

Closing Remarks by
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This is a remarkable time – indeed it is **a time of crisis** ----

- **In Europe**, for all the obvious reasons: the conversion in 2009 of a banking crisis that had originated in the USA, into a sovereign debt crisis in Europe; the fact that the EuroZone is not an optimal currency area (divergent economic structures, poor labour mobility, and no mechanism for fiscal transfers); the immediate crisis in Greece, and that in waiting in Portugal; inadequate financial firewalls to prevent contagion to Spain and Italy; poorly capitalised banks; and the inevitable asynchrony between instantaneous market reactions, accelerated by algorithmic trading; and the necessity for political consultation when EU heads of government seek to amend rules and reinterpret the spirit of community agreements.
- **In the West** more broadly – where assumptions of shared values and collective interests built up since 1945, have been tested, over more than a decade, by deep disagreements over Iraq, and before that, by what Robert Kagan called the divergence of Kantian and Hobbsian *world views*; and where the unifying *ethos* of shared democracy has been stressed, over three decades, by Anglo-Saxon emphasis on increasingly “free” and global markets; and the impact of these on continental European traditions of social democracy, many of which may not be affordable by an aging society in a globally competitive economy;
- **In Russia**, where corruption has penetrated the social fabric, and commodity exports no longer sustain rapid growth, and popular dissent is evident on the streets;

- **In China**, where a new generation of leadership must grapple with the challenges of adapting economic structures and political style, in the context of rapid social change, and new assumptions' about the workings of the global economy;
- **In Japan**, still reeling from the shock of Fukushima Daichi, just months after being pushed from the no. 2 spot in the global economy by a fast-rising China;
- And, of course, **in the Arab region** – from the Gulf and the Arabian Peninsula through the Mashriq, to the Maghreb...the focus of our discussions...

The Hanzi ideogram for crisis denotes both **threat** and **opportunity** – an nowhere is *crisis* in that bivalent sense more apparent than in the Middle East today.

In offering these observations, I must recall the sage and cautionary remarks of **Rory Stewart** in the session on **Democracy: The Challenges of the Arab Spring**. Westerners, he said, evidenced both **hypocrisy** and a dangerous **lack of comprehension** in dealing with this region. He attributed this to a penchant for **abstraction**, a measure of **isolation from reality**, and a tendency towards **irrational optimism**.

His suggestion that future policy towards the Middle East – and one suspects elsewhere in the neighbourhood – should be leavened by an understanding that the West currently lacks **power, relevant knowledge** and **legitimacy**, was also salient.

But my task is to offer a summary perspective, so here you have it!

- Economic growth coupled with political stagnation and social exclusion in the Maghreb and Maehriq; weak and often inappropriate education

coupled with rising youth unemployment; the nexus of social discontent and social media, all combined to trigger revolts by a panoply of discontented groups against the status quo.

- Secular youth activists, educated women, members of the Muslim Brotherhood, salafists, economically disadvantaged shi'ites, rival tribes, shopkeepers and the unemployed, briefly, even ephemerally, found common cause in opposition!
- But the deep fissures in society – between persons whose identity is chiefly secular and those who define themselves primarily in submission to Allah; between sunni and shi'a in Bahrain and elsewhere; Muslims and Copts in Egypt; between different Libyan clans jockeying for power; between traditionalist and modernists, and between elites and the masses in all societies – are still unresolved. And that is not to speak of the still unfolding tragedy that is Syria, threatening to spill over in Lebanon! The dangerous conflict in Yemen, and the risk of renewed clashes between Sudan and South Sudan, are further sources of concern.
- As Abdullah Toukan reminded us in the session on **Future Trends in the Region**, it serves no purpose to speak of the Arab world, and still less, the Middle East, as though it was a singular entity.
- Perceived and factional and national interests, and the clash of revolutionary and conservative ideologies that define the region, also across the Gulf in Iran and in Iraq, pose another layer of challenges – not least for the Government of Qatar, our hosts at this Forum.
- The failure to bring to a just pragmatic solution the deeply debilitating and destructive conflict between Israel and the Palestinians; and to end the occupation, by the establishment of two states, each the homeland of its own people, hovers like a spectre above all this.

- Israel's national self-interest, as well as the interests of all in the Middle East, demand a just and stable settlement. As we were reminded on many occasions throughout the conference, from the opening address by **His Highness the Emir**, through sessions on **The Future of Peace** and **The Arab Peace Initiative** adopted by two Summits of the Arab League in 2002 and 2007, and the new, private-sector **Israeli Peace Initiative**, to **Senator George Mitchell's special remarks**, the parameters of settlement are clear, and have been restated many times. What is needed is the political will to implement them.
- While **Marwan Muasher** was deeply, though it seemed, reluctantly, pessimistic that the coalition between Likud and Kadima would prompt the government of Israel to re-engage seriously, **George Mitchell** reminded us that, as conflicts are made and sustained by men, men can, and must, end them.
- The threat posed by inaction in the face of these challenges, was highlighted by **Abdullah Toukan** in his description of the layered risks that confront us if we do not seize the opportunity to address them:
 - The essential **political and macro-economic governance reforms** required throughout the region
 - The need to bring the **Syrian crisis** to an end
 - The unresolved crisis around **Israel and the Palestinians**
 - The cascade of risks that attend on mishandling of the calculated ambiguities and resulting uncertainties about **Iran's nuclear intentions** – on which it appears, there has been some progress during the visit to Tehran this week of IAEA Director-General Yukia Amano
 - ...all intensified by the **European financial crisis**.

