

BLUE RIBBON
REPORT



ALMOSTAQBAL
Envisioning a Better Arab Future



ALMOSTAQBAL: ENVISIONING A BETTER ARAB FUTURE

The outbreak of the Arab Spring in 2011 threw into question many of the core assumptions underpinning the predominant policy approaches in the Arab World. A decade's worth of reform, reconstitution, and recapitulation has done little but exacerbate the several deep-rooted political, social, and economic crises in which the region finds itself still mired. Numerous intertwined armed conflicts in Syria, Libya, and Yemen have worsened an already fragile structure, while other nations like South Sudan and Lebanon teeter on the brink of collapse. Together, this puts an increasingly fragmented Arab World at an increasingly precarious position considering the geopolitical competition it faces from non-Arab powers such as Turkey, Iran, and Israel, not to mention the internal divisions generated by sub-state ethnic and sectarian strife.

The resulting strategic disarray has led to a pronounced absence of future-oriented, long-term visions for progress in the region—what can otherwise be thought of as a “futures deficit”. The overarching political preoccupation with remedying this “futures deficit” has, in turn, compounded economic hardship and poor governance in such a way that no current political program seems capable of addressing. The emphasis on the short-term goals of maintaining sovereign integrity, avoiding state collapse, mitigating intrastate violence, and eradicating armed conflict, although far from inconsequential, has come at the expense of formulating pathways to achieve alternative and potentially more enduring visions for the future of the Middle East.

In an effort to address this challenge of a “futures deficit” in the Arab World, and to mark the occasion of its centennial anniversary, the American University in Cairo launched an ambitious project under the title “AlMostaqbal: Envisioning a Better Arab Future”. *AlMostaqbal*, meaning “the future” in Arabic, brought together a distinguished group of forty leading Arab statesmen, intellectuals,

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and academics with a mandate to address a set of broad interrelated questions: How can we assess the current trajectory of the Arab World in light of the predominant security and economic policies adopted by its leading states? How can this trajectory be rectified and what corrective policies can be adopted to ensure mutual benefit? What are the different policy approaches that can be envisioned to achieve the desired alternative futures for the Arab World?

To fulfill this mandate, the participants of the AlMostaqbal project divided themselves into two working groups; the “Regional Conflict and Security Working Group” and the “Socio-Economic Working Group”, each producing an in-depth report which was subsequently incorporated into a blue-ribbon report published by AUC to document the work of the project as a whole.

The following is an excerpt of the major highlights of the report.

A Long Overdue Reckoning

The Middle East and North Africa (MENA) region is one of the most fragmented in the world, plagued by a lack of security frameworks on one hand and viable socioeconomic planning on the other.

The deficit in regional security has stymied attempts to promote cooperation and mitigate common threats and has ushered in prevailing regional instability. For decades, the Arab World has undergone several transformations, often violent and chaotic, leaving the region more vulnerable to growing instability and insecurity. The Arab World is now caught in a vortex of intertwined armed conflicts in Syria, Libya, and Yemen, geopolitical competition, regional and international interventions, weakness of Arab states vis-à-vis their sub-state ethnic and sectarian loyalties, the threat of nuclear proliferation, as well as identity politics and rising humanitarian crises. Furthermore, these trends are compounded by the specter of terrorism, looming environmental crises, and poor governance. Rarely has the Arab World experienced together such holistic threats amid strategic disarray.

The breakdown in the region’s security environment proceeded in parallel with a general failure in addressing the region’s pressing socioeconomic challenges. The point of departure in assessing this reality is the acknowledgment that the position the combined Arab countries of the region occupy in the global division of labor has been both a cause and an effect of socioeconomic underperformance when compared to other regions of the world that could redefine their mode of specialization into higher-value niches (i.e., East Asia). Nevertheless, they have offered some opportunities for major human development achievements compared to other parts of the world, such as South Asia and different subregions in Africa outside North Africa. This is crucial in putting socioeconomic development in a global perspective and thus denying

any explicit or tacit assumptions about the uniqueness or exceptionalism of the Arab MENA, which have infected much of the scholarship on the region.

