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Key Underlying Causes of Instability in the MENA Region: Executive Summary

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Burke Chair
in Strategy

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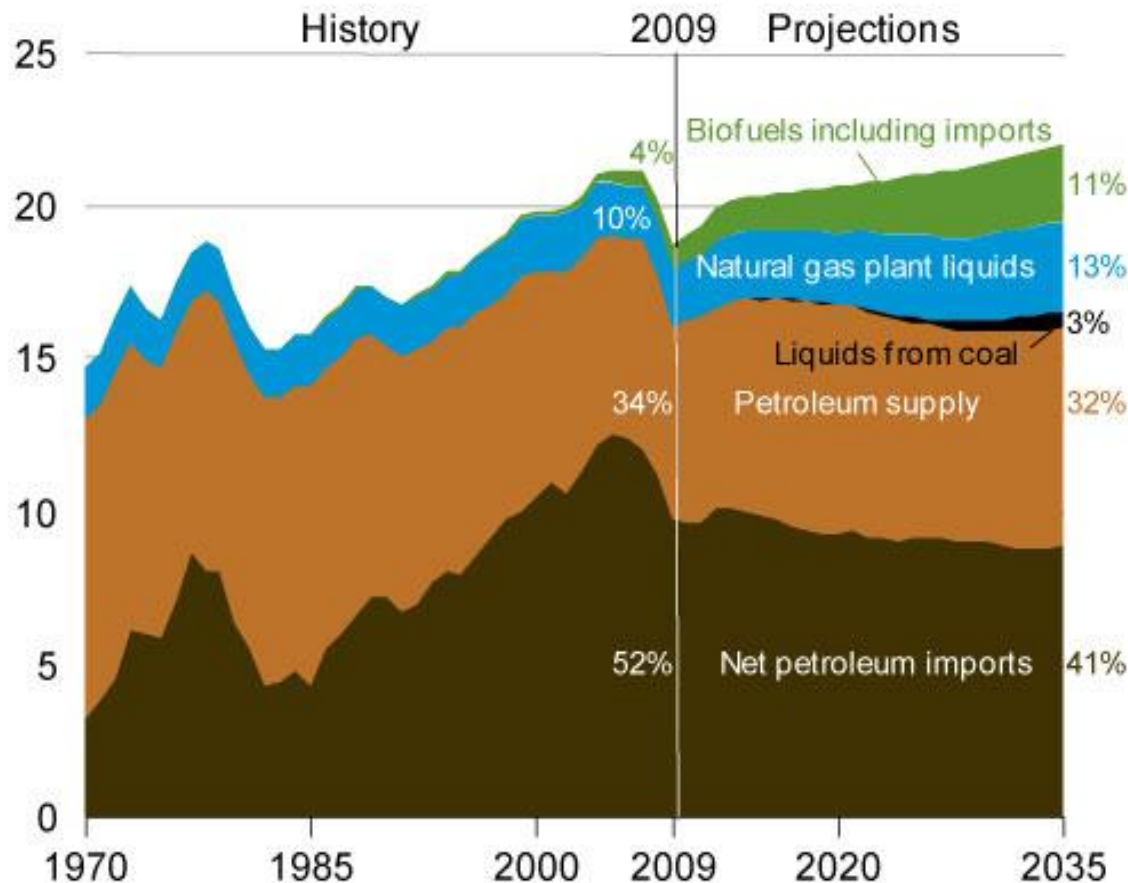
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Shaping the Current Crisis

- ❑ Middle East countries differ sharply in virtually every measure.
- ❑ Many key problems are outside government control:
 - ❑ Population rates.
 - ❑ Comparative economic advantage in natural resources.
 - ❑ Legacies of history
- ❑ No clear historical causes to predict unrest.
- ❑ Experts differ sharply on impact of weighting of given problems.
- ❑ Sharp differences and gaps in the data.
- ❑ National breakouts illustrate issues, do not portray fault or blame.

Continued US Strategic Dependence on Energy Imports

Figure 1. U.S. liquids fuel consumption, 1970-2035
(million short tons)



The net import share of total U.S. energy consumption in 2035 is 17 percent, compared with 24 percent in 2009. (The share was 29 percent in 2007, but it dropped considerably during the 2008-2009 recession.)

Much of the projected decline in the net import share of energy supply is accounted for by liquids.

Although U.S. consumption of liquid fuels continues to grow through 2035 in the Reference case, reliance on petroleum imports as a share of total liquids consumption decreases.

Total U.S. consumption of liquid fuels, including both fossil fuels and biofuels, rises from about 18.8 million barrels per day in 2009 to 21.9 million barrels per day in 2035 in the Reference case. The import share, which reached 60 percent in 2005 and 2006 before falling to 52 percent in 2009, falls to 41 percent in 2035

Key Differences by Country

Country	Leader	Date of accession	Population (millions)	Population under 25 (% of total)	GDP per capita* USD '000	Wold ranking 2010		
						Democracy ¹	Corruption ²	Press freedom ³
Algeria	Abdulaziz Bouteflika	1999	35.9	47.5	8.2	125	105	141
Bahrain	King Hamad bin Essa Al-Khalifa	1999	1.2	43.9	24.0	122	48	153
Egypt	Muhammed Tantawi (acting)	2011	84.6	52.3	5.9	138	98	130
Iraq	Nuri Al-Maliki	2006	31.4	60.6	4.0	111	175	144
Jordan	King Abdullah II	1999	6.4	54.3	5.2	117	50	140
Kuwait	Sabah Al-Ahmed Al-Sabah	2006	3.5	37.7	40.6	114	54	115
Lebanon	Michel Suleyman	2008	4.3	42.7	13.4	86	127	115
Libya	Muammar Qadafi	1969	6.5	47.4	18.7	158	146	192
Morocco	King Mohammed VI	1999	32.4	47.7	4.7	116	85	146
Oman	Sultan Qaboos	1970	3.3	51.5	23.3	143	41	153
Palestinian Territories	Mahmoud Abbas/Ismael Haniyeh	2005/06	4.1	64.4	2.9	93	na	181
Qatar	Sheikh Hamad bin Khalifa Al-Thani	1995	1.7	33.8	66.9	137	19	146
Saudi Arabia	King Abdullah bin Abdulaziz Al-Saud	2005	27.1	50.8	22.9	160	50	178
Syria	Bashar Assad	2000	22.5	55.3	4.7	152	127	178
Tunisia	Mohamed Gannouchi	2011	10.4	42.1	8.6	144	59	186
UAE	Sheikh Khalifa bin Zayed Al-Nahyan	2004	6.7	31.0	27.2	148	28	153
Yemen	Ali Abdullah Saleh	1978	24.3	65.4	2.9	146	146	173
Peripheral Arab Countries								
Comoros	Ahmed Sambi	2006	0.7	57.4	1.1	127	154	102
Djibouti	Ismael Omar Guelleh	1999	0.9	57.2	2.3	126	91	159
Mauritania	Mohammed Ould Abdulaziz	2009	3.4	59.3	1.9	115	143	118
Somalia	Sheikh Sharif Ahmed	2009	10.1	63.5	0.6	Not ranked	178	181
Sudan	Omar Al-Bashir	1989	43.2	59.0	2.3	151	172	165

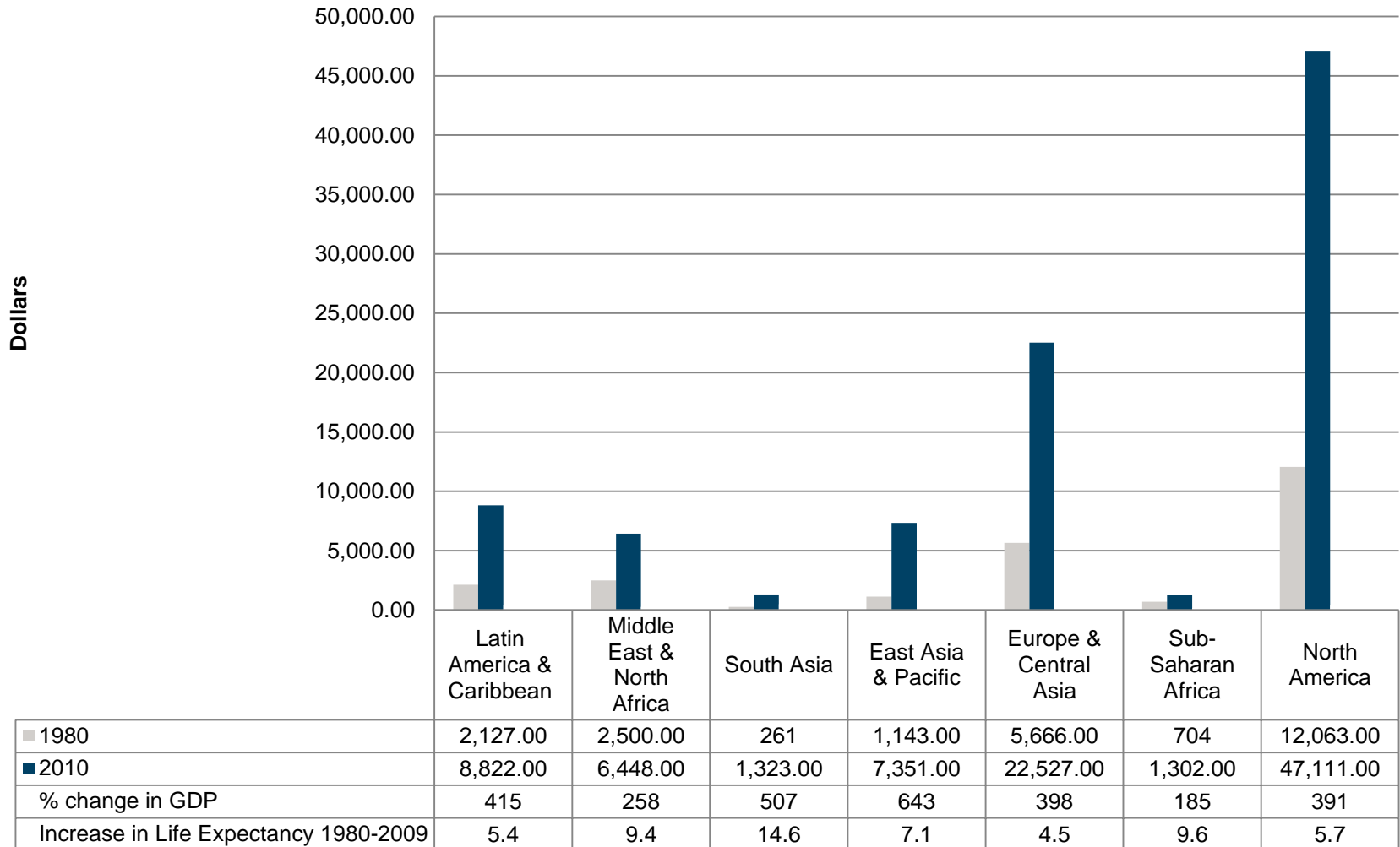
Source: Economist Intelligence Unit; The World Bank, Transparency International; Freedom House