The areas of **political and macro-economic governance** deserve attention:

As many speakers observed, **democracy** cannot be reduced to the holding of elections. Both Tunisia and Egypt have held free elections – as has Yemen, although there was only one candidate for the Presidency. Egypt's presidential elections start tomorrow and will take place over the next few weeks --

But elections are only a small part of vibrant democratic systems –

- respect for the rule of law,
- equality before the law,
- separation of the executive, legislative and judicial powers, and
- equal economic and political access for all citizens

are all essential parts of the **political culture** that allows for **effective political expression by free and empowered citizens**.

Experience teaches that it is **difficult to build and sustain this culture unless the polity has:**

- effective institutions (political parties, government Ministries, and courts that are both efficient and enjoy widespread legitimacy),
- a growing economy,
- a substantial middle class; and
- a healthy civil society.

Building all this takes time – and, as **Khaled Abdullah Jenahi** observed, the process will probably be both protracted, and messy – but if Arab societies do not build these key elements for success, elections will not bring reform – no matter who emerges victorious – and risk producing a crisis of failed expectations.

Likewise, as many speakers reminded us in the excellent sessions on **Development** and **Economy and Free Trade**, the latter elegantly steered by **Talal Abu Ghazala**, there are **few secrets about what is needed to place a country on a *sustainable path to economic and social development***.

To enable development, a government must

- ensure the **safety** of its citizens and foreign investors
 - manage a growing economy with **prudent fiscal and monetary policies**, and
 - **deliver the public goods** needed to promote **domestic social equity**, and build a **globally competitive workforce**.
- Political, macro-economic, monetary and corporate governance **frame the context** within which takes place;
 - Effective public health care and education **build the human capital** to sustain it;
 - Efficient water, power, transport and ICT **infrastructures underpin economic growth**;
 - To enable growth, governments must create environments that facilitate **domestic and foreign investment**, and appropriate public-private partnerships to enable it
 - None of this is possible unless the country has, and continues to improve, the [appropriate] **institutional capacity**.

It goes without saying that **corruption**, in both public and private sectors, is antithetical to **good governance**, and **sustainable development**.

As we were reminded in the panel on **Future Economic Visions**, coordinated by **Abdulwahab Alkebesi**, and the workshop on **Creating Jobs**, employment and economic opportunity are especially critical: We all know that some **51 million jobs are needed by 2020**, and **100 million a decade later**. No-one knows how to create opportunities for work on anything like that scale. Meanwhile, it is common cause, as speakers in many different session noted, that the revolts of 2010 and 2011 were due to the rising frustration of a fast growing number of young people who were **denied both economic**

opportunity, and political voice. The call for **dignity** had social, political and economic dimensions.

A future crisis can only be avoided by scaling up investment urgently in both **entrepreneurship opportunities** – not least in the knowledge economy – and **vocational training** – in technical construction, civil engineering, and manufacturing skills, and in hospitality services. This will **leverage existing demand** for skills in these areas, and allow Arab youth to get access to jobs presently filled by South and South East Asian workers. The region's leading employers might band together to fund and enable such a programme.

In conclusion, let's remember that here was nothing we did not know about the conditions that gave rise to the explosion in 2010 and 2011. Between 2002 and 2005, a first-rate team of **Arab scholars** contracted by the UNDP, issued a series of key **Arab Human Development Reports**:

- **Creating Opportunities for Future Generations (AHDR 2002):** The conclusion was that development in the Arab region was not due to a lack of resources but to **deficiencies in freedom, knowledge and the integration of women.**
- These key deficiencies became the subjects of the next three reports:
 - **Building a Knowledge Society (AHDR 2003);**
 - **Towards Freedom in Arab Society (AHDR 2004);** and
 - **Empowerment of Arab Women (AHDR 2005)**
- The **World Bank**, under the guidance of its Chief Economist for the region, now Governor of Tunisia's Central Bank, published the following reports in the same period:
 - An "integrative" report entitled: **Jobs, Growth, and Governance in the Middle East and North Africa: Unlocking the Potential For Prosperity (2003);** followed by -

- **Trade, Investment, and Development in the Middle East and North Africa: Engaging the World** (2003);
 - **Better Governance for Development in the Middle East and North Africa: Enhancing Inclusiveness and Accountability** (2003);
 - **Gender and Development in the Middle East and North Africa: Women in the Public Sphere** (2004); and
 - **Unlocking the Employment Potential in the Middle East and North Africa: Towards a New Social Contract** (2004).
- The World Economic Forum likewise produced two **Arab Competitiveness Reports** in the same period, highlighting similar challenges.

The challenge that the Arab Region faces today is to muster the **political will to act urgently and consistently** to do, what all now know, needs to be done.