



Summary Report on Wilton Park/National Intelligence Council Workshop

WPS04/22

NIC 2020 PROJECT ON THE MIDDLE EAST

Friday 12th – Sunday 14th March 2004

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Introduction

1. In a fast-changing, globalised world government policymakers can no longer afford to base their decision-making on purely short-term prognoses. They must now extend their horizons and make strategic plans over a much longer 15-20 year time frame. A difficult task at any time, it is now even more so as many of the political and economic “certainties” that have traditionally underpinned strategic planning in the US and Western Europe have, in recent years, been severely shaken.

2. In response to this challenge, the National Intelligence Council (NIC) 2020 project, a consultative and participatory exercise, aims to uncover the most important influences that will, or could, shape the global community over the years to 2020. The NIC uses estimative intelligence to elaborate possible responses based on plausible scenarios, which do not discount major shocks or ‘wild cards’. 9/11 was arguably the most dramatic ‘wild card’ the world has ever seen. The NIC encourages creative thinkers from around the world in the fields of academia, business and civil society to produce innovative and provocative ideas about the major forces likely to drive global developments in the next 15 or so years.

3. As part of the process, a variety of regional scenarios are being developed that represent alternative futures for different areas, and explore how they impact on wider

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global issues. This workshop, held under Wilton Park auspices, focused on the Middle East. The participants were a broad mix of experts, primarily but not exclusively from the region, who collectively had immense insight into this fast-changing, socially complex, economically powerful and politically turbulent part of the world.

Methodology

4. The workshop sought firstly to identify the principal 'drivers' - the main themes or issues that will be the major influencing factors in determining the political, economic and social profile of the region in the years to come. Some drivers are global – globalisation itself being the most obvious. Other drivers are specific to the region, although with global significance. In the Middle East context, oil, the Israel-Palestine conflict and the uncertain future development path of Iraq following the coalition invasion and overthrow of the Saddam regime may all be considered global drivers.

5. The workshop was invited to propose scenarios for how the Middle East could possibly develop rather than concentrate solely on informed predictions based on what we know today. The way in which different drivers might interact and impinge on each other was of especial importance. An important objective of the conference was for experts from the region to identify drivers which had not previously been identified by outsiders, thus giving regional ownership of the process.

Key Issues

6. Discussion initially focussed on four key Middle East drivers that had been identified in advance of the workshop. These were:

- Natural resources – how would changing supplies of oil and gas affect relations between states in the region and with outside powers?
- Population demographics – who wins and who loses influence over time?
- Governance – will the region be more democratic in 2020?
- Social identity – will Islam be as politically important for social identity by 2020?

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7. One crucial factor identified at an early stage is that in the Middle East context that all drivers are heavily politicised – every decision taken on any issue invariably has a political dimension or sub-text.

8. Other drivers identified in the course of the workshop were: information technology; culture; and poverty.

Oil

9. Energy security is an overwhelming interest of the industrialised world. The West's heavy reliance on oil, particularly from the Middle East, has significantly affected the way the West has conducted its relations with the countries of the region. It was pointed out that estimated reserves are based on current technology – what can actually be accessed now – and they do not reflect the amount of oil that is in the ground. Optimists argue that globally there is more than sufficient oil to meet world demand for the foreseeable future, even allowing for what some consider profligate US consumption.

10. Some argue that the Middle East could possibly double its production of oil by 2025, especially when one considers that the capacity of the principal Gulf producers has not increased since the 1970s. The question of where the incentives and finance would come from to do so remains unanswered. A key factor is that most Gulf oil production is through state-owned enterprises – directed by governments using public money, rather than market-driven private resources which would probably react more dynamically and proactively.

11. Ironically, the US policy objective to reduce its reliance on Middle East oil is undermined by the fact that the US is very inefficient in its use of that oil. US administrations have seemingly been unwilling to get tough with American 'gas guzzlers', both domestic and industrial, and to impose taxes at European or Japanese levels. The EU is much more advanced in looking for alternative sources of energy,

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though it was suggested that the point where renewable forms of energy will overtake oil is probably 50 years or so away.

