

THE STORM

THE STATES OF THE
MIDDLE EAST CONFRONT
A SERIES OF **POWERFUL
DISRUPTIONS**

BY JON B. ALTERMAN

The prince rubbed his goatee thoughtfully as he addressed a small group of US foreign policy experts. His crisp white robes stood out against a backdrop of fully laden bookshelves in his study.

“Bashar is a paper tiger,” he said firmly. His words hung in the air, as a dozen pairs of eyebrows raised. It was May 2010, before Syria had descended into bloodshed. But even then it seemed reckless to dismiss the menace of Bashar al-Assad. Assad’s allies were deeply implicated in the 2005 assassination of Prime Minister Rafic Hariri in Lebanon, a bombing that killed 22 people and left a ten-meter-wide crater in downtown. With Assad’s blessing, jihadis bound for US-occupied Iraq boarded buses just down al-Mansour Street from the US embassy in Damascus. The second generation dictator had been building a covert nuclear weapons program outside the eastern city of Deir al-Zour. A paper tiger? This was a man who seemed more than willing and able to draw blood.

But the raised eyebrows turned into nods as the prince finished his thought: “With steel claws.” Rather than downplaying Bashar al-Assad’s destructive power, the prince was making a more subtle argument. Assad was not strong enough to impose order, but he was ruthless enough to cause significant damage. Because As-

sad knew he had little constructive power, he was all the more intent on compensating through the continuous application of vicious force.

Looking back, the spring of 2010 was a more hopeful time in the Middle East, the vast stretch from Morocco in the West to

Below. Syrians walk along a severely damaged road in the northeastern city of Deir al-Zour on 4 January, 2014. (Ahmad Aboud/AFP/Getty Images)



Iran in the East, home to hundreds of millions of people and much of the world's oil and gas reserves. The region had its problems, but this was before revolutions and counterrevolutions shook the Arab world, before civil wars and proxy wars pushed millions from their homes, before social media threatened to turn every computer and phone into a terrorist recruiting tool. The region's problems were acute, but they did not seem intractable.

Looking broadly at the region now, however, it is hard not to be struck by the ferocity and seeming hopelessness of its conflicts. Torture and beheadings have become commonplace. Terrorism has reached into capital cities and provincial towns from the Atlantic coast to the shores of the Arabian Gulf. The imagery of terrorism, broadcast continually on social media and television, reminds billions around the world that they are potentially vulnerable and reinforces stereotypes of Arabs as threats in their midst. Paper tigers with steel claws roam the landscape.

Below. Supporters of the Yemeni Houthi movement wave banners reading 'our revolution continues' during a rally commemorating the fifth anniversary of the 2011 Arab Spring uprising that toppled the then-president Ali Abdullah Saleh, on 11 February, 2016. (AFP)



**The Middle East
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Who is responsible for this state of affairs? Some analysts look to history. In August 2016, the *New York Times Magazine* devoted a special issue to “how the Arab world came apart.” It profiled six Arabs whose lives had been thrown into turmoil in the years since the United States invaded Iraq in 2003. But the article didn’t blame all of the chaos that followed on the US Government. Rather, it lay much of the blame on the borders that the Western imperial powers drew in the Middle

East in the early 20th century. Former BBC journalist Roger Hardy begins *The Poisoned Well*, his new book on the Middle East, even more bluntly: “The crises and conflicts of today’s Middle East are rooted in the colonial past.”

Another view locates the roots of today’s rage in longstanding internal pathologies. Writing almost a half-century ago, the Jerusalem-born historian P.J. Vatikiotis ar-

gued that “the supreme characteristic of [the Middle East] is its conflict-generating quality and condition.” The Middle East is unstable, he wrote, “not necessarily because of the so-called power vacuum created by the departure of Britain and France after the Second World War, but because many of the problems which stimulate conflict are indigenous and susceptible to only partial control from the outside.” In this reading, shared by historian Bernard Lewis and others, vast disparities between rich and poor, dictatorships of the royal and republican varieties, a religion that gives non-believers no quarter, and a history of conflict have combined to produce the obvious result. While colonialism may have laid a polite veneer on the region’s customs for a time, the violence that has become visible in recent years merely reflects the region returning to its roots.

