having squandered hundreds of billions of dollars of oil revenues through corruption and mismanagement, is nearly bankrupt and facing a severe fiscal crisis.<sup>88</sup> Libya, in turn, has veered toward economic collapse, as warring factions continue to fight over control of the post-Qaddafi state and its ultimate structure.

Eventually, the price drop could begin to narrow the tremendous wealth disparities between the Middle East's oil exporters and importers. The massive increase in military procurement of recent years is unlikely to be fully sustained amid far-reaching austerity measures.

But in the shorter term, the region's non-oil exporters, including Egypt, Jordan, Lebanon, Morocco, Palestine, and Tunisia, may be more prone to fiscal shocks. On the surface, regional oil importers benefit since production costs and energy subsidy expenditures have significantly declined. But many of them also lack large foreign-currency reserves and have become dependent on Gulf oil rents—in the form of financial assistance, investments, job opportunities, and remittances—which has impeded political and economic development over time.

Across the region, Arab leaders face a real conundrum. Systemic economic, political, and social transformations are urgently needed to rein in unaccountable spending as regional and domestic challenges proliferate. Yet, these same transformations could increase the possibility of domestic unrest. Sustained low oil prices are likely to add to the tribulations of the Middle East, possibly creating new openings for nonstate actors and extremist groups as discretionary spending and political patronage decline.

There are indications that at least some leaders are beginning to understand the dilemma. For example, if nothing else, the Saudi Vision 2030 program, which aims to end Saudi Arabia's dependency on hydrocarbons in fifteen years,<sup>89</sup> marks an important public recognition that economic modernization and diversification are essential to the kingdom's long-term prosperity. But until Arab societies are able to clearly articulate their socioeconomic futures, efforts to get there are unlikely to be successful.

## CASE STUDY 8

### SAUDI ARABIA—VISIONS OR MIRAGES?



*The ambitious Saudi Vision 2030 offers a road map to a post-oil Saudi Arabia. Its success or failure will have huge implications for the entire Arab world.*

Two initiatives under way in Saudi Arabia, both spearheaded by the deputy crown prince, Mohammad bin Salman bin Abdulaziz al-Saud, will have enormous implications for the kingdom's internal political and economic trajectories, the line of succession in the royal family, and the country's role as a regional power.

The first initiative is Saudi Arabia's proactive, militarized approach to foreign policy since King Salman ascended to the throne in January 2015, the centerpiece of which is the Saudi-led intervention in Yemen. Saudi assertiveness, paradoxically, reflects deep anxieties about a collapsing regional order. For the Saudis, the chief culprit is Iran, which the kingdom views as primarily responsible for regional turbulence through its support for the Assad regime in Syria, its backing of the Houthis in Yemen, and its undermining of state institutions through its support of sectarian and terrorist factions across the region.

In response, Saudi Arabia has sought to portray itself as a bulwark of the regional status quo. Riyadh has backed leaderships that have sought to reverse the tide of change, such as the Al Khalifa ruling family in Bahrain and President Abdel Fattah el-Sisi in Egypt, though relations with Cairo have been jeopardized over differing positions on Iran and Syria. Saudi Arabia has, furthermore, managed to deepen relations with regional and international powers such as China, India, Russia, Turkey, and even Israel.

But Saudi officials remain deeply concerned that the United States, under President Barack Obama's administration, has abdicated its traditional role as a regional stabilizer and security guarantor. An unintended consequence of the historical "energy for security" tradeoff (whereby the United States provided for Saudi Arabia's external security in exchange for privileged access to the kingdom's oil) was that Saudi Arabia became over-reliant on U.S. military support, diminishing its own capacity to safeguard security interests.