The position occupied by the Arab MENA countries in the global division of labor raises two interrelated but conceptually separate questions. First, what does the Arab MENA produce for exchange with the rest of the world? This entails the descriptive questions of how the Arab MENA is tied to the global economy: What does it sell to the world and what does it import? How intensively are MENA-based firms integrated into global value chains? Second, how much does MENA benefit from its position in the world economic hierarchy, and how does this explain its socioeconomic development record thus far?

Surveying a Region in Disarray

These trajectories highlight the pressing need to formulate alternative policy approaches that can steer the region towards a different, more hopeful path. This in turn requires an in-depth assessment of the deep-seated drivers behind these trends; what are the structural and more immediate factors underlying these trajectories? To what extent are these factors located regional or globally? Which of these are more amenable to alternative policy frameworks?

The Weakening of the “Arab Core”

The security repercussions of the Arab uprisings are one example of the historical developments that contributed to the weakening of the Arab core of the regional order, which formed during the rise of Arab nationalism in the 1950s and 1960s. These uprisings broke out in 2011 against a backdrop of an already-unstable regional situation shaped mainly by the U.S. invasion of Iraq and polarization between the Arab powers.

Furthermore, the inability to forge a negotiated political contract to address such grievances and the parallel attempts by regimes to manage these disagreements by force ultimately militarized the uprisings. Several of them were transformed into civil wars—in Syria, Libya, and Yemen. This violent turn of the uprisings gave rise to transnational terrorism, regional and international intervention in Arab regional and domestic politics, and geopolitical rivalries.

Arab nationalism thus ceased to be the dominant ideational framework for the Arab governments or aspiration for the Arab peoples, and has gradually been superseded by a transnational ideology of Islamism, sectarianism, sub-national loyalties, and state-based nationalism. This shift paved the way for the legitimization of Turkish and Iranian intervention in different parts of the Arab World.

The Challenge of the Non-Arab Middle Powers

The failure of “Arab” solutions to the burgeoning security deficit ceded

the diplomatic, military, and political initiative to the non-Arab periphery comprising Israel, Iran, and Turkey, which have had long, problematic historical relations with the Arab World. These middle powers have taken advantage of the Arab regional order to advance their own distinct regional interests. These three countries imposed geopolitical and ideational challenges to create domains of influence in the Arab region and to replace the old Arab order with new frameworks.

For Iran, this framework is based on “resistance” to both Israel and the West, particularly the United States, and Shiite Islamic militancy. Turkey’s regional project is predicated on neo-Ottomanism and an Islamist Sunni ideological framework. Meanwhile, Israel seeks to prioritize forging relations with Arab countries to transcend its conflict with the Palestinians and pressure its primary adversaries.

Threats to Arab Regional Security: Intersecting Conflicts

The region’s multiple conflicts and rivalries have become more interconnected, complicating conflict management and resolution attempts. Civil wars are no longer internal affairs, and intersecting conflicts in the Arab World are not new. For example, the Syrian civil war began as a local uprising inspired by the precedent events in Tunisia and Egypt. The threat to the Al-Assad regime invited intervention from its allies.

The civil war fomented the intra-Sunni radicalization that had already plagued Iraq. Iraqi jihadists, mainly affiliates of Al-Qaeda, fought in Syria, as did the pro-Iran Iraqi Shiite-militias. Sunni jihadists mutated to form ISIS, which declared its “Caliphate” in 2014 after occupying a vast area along the Iraqi-Syrian border. This inspired other jihadists in the region and beyond to pay allegiance to ISIS. The Syrian war also had its ramifications on the fragile politics of Lebanon. As a result of the jihadists’ infiltration in the region of the Syrian-Lebanese border, Hezbollah was able to justify a more assertive posture as a counterweight to such groups.

Arab State Weakness

Although the Arab states had long suffered structural weaknesses since their independence, they did succeed, for the most part, in developing centralized and robust power centers in terms of penetrative and administrative capacities. Although most of the ruling regimes lacked popular legitimacy, thereby blurring the lines between the state and the regime, they were able to deliver the essential public goods and services, above all security, defense, and assertion of sovereignty. This situation prevailed until the 1980s when these states reached their fiscal limits and had to painfully transition away from a social welfare state to a neoliberal model in which they attempted to cede much of the above functions to the private sector.