12. Most considered that oil shortages per se would not be a major driver in the future, but that oil flow problems, or fears of shortages as a result of conflicts, could be significant. However the interdependent relationship of the Middle East and the West over the production and consumption of oil is in itself seen as a stabilising influence.

13. It was generally agreed that oil revenues have contributed little to economic development in many Middle East countries, though Kuwait and Abu Dhabi were cited as exceptions. Instead, income from oil has been squandered on prestige projects or creamed off for the benefit of a small elite. Governments have usually provided just enough in terms of health and education provision to keep their people passive – the general standard of life has neither significantly improved nor deteriorated enough to provoke widespread unrest. Many Middle East states are complacently dependent on their oil revenues for financing all areas of government expenditure and so far have had little incentive to diversify into other industries.

14. It is possible that, in the future, competition between the major producers could intensify leading to a breakdown of the OPEC consensus and a greater volatility in the market. It was suggested that Iraq, for example, could try to increase its market share by reducing its price and increasing production to the benefit of the US. The majority thought it more likely that a new regime in Iraq would not wish to break OPEC ranks and therefore would stick to agreed quotas. If the political situation deteriorates in Iraq to the extent of civil war, the oil infrastructure would undoubtedly be targeted. Some believe this would have little effect on the rest of the world. The international market has been very flexible in the face of the Iraq crisis and even if Iraqi oil were to go semi-permanently off-line, the world would readjust fairly easily. In short, oil security is well assured at a global level but there will always be a massive economic impact on the producers when there are big swings in oil prices. The challenge for the Middle East will be to try to ensure that major shocks are avoided.

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Demographics

15. The workshop tended to view Middle East demographics as an influencing factor rather than as a major driver in its own right. It is a truism to say that the people factor and the dynamic between population, resources and technology are key in any form of strategic planning. Population factors may exacerbate any conflict particularly when there are severe pressures on land and other natural resources such as water. Migration or the influx of refugees may also create heightened tensions. How individual governments respond to the health, education, and employment needs of increasing populations is a major influence on stability.

16. There is considerable variation in population estimates for the region. The more optimistic view is that there will be no long-term population explosion in the Middle East but, as in Europe, the problem of ageing populations will become an increasingly important issue. Advances in recent years in the percentage of girls receiving secondary education are cited as a factor influencing family size. Areas of conflict such as Gaza and the West Bank have witnessed very high fertility rates as a mechanism for coping with conflict - the notion of security in numbers – but these are now levelling off. Countries like Saudi Arabia have in the past followed policies to promote birth rates. It is arguable that advances in technology will reduce the demand for labour and that smaller families will become the norm.

17. Despite these developments, many still see the number of young people, including increasing numbers of young women, entering the labour market in the next five to 10 years to be problematic, especially since most economies of the region are largely stagnant. Participants recognised the importance of the European Union (EU) as an area that could continue to absorb a significant amount of surplus labour from North Africa and other parts of the Middle East. However, with the enlargement of the EU and a reaction to perceived security threats, certain European governments are under

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strong pressure from their electorates to tighten up their policies on immigration. A hardening of the EU's borders would undoubtedly cause problems, although some considered this European 'safety valve' to be relatively insignificant in relation to the actual increase in the population. Others also identified less welcome aspects of this labour movement. The EU (and indeed the US) is generally highly selective – it wants to skim off the best professional people but not take the unqualified. This is creating a brain drain in some countries.

18. Another factor making accurate population forecasts difficult is the massive percentage of migrant workers from Asia residing in certain countries in the Gulf, in some cases outnumbering the indigenous population. There was some discussion of the extent to which migrant workers might influence domestic politics should they be allowed to become citizens and participate in the political life of the country. This could greatly change the political landscape but many thought such a scenario was unrealistic, as it would never gain the support of the ruling elites.

19. Do population pressures and lack of employment opportunities for young men drive people towards extremist political movements (and not just Islamic ones)? It was recognised that when people are faced with stress in their daily lives they are likely to look to anyone holding out a promise of better things. In some areas Islamic institutions have a dual role: providing basic social services as well as pursuing religious and political agendas. Although population pressures in themselves do not lead directly to extremism, a combination of high population growth with economic stagnation can produce thwarted economic and social aspirations. The frustration born out of this is ripe for exploitation by organised groups of whatever religious or political persuasion.