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While each explanation for today’s chaos—blaming outsiders or blaming insiders— has

the virtue of a certain simplicity and timelessness, neither is right. The Middle East has neither reached its logical conclusion nor returned to its normal self. Instead, we are witnessing a particularly dynamic moment as the region grapples with three wrenching simultaneous disruptions: (1) a set of daunting internal challenges; (2) a set of formidable external challenges; and (3) a profound crisis of confidence, brought on by the uprisings and revolutions of 2011 and a sense of imminent Western abandonment. In an earlier age, each of these disruptions, alone, would have been enough to provoke a widespread crisis. Now, they are happening all at once—amplifying, reinforcing, and building on top of one another, like so many waves in a turbulent sea. As these waves crash ashore, they are likely to create further disruptions in a region that is at once more volatile and more variegated. The so-called Arab Spring demonstrated how connected Arab politics are across the region. Thanks to these disruptions, the next decade will show us how different Arab politics are from state to state. Governments will continue to learn from each other, but oppositions will learn from each other as well, and the outside world will grow more confounding. Hundreds of millions of people will be caught between warring sides. While hopeful signs of reform, resilience, and renewal are evident throughout the Middle East, the challenges to a regional order will grow more acute before the region finds a new equilibrium.



Above. Unemployed Tunisians sit in a park in Tunis after a march demanding work. (AFP/Fethi Belaid/Stringer)

INTERNAL CHALLENGES

Demography is the most fundamental challenge in the Middle East. The region has a shockingly young population. The population of the Arab world doubled in the three decades after 1980, and now, more than two-thirds of Arabs are under 30 (compared with one-third in the European Union).

A youthful population can be a source of strength if they are engaged in education and the economy. But according to *The Economist*, youth unemployment averages 30 percent across the Arab world, with even higher figures in large countries such as Egypt (42 percent) and Iraq (35 percent). Almost three million young people enter the region's job market

every year, but fewer than two million new jobs are created. Unemployment falls heaviest on the young. According to the 2010 Egyptian Human Development Report, more than 80 percent of the unemployed in Egypt were under 30, and 82 percent of the unemployed had not yet found their first job.

Equally worrying, the longer a male student spends in school, the less likely he is to find employment (women's unemployment rates are more than twice those of men, but fall as education rises). Investing in a degree may hold out the prospect of higher earnings in the longer term, but the near-term result is often disappointment and resentment. Millions of young people feel it every day.

The second challenge the Middle East faces is a *lack of governmental capacity*. In many respects, local governments have made tremendous strides. For example, in 1950, Saudi Arabia had about 200 kilometers of paved roads, no railroads and no functioning airports;

today it boasts more than 47,000 kilometers of roads, more than 1,300 kilometers of railways, and 214 airports. The Kingdom, which had no public schools in 1950, now employs more than

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Left. Saudi government capacity was challenged after severe flooding in Jeddah in 2011 destroyed roads and other infrastructure. (AFP/Stringer)

300,000 teachers to educate 3.5 million primary and secondary students. Virtually all Saudis have access to drinking water and sanitation. Beyond building infrastructure, Saudi Arabia has created rules and regulations to govern a modern, USD1.6 trillion economy, built an army and an internal security apparatus.

But building things only goes so far. To adapt to the 21st century, Saudi Arabia and other Middle Eastern states need to attract global capital, guide the growth of sprawling cities, and prepare young people for the modern workforce. They need to compete on a global stage. They need to attract international partners and retain their most talented citizens. They need to manage their daily interactions with millions or tens of millions of people across fields as diverse as health care, water and sani-

tation, and social services. And they have to do so in a context in which the complexity and speed of governmental decision making are increasing rapidly. In large measure, old tools and old bureaucracies are not up to the task. The public is more impatient and less deferential to authority. A decade ago, a ruler might be referred to only as “him” in private conversation, so as to avoid raising eyebrows. Comedians now mock presidents without restraint, even as some are pushed off the airwaves and onto the Internet.

The third set of challenges is *economic*. Middle Eastern economies are unusually tied to oil—either because oil revenues represent a majority of government income, because the remittances of workers living in oil-exporting countries represent an important source of hard

currency, or because oil-exporting states provide grants, loans and investment funds to their poorer neighbors. In Iraq, the most oil-dependent of the region’s producers, oil represented more than 90 percent of the

government’s revenue in 2014. Even in Yemen, which produces 1/30th the oil of Iraq, half the government’s revenue derived from oil. But oil prices have fallen by half since 2014, and analysts think oil is unlikely to rise sharply, which leaves governments with the difficult tasks of cutting expenses and raising more money.