State fragility is thus ubiquitous in the Arab World. Among the twenty-two members of the League of Arab States (LAS), only the United Arab Emirates (UAE), Oman, Qatar, and Kuwait were identified as highly stable countries according to the 2020 Fragile States Index. Meanwhile, Yemen, Syria, and Somalia are classified as a very high alert. On a regional level, the weakened structures of Arab states consolidated the ties between non-state actors and regional powers. These relations are thus enhanced due to the security vacuum resulting from the weakening of centralized state structures.

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The Erosion of the Two-State Solution

The two-state solution has been recognized as the basis for the Israeli-Palestinian conflict's just and lasting settlement. However, the prospects for realizing a two-state solution are rapidly fading. Little meaningful progress has been achieved in the peace process since the last attempt at negotiations undertaken by the Obama administration in 2016.

The Trump administration's decision to move the U.S. embassy to Jerusalem in June 2018, along with U.S. recognition of the Golan Heights as part of Israel, were both manifestations of the departure in U.S. policy toward the Arab-Israeli conflict. Prospects for serious international intervention to revive the peace process are minimal, with no indication that the Biden administration will renew serious U.S. engagement toward a negotiated final status settlement.

Growing Militarization

Militarization can be understood as both a cause and a result of the region's conflict and regional insecurity. Since the 1970s, the MENA region has been one of the most militarized regions in the world.

The region constitutes a major epicenter for international arms deals. Saudi Arabia is the world's largest arms importer, receiving 11 percent of the world's arms sales in 2020. The United States is Saudi Arabia's largest supplier, providing 79 percent of its imports during the same period.

Militarization induces escalation but does not necessarily bolster deterrence. Miscalculation can push disputes and rivalries to armed conflict, be it direct or through proxies. The risk of miscalculation is high as problem-solving mechanisms are absent from the region's security architecture.

What, How, and How Much?

A common denominator of all three empirical, theoretical, and normative

dimensions of the AlMostaqbal project is the investigation of the position that the Arab MENA occupies—and should occupy—in the world. This section reflects research on the region from *within* the region, but not in isolation from the rest of the world. Conversely, it engages extensively with the extra-MENA economic, geopolitical, and intellectual context.

The point of departure is the conceptualization of the world economy as a hierarchy where better-positioned regions, nations, and firms produce and exchange higher value-added goods and services. Accordingly, socio-economic development is worrying vis-à-vis the region's position and its constituent countries in this global hierarchy of value.

Furthermore, there has been a general inability to upgrade to higher-value-added manufactured goods or services. According to the World Bank, the share of high-tech exports in the MENA has remained negligible, indicating weak industrial policies and poor educational outcomes. Between 2007 and 2018, the ratio of high-technology exports to total manufactured exports averaged 5.9 percent for MENA compared to 29.76, 13.74, 7.48, and 6.07 for East Asia, Latin America, South Asia, and different sub-regions in Africa other than North Africa.

There were two main issues with these diversification efforts. On the one hand, they had little impact on redefining the niche the Arab MENA region occupied in the world economy. On the other, MENA showed a peculiar drive for diversification compared to almost all other regions of the Global South. In the MENA, industrialization remained relatively lower than other regions of the world, including South Asia and Africa (minus North Africa).

Human Development with Little Social Empowerment or Participation

Despite some impressive human development gains, their unequal distribution in the Arab MENA region and their quantitative bias should not be overlooked. Likewise, these indicators should also cover war-torn countries in the region such as Syria, Libya, Iraq, and Yemen which witnessed a significant deterioration in almost all aspects of human and physical development throughout the past decade.

Therefore, the particular mode of insertion of the Arab MENA as a supplier of raw materials, namely fossil fuels, did, somehow, pay off. It also indicates that some processes of redistribution of income did take place between and within the MENA countries and enabled this general improvement.

