Mapping the Future of the Middle East

A report prepared for the

National Intelligence Council

Based on a workshop held on

16 May 2005

The National Intelligence Council routinely sponsors unclassified conferences with outside experts to gain knowledge and insight to sharpen the level of debate on critical issues. The views expressed in this conference report are those of individual participants and do not represent official US Government positions or views or those of the participants' organizations.

CR 2005-03
August 2005

Discussion paper—does not represent the views of the US Government

Contents

	Page
I. Introduction	5
II. Economic Issues and the Context of Globalization	5
Implications of High Oil Prices	5
China and India as Consumers and Investors	7
Trade a Key to Economic Success	8
Questions for Research	8
III. Political Issues	9
Prospects for Democratization	9
Islamists and Democracy	9
Democratic Constraints	10
International Leverage	11
Questions for Research	11
IV. Sub-Regional Conflicts and Terrorism	11
Arab-Israeli Conflict	12
International Terrorism	13
Islamic Trend Toward Evangelism	14
Questions for Research	14
V. Geopolitical Landscape	15
US Influence	15
Influence of Other External Powers	15
Rise of Iran	16
Regime Change	17
Questions for Research	17
VI. Final Note	17

Discussion paper—does not represent the views of the US Government

Discussion paper—does not represent the views of the US Government

Mapping the Future of the Middle East

I. Introduction

This paper summarizes a one-day conference of Middle East and functional specialists convened by the National Intelligence Council (NIC) in May 2005 to discuss likely regional trends between now and 2020. The discussion was informed by the NIC's 2020 Project report ***Mapping the Global Future*** (December 2004). In addition to debating trends currently observable or on the horizon, participants identified additional questions deserving research and analysis in each of the following four areas: economic issues and the context of globalization, political issues, sub-regional conflicts and terrorism, and the geopolitical landscape.

Among the major themes of the economic discussion were the uneven benefits of globalization in the region, the challenge of diversifying economies and building trade in the face of high oil prices and the implications of a likely collapse of prices. Political trends addressed included the growing but still weak and essentially illiberal demands for reform, the adaptability of authoritarian regimes, and the nature of US influence. Islamism in various forms—extremist, evangelical, politically accommodating—was a major focus of discussion. Participants debated the extent to which the Arab-Israeli conflict continues to motivate regional politics and suggested that terrorism might become increasingly diffuse and difficult to counter. Participants saw an increasing role for China economically, but one that will not be translated into real political influence for some time. Participants recognized India's growing significance but believed it was still far behind China in terms of influence in the region. They expected Iran as a rising regional power to present a significant challenge for the United States.

II. Economic Issues and the Context of Globalization

The participants assessed that while some Middle Eastern countries have made progress in diversifying their economies, the area as a whole remains economically underdeveloped and highly dependent on hydrocarbon revenues. Smaller countries are doing a better job of integrating into the world economy and will benefit more from globalization than those states with either large populations or high hydrocarbon revenues. Current high oil prices will allow some states, notably Saudi Arabia (as well as Algeria, Libya, and Oman) to avoid making difficult economic and social decisions, but will not let those with smaller resources (such as Egypt, Morocco, Tunisia, Syria, and Yemen) off the hook. A price collapse, which will have significant economic and political ramifications in the area, is likely in five to 15 years.

Implications of High Oil Prices

In periods of record-high oil prices such as the present, the major oil-producing regimes will find it easier to avoid political and economic reforms that would otherwise be necessary. As one expert said, "With $50 oil, you can cover a multitude of political and economic sins." High prices will distort the incentives for economic reform, temporarily allowing the oil-producing regimes to continue practices that are not in their long-term

economic interest, such as public sector domination of private activity, restrictive measures on foreign investment, and high government spending.

High oil prices will similarly affect the supply of and demand for political reform. High prices give the oil-producing regimes revenue that they use to co-opt and buy off major social constituencies and elites. Additional revenue can also be used to strengthen police forces and militaries, fortifying the coercive apparatuses that ultimately enforce the regimes' power. High oil prices may not only cause political reform in the oil-producing countries to stagnate; they might even cause regimes to retract and renege on some political liberalization that has already happened. On the demand side, high prices and the accompanying relative prosperity alleviate demands for change; society is more tolerant of political repression if the regime is providing major economic benefits.