Note: 2010 data except for Palestine (2008)

*PPP - Purchasing Power Parity; (1) out of 167; (2) out of 178; (3) out of 198; the lower the ranking the better

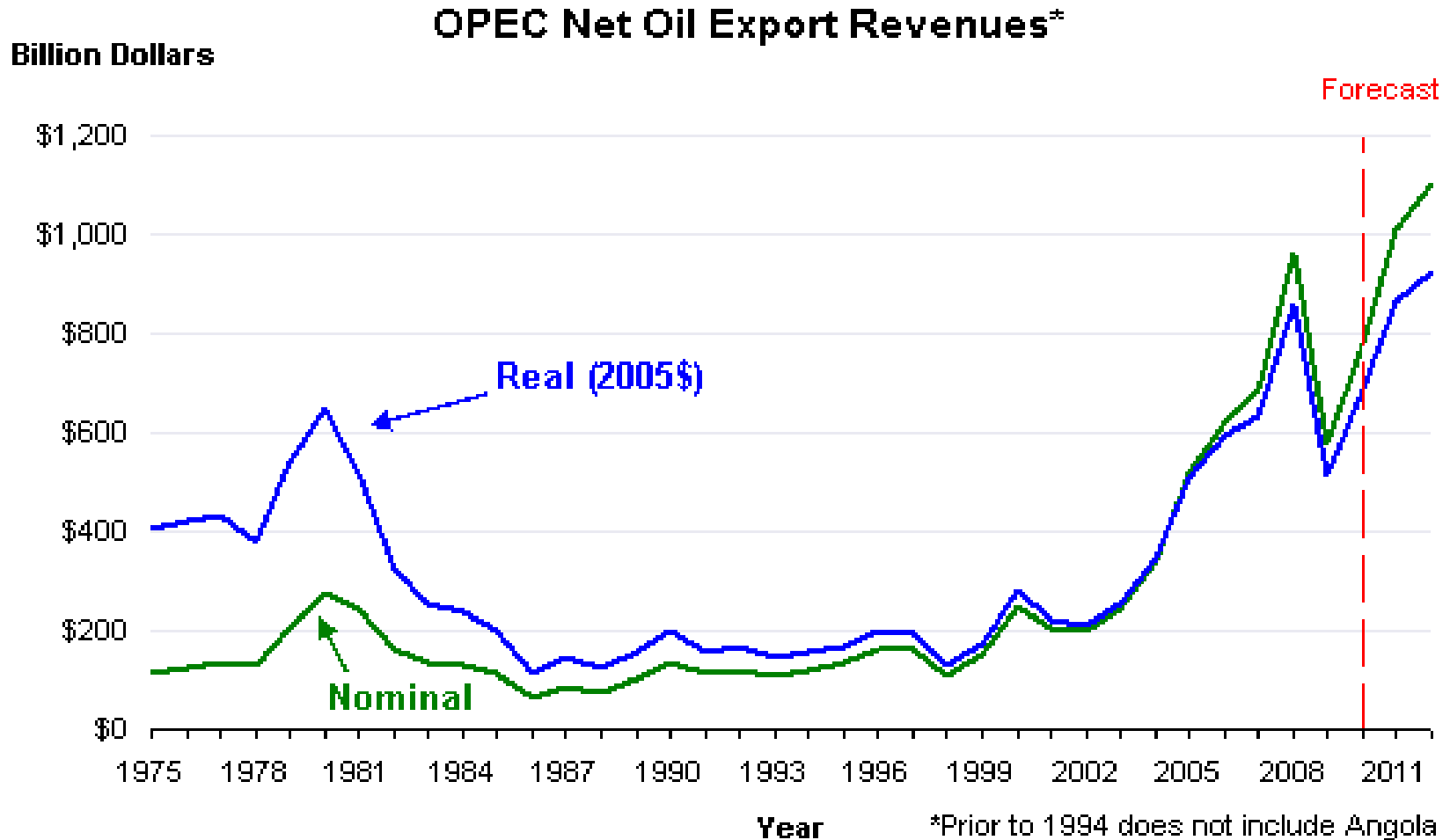
Per Capita GDP Growth: 1980 vs. 2010 by Region

Per Capita GDP: 1980 vs. 2010 (in current USD)



Source: The World Bank: World, dataBank, January 2011.
<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

The Real World Limits to Oil Wealth



Source: EIA *Short-Term Energy Outlook*

Source: US Department of Energy, Energy Information Agency, August 2011,
<http://www.eia.gov/countries/regions-topics.cfm?fips=OPEC>

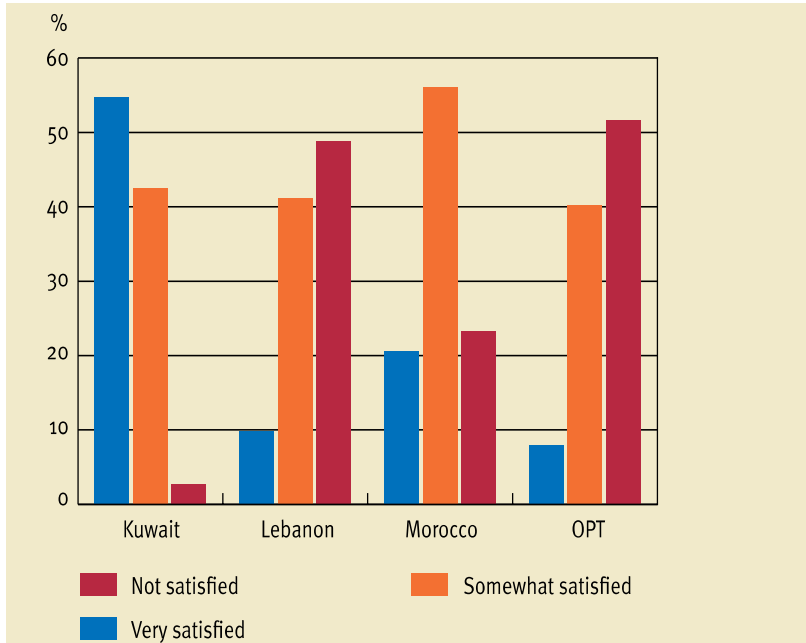
OPEC Per Capita Net Oil Export Revenues

Country	Nominal (\$)				Real (2005\$)			
	2010	2011	2012	Jan-Jul 2011	2010	2011	2012	Jan-Jul 2011
Algeria	\$1,540	--	--	\$1,169	\$1,356	--	--	\$1,003
Angola	\$4,249	--	--	\$2,879	\$3,741	--	--	\$2,470
Ecuador	\$542	--	--	\$413	\$477	--	--	\$354
Iran	\$1,085	--	--	\$826	\$955	--	--	\$709
Iraq	\$1,686	--	--	\$1,335	\$1,484	--	--	\$1,145
Kuwait	\$21,416	--	--	\$16,702	\$18,848	--	--	\$14,327
Libya	\$6,837	--	--	\$1,339	\$6,017	--	--	\$1,158
Nigeria	\$450	--	--	\$354	\$396	--	--	\$303
Qatar	\$38,281	--	--	\$33,400	\$33,685	--	--	\$28,651
Saudi Arabia	\$7,685	--	--	\$6,081	\$6,763	--	--	\$5,216
UAE	\$13,508	--	--	\$11,120	\$11,888	--	--	\$9,538
Venezuela	\$1,498	--	--	\$1,244	\$1,318	--	--	\$1,067
OPEC	\$2,074	\$2,644	\$2,837	\$1,560	\$1,825	\$2,257	\$2,378	\$1,339

Source: US Department of Energy, Energy Information Agency, August 2011,
<http://www.eia.gov/countries/regions-topics.cfm?fips=OPEC>