Indeed, nearly two years into the Saudi-led war in Yemen, at least 10,000 people have been killed and more than 3 million displaced,<sup>1</sup> and it increasingly seems like a quagmire. Likewise, in Syria, while Saudi Arabia has threatened to remove President Bashar al-Assad from power militarily, it lacks the means of making good on that threat.<sup>2</sup>

The second, and even more important, Saudi initiative is the ambitious Saudi Vision 2030 plan to revitalize the kingdom's economy and reduce its dependence on oil.<sup>3</sup> Although Saudi Arabia has long been considered the world's most important energy producer and sits on roughly \$500 billion in foreign currency reserves,<sup>4</sup> its economy has been under severe strain since oil prices dropped by about 70 percent between June 2014 and January 2016. With annual defense expenditures of nearly \$90 billion (more than Russia's) and a budget deficit of almost \$100 billion in 2015,<sup>5</sup> the kingdom



is rapidly eating through its reserves. Assuming that the International Monetary Fund is correct that the oil price decline contains some elements of a permanent market transformation, Saudi Arabia has no choice but to undertake massive changes in its political economy.

Saudi Arabia's historical reliance on oil revenues has created a threefold challenge: to significantly cut public-sector spending, to simultaneously diversify the economy, and to sufficiently create private-sector jobs to keep pace with the youth boom.

The Saudi Vision 2030 envisages a highly choreographed set of neoliberal reforms, such as privatization, fiscal austerity, and reduced government. But even incremental changes would require profound transformations in the way the country does business. Real transparency, necessary for even the partial privatization of Saudi Aramco, requires a detailed accounting of the share of oil revenues reserved for the thousands of members of the royal family. Cuts in social welfare and the expected implementation of a value-added tax could increase public demands for accountability. Several powerful vested interests would no doubt like to see the Saudi Vision 2030 fail, including many members of the royal family itself, business elites who benefit from oil rents, and the religious establishment that also stands to lose influence if the Saudi system begins to slowly open up and funding for proselytism abroad is reduced.

Such deeply rooted economic and cultural transformations cannot be achieved through a top-down technocratic process alone, since they would profoundly alter the Saudi social contract. To be successful, the ruling Saudi family will need to find new governance mechanisms that engage citizens as key partners.

Will the Saudi Vision 2030 lead to genuine institution building that promotes accountability, justice, and transparency—including for members of a royal family often regarded as being above the state? Or will it follow the standard playbook, whereby a few showcase projects are developed whose economic benefits are captured by royal family members or used as favors for well-connected political elites?

King Salman bin Abdulaziz al-Saud, who is eighty-one years old, will almost certainly be the last son of Abdulaziz al-Saud to rule the kingdom. While the Saudi succession is unclear, Prince Mohammad bin Salman bin Abdulaziz al-Saud, the king's favorite son, has accumulated unprecedented power. Because the Saudi Vision 2030 is Prince Mohammad's signature initiative, the stakes involved are extraordinarily high. There is no precedent, either in Arab or modern global history, of a centrally led economic transformation away from hydrocarbon dependence at the scale envisaged by the plan. If even a fraction of the plan is implemented, it could have a profound impact on the kingdom and provide a postrentier economic model for other Arab states. If it fails, the Arab world's wealthiest state will face declining economic prospects and perhaps political turbulence, as the best opportunity for meaningful reform in a generation will have been lost.

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## THE ENVIRONMENT

Human Landscape | Political Landscape | Geopolitical Landscape

World energy markets are not the only factor likely to influence the Middle East and North Africa in a major way; climate change is also likely to have grueling direct and indirect effects on the people of the region. On July 21, 2016, Mitrabah, Kuwait, recorded a temperature of 54.0°C (129.2°F), and on July 22, Basra, Iraq, recorded a temperature of 53.9°C (128.0°F).<sup>90</sup> If confirmed by the World Meteorological Organization, these would be the hottest temperatures ever recorded in the Eastern Hemisphere and Asia. Moreover, one recent study found that on the current trajectory, the number of warm days will increase sharply, with temperatures on the hottest days projected to rise from 43°C (109°F) on average to 46°C (115°F) by the middle of the century and to almost 50°C (122°F) by the end of the century.<sup>91</sup> Such projections have led some researchers to conclude that the temperatures alone could make some parts of the region uninhabitable.<sup>92</sup>