Not all regimes will be affected equally by high oil prices. For regimes without major oil-production capabilities, high oil prices will not allow the regimes to escape or even long postpone needed economic reforms. The deeper structural reasons that necessitate reform will remain in place, and the urgency for reform will remain. Some countries have locked in enough momentum towards economic change that high prices are unlikely even to significantly delay reform. Similarly, while marginal additional revenue from high oil prices will allow the regimes some degree of leeway to absorb potential demands for political change—as Egypt and Tunisia may have recently done by hiring additional public servants to reduce unemployment—it will not give these regimes the ability to counter demands for political change for long. One way in which hydrocarbons will be less of a factor in the region than in the past is labor migrations; the Gulf countries now largely employ unskilled laborers from Asia and South Asia and Arab countries increasingly export labor to Europe.

Oil prices rise and fall in cycles, and although prices are not likely to fall in the next one to five years, they are likely to drop precipitously at some point in the next five to 15 years as companies begin seeing returns on over-investments made during the current high price period. The longer prices continue to rise, the more dramatic their fall is likely to be. The consequences of that fall will be compounded by governments' ambitious oil price calculations: the longer prices continue to rise, the more likely governments are to project future revenues based on higher prices and spend accordingly. When prices fall, demands for political change will become extremely acute at the same time that regimes will have fewer resources to counter and deflect those demands. The participants believed that as a result, the next oil price fall might well produce a major crisis for the oil-producing regimes, especially if it coincides with significant pressures from other sources. An analogy was drawn to the fall of the Shah; the oil price spike in the early 1970s sparked massive overspending; when prices fell in the late 1970s, the associated economic problems combined with political discontent and strong human rights criticism from the Carter Administration to undermine the Shah's regime.

Participants differed as to whether high oil prices will cause the oil-producing Gulf countries to slow their diversification away from oil. Some experts noted that the additional revenue from high oil prices creates little incentive for governments to

diversify away from oil production. The longer high oil prices persist, the more likely governments are to project high oil revenues in the future, creating a more optimistic long-term budget picture that discourages diversification. Others stated, however, that countries such as Bahrain and Dubai are already committed to and invested in diversification, and they argued that even high oil prices would not slow that process.

China and India as Consumers and Investors

As the 2020 Project Report emphasizes, energy consumption will increase significantly in the next 15 years as demand rises in China and India, impelling these two ascendant powers to play a growing political and economic role in the Middle East. There is an international consensus that expanding hydrocarbon production capability to meet rising demands is a necessity, and the rise of China and India will be a major trend both internationally and in the region.

The role of parastatal oil companies such as PetroChina will increase, especially in an environment of high prices, allowing their patron states to develop closer economic and political ties with oil-producing regimes. When oil prices are low, relatively better contract terms make investment more attractive for traditional profit-driven multinational oil companies (with their comparative advantages in technology, efficiency, and project management). But when prices are high, with correspondingly more costly contract terms, politically-driven parastatal companies such as PetroChina are more likely to invest. Parastatal companies' political agenda makes them more willing to tolerate financial risk and lower profits, because their actions are an extension of state policy instead of a purely financial calculation. This is especially important in regions where many countries either have extremely restrictive regulations on foreign investment (Saudi Arabia) or consistently offer poor business terms (Iran). Parastatals' greater willingness to invest in poor climates will allow their corresponding states to create closer political and economic ties with oil-producing regimes. China is the clear leader in parastatal influence and impact in the Middle East; India is also a player but is playing catch-up.

Some participants were uncomfortable with what they viewed as the 2020 Project Report's adversarial tone in discussing the rise of China and India. In an interdependent world in which an international consensus for greater energy production exists, there is no need to perceive the rise of China and India in a threatening way.

