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The Birth of Politics and the Public Sphere in the Arab World

by Rami G. Khouri

Rami George Khouri is a Palestinian-Jordanian and U.S. citizen whose family resides in Beirut, Amman, and Nazareth. He is director of the Issam Fares Institute for Public Policy and International Affairs at the American University of Beirut. His journalistic work includes writing books and an internationally syndicated column, and he also serves as editor-at-large of the Beirut-based Daily Star newspaper.

Abstract

The third year of the Arab revolts has presented several domestic and foreign challenges for the nations involved. Each nation has reflected the specificities of their local conditions, citizen grievances, and regime legitimacies and responses. At the same time, several common themes have emerged, such as the core underlying demand for a life of integrity, civility, and dignity, while also enjoying a basic set of universal human and citizen rights. Constitutional votes and the reorganization of state structures in Tunisia and Egypt will serve as the guiding lights for other nations still making their way toward reforms, though these remain hotly debated topics throughout each nation in the region. Though Islamists have risen to power, we have seen that their popularity is not infallible and is now fluctuating in response to their performances after assuming power. In the end, questions of "social justice" return as the main and enduring motivator for protesters in the Arab world, particularly when it comes to many of these countries' socioeconomic disparities.

We are now in the third year of the series of rolling revolts and revolutions across the entire Arab world—from North Africa, through the Levant, and into the Gulf states—but this historic, epic wave of change is still in its early stages. More countries will experience significant domestic challenges to their political orders, power structures, and governance systems. A few will have to absorb the pressures of foreign or regional intervention, as has already happened in Libya, Syria, and Bahrain in various ways. All, without exception, will have to learn to respond to the legitimate grievances, aspirations, and needs of their citizens, whose activism ranges from demands for modest constitutional changes to all-out regime change. How the future will unfold remains to be seen. For now, in early 2013, we can review the landscape of widespread activism, note a few overriding themes that capture the substance of what ails this region, and discuss public policy and political priorities that seem to capture the attention of the Arab world.

Since Mohamed Bouazizi, a street vendor in Tunisia, set himself on fire in 2010 to protest his lack of rights and dignity as a Tunisian citizen, the past two years have triggered historic changes and conflicts across the Arab world. Each situation has reflected the specificities of local conditions, citizen grievances, and regime legitimacies and responses. Across the board, however, some common elements have also emerged. It is now more obvious than ever that there is no such thing as a singular "Arab world." Every Arab country has followed a different path in pursuing its own political reconfiguration. What matters for them all is that, for the first time ever in their history, empowered Arab men and women are now driving political change, forcing their governments and foreign powers alike to respond to important issues. Indeed, we can now see with much more clarity the variety of identities, sentiments, legitimacies, and conditions in different Arab countries, each with its own character, nuance, and agency.

Among the variety, however, there are also some important commonalities in the grievances, attitudes, and aspirations of the 350 million Arab men and women across the region. The core underlying demand has been a desire to live a life of integrity, civility, and dignity, enjoying a basic set of universal human and citizen rights. Whether these are finally enshrined in new national governance systems that guarantee the citizens their rights via credible constitutions is the litmus test that continues to ripple across the region.

Several Arab states are already pioneering different aspects of political development and change in the region. Syria's status will have the most profound implications in the short run, because its imminent regime change will be felt across all of Western Asia, due to Syria's historical importance and its geostrategic and political ties with every major actor in the area. Saudi Arabia's military intervention in Bahrain represents a possible pattern that might be repeated in other parts of the Gulf (Bonner and Slackman 2011, A1). Iran's support for Syria and Turkey's support for anti-government Syrian rebels may be harbingers of more external interventions to come. Tunisia and Egypt, for their part, will have the most influence on other Arabs in the long run, as they are in the midst of the most important development that has emerged in the past two years: ordinary Arab men and women having the opportunity to define their national values and to validate their own constitution and state structure, thus shaping their domestic and foreign policies. Such drastic change represents a great public policy accomplishment, and its political importance will resonate as other countries structure their own new constitutions in the years to come.

The initial transition from revolutions to constitutions in several Arab countries has included major electoral gains by various Islamists, from mainstream Muslim Brotherhood groups to more hard-line Salafists. Their popularity has fluctuated in response to their performance once they assumed power, as we have witnessed most clearly in Tunisia and Egypt. Accountable incumbent Islamists have to earn their continued hold on public power by responding to citizen needs in areas such as jobs and income, health and education, security and stability, and legitimate foreign policy. These first two years have taught us not to exaggerate the power, wisdom, or political efficacy of Arab Islamists, some of whom, like the Muslim Brotherhood in Egypt, have fared erratically in translating their slogans into policies. Not surprisingly, since the launch of the constitution-writing processes in mid-2012, fellow citizens have increasingly challenged them—including some of their own voters or supporters (Al Jazeera 2013). These challenges surfaced in large part due to their disappointment in the Islamists' unimpressive political performance or their fear that the Islamists will try to heavy-handedly dominate society for generations to come.

At one point during the first round of the constitutional referendum in late 2012, Egypt's Islamists seemed to panic, resorting to trickery at all levels of national politics, from presidential action to street fighting (Black 2012). By trying to push through a widely controversial and rather crude draft constitution, the Muslim Brotherhood revealed some of its structural weaknesses and political immaturity. President Mohamed Morsi and his colleagues in Islamist groups damaged their movement's credibility in Egypt and also momentarily weakened the standing and power of the Egyptian presidency.

Many progressive, nationalist, and secular parties in Egypt have started to work together through the National Salvation Front (NSF), which bands together some of the leading opposition groups in order to offer voters a credible alternative to the Islamists. Their combined forces took a hard stance against the draft constitution, the rushed referendum, and Morsi's decree that gave him uncontested presidential powers. They succeeded in forcing the president to rescind his power-grabbing decree and subsequently mobilized their supporters to vote against the draft constitution in large numbers, especially in the larger towns and cities (Fahim and Kulish 2013, A7).

These and other actions indicate that we are starting to see the creation of an increasingly powerful public sphere in Egypt, which includes four main organized groups: the Muslim Brotherhood, the Salafists, the secular opposition, and the old guard Mubarak-National Democratic Party supporters. The armed forces are currently in the background, though Egypt appears close to blurring the boundary between civil-military relations sooner than expected. This may be a harbinger of a new social contract that allows the military to maintain its privileges and economic activity, as well as its control of the defense ministry, if it stays out of direct politics. It is also available to step in and restore order in another transitional period should the current democratization process collapse into chaos.

Other elements of a public political sphere remain unclear for now. A mass of silent majority–type middle-class and lower-income Egyptians has yet to regroup into any kind of discernible movement or force. The revolutionary youth similarly have not coalesced into an identifiable group. The deep polarization among Egyptians that was evident during the constitutional referendum, combined with the intense contestation and public protests of the referendum process by many judges, indicate that we are in the early stages of what will be a complex and drawn-out political process (BBC News Middle East 2012).

The flawed content and procedure of the December 2012 referendum suggests that Egyptians will slowly and democratically refine their national consensus on key issues that are still vague and sharply contested, especially with respect to personal liberties, the role of religion and the military in state affairs, minority protections, the status of women, and other key matters.

Some of these same controversial issues are being actively debated in public in Libya, Tunisia, Yemen, and other Arab countries, where constitutional reforms are on the agenda to one extent or another. The constitutional processes underway are the heart of the Arab revolutions, because they bring all actors in the country to the table while addressing all issues of importance to the citizens. The crafting of a credible constitution may be the most consequential political process that has ever taken place in any Arab country in the past century.

Besides shaping credible and legitimate institutions of governance, this political process also captures key public policy issues that can be described as a series of balancing acts that citizens must define for their countries across several critical realms. The most significant balances to be negotiated and agreed are those between military and civilian authority, religiosity and secularism, central government and decentralized regional authority, the private and public sectors, tribal/sectarian and national identity, and indigenous and foreign values. Stability and development in these transforming countries will largely reflect whether, and to what extent, these balances reach a point of equilibrium that reflects a credible national consensus. The military-civilian and secular-religious balances are the two most important ones now being negotiated and defined.

Tunisia and Egypt have shown that the military-civilian balance seems well on the way to being defined in favor of civilian oversight of the military, though with continuing privileges for the military officer corps (Hanlon 2012). This is probably a consequence of the assertion of populist legitimacy that resulted from the shock of the overthrow of the former regimes by street demonstrations. This populist legitimacy makes it difficult for any one group—the armed forces, Islamists, judges, or old guard politicians—to try to unilaterally control political power and exclude other actors. Those who attempt to do so will quickly feel the counterforces of populist legitimacy, as both the armed forces and Islamists have experienced in Egypt and Tunisia.

The balance between religious and secular identities predominantly pits Muslim Brotherhood and Salafist groups against others that do not explicitly use religion to define their governing principles. (The secular-religious struggle is not only an Arab issue, as it is also evident in the three other powerful countries in the region whose majority population is not Arab: Israel, Turkey, and Iran.) All interested parties understand the significance of new constitutions that will define their national values and governance systems. Islamists in both Egypt and Tunisia are trying to shape constitutions and laws that give a special role to Islamic dictates and values in national life as well as in personal issues such as the role of women in society. Others, predominantly Muslims, who share a commitment to Islamic values but also see human rights and common citizenship rights as a guiding light in constitution writing, have started to organize against the Islamists. In Tunisia, for example, non–religion-based groups registered a meaningful gain with the decision to elect the president through a national vote rather than by parliament, where the Islamists of the al-Nahda party dominate (Lambroschini 2012).

Tunisia started the Arab revolutions, and it remains the country where the complexities of the transformations are most visible. In fact, on the second anniversary of the overthrow of the former Tunisian political regime, two significant events transpired that perfectly encapsulate the overall political condition of the country (and perhaps the wider Arab region). First, national leaders signed an important "social pact" during a National Constituent Assembly session in Sidi Bouzid, which is where Mohamed Bouazizi had set himself aflame in protest in December 2010. Second, and importantly, disappointed crowds threw rocks and tomatoes at the president and parliamentary speaker who had come to address them (BBC News Africa 2012).

These two symbolic events aptly reflect the delicate moment that several Arab countries are facing as they simultaneously institutionalize new, legitimate, accountable, and pluralistic political orders while trying to address the difficult social and economic disparities throughout the region. These twin challenges accurately portray the grievances that ultimately led Bouazizi to the end of his life: citizens' inability to enjoy the basic material needs of life (income, food, housing, health care, education) and the parallel lack of political rights.

The populist-driven revolution in Tunisia in the past two years has opened political space for every-

one in the country to compete for a share in power and governance and to reach consensus on the new constitution and other historic changes. This same open political and social arena allows others to assert their views, including groups of vigilantes in Tunisia (allegedly linked to the dominant Islamists), who have gone around beating up other citizens whose views they reject (Gartenstein-Ross 2013). The assassination of a leading secular opposition figure in early 2013 is a warning signal about the potential for the transition phase to include organized political violence and crimes (Marks and Fahim 2013). This process of inclusive nation building now taking place includes the potentially very significant social pact that was signed in January 2013 during the Tunisian National Constituent Assembly by then–Prime Minister Hamadi Jebali; Houcine Abbassi, the secretary general of the Tunisian General Labor Union (UGTT); and Wided Bouchamaoui, president of the Tunisian Union of Commerce, Industry and Craft (UTICA) (ITUC 2013). It is one of the few examples to date of attempts to launch political initiatives bridging the twin demands of social justice in the realms of socioeconomic and political-citizenship rights.

"Social justice" best captures the many dynamics that prompted and still define the ongoing Arab revolutions, for "social" captures citizens' socioeconomic rights and "justice" captures their need for political participation and respect. The Tunisian pact comprises five sections that deal with economic growth and regional development, employment and vocational training programs, working conditions, social insurance, and the institutionalization of the social tripartite dialogue. The dialogue envisages creating a "national discussion board" with representatives of the three signatories of the social pact, as a mechanism for political dialogue on issues that will persist for years, especially economic progress (Seghaier 2013).

On the same day the social pact was signed, the urgency of addressing socioeconomic and political rights simultaneously was dramatized by protesters in Sidi Bouzid who threw rocks and tomatoes at Tunisia's president Moncef Marzouki and parliament speaker Mustapha Ben Jaafar (BBC News Africa 2012). The protestors mainly sought to express their frustration in marginalized rural areas at the revolution's failure to deliver material benefits. Some in the crowd shouted, "The people want the fall of the government," or greeted the president with shouts of, "Get out! Get out!" ("Irhal, irhal" in Arabic), the rallying cry of the revolution that toppled former president Zine El Abidine Ben Ali.

The underlying revolutionary drivers of socioeconomic disparity and politically frustrated citizens remain active across much of the region, though they are more obvious in poor countries like Tunisia and Egypt than in the wealthier oil-producing states. The Arab uprisings have not seriously touched the Gulf region other than in Bahrain, where indigenous political, civil rights, and sectarian tensions have long simmered beneath the surface. The new signs of citizen activism in several Gulf states, mostly via social media, may represent the most profound new development of the past year in the Arab world. Especially striking are the street demonstrations in Kuwait that directly challenge some of the emir's policies related to parliamentary election rules (GulfNews 2012). Small numbers of citizens in wealthy Gulf states are making big demands related to political power and citizen rights, including more participation and accountability, more freedom of expression, greater equality among citizens, and less heavy-handed government manipulation of political systems. Most Arab uprisings and revolutions since December 2010 have been driven mainly by a combination of low-income and middle-class citizens who feel marginalized from power and decision making (Saif 2011). Kuwait represents something very different, because the public protests comprise mostly wealthy, pampered citizens who take to the streets and openly demand a clearer and constrained definition of the powers of their heads of state. Small demonstrations or social media protests have also occurred in Oman, Saudi Arabia, and the United Arab Emirates. The fact that some Arab citizens demand political rights in the midst of material plenty should help us understand the explicitly political and human rights dimensions of the ongoing uprisings, alongside the material grievances that define the lives of millions of Arabs in low-income states.

As the Arab revolutions and uprisings enter into their third year, the agenda of political and public policy changes in the region will continue to expand. No country will be spared, though the pace of change, the nature of demands, and regime responses will continue to vary widely. More significantly, all this will increasingly play itself out in the new public political sphere that is the first achievement of the Arab revolutions and uprisings.

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Oil, Ideology, and Regime Adaptation in the Rentier Republics: A Comparison of Libya and Algeria

by Edith Chen

Edith Chen is a Master in Middle Eastern Studies candidate at Harvard University. Her research interests include the history and politics of North Africa, as well as the development and practice of Islamic law. She graduated from Duke University with a BA in public policy studies and a certificate in Islamic studies.

Abstract:

The Arab Spring provides a rare opportunity to examine the roles of natural resources and state structure in the face of popular discontent. While the Gulf monarchies have all weathered the events of 2011, the diverging fates of the two oil-producing republics in North Africa—Algeria and Libya—suggest that neither factor alone can account for regime stability. In 2011, while Algeria echoed the other oil-producing states in pursuing a combination of social spending, surface reform, and the threat of force to counter popular discontent, Libya, under Colonel Muammar al-Qaddafi, faced unique ideological and structural constraints preventing it from pursuing the usual recourses available to states with rent revenues. Furthermore, Libya's international isolation due to Qaddafi's policy choices in the previous decades meant that Libya did not have the extensive energy and strategic alliances with foreign powers that Algeria and the Gulf States possessed. Consequently, it was left

vulnerable to outside intervention. This article also briefly addresses the situation in Mali and the Sahel as well as the role that Algeria could be expected to play in the conflict.