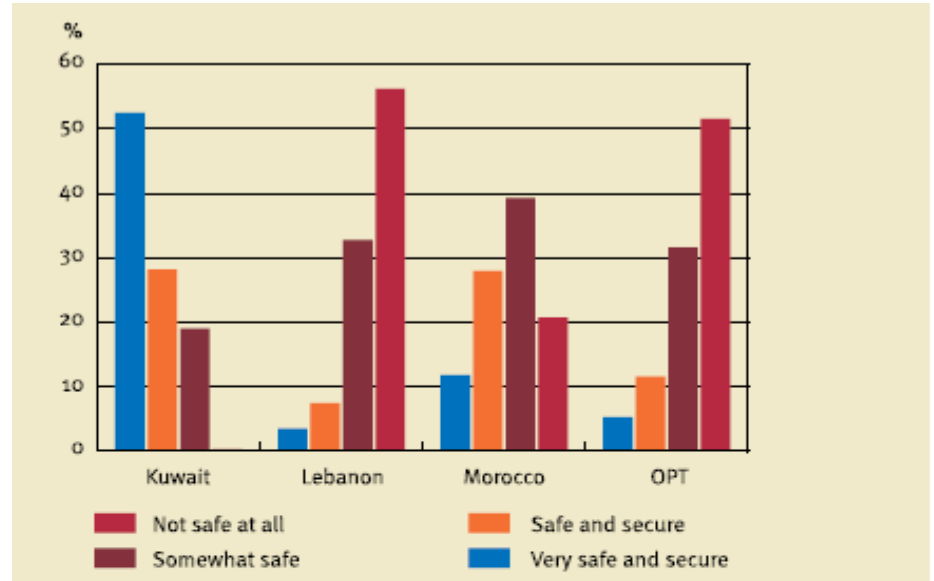
Satisfaction (Stability) vs. Security

Satisfaction with the present situation



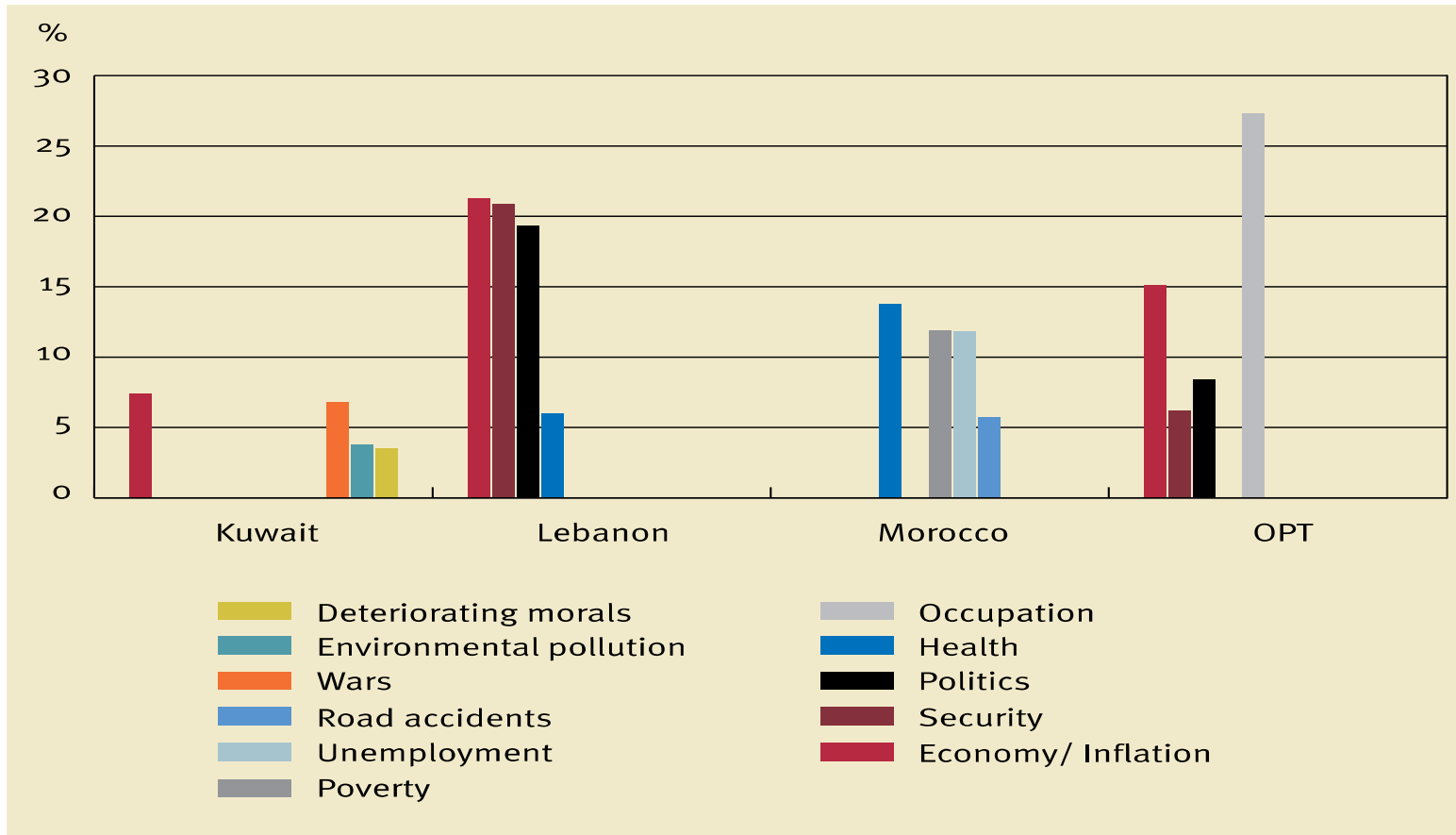
Responses from those sampled in the four countries represent three patterns of response which recur throughout. More than half of Kuwaitis were completely satisfied with their circumstances in terms of the main threats, whereas more than half polled in Morocco were moderately satisfied. In Lebanon and OPT, however, about a half of respondents were dissatisfied. This picture evidently reflects perceptions of the degree of human security in the four countries at the time the questionnaire was administered, that is, in the spring and winter of 2008.

How safe do citizens feel?



Do present conditions give citizens a sense of security? The figure above presents responses to this question in the four countries. Survey results place Kuwait at one end of the spectrum and Lebanon and the Occupied Palestinian Territory (OPT) at the other, with respondents from Morocco somewhere in between. More than half those sampled in Kuwait felt very safe, while more than one-fourth of them felt moderately safe. In Lebanon and OPT, by contrast, nearly half felt unsafe, whereas in Morocco, the majority of those sampled felt safe or somewhat safe, while one-fifth of those sampled did not feel safe. It may be noted that those who felt very safe made up a minority of little more than one-tenth of those in Morocco, and barely 5 per cent in OPT and Lebanon.

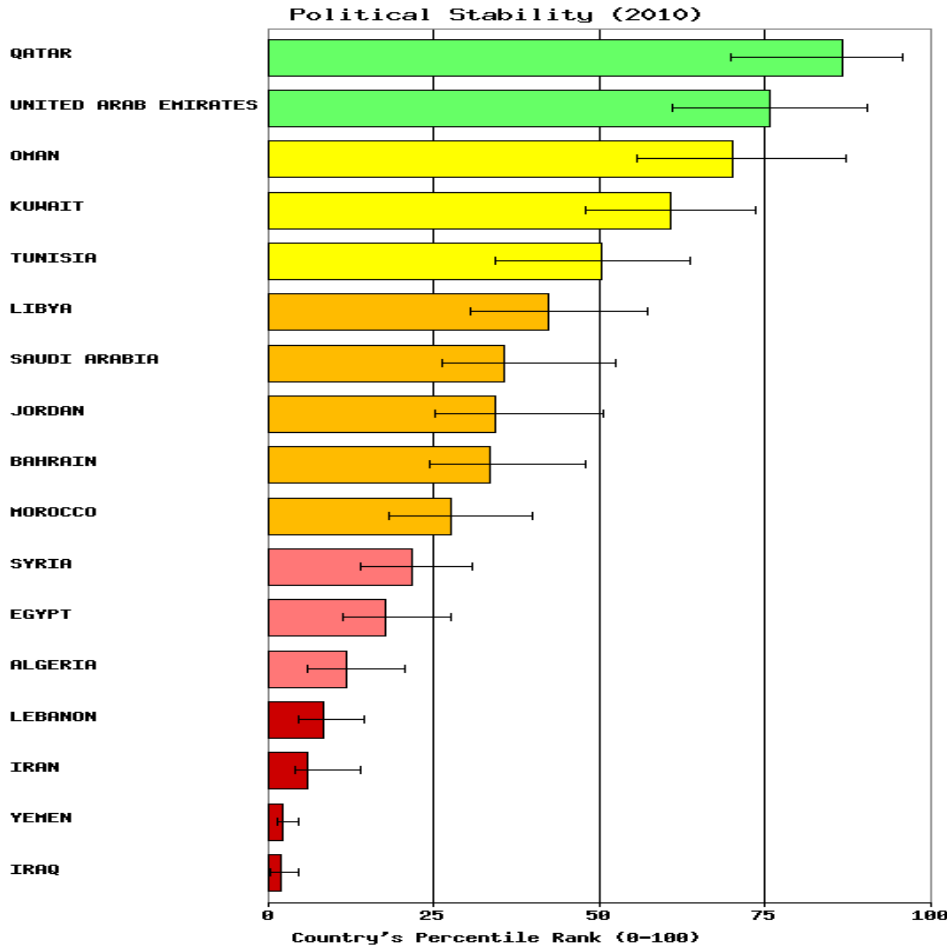
What Makes Citizens Feel Most Insecure?



To determine how secure Arab citizens feel, the respondents were asked to specify the most important sources of threat, for themselves personally. In all four countries, economic conditions were viewed as a threat to security. However, in the Occupied Palestinian Territory, foreign occupation ranked as the most serious threat, followed by deteriorating economic conditions, deteriorating political conditions, and a lack of personal security. In Lebanon, concern over the economy took first place, followed by a lack of personal security and deteriorating political conditions. In Morocco, by contrast, the sources of threat were less directly linked to political conditions. Instead, health conditions came first in importance, followed by poverty and unemployment, then traffic accidents. Economic threats and war or external threats were given first place by Kuwaiti respondents, followed by environmental pollution and deteriorating morals. Poor nutrition did not figure directly among the most significant threats felt by citizens in the four countries although it may have been implied in references to poverty and unemployment, given that these latter phenomena reduce the ability to obtain food.

Political Stability (by world percentile)