Also, it is essential to highlight that the Arab MENA is home to some of the countries with the highest per capita income globally, for example Qatar and the UAE. It also hosts some of the poorest, such as Yemen and Sudan. However, there is considerable evidence of significant disparities along most class, gender,

generational, subnational, and ethno-sectarian lines, and the Arab MENA is home to the highest ratio of educated youth unemployment in the world.

Socioeconomic exclusion was often a cause and an effect of authoritarianism, poor governance, and conflict, creating a vicious circle that proved hard to escape, as revealed by the post-2011 dynamics. Throughout the past decade, the Arab MENA has shown the highest concentration of conflict between and within nations in the world. The MENA region has also been the seat of significant international protracted clashes.

In the same vein, social and economic inequalities were exacerbated by decades of neoliberal reforms, especially in the oil-poor countries, which resulted in the increased concentration of wealth and income in the hands of a few, often politically-connected elites at the expense of the majority. Rounds of neoliberalization did not give rise to competitive markets.

Weak International, Regional, and National Integration

It is essential to demonstrate that the MENA region “is still not integrated in regional or global value chains like other regions”. Using the World Bank Enterprise Survey to estimate the Arab MENA’s position in global value chains, the region is slightly outperforming South Asia but falling behind East Asia. However, these aggregated figures mask the reality of an overconcentration of international trade and investment flows in extractive industries, especially oil and other raw materials.

It is essential to demonstrate that the MENA region “is still not integrated in regional or global value chains like other regions”. It is slightly outperforming South Asia but falling behind East Asia.

Not only does the Arab MENA suffer from a poor mode of global integration, it also shows remarkably low levels of regional amalgamation, once again expressed in terms of value chains. Intra-Arab MENA exchange has been predominantly in non-trade areas, through the exchange of capital and labor as part of the recycling of oil rents.

MENA in the Global Development Discourse: The Why Question

There is an evident need to change key development questions to address the Arab MENA region comprehensively. However, the rationale behind policy and institutional reform requires the intellectual positioning of the region within the global development discourse.

Prioritizing numerical growth and the attraction of foreign direct investment and export promotion, once known as the “Washington consensus fetishes” according to Dani Rodrik, came at an expense of the majority. Most importantly,

continuous rounds of neoliberal reforms have not significantly altered the development trajectories undertaken by the countries in the region.

The paradigm of wellbeing equity is at the center of the present discussion. Emphasizing equity as the distribution of wellbeing implies two things; first, the distribution question should be held as a criterion for the success or failure of the development model rather than an after-the-fact, secondary concern. Second, equity concerns the absence of systematic, unnecessary, and preventable differences in wellbeing across groups in society.

Envisioning a More Promising Arab Future

The following policy recommendations are derived from the comprehensive discussions of the Regional Security and Socioeconomic working groups. It is based on the assessment of overall trends of potential economic and political scenarios as considered earlier.

Recommendations for Regional Socioeconomic Policies:

- i.** The region needs to free market space for autonomous socioeconomic actors, which is possible in sectors not occupied by powerful, politically connected interests.
- ii.** Market-freeing reforms can thus be pursued in some areas of the economy in many Arab MENA countries where:
 - a)** the political resistance to the removal of specific market barriers is minimal;
 - b)** the cascading impact on the market is high and;
 - c)** the potential to generate a new social and economic constituency is the strongest.
- iii.** The growth of small- and medium-sized enterprises (SMEs) should be encouraged by offering better access to financial and physical capital and technology. The rise of robust SME strata would likely strengthen inter-firm linkages on the national scale, and potentially regionally as well. These strata need not contradict the interests of already powerful and connected actors either, as SMEs often operate in more labor-intensive sectors, unlike large enterprises. Moreover, SME growth can provide opportunities for the creation of supply chains for larger firms in productive sectors.
- iv.** Previous experience has revealed that markets do not automatically generate market actors; they emerge from sociopolitical processes that allow them to possess the capacity to produce and grow. Therefore, SME-development is ultimately part of a sociopolitical project that promotes an enabling environment in which to invest in the potentials of youth and women, the redress of structural inequalities, and the opening of prospects for development and mobility.