The 2011 Arab Spring reconfigured North Africa's political landscape, and its repercussions will be felt for years to come. Beginning in late 2010, popular protests forced out the regimes in Tunisia and Egypt, while a North Atlantic Treaty Organization (NATO)–led intervention tipped the Libyan rebels to victory after a civil war. Among the five Arab states in the region, Algeria is the lone republic that emerged from the disruptions relatively unscathed, a stability belying its recent history of a destructive civil war and the constant state of rioting.

The Algerian exception to the Arab Spring invites theories on what factors might account for the regime's hold on power despite popular discontent. Algeria differs from Tunisia and Egypt in that it possesses significant resources in the oil and gas sector. Therefore, a comparison of Algeria's political structure and policies to those of Libya, the only major oil-producing state to fall, could uncover some of the factors that account for regime stability. Such a comparison would shed light on how the Algerian regime was

able to control the situation in 2011 through increased levels of social spending fueled by its gas revenues, promises of minor political reform, and a willingness to violently suppress challenges to its rule.

What might account for the diverging outcomes witnessed in the two North African republics, then, given their similar dependence on rent revenues? Past studies on the anti-democratic effects of natural resources have focused on the Gulf States, all of which are led by dynastic monarchies, which possess relatively small populations of nationals who could enjoy the state's largesse and have established strategic alliances with the West that afford them a certain license in repressing dissent. Nevertheless, most Arab republics are not endowed with natural resources, and, as such, studies prior to 2011 often have attributed their staying power to their coercive apparatus or to the co-optation of opposition. Consequently, a new comparison of how these rentier republics responded to challenges can help us to refine our understandings of how natural resources, government policies, and

sociopolitical structure have affected the outcomes of the Arab Spring.

First, I argue that the willingness and ability of the regime to accommodate protesters' grievances, even at the surface level, gave the Algerian regime more options to neutralize dissent. For this section, I revisit theories of defensive liberalization and examine measures that the Algerian regime adopted after the oil crisis of 1986. These reforms gave way to the facade of political pluralism that exists today, even though military-security elites continued to hold the real power behind the scenes. In addition, I look at how Algeria's options in 2011 differed from those in 1988, as the government's improved financial situation from higher oil revenue allowed it to distribute generous loans and housing and food subsidies, while also permitting it to renew the social contract with the populace. The ideology and political system of Qaddafi's *jamahiriya* ("state of the masses") in Libya, however, did not permit concessions due to their highly centralized nature. Consequently, Qaddafi's options were narrowed to either maintaining his ideological and political hegemony through repression or being overthrown.

Next, I briefly examine how each regime chose to—or failed to—leverage its resources in energy and

security alliances to its advantage. Unlike Algeria, Libya did not have an extensive partnership with the West in its energy or security sectors and, on the contrary, supported various militant and rebel groups. The regime's lack of strategic international ties meant that there was less incentive for international actors to preserve the status quo of Qaddafi's regime. A full account of the relationships, histories, and policies of the states and extremist groups would be beyond the scope of this article.

Rentier State Theory and the Democracy of *Khubz*—A Theoretical Framework

According to Egypt's former finance minister Hazem Beblawi, a rentier economy is an economy that relies on substantial external rent, where the government is the principal recipient of the external rent in the economy (1990, 85-86). Hydrocarbon exports make up a significant portion of both Algeria and Libya's state revenues, thereby defining them as rentier states since achieving independence. Hydrocarbons accounted for 63 percent of Algerian government revenues in 2002 and 97 percent of its export revenues; meanwhile, oil rents represented 83.1 percent of Libya's income in 1970 (Sandbakken 2006, 140-144).

Literature on rentier states posits that states that derive most of their revenue from external sources rather than taxation tend to be more autonomous in their decision making, making them less accountable to citizens (Lowi 2004, 85). Consequently, the rulers' legitimacy rests on their ability to provide an uninterrupted stream of rents (Lowi 2004, 86). Tunisian political scientist Larbi Sadiki (2000) summarized the ensuing social contract as that of a *dimuqratiyyat al-khubz* ("democracy of bread"), where the *khubzist* citizen

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is quietist only insofar as the state is providential. When the price of oil falls and the government is unable to fulfill its social contract, the result is the "involuntary relaxation of control from the top in the form of ambiguous politics of renewal—lim-ited participation and contestation—the clear purpose of which has thus far been the survival of the regime" (Sadiki 2000).

From their establishment until the oil crisis of 1986, Algeria and Qaddafi's Libya could afford generous public spending, given the nationalization of their oil industries. Both countries exhibited similar patterns in public spending on education, health care, handouts, and subsidized foodstuffs—popular programs that bolstered the regimes' legitimacy despite the absence of political representation (Sandbakken 2006, 145). In addition, the Algerian regime under the *Front de Liberation Nationale* (FLN) also enjoyed nationalist legitimacy conferred by its victorious struggle against France, its state-building projects fulfilling its promises to the people, and rent in the form of vacated properties left behind by the Europeans that it distributed as free housing (Lowi 2004, 93).

The 40 percent fall in oil prices between 1985 and 1986 affected both countries' capacities to provide lavish social spending, provoking increasing unrest. Algeria's external revenues fell by 55 percent between 1985 and 1986 (ICG 2001, 7). In Libya, expenditures fell from 36.5 percent of gross domestic product (GDP) in 1983 to 20.8 percent in 2000 due to the softening of the oil market, as well as multilateral sanctions imposed by the United Nations (UN) from 1992 to 1999 (Vande-walle 2012). While the 1986 oil crisis put constraints on both countries' spending, resulting in greater social discontent toward the political situation, the strategies available to the two regimes differed due to their political structures. While Algeria had the option of undergoing "defensive liberalization" in 1991 (with the intent of protecting the elites' long-term interests), Qaddafi was constrained by his *jamahiriya* ideology and would not (or could not) reform the political structure—overthrowing him thus appeared to be the only answer. How the two regimes responded to the initial breakdown of the *khubzist* contract after 1986 and the solutions available to them to handle domestic problems due to political structure and ideology are examined below.

Algeria: Defensive Liberalization and Renewal of the Khubzist Contract (1988-2012)

The 1988 riots in Algiers resembled the scene in many Arab capitals during 2011 and 2012. The circumstances and grievances were similar: high unemployment, rising costs of living, food shortages, regime incompetence, corruption, and social inequality (Roberts 2003). However, the fall in oil revenues in 1986 meant that the regime was forced to cut spending drastically,[1] and purchasing social peace through economic concessions was not an option for the unrest in 1988. Under pressure from the unrest, the regime underwent a series of liberalization measures that led to the legalization of political parties and paved the way for elections in 1990 and 1991. Although they awarded a landslide victory to the opposition *Front Islamique du Salut* (FIS), the parliamentary elections were genuine attempts at liberalizing politics from FLN's monopoly. Nevertheless, the 1992 coup and subsequent civil war ended the liberalization experiment. Yet when political life resumed in Algeria, it maintained a semblance of multiparty electoral politics, even though the opposition parties had largely been co-opted by the regime and the Parliament had no real power against the military rulers. Furthermore, as the protests spread, Algeria's government gave in to conciliatory gestures such as the lifting of the nineteen-year-old state of emergency curtailing the rights to peaceful protests and permitting arbitrary detentions, though some of its rules, such as banning protests in the capital, have been extended indefinitely (Al Jazeera 2011). However, even though the political

"reforms" of 2011 were largely cosmetic rather than substantive, the 2012 legislative elections incited no protests (despite being viewed by most Algerians as a sham and boycotted by 60 to 80 percent of voters) (Nossiter 2012b).

Algerian politics in 2011 serve as an interesting contrast to the events of 1988 and to Libya's situation in 2011, illustrating how rentier states handle challenges depending on natural resource revenues. With the return of high oil prices, the Algerian government today has significant cash reserves to placate the populace (Nossiter 2012b), offering low-interest loans to youths and young entrepreneurs, doubling the salaries of state workers, as well as bringing back food and housing subsidies to satisfy the demands on the streets (Entelis 2011, 675). Memories of the civil war mean that most Algerians recall the chaos associated with political breakdowns and Islamist militias, creating reluctance for radical change. In this climate, the regime is able to use its rent revenues to renew the *khubzist* social contract by satisfying some of its citizens' short-term economic demands (Entelis 2011, 674). Despite its volatile history and the frequent riots around the country, demonstrations in

Algeria after 2011 mostly concerned housing and jobs, rather than regime overthrow (Entelis 2011, 674).

These economic incentives are costly—leading to a 25 percent rise in public spending in 2011—and are not sustainable in the long term (Dessì 2012, 4). Nevertheless, they do buy the regime crucial time for political strategizing, rather than giving in to drastic political concessions

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as it did in 1988. As problematic transitions and Islamist politics in Algeria's neighbors replace the initial euphoria after 2011, the regime's decision to buy social peace and wait out the rest of the Arab Spring may be a pragmatic investment for long-term stability.

The Algerian case supports Sadiki's conclusion that "open-

ings initiated by a few authoritarian Arab states have been the result of economic downturns, not high performance" (2000, 88). However, I would add that Algeria's political opening after 1988, short lived and ultimately powerless against the military coup, had been a necessary defensive measure for a rentier state at a time it was bankrupted of political legitimacy and oil revenues. In contrast to this case, the Libyan example demonstrates how a rentier state was overthrown when its leadership would not offer political concessions, even when it could not invest in social provision to placate the public.

Libya: The Jamahiriya's Ideological and Structural Inabilities to Adapt An Ideological Hegemony Resistant to Reform

Unlike the shadowy military-security oligarchy that rules Algeria through a civilian government, Qaddafi's Libya was an extreme example of personalized rule in a fragmented and underdeveloped state, where all aspects of society and politics were linked to his person and his ideology. Qaddafi's vision for Libya, outlined in his *Green Book* (the manual setting out Qaddafi's political philosophy), is that of a stateless state, or a "state for the masses" that governs itself through revolutionary committees. In reality, however, the formal struc-

tures of government merely executed the policies that emerged from the informal government (Brahimi 2011, 607). As the Brother Leader of the Libyan people, Qaddafi did not have an official political role but nevertheless held all the executive powers. He governed through his associates—individuals (family, friends, members of the Qadhadhfa and allied tribes, the advisors known as "men of the tent") who derived their elite status through their personal or ideological relationships with him (Brahimi 2011, 607). As a result, there was a perpetual disconnect between how the power structure actually operated and the formal governing structures that ostensibly implemented the ideal form of government discussed in the *Green Book* (Brahimi 2011, 607). The gulf between official ideology and reality constrained the regime's ability to accommodate democratic reform, even conciliatory ones that could alleviate some of the discontent, without conceding to its logical absurdity.

The theory of the *jamahiriya* of Libya denies that there is a state or a ruler, declaring that the people are already in a state of self-governance and therefore do not need intermediaries such as political parties or bureaucratic institutions to represent them (ICG 2011, 7). Since Qaddafi in theory did not hold any leadership position, it was logically impossible

for Libyans to call for his removal as the head of state without discrediting the whole idea of the *jamahiriya* as a farce, thereby making incremental reforms impossible without calling Libya's ideological foundations into question (Brahimi 2011, 611). Consequently, unlike its neighbors, Libya is the unique North African country that did not even pay lip service to the right of political representation or hold elections.

Though Qaddafi might have rejected reform due to his unwillingness to compromise his political philosophy, it is also likely that he did so out of the pragmatic concern that incremental political reforms would eventually unravel his universal theory and call his legitimacy into question. One example of Libya's ideological rigidity occurred in the mid-2000s, when Qaddafi's son Saif al-Islam Qaddafi introduced a draft of a new constitution that proposed "the creation of an executive council with 100 members from the Social People's Leaderships, trade unions, professional associations, civil society and the private sector that would sit atop the Jamahiriya system as the main executive body" (ICG 2011, 15). Colonel Qaddafi reportedly rejected the constitution for tampering with the fundamentals of the *jamahiriya*, suggesting his devotion to the ideology. This commitment made the system resistant to adaptations

that otherwise might have given an appearance of reform (ICG 2011, 15).

In comparison, Algeria's FLN had a more pragmatic relationship with its official ideology. Despite having a founding ideology defined by revolutionary, anti-imperialist, and populist rhetoric (Entelis 2011, 658), FLN was willing to modify its ideology to suit its needs. For instance, the new constitution introduced in February 1989 eliminated all references to socialism or socialist principles as inherent to Algerian political identity or development (Entelis 2011, 658). At the same time, the constitution inaugurated Algeria's evolution in its foreign policy, as it turned away from Third World socialism and anti-imperialism, instead embarking upon a path to greater cooperation with Western powers and markets, especially with Europe. The effects of Algeria's ideological reorientation of its foreign policy, as opposed to Libya's relatively late shift out of its diplomatic and economic isolation, is another critical factor for explaining its stability during the Arab Spring and is examined further later in this article.

Fragmentation of Elites in Libyan Politics

Even if not everyone in the regime took the Brother Leader's

ideological vision as seriously as did Qaddafi himself (ICG 2011, 7), Libya's highly centralized structure prevented political elites from wielding sufficient power to initiate any adaptive reforms. Joshua Stacher, assistant professor of political science at Kent State University, has noted in Syria's case that "too much decentralization complicates the ruler's ability to cohesively confront systemic challenges or change the regime's direction" (2012). While Stacher faulted the Syrian elites for obstructing changes in order to protect their turf, the situation is reversed in Libya's highly centralized, highly personalized politics. In such a political structure, the elite actors (those who were not among Qaddafi's inner circle or special security whose interests were served by the current configuration) were too fragmented to compel Qaddafi to engage in reform even if they had a vested interest in prolonging the regime.

Libya's fragmented social and political structure under Qaddafi contributed to the regime's structural inability to adapt during the crisis. Most of the social fragmentation was intentional as Qaddafi "continuously uprooted any sign of class or other political grouping that might become a source of opposition, democratic or not" (Sandbakken 2006, 145). Through nationalizing the industries and abolishing the private sector

from 1971 until the economic liberalization in the early 2000s, Qaddafi's policies prevented the rise of an independent middle class and reduced the majority of Libyans to financial dependence on the state (such as public sector employment, which has accounted for three-quarters of the labor force since the 1970s) (Sandbakken 2006, 146).

Qaddafi's policies likewise fragmented the elite actors, ensuring that no political actor gained enough power or influence to challenge him. The rentier classes of technocrats were marginalized after a coup attempt in 1975, and "the upper echelons of the military, the government and the revolutionary committees have been purged periodically to prevent any group or individual from gaining enough power to become a threat to Qaddafi"; even members of his tribe were not immune to persecution (Sandbakken 2006, 146). This highly personalized style of rule ensured that elites only derived their status by their relationship with Qaddafi and engaging in rent-seeking activities, rather than through any independent means or power base (Brahimi 2011, 610). Consequently, these actors were not in any position to question his ideology or policies even for the sake of regime preservation.

Even after Libya's reopening to international investment after 2003,

the ensuing decade of crony capitalism generated personal wealth for Qaddafi's family and inner circle, but failed to resolve the unemployment problems or change the lives of ordinary Libyans (Brahimi 2011, 609). Despite some initiatives introduced, such as loan schemes for investment, these welfare initiatives did not appear to be as generous as the handouts offered by the Algerian regime or those from Libya's early years, possibly due to Libya's unproductive years of sanctions that affected its ability to offer lavish social spending. For example, economic sanctions by the United States did not affect Libya's oil revenues as much since the United States is not a major consumer, but it did affect Libya's ability to acquire technology and equipment used in the oil sector (Vandewalle 2012). Furthermore, without accompanying promises of political liberalization, economic concessions alone were insufficient to persuade Libyans to overlook decades of growing inequalities, lack of opportunities, and corruption to renew their *khubzist* contract with the regime.