Participants differed on whether the global consensus in favor of expanding production will mean an international de-emphasis on political liberalization. Some argued that the imperative of expanding production, combined with the increasing role of actors like China that are willing (and even eager) to de-emphasize political liberalization as an international issue, is likely to reduce the international pressure on regimes for political reform. Others noted, however, that the international investment that globalization brings often carries with it international business norms and practices of transparency and accountability. In this sense, globalization can be a politically opening exercise.

Trade a Key to Economic Success

As the 2020 Project Report states, integration in the global economy will become more important to economic success. Bilateral and multilateral trade agreements are taking on an increasingly important role in mediating countries' relationships with the global economy. Bahrain's bilateral agreement with the United States has set a precedent that other Gulf countries, such as the United Arab Emirates and Kuwait, are interested in following. Saudi Arabia feels threatened by US agreements with individual Gulf countries, which it perceives as detrimental to the regional cooperation in the Gulf Cooperation Council.

Conference participants debated which trade frameworks (regional, bilateral, or multilateral) have the greatest potential to bring economic success and/or economic and political liberalization. Some experts stressed the political and economic benefits that multilateral integration into the world economy through World Trade Organization (WTO) mechanisms would bring. The WTO is the gateway to the global economy, and joining it brings international standards of transparency and accountability. On the other hand, others endorsed the bilateral approach the United States has taken with Bahrain and other countries, noting that it brings similar standards of accountability and that joining the WTO brings shocks in addition to benefits. Countries with fewer skilled laborers will be forced to compete with other countries in a framework of rules that disadvantages them. Still other experts endorsed the idea of regional integration in order to address the area's labor/industry imbalance.

Questions for Research

Participants raised a number of questions as deserving further exploration:

- What are the likely political effects of the inevitable collapse of oil prices? How can oil resources be managed to minimize price cycles and reduce volatility? Can stabilization funds used for this purpose also bring political and economic transparency and accountability?

- Are regional, bilateral, or multilateral frameworks of cooperation likely to bring the greatest economic gains? Political gains?

- According to available statistics, many states in the region have very low levels of information technology (IT) infrastructure and access, even compared to other developing countries. However, anecdotal evidence indicates far greater IT investment and usage than statistics indicate. Are existing IT statistics accurate measures of Middle Eastern countries' IT capabilities?

- What economic factors influence the timing of transitions from authoritarianism? Is the Latin America example appropriate for the Middle East?

- What kind of crises can be expected regarding water use and availability as this resource becomes increasingly scarce? Does environmental pollution, for example,

water contaminated by hydrocarbon waste, offer opportunities for transnational cooperation?

III. Political Issues

While participants generally agreed that chances for political liberalization were increasing in the region, there are still significant factors militating against widespread democratization. Such factors include the ability of authoritarian regimes to adapt to and withstand pressures, the weak and illiberal nature of citizens' demand for democracy, and lack of seriousness in Western pressure for change. Islamism will continue to play a major role in the political life of the region, but perhaps in less extreme and more varied ways than suggested by the 2020 Project Report.

Prospects for Democratization

The 2020 Project Report argues that economic stagnation has held back democratization in the Middle East. Conference participants noted that such explanations disregard the fact that Arab authoritarian regimes have held onto power partly because they are skilled in managing internal and external pressures. The regimes' semi-authoritarian type of government is intentionally gauged to allow a limited degree of political participation and economic liberalization without opening either arena to full contestation.

Conference participants agreed with the 2020 report's assessment that "democratic consensus could gain ground in Middle Eastern countries," but suggested that at present the odds are still against such a development. The regimes' current steps toward liberalization are tactical, easily reversible, and in some cases are already being reversed. Leaders are frightened to let go of power, because it might cost them not only their social, political, and economic dominance, but in some cases their lives. So far, splits within ruling elites are not observable in most countries, although there are a few indicators of such a possibility in Egypt. Some participants believed that regimes are so unlikely to democratize that there is a major possibility of reinvigorated authoritarianism.