v. Improved national economic integration along the lines prescribed above is commensurate with a larger potential for regional integration. As a matter of fact, recently many Arab leaders have mentioned regional integration as part of long-term development schemes and/or regional security arrangements, such as the Saudi Arabia-Egypt-Jordan coordination in the Red Sea as well as the recent rapprochement between Egypt, Jordan, and Iraq. The real issue, however, seems to lie in the approach to regional integration rather than the lack of the long-sought-after political will or the failure to recognize the importance of the issue.

vi. The Arab MENA countries need to abandon the shallow trade liberalization approach they have followed in the past, which primarily focused on tariff reduction. A deeper form of integration, preferably on a sectoral basis, is a better alternative.

vii. Trade policies must be tied with industrial strategies to allow deeper forms of integration and the creation of regional value chains, a clear departure from the neoliberal stress on a minimal state role.

viii. Economic integration is a political endeavor on a regional scale. It is hard to imagine such a long-term and complex process in the absence of its strategic prioritization by the ruling incumbents in concerned nations. Despite the dampening past experiences in the Arab World, there might be room for the emergence of some regionalism in the wake of recent developments.

ix. Similarly, there is an opportunity to push for reform through the processes of economic reconstruction in war-torn and war-affected countries in the Arab MENA. By necessity, economic reconstruction is more encompassing than postwar stabilization. It would include not only the rehabilitation of basic services and infrastructure destroyed during war, but also the creation of a basic macro- and microeconomic institutional and policy framework necessary for the emergence of a viable economy providing employment opportunities allowing citizens to make a decent and licit living.

Recommendations for Alternative Security Policy Approaches

i. Prioritizing National and Human Security

As a result of the complexities of the current regional security landscape, national security and human security are, in fact, inseparable. This reciprocal relationship is nowhere more pronounced than in the Arab World. Threats to human security often translate into national security threats and vice versa.

To reverse the lasting, devastating impacts of conflict on human security, the following dimensions should be incorporated in the stabilization process:

- 1) Economic: ensuring that people are free from need by providing employment and decent incomes with functioning infrastructure.
- 2) Health: providing basic and universal health services, especially to the victims of violence, and establishing programs of rehabilitation.
- 3) Personal: ensuring the safety of citizens by reducing violence and crime.
- 4) Political: raising the level of political participation within an inclusive framework, ensuring basic human rights, and removing discrimination based on ethnicity, race, or political orientation.
- 5) Food: ensuring enough nutritious food is always available and accessible for all people.
- 6) Environmental: mitigating threats posed by the deterioration of natural resources and the consequences of an increasingly hazardous environment on the food security and safety of people.
- 7) Community: ensuring the integrity of local communities.

ii. A Holistic Approach to Post-Conflict Stabilization and Reconstruction

The challenges of post-war reconstruction have become both more apparent and more pressing. Four countries caught up in conflict—Syria, Libya, Yemen, and Iraq—will face the urgent task of post-conflict reconstruction in the face of current domestic, regional, and international power dynamics. Reconstruction is not a process of the physical rebuilding of infrastructure. It is, by design, a political process, and the interplay between political and economic factors is essential in determining the prospects for post-war stabilization and reconstruction, especially in the MENA region’s competition environment.

iii. Addressing the Arab Conflict Resolution Policy Deficit

Amidst the multiple regional security crises facing the region, Arab approaches to regional conflicts have been marked by a pronounced “policy deficit,” and thus lack the initiative to devise conflict resolution processes within an Arab framework, or to contribute effectively to international conflict resolution processes. As a result of the inability of the region to address the region’s multiple conflicts within an “Arab” framework, the initiative was ceded to regional and outside actors.

Therefore, most current initiatives aimed at resolving the unfolding conflicts in the Arab World are proposed by external actors. The “Arab” region needs greater constructive engagement with regional and international conflict resolution processes, and to eventually anchor such processes in robust regional frameworks.

iv. Integrating the Practice of Arms Control as a Tool of Conflict Management

To counter the trend of growing militarization in the region, serious consideration must be given to developing regional arms control approaches. As a policy tool, arms control is predicated on achieving security at lower levels of armament by delinking areas of mutual agreement on different arms categories from broader conflicts between states.

v. Devising Regional Security Frameworks

The absence of regional security frameworks can thus be identified as a major policy challenge for envisioning alternative security futures for the Arab World and the broader MENA region. Most significant in this regard is the need for a region-wide security framework that includes both the countries of the Arab World and those that comprise the non-Arab Middle East: Israel, Iran, and Turkey.