While governments can raise funds through borrowing (Saudi Arabia sold a record USD17.5 billion bond offering in October 2016), Middle Eastern businesses often have a more difficult time. Small and medium enterprises account for the overwhelming majority of private sector employment in the Middle East. But the World Bank estimates that they received only eight percent of bank lending in the region. In 2014, the International Monetary Fund reported that over half

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the firms in the Middle East and North Africa lack access to credit.

The fourth of the major internal challenges facing regional governments is the *explosion of information availability*. In the early 1990s, the daily newspaper *al-Hayat* was a revelation in the Arab world. Edited in London and sent by satellite to printing presses around the world, it provided a measured, thoughtful and authoritative alternative to the often shrill, sensationalist and fawning press in most Arab capitals. In Damascus, it was not uncommon for the paper to arrive at newsstands with offending articles having been neatly carved out with a razor blade.

Razor blades are simply inadequate for the task today. Vast libraries of information can

pass around the world in the blink of an eye, and 800 free-to-air satellite television stations provide news and diversions to hundreds of millions of Arabs. Saudi Arabia famously has no cinemas, but Saudi YouTube use is the highest in the world.

Social media has taken off. About 20 percent of Saudis use Twitter regularly, among the highest penetrations in the world. More than 35 million Egyptians are on Facebook, representing an on-line community larger than the populations of all but one other Arab country. Combined with messaging services such as WhatsApp, the amount of information and connectivity at the fingertips of everyday citizens has exploded.

State-run terrestrial broadcasters have been pushed to change their modus operandi. Staid reports about the ruler's daily activities have given way to genuine breaking news and political debates. The media can no longer be a mere mouthpiece for governments, and it is being compelled by market forces to reflect the interests of the audience and engage its passions. In this drive for audience engagement, governments are at a significant disadvantage. Muscle-bound public broadcasters, often staffed by employees who treasure job security and fear change, are facing a tide of lean information entrepreneurs who care passionately about what they do and are eager to experiment.

That's just the public space. The spread of instant and inexpensive encryption is one of the wonders of the modern world. A decade

ago, sending something in secret required real technical wizardry. Now, many off-the-shelf phones have message encryption built in, and services such as Tor hide both the Internet user and content from prying eyes. A recent survey by the Iranian Students Polling Agency estimated that one in four Iranians use Telegram, an encrypted messaging app. Not so long ago, governments could use phone taps and surveillance to gain a pretty good understanding of what someone was saying and doing. Organizations such as Daesh have managed to use social media not only to recruit new members, but also to spread propaganda and coordinate strikes around the world.

EXTERNAL CHALLENGES

As they grapple with internal issues such as demographics and economics, the Middle Eastern states themselves feel they are under siege from the actions of other state actors—from within and without the region.

The most pervasive fear among many Arab states is that Iran is seeking regional influence at their expense. Iraq has long been ground zero for this turf battle. For eight years in the 1980s, Saddam Hussein's Iraq and the Iranian revolutionary state fought to a deadly stalemate. After Saddam's fall, and with the rise of Shi'ite and Kurdish politicians in Iraq who had no major complaint with Iran, many Arab states now believe that Iraq has fallen into the Iranian camp. Shi'ite militias funded by and affiliated with Iran operate across wide swaths of the country. General Qassem Suleimani, the Commander of Iran's Qods Force,

has repeatedly drawn a media spotlight in Iraq, and images of Iranian clerics and pro-Iranian graffiti have consistently followed the liberation of Sunni-majority towns from Daesh rule.



Above. Iraqi members of the powerful Iran-backed Badr Brigades take part in a parade marking al-Quds (Jerusalem) Day in the capital Baghdad, on 1 July, 2016. (AFP)

Iranian efforts at building regional influence do not end with Iraq. Iran has abetted the brutal war in Syria that has taken hundreds of thousands of lives, and it has sent arms and advisers to support the Houthi rebels in Yemen, where three million children are facing acute malnutrition. Iran has provided billions of dollars in assistance to Hezbollah, which operates a state-within-a-state in Lebanon, has prevented the broader Lebanese Government from operating effectively, and maintains its own military strategy toward both Israel and Syria. Tehran has provided hundreds of millions of dollars to Hamas and Islamic Jihad, much of which has been spent on weaponry. Gulf states, including Kuwait and Bahrain, have found evidence that Iranian intelligence operatives are supporting violent groups there.