Oil and Terrorism: The Impact of Natural Resources and Foreign Relations in Libya and Algeria's Diverging Outcomes

How regimes leveraged their strategic resources with the outside world was a major factor in regime stability or change after the protests of 2011. NATO's intervention in Libya was the most overt instance of external military involvement in the Arab Spring and was critical to the rebels' eventual success over Qaddafi's forces in the civil war. On the other hand, the international community was largely silent during Algeria's decade-long civil war, where the regime canceled elections and cracked down on protesters and opposition with impunity. Likewise, Western powers did not pay much attention to the violent repression of protesters by the Gulf States, such as Bahrain.

This disparity in Western responses to regime repression is linked to whether a regime had cultivated strategic ties to the West. Professor of Arab politics at Brandeis University Eva Bellin had expressed the "exceptional will and capacity of the coercive apparatus to repress" as a confluence of four factors, two of which are structural factors particularly applicable for this case study: (1) the fiscal health of the coercive apparatus, exceptionally robust in countries thanks to access to petroleum, gas, and other forms of rents; and (2) the maintenance of international support networks with Western security interests (such as providing a reliable supply of oil and gas and containing religiously inspired terrorist threats) (2012, 128-129).

The contrast between Algeria and Libya's success on point two serves a particularly salient comparison on foreign support networks' influence on regime stability or change.

Energy

The Libyan regime became increasingly isolated from the international community in the 1970s and 1980s due to its support of various terrorist groups, culminating in the UN-imposed sanction (1992-1999) for its role in the bombing of Pan Am flight 103 over Lockerbie, Scotland. The sanctions led to a dramatic decline in oil revenues (which had made up 95 percent of export revenues in 1986), depressing the standards of living, and brought economic hardship to Libyans (Vandewalle 2012). The country's per capita GDP fell from $7,311 to $5,896, and the economy grew by only 0.8 percent per year during the seven years of multilateral sanctions (Vandewalle 2012). Libya did not begin rebuilding relationships with the international community until 2003 when senior advisors persuaded Qaddafi to moderate his anti-Western posture. The decades of sanctions had costs other than simply lost oil revenues; for instance, the U.S. economic sanctions starting in the 1970s withheld technology for the oil industry, and Libya had to secure the embargoed items from other sources at a considerably higher cost (Vandewalle 2012).

On the other hand, Algeria is a major supplier of natural gas to southern Europe, a strategic position that would make Spain, Portugal, France, and Italy hesitate before disrupting their economic relations with the country. According to an International Crisis Group report, "Southern European demand for Algerian gas has substantially increased over the past decade, making this as much a strategic resource for European neighbors as for Algeria's military authorities. Via pipelines, Spain imports 75 percent of its natural gas from Algeria, Portugal (through Spain) 100 percent and Italy 54 percent. All three states—and France for complex historical reasons—are reluctant to disrupt established relations with the Algerian authorities" (ICG 2001, i). Despite the fact that FLN gained its legitimacy from anti-imperialist struggles, it removed "all references to socialism or socialist principles as necessary to Algerian political identity or development" from its 1989 constitution (Entelis 2011, 657). John Entelis, professor of political science and director of the Middle East Studies Program at Fordham University, described the move as signaling "a formal break with the ideological foundation of its foreign policy orientation, based as it was on militant collective self-reliance among third-world states organised along socialist principles of redistributive justice, collectivisa-

tion, nationalisation, global cartelisation, and Western 'paybacks' for past practices of colonialist exploitation and pauperisation" (2011, 657). The value of the regime's strategic ties to Western powers allowed it some freedom in how it conducted its internal affairs, shielding it from any criticisms from the United States

Terrorism

The international acquiescence that greeted Algeria's military coup in 1992 foreshadowed Western powers' preoccupation with Islamist groups, with counterterrorism becoming an increasingly important component of their foreign policy

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The regime's torture and repression of its Islamist political opponents, with Western acquiescence, contributed to their radicalization into armed militant groups, from which al-Qaeda in the Islamic Maghreb sprung.

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or France in how it conducted the 1992 military coup that disrupted the democratic process and the violent repression of the Islamists that followed (Entelis 2011, 658).

Twenty years of opening up transformed the Algerian regime's financial situation, even if it did not solve the perennial economic problems (Lowi 2009). Record hydrocarbon revenues from 2000 to 2008, the regime's $100 billion of foreign currency reserves, and low foreign debt at 4 percent of GDP gave the regime vast resources to counter demands for reform in 2011 (Lowi 2009).

to the Middle East. Through the 1980s into the 1990s, the Algerian and Libyan regimes adopted positions that placed them at opposite ends of the security issue. While the Algerian regime was able to capitalize on the international community's support by positioning itself as a bulwark against Islamic extremism, Qaddafi imposed international sanctions on Libya for sponsoring terrorism and rebellion, specifically through his involvement in the Lockerbie incident in 1988. Among the rebel groups he supported were the Tuareg rebels who fought for him during Libya's civil war and who, along with Islamist militants, took

over northern Mali in 2012 (Nossiter 2012a). The situation in the Sahel today is a legacy of Qaddafi's policy, as the Tuareg and Islamist militants returned from Libya with his arms and deployed them in their campaign in northern Mali, a development that altered the dynamics of the conflict and has implications throughout the region.

Together with its energy reserves, Algeria is able to leverage the war against Islamic militants with European powers. During the civil war, it had French support, particularly since Armed Islamic Group (GIA) militants bombed the Paris metro in 1995, drawing the former colonial power into the conflict. The regime's torture and repression of its Islamist political opponents, with Western acquiescence, contributed to their radicalization into armed militant groups, from which al-Qaeda in the Islamic Maghreb (AQIM) sprung.

The conflict in the Sahel highlights the critical role Algeria will be expected to play in the future. European nations have an interest to keep terrorists from establishing an enclave near the Mediterranean coast, as well as to protect gas fields in the Algerian desert. Meanwhile, Algeria is wary of the militants operating at its borders, some of which were groups who fought against the government during the civil war. On this issue, Algerian security interests

coincided with those of the international community. In 2013, for instance, it granted France use of its airspace to conduct air campaigns in northern Mali and announced that it would seal the border with Mali, which would help keep the Islamists out of its southern deserts (Economist 2013). Nevertheless, Algeria did not commit any ground forces to the operation.

However, the hostage crisis at the In Amenas gas field in January 2013 also highlights the Sahel conflict's links to unresolved problems from Algeria's civil war. Among the issues is the overlap in actors and militant groups involved in the conflicts; for instance, the mastermind behind the attack, Mokhtar Belmokhtar, was a veteran of the GIA in its struggle against the Algerian government. This blurring of Algeria's internal conflict with the broader transnational conflict can be seen in the Algerian regime's decision to undertake a unilateral response to the In Amenas incident, where it rejected negotiations with the militants and went directly to using force without informing the international community. Such measures echo the hardline approach it took against opponents during the civil war. How this perennial conflict between the regime and Islamists will play out in a new political backdrop remains to be seen.

Conclusion

As the last secular authoritarian regime in the region, Algeria's military-security regime will be indispensable in the Sahel conflict and will likely enjoy strong Western support. However, international support alone would not guarantee stability. While the regime was able to survive the popular protests of 2011, the conflict in Mali—an unintended consequence of the Libyan revolution—threatens to unleash forces that will revitalize the Islamic militants and bring new challenges. How Algeria and the other North African states will navigate the regional dynamics should be closely watched in the upcoming years.

Even as the Arab Spring brought more questions that will occupy Middle Eastern scholars, it was also an opportunity to examine existing theories on the relationship between political structure and natural resources in authoritarian systems. Even though Libya was the only oil-producing state to experience regime change after the Arab Spring, Qaddafi's failure to navigate the crisis originates from the regime's policy choices and the peculiar constraints placed upon it due to the ideological foundation of the *jamahiriya*. In the end, perhaps it is more appropriate to speak of a "Libyan exception," where an unusual set of factors led to the regime's inability to adapt, rather than give credit to "l'exception algérienne" or other oil-producing states for maintaining their authoritarian control.

ENDNOTES

[1] Government spending dropped from $11.72 billion (constant 1992 dollars) in 1985 to $8.89 billion in 1990 and $3.68 billion in 1992 (Sandbakken 2006, 141).

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Surveying the MENA Region: An Interview with Jon B. Alterman

JMEPP interviewed Jon B. Alterman on 3 December 2012.

Jon B. Alterman is director of the Middle East Program at the Center for Strategic and International Studies (CSIS). Prior to joining CSIS in 2002, he served as a member of the policy planning staff at the U.S. Department of State and as a special assistant to the assistant secretary of state for Near Eastern affairs. He is a member of the Chief of Naval Operations Executive Panel and served as an expert adviser to the Iraq Study Group. In addition to his policy work, he teaches Middle Eastern studies at the Johns Hopkins School of Advanced International Studies and George Washington University. From 1993 to 1997, Alterman was an award-winning teacher at Harvard University, where he received his PhD in history.

JMEPP: Do you think that in 2013, Jordan could disprove the rule of monarchical stability in the Arab world?

ALTERMAN: I would be very surprised if 2013 were the downfall of the Jordanian monarchy. What circumstances will prevail, how they will navigate their way in a different environment, through potential Saudi succession, potential dramatic changes in oil prices, potential spillover of the conflict [in?] Syria, Palestine, Iraq. I am not sure what the future of Jordan will be, but it would be rash and premature for one to estimate that future would not include the king in the near term.

I think it is a mistake to see Iranian foreign policy as being a Shi'a foreign policy. It is an Iranian foreign policy, with Iranian national interests in mind. There is an ideological commitment to anti-Americanism and opposition to Israel, but that is an ideological rather than sectarian take.

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JMEPP: Concerning Iraq, there have been concerns about the government's proximity to Iran. How do you see the Iraqi attitudes toward Iran, especially with a large Shi'i majority favorable to Iran on the one hand and the memory of a long and bloody war with Iran on the other?

ALTERMAN: It depends which Iraqis you're talking about. At the national level, there is a principal desire to triangulate between Iran, the West, and the Gulf Arab States, Turkey, and the Kurdish regions. They are not trying to pick a friend; they are trying to fine-tune relationships in three dimensions. The Iraqi government has decided there is no security in being hostile to Iran, but they can't yet trust their neighbor.

JMEPP: What is Iraq's short-term foreign policy in the region? Additionally, do we see any evidence that Iraq would pursue a similar Shi'i-oriented foreign policy similar to that espoused by Iran?

ALTERMAN: I think it is a mistake to see Iranian foreign policy as being a Shi'a foreign policy. It is an Iranian foreign policy, with Iranian national interests in mind. There is an ideological commitment to anti-Americanism and opposition to Israel, but that is an ideological rather than sectarian take. I think Iran's leadership is comprised of nationalists, not sectarians. The Iranian government has a clear sense of Iran's national interest, but the Iraqi government has a much less clear sense. What Iraqis are trying to do is to try to find a balance between different interests they are trying to pursue. In some cases you have multiple policies that may or may not be coordinated, carried about by various parties in the Iraqi government. I do not see anything that could be called an Iraqi strategy, except to continue to balance between antagonists.

JMEPP: Let's move on to U.S. foreign policy in the Middle East. Now that most troops have been withdrawn from Iraq, how do you envision President Barack Obama's administration will use that greater flexibility approaching the Middle East in a second term?

ALTERMAN: The president came into office in 2009 feeling that one of the most important discretionary things he had to do was to get serious about Arab-Israeli peace negotiations and to try to heal the distrust and hatred toward the U.S. he felt that the Bush administration had engendered. So we saw the appointment of George Mitchell [as special envoy for the Middle East] on the president's first day of office. We saw the phone calls that he made to Prime Minister [Benjamin] Netanyahu, President [Mahmoud] Abbas, [Saudi Arabia's] King Abdullah, and President [Hosni] Mubarak on his first day in office. And we saw the Cairo speech in June 2009. Those were the discretionary things that were high on his list. I don't think he starts this term with a long discretionary set of tasks in the Middle East. That being said, there may be opportunities in the Middle East on the Arab-Israeli peace process and Iran, but I do not think he starts off saying, "This is where I want to make my mark."

JMEPP: The United States is increasing its production of natural gas at rates far in excess of what most people expected. How will this affect our policy regarding the Middle East? Will it give us more flexibility with Middle East and North Africa oil producers?

ALTERMAN: We currently do not receive a lot of our energy from the Middle East anyway. Most is from the Western Hemisphere and North America. That doesn't explain why we are involved in the Middle East. We are militarily involved the way we are in the Middle East because global energy markets are aligned in the Middle East, and our interest in protecting global commerce and our allies cause us to invest in Middle East security. I don't think that is going to change. Concerning the pivot to Asia, people believe that that is a turn away from the Middle East, but Asia itself is starting to turn towards the Middle East, meaning we are turning to the Middle East from the other side. China, Japan, India, and South Korea are top Middle East energy consumers, and those are the countries we are most concerned with. I do not think we get out of the Middle East business. I think our diplomacy will have to have a more Asian focus, but I do not think the concern goes away.

JMEPP: How would you describe and evaluate the Obama administration's strategic approach to Islamist political parties and their ascendency?

ALTERMAN: I think that the president's approach to Islam more broadly derives from the fact that his introduction to Islam was not 9/11. His introduction to Islam had to do with his upbringing in a Muslim majority country for some of his youth. He was aware that his father was Muslim; he didn't start from a premise that Islam is part of the problem. This has helped create a sense in the administration that there is not necessarily something threatening about people of faith in the Muslim world entering politics. There is an interest in democratization, a concern with intolerance and discrimination, but Islam is not seen as being inevitably linked to those things. There has been a willingness to engage with a whole set of religious actors, not just the Muslim Brotherhood. For example, in Egypt, embassy officials met with a range of Salafi and Brotherhood actors, as well as with secular liberals because a pluralistic political process is inclusionary. I think that it is the right approach. I think the concern is when the anti-democratic aspects of religious politics start to intervene. Americans have a keen sense that straightforward majoritarian rule is not the American system; the American system is meant to protect the minority. The great contribution of America to the world is not necessarily democracy so much as tolerance. I think the key thing that

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We are militarily involved the way we are in the Middle East because global energy markets are aligned in the Middle East, and our interest in protecting global commerce and our allies cause us to invest in Middle East security. I don't think that is going to change. Concerning the pivot to Asia, people believe that that is a turn away from the Middle East, but Asia itself is starting to turn towards the Middle East, meaning we are turning to the Middle East from the other side.

we have to stress going forward is to create more tolerant systems, not merely systems that could give power to the majority of the population. If I look at the threatening aspects of the Middle East, almost all of them can be mitigated by a greater sense of tolerance, not because everyone has to follow the same course, but because permitting diversity protects the dynamism of the system and that will lead to better outcomes.

The Arab Awakening and the "Cascade" of Failing States: Dealing with Post-Revolutionary Stabilization Challenges

by Yoel Guzansky and Benedetta Berti

Yoel Guzansky, the former Iran coordinator at Israel's National Security Council, is a research fellow at the Institute for National Security Studies at Tel Aviv University and a doctoral candidate in international relations at Haifa University.

Benedetta Berti is a fellow at the Institute for National Security Studies, a lecturer at Tel Aviv University, a member of the Atlantic Council's Young Atlanticist working group, and coauthor of the book Hamas and Hezbollah: A Comparative Study.