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The core approach behind devising a stable Middle East security architecture is anchored in a set of norms, operational procedures, and conflict resolution mechanisms as well as a gradually-evolving process based on the experiences of the Organization for Security and Cooperation in Europe (OSCE) and the Arms Control and Regional Security in the Middle East (ACRS) process. The following principles would constitute the elements of such a framework:

- 1) Giving priority to disarmament, arms control, and attempting to prohibit nuclear and other weapons of mass destruction;
- 2) A reorientation of the relations between the conflicting regional powers and the design of confidence-building measures to limit conflicts and enhance cooperation;
- 3) Development of general guidelines for regional practices of both security and political natures. These could include combating terrorism; the illicit arms and drugs trade; noninterference in the internal affairs of others; and ensuring good neighborly relations;
- 4) Designing a Middle Eastern common human rights declaration to protect human security, predicated on the idea that the wellbeing of the individual will lead to the wellbeing of the community;
- 5) Middle East countries must reach agreements toward a joint regional security agenda while considering regional and international threats;
- 6) Establish proactive diplomatic and conflict resolution missions to settle the conflicts within the region in order to stabilize regional security and prevent superpowers from using the region as a proxy battlefield.

vi. Preserving the Tenets of the Two-State Solution

The continuing stalemate in the Palestinian-Israeli peace process, including the potential total demise of the prospects for a two-state solution to the conflict, continues to be a major source of regional instability. The current status quo is deceptive and, simultaneously, unsustainable. Consequently, it is the recommendation of the working group that the major focus of Arab efforts be toward preserving the tenets for a viable two-state solution. The unfortunate but realistic assessment finds that the conditions for such a solution are not currently present, and the prospects for their revival are remote in the near term. However, this should not preclude concrete policies seeking to preserve the tenets of the two-state solution as a minimal objective.

1) Leveraging the Abraham Accords to revive the 2002 Arab Peace Initiative

The numerous cooperation agreements enacted in the context of recent normalization agreements between Morocco, the UAE, Bahrain, Sudan, and Israel in the fields of energy, commerce, and security constitute valuable leverage that can be utilized toward reviving the prospects of a negotiated solution. In particular, the focus should be on reviving the 2002 Arab Peace Initiative (API). At the heart of the API was an approach predicated on providing regional security guarantees for Israel within the context of a just and lasting settlement to the conflict based on ending Israel's occupation of Arab territories; the establishment of a Palestinian state in the West Bank and Gaza Strip with its capital in East Jerusalem; and a just settlement of the Palestinian refugee problem.

2) Reinforcing the Diplomatic Parameters of the Two-State Solution

The prolonged absence of any negotiation process between Israel and the Palestinians highlights the urgency of reinforcing the basic tenets of the two-state framework diplomatically to foreclose the prospect of future diplomatic initiatives that would seek to accommodate the “prevailing realities on the ground,” as was the case with the Trump plan. Such an effort could take the form of different steps, including:

- Introducing a new UN Security Council Resolution restating the fundamental principles of a two-state solution. This can be done via the UAE during its upcoming tenure as a non-permanent member of the Council;
- A new League of Arab States resolution reinforcing the principles of the API;
- Pressuring the Biden administration to rectify the decision to relocate the U.S. embassy to Jerusalem. At a minimum, the United States should commit to opening a consulate in East Jerusalem at the earliest possible date.

3) Supporting Efforts Towards Palestinian Reconciliation

The ongoing division within the Palestinian national movement between Fatah and Hamas, mirrored in the territorial division between the West Bank and Gaza, constitutes one of the greatest obstacles toward a two-state solution. Various Arab and international efforts, on the part of Egypt in particular, have thus far failed to overcome this division. Greater Arab political support should be provided in order to increase the prospects of success for such efforts.