Democracy and Governance

20. Democracy has not made the same advances in the Arab region as it has in some other Muslim majority states. There is a unanimous view in the region that the move to pluralist societies can only be achieved incrementally and cannot be imposed as a blueprint from outside. The workshop tended to feel that the West placed too much

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emphasis on the holding of elections, which, while important, is only one element of the process towards democratisation. Additionally, some felt greater emphasis needs to be given to building the institutions for the rule of law. It was felt that the more the United States and Europe engage with and encourage reformers, rather than confront and hector, the sooner genuine democracy will be achieved.

21. As mentioned above, most of the Middle East suffers from an excessive politicisation of every sphere of life. Economic decisions, for example, are more likely to be made on the basis of political expediency than economic common sense. In most states independent civil society organisations are barely allowed to exist since such groups are seen as a threat to the political system. Trade unions and women's organisations, for example, are more often than not quasi state bodies run by arms of the central government. In academic life, appointments are often subject to political vetting to ensure that 'subversive elements' are kept out. This over-politicisation inhibits initiative and results in a poor utilisation of human resources. The best people for particular jobs often get overlooked because their views do not fit with the ruling orthodoxy. In some cases this is a deliberate attempt to resist change and reform as, like elsewhere, many vested interests do well out of the status quo and have no desire to cede their privileged positions to others. Some say that outside political influences, notably from the United States, have been complicit in helping to maintain this situation since they have preferred to deal with personalities they know and understand rather than with new and unknown quantities.

22. There is hope that governance in the region can be improved in incremental steps, but the workshop was adamant that the push for change must be internally driven. Externally imposed blueprints of democracy will not be acceptable or sustainable, although the Middle East should look to other examples such as Eastern Europe where democratisation has been successfully introduced in a number of countries. It was agreed, though, that if the Iraqi democratisation experiment succeeds, this may well influence change in other countries of the region. One important caveat is that the process of democratisation does not automatically have to lead to a western

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style liberal democracy. Middle Eastern democracy and development is more likely to be achieved through a gradual depoliticisation of the economy, the spread of education and expansion of a real civil society. The establishment of the rule of law, including an independent judicial system and independent media, were identified as the foundation on which to build.

23. Some argue that democratic experiments in the Middle East have often failed because they have allowed extremist elements to win power. Conversely, others see this as fundamentally healthy since it brings their philosophies and policies out into the open and gives people a chance to reject them electorally. In an authoritarian state, extremist elements have to work in the shadows but by doing so they often penetrate more deeply into a society than otherwise would be the case.

Islam and social identity

24. The workshop considered it important to underline that in Islam, as in other religions, people demonstrate a wide spectrum of religious behaviour from believers but non-practitioners to extreme fundamentalists. It must also be acknowledged that while Islamic leaders can and do play a political role, a person's Islamic identity bears little relation to his or her practical political and voting behaviour. It is therefore possible to distinguish between cultural Islam, traditional Islam and, finally, political Islam which is indeed controversial even in Islamic countries. Many people reject the notion of the inseparability of Islam and the state, and the degree of their Islamic religiosity has little correlation with their preference for a democratic or an authoritarian style of government.

25. Recent research has shown, however, that younger people are increasingly identifying themselves in terms of their religious identity rather than their national one. The historical division of the Middle East into nominally independent 'nation states' in the aftermath of the colonial period is seen by many as artificial. Instead, a trans-national Islamic basis of identity is strong. This is likely to become politically significant as the current young generation matures over the next 15-20 years and becomes the

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new generation of political leaders and policy makers. An interesting thesis is that at a time of rapid globalisation many societies are feeling a strong need to assert their individual identity. This may explain why there is a resurgence in the Middle East of support for Islam and the Arab language, and why, for example, many young Muslim women living in the West are taking up wearing the veil as a highly visible symbol of cultural and religious identity. An interesting phenomenon is that Muslims returning home after living in the West are often more radical in their views and more willing to espouse extremist politics than those who have never been away.