Regarding the demand for political change, the popular desire for democracy in the region is widespread but appears to be shallow, illiberal, and majoritarian in nature. There is widespread and significant popular desire for more free, open, participatory, and accountable government, but the desire does not encompass the full range of rights and liberties considered essential to liberal democracy. Most participants believed that significant secular democratic forces are unlikely to emerge. Most secular leaders (such as Saddam Hussayn) have been authoritarian and often brutal. Democratic political forces are most likely to emerge from Islamist movements.

Islamists and Democracy

The participants agreed with the 2020 report assessment that Islamism, fueled by political, economic, conflict-related, and geopolitical forces, will have a significant global impact over the next 15 years. Conference participants believed, however, that the impact would not resemble the "New Caliphate" scenario portrayed in the 2020 Project Report. The creation of a trans-territorial ideocracy, or a widely recognized Islamic

authority that transcends national boundaries, is extremely unlikely. Instead, radical Islam will mainly affect traditional state structures and societal norms.

The 2020 report, conference participants agreed, draws too dire and undifferentiated a picture of the political role Islamists will play in the region. Islamist movements' current programs—and the trajectory of what their programs might become were they allowed full participation in competitive political systems—differ significantly from place to place in the region. Some experts believe that many non-violent Islamist movements (in Tunisia, Morocco, Egypt, and Jordan, among other places) have demonstrated a willingness to play by democratic rules and that there is a broader region-wide trend towards increasing moderation by Islamists. These organizations represent a powerful and broad political constituency, and the participants believed it is in the United States' interest for them to participate and become more moderate, as opposed to being excluded and becoming more radical.

The report expresses legitimate worries about the degree to which Islamist actors would be dedicated to democratic principles, but it omits the fact that secular leaders have shown even less dedication to democracy. Some participants pointed out that the most vicious regimes in the Middle East have been those with secular modernizing traditions. Other experts argued that Islamists are as likely to be authoritarian as the current rulers, even if they are willing to play by democratic rules while they are in opposition. They noted that, especially in the Gulf, it was likely that Islamists would come to power through free and fair elections. The regimes had only managed to avoid this scenario by conducting sham elections, as in Bahrain, where the ruling family unilaterally imposed an appointed consultative council despite the Islamists' success in elections.

Participants debated whether Islamists' explicit commitment to democratic principles and coordination with secularists represent new trends. Some analysts pointed to the Egyptian Muslim Brotherhood's 50-page declaration in 2004 endorsing elections, reform, accountability, and nonviolence as evidence of a new era in Islamists' dedication to democracy. Many also see the Brotherhood's cooperation with the Kifaya opposition movement in Egypt as an indication of budding cooperation between Islamists and secularists. Other analysts, however, noted the Brotherhood's past cooperation with secular parties in Egyptian elections as evidence that this trend was not new.

Democratic Constraints

The participants opined that if political reform in the region is to succeed without bringing about major instability, new institutions and processes need to define the rules of the game. This applies to both Islamists and secularists, as both have the potential to govern undemocratically. Rather than relying solely on leaders' goodwill and dedication to democracy, it would be prudent to box them in with constitutional, institutional, and procedural constraints. These might include the separation of powers, independent judiciaries, fixed election cycles, and perhaps bills of rights.

Some experts argued that such constraints could only be established after opposition forces come to power. In other regions (such as Eastern Europe), contestation has

generally preceded rigorous democratic constraints. The international community is not in a position to assume the worst about Islamists' intentions, and the demonstration effect of their electoral victory would be a powerful force for moderation upon Islamists elsewhere. Other experts argued, however, that constraints must precede (or occur simultaneously with) free and fair elections. Governments tend to act undemocratically if unconstrained by democratic parameters, and to delay the establishment of those parameters endangers the likelihood of repeated iterations of the democratic process.

Some analysts saw the dearth of civil society, especially in the Gulf, as a major reason for the extremism of many Islamist actors. Because Islamists have few civil society outlets in which to organize, they are marginalized and radicalized. Others, however, stressed the importance of rigorous constitutional frameworks in constraining Islamists and consolidating democracy. They noted that people in the region place much greater emphasis on constitutions than on civil society.