In addition to producing uncomfortable and even life-threatening temperatures, climate change will have a profound effect on water and food supplies, as well as on air quality. The Middle East and North Africa region already has scarce water resources. Arab countries have more than 5 percent of the world's population and 10 percent of its land area, but receive only 1.2 percent of the world's annual renewable water resources.<sup>93</sup> Rising temperatures are expected to diminish that share further—perhaps by as much as 20 percent by 2030. The Intergovernmental Panel on Climate Change (IPCC) has warned that

droughts are likely to be more frequent, exposing an estimated 80–100 million residents to water stress by 2025 and resulting in increased pressures on groundwater resources.<sup>94</sup>

Higher temperatures, combined with poor agricultural practices, are contributing to desertification, with implications for agriculture as well as air quality. About 85 percent of water in the Middle East and North Africa is used for agriculture, representing an overuse of groundwater resources, which in most countries of the region are not well monitored or managed.<sup>95</sup> Some countries are already facing extreme dryness. In Yemen, for example, citizens have access to only 88 cubic meters of water per capita annually—far below the global definition of scarcity of 500 cubic meters.<sup>96</sup> The IPCC predicts only modest increases in precipitation along with rising temperatures in the Middle East and North Africa, even as populations continue to expand, leading to increased evaporation and water shortages unless consumption patterns change.<sup>97</sup>

Climate change is damaging air quality as well as water supplies, because desertification has increased fine particulate air pollution. Desert dust in the air above Iraq, Saudi Arabia, and Syria has grown by up to 70 percent in the last fifteen years.<sup>98</sup> Conversely, an excess of saltwater in the form of rising seas will also create problems by contaminating scarce groundwater reserves as well as flooding heavily inhabited, low-lying coastal areas and ports in Egypt, Kuwait, Qatar, Tunisia, and the United Arab Emirates.<sup>99</sup>

So far, Middle Eastern and North African governments have coped with freshwater scarcity by engaging in extensive desalination. Much of this has taken place in the Gulf states, which account for almost 70 percent of the world's desalination plants, supported by fossil fuels.<sup>100</sup> However, current processes are too expensive and environmentally harmful to be permanent solutions. The more water that is desalinated, the more saline the surrounding waters become and the more energy intensive the process. Much more research is needed into renewable energy sources, such as solar and wind power, to make desalination a more affordable and sustainable strategy.

The tensions among Middle Eastern and North African states, and between them and their non-Arab neighbors, are already playing a role in exacerbating water scarcity and could become much more of a problem in the future. A considerable amount of the region's freshwater originates outside the region. The Nile River flows through northeastern Africa, transiting through, among other countries, Uganda, Ethiopia, South Sudan, and Sudan, before draining into the sea via Egypt. The Tigris and Euphrates Rivers originate in Turkey—and the Euphrates crosses Syria—before flowing through Iraq. Ethiopia's construction of the Renaissance Dam across the Blue Nile in order to harness hydroelectric power has caused apprehension in Egypt about the possibility of reduced flows. At certain points, this has become a domestic issue in which Egyptian politicians compete with each other to

show who would be strongest in taking harsh action against Ethiopia.<sup>101</sup>

The social and political implications of climate change in the Middle East and North Africa are difficult to ascertain as the environmental impacts will unfold on timescales best measured in decades. There is evidence that a years-long drought in eastern Syria contributed to the socioeconomic pressures as unrest boiled over in 2011.<sup>102</sup> Increasing temperatures and decreasing water in the years ahead would greatly complicate the already daunting array of issues facing the region, necessitating wise preparation and interstate cooperation. Absent such cooperation, the prospects for growing and widespread water, food, and energy insecurity—and the possibility of conflicts related to that insecurity—are alarming.



COMMENTARY

**THE FUTURE OF POLITICAL ISLAM**

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MOHAMMAD ABU RUMMAN

In looking at the diversity of Arab Islamist movements, there are two main currents: one that is peaceful and one that is based on Salafi jihadism.