But Iran is simply the beginning of threatening external forces —not the end. Like an aggressive franchisor, Daesh, whose roots were laid in Jordan 20 years ago, has established branches in Iraq, Syria, Libya, Algeria, Saudi Arabia, Yemen, and the Sinai Peninsula. Al Qaeda and its affiliates are active across much of the Middle East as well, and an array of like-minded terrorist groups such as Ansar

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al-Sharia and Jabhat Fatah al-Sham are located in pockets in Tunisia and Syria, respectively. These terrorist organizations simultaneously feed on the weaknesses of central governments and weaken central governments by drawing scarce security resources, sabotaging economies, and polarizing populations.

These groups' international networks are increasingly robust. Members not only communicate easily with each other, but they often train, fight and bond together, then return to their home countries. Efforts are underway to combat their extremist ideologies, but that is only part of the solution. The attraction of these groups to many lies in their skillful use of tried and true methods to exploit local social, economic or political grievances. Those underlying problems are much harder to address.

THE UNCERTAINTY CHALLENGE

Beyond the tangible internal and external disruptions they face, the Arab World is confronting a third disruption. This one may



*Tunisians protest against unemployment and poverty in Kasserine.
(AFP/Mohamed Khalil/Stringer)*

be the most difficult to deal with because it is more psychological in nature. Simply put, the region is wracked with uncertainty about how people and states will behave in the wake of the 2011 Arab uprisings, and how the rest of the world will treat the Middle East.

The so-called “Arab Spring” represented a flash of hope to many when it began. Young and old, religious and secular, rich and poor gathered in main squares to express love for their country and hope for a better future. The uprisings unleashed a wave of creativity, especially among young people. Huge wall murals from rising artists like Ganzeer, new singers like Ramy Essam, and songs and video clips from established musicians like Amir Eid poured forth.

Arab governments that thought they had a grip on the public mood were consistently surprised. Some were badly outmatched. The speed with which movements developed, and

the depth of emotion they evoked, were unprecedented. The day before then-Egyptian President Hosni Mubarak stepped down, he gave an emotional speech in which his pain and confusion was palpable. “I never sought power or false popularity,” he said, portraying himself as a patriot who had fought his whole life defending his country and its sovereignty. The next day, to the shock of many of his allies in the region, he was swept from power.

When the uprisings turned dark in many countries, they caused even greater uncertainty and consternation. It became clear that extremists, who thrive on anger and polarization, had used the uprisings either to seize control of politics or to seize on the absence of control to expand their reach.

The events of the last five years have undermined many Arab governments’ confidence that they have a handle on their populations. The suddenness of the 2011 protests,

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and the wide support they quickly amassed, made security provisions seem woefully inadequate. In countries that underwent political change—Egypt, Libya, Yemen, and elsewhere—prisons were emptied in the chaos, police forces lost their nerve for a time, and reestablishing control has proven difficult. The common refrain from protesters in many of these countries was, “We have lost our fear.” Yet, criminals, thugs, and extremists have lost their fear as well, and they are making a bid for greater influence in the future of their countries.

In addition, the flow of people, money and ideas to and from violent organizations has increased, as fewer people with less money can wreak more destruction than ever before. A few decades ago, terrorists required a sophisticated in-

frastructure to move piles of cash around the world. Many terrorist acts today don’t cost much, don’t require a lot of central control, and don’t involve many people. With billions of small-scale financial transactions rocketing around the world every day, and a flood of messages pulsing through global communications networks on a constant basis, finding terrorists in advance is often like looking for a needle in a haystack.

Beyond the Middle East itself, a changing world creates a different environment for the Middle East. Take, for example, the evolving posture of the United States, which had exercised outsized influence in the world since the end of the Cold War. The 9/11 attacks shook what was supposed to be a new sense of security and put the United States back on

a war footing. Yet, the US-led war in Iraq lasted twice as long as the US involvement in World War II, and the war in Afghanistan has lasted three times as long. Combined they cost more than a trillion dollars and thousands of US lives, only to produce uncertain results.

Western powers concluded that they can no longer afford to do everything they would like to do militarily, and in order to do what they believe they need to, they needed to limit their military commitments to the Middle East. In the words of one of President Barack Obama’s national security advisers, Obama concluded early in his first term “that we were over-weighted in some areas and regions, such as our military commitments in the Middle East. At the same time, we were un-

derweighted in other regions, such as the Asia Pacific.”

A prodigious increase in US oil production has accelerated the sense that the United States can and should disentangle itself from the Middle East. In his 2016 book, *America’s War for the Greater Middle East*, the US author, Professor and retired Army Colonel Andrew Bacevich argued that the United States has been at war in the region for 40 years, and that “oil has always defined the *raison d’etre*” of that war.