World Governance Indicators Project

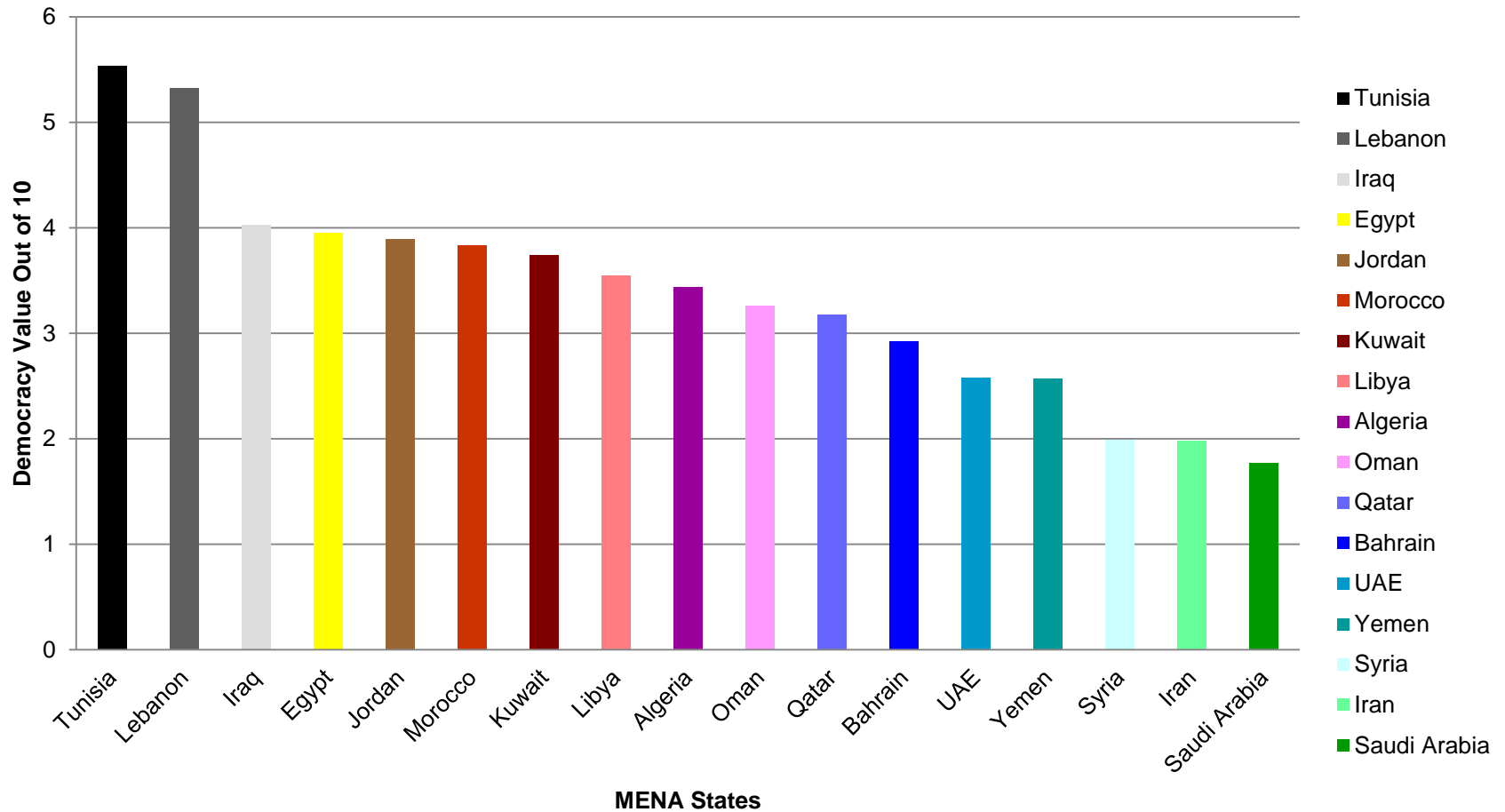


Country	Sources	Year	Percentile Rank (0-100)	Governance Score (-2.5 to +2.5)	Standard Error
ALGERIA	7	2010	11.8	-1.25	0.23
BAHRAIN	7	2010	33.5	-0.34	0.23
EGYPT	7	2010	17.9	-0.91	0.23
IRAN	6	2010	6.1	-1.57	0.24
IRAQ	5	2010	1.9	-2.27	0.27
JORDAN	8	2010	34.4	-0.27	0.23
KUWAIT	7	2010	60.8	0.43	0.23
LEBANON	7	2010	8.5	-1.53	0.23
LIBYA	7	2010	42.5	-0.06	0.23
MOROCCO	7	2010	27.8	-0.52	0.23
OMAN	7	2010	70.3	0.69	0.23
QATAR	8	2010	86.8	1.06	0.23
SAUDI ARABIA	7	2010	35.8	-0.23	0.23
SYRIA	7	2010	21.7	-0.81	0.23
TUNISIA	7	2010	50.5	0.1	0.23
UNITED ARAB EMIRATES	7	2010	75.9	0.82	0.23
YEMEN	6	2010	2.4	-2.22	0.24

Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues
 Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Democracy Index

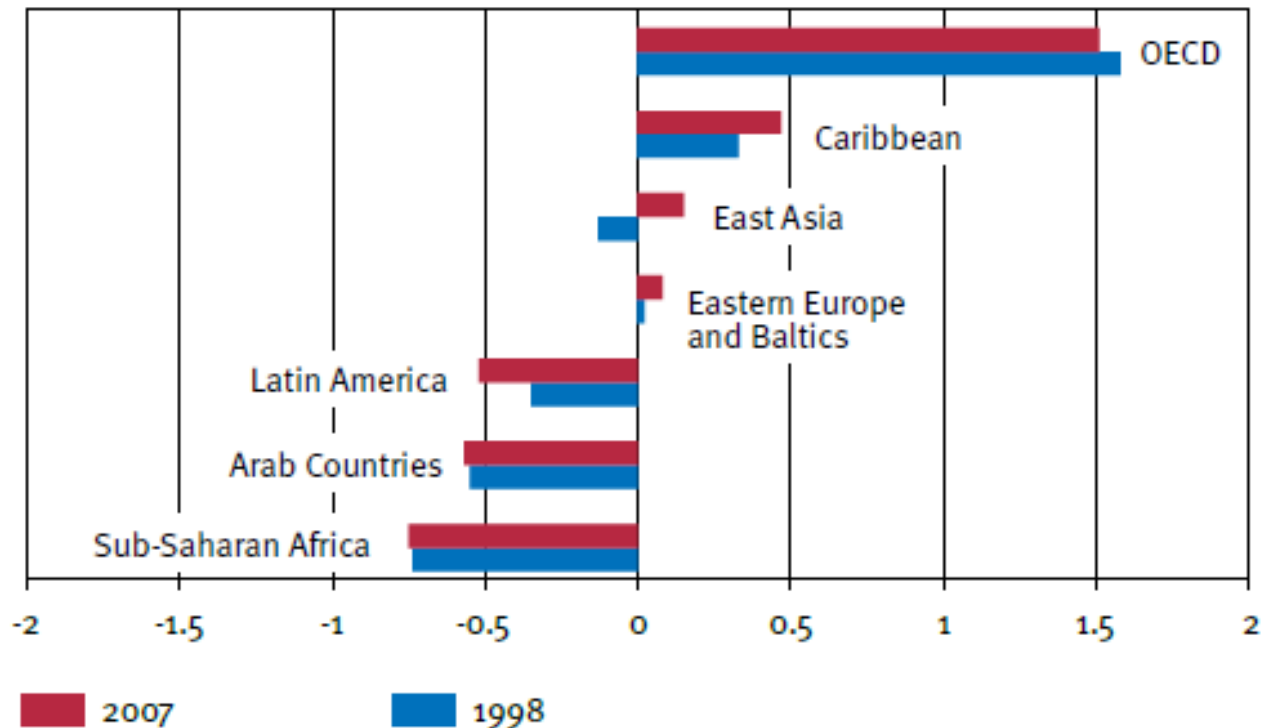
Democracy Rating 2011



Source: Economist Intelligence Unit, *Democracy Index 2011*

http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy_Index_Final_Dec_2011.pdf&mode=wp

Comparative Rule of Law by Region

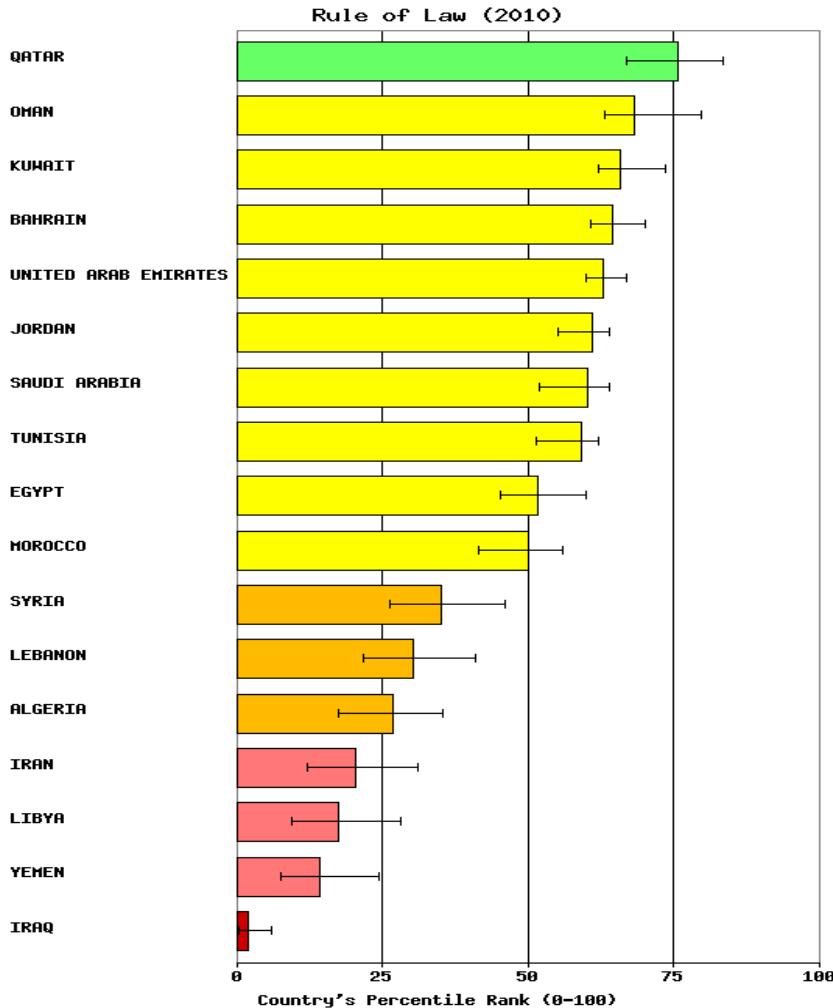


Source: UNDP/AHDR calculations based on World Bank 2008.

Note: The rule of law governance indicator has a range of -2.5 to 2.5; higher is better. It is a subjective indicator aggregated from a variety of sources and measuring perceptions of the following concepts: legal impartiality and popular observance of the law.