International Leverage

Participants debated whether Western pressure to democratize is likely to be a catalyst for change in the Arab world. There was concern that while regimes may declare their dedication to political liberalization, behavior is less likely to change; and the question then becomes to what extent will the United States and other Western powers exert real leverage on friendly regimes.

Participants believed that among the more effective kinds of pressure that the United States could exert would be to press for electoral monitoring. Monitoring is an essential mechanism to improve the transparency and legitimacy of electoral processes, and elections should be monitored by both domestic and international organizations. US demands for this, however, risk tainting domestic monitors with the stigma of US interference. Calls for electoral monitoring should be made by respected international organizations with no direct tie to the United States.

Questions for Research

Among questions participants believed needed further exploration:

- Among the tremendous diversity of Islamists, which Islamist leaders and organizations are likely to behave democratically both in opposition and in power?

- What is the future of civil-military relations in the region? Will it be a component of reinvigorated authoritarianism or will the military gradually cede to civilian control?

- What are the most effective institutions and procedures to introduce some element of safety into political competition, and when and how can they be most effectively promoted?

IV. Sub-Regional Conflicts and Terrorism

Looking out over the next 15 years, conference participants debated the extent to which the transnational issues of the past 20 years—the Arab-Israeli conflict and terrorism—will continue to affect the Middle East. There were disagreements about whether the Arab-Israeli conflict will continue to be the major issue motivating Arab political behavior. Participants agreed that terrorism would continue, perhaps in a more fragmented way than envisioned in the 2020 report. They also pointed out that developments in the Islamist movement suggest a trend toward a more evangelistic approach based on reforming societies as opposed to overthrowing regimes.

Arab-Israeli Conflict

The Arab-Israeli conflict continues to be tremendously important to Arabs at a symbolic level, and as long as it is unresolved, it will hinder political liberalization in the region. The 2004 United Nations Arab Human Development Report cites three consequences of the Arab-Israeli conflict on the Middle East, which will continue to operate if the peace process stagnates, or if the current situation degenerates:

- The pervasive sense of insecurity caused by the conflict facilitates a rally-around-the-flag effect that de-legitimizes internal critics.

- The conflict creates a rationalization for the diversion of national resources into excessively strong national security establishments.

- Regimes use the conflict as an excuse for domestic repression, and the public is more willing to tolerate repression in a conflict-oriented environment.

Each of these three consequences negatively affects the supply of and demand for political reform in the region, although they apply differently to countries depending on a country's geographic proximity to and relationship with Israel.

In some cases domestic imperatives can override the pressures of the conflict, but the conflict still exerts a powerful force, especially in countries close to Israel. The convulsion of Lebanon after the assassination of former Prime Minister Rafiq Hariri is one example; the domestic outrage at Hariri's assassination was strong enough that Syrian forces were forced to withdraw despite the unresolved situation with Israel. Yet even this watershed moment did not completely overshadow the conflict; Hizballah continues to justify its armament on the grounds that it provides a deterrent against Israeli aggression.

In theory, Palestine has more potential than Iraq to provide a positive democratic demonstration effect to the rest of the region if its democratic experiment is allowed to proceed. Some participants thought Arabs might find more in common with Palestinians, who are now wrestling with issues such as corruption, the role of the security services in society, and political Islam, than with Iraqis, who face a different set of challenges. The growing popularity of HAMAS, however, raises the possibility that the democratic

process might be shut down or suspended at some point. HAMAS is gaining ground on Fatah and appears likely to perform well in the upcoming legislative elections, due more to Palestinians' disgust with corruption and inefficiency than to the appeal of political Islam. The current process is fraught with risks; overwhelming HAMAS success could reduce the willingness of other regimes in the region (such as Jordan) to open additional political space to Islamists. On the other hand, an abridgement of the democratic process would send a negative message to other Islamists in the region who seek to play by the rules of the democratic game, potentially radicalizing their demands for change.