The first current encompasses a peaceful Islamist movement that accepts the democratic game and participates in the political process, as seen in parties associated with the Muslim Brotherhood or similar organizations. The second current is characterized as a Salafi jihadist movement that favors military action and rejects democratic states, seeking instead to establish a religious state governed by Islamic law as it is understood by those who are part of the movement.

Islamist groups that accept peaceful political action have clearly transitioned into a new phase since the 2011 Arab revolts and their aftermath. This new phase is altogether different from the earlier one, which was characterized by limited participation in elections and politics in general.

In Morocco and Tunisia, Islamist groups today have become active participants in politics. They now must face economic and governance crises, which have prompted a gradual transition from ideological to programmatic parties, allowing their visions of democracy to evolve.

The dilemma of such movements is clearer in the Arab Mashreq, including Egypt, Iraq, Jordan, Syria, and Yemen, which seem to be closed to the possibility of fundamental changes to their political systems. Indeed, there have been setbacks in the process of democratic transition, and in many cases, these Islamist movements are experiencing an unprecedented degree of internal friction, as well as a growing number of defections.

Two major trends are emerging within peaceful Islamic movements. The first is the promotion of self-criticism, the acceptance of the democratic process, and the separation of party and movement, allowing for qualified civilian political parties that avoid mixing politics with their religious callings. This trend is apparent in Morocco and Tunisia, places where there is a growing distinction between religious advocacy and political aims, as well as in Jordan, where the Muslim Brotherhood participated in the 2016 parliamentary elections without its familiar slogan, “Islam is the solution.”

The second trend is an insistence on prioritizing organizational development and preserving traditional religious principles. Adherents to this trend are skeptical of the democratic path, especially after what happened in Egypt and with regard to the West’s current approach to Iraq and Syria. Some followers of this trend evoke the legacy of Sayyid Qutb, the influential Egyptian Islamic theorist, and his perspective on governance, Islamic law, and the conflict with secularism and other ideological trends.

The second broader Islamist current in the Arab context is Salafi jihadism, which views the use of violence and terrorism as critical to achieving its political objectives. In recent years, the region has seen the emergence of the Islamic State, the most prominent and effective organization among global jihadist movements, to which many local groups have pledged loyalty. Terrorists have shifted from an elitist approach—whereby groups such as al-Qaeda carefully selected the perpetrators, operations, and targets—to an approach that instead is more indiscriminate, acting through lone-wolf attacks that make it so anyone can conduct terrorist operations against any target, as seen in the West.

Which of the two Islamist currents will prevail? The answer is tied to the region's general political situation. If Arab countries and societies move toward democracy and openness, attempt to end civil wars, and work for the triumph of national and reformist agendas, then the trend of peacefully promoting democracy and integration will prevail.

Preliminary indicators, however, are not reassuring. Even if the international coalition succeeds in eliminating the Islamic State militarily, a new and more dangerous iteration could emerge as a result of dire political and societal conditions in the region. The Arab world suffers from internal crises, which have caused a large part of the Mashreq to collapse. Meanwhile, Morocco and Tunisia have a seemingly better chance of developing an improved version of political Islam—one that involves engaging in the democratic process.

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COMMENTARY

**NATIONAL RECONCILIATION IN BAHRAIN**

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KHALIL AL-MARZOOQ

After more than five years of unrest, Bahrain is entering a new phase. In 2016, the government implemented the toughest measures against Bahrain's Shia in decades. This included revoking the citizenship of the supreme Shia leader, Ayatollah Isa Qassim; shutting down Al Wefaq, the largest political society in the country; and doubling the prison sentence of Al Wefaq's secretary general, Sheikh Ali Salman. With sectarianism running high in the region and political tensions between Iran and Saudi Arabia intensifying by the day, a continued deterioration of the situation in Bahrain will have negative repercussions well beyond the country's borders.

There is only one solution to Bahrain's instability: national reconciliation that aims to build an inclusive political system that embraces all the factions in the kingdom. What is needed is a solution that maintains the monarchy and gives greater political representation to the people—though this is easier said than done. Such an outcome will require a new commitment to dialogue from both the authorities and opposition alike. However, it will also require a strong commitment from the international community to support the process and encourage compromise.