Rule of Law

World Governance Indicators Project



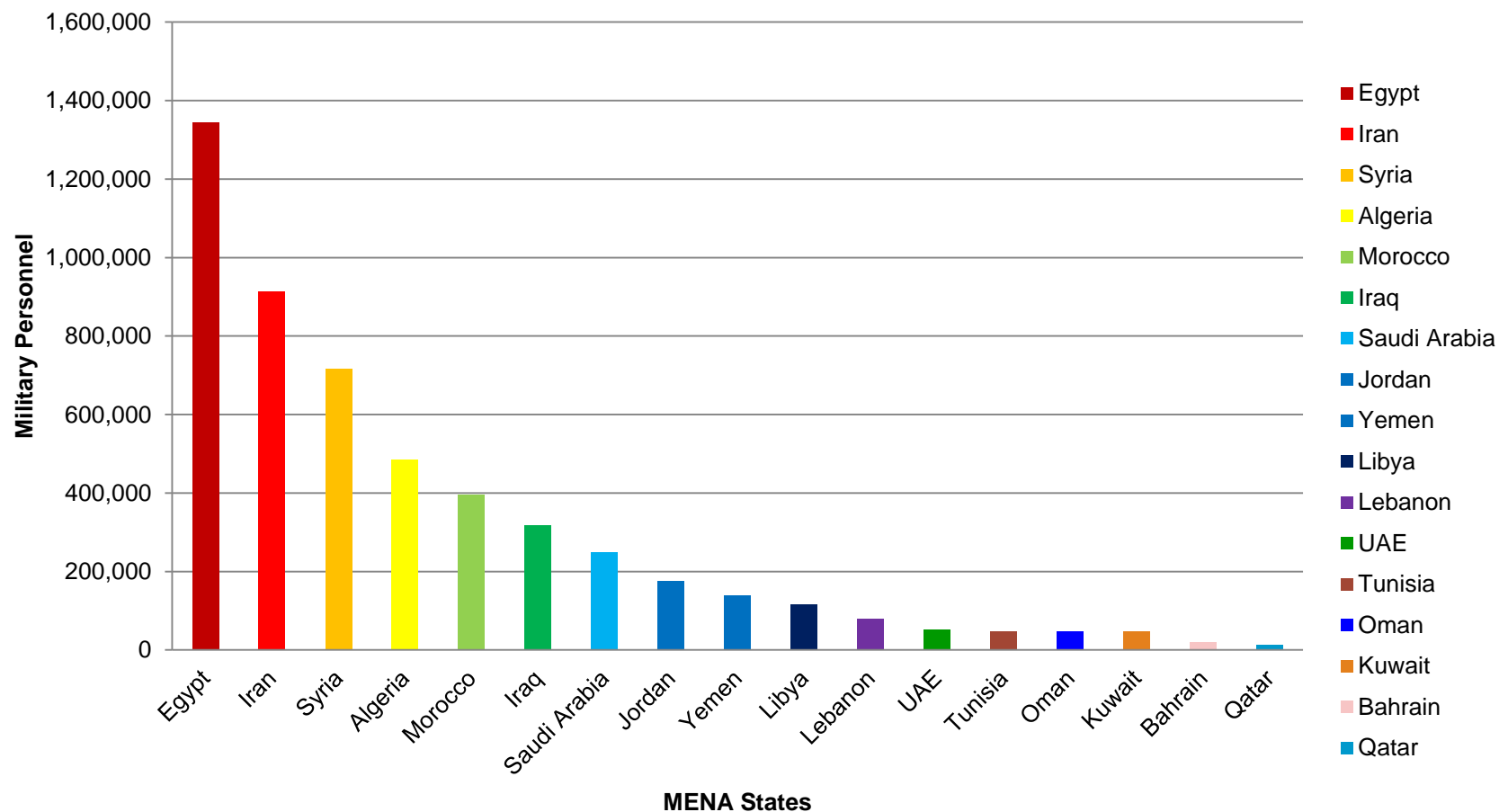
Country	Sources	Year	Percentile Rank (0-100)	Governance Score (-2.5 to +2.5)	Standard Error
ALGERIA	14	2010	27	-0.76	0.14
BAHRAIN	11	2010	64.5	0.45	0.16
EGYPT	15	2010	51.7	-0.11	0.14
IRAN	10	2010	20.4	-0.9	0.16
IRAQ	10	2010	1.9	-1.62	0.17
JORDAN	14	2010	61.1	0.22	0.14
KUWAIT	10	2010	65.9	0.54	0.16
LEBANON	14	2010	30.3	-0.66	0.14
LIBYA	11	2010	17.5	-0.98	0.15
MOROCCO	15	2010	50.2	-0.19	0.14
OMAN	9	2010	68.2	0.67	0.16
QATAR	12	2010	75.8	0.87	0.15
SAUDI ARABIA	11	2010	60.2	0.16	0.16
SYRIA	14	2010	35.1	-0.54	0.14
TUNISIA	14	2010	59.2	0.11	0.14
UNITED ARAB EMIRATES	11	2010	63	0.39	0.16
YEMEN	13	2010	14.2	-1.05	0.15

Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Paramilitary and National Security Forces

Total Military Establishment



Arab Development Report Security Measures - II

To what extent does the state respect your basic rights?

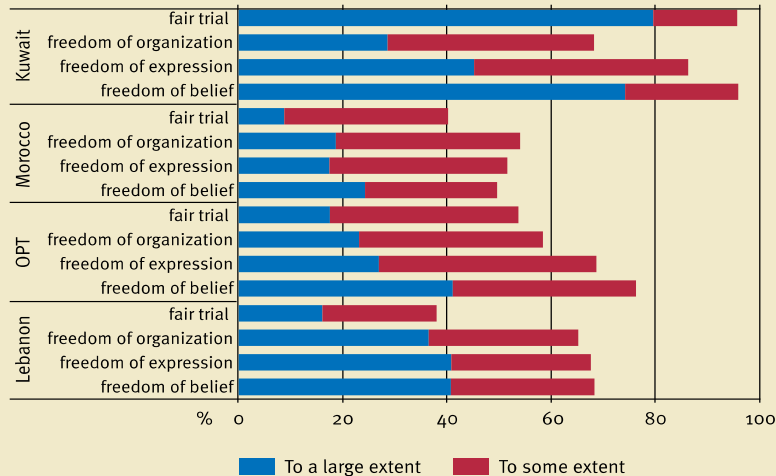


Table 3-1 Arab countries under a declared state of emergency in 2008

State	Year of declared state of emergency
OPT	2007
Sudan	2005 (in the Darfur region), extended to the whole country in May 2008
Iraq	2004
Algeria	1992
Egypt	1981
Syria	1963

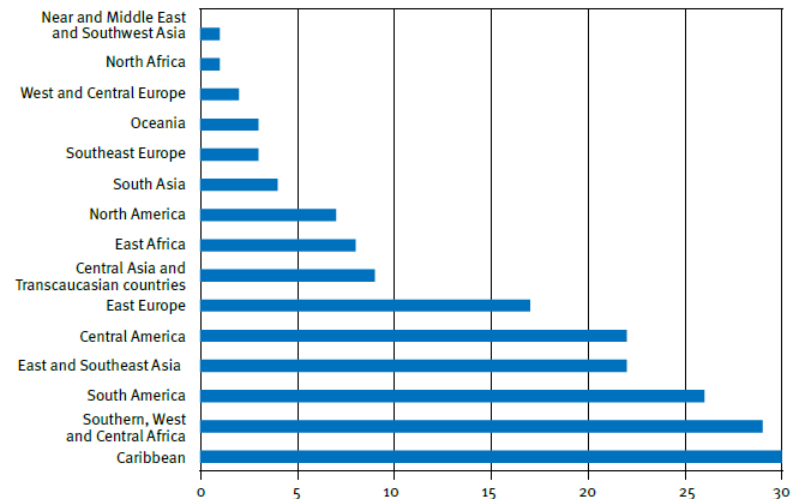
Source: AOHR 2008 (in Arabic).

Table 3-2 Political prisoners in 5 Arab states, 2005 and 2007

State	Number of political prisoners, 2005	Number of political prisoners, 2007
Iraq	26,000 (reduced to 14,000)	24,661
Egypt	10,000	--
Lebanon	--	5,870
OPT	9,000	11,000
Yemen	1,000	--

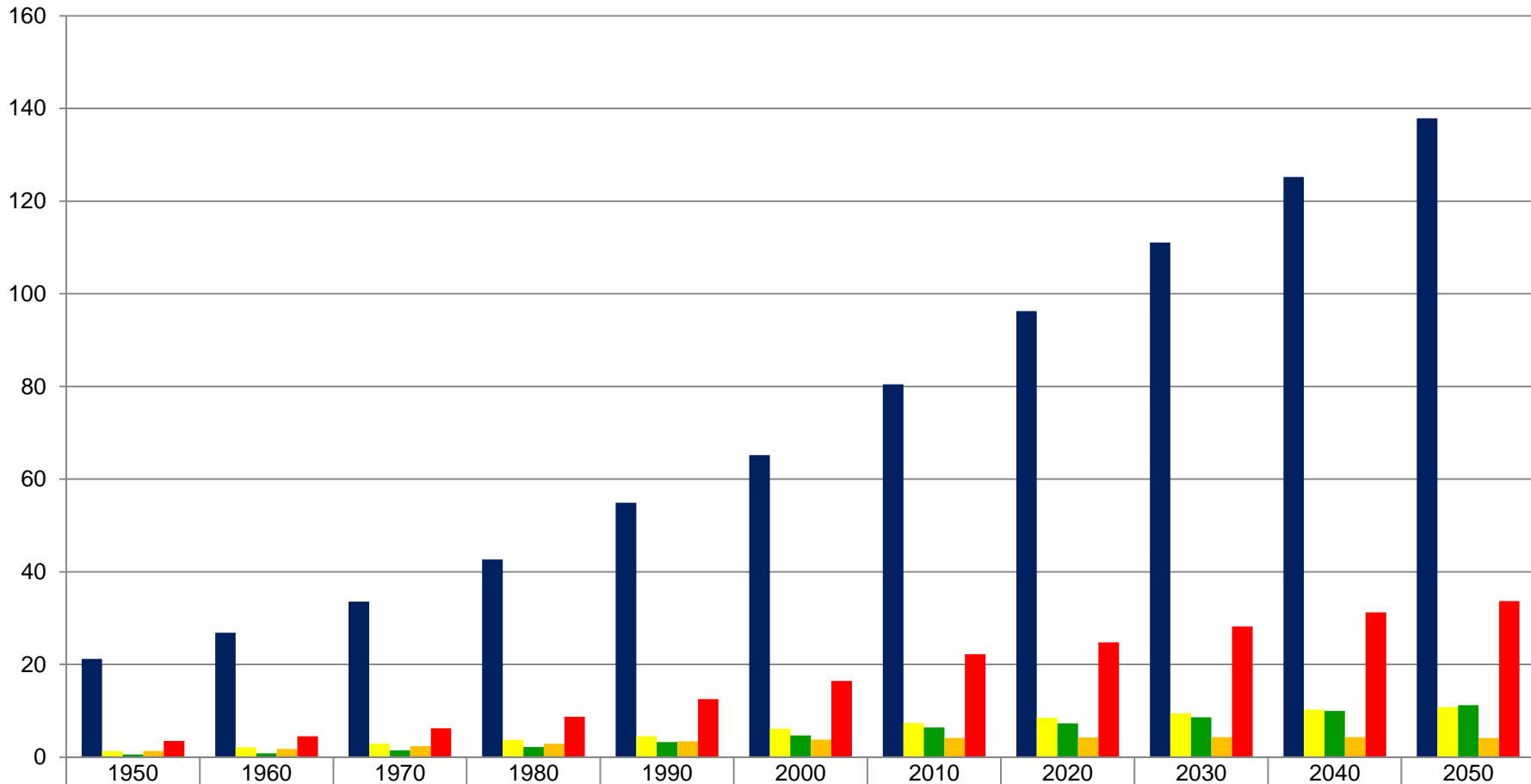
Source: AOHR 2008 (in Arabic).

Figure 3-1 Homicide rates (per 100,000 of the population), world regions, 2002



Source: UNODC 2005.