Participants disagreed about the degree to which a stagnant or suspended peace process—for example after a Gaza withdrawal—would increase the potential for terrorism and anger towards the United States and Israel. Some experts argued that if the withdrawal from Gaza suspends the peace process in formaldehyde, then not only will Gaza be in crisis, but the atmosphere in the West Bank will be little better. It is conceivable in such a scenario that Palestine could in the future become, like Afghanistan and Iraq before it, a draw for Islamic militants from throughout the region. Others argued, however, that even a suspended peace process offers reasonable opportunities—through Israeli policy, cooperation from Jordan and Egypt, and international investment—to manage the conflict and provide for tolerable quality of life among Palestinians.

Participants debated the degree to which more intensive US engagement in mediating the Palestinian-Israeli conflict would improve public opinion in the region about the United States. Some argued that due to the deep suspicion of US motives in the region, it would take major and dramatic policy changes—such as a reassessment of the United State's special relationship with Israel—to signal US credibility on democratization and the peace process. Others contended that any appearance of additional US engagement or pressure on Israel would play well in the Arab world, especially the Gulf.

Participants also differed about whether Arab political behavior, as opposed to attitudes, is motivated by the conflict. Some experts noted that public opinion data shows the Arab-Israeli conflict to be the number one political issue for Arabs and by far the dominant driver of anger and suspicion towards the United States. Others questioned the value of public opinion surveys in authoritarian countries, however, and stressed that the conflict is probably not the most important driver of Arabs' political behavior. Other more immediate issues, such as governance, are more important—even though such issues might not elicit as visceral a reaction—particularly in countries not bordering Israel.

International Terrorism

Participants agreed with the 2020 report's assessment that globalization's impact on terrorism will reinforce the growth of small, decentralized movements at the expense of centralized, hierarchical organizations such as al-Qa'ida. The riots caused by the *Newsweek* report about Qur'an desecration by American soldiers in Guantanamo Bay provide a vivid example of the way that information technology and globalization have strengthened the potential for decentralized actions. Networks to disseminate information efficiently to interested parties already exist; information inputted into them

quickly spreads. These new networks, being virtual, are more difficult to detect and combat and make it increasingly easy for extremists to conduct what one participant called "fungible *jihad*," or a "*jihad*-of-the-month." Whereas previous *jihads* were distinct and required extensive dedication and preparation, new networks allow for *jihads* to be declared and publicized at the click of a mouse. Thus, counterterrorist strategies built on eliminating the top leadership of terrorist organizations will be insufficient.

Islamic Trend Toward Evangelism

Participants judged that underlying almost all of the security- and Islam-related areas of the 2020 Project Report is a pervasive focus on Bin Ladinism and the September 11 attacks, as well as rhetoric reinforcing the notion of a clash of civilizations. In an era of globalization, the Muslim world reads these reports too, and Muslims will not hesitate to dissect the report with detailed intellectual arguments on al-Jazeera.

As noted above, the report rightly states that "the spread of radical Islam will have a significant global impact leading to 2020," but that it focuses almost exclusively on violent Islamic extremists to the exclusion of more moderate and political Islamist trends. There are many echoes of violent groups such as Indonesia's Jema'at Islami in the report, but not of moderate, non-violent and much larger Islamist organizations such as Nahdat al-Ulema, which have shown a willingness to play by democratic rules of the game. These moderates will have an immensely important global impact over the next 15 years, and their role deserves at least as much analysis as that of the extremists.

Over the next 20 years, it is likely that Islamism will move from a state-centered political framework towards a more evangelical orientation. Early indications of this trend include the growing popularity of organizations such as Tablighi Jema'at, the Preaching Society, which is a fundamentalist Islamic movement that generally operates in South Asia and other areas outside the Middle East but draws some of its financial support from Saudi Arabia and Egypt. These types of evangelical groups are more interested in societal transformation and change than in formal political power. While evangelical organizations are attracting more followers, political Islamist groups that concentrate on the implementation of shari'a are fraying and fading. Internal schisms have arisen regarding the meaning of implementing the shari'a; people are more inclined to agree on the general idea that societies should follow the will of God than they are to endorse the enforcement of rules established centuries ago. It is unclear, with the decline of state-centered political Islam, what other tendencies or ideologies may take over the channels of political grievance and opposition that political Islam has largely occupied for the last several decades.