A credible national reconciliation process must address the main grievances of all Bahrainis, provide governance that protects their rights and interests, and institutionalize guarantees of these rights. A new social contract must be agreed on through constitutional reforms; this would also create a new legislative framework that complies with international norms, especially with respect to protecting rights and freedoms. Comprehensive judicial, security, social, and economic reforms have to be implemented, and this too requires strong international support.

Though it is true that the situation is gloomy now, a success story could loom on the horizon once all parties are ready for constructive dialogue. Bahrain can no longer be ruled solely by a single stakeholder. This has long been unsustainable given the country's demographic makeup. Bahrain belongs to all Bahrainis, and its stability and prosperity are of paramount concern to all the country's people, the region, and the international community. National reconciliation, too, is the responsibility of all Bahrainis as well as the international community, especially the country's strategic allies and friends.

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COMMENTARY

**TOWARD A NEW SOCIAL CONTRACT FOR SYRIA**

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BASSMA KODMANI

Rarely do dictators who have faced a serious uprising manage to reimpose their authority over society. The same holds true for Bashar al-Assad of Syria.

In part that is because a society, once awakened, doesn't easily revert to apathy. At the same time, the machinery of Assad's security order has lost all sense of cohesion, disintegrating into militias in ways that mirror the fragmented armed opposition.

This reality defines the path ahead. A large majority of Syrians want a state that treats all citizens as equals. However, rebuilding the country's security apparatus is a priority that will determine the success of all other aspects of the transition, including the ability to implement a social contract that Syrians want.

An inclusive social contract becomes possible when the extremes on both ends of the social spectrum are excluded: radical jihadis on the one hand, and the dictator who bears responsibility for mass killings and a genocidal prison system on the other. By excluding both, Syrians will have an opportunity to preserve what remains of state institutions and redefine the terms of a common future for the different parts of society.

Because no Syrians will accept injustice anymore, the country will need to address the fears of the Alawites, the aspirations of the Kurds, the alienation of the Christians, and the frustration of the Sunnis. Most importantly, it will have to address the culture of dissent that has become ingrained in young men and women.

Syrians are being asked to set the stage now, and without delay, for a stable country and a functioning democracy so as to respond to the myth that there is no alternative to Assad rule. The moderate opposition has done much work to respond to all the challenges of the transition period—such as devising an inclusive social contract and a comprehensive security plan that combats terrorism and establishing participatory civil governance. A realistic transitional justice program has been elaborated, and its implementation is being planned in such a way as not to hinder the process of negotiations. Awareness campaigns to spread the values of forgiveness and reconciliation are taking place wherever possible inside Syria. Options have been discussed for the establishment of a democratic constitution and the introduction of decentralization that would preserve the integrity of the country, while allowing local governance to flourish and minority rights to be expanded.

It is not often that societies have the time to prepare themselves for the replacement of a dictatorship. Yet Syria has conceived an alternative to Assad rule, and the proverbial baby is ready to be born. The world should help midwife it without further delay.

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## CONCLUSION

Amid the profound demographic, economic, social, and psychological dislocations in the Middle East since 2011, the prevailing organizational logic of most Arab states has run its course as regimes have lost the capacity either to generate sufficient public-sector employment to keep pace with population growth or to control and manage information and communication flows to their publics. Arab governments have faced rising popular dissatisfaction as their failures to create vibrant, prosperous, well-governed economies have become increasingly obvious.

While governing institutions have been under tremendous stress globally, authoritarian states in the Middle East have been particularly brittle and slow to adapt to the simultaneous challenges of technological and demographic change, regional turbulence, and oil-revenue declines. Status-quo political forces have managed to maintain power in most Arab countries, but that power increasingly rests on coercive means.

Meanwhile, the concurrent Arab civil wars are arguably the most urgent crises facing the global community. The Syrian conflict has been particularly catastrophic, leading to untold suffering and severely shaking the foundations of the post-World War II global order.