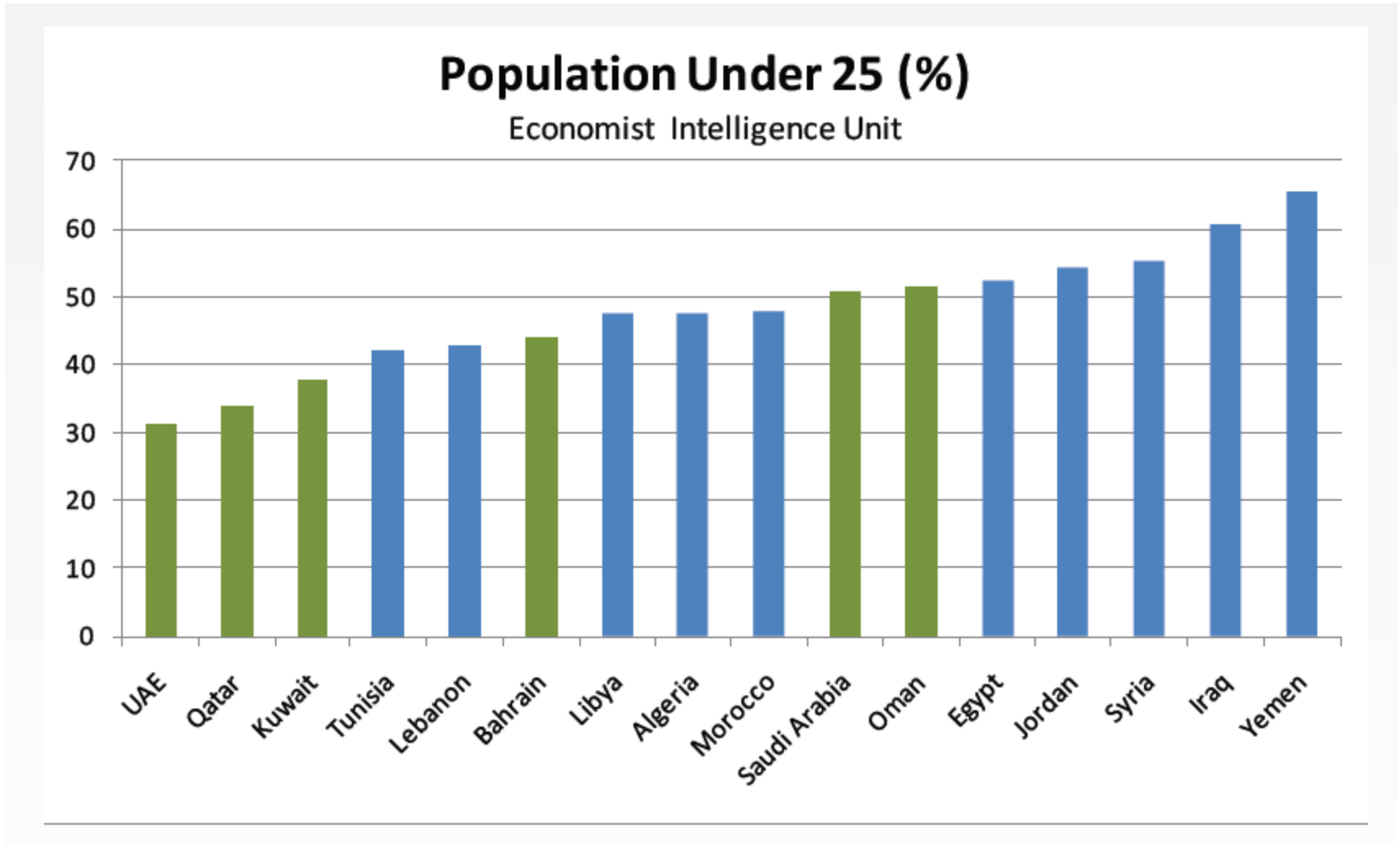
Arab-Israeli Demographic Pressure: 1950-2050 (In Millions)



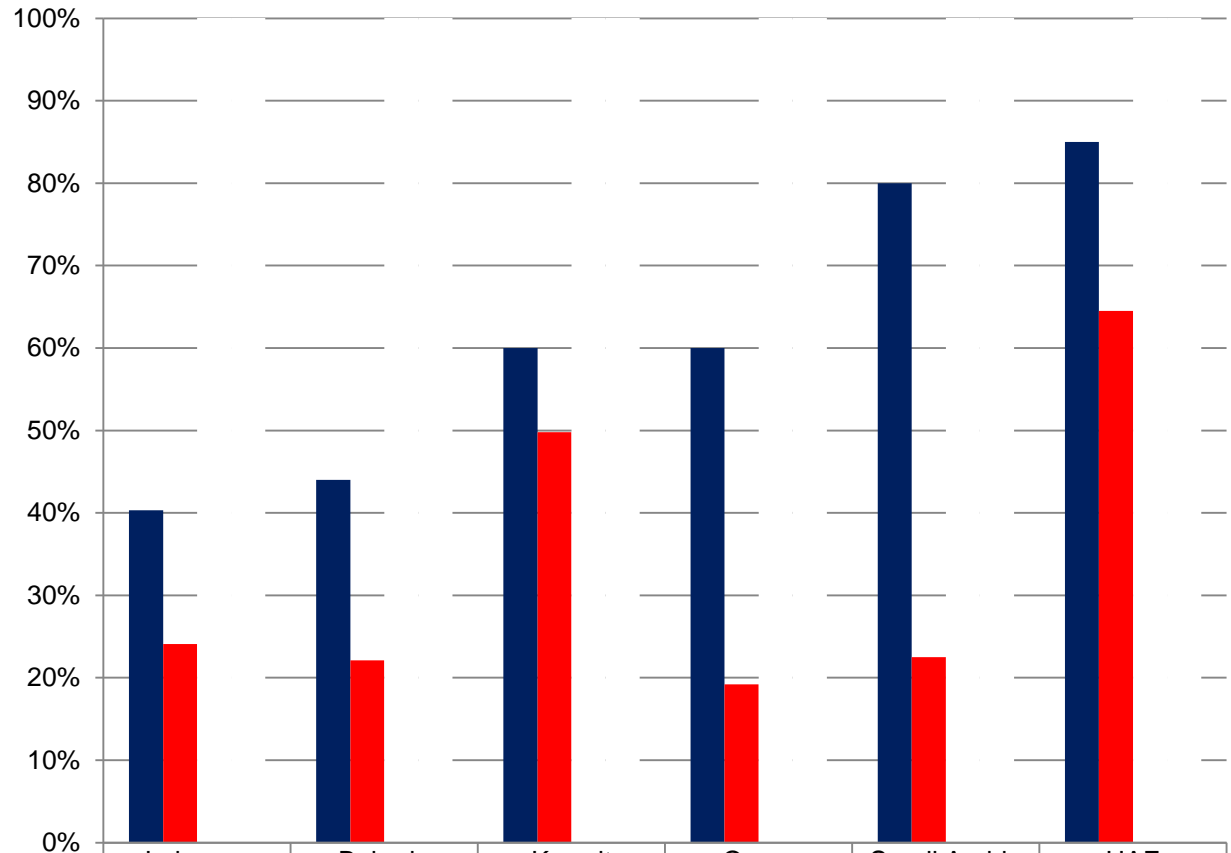
■ Egypt	21.198	26.847	33.574	42.634	54.907	65.159	80.472	96.26	111.057	125.242	137.873
■ Israel	1.286	2.141	2.903	3.737	4.478	6.115	7.354	8.479	9.459	10.28	10.828
■ Jordan	0.561	0.849	1.503	2.163	3.267	4.688	6.407	7.278	8.611	9.954	11.243
■ Lebanon	1.364	1.786	2.383	2.899	3.44	3.791	4.125	4.243	4.335	4.298	4.155
■ Syria	3.495	4.533	6.258	8.752	12.5	16.471	22.198	24.744	28.224	31.257	33.658

Source: U.S. Census Bureau: *International Database*, accessed 1/25/2012.
<http://www.census.gov/ipc/www/idb/informationGateway.php>