But many Americans believe the unconventional oil and gas revolution has provided an exit ramp from gridlock in the Middle East. As they see it, the rise of US energy production in the last decade means the United States is no longer dependent on the Middle East or anywhere else.

After all, the United States now produces almost 10 million barrels per day, putting it roughly on par with Saudi Arabia and sharply reducing the need for imports.

Were the US to reduce its commitment to the Middle East, the effects would be profound. After all, the United States has played the overarching security role in the Middle East for almost five decades, since the United Kingdom withdrew “East of Suez” in a fundamental re-balancing of its own global role. At that time, the United States and the United Kingdom had been close partners for much of the 20th century, fighting two world wars and prosecuting the Cold War together. When the United Kingdom concluded it could no longer afford to maintain a far-flung military empire, the transition to US leadership in the early 1970s

Below. Protesters hold flags and placards denouncing Russia’s role in the Syrian conflict during an anti-regime demonstration in the rebel-held town of Saqba, on the outskirts of the Syrian capital Damascus, on 16 March, 2016. (AFP)





A female Palestinian demonstrator uses an axe to try to destroy part of the controversial Israeli separation wall in the West Bank city of Abu Dis, during clashes with Israeli security forces in November 2015. (AFP)

was relatively seamless.

By contrast, there is no obvious inheritor to America's mantle. While some 67 percent of Gulf oil goes to Asia, no Asian military has either the capability or the interest to play the role of dominant military power the way the United States has or the United Kingdom used to, or the Ottomans before them.

Europe is not in a position to fill the vacuum, either. European military spending has been dropping continuously since the end of the Cold War. While NATO requires member states to spend at least two percent of its GDP on defense (and the United States spends over three percent), NATO's European members spend an average of 1.4 percent. European military manpower has been dropping even faster than expenditures, straining Europe's ability to re-

spond effectively to a crisis in Europe, let alone further afield. The United Kingdom provides the starkest example of a shrinking military: the government cut military spending 19 percent in real terms between 2010 and 2015. The British Navy, which once ruled the seas, has shrunk from 50 frigates and destroyers at the end of the Cold War to only 19 last year.

Russia's moves into the Middle East do not amount to an actual bid for power so much as an effort to deny others power. A relatively small force deployment to Syria has helped save the Assad Government, but Russia –

In the Gulf, upwards of 90 percent of the national workforce work for their government.

another paper tiger with steel claws -- seems neither to have the ability nor the intention to establish itself as an enduring partner for states in the region.

It is hard to avoid the sense that a Western decision to pull back from the Middle East would not be merely a financial one. The world appears to have wearied of the Middle East's problems. Palestine, an open wound in the region for three-quarters of a century, seems more intractable now than in 1948, when hundreds of thousands of Palestinians fled their homes. Syria has exploded into unimaginable violence for more than five years, with no end in sight. Iraq, too, has become a quandary. More than 13 years after the Bush administration's tragically premature declaration of "Mission Accomplished," Iraq continues to battle insurgencies and insurrections with the sometimes unwelcome help of Iran and Turkey, which have their own agendas. Libya and Yemen are complete puzzles. Around the world, "lone-wolf" terrorists sympathetic to Daesh kill with abandon, from Paris to San Bernadino to Dhaka to Sydney. An increasing number of politicians—Marine LePen in France, Donald Trump in the United States, Geert Wilders in the Netherlands, and Norbert Hofer in Austria—regard events in the Middle East as an excuse for isolating the region rather than helping to fix its problems. The Western voices encouraging greater engagement, or even sustaining it, have a hard time competing.

FROM CONVERGENCE TO DIVERGENCE

The three disruptions in today's Middle East—internal challenges, external challenges, and profound uncertainty—slam into each other like waves in a stormy sea. Currents collide and draw up sediment from the deep, producing turbid waters and churning whirlpools. Navigation has become perilous.

But it seems like only yesterday that the seas were calm and predictable. It is little remembered now, but the countries of the Middle East were largely converging in the 1990s and 2000s. Superficially, the region was divided into monarchies and republics. But most of the monarchies had at least pro-forma legislatures, and most of the republics had presidential sons who were seeking to inherit the family business. In both, the rulers and presidents had effective control over their governments, relatively unfettered by either legislatures or judiciaries.