Abstract

Even though state weakness is not a new phenomenon in the Middle East and North Africa region, this trend has only worsened since the beginning of the massive wave of social and political protests that have characterized the "Arab Awakening." The challenges of this post-revolutionary period risk intensifying preexisting sectarian, religious, and political cleavages. In turn, this means—at least in the short term—that it is fair to expect renewed internal turmoil as well as significant troubles in the establishment of central authority. As such, the short term may indeed be characterized by weaker or failing states, with strong regional implications at the humanitarian, political, and security levels.

The post-revolutionary stabilization period is likely to both exacerbate preexisting cleavages as well as weaken central authority. As such, the short term may indeed be characterized by weak or failing states.

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The ongoing turmoil still unfolding in the Arab world began with a promise to bring substantial change to a region that desperately needed a jolt. The Arab protest movements, while also sparked by material distress, went far beyond economic grievances to produce a discourse centered on genuine political reforms, freedom, justice, and dignity.

However, while the heterogeneous protest movements were able to come together to demand the demise of old authoritarian regimes, they have subsequently splintered along secular religious, sectarian, tribal, and ethnic lines. Similarly, these movements have so far failed to produce a cohesive plan for their respective post-revolutionary transitions.

The divisions within the protest movements, along with the obstacles faced by the local civil society, have contributed to a stalling of the process of political change. The transition is further complicated by the legitimacy deficit of the existing political institutions and by the resilience of the pre-revolutionary networks of power and patronage. In turn, all these elements have made the post-revolutionary period, already replete with challenges, even more complicated.

One of the most worrisome outcomes of this post-revolutionary transition stage has been the exacerbation of particularism and the reaffirmation of pre-state loyalties. This has undermined the creation of new, strong, and functioning states.

In general, state weakness is not a new phenomenon in the Middle East and North Africa (MENA) region, but this trend has only worsened since the Arab Awakening. The challenges of the post-revolutionary period risk intensifying preexisting societal cleavages. In turn, this means, at least in the short to medium term, that it is fair to expect renewed internal turmoil as well as significant troubles in the establishment of central authority.

Pessimistic observers, including former U.S. Secretary of State Henry Kissinger, note that "blank spaces denoting lawlessness" may come to dominate the Middle East map, pointing to Yemen, Somalia, Libya, Iraq, Mali, Syria, and the Sinai Peninsula as examples of this "cascade" of state failure (Kissinger 2012).

The one-size-fits-all approach leaves much to be desired when referring to a politically, economically, and culturally diverse region like the Middle East. Even so, there seems to be truth in the notion that the post-revolutionary stabilization period is likely to both exacerbate preexisting cleavages as well as weaken central authority. As such, the short term may indeed be characterized by weak or failing states.

The Challenge: Weak Central Government, Internal Divisions, and Failing States

There is widespread awareness that, especially in the post–Cold War era, internal security challenges, including civil wars, terrorism, and guerilla warfare, have become the most prominent threat to human security at large. Since the end of World War II, far more people have died as a result of these threats than due to interstate wars between regular armies (Fearon and Laitin 2003).

Similarly, there is virtual agreement within the scholarly community about the role weak and failing states play in heightening challenges to people's security, both at the local and global level. Nonetheless, and despite the extensive discussion of this topic in the West, the discourse regarding what actually constitutes a failed state lacks conceptual clarity and is oversaturated with different definitions and indices (Hafez 2012; Economist 2009). For the purpose of this article, and without directly addressing the ongoing scholarly debate on the issue, the term "state weakness" is understood through the prism of the regime's legitimacy, its capacity to deliver social and political goods, and its ability to guarantee a basic level of security.

Under this paradigm, a functioning and strong state should be characterized by high internal legitimacy, with citizens recognizing both the political institutions and the political leadership. The ideal typology of a strong centralized state should similarly be able to provide a basic number of social and political services to its population. In addition, the state should be the main provider of security. To this end, the state should maintain and operate police, security, and military institutions intended to protect its citizens from internal and external threats. These state institutions should ideally hold

the monopoly on the use of force, and the population should largely perceive them as legitimate.

By the same token, a state should be seen as failed when it is utterly unable to meet any of these criteria: that is, being perceived as illegitimate, unable to provide goods and services, and incapable of providing security. Failed states have a higher potential for internal violence, since the regime's incapacity or illegitimacy may lead sub-state actors to challenge the authority of the regime by trying to topple it or simply by creating alternative sub-pockets of authority.

Clearly, ideal typologies rarely fit reality, and, as such, most states fall somewhere on a spectrum that ranges from "strong" to "weak" and from "functioning" to "failed." In recent years the concept of the failed state has become popular and overused, especially because of the difficulty in identifying the line separating the various degrees of state weakness. Some twenty-nine states are currently identified as failed. Among these, the highest rate of failure occurs in sub-Saharan Africa (Marshall and Cole 2009).

In the MENA region, state weakness appears in very different shades. Similarly, the reasons for illegitimacy vary, from a history of colonialism that created a situation

of incongruence between the borders of the state and its ethnic or national identification, to various cases of regimes that serve as a means for perpetuating the dominance of one ethnic group over all other groups present in the state.

In this context, there are two central types of weak states that stand out. In states like Lebanon, the central political institutions can be perceived as weak, with a low degree of popularity and legitimacy. Although the state is far from failing, there is still inherent institutional weakness.

Far from being a harmonious experiment in multiculturalism, the Lebanese society is extremely fragile and fragmented along ethnic, religious, and sectarian lines. Therefore, lacking strong common foundations and social cohesion, outbursts of ethnic and religious violence within Lebanon have been a recurrent pattern in the country's history. In turn, the divided and fragile society has strongly affected both the legitimacy of the country's central political system as well as the government's capacity to exercise control and authority over all of its citizens and territory.

The political institutions are similarly lacking when assessing their capacity to distribute social and political goods. In particular, there

still tends to be a largely differentiated access to social and political goods as well as citizenship rights for the different sectarian communities. This generates friction between such communities, weakening the unity of the nation. This combination of inter-sectarian tensions, societal division, clientelism, institutional weakness, and foreign meddling makes Lebanon an interesting example of state weakness in the region.

In contrast, the region also sees a second typology of states that are further along the failing states spectrum, such as Yemen. In Yemen, central government institutions face monumental challenges in ensuring central authority and in preserving the monopoly of force. Accordingly, the regime struggles to provide security and basic services to citizens and to control the state's border effectively.

This challenge is especially daunting as Yemen is also the poorest and least developed state in the region, the one most lacking internal legitimacy, as well as the nation with the lowest capacity to deliver social and political goods. Clearly, the state is also far from holding a monopoly on force.

Each of the groups comprising the Yemeni mosaic has a different vision for shaping the nation. The result is local groups teaming up with

external forces in order to improve their domestic standing. That alone transforms Yemen into another arena of regional struggle—a most important one given its geostrategic location.

Moreover, Yemen must also deal with a plethora of additional internal problems, ranging from its internally fragmented society and the presence of high numbers of internally displaced persons to hunger, poverty, and quickly decreasing water supplies.

Although weak and failing states in the region are extremely diverse in terms of their historical, political, and geostrategic features, three characteristics of state failure lie at the heart of the analytical framework: weak central political institutions, inequality in the distribution of social and political goods, and proliferation of parallel spheres of authorities within the state. What sets failing states like Yemen apart from other states like Lebanon, however, is the intensity of the threats and their interrelationships. The regime's illegitimacy and its inability to maintain the monopoly of force, coupled with weak state institutions, results in the growth of various sub-state actors trying to seize power or use violence to wreak havoc.

The situation becomes even more complex since sub-state actors

challenging the central regime often recruit external patrons that, for a variety of reasons, choose to support them. For example, in the case of the ongoing internal conflict in Syria, Gulf states, led by Saudi Arabia and Qatar, back the opposition forces, while states like Iran support the Assad regime in power. The role of third states only adds fuel to the fire, increasing the level of internal violence and accelerating the process of state failure.

The "Failing States" Challenges in the MENA Region After the Arab Awakening

The Middle East provides a live laboratory for examining the problem of weak states, as half of the twenty-two Arab League members may be defined as weak or failing states. Among the challenges faced by regional regimes are demographic pressures, inequitable development and distribution of political goods, illegitimacy of the central political institutions, human rights abuses, impaired security, and external meddling by third states. As such, even well before the Arab Awakening, the structural foundations of Middle Eastern states appeared to be weak, with a variation between highly dysfunctional states like Yemen and weak but far from failing countries like Lebanon. Even in the region's rich states, wealth (coming primarily

from natural resources) hides significant structural weaknesses that are liable to lead to future state weakness.

However, since the beginning of the revolutions, there has been a general deterioration in the level of internal stability of MENA states. For example, Libya has been facing monumental challenges in reasserting internal control in the post-revolutionary phase. The Libyan National Transitional Council (NTC) began its post-conflict stabilization phase in October 2011, after declaring the end of the hostilities eight months after the beginning of the uprising. Shortly after this declaration, the NTC relocated to Tripoli and the North Atlantic Treaty Organization's (NATO) Operation Unified Protector officially ended, marking the beginning of Libya's stabilization and reconstruction phase. Nevertheless, implementing political and security reforms in Libya has proved an incredibly difficult task, leaving the country in a state of internal weakness and instability.

Libya, despite being rich in resources and less in need of traditional financial support, still is far from stable. The country is highly fragmented internally—with competing tribal loyalties often taking precedence over national identity—and lacks strong and functional central political institutions. From

the outset, the NTC lacked the legitimacy and capacity to establish strong internal control and to assert authority over tribes, cities, and provinces, which had basically relied on self-rule over the previous decades.

The new authority also struggled to retain the monopoly on the use of force. In fact, the proliferation of armed groups constituted one of the biggest challenges to the authority of the council. These groups also raised the internal level of violence and instability. The proliferation of militias was an especially substantial problem given the weakness of the Libyan security sector, which found itself in a nearly total state of disarray following the end of the revolution. Even though the situation has improved following the country's elections and the replacement of the NTC with an elected government in 2012, the challenges of ensuring central control and building effective political institutions remain.

Especially interesting is the effect that the security vacuum in Libya has had on its regional neighbors. After Libyan dictator Muammar el-Qaddafi's fall in 2011, groups of Tuareg militants who had fought on the regime's behalf filtered across the border into Mali. There, such militants reinforced existing Tuareg groups who stepped up separatist violence against the government.

That led to a military coup, along with a move to partition the country, and the creation of a radical Islamist enclave in the north. Once a fragile African democracy, the situation in Mali rapidly deteriorated, eventually needing international intervention to stabilize the situation and stop the rise of the radical Islamist groups in the country. The situation in Mali demonstrates how state failure can become contagious and spread from country to country (Alterman and Guzansky 2012).

Syria is, of course, another notable example of increased internal instability. Since the initial clashes between the Assad regime and the anti-Assad opposition forces first broke out more than a year ago, the crisis has escalated exponentially and descended into a bloody civil war. The country, accordingly to the Failed States Index for 2011-2012, rose from the forty-eighth most dysfunctional country in the world in 2011 to position number twenty-three in 2012, together with Eritrea (Fund for Peace 2012). Even before the conflict became highly militarized and drifted into a full-fledged internal war, it had become apparent that the brutal regime lacked internal legitimacy.

In addition, the war has brought prolonged internal instability to Syria, with the country lacking cen-

tral control and witnessing the rise of multiple and competing spheres of authority on the ground. De facto, different parts of the country are under the authority and control of either the regime and its army, competing rebel forces, or local leaders and rising warlords. Significantly, the more the conflict continues, the more internal fractionalization dynamics are heightened, with sectarian divisions becoming salient and constituting an obstacle to attempts to bring about a political resolution to the conflict.

The absence of central control and the multiplication of competing centers of power have been matched by the increased militarization of the conflict and the proliferation of non-state armed groups operating on behalf of the government or rebel forces. In this context, Syria has become unstable, divided, militarized, and extremely prone to the intervention of foreign powers.

Another important signal of state failure in Syria is the daunting humanitarian situation: in addition to a disheartening 70,000-plus civilian casualties, the conflict has also produced more than one million refugees, along with over two million internally displaced people, creating an ongoing humanitarian emergency (UN News Service 2013; Fantz 2013). The case of Yemen is perhaps even more extreme. The Yemeni state (which to a large extent is an arena of struggle between regional forces) is trying to simultaneously tackle a violent uprising with ethnic connotations in the north and a separatist struggle in the south, as well as to contain growing jihadist activities with global connections.

The civil unrest that has gripped the nation since January 2011 has intensified existing trends and accelerated processes that are liable to lead to state failure. The hope had been that the resignation of Yemen's president Ali Abdullah Saleh in February 2012 would contain the Yemeni revolution and, more importantly, the precarious situation of the country, but, thus far, the hoped-for stability has not materialized. On the contrary, the Yemeni revolution has further weakened the central government and resulted in increased Iranian and al-Qaeda influence.

Militant Islamist organization al-Qaeda in the Arabian Peninsula (AQAP) has exploited the internal chaos generated by the Yemeni revolution and steadily expanded the areas under its authority. Until the government's counteroffensive in the spring of 2012, it had taken control of a number of towns and cities and most of the Abyan governorate. In many places where the central government was absent, Ansar al-Sharia forces—whose name is part of a rebranding effort by AQAP (U.S. Department of State 2012)—served as the local administration. In addition, tribal loyalties have also been shifting, with some tribes remaining loyal to the government, others drifting

> *This cascade of state weakness also extends to states that have not been at the center of the protests of the Arab Spring.*

toward AQAP/Ansar al-Sharia, and still others fluctuating between the parties. Thus, the nature of AQAP's activity has shifted accordingly, and it has increasingly assumed the form of an insurgency (Ghobari 2013).

Another manifestation of Yemeni state weakness is the increased strength of the Shia Houthi rebels in the north. Although they have been active for the past decade, in the past two years they have been strengthened and have succeeded in expanding the areas under their control. Currently, they control the entire Saadeh region, amidst accusations that they receive support from Iran—whose goal is to weaken the Saudi-backed central government (Chivers and Worth 2013).

This cascade of state weakness also extends to states that have not been at the center of the protests of the Arab Spring. The Iraqi government, for example, is also engaged in attempts to assert central control and authority. To date, these efforts have not been successful, with the state essentially absent from large parts of Iraqi territory. In the Kurdish region in northern Iraq, there is a de facto independent state. In the rest of the country, the Sunnis feel deprived by the Shiite majority and are engaged in a political battle, which is becoming increasingly violent, with the central government. Fundamentalist groups, such as al-Qaeda in Iraq (rebranded as the Islamic State of Iraq), are still active in the country, while powerful external forces—mainly Iran through the Quds Force of the Revolutionary Guard—remain involved in Iraqi affairs.

When looking at the region in the post–Arab Awakening era, then, it appears obvious that regional states are experiencing a state of deep internal crisis. Overcoming this current strife will require a long and difficult process, one that must address the structural flaws of the

preexisting political institutions while investing in society- and nation-building. It will also require revising the imported model of governance, based on a strong and centralized state, and recognizing instead the importance of creating viable power-sharing agreements as well as investing in local autonomy.

The challenge ahead is monumental, and it is therefore not surprising that the short and medium term is likely to be characterized by additional instability and state weakness.

Ramifications of Failed States in the MENA Region: Threat Assessment

The ongoing turmoil in the region has accelerated existing trends that pose a number of important challenges to the security of the region.