MENA Relative Youth Populations

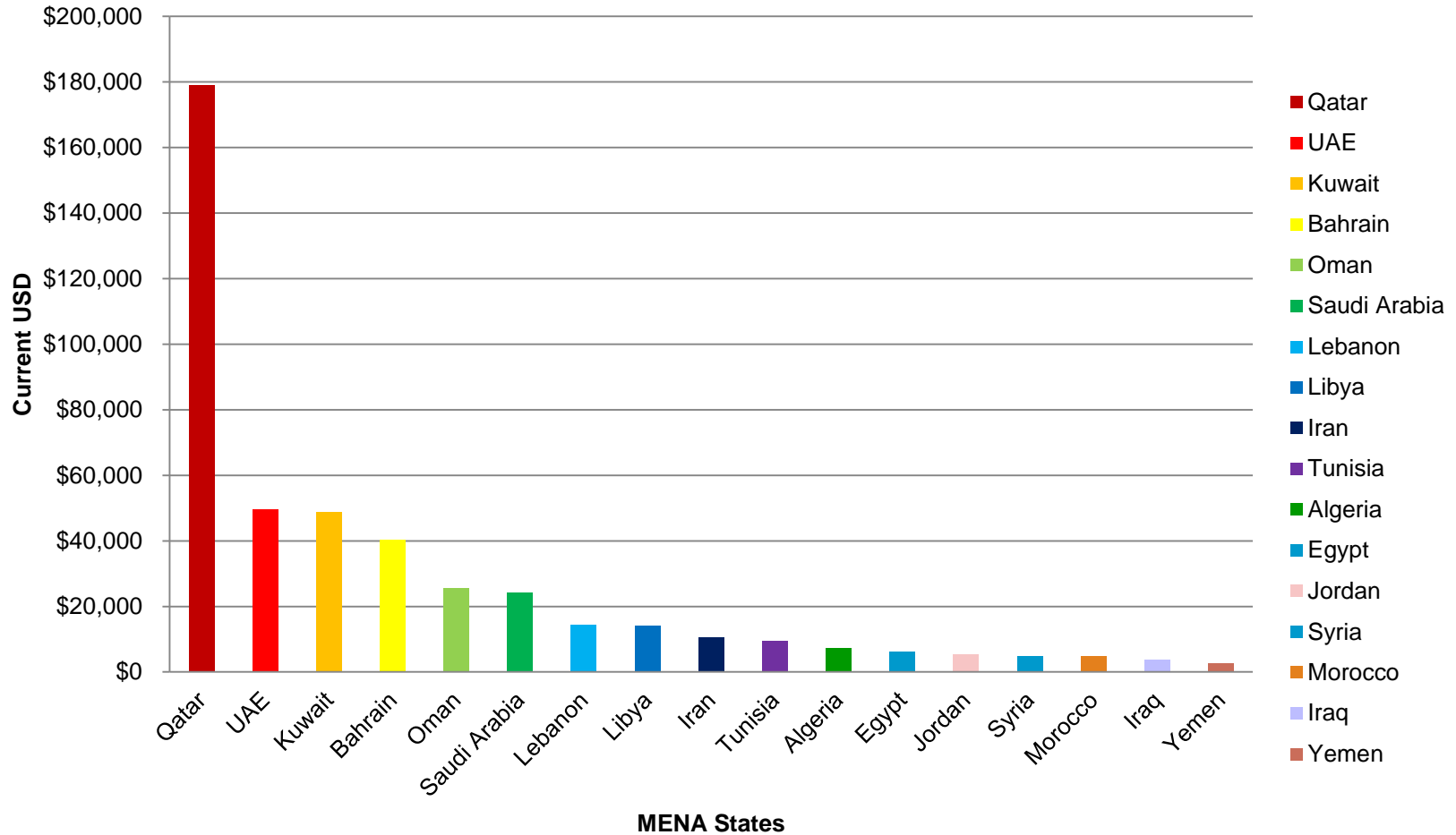


Estimates of Foreign Nationals as a Percentage of the Labor Force



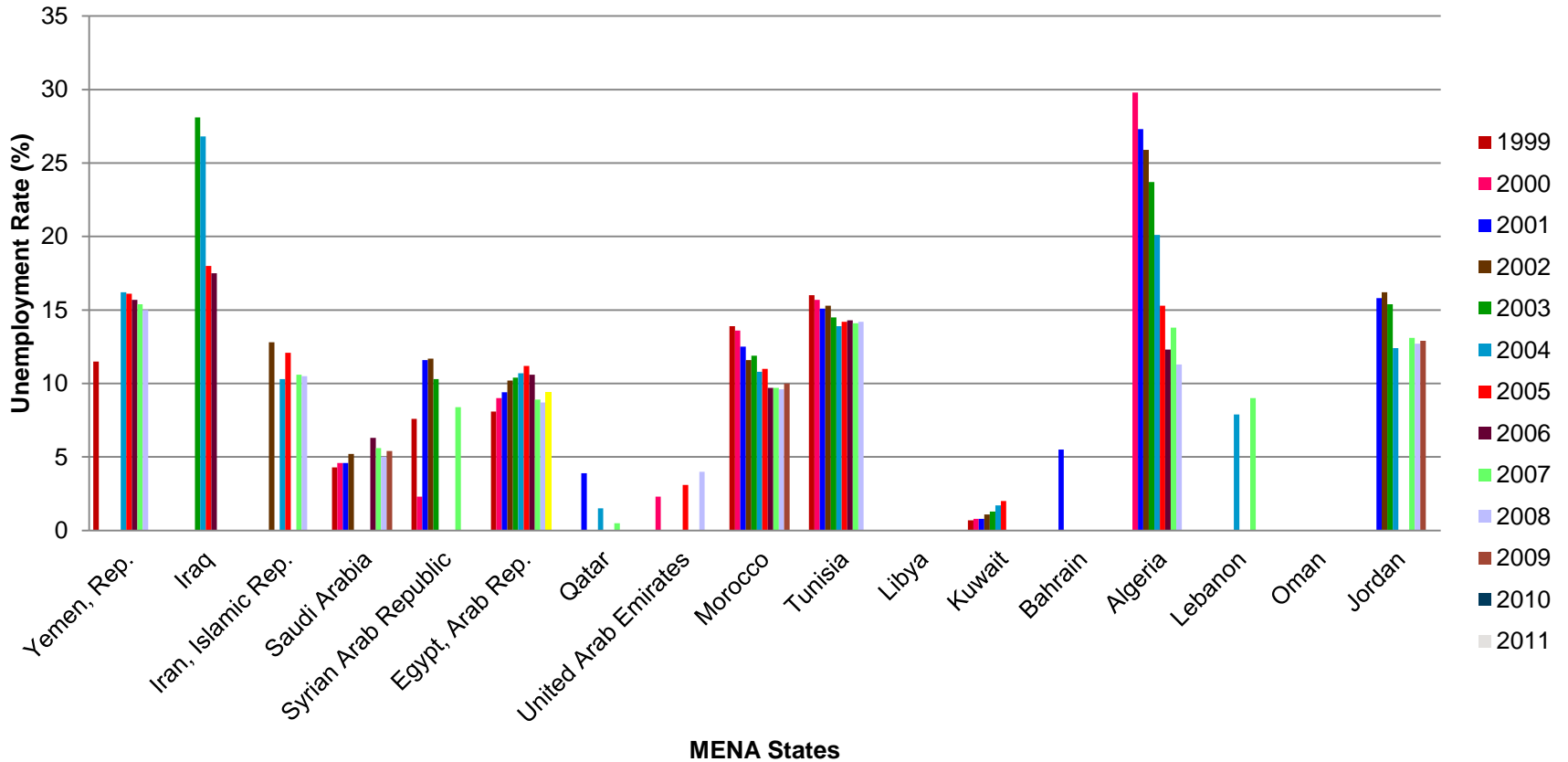
	Lebanon	Bahrain	Kuwait	Oman	Saudi Arabia	UAE
■ Foreign Nationals as a Percentage of the Labor Force	40%	44%	60%	60%	80%	85%
■ Foreign Nationals as a Percentage of the Total Population	24.10%	22.10%	49.80%	19.20%	22.50%	64.50%
Estimates of Foreign Nationals in the Labor Force	1,000,000	268,840	1,292,400	581,280	5,869,600	3,321,800
Labor Force Estimates	2,481,000	611,000	2,154,000	968,800	7,337,000	3,908,000