Possible scenarios for developments in the Middle East to 2020

26. Having discussed the principal drivers as relatively discrete elements, the workshop sought to elaborate scenarios that could develop as a result of their interaction. Although there was variation in views on potential outcomes for the Middle East to 2020, the scenarios regarded as the most plausible are described below.

(a) Stagnation

27. This case rests on the supposition that there will be little change over the next 10-15 years in the current status quo. Governments will muddle through without major conflicts taking place, or serious shocks. Yet there will be little political advancement either, particularly on the Israel-Palestine conflict. Regimes would have just enough income and growth to keep the situation stable in their countries; the electorate would not be particularly happy but neither would they be in open revolt. It was agreed that this situation could change dramatically if there was a major fall in oil revenues although this was considered to be highly unlikely; there may be small changes taking place rather than a major readjustment.

28. The most worrying effect of stagnation is that it is the scenario most likely to encourage the continuance of terrorism. Poor economic performance and lack of progress in the development of democratic institutions fuels unemployment, lowers living standards and leads to frustration that can be exploited by groups that espouse violence as a means to promote change.

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29. By contrast, an ideal scenario would see Arab-Israeli peace, leading to an extension of democracy, increased economic growth and employment, greater regional integration and a move towards secularisation in which moderate forms of Islam would be the predominant culture. In reality, the prevailing opinion is that there is likely to be a mix of good and bad along the way. The Middle East is not one homogeneous region and each country is likely to develop differently. Some leaders may try to avoid significant change, but social and economic pressures will force many of them to embrace change. The role of US foreign policy in the region will continue to be crucial. The perceived propping up of defunct regimes by the US in exchange for secure oil sources has in itself helped to promote continued stagnation. Disengagement is highly unlikely but would in itself have an incalculable effect.

(b) Democratisation and political reform

30. A more optimistic scenario envisages gradual democratisation and political reform. The process will be different in individual countries and the end result will be a group of states that share common democratic values but which are organised and behave in different ways. The challenges of democratisation must not be underestimated. Most Middle East regimes are authoritarian and oligarchic by nature and it will require a major change in mindsets to achieve the desired result. As democratisation progresses there will be an opening up of political systems, greater public participation in political life, the development of a genuine and strong civil society, greater freedom of information, helped especially through increased access to internet sources of information, and the development of independent media. Autocratic regimes which were previously tolerated if they provided a reasonable standard of living to the majority of their citizens, will be thrown out of power if they fail to deliver. Once the process has started, a broader cross-section of political opinion will develop and new political parties emerge. Traditional Islamist parties will need to regroup and organise themselves to meet the challenge of political competition. The result will be that even if they continue with a socially conservative agenda they will have to adopt politically democratic principles in order to gain support and election.

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31. Liberal democracies will allow freedom of worship within a secular system and radical Islamists may well gain positions of power. It should not be taken for granted, however, that radical regimes would automatically be anti-western provided there was not undue interference in their affairs. In this sense they can be extremist in their internal governance, but not in their dealings with the wider world.

32. The prospects for change vary from country to country. Iraq is seen as the best hope as it is evolving from a completely new situation. The old regime has been dismantled and there is a good chance that it will develop its own new democratic constitution. Saudi Arabia presents a different challenge. As an executive monarchy its rulers have no roots in democratic traditions. Although there may be modest reforms, it is unlikely that there will be a sudden willingness to cede power to a democratically elected body.

33. In summary there is no single road map towards democracy. Each country is likely to take its own course. There will inevitably be tensions as new political forces develop within countries, but once the new democratic culture becomes firmly embedded extremist elements are likely to be gradually neutralised. Individual leaders will need to provide a model and be willing to give up their position if they are voted out of power, for example.

(c) Arab-Israeli conflict

34. Despite the current stalemate, some participants were of the opinion that a settlement of the Palestine issue, leading to new and peaceful relations between Israel, Syria, Lebanon and the wider Middle East was a viable scenario. It was argued that the conflict has so preoccupied the politics of the region for so long that it has allowed regimes an excuse for not making more progress on economic and social reform. Although peace would not in itself help to promote democracy elsewhere in the region, it would have a strong positive regional effect and force governments to address other pressing problems.