In the broader context, failed states can represent a challenge to the stability of the Middle East. This is especially the case given today's globalized and interconnected world and because of the large involvement of external actors in domestic affairs of weak and failing states. The weakness of the central government and the proliferation of groups competing with the state represent an excellent opportunity for external third parties seeking to expand their

influence on the region. What may at first glance look like an internal conflict between armed groups and governmental forces, such as in Syria or Yemen, is, in fact, also an arena for struggle between regional forces. The Lebanese civil war between 1975 and 1990 serves as a powerful reminder of the dangers of countries becoming surrogates for regional and international conflicts.

Indeed, foreign intervention in Lebanon has been a constant theme in Lebanese political life, contributing to the permanently blurred lines between domestic and foreign matters. All main sectarian groups within the countries have cultivated relations with foreign actors. As a result, a myriad of foreign powers—from Iran to Syria, Saudi Arabia, and Israel—have been invested in Lebanese politics, often with profoundly conflicting agendas.

The presence of strong links with domestic communities, together with the geostrategic relevance of Lebanon and the institutional weakness of the state, has led the country to become a playground for other regional and global actors to compete for regional power, through both political and military means. Of course, this relationship between foreign patronage and state weakness has been self-reinforcing. Foreign intervention is enabled by the state's weakness, which, in turn, further

contributes to a weakening of the state and heightened instability, creating a vicious cycle.

Currently, both Iraq and Yemen look increasingly like potential arenas for similar struggles between the different regional and global powers invested in the region. Similarly, the conflict in Syria is becoming progressively more regionalized, certainly a worrisome trend for both the country as well as for the region as a whole.

The more that the conflict within the failing states becomes regional, the more the crisis can be exported with broader repercussions across the Middle East. For instance, in the case of Yemen, the regime's inability to impose its authority on Shiite groups caused the fighting to spill over into Saudi territory in 2009-2010.

In the case of Syria, the daunting humanitarian emergency and the growing number of refugees is having a regional impact, especially on countries like Turkey, Lebanon, and Jordan, who have been providing assistance to the bulk of the refugee population. Lebanon—whose fate, for better or for worse, has historically been tied to Syria—is an especially vivid example of the regional impact of the Syrian internal war. Since the outbreak of the hostilities between the Assad regime and the

opposition forces, the fighting in Syria has repeatedly spilled over into Lebanon.

The "'spillover'' of the conflict has also exacerbated a preexisting political and sectarian cleavage between Lebanon's Sunni and the Shiite communities. This clash is strongly rooted in politics and reflected in the strong animosity between the current Lebanese government led by the "March 8" forces and including the main Shiite parties, Amal and Hezbollah, and the "March 14" opposition forces historically led by former prime minister Saad Hariri's Future Movement. Politically, the conflict in Syria has sharply deteriorated the tone of the political confrontation, with attacks between parties that have been supporting the Assad regime and the anti-Assad March 14 forces having been vitriolic.

This tense political climate has worsened sectarian relations within Lebanon, especially in areas where they were never idyllic to begin with. For example, in Tripoli, Lebanon's second-largest city, the sectarian-political tensions boosted by the Syrian conflict have produced a number of relatively serious armed clashes between pro- and anti-Assad supporters coming from, respectively, the Alawite and Sunni communities.

In addition to the implications for regional stability, failing states are

similarly problematic from a human security and humanitarian perspective. Failing states are often unable to provide security as well as basic social and political goods to their citizens, contributing to a heightened precariousness of the living conditions of the population. The recent examples of famine in Yemen and humanitarian emergency in Syria highlight the human cost of prolonged internal instability and endemic state failure. In addition, these cases also show that the human and security costs of failed states cannot be contained within the states' own borders, as exemplified by the high number of refugees outpouring from Syria into neighboring countries.

A third challenge stemming from failing states is that of terrorism. Failed states present international and regional terrorist organizations with a convenient base of operations and are more likely than other states to host terrorist organizations on their soil. Terrorist organizations take advantage of the porous borders and the fact that the central government is weak or absent from large parts of the state in order to develop operational and logistical infrastructures. Thus, a failed state can become a safe haven for such organizations. Furthermore, the host state could

provide a larger pool of potential activists, as the citizens of a failed state have fewer options and can be more easily lured into joining non-state armed groups. Moreover, given that a significant number of terrorist organizations active today in the world have a regional or even global agenda, failed states can become exporters of terrorists. In this context, Sudan, Yemen, and Iraq have long been transit points for organizations such as al-Qaeda.

> As the situation in Libya shows, a weak or failing state can also heighten the regional threat stemming from the proliferation of conventional arms.

The fourth challenge is crime. Similar to terrorist organizations, criminal organizations take advantage of the governments' loose control in failed states to promote their interests. In many cases, such states become large exporters of illegal drugs grown by criminals and terrorists. For example, Afghanistan is the biggest exporter of opium and hashish in the world (UNODC 2010). Human trafficking is similarly

facilitated in areas of limited statehood, as the example of Sinai seems to confirm. Human trafficking and the kidnapping of African migrants or residents of refugee camps for ransom has become a disturbing trend in Sinai (Lynch 2012). There is, of course, a connection between the terrorist and the criminal challenges, as terrorist groups have been also involved in criminal activities for fundraising purposes, at times temporarily teaming up with local criminal rings. Mokhtar Belmokhtar, for instance, the leader of an al-Qaeda offshoot organization based in Algeria who took responsibility for the In Amenas gas facility hostage crisis earlier this year, was thought to be involved in a number of criminal activities, from cigarette and other forms of smuggling to kidnapping (Erlanger and Nossiter 2013).

A final security challenge is the threat of nonconventional arms proliferation. As the situation in Libya shows, a weak or failing state can also heighten the regional threat stemming from the proliferation of conventional arms. It is more difficult for a state in the midst of an internal crisis to secure its weapons and supplies. While the new Libyan authorities, along with the international community, have been able to secure Libya's chemical weapons, the same is not true for the rest of Qaddafi's arsenal. According to U.S.

estimates, out of approximately twenty thousand man-portable air defense systems (MANPADS), only five thousand have been recovered and secured (Brannen 2012). The smuggling of Qaddafi's arsenal represents a serious regional, as well as global, proliferation challenge. For example, according to an Associated Press report on 16 October 2012, Israeli officials stated that an antiaircraft missile fired from Gaza began its journey in Libya and was passed through tunnels along the Egyptian border (Associated Press 2012). Similarly, the rise in arms smuggling and terrorist activity from the Sinai Peninsula against Israel shows the link between proliferation and state weakness, while highlighting that these borderless threats challenge a nation's capability to deter attacks against it.

Changing the Analytical Framework

The Arab Spring accelerated a preexisting trend within the MENA region of state weakness and instability. This widespread weakness stems from a number of factors, including the unrepresentative and unpopular nature of the predominant political institutions, the lack of a cohesive and unitary citizenship discourse, the failure to provide social and political goods to all citizens, and the difficulties in preventing the proliferation of non-state armed

groups and alternative pockets of authority within the state. Given the deep and structural nature of the problems faced by MENA states, it is unlikely that the regime changes propelled by the Arab Spring will lead to a rapid improvement of the situation. As a result, in the short and medium term, continued instability and state weakness at the regional level are to be expected.

This trend is especially significant since it has important regional ramifications in terms of regional stability, human security, terrorism, crime, and proliferation of small arms. Furthermore, the longer and deeper the crisis that the MENA states will find themselves in, the higher the chances other regional actors will become more involved in such a crisis by supporting one of the warring parties. This heightens the chance for regional states to become proxies for regional confrontation, which is, in turn, a challenge to regional peace and stability.

This initial assessment underscores the importance of understanding the processes of state weakness and failure in the region. Threats from and within the MENA region. both at the local and global level, are increasingly caused by ramifications stemming from the weakness, if not outright dismantlement, of national units. One such example

is the increased presence of al-Qaeda and the proliferation of similar or affiliated non-state armed groups and their growing role and power within weak or failing states, such as the rise of Ansar al-Sharia in Yemen and Jabhat al-Nusra in Syria.

To have a better grasp of these dynamics, it may be necessary to update traditional views of national security to increasingly include analyses of and responses to threats coming from ungoverned areas. In turn, this will provide a better understanding of the security challenges posed by failed states. An in-depth examination of the challenges will, of course, not resolve them, but it has the potential to delineate dilemmas more clearly and offer a new perspective on long-standing trends and developments. In addition, there should be a further effort to understand how states move along the "strong/weak" and "functional/failed" states continuum.

In particular, grasping the dynamics of state failure requires broadening the scope of intelligence assessments well beyond basic indicators of regime stability, with a serious look at societal well-being and stability. Social and economic questions such as a nation's gross domestic product (GDP), growth, openness to foreign trade, rate of infant mortality, and population size

as well as ethnic diversity and breakdown serve as important indicators helping to forecast state failure or regime stability.

The scope of intelligence's attention should be expanded to analyze these issues further, as well as to extend to regions that would otherwise be deemed as having limited relevance when examined through a narrower intelligence lens. Forecasting state failure can help bridge the gap between the focus on political and military issues on the one hand and the need to understand the undercurrents in these societies on the other.

The understanding that failing and weak states are here to stay and that they represent a threat to global security has increased in the post-9/11 era. The 1993 U.S. intervention in Somalia shows that the United States had already intervened in the context of failed states in the aftermath of the Cold War. Similarly, the need to identify possible threats and follow their developments in a given state prompted the U.S. Central Intelligence Agency (CIA) as early as 1994 to construct capabilities that would better allow it to forecast regime stability and state collapse (then the State Failure Task Force, now known as the Political Instability Task Force). However, it was only in the following decade, in light of

9/11 and the U.S. experience in both Afghanistan and Somalia, that the United States started to view failed states as a severe—if not the most severe—threat to its vital interests. The United States is not the sole country to have taken this stance. France's intervention in Mali in January 2013 in order to prevent the collapse of the central government as radical Islamic forces moved closer to the capital is evidence of this.

The issue of international intervention in a failed or weak state is a hotly debated one in the international arena. By and large, countries have sought to intervene in the internal affairs of a failed state in a number of situations. Intervention is often in response to an invitation issued by the local government or a recognized non-state armed group operating within the state. This appeal for intervention is grounded in the fact that the intervening nation has been directly hurt or its vital interests have been damaged. In addition, other factors, such as regional and international support, have been crucial in determining international intervention in internal conflicts. International intervention in failed or failing states has also increasingly challenged the notion of "absolute sovereignty," resulting in the idea that an illegitimate and brutal regime with no internal legitimacy can indeed by challenged by the international com-

munity when a demonstrable need to protect the local civilian population arises. The NATO intervention in Libya, which arguably became a failed state once the civil war broke out, is a prime example. This is the backbone of the Responsibility to Protect debate currently ongoing regarding Syria.

Despite the importance of the legal discussions concerning when and how the international community should intervene in the context of failed states that are in the midst of internal wars and experiencing widespread atrocities, the international community has limited experience with failed states. It is important to bridge this knowledge gap as the failed states phenomenon has proven to be a more permanent and significant feature of the security environment in the twenty-first century rather than a fad of the post–Cold War era.

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A Conversation with Esraa Abdelfattah and Bassel Adel

Interviewed by Avery Schmidt on 6 February 2013 at the John F. Kennedy School of Government at Harvard University

Esraa Abdelfattah, already a leading activist prior to 2011, played a major role in the January 2011 Egyptian revolution. She has been a political activist since 2008, when she created the April 6 Strike Group on Facebook, which grew to 70,000 members and resulted in her arrest. She is currently vice-chairman of the Egyptian Democratic Academy, a nonprofit youth organization that promotes democracy, human rights, and political participation. For her efforts during the revolution, she was nominated for the 2011 Nobel Peace Prize, selected as the 2011 Woman of the Year by Glamour magazine, nominated for an Atlantic Council Freedom Award, and named as one of the 100 Most Powerful Arab Women by the Arabian Business magazine. Abdelfattah also won a New Generation Democratic Activist Award from Freedom House in June 2010 and founded the Free Egyptian Women Group, which seeks to empower women to participate in social and political activities.

Bassel Adel represented Nasr City as a Member of Parliament before it was dissolved last June. He is also a political columnist for Youm 7 and Al-Watan daily newspapers. He cofounded the Free Egyptians Party in April 2011, a party of the Egypt Bloc, and serves as a member of its executive committee. Since cofounding the El-Ghad Party with Ayman Nour in 2004, Adel has advocated for broader political participation in Egyptian politics, and he has run for parliament twice on a liberal-secular platform. He was also a cofounder of the Misryatona Amana campaign to raise citizen awareness of the December 2012 Egyptian Constitution. In 2011,

he was ranked among the most active Egyptian parliamentarians, and in January 2013, he was appointed to serve as a steering committee member of Mohamed Al-Baradei's Dostour Party.

JMEPP: The new Egyptian constitution codified a special position for the Egyptian army, even legalizing the use of military courts to try civilians. Do you see this as a major hurdle to the development of democracy in Egypt?

ABDEL FATTAH: We opposed these items in the constitution. There was a big campaign focusing on these articles. I expect that the inclusion of these articles is part of an agreement between the SCAF [Supreme Council of the Armed Forces] and the Muslim Brotherhood. However, this is not the only problem in the constitution. There are many items in the constitution relating to the authority of the president that we find objectionable. There are also many issues regarding the rights of women, the rights of minorities, and freedom in general. One of our demands now under the new state is to have an independent legal committee to change twenty-five or thirty items in the constitution.

JMEPP: Where would this committee operate? Would it be based in parliament?

ABDEL FATTAH: It would not be based in parliament, because the majority of the members in the Shura Council are Islamist-oriented. We need an independent legal institution made up of people who have experience in domestic and international law to make modifications to these twenty-five or thirty items.

JMEPP: Bassel, do you agree with Esraa's recommendation and, if so, where would this committee gets its power if it is not located within parliament?

ADEL: I support the idea of an independent legal committee, one that includes every political color in Egypt in order to make new recommendations for the constitution. Other examples from the thirty items in the constitution that need to be rewritten relate to the military, the independence of the constitution, transitional justice, as well as

the authority of the religious state that is protected in the new constitution. Additionally, this constitution must become compatible with the international standards of human rights. President [Mohamed] Morsi and the Muslim Brotherhood must pass these modifications in the next parliament.

JMEPP: So you see the reforms happening by the committee advocating to the president and then the president helping these reforms pass through parliament?

ADEL: Yes.

JMEPP: Esraa, you mentioned that the new constitution is problematic for women. What reforms would you recommend to better protect the rights of women in Egypt?

ABDEL FATTAH: We asked that women be included in the first half of any party list in an election, but the Islamists rejected this idea. This reform would guarantee women seats in parliament. I do not think this is a strange recommendation. There are many other items against women's rights, not only in political life but also in social life.

JMEPP: What recommendations do you have for policy makers in the United States and other countries regarding their relations with Egypt?

ADEL: We have told U.S. policy makers that they must support the Egyptian people and the demands of the street, not the regime in Egypt. Supporting the regime will repeat the same mistakes made by the U.S. during the Mubarak era. It is essential to forge a new relationship between the Egyptian people and the American people, based on a partnership, not on following U.S. policy.

ABDEL FATTAH: I would tell policy makers that our country is not our president. If you deal with the president as if he is the country, then it will be no different than the Mubarak era. This was the case for the last fifty years. The U.S. government dealt with our country as the country of Mubarak and now you see him going to jail by the voice of the people. So I would tell policy makers that the real power of any country lies in its people, not in its leader. I advise them to recognize and understand that the people can change any leader, so your interest and trust should be with the people.