Questions for Research

Participants suggested that among questions needing further research were:

- Is the direction of large-scale Islamist organizations such as Tablighi Jema'at towards extremism and violence or towards moderation and accommodation?

- If state-centered political Islam fades, what types of organizations will take over the channels of grievance and opposition that they have dominated in recent decades?

V. Geopolitical Landscape

Participants felt that continuing US influence will depend upon restoring stability to Iraq in order to enable the withdrawal of US military forces and avoid a possible resurgence of "anti-colonial" style politics. In any event, some countries in the region will seek to "hedge" their ties to the United States through cultivating expanded relations with China. Other countries, notably all of the North African states, are eager to build closer ties with the United States. Trends affecting the balance of power within the region include efforts by Iran to create a sphere of influence in the Middle East and Central Asia and the resurgence of the Shi'a in Iraq and elsewhere.

US Influence

Participants agreed that the current period is characterized by Arab countries' stunning political weakness relative to the United States, and this situation is unlikely to change in the coming period. After a war in which the United States overthrew a major Arab regime, no country took even the minimal step of breaking off diplomatic relations with the United States. There has been no attempt to boycott American oil investment, and some regimes that used to be anti-US (such as Libya) have moved closer to more normal relations.

Participants differed, however, about whether this weakness really contributes to US influence. Some contend that the Arab weakness indicates a high degree of US political leverage and even diffuse support in the Arab world. They point to American cultural influence, the growing role of English, and the societal level (where there have been fewer manifestations of anti-American protest than one might expect) as evidence that the United States is not as hated among Arabs as it might sometimes appear. Others, however, contend that while Arabs may value American education and technology, they remain deeply hostile to and suspicious of US policies in the region. Arab leaders cooperate with the United States primarily because their other options are limited.

An exception to the trend of increased suspicion of the United States is North Africa, where countries such as Morocco, Algeria, and Tunisia will continue to seek closer relations with the United States as a hedge against European influence. Libya also will continue to try to develop the relationship with the United States as a necessary component of ending its isolation.

Influence of Other External Powers

Increased political roles for China and India are still distant possibilities; for now, when they come to the Middle East, they come "speaking English." China is far ahead of India in terms of investments. In parts of the Middle East, China and even Russia are discussed as more salient models for economic and political reform than the United States or Europe, but it is unclear whether this will lead to increased influence for such countries.

Participants discussed whether Gulf countries in particular fear US hegemony and will seek recourse to other rising world powers. Some experts noted that since the Iran-Iraq war, the Gulf regimes have decided to stake their security on the US military presence rather than on their own defense capabilities. Bahrain and Qatar have demonstrated their willingness to host major US military forces. But other experts saw Saudi Arabia as developing a distinct fear of US hegemony in the Gulf. Saudi Arabia sees itself surrounded by American military forces, recognizes its own vulnerability, and notes the calls from some American quarters to hold it responsible for Islamic extremism. These factors are causing it to consider other military and economic partners. China and India, with their increasing appetite for oil, their escalating military strength, and their diplomatic leverage, both provide possible counterweights to the United States.

Iraq and the US Military Presence. Most participants believed that, among Iraq's neighbors, the US military presence in Iraq is a source of uncertainty and suspicion about US intentions. As long as there are major concentrations of US troops there, regimes in surrounding countries will be uncertain and suspicious about US intentions. At the same time, an immediate US withdrawal from Iraq would create an even greater degree of instability inside Iraq. How and when to withdraw from Iraq is one of the central paradoxes facing the United States in the Middle East.