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35. The converse of this scenario – the creation of an unstable Palestinian state and prolonged conflict with Israel, was also regarded as a distinct possibility. In this case it is likely that the area would be ‘compartmentalised’ by the rest of the region because of their fear that the consequences of a major conflagration would spill over into their territories. On balance, the workshop felt that, whatever the outcome, the Israel–Palestine conflict would not be the dominant driver in the region over the next 15-20 years that it is currently, although it would indeed colour all other political developments. The lesson would be for the region to learn how to compromise and accommodate.

(d) Fragmentation of Middle Eastern states

36. A doomsday scenario would see the intensification of inter/intra state conflict in the region, fragmentation and an increase in the number of failed or failing states. This scenario rests upon the highly debatable thesis that Middle East states are not solid enough to withstand severe economic and social pressures. If it were to come about, new states could emerge from the remnants of fragmented states, such as a separate Kurdish state. Others raised the possibility of Saudi Arabia fragmenting into a series of mini states as a result of a final showdown between modernists and traditionalists.

37. Fragmentation of the region would result from failures of the international community rather than from purely internal and regional dynamics. If the US-led war on terror and the military intervention in the region failed to secure a lasting peace this could add fuel to internal divisions and conflicts providing a real catalyst for disaster. The consensus was that this is unlikely to happen; but it would be wrong to discount the possibility of a catastrophic situation too complex for countries to manage in the traditional political manner, such as the future emergence of a new and hostile nuclear power. Rather than complete fragmentation of states, it was thought more probable that there would be pressure for regional devolution and semi-autonomous regions within states. Some saw this as a potentially dangerous development as such areas could be exploited by extremists not wishing to work within the normal mainstream political institutions of the country.

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38. Once again, the workshop also juxtaposed the opposite scenario – a major coming-together of states and factions in the region as a united and peaceful entity. This scenario would require the emergence of a new Arab statesman accepted by all, including Israel, who would have a unifying effect on the whole region. It was agreed that, while not impossible, no one of such stature has yet emerged to fill such a role.

(e) Weapons proliferation intensifies

39. Another gravely pessimistic scenario sees an increase in armaments in the region, fuelled by current tensions, leading to an arms race and Iran's open declaration of military nuclear capacity. This would be watershed for the region. Would Egypt, for example, be prepared to see Iran develop such a capacity without responding itself? It was pointed out that nuclear technology can nowadays be 'bought in' rather than developed 'in-house'... Others, like Saudi Arabia, could conceivably decide that they too needed to develop this capability. The conclusion was that an intensive arms race in the Middle East is in fact unlikely to happen unless one nation has the temerity to promote actual friction through conducting missile tests or similar unfriendly actions.

Global scenarios for 2020

40. The conference concluded by looking at how the Middle East may contribute towards or be influenced by possible global scenarios for 2020. Firstly, it was suggested that continuing globalisation, though with more variety in economic systems than was originally envisaged, would produce a dominant trend to open markets, open borders and increasingly interdependent partnerships between producers and consumers in global markets. Successful World Trade Organisation (WTO) and EU negotiations will have led to better access to developed country markets for agricultural products. A second scenario, if there is no progress made in global trade, will lead to a regionalisation of trade and payments, and a more multipolar order. A third scenario underscores a rampant increase in global insecurity. In the face of this security dilemma, cooperation atrophies and self-help is the order of the day. A fourth scenario envisages deepening economic and strategic competition between the US and China.

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41. Although the Middle East has a lot to gain economically from globalisation, it was agreed that Arabs/Muslims are nervous that certain aspects of globalisation, especially the pervasive influence of western, particularly American, values and morality are a threat to traditional cultural and religious values. A modest increase in inter-Arab integration was felt to have occurred in recent years, although whether there is the psychological shift to Arab cooperation is an open question. The rise of another superpower, China, will provide an interesting juxtaposition. The latter is likely to become a major oil importer as its huge economy continues to grow and it may well wish to make major investments in the Middle East.

42 No firm conclusions can be drawn about what the Middle East of 2020 will look like. But it can be said with certainty that developments in the region will continue to play a very important role in shaping the political and economic scene far beyond its own borders.