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Economically, too, strategies basically converged. Governments had largely abandoned the Arab socialist dreams of the 1960s, which were centered on economic growth through huge state-owned industries. Instead, governments pursued basically capitalist economic development, luring foreign and domestic investment and allowing wealthy business communities to reemerge. Even so, government payrolls today remain unusually large in rich and poor coun-



The factors that drove convergence between the Arab states a decade ago seem **absent.**

tries alike. In the Gulf, upwards of 90 percent of the national workforce have government jobs. But even in much poorer Egypt, almost a quarter of working citizens are government employees. The public sector in these countries isn't geared toward building manufacturing might. Often, its purpose is to provide jobs and benefits to the relatively educated and to important political constituencies.

Security policies in the region converged too. In the more distant past, some countries were real outliers. For example, through the 1980s, Syria and Iraq famously required the registration of all

photocopier and fax machines. Some states even tried banning satellite television into the 1990s. Yet, in time, rigorous censorship faded away. Instead, most governments pursued strategies to promote self-censorship among journalists, artists and writers. Vague laws referring to maintaining "public order," "good morals," and "respect" provided governments with wide discretion, and uneven but brutal enforcement meant that the task of policing was effective while not being especially taxing. The same applied to politics. Most governments allowed a tightly managed political opposition, believing that it allowed the public to blow off steam

without challenging public order. Staying small was part of the bargain. Making an actual bid for power would violate the fundamental rules of the political system.

All of that was then. Now, in the wake of the Arab uprisings, the convergence among Arab states has ended. It is hard to find the son of a president who seeks to be president himself. The trend toward legislative empowerment seems to have been blunted, in republics and monarchies alike.

Attitudes toward politics diverge as well.

In states like Morocco, the Islamist Parti de la Justice et du Développement (PJD) party plays a leading role in political life, controls several key ministries and regularly wins the plurality in elections. In Tunisia, by contrast, Islamists still struggle to regain the leadership role they had shortly after the government of Zine al-Abdine ben Ali fell. In Egypt, the Muslim Brotherhood remains outlawed, and the Brotherhood's Freedom and Justice Party is banned. While the United Arab Emirates has steadily increased



Above. Tunisian imam and former Religion Affairs minister, Nouredine Khadmi (L) argues with a salafist worshipper following the Friday prayer at al-Fath mosque on 16 January, 2015 in central Tunis. (AFP)

the size of its electorate over the last decade, candidates run as independents rather than on party lists. Palestine has not held presidential or parliamentary elections for more than a decade, in part because of conflict between the two dominant parties, Hamas and Fatah.

Economically, conditions are increasingly different from country to country. Some wealthier states, such as Saudi Arabia and the United Arab Emirates, are seeking to use government funds to drive industrialization and

Below. 2013: A Bahraini woman wearing a Guy Fawkes mask in protest against the arrest of Khalil Marzooq. (AFP/Mohammed Al-Shaikh/Stringer)



Since so many oil producers rely so heavily on oil sales for government revenue, a dip in prices often leads to significant deficits. The numbers have often varied widely—the International Monetary Fund (IMF) estimates Algeria’s required price in 2014 at USD135.30 and Qatar’s as only USD53.50 in the same year. But

for long periods of time, many of the leading oil producers were above water.

That was then. In the wake of the sharp fall in oil prices since the summer of 2014, many governments have been forced to slash spending and investment. Iraq’s fiscal break-even price went from USD113.20 in 2014 to just USD59.70 in 2016, and Saudi Arabia’s has gone from USD105.70 in 2014 to USD66.70 in 2016. Even with such aggressive reductions, every producer’s fiscal break-even price remains significantly above the current price of oil. For some, such as Algeria, oil prices hover around 50 percent of the required price to balance the budget.

The governments in the Middle East are taking divergent approaches to their economic con-

build employment. Saudi Arabia’s ambitious 2030 Vision plan anticipates strong growth in manufacturing. For example, it targets spending 50 percent of defense procurement dollars within Saudi Arabia in 14 years, up from the current two percent. Doing so will require a massive investment in skills and infrastructure in a very short period of time. The UAE has taken a more modest approach, using the defense offset program Tawazun and the strategic investment vehicle Mubadala amongst other initiatives, to connect the UAE to growth industries such as aerospace and renewable energy that can employ skilled and semi-skilled Emiratis into the future.

Oil producers keep a close eye on the “fiscal break-even oil price”—i.e. the price they need oil to be at in order to run a budget surplus.

ditions. Some, such as Algeria, are trying to maintain a social safety net as much as possible. Egypt, under the pressure of an IMF lending agreement, is cutting back on state subsidies to the public. While the Egyptian state itself is trying to get out of the employment business, Egyptian military officials are directing massive infrastructure projects that employ private sector firms. In some states, such as Syria, the state controls only a fraction of its territory, and the bill for reconstruction will be in the hundreds of billions of dollars once – if – fighting stops.