While these conflicts look likely to continue for some time, it is incumbent upon regional leaders to begin formulating their visions for a postconflict Middle East now.

Addressing the tensions that have engulfed many Arab nations in conflict will require both new forms of governance *within* states as well as new norms of acceptable behavior *between* states. The latter is only likely to happen when regional powers decide that proxy conflicts undermine their own internal stability. This is a long-term project, but one which the international community should urgently support.

At the same time, external actors should increase efforts to support the resiliency of frontline states, particularly those whose governments have committed to investing in their human capital. Tunisia, whose own political and economic transition has been complicated by the civil war in neighboring Libya, is the most obvious example. Jordan, Morocco, and even Lebanon, which despite its political dysfunctions has shown surprising resilience in hosting many Syrian refugees, are others.

It is easy to look with despair at the Middle East and conclude that continued chaos is inevitable. Yet, other regions have experienced similar collapses of a regional order as the complex dynamics of multiple local conflicts fed off of and transformed each other, including the Indochina wars of the 1960s and 1970s, the Yugoslav wars of the 1990s, and several clusters of postcolonial African wars, such as the Great African War in the Congo in the 1990s and the 2000s.

Most of these regions somehow managed to step back from the precipice and create more stable, if still fragile, regional orders, offering some hope that the same is possible in the Middle East. Four decades after the fall of Saigon to the Viet Cong, some experts believe that Vietnam is poised to be one of the fastest growing economies in the world over the next several decades.<sup>103</sup> Bosnia, Kosovo, and Macedonia have not resolved the underlying political and sectarian divisions that tore the former Yugoslavia apart, but they have been at peace and relatively stable for more than fifteen years. Meanwhile, Africa is outgrowing its war-torn reputation: More sub-Saharan wars have ended in the twenty-first century than have begun; and the Congo, while still unstable, is now far less violent.<sup>104</sup>

Political and economic control is integrally linked in almost every Arab country, with corruption and cronyism as an almost inevitable byproduct. Most of the region became dependent on oil revenues that, in many ways, have impeded political and economic development. Building the institutional bases for sustainable, private-sector-led economic growth requires breaking this linkage and opening the way for dynamic competition and innovation. Leaders, who until now have failed to value their populations as sources of economic development, are unlikely to prioritize their welfare unless they become convinced there is no alternative.

While destructive, the fiscal crises resulting from the crash in oil prices have created opportunities for champions of political reform: As Arab citizens confront the erosion of

the generous welfare systems to which they have long been accustomed, it is only natural that they will expect increased accountability and agency in their own affairs. Because of the economic, political, and human linkages between Arab states, even resource-poor countries have been affected by the collapse in prices.

Breaking the linkage of political and economic control requires new political and economic models. Cultures of consultation and dialogue will need to be built in which political coalitions organize around agreed goals and then pursue them through coherent policies. In monarchies, power sharing means giving citizens a greater voice in political affairs through elected parliaments, shura councils, and local advisory councils; over time, these governments might come to resemble constitutional monarchies. In North African republics, including Algeria, Egypt, Libya, and Tunisia, power sharing means creating a separation of powers so that no single political institution or constituency can dominate. In unitary states riven by internecine conflict, including Libya, Syria, and Yemen, more dramatic changes may be necessary—for example, constitutional mechanisms to allow regions and local communities greater latitude in managing their own affairs and to offer physical protections for minority groups.

While the picture is grim, there are building blocks in place. Although human development levels in the Arab world remain lower than in most other regions and some recent gains are being jeopardized by numerous conflicts, the Arab region currently enjoys higher levels of literacy and improvements in women's educational achievement. Further, despite unrelenting pressure in many Arab countries, civil society has matured considerably, demonstrating that the spirit of the Arab uprisings has not been entirely vanquished—though civic actors have struggled to translate this resilience into political influence. A few countries, particularly Tunisia, and to some extent Morocco, have begun to accept the necessity of updating state-citizen relations. At least some Gulf leaders are beginning to recognize that the old model is fraying, though it remains to be seen if royal families are willing to allow their citizens to play a meaningful role in governance.

