

**Enriching the Middle East's Economic Future
Conference X
Concluding Remarks by Steven Spiegel**

27 hours of discussion, though never enough to delve as deep into the events taking place in the region as we would like, is still hard to cover in an 10-minute summary...

The conclusion of this conference marks a decade of partnership between UCLA CMED and the Ministry of Foreign Affairs of Qatar, whom we thank for graciously making us a part of this prestigious forum year after year.

I don't need to tell all of you how much can change in 10 years. Indeed, Doha itself is a reminder of the incredible pace of development and growth in this region.

Through the hope and drama of the Arab Spring to the devastating conflicts in Syria, Iraq, Yemen, Libya, to name only a few, we have convened for 10 years to analyze, reflect, discuss, and recommend.

To start with the big picture, the idea that the region is experiencing a wave of sectarian conflict was largely rejected by conference participants. They argued that the parties to conflicts in the region – whether in Syria, Yemen, the areas controlled by ISIS – are driven by good old-fashioned politics and national interest, with various players using the “sectarian” argument as a political tool to justify their geopolitical ambitions.

An alternative view was expressed that as soon as Iraq was put under serious stress following the US invasion, it very quickly degenerated into a sectarian fight, followed by Syria.

Both Middle Easterners and Westerners at the conference perceived the West as retreating from the region. The US and EU are focused on their own economic and security problems, and their populations are increasingly skeptical of interventions in the region. The shale oil revolution in the United States and the embrace of alternative energy in the EU have also lessened their dependence on the region. The demand for oil will, however, remain strong in the East Pacific, which will have the effect of moving Middle East trade further and further east. I'll return to that topic in a minute.

Despite the perceived retreat of the West, and despite the conspiracy theories that continue to abound about the “real” goals of the United States in the region, many speakers argued that the U.S. and the EU continue to have an obligation to play a larger role in resolving conflicts and supporting reform in the region. The security of the Middle East, they point out, affects their own security. As one European diplomat noted, the flow of refugees we witness daily in the Mediterranean could become one of the biggest crises the West has faced in many years.

Our Middle Eastern colleagues urged the West to adopt a more unified and coherent strategy for promoting human rights and democracy in the region because they are the key to sustainable development. Western support must continue to include serious financial assistance – perhaps

even a Marshall Plan for countries like Tunisia. As our Tunisian friends put it, we are ready to do the work, but we need help.

It is no secret that the Arab states are very frustrated with what they perceive as the United States' lack of strategy in the region. The Obama administration's desire to conclude an agreement with Iran is seen as coming at the expense of its previous allies and their key regional concerns. We hear their concern loud and clear that the U.S. has not been willing to push back on Iran about its involvement in Syria and Yemen.

Yet one striking change in our discussions this year was how infrequently the great powers were mentioned at all. Entire sessions passed without the U.S., EU or Russia being mentioned even once – I don't think this would have been the case a few years ago. And when people invoked a potential partner in the West, it was the EU that was named as a potential mediator. There was a clear recognition in our discussions that the region itself is responsible for addressing its problems and that its many countries must find a way to establish dialogue among themselves.

Another big-picture issue identified by people throughout the region was the need to cultivate citizens that have respect for minorities and people who are different from themselves.

Turning to another key challenge, economic development, our discussions again emphasized the need to diversify economies in the region, cut back the welfare state, and open up economies through competition. Job creation, particularly for the thousands of young people and women who enter the market every year, remains a priority. One discussant drew particular attention to the absence of the limited liability company in the region. The absence of that type of company restrains both entrepreneurship and investment.

In one way, the decline in oil prices offers the Gulf states an opportunity to introduce reforms, cut subsidies and reduce the welfare state. But to do so, governments will need to "market" those reforms, to offer a good case for why they are necessary: "You have to be clear why you want change and what reforms mean," said one speaker.

A number of speakers called for changing people's perceptions of the labor market – and that means the perceptions of students *and* their parents. One of the most interesting findings presented by the economists was that parents' income has a huge impact on the ability of young people in the Middle East to find a job. To put it plainly, when personal connections are crucial for finding a job, students without connections end up unemployed – ripe for ISIS recruitment.

Refugees are yet another problem that affects the entire Middle East region. One of this morning's panels urged host countries to see refugees as a potential economic opportunity. Given that refugees tend to stay in host countries 17–20 years and will find their way into labor markets, host countries might as well admit them legally and reap the full benefits of their participation in the market. Yet our Middle East colleagues were skeptical of this approach, arguing that the massive influx of Syrian refugees, especially into Jordan and Lebanon, posed significant short-term challenges that burden government budgets and put pressure on wages.

Tunisia remains the major hope in the region, but the success of its transition is dependent on creating real economic opportunity. In the view of one economist, a clear vision, political inclusion and a close relationship with the EU are needed to see through painful economic reforms.

I think we all realize that change in the region will be a long process. To quote one participant, “Real change comes powerfully slow.”

I would be remiss if I didn’t spend a minute discussing the growing role of East Asia in the Middle East. Certainly, the demand for oil by China and India is going to continue to grow.

Japan seeks to share its advances in environmentally friendly technology with the Middle East, such as a technology being developed to extract silicon from sand that can be used for automobiles and solar energy.

China seeks to develop strategic, multifaceted relationships with countries in the MENA region, relationships that are not based solely on energy. It views the Middle East as a huge market and place for investment, and also as a market for infrastructure.

Turning to the hot-button issues in the region, a panel on Yemen, Saudi Arabia and Iran drew a large audience and much controversy. The session was fascinating because it gave all sides – Yemen, Iran, and Saudi Arabia – a chance to provide their perspective. The uniqueness of the discussion was that the positions of each side were weighed and evaluated and that was so unusual that many people complained that the astounding discussion wasn’t all about their position. The states of this region will not achieve their objectives unless they are able to comprehend the arguments of those with whom they disagree.

In a discussion this morning a distinguished American concluded that ISIS will not be defeated by bombs from 30,000 feet. The main challenge facing us all, he argued, is legitimate and effective governance in Syria and Iraq.

Let me conclude with one thought. We know what must be done – the problem is how. Many of our sessions gave specific proposals – on jobs, youth, refugees, career counseling, education, entrepreneurship, gender policies, water, and transportation -- what we need now is multinational taskforces that will convert what we know must be done into plans for how these lofty objectives can be implemented.