Revival and Empowerment of the Shi'a. One clear result so far of the US intervention in Iraq and the January 2005 elections has been the dramatic empowerment of the Shi'a majority. The ascendance to power of the Shi'a in Iraq, one of the definitive winners from the US involvement, has tremendous emotive value and symbolism and aspirations and will change the governing equation for other regimes with Shi'a populations. Grand Ayatollah Sistani is creating a region-wide virtual Shi'a community. Several Iraqi Shi'a figures have spent significant amounts of time in Iran, and some Iranian figures have lived or studied in Iraq, reinforcing the possibility for cross-border coordination.

In discussing the shape of future Shi'a identity in the region, some experts argued that the Iraqi example would spark major demands for change from Shi'a populations in other Gulf states, potentially endangering some of the existing regimes. But other experts noted that national identity trumped Shi'a identity in the Iran-Iraq war, and that in many Gulf regimes the Shi'a seek protection from the ruling families against Salafi excesses. Major influences on future Shi'a identity in the region will include the role of religion in the Iraqi constitution and the degree to which Shi'a perceive the potential to improve their situation through peaceful electoral means. The regimes' reaction will be crucial; political stagnation or de-liberalization could radicalize Shi'a demands for participation, while liberalization would allow demands to be expressed through peaceful processes.

Rise of Iran

Participants felt that the 2020 Report gives inadequate attention to Iran as an ascendant power. Iran is at a "Prussian moment" in its history—not necessarily in the sense of military expansionism, but more in terms of political, economic, and cultural ambitions. Iranian politicians frequently talk about increasing their zone of influence, not only in the Middle East but also in Central Asia, and Iran wants the United States to recognize its

status as a regional power. Thus US-Iranian rivalry for influence over Iran's Arab and Asian neighbors is likely. Factors that will affect the nature and degree of Iranian influence in the neighborhood include whether Iran acquires nuclear weapons, whether Iran has a military conflict with the United States or another power over the nuclear issue, and whether the Iranian people find a way to remove or sideline the increasingly unpopular clerical regime.

Participants believed that while many American analysts tend to focus on the clerical regime as the main constraint on change, they often fail to see that Iran's underlying economic and social situation gives it advantages over other countries in the region. Iran will gain significantly from globalization; the country has made relatively large strides towards strengthening its information technology capabilities, in addition to its oil resources and other economic capabilities. Persian is the third most used language on the Internet, and there are tens of thousands of Iranian blogs. Participants also noted that Iran suffers from serious internal issues including a severe drug problem (its addicted population is estimated at over one million) and trafficking, which results in the death of thousands of police officers.

Regime Change

In addition to the possibility of a change in the character of the Iranian regime, participants identified the Syrian regime and Saudi monarchy as potentially vulnerable to significant changes. Regarding Syria, participants discussed the possibility of the Sunni merchant class, the Muslim Brotherhood, or some new variant of the Alawi ruling elite gaining power. Regarding Saudi Arabia, changes in the nature of the current Saudi-Wahhabi bargain—i.e. regime change rather than regime removal—could have significant implications for the Saudi role in the region and the US-Saudi relationship.

Questions for Research

Among the issues identified by participants as needing further research and analysis:

- There are significant and growing Muslim populations in Europe, Russia, India, China, and the United States. Some flashpoints have exploded already (Chechnya, Kashmir), while others have remained dormant (Muslims in China). What consequences will the growth of these populations have both on their own countries, on the broader Muslim world, and on the Middle East?

- What are the consequences of integrating the rising powers (India, China) into multilateral organizations like the International Energy Agency? How are they likely to react if they are excluded from the system?

- Considering the possibility that certain states—particularly Syria and Saudi Arabia—are vulnerable to regime change during the coming 15 years, what are the resulting implications for US interests?

VI. Final Note

Underlying discussions during the conference was the theme that a stronger American understanding of the Middle East and North Africa is needed. One participant wondered aloud about the preparation (or lack thereof) of "people who would be sitting in these chairs in the future," expressing a hope that study of the region might begin at much secondary or even elementary educational levels. There was a general consensus regarding the need for greater training in the languages, cultures, and history of the region to deal with the challenges discussed in this report.