The Crux of the Gulf Energy Challenge: Development and Industrialization in the Arabian Gulf Region

by Justin Dargin

Justin Dargin is an Energy and Middle Eastern Scholar at the University of Oxford. He was a former Research Fellow with The Dubai Initiative at Harvard University. He is also a Fulbright Scholar of the Middle East and North Africa. Previously, he worked for Owens Corning and OPEC. He is fluent in Spanish, Arabic, and English

Abstract

The Arabian Gulf region has the most prodigious energy reserves in the world. However, the region's massive industrialization and expanding demography are also increasing energy consumption at unsustainable rates, leading to natural gas deficits across the region.

This article argues that the pressures of economic development and industrial diversification are steadily eroding the comparative advantage that the Gulf countries enjoyed for much of the late twentieth and early twenty-first century that allowed them to support domestic industries with extremely low-cost associated natural gas. As a result, the investment logic that guided energy-intensive industries to the region will have to concomitantly evolve.

Due to the region's natural gas shortages, the Gulf governments will begin to reconfigure the dominant pricing framework. Furthermore, the region will begin to transition away from dependence on the current ethane-based

petrochemical expansion strategy to one that leverages other feedstocks. Increasing competition from other natural gas production centers (such as China, the United States, and Australia) will also decrease the competitiveness of the Gulf petrochemical industry. Nonetheless, despite the pressures of the foregoing, this article illustrates that the regional response to such challenges will be the creation of a much more sustainable regional energy and petrochemical section for the long term.

Introduction

The Arabian Gulf region[1] has the most prodigious energy reserves in the world. As of 2012, it contained 486.8 billion barrels of proven oil reserves, approximately 37.5 percent of global supply, with the Kingdom of Saudi Arabia holding the lion's share, at 20 percent of the global total (BP 2012). The latest figures for 2012 indicate that the region collectively produced 17.3 million barrels per day (b/d) (Institute of International Finance 2012). With the advantage of enormous oil reserves and small, albeit growing, populations, the region exports the majority of its oil production (BP 2012, 6-18). The region holds approximately 42 trillion cubic meters (TCM) of natural gas, about 23 percent of global natural gas reserves, but it only produces about 8 percent of the total global production. It is estimated that at current production rates, the current proven oil reserves will last another seventy years and natural gas reserves another 118 years (Arab News 2012).

However, as will be discussed below, there are several structural forces that could blunt the region's immense energy reserves and thereby degrade its ability to foster economic growth. This article argues that the pressures of economic development and diversification are steadily eroding the comparative advantage that the Gulf countries have enjoyed since the 1970s that allowed them to expand domestic industries with extremely low-priced associated natural gas.[2] Rapid industrial expansion, fueled by low-priced associated natural gas, caused high rates of natural gas consumption and energy intensity that strained the Gulf countries' ability to adequately supply their local markets with natural gas.

As a result of this demand pressure, the investment logic that caused energy-intensive industries to relocate to the region will have to concomitantly evolve. This is of extreme importance when considering that due to the stresses of the Arab Spring, demographic growth, eco-

nomic diversification, and pan-Gulf cooperation and integration, the Gulf countries will have to guarantee a sustainable economic model for their citizens.

In order to understand the contours of industrialization in the region and its connection with energy exports, the concept of absorptive capacity is essential to how energy-rich countries are able to domestically utilize revenue gained from oil and gas exports (Amuzegar 1983, 21). The absorptive capacity of a state concerns bottlenecks of supply in the face of expanding demand. It also concerns the lack of profitable domestic investment opportunities for countries that have high governmental revenue from the export of energy resources (principally oil). There are two types of Middle East and North Africa (MENA) energy-rich countries: the high absorbers and the low absorbers. Understanding this distinction will assist in understanding the policy choices available to the Gulf nations as they become more economically diversified.

The high absorbers are Algeria, Iran, Egypt, and Iraq—countries with relatively large populations and relatively small per capita oil reserves (Amuzegar 1983, 21). Additionally, these countries have a large manufacturing base, arable agricultural land,

and overall, a much more diversified economic base (Luciani 1984, 107). The low absorbing countries, in contrast, are principally composed of the Arabian Gulf oil exporting countries and Libya, which have smaller populations and large per capita oil reserves and gross domestic product (GDP). However, they also lack a diversified economy, have a dearth of skilled manpower, and have few complementary resources (Amuzegar 1983, 21).

The concept of absorptive capacity is important because it impacts a country's economic growth trajectory, its domestic development strategy, and oftentimes, its political stability. Therefore, the countries that have the lowest absorptive capacity tend to export more energy to the global market (again, principally as primary products) as there are fewer profitable uses at home. As I discuss in the next section, this dynamic of low absorptive capacity in the Gulf is evolving and placing enormous pressure on the ability of the Gulf countries, particularly Saudi Arabia, Oman, the UAE, and Kuwait, to continue their economic diversification plans while keeping a low administrative pricing framework (i.e., pricing set by policy as opposed to market forces).

This article proposes that Gulf policy makers implement natural gas

pricing reconfiguration in order to moderate the region's high energy intensity rates and consumption, as well as to increase natural gas production. The Gulf governments need to increase natural gas prices to at least the cost of production for new gas reserves to be brought online and ensure profitable development of these fields. These new gas fields are, for the most part, non-associated fields, which means that in contrast to associated natural gas fields, they are standalone fields. And, in the context of the Gulf region, they are often complex as they contain ultra-sour (UAE), ultra-tight (Oman), shale (Saudi Arabia), or ultra-deep (Kuwait) natural gas. [3]

> *From pricing reform, energy intensity would consequently be reduced as the industrial and residential sectors begin to reduce their energy consumption and as large industrial concerns begin to invest in energy-efficient machinery.*

The varieties of Gulf non-associated gas are expensive to produce, with the cost of production several times higher (approximately \$5-\$8 per million British thermal units [MMBTU]) than the current associated gas production (approximately \$.80-\$1.30 per MMBTU). The current natural gas pricing regime does not enable profitable production for non-associated gas fields and thereby creates disincentives for expanding natural gas production. Furthermore, increasing natural gas prices will lower natural gas demand, which is currently at unsustainable levels.

Incorporation of these strategies will boost the region's gas production, while relieving the stress of year-on-year power and gas demand growth. While other initiatives are important, the most important step is the creation of an attractive pricing framework to spur development. From pricing reform, energy intensity would consequently be reduced as the industrial and residential sectors begin to reduce their energy consumption and as large industrial concerns begin to invest in energy-efficient machinery. Of course, the above is not meant to be a comprehensive policy

toolbox, as that is outside of the scope of this article. However, through the implementation of the basic elements of structural reform as indicated above, the energy-rich MENA countries would be able to definitively lower their rising energy demand and energy intensity while expanding the supply of available natural gas to continue on the path to economic diversification.

The next section of this article analyzes the economic impact of expanding industrialization in the region and its impact on natural gas supply. As the majority of Gulf-based industries depend in some manner on natural gas provision, an expanding industrial base places significant demand pressure on the Gulf countries' ability to provide it. The article then offers an overview of the regional petrochemical sector and discusses the challenges facing the Gulf countries as they expand their petrochemical production, which is one of the primary industries used to diversify the regional economy. Lastly, the article concludes with the recommendation that the Gulf countries reconfigure their gas pricing regime. At least initially, Gulf natural gas price reconfiguration should not be comprehensive, rather it should be gradually liberalized in order to minimize any difficulties in managing the structural adjustment process. Furthermore, if

gas price liberalization is not pursued, Gulf economic competitiveness will be severely hampered in the long term.

Gulf Economic Transformation

When the Gulf countries began to economically develop in the 1970s, policy makers viewed natural gas as the best means to develop a domestic industrial base. For several decades since the 1970s, the Gulf countries poured investments into large industrial projects in a bid to reduce their dependence on hydrocarbon exports. Yet, since the beginning of the 2000s, several significant economic forces morphed the contours of the global energy sector, consequently impacting Gulf economic growth. The "second oil price revolution," a period of increased oil prices from 2000 to 2008, reflected a slow but steady increase in oil prices to the triple digits that enriched the Gulf countries.[4] During this time period, the Gulf Cooperation Council (GCC) economies tripled in size to \$1.1 trillion (Gulf Base 2009).

However, it was the global financial crisis that undercut what had seemed like an inexorable upward trend in Gulf economic growth. When fear of the global financial crisis climaxed in December 2008, oil prices dropped precipitously to approximately \$30 per barrel. Com-

bined with capital flight and constrained capital markets, the GCC countries were hit hard by the crisis, but relief was in sight as international oil prices began to steadily increase until reaching the current level (at the time of this writing in early March 2013) of $109.94 per barrel.

Despite the economic setbacks of the global financial crisis, the second oil price revolution heralded a period of unparalleled industrial expansion in the Gulf region. The Gulf countries initiated enormous value-added (petrochemicals, fertilizers), energy-intensive (cement, aluminum smelting), and power-expansion projects in the region. Additionally, during the same time period, the regional population increased from 28 million in 1998 to 39 million in 2010 (Gulf Investment Corporation 2012). The majority of the demographic bulge was composed of youth (under twenty-five), which spurred the Gulf countries to focus on job creation as a tool to alleviate socioeconomic discontent.

For the majority of the Gulf countries, the gas molecule has been at the center of plans for industrial expansion and economic diversification. This model of development did not pose any risks for the GCC countries until the expansionary pressure became too great by the mid- to late 2000s and the region's

associated natural gas could not keep up with the growth in demand. By 2007, the widening supply-demand imbalance fissures became apparent.

The rapidly increasing regional demand for gas is driven by administrative pricing. These prices tend to be much lower than international prices of natural gas, and they are below the production cost of new gas fields. The Gulf States' internal pricing policies are causing allocation disruptions and exacerbating budgetary pressures because they cannot simultaneously supply low-price natural gas to their national industries while keeping their industrialization and diversification strategies on schedule.

When the majority of the natural gas produced was inexpensive and easily accessible (i.e., associated natural gas), this framework of providing low-priced natural gas to domestic industry was viable. However, with regional gas demand increasing alongside rising upstream production costs in non-associated and difficult to produce (i.e., ultra-sour, tight, shale) natural gas fields, the current natural gas pricing framework is unsustainable.

Nonetheless, the major challenges are not just limited to the natural gas sector—regional oil demand is also increasing. This is due to two interrelated factors. Firstly, as natural

gas shortfalls cascade through the regional economies, Gulf countries, such as Saudi Arabia, the northern Emirates, and Kuwait, are using more fuel oil for power generation. When oil is consumed domestically at below-market prices instead of exported at international market rates, a significant opportunity cost results. This contradiction is illus-

The increase in the break-even oil prices across the region indicates that the Gulf countries are becoming more fiscally vulnerable.

trated most clearly in Saudi Arabia. According to Khalid Al-Falih, CEO of Aramco, rising domestic energy consumption in the Kingdom could result in the loss of 3 million barrels per day of crude oil exports by the end of the decade it a business as usual scenario persists (U.S. Energy Information Administration 2013). As Saudi Arabia consumes more of its oil domestically, it loses a significant amount of foreign revenue. Moreover, in 2012, Saudi Arabia established enormous infrastructure and social spending programs,

which will only increase domestic oil consumption. Rising oil demand is threatening Saudi Arabia's ability to serve as the global oil production hub, the loss of which could make global oil prices much more volatile.

Gulf countries also face growing economic pressures due to the massive expansion of government expenditures in the wake of the Arab Spring. A report by Bank of America Merrill Lynch estimated the combined social spending by Gulf countries to stave off social discontent to be approximately $150 billion (Broomhall 2011). The ramping up of government spending programs has increased what is known as the "break-even oil price," or the price of a barrel of oil required for an oil-producing country to remain solvent. For example, the break-even oil price for a barrel of oil in much of the region was approximately $30 in 2003. Nearly a decade later, the regional break-even oil price increased to approximately $77 per barrel (Abed 2011, Ijtehadi 2011).[5]

The increase in the break-even oil prices across the region indicates that the Gulf countries are becoming more fiscally vulnerable. Therefore, the countries informally known as the "price doves" of OPEC will be forced by necessity to defend higher

If coherent and clear-sighted energy policies are not developed, then the industrialization and economic diversification strategies of the Gulf countries will be at risk in the mid- to long term.

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prices and thereby become "price hawks" (Schaeffer 2005, 259). It is clear that due to these pressures, a bifurcated strategy is emerging within many Gulf countries, especially Saudi Arabia. As the Gulf countries attempt to rely upon their comparative advantage and expand their industrial base so as not to rely solely upon oil exports, their industries "need" access to low-priced natural gas and oil to facilitate the process. However, simultaneously, as their economies expand and governmental expenditures increase through infrastructure development and subsidization of various economic sectors, there is a greater incentive to expand oil exports to capture the lost opportunity cost. Therefore, the Gulf countries, which were formally price doves, will likely become price hawks in the mid-term in order to support their massive budgetary outlays.

If coherent and clear-sighted energy policies are not developed, then the industrialization and economic diversification strategies of the Gulf countries will be at risk in the mid-

to long term. While inconceivable a mere decade ago, the region could face energy security problems if it is not able to expedite production of its own natural gas reserves. A lack of non-associated gas development would force the region to rely upon the global market for natural gas import, as Kuwait and the UAE do at the moment. And, although unlikely to continue in a business-as-usual pattern, if Saudi Arabia's current oil consumption trends continue, it could potentially become an oil-importing country by 2030 (Daya and El Baltaji 2012).

Additionally, the petrochemical sector, which is the basis of Gulf economic diversification, is also at risk due to the lack of energy price reformation. The Gulf countries are attempting to transition away from hydrocarbon dependence and develop a diversified and sustainable modern economy. But the low-cost pricing structure of natural gas is straining their ability to meet these strategic goals.

Threats to Diversification: A Focus on the Gulf Petrochemical Industry

The Gulf petrochemical industry is at a precarious point in its development. Its rapid expansion over the past two decades that was built upon low-priced natural gas enabled it to enjoy a substantial cost advantage over its global competitors. The Gulf countries staked their economic diversification plans on the continued availability of low-cost and low-priced associated natural gas. These countries considered associated natural gas the most cost-effective method to increase their non–oil related GDP (through downstream economic diversification) and create highly skilled jobs for their youth, of which a large proportion is under the age of twenty-five.[6]

However, several issues obstruct the region's plans to expand capacity as petrochemical companies battle to preserve their profit margins in the face of ethane (a crucial component for petrochemical production) shortages, which are further compounded by critical operational problems. The GCC's diversification drive to absorb rising population growth now includes energy-intensive sectors such as steel and aluminum smelting, as well as upgrading and expanding the capacity of power and desalination sectors. All of these initiatives have placed extreme pressure on the GCC

countries to effectively allocate natural gas among the various economic and industrial sectors. Because of this, ethane supply is not expected to increase over the coming decade, and most of the expected supply is already committed for allocation to existing projects.

Regional petrochemical companies have been adapting to the shortages of natural gas feedstock by utilizing liquid feedstocks (gas liquid and refined petroleum products such as naphtha and propane). Saudi Arabia, for example, ceased allocating significant amounts of ethane to the petrochemical sector in the middle of the last decade. However, the ethane shortfalls, which are present in nearly every Gulf country (except for Qatar), will make strategic expansion challenging. Liquid feedstock is now the feedstock of choice (or necessity) for the Gulf countries.[7] For instance, Saudi Basic Industries Corp. (SABIC), the world's largest petrochemical producer, made the strategic decision to switch to propane and naphtha. The issue of where to source future natural gas feedstock allocations became even more important in the Kingdom considering the approximately $20 billion in current petrochemical expansion projects (Serrai 2011).