The level of support and credibility leaders have also varies widely. It is hard, though, to judge precisely how much support leaders enjoy, or how long they can maintain it. Public polling is not always reliable and not always allowed. As the rulers themselves saw in 2011, support can erode quickly, or it can be shown to be hollow when it had appeared solid.

The factors that drove convergence between the Arab states a decade ago seem absent. Even more than in the past, there is no single model of success. More importantly, the differences between countries have become more apparent as governments and populations try to change direction rather than stay the course. For all of their similarities, the region's countries are, in fact, profoundly different. Qatar has fewer than 300,000 citizens, a tenth of the number of residents of the Cairo neighborhood of

While some see the Middle East's startlingly young population as a liability, it is in many ways an asset.

Shubra. Expatriates constitute fewer than one percent of the population in Morocco, Tunisia, Egypt and Algeria, but about 90 percent of the population of Qatar. Countries have vastly different economic resources, political systems, and levels of cultural and social cohesion, too.

Finally, there is the issue of governmental capacity. Building the capacity of modern governments has been a preoccupation of every country in the region for more than a half-century. But doing so is never the only consideration when government action is considered. In many countries, government employment is a right. In others, it is an instrument of political reward. And even when long-serving bureaucrats are not as skillful as they might be, they still possess considerable skills—as Iraqis discovered after

the US occupation forces dismissed Ba'athists wholesale from government employment in 2003, and as Egyptians discovered when the Muslim Brotherhood Government put its cronies in place in 2012 with disastrous effects on economic decision making, social service provision, and even basics such as electricity generation.

Building governmental capacity is a slow and uncertain process, and Middle Eastern countries approach the future from very different starting points. Muammar Qaddafi systematically destroyed whatever institutional capacity Libya had when he took power in 1969, and by his ouster in 2011, there were few functioning institutions outside of the oil ministry and the intelligence services. Rebuilding from that low base has been a slow process.

SEEDS OF HOPE

Despite the disruptions and challenges, it would be a mistake, though, not to notice that there are efforts afoot in the Middle East—in both the public and private sectors—to solve some of its own problems.

In countries such as Jordan and Egypt, governments have created small pockets of capacity and excellence, even if ministers sometimes complain that their organizations are bloated so much as to compromise their effectiveness. Some of the Gulf Cooperation Council states have also created pockets of excellence, but many have relied on expatriate experts and are straining to develop their own indigenous capacities. There are even some complementarities. Many Levantine Arabs have developed expertise in the Gulf, providing the opportunities for Levant-

tine countries to recruit their own citizens as experts after they have developed skills and experience in the Gulf.

Once committed to creating and preserving jobs, some governments now believe that it is more important to provide platforms that encourage job creation. In many ways, creating the required infrastructure like a modern commercial code and investment incentives is cheaper than the old ways of doing business. And despite the slide in government incomes, the Middle East remains a place where governments still have massive amounts of money they can invest. Increasingly, they are investing them in efforts to shape the new generation.

While some see the Middle East's startlingly young population as a liability, it is in many ways an asset. Young people's impatience, restlessness, and creativity all drive change. The rise of technology lets ideas and products spread across borders with unprecedented ease—especially important in a large and diverse Arab world that is united by language.

In Saudi Arabia, a young team of engineers and creative professionals have combined to form TalentS, a firm that presents STEM subjects (science, technology, engineering and math) to young Saudi audiences in an attractive way. Operating out of the Eastern Province city of Khobar, the energetic team of men and women designs school activities that teach the scientific method, creates “fab-labs” that young people to collaborate on computer-assisted design projects, and assists in designing museum exhibits. It is hard to imagine a starker departure from the rote



Above. Palestinian schoolgirls do their homework during a power cut in Gaza. (AFP/Mahmud Hams)

The Arab consensus of the 1990s and 2000s has decidedly broken, but the clean polarization of the 1950s and 1960s has not returned.

learning that dominates most educational systems in the region.

Locally driven start-ups like Tahrir Academy in Egypt and Edraak in Jordan provide online learning resources in Arabic to millions of students who lack effective instruction in their own schools. Hundreds of small media and technology companies, along with a small army of freelancers, operate out of twofour54 in Abu Dhabi, producing cutting-edge media products for a global audience.