Experience in other contexts shows that prudent policy choices can lead to improved stability and better governance. But until Arab states begin to articulate visions of more dynamic societies, they are likely to languish. Building on the analytical framework presented in this report, future phases of the Arab World Horizons project will explore plausible pathways to a more prosperous and peaceful Middle East and seek to articulate policy options in support of such an outcome.

Imagining a more inventive Middle East can seem like an audacious act. In the late 1960s and early 1970s, a movement of radical Arab intellectuals began to reject the prevailing political malaise characterizing the region. In 1968, one of its members, the Syrian phi-



philosopher and dissident Sadiq Jalal al-Azm, who passed away in December 2016, published “Self-Criticism After the Defeat,” for which he was jailed. Although ostensibly an analysis of the humiliating Arab defeat by Israel in the Six-Day War, in fact this seminal volume was a scornful critique of Arab political culture. Al-Azm lamented that rather than accepting responsibility for the military defeat, Arab leaders instead sought to make excuses and deflect blame, thereby squandering the opportunity for a cultural rejuvenation.

Nearly half a century later, al-Azm reflected upon the legacy of the tumult of recent years.<sup>105</sup> He argued, in an echo of his earlier critique, that the Arab uprisings have helped us to see regional realities for what they are: states that are now dominated by sectarian and ethnic identities instead of inclusive national identities, and dictatorships that have given way to civil war, state collapse, and terrorism. If these uprisings have succeeded in nothing else, they have helped to illuminate the profound challenges Arab societies face in the long journey toward civility and a better future.

COMMENTARY

**ANCHORING PLURALISM IN ARAB SOCIETIES**

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MARWAN MUASHER

Pluralism can be defined as respect for—and appreciation of—political, cultural, religious, and gender-related diversity. It has largely been lacking in Arab political and cultural behavior. If there is one factor that has most contributed to the stagnation of Arab societies in the last few decades, it is a predisposition toward often suffocating uniformity. What have prevailed are cultures in which truths are presented as absolute and single leaders, parties, or ideologies are portrayed as having the answers to all problems.

Yet, hope for sustainable and prosperous societies and the renewal of the Arab world cannot be attained without a firm commitment to all aspects of pluralism. Politically, that means the right of everyone, whether secular or religious, to engage in peaceful political participation. No one should have the right to monopolize truth or power. If the peaceful alternation of power does not become fully entrenched both in Arab constitutions and political practice, authoritarianism will lead only to further fragmentation, dissent, and violence.

Arab countries need to focus on creating strong national identities that can trump all other allegiances. The Arab world's cultural, ethnic, and religious diversity should be regarded as a strength rather than a weakness. That means governments must foster a sense of citizenship that values diversity, rather than promoting narrow forms of nationalism that emphasize the preeminence of certain groups over others. A vital factor in reinforcing citizenship is acknowledging the rights of women by anchoring these rights in constitutions and legislation.

Achieving these ambitions requires several important steps. First, national education systems have to be reinvented. Teaching subservience and devotion to an all-powerful leader or group of leaders should be supplanted by teaching an allegiance to the nation.

Second, the rule of law must apply equally to all, whether majorities or minorities. A common theme of the different Arab uprisings in 2011 was social justice. Citizens of Arab countries were reacting against a patronage system—in which favors are accorded to some at the expense of all in exchange for loyalty—a system that has long existed in much of the Arab world. As a consequence, people do not feel that merit is enough to allow them to advance in life. Most have fallen back on sub-identities—whether religious, tribal, or geographic—as more effective channels through which to address their grievances.

Third, the freedom to be different must be legally protected. It is vital that countries transitioning toward more open systems institutionalize the rights of all parts of society. Enshrining these freedoms early on will both ensure a smoother transition process and reassure citizens that their basic rights will be protected by their governments. This, in turn, will promote stronger identification with the state among citizens.

A commitment to pluralism in the Arab world is not a sufficient condition to ensure stability and prosperity. However, it is a necessary first step to place countries in the region on the right track toward achieving such fundamental aims.

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