Another driver of the petrochemical boom has been the push to

move deeper into the downstream value chain. By 2015, it is expected that at least nine new crackers will be operational across the region as the GCC countries attempt to take advantage of robust Asian demand, especially for highly engineered plastics.[8] As discussed above, this downstream diversification is part of the strategic goal to transition away from oil and natural gas export to the production of bulk petrochemical products, such as polymers for compounding plastics, and higher-value specialty chemicals for use in the textile, electronic, construction, and pharmaceutical industries. Furthermore, the diversity of downstream production will enable the Gulf countries to meet their long-term goals of economic diversification, job creation, promotion of technology transfer of advanced machinery and industrial production techniques, stabilization of foreign revenue, and the creation of more "value addition" to petrochemical production.

The limited ethane feedstock, which has forced a number of Gulf countries to transition to more costly liquid and refined feedstocks, has eroded the comparative advantage of the petrochemical industry (most pronounced in Saudi Arabia). Furthermore, the pressure on the administrative pricing structure for natural gas will cause the Gulf countries to revise the natural gas pric-

ing framework over the next several years. This will further degrade the Gulf's comparative advantage and profit margins.

In terms of global competition, while the Gulf countries still have a comparative advantage even with the switchover to liquid and refined feedstock (which is often provided at heavily discounted prices to domestic firms), the liquid and refined feedstock price is still several times higher than the price at which natural gas feedstock is supplied. Despite this, the Gulf's price of liquid and refined feedstock is still less expensive than the price in the international market. Moreover, the current elevated price of oil (averaging over $100 per barrel) benefits the profit margins of Gulf petrochemical producers vis-à-vis their Asian competitors.

Asian petrochemical producers utilize, for the most part, crude-based naphtha, and will be obligated to have higher prices in order to preserve their profit margins. As a result of upward price pressure on Asian petrochemical producers, Gulf petrochemical companies will be able to raise their prices while still undercutting their Asian counterparts. Nonetheless, higher petrochemical prices will depress global demand, impacting all petrochemical producers.

Conclusion: Implementation of Natural Gas Pricing Reform

The resolution of the challenges of rising consumption and promotion of non-associated gas production lies in natural gas price reformation. Indeed, natural gas price reformation, if conducted with the utmost care so as not to unnecessarily disrupt economic growth, will have a stimulating effect and create true Gulf energy sector sustainability. The main motivation to reassess the current pricing regime in much of the region is to alleviate the impact of growing energy and power consumption and, as a consequence, significant energy deficits throughout the regional economies. The current energy pricing regimes exposed some energy-rich Gulf countries to the conundrum of being energy exporters to the world market while at the same time obliging them to import energy either through pipeline, liquified natural gas (LNG), or refined petroleum products to supply rising domestic demand.

Regulated energy prices have also been an important means for some MENA states to attract large-scale Western energy-intensive and petrochemical companies to relocate to their jurisdictions and thereby assist in building up local capacity and technology transfer. Yet, price support mechanisms are not the most

efficacious methods to promote allocative efficiency in times of energy shortages. In addition, energy price support mechanisms in the Gulf region constitute a significant portion of GDP and budget expenditures, even before the global financial crisis of 2008.[9] Additionally, while low energy prices encourage consumption, they do not stimulate the requisite investment in needed energy infrastructure. Because the public utility sector often operates at a loss in the MENA region, the private sector is often hesitant to become involved and invest, and public utilities often do not make needed investments in energy efficiencies, upgrading, and expansion of services.

That is why, in terms of energy pricing, there should be a dual-track pricing structure that aspires to gradual liberalization. It should be created so that the most economically productive sectors, such as petrochemicals, benefit from prices of at least the average cost of production for the non-associated gas reserves in that particular country. This pricing structure would, at a minimum, economically support extraction of the most difficult non-associated gas fields and encourage international oil companies to invest their capital, time, expertise, and technology in its production.

When considering the power sector, market regulators should allow

for power tariffs to meet the power generation cost. This would ensure that the electricity service is uninterrupted. In the residential sector, the price framework should be set at cost-plus (the cost of production plus a predetermined amount over the basic production cost) to guarantee a return on investment for the power sector, which would create incentives for energy efficiency upgrades and capacity expansion to promote energy access. However, for citizens that meet a certain poverty level, regional governments should create a cash disbursement mechanism to mitigate the social cost associated with structural adjustment, as well as the financial burden on the impoverished.

Reform has already taken hold in Oman. Oman is a country that faces considerable internal contradictions in its energy sector, yet its far-reaching energy pricing reformation (see the sidebar "Case Study: Price Reform in Oman") has gone the furthest when compared to its Gulf peers. It has increasing domestic demand from the power and petrochemical sectors, as well as demographic growth, all of which

are compounded by demand from water desalination and fertilizer projects. Oman, as a result of the growing demand, imports natural gas from Qatar's North field through the Dolphin pipeline project of 5.66 million cubic meters per day (MCM/d). Oman also exports LNG to the global market, principally to South Korea, as well as to other markets. In addition, it diverts a significant

Implementing natural gas price reform is essential in the Gulf region if the countries wish to be able to supply enough natural gas to their petrochemical sectors in the mid- to long term.

amount of natural gas to its oil field re-injection program to sustain production. Due to the above-mentioned trends, Oman aggressively attempted to produce non-associated natural gas (mostly tight gas).

As part of its gas expansion strategy, Oman and BP are developing an approximately $24 billion tight gas project in Block 61 (including the Khazzan and Makarem fields,

in north central Oman) (Elston 2012). If production begins as planned, Block 61 will be the largest gas project ever undertaken in the sultanate. The successful completion of the development of the Khazzan and Makarem fields would grant Oman between 566 and 849 billion cubic meters (BCM) in reserves with the first phase of the project producing approximately 30 MCM of gas per day by 2019 (Energy-pedia 2012). The second phase of the project plans to bring another 30 MCM of gas per day online.

Implementing natural gas price reform is essential in the Gulf region if the countries wish to be able to supply enough natural gas to their

petrochemical sectors in the mid- to long term. Additionally, there is significant competition on the horizon, such as the massive increase in shale gas production in the United States, known as the "shale gas revolution," the coal-to-olefin initiatives in China, and the new gas fields coming online in other parts of the world, such as Iraq, all which pose additional challenges for Gulf petrochemical dominance.

U.S. shale gas production has lowered natural gas prices, and American and international chemical companies are attempting to transform this into petrochemical dominance. Shell is currently exploring building a world-scale petrochemical

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Case Study: Price Reform in Oman

Oman, the first among its regional peers, took the revolutionary step to stimulate development of its tight gas reserves by creating a new price regime. This new policy is based on the fact that unconventional gas production in the country will exceed, based on capital investment and operating costs, $2 per MMBTU. This estimated production cost is much higher than the previous regulated feedstock price of approximately $0.77 per MMBTU for many industrial users, such as Oman India Fertiliser Company (OMIFCO), and higher than the average gas prices of approximately $0.80/MMBTU for all consumers.

After fourteen months of prior negotiation with major industrial and power consumers, the Omani Ministry of Oil and Gas implemented a revised pricing scheme for feedstock and fuel, to increase natural gas prices to $3 per MMBTU, which was to begin on 1 January 2012, for these two sectors. But, faced with stiff resistance, Oman revised its initial increase to some industrial consumers, such as OMIFCO, and instead halved the price to $1.50 per MMBTU with an annual escalation clause of $0.50 until it reaches the target price of $3 per MMBTU (Reuters 2013). After it reaches the target price of $3 per MMBTU in the next three to four years, the following annual escalation in the feedstock rate would be equivalent to either 3 percent or the per annum U.S. inflation rate, whichever is lowest. The price modification, while painful in the short term, would make unconventional gas production and the Oman Vision 2020, a detailed program to foster a sustainable industrialization and economic diversification for the long term, a practical reality.

complex in the Appalachian region of the United States near sites of gas production in the Marcellus shale formation. This development may augur a return of major American petrochemical producers from the Gulf to the United States. Several international energy and petrochemical companies such as Westlake Chemical, Braskem, Dow Chemical, and Nova Chemicals have either expressed interest or begun the initial process of developing sites in the United States to take advantage of the low-cost natural gas feedstock.

China has similarly developed plans to produce between 60 and 100 BCM of shale gas by 2020, which will directly threaten the Gulf petrochemical sector. Another potential threat may come in the form of a World Trade Organization (WTO) suit against the Gulf countries for supplying natural gas and liquid/refined feedstocks below international market prices to their petrochemical producers. In 2009, China and India imposed punitive anti-dumping tariffs against Gulf petrochemicals, and the European Union (EU) followed suit in 2010 with a schedule of tariffs on producers of polyethylene terephthalate in the UAE.

The United States and Western European countries also threatened to bring a suit in the WTO under the Agreement on Subsidies and Countervailing Measures (ASCM) for alleged subsidies granted to the Gulf petrochemical industries by their governments. Pressure from the WTO is also causing the Gulf countries to seriously consider revising their natural gas prices upward and allowing them to fluctuate based on market forces. But in terms of the broader Gulf diversification plans, with price reform, in the mid-term, the petrochemical ventures in the Gulf region will be forced to become leaner enterprises. They will be focused on preserving profit margins and increasing operational efficiency, while at the same time integrating a higher production cost structure for their feedstocks. These steps, while slightly painful in the beginning due to the structural adjustment costs, will assist in creating Gulf economic sustainability for the long term.

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ENDNOTES

[1] Throughout this article, the terms "the Gulf," "Gulf region," and "Gulf countries" will refer to the six countries of the Gulf Cooperation Council (GCC): Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates (UAE), Oman, and Qatar.

[2] Associated natural gas is natural gas that is produced alongside oil in a joint reservoir. Non-associated natural gas is standalone natural gas with minimal oil deposits.

[3] Shale gas is natural gas trapped between shale formations. Tight gas refers to natural gas reservoirs locked in extremely impermeable hard rock. Tight gas can also be trapped in particularly nonporous sandstone or limestone formation. Sour gas is gas that has high concentrations of hydrogen-sulfide, thereby causing it to be more complex to process. Additionally, deep gas is gas found at low depths beneath the surface.

[4] The first oil price revolution was the severalfold price increase that occurred in the wake of the Organization of the Petroleum Exporting Companies (OPEC) oil embargo of 1973.

[5] The Institute of International Finance estimates that the current Saudi break-even price per barrel of oil is $85. However, within the region, there is significant variability; at the low and high end of the spectrum, Qatar has a relatively low break-even price of $45, while Bahrain requires $103. The UAE's break-even oil price has risen to the highest in the GCC, estimated to be approximately $107 per barrel (Abed 2011).

[6] The CIA World Factbook, for example, states that in Saudi Arabia, approximately 40 percent of the population is under fourteen years old.

[7] For instance, the Dow Chemical-Saudi Aramco joint venture (Sadara) and the Rabigh Refining and Petrochemicals Company in Saudi Arabia will be supplied primarily with liquid feedstocks, while Kuwait and the UAE have similar plans.

[8] Hydrocarbon cracking is the process of breaking long-chain hydrocarbons into short ones and thereby developing various petrochemical products.

[9] The global financial crisis had a double-edged impact on the region. To a certain extent, for energy exporting countries, it lessened the opportunity cost of domestic consumption, but it lowered (for a brief period) governmental revenue to an unsustainable level. For the energy importing countries of MENA, it offered a brief respite to high energy prices and granted some succor to their impoverished citizens as commodity prices across the board briefly dipped.

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What Lies Behind Our Lies? Self-Deception and the Israeli-Palestinian Conflict

by Inbal Ben Ezer

Inbal Ben Ezer is a Master in Coexistence and Conflict candidate at Brandeis University. Ben Ezer also holds a BA in international relations from the Amirim Interdisciplinary Honors Program at the Hebrew University of Jerusalem and has worked at the Peres Center for Peace, managing peace-building projects between Palestinian and Israeli youth.

Though people tend to see themselves as objective interpreters of the world, they are often active self-deceivers. Self-deception is a psychological process whereby one selectively chooses knowledge that confirms a positive self bias. Affecting people on an individual and group level, self-deception can have destructive consequences. It is thus important to understand self-deception's role in the creation, prolonging, and exacerbation of conflict. This is particularly relevant in the Israeli-Palestinian conflict. This article argues that self-deception plays a major role in protracting the Israeli-Palestinian conflict by enabling both sides to maintain their positive self-image without challenging or changing their mutually destructive behavior. Focusing on Israeli self-deception, the article concentrates on four mechanisms of self-deception prominent in the case of Israel and contributing to its prolonged conflict with the Palestinians: rhetoric and euphemism, blaming the enemy, the slippery slope of decision making, and selective omissions.

Self-deception has been defined as "a motivated unawareness of conflicting knowledge" whereby one accepts only those facts that confirm a positive self bias (Starek and Keating 1991, 146). Therefore, though people

tend to believe they have an objective image of the world, they actually constantly deceive themselves. Theorists differ in their understanding of self-deception: Is it an intentional or unintentional act? Is it, in fact, an act/behavior, or is it a state? And do unconscious elements impact self-deception? (Bermúdez 2000, 309-310; Audi 1989, 247-248). However defined, self-deception is a phenomenon affecting human behavior in general and group conflicts in particular. It enables groups in conflict to create multiple narratives over shared events, with each side believing it is the one holding the truth. Self-deception significantly protracts the Israeli-Palestinian conflict, as differing narratives are constantly reaffirmed, promoting a static reality that replicates cycles of violence.

In this article, I hope to partially uncover what lies behind Israeli self lies.[1] I begin with a brief analysis of some of the attributes of self-deception and its relation to individuals and groups in general. Then, I present four major mechanisms of self-deception salient in Israeli society and discuss their roles in the context of the Israeli-Palestinian conflict. These mechanisms are rhetoric and euphemisms; blaming the enemy; the slippery slope of decision making involving psychological numbing and induction processes; and selective omissions.

Self-deception exists because it has many positive features. It serves to create a better image of ourselves and so decreases depression and anxiety while promoting a more positive physical and mental state (Hagedorn 1996, 139-142). According to Joanna Starek and Caroline Keating, self-deception contributes to people's success in competitive tasks. These researchers have shown how swimmers who deceived themselves, believing they were better than their competitors, had better results than those who did not engage in self-deception (1991, 145-146). However, self-deception can also bring about grave negative consequences, especially with regard to ethical judgment. Ann Tenbrunsel and David Messick argue that self-deception promotes "ethical fading," diminishing the moral implications of one's decisions, thus enabling one to unintentionally act unethically (2004). In instances whereby one's self-interest requires unethical behavior, "fading" the ethical norms—that is, deceiving one's self that they do not exist—can allow one to keep his or her self-interest without losing the positive self-image (Tenbrunsel and Messick 2004, 224).

Like individuals, groups also wish to sustain their positive self-image as well as their interests. Thus, when reality seems to impede these motivations, it is frequently easier

for the group members to "revise" their perception of reality by deceiving themselves rather than changing their own image or acting in a manner that does not serve their interests as well (Baumeister and Hastings 1997, 277). Relating to ethical decisions, self-deception becomes a dangerous phenomenon that can aggravate conflict and hinder its resolution by making it easier for groups to act unethically, without fully realizing it. But how do individuals and, even more so, groups succeed in deceiving themselves, ignoring an otherwise obvious truth? How do ethical standards "fade"? Different mechanisms provide possible answers. In the following arguments, four such mechanisms will be presented that are especially relevant to Israeli society in the context of the Israeli-Palestinian conflict.