LOOKING FORWARD

None of the Middle East's challenges will go away soon. Many societies around the world are struggling with many of the same internal challenges of the Middle East, although the Middle Eastern strains of these challenges seems especially acute. Many countries are



Left. A Syrian White Helmet volunteer poses in Douma, Rural Damascus. (AFP/Sameer al-Doumy)

The Middle East has several of both, and they draw volunteers from throughout the region, threatening to export problems back when fighters return home. The fallout of the Arab uprisings lingers in large clouds of uncertainty, which cause people to wonder just how durable even the fragile current environment is, and what sorts of conditions—if any—could unleash a repeat of those events. And there seems to be no relief in sight for the blight of low oil prices, which means governments must confront their manifold challenges with fewer resources than they had in years past.

struggling against aggressive neighbors and regional disorder on their borders, but again, the Middle Eastern versions of these problems are especially difficult to address. Civil wars last about a decade on average, and insurgencies often last even longer.

In the so-called Arab Cold War in the 1950s and 1960s, there were basically two models of governance and economic development. The revolutionary republic model, led by Gamal Abdel Nasser of

The young and creative population that captivated the world in 2011 is still **young and creative.**



Egypt, favored large-scale, Soviet-style government-led industrialization, a strong central government, and mass mobilization of the public. The modernizing monarchy model, led by King Abdelaziz ibn Saud and his sons in Saudi Arabia, favored resource extraction, patronage based along tribal lines, and the relative absence of visible politics.

Today, by contrast, we see a kaleidoscope of possibilities, constantly changing and refracted differently under shifting conditions. The Arab consensus of the 1990s and 2000s has decidedly broken, but the clean polarization of the 1950s and 1960s has not returned. Where there was order, we see a lasting disorder.

Looking ahead, we will almost certainly see more volatility in the Middle East than we have seen for a very long time. The Middle East had a reputation in the 20th century for instability. But looking back, the region

had become largely predictable by the 1970s. That predictability has evaporated. As multiple states confront multiple challenges with their divergent capabilities, resources, and skill levels, we will surely see very different outcomes. Those outcomes will in turn influence what states do to confront their own challenges, and how populations respond to their own governments. We may find a new equilibrium emerge, and with it a new consensus, but we seem at least a decade off.

The dynamism in today's Middle East helps explain the region's ferocity. Armed groups have swept into the vacuums created by unrest five years ago, and they merged in many cases with escaped prisoners. Social uncertainty has driven ideological ferment, as many claim a divine mandate for their struggles. With stakes so high, and futures so uncertain, governments and oppositions have added incentives

to fight to win. The tantalizing sense of possibility drives action, but among those with slim chances of success, it drives desperation as well. The paper tigers with steel claws will be with us for some time.

Still, it would be a mistake to conclude that the Middle East is destined to suffer a bloody decade. The young and creative population that captivated the world in 2011 is still young and creative, and it is finding outlets in Cairo and Casablanca, in Beirut and Dubai. The agreed need to make wholesale changes is terrifying, but it is also empowering. Saudi Arabia's ambitious Vision 2030 plan is an example of just how many past orthodoxies are being rethought or abandoned. Senior planners on the team confess privately that part of the strategy is to press so hard across so broad a variety of areas, that some change will be inevitable—and other change will flow from that change.

Analysts wishing to understand, explain, and navigate the turbulent region must add two perspectives to their analytical toolkit. First, we must measure and grasp just how well lessons are understood and transferred from one place to another. One of the most striking aspects of the Arab uprisings was how an idea that was spawned in Tunis on a Tuesday would flow to Cairo by Wednesday and make it to Damascus by Thursday. While opposition groups did not transform into effective governments, their experience demonstrated just how fast successes can spread and be imitated. Governments have done their share of sharing ideas and best practices, too, and the necessity of doing so is increasing. Finding ways to facilitate that learning, and especially to find ways to make governments, businesses, and societies more agile in the face of change will play an important role in improving conditions across the Middle East in the years to come.

To an unprecedented extent, governments have come to understand that they need to develop that agility, and in that lies tremendous opportunity.

Second, we must appreciate what the forces of violence understand all too well in the Middle East: this is a pivotal time. What happens now will have an impact long into the future. It is tempting to look at the disorder and pull back until the Middle East reaches its own equilibrium. In the face of uncertainty, muddling through always seems like a viable option. But where that equilibrium will settle is not dependent on the region's innate qualities. Instead, the competing forces of change—some from within the region and some from without—will have to reach some balance. While those forces of change have direction and strength, they are dynamic as well. They probably cannot be harnessed. But they can certainly be influenced, and it is reckless not to try. ■

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