One method of self-deception is the use of rhetoric and euphemisms. Tenbrunsel and Messick argue that euphemisms can be harmless and even necessary; they become dangerous only when used to "disguise" unethical actions (2004, 226-228). One example relevant to the Israeli-Palestinian conflict is that of the Israeli-West Bank barrier. A debate has been taking place with regard to the construction and nature of this barrier. Israeli officials argue that it serves to protect Israel against terror attacks, citing Article 51 of the

United Nations' (UN) Charter as the basis to their claim on states' right to self-defense (United Nations 1945). Palestinians, on the other hand, assert that it is a barrier meant to separate societies, creating an apartheid reality and a de facto border integrating West Bank areas into Israel, in violation of the International Court of Justice's 2004 ruling on the subject (Bell 2005). Thus, Jewish Israelis commonly refer to this barrier as the "security fence," implying it is a "neighborly" fence whose existence is justified as a security measure defending the citizens of Israel. Palestinians, on the other hand, often call it the "separation wall," thereby implying it is a war-related wall, supposedly built in order to separate populations and therefore lacking moral justification (Rogers and Ben-David 2010). Through the use of rhetoric, both sides are thus able to disregard data that is incongruent with their positive self-image: Israelis as alleged occupiers creating an immoral separation, and Palestinians as allegedly participating in terrorism, creating the need for security.

A similar act of rhetorical self-deception can be detected in the term chosen to describe the territory of the West Bank. In Israel, many Jewish Israelis may refer to the area using the Jewish biblical term "Judea and Samaria" rather than the "West Bank" or the "Palestinian territories"

(Peteet 2005, 163). The former term helps justify Jewish existence in the territory by associating it with Jewish historical/biblical roots, while the latter implies Palestinian rule over the land. While each holds a partial truth, the choice to use one or the other holds political and ethical value judgments that promote a specific agenda regarding the legitimacy of each side's land ownership and occupation, disregarding the alternative view and legitimizing one's own.

A final example of rhetoric as a mechanism of self-deception is Israel's identification of the Palestinian people as "Arabs" rather than "Palestinians" (Oren and Bar-Tal 2007, 6). In doing so (mainly until the 1990s when, with the beginning of the Oslo Accords, Israeli officials acknowledged the legitimacy of the Palestinian Liberation Organization [PLO]), Israel emphasized that Palestinians were part of the Arab world—implying they could live in any other Arab state—obstructing the notion that they are a separate people who have a right to self-determination and legal sovereignty. Thus, the rhetorical use of Arab rather than Palestinian justified Israel's existence as the sole homeland of the Jewish people and its actions toward maintaining its sovereignty over the land.

The above euphemisms and use of rhetoric all entail value judgments that maintain Israel's self-image as a peaceful nation. The rhetoric preserves Israeli narratives, serving its interests in sustaining occupation of the land and its actions toward securing its citizens. This protection of narrative is possible only by what this article frames as an "intentional unawareness" to knowledge that might undermine the Jewish Israeli positive self-image. It is the disguising, or "fading," of their ethically questionable behaviors that then enables their subsequent justification.

A second mechanism for self-deception is placement of blame on one's enemy. Through this method, people relieve themselves from responsibility for their own actions. Furthermore, it may frequently include projecting one's own faults on one's enemy (Baumeister and Hastings 1997, 287-289). This can be found in the Israeli context in the presentation of war as always being a "no choice war." Israel's elite contended (mainly until the war in Lebanon in 1982) that its wars were always forced upon it by its enemies, the Arabs. The latter were therefore also perceived as morally responsible for the consequences of war; as Efraim Inbar, professor of political studies at Bar-Ilan University, mentions, the most common words used by politicians in Israel regarding wars are "coerced," "forced," "compulsion," or "necessity"

(1992). Past Israeli President Moshe Katsav is quoted as saying, "Israel unfortunately knew, against its will, many wars since its establishment" (emphasis in text, Inbar 1992, 261). While this is true to some extent, Inbar claims that viewing war as an external fatalistic fate of the Jewish people puts all wars, including preemptive wars and wars of aggression, in a vague and general category of "no choice wars." He continues to argue that this relieves Israeli leadership from its responsibility for decisions and actions that may have led to war and for those wars that were, in fact, wars of aggression, such as the war in Lebanon in 1982 (Inbar 1992, 262). Israel maintains a positive self-image by blaming its enemies for its suffering while justifying its wars and their morally questionable outcomes. Moreover, this self-deception worsens the Arab's negative image in the eyes of the Israeli population (enabling the further distinction of "us" versus "them") as the former are deemed responsible not only for Israel's losses at war, but also for making Israel use violent measures in contradiction to its perceived own will and values.

A third, more subtle, mechanism of self-deception at play is what Tenbrunsel and Messick (2004) call the slippery slope of decision making. This is a process that combines two psychological phenomena: psycho-

logical numbing and inductions. Tenbrunsel and Messick claim that when one is exposed repeatedly to an ethical dilemma, he or she may lose his or her moral compass and become numb even to the most unethical situations (2004). This process is referred to as psychological numbing. Inductions refers to the psychological tendency of people to infer that if one action is considered morally acceptable, then a similar action will be similarly acceptable. For example, if a twenty-one-year-old person can drink alcoholic beverages, then a person who is twenty years and eleven months old can also drink. The risk of such a process is the constant widening of ethical borders. When both phenomena happen simultaneously, numbing, by obscuring ethical borders, can exacerbate inductions. Thus, a repeated behavior can, after a step-by-step process of induction and numbing, find itself very far from its initial "red line" (Tenbrunsel and Messick 2004, 228-229). In societies in conflict, such a slippery slope can have grave consequences as unethical behaviors affect human lives and worsen structures and cycles of violence.

The slippery slope of decision making is prominent in intractable conflicts, such as that of Israelis and Palestinians. In such conflicts, ethical decisions and actions are taken repeatedly over very long periods

of time, enabling inductions and numbing processes to occur. Israeli soldiers serving at checkpoints in the West Bank represent a conspicuous example of these phenomena. The soldiers check hundreds of Palestinians daily (Machsomwatch n.d.; UN OCHA oPt 2012), making hundreds of ethically charged decisions under difficult conditions. Young soldiers (usually eighteen to twenty-two years old) are responsible for the freedom of movement of thousands of Palestinians. In minutes, they must decide whether and how to check children, women, and old men for possible security threats. Over time, these decisions become susceptible to induction and the soldiers to numbing, allowing the gradual reduction of the soldiers' ethical standards and a dehumanization of the Palestinians. The existence since 2001 of the Israeli nongovernmental organization (NGO) Machsomwatch—a women's organization dedicated to watching soldiers' behavior at Israeli checkpoints, monitoring abuse of human rights—is a verification of and antidote for this slippery slope. By their mere presence, the women of Machsomwatch become a reminder of norms and ethical values, trying to prevent the spread of self-deceiving "truths."

So far this article has focused on self-deceiving actions. Another important mechanism for self-decep-

tion focuses on our inactions: what we don't do, say, or even see. These are known as selective omissions and represent those "truths" or parts of reality around us that we choose to omit from our collective memory in order to preserve our self-image (Baumeister and Hastings 1997, 280-281). In the Israeli case, a prominent example is that of the "Nakba," the Palestinian narrative for the events of 1948 in Palestine/Israel (literally meaning the "catastrophe" in Arabic). While many "truths" regarding the 1948 war may be contested, the fact that the Palestinians perceive it as a Nakba is not an issue of contention and is visible in memorial days, the work of NGOs, and historical research on the subject. However, threatening Israeli self-image, the Israeli government continually refuses to acknowledge the existence of this narrative and its succinct representation in the word Nakba (Peteet 2005, 154-156; Pappé 2004, 81), so much so that a complete denial was required by Israeli state officials. This can be observed in the recent refusal to allow even an incidental appearance of the word Nakba in a history book written in Arabic, designed for third-grade Palestinian children who are citizens of Israel. Israel's education minister at the time, Gideon Sa'ar, said at the 2007 parliament committee debate: "The education committee revokes completely any presentation of two perspectives

in the education books of the state of Israel for the events of the War of Independence" (Knesset Education, Culture, and Sports Committee 2007). Israelis fear acknowledging a narrative that challenges their own, which causes them to selectively omit even a verbal representation of the events of 1948 in the word Nakba.

Furthermore, in the Israeli-Palestinian context, omissions are an all-encompassing phenomenon relating to the conflict as a whole rather than any one particular event. Israel denies the legitimacy of the existence of the Palestinians as a national entity (and vice versa). The Palestinians are usually only seen and referred to as enemies (Kelman 1978; Kelman 1987; Oren and Bar-Tal 2007). This can be seen in the following example: An eight-year-old Jewish Israeli boy, participating in a program I led at the Peres Center for Peace in 2009 connecting Israelis and Palestinians, was shocked when Palestinian children came to meet him and his friends for the first time. He explained that before the event he was sure he was going to meet a black-bearded adult man (Harmat 2009), as Palestinians are oftentimes portrayed in Israeli society. He could not imagine the existence of children who are Palestinian. A notion of a humane "other," a vulnerable child like himself, was an impossibility.

This denial is sustained by a social silencing of contradicting information. Images or knowledge that break from the narrative depicting Palestinians as pure "enemy," that humanize Palestinians, or that criticize Israel are denied. While little evidence can be found on what is not mentioned, the Israeli NGO Breaking the Silence, an organization committed to collecting testimonies from Israeli soldiers that served in the Palestinian territories, exemplifies the phenomenon of silence. It argues the following:

> Discharged soldiers returning to civilian life discover the gap between the reality they encountered in the [Palestinian] Territories, and the silence about this reality they encounter at home . . . soldiers are forced to ignore what they have seen and done . . . (Breaking the Silence n.d.)

Finally, analyzing the example of the above-mentioned soldiers, it is important to emphasize that the soldiers are not only psychologically compelled to deny what they see but also what they have done. This relates back to the question of the purpose of self-deception. Herbert Kelman, professor emeritus of social ethics at Harvard University, argues that mutual denials of Israelis and Palestinians (the selective omissions) serve to maintain each group's positive self-image (1999). I find that all

four mechanisms listed above, and others, serve this purpose. Acknowledging the Palestinian people as more than just an enemy, seeing them as humans who themselves might be victims, puts a mirror in front of Israeli society. This mirror reflects not only the image of a more positive Palestinian society but more importantly that of a negative Israeli society. It is the image of a strong, violent occupier (Kelman 1999, 184-185) that could shake Israeli's self-image as a peace-seeking victim, fighting a "no choice war" against an inhumane enemy. This is an image Israel as a society is not yet willing to accommodate. Yet only by confronting this mirror, by acknowledging wrongdoing and understanding complexities, can these issues be addressed and can the conflict cycle be transformed from a war system to a peace system (Fitzduff 1997, 85). Therefore, the unresolved question remaining is, how can one counteract a society's self-deception, especially when unintentional or unconscious? In other words, how can a society face its mirror? This will require a deep challenging of narratives. Such a significant change will probably only come about through a reciprocal process in both Israeli and Palestinian societies. This will require brave leadership on both sides, a great deal of mutual trust, and a slow but consistent mutual process of reevaluating narratives.

ENDNOTES

[1] This article focuses on Israeli self-deception alone in the context of the Israeli-Palestinian conflict. However, I acknowledge the probable existence of Palestinian self-deception that is worth researching in the future.

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A Review of *Another Empire? A Decade of Turkey's Foreign Policy Under the Justice and Development Party*

Edited by Kerem Öktem, Ayşe Kadıoğlu, and Mehmet Karlı
Istanbul: Bilgi University Press, 2012

Reviewed by Cigdem Hajipouran Benam

Cigdem Hajipouran Benam holds a PhD in international relations from the Middle East Technical University, Turkey. She was a postdoctoral fellow at the Center for Middle Eastern Studies at Harvard University and is currently a visiting researcher at Boston University's Institute for the Study of Muslim Societies and Civilizations.

The drastic transformation of Turkish domestic politics and foreign policy within the last decade has been bewildering. The Justice and Development Party (AKP) has managed to challenge and deconstruct the existing ideology and structures of the country significantly. What comes next to fill this void is still a source of dispute. However, after a decade-long AKP rule, there is enough data to evaluate its success, failures, and the underlying premises behind its policies. *Another Empire? A Decade of Turkey's Foreign Policy Under the Justice and Development Party* is a product of this ambition.

Another Empire?, edited by Kerem Öktem, Ayşe Kadıoğlu, and Mehmet Karlı, assesses the last decade of Turkish foreign policy with a holistic approach paying due attention to domestic and identity politics.

The editors prefer to opt for a "two-level game" reading of Turkish foreign policy (TFP) and express their specific interest as the intersection of foreign policy and domestic politics. Indeed, it is a legitimate focus, as many would agree that Turkish domestic politics and foreign policy have never been that intimately interlinked. Many of the early transformations of Turkey's domestic politics were enabled thanks to the European Union (EU) membership negotiations that officially started in 2005. Additionally, the new Turkish ruling elite set to create a new social imagination for the country by relying on a selective reading of the Ottoman past and its Muslim identity. This interpretation expresses itself as an increased activism and desire for leadership in the foreign policy field particularly toward ex-Ottoman geographical areas. And one of the strengths of this book is the great insight it provides to this identity politics dimension of foreign policy.

The book aims to review the decade-long rule of the AKP by mainly focusing on three major debates: empire, orientation, and

> **Many of the early transformations of Turkey's domestic politics were enabled thanks to the European Union membership negotiations that officially started in 2005.**

normativity, divided into three major parts accordingly. The first debate centers around Turkey's transformations and Ottoman heritage, the emergence of new socioeconomic classes and identities, as well as new actors and social networks. The second focuses on Turkey's new orientation in foreign policy, particularly its relations with the West and its southeast European neighborhood. Finally, the book discusses the relations with the Eastern countries and the role of Turkey as a "model country" by aspiring to cohabitate Islam and democracy.

The volume brings together a reputable cohort of scholars work-

One shortcoming of the book, despite a common trend running through the chapters, is the relative lack of dialogue among authors.

ing on different aspects of Turkish politics, however, in terms of novelty, not all chapters are equal. In the first part, particularly two original pieces stand out. Kerem Öktem focuses on the new instruments of "Turkish soft power" and reveals the

> **The book provides new data and fresh insight to the normative and ideational basis of the AKP policies and how they are received by the neighborhood.**

functioning of it with the help of meticulous data. Some of these instruments like the Yunus Emre Foundation, similar to the British Council in the United Kingdom, have surprisingly been understudied in the existing literature. Nora Fisher, on the other hand, brings in the fresh theoretical perspective of discursive institutionalism to assess the success of TFP built on *Strategic Depth*, the magnum opus of Turkish Foreign Minister Ahmet Davutoğlu.

In the second and third sections, the book provides outside reflections on the new Turkish foreign policy through authors from the regions of interest to Turkey. Chapters on the

Balkans and the Middle East reveal the structural limits of AKP foreign policy activism, albeit a bit pessimistically. Another insightful piece is by Reem Abou-el-Fadl on how Arabs see the transformation in Turkey, which is closely linked to the "model country" discussions. She provides a detailed account of the Arab perspective distilled through Arab media over the last decade and reminds us of the heterogeneity of the Arab views.

One shortcoming of the book, despite a common trend running through the chapters, is the relative lack of dialogue among authors. For instance, a Realist reading of Turkey's relations with Iran and the new "soft-power" discussions on Turkey could have produced an original contribution. Unfortunately, the chapter that inquires about Turkey-Iran relations follows the common path of Realism and underscores the role of ideology. Yet, Karabekir Akkoyunlu opts for a thin interpretation of "ideology" and does not reflect on its role in "defining the national interest."

All in all, despite some editing mistakes, the book is a good read that provides new data and fresh insight to the normative and ideational basis of the AKP policies and how they are received by the neighborhood.

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