GDP Per Capita, PPP 2010

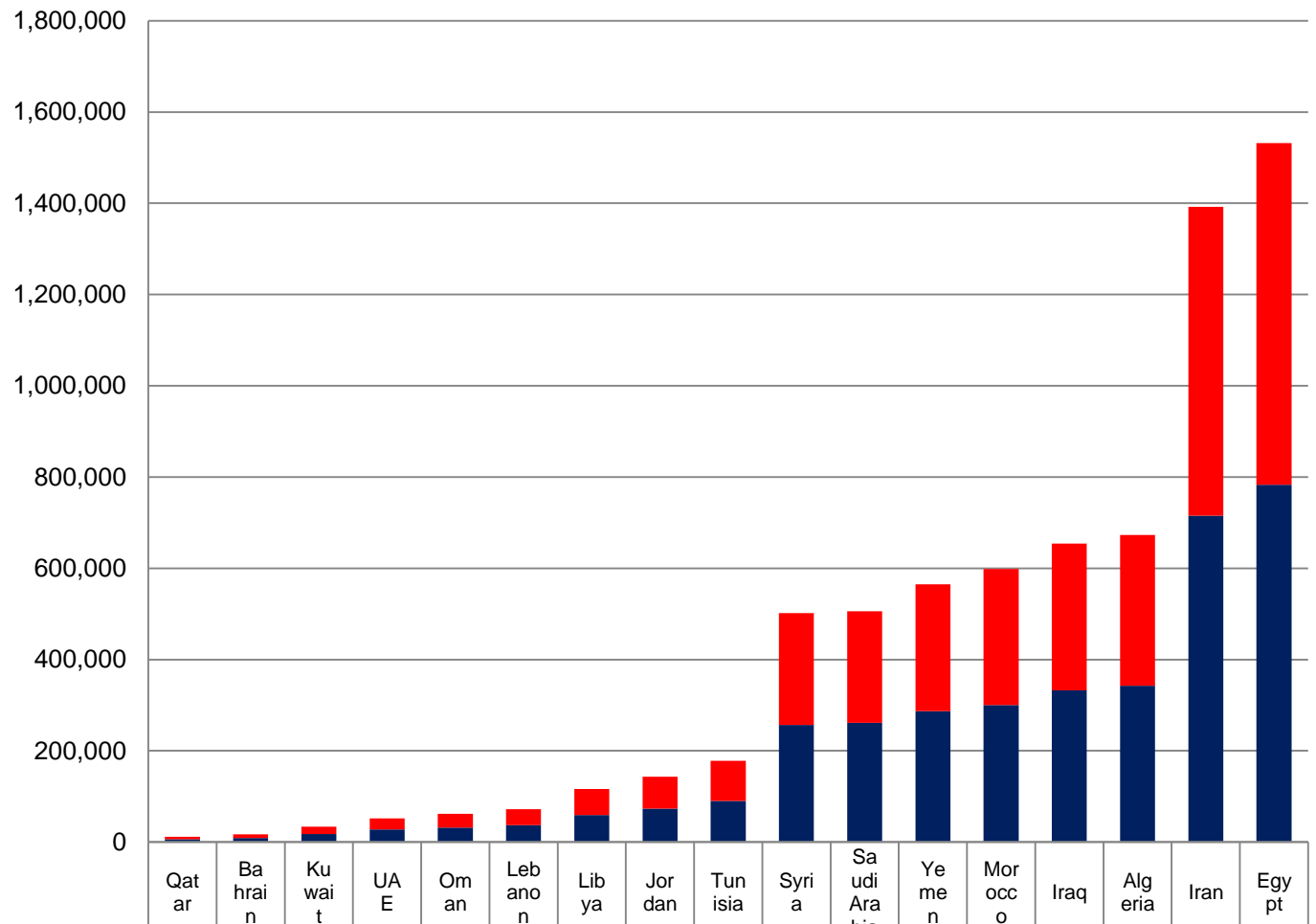


Official Unemployment Rates

Unemployment 1999-2011

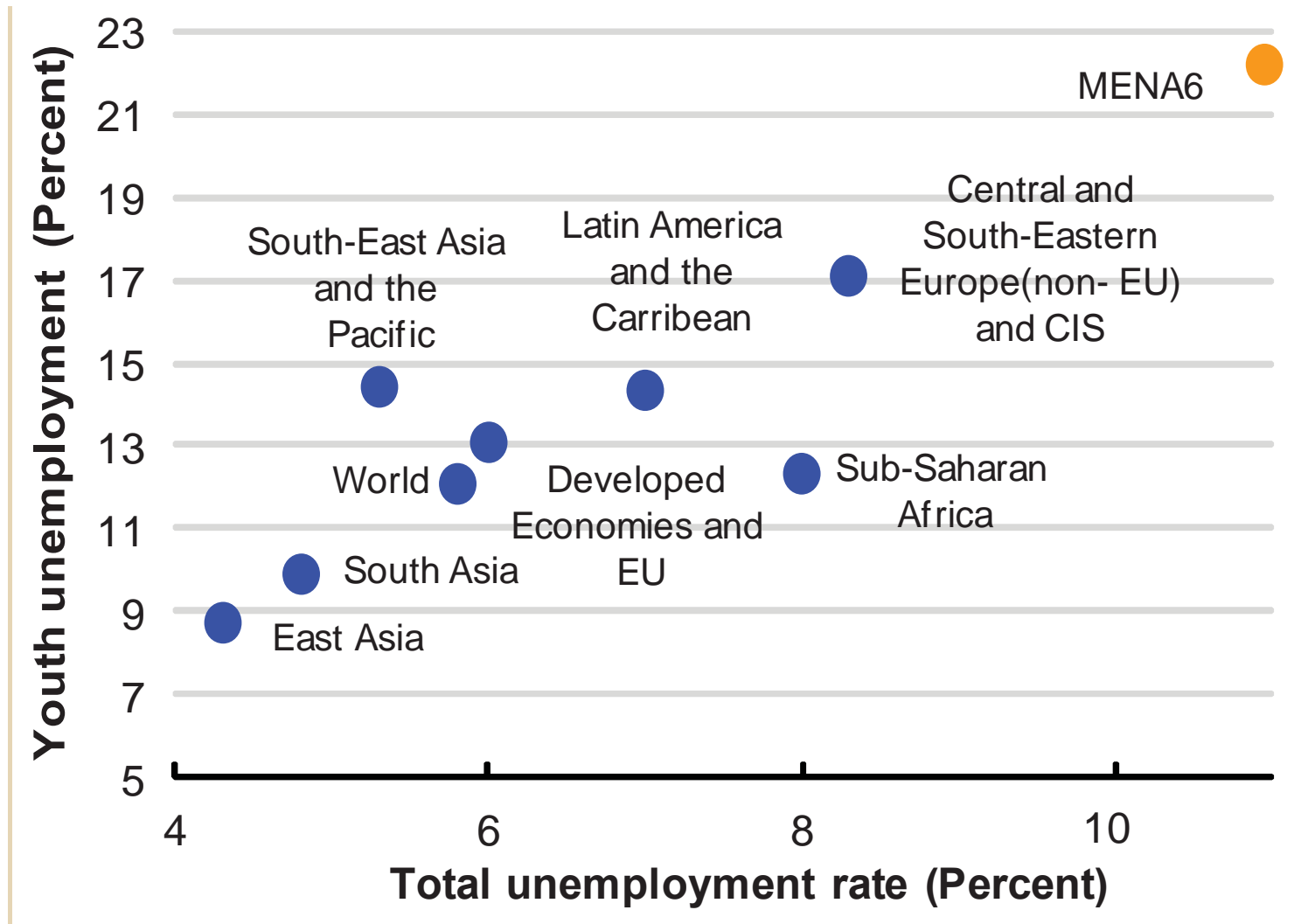


MENA Young Persons Entering Labor Force Each Year



■ Women Entering Labor Force Annually	5,162	8,117	16,232	24,419	30,264	35,121	57,070	69,420	87,346	244,71	244,76	277,61	298,36	322,01	330,09	677,37	748,64
■ Men Entering Labor Force Annually	6,429	8,988	17,653	27,439	31,959	36,856	59,547	73,574	90,436	256,69	261,10	287,14	300,32	332,19	342,89	715,11	783,40
New Women as a % of the Total Existing Labor Force	0.41%	1.33%	0.75%	0.62%	3.12%	1.42%	3.30%	4.04%	2.28%	4.43%	3.34%	4.06%	2.57%	3.79%	3.34%	2.64%	2.87%
New Men as a % of the Total Existing Labor Force	0.51%	1.47%	0.82%	0.70%	3.30%	1.49%	3.44%	4.28%	2.36%	4.64%	3.56%	4.20%	2.58%	3.91%	3.47%	2.78%	3.00%

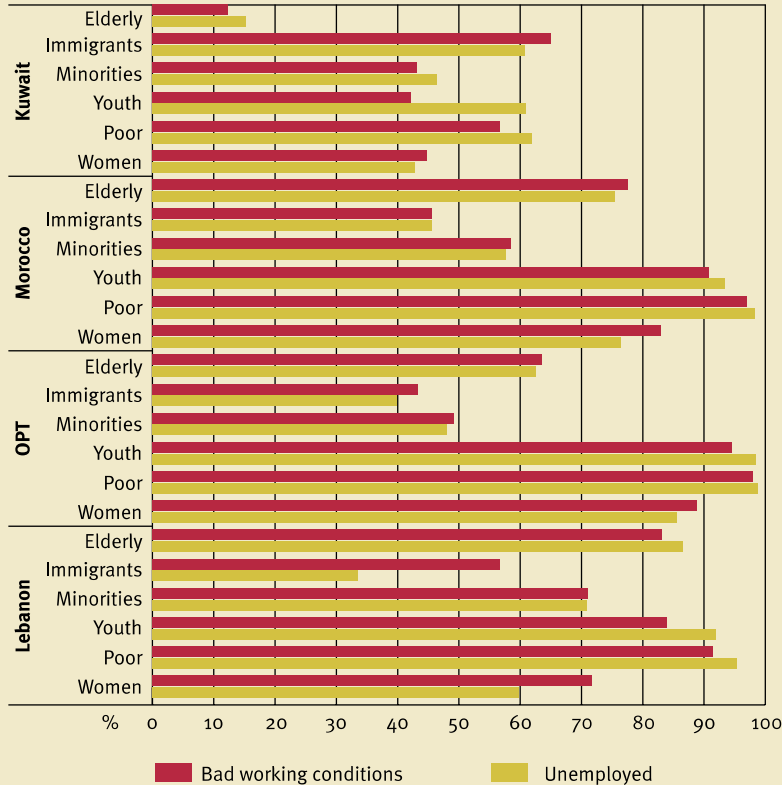
Total and Youth Unemployment Rates by Region (2008)



Perceptions of Unemployment in MENA

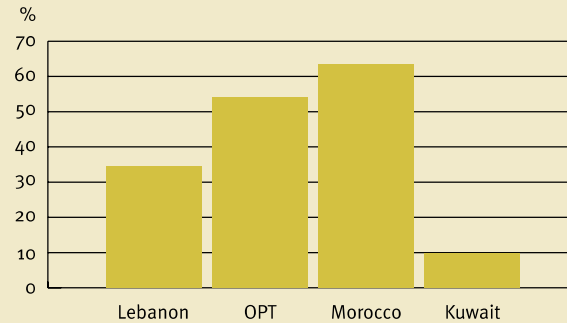
2) Is unemployment worse for particular groups in society?

3) Which groups encounter the worst working conditions when employed?



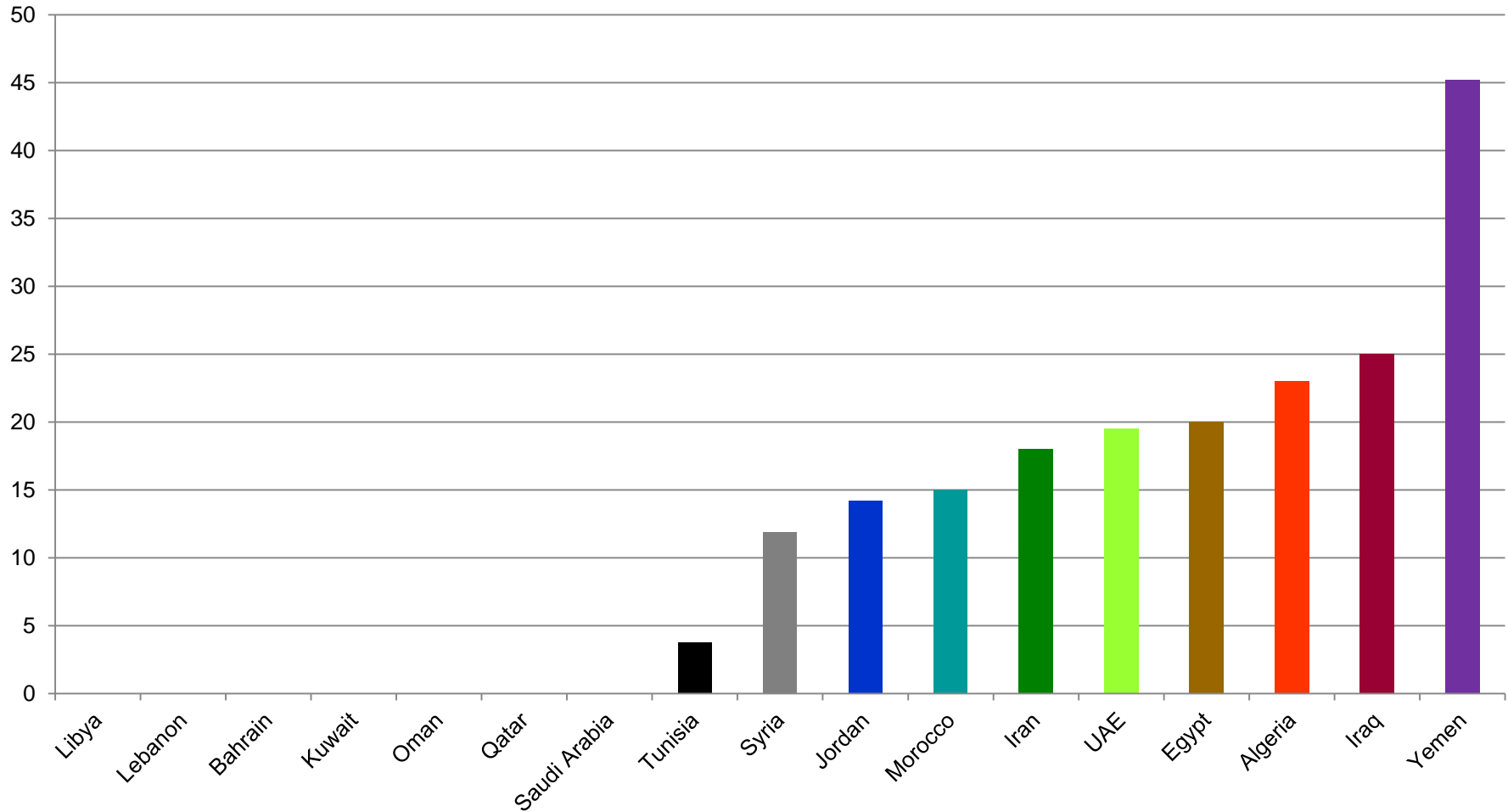
Percent Unemployed and Looking for Work

1) Is someone in your family unemployed and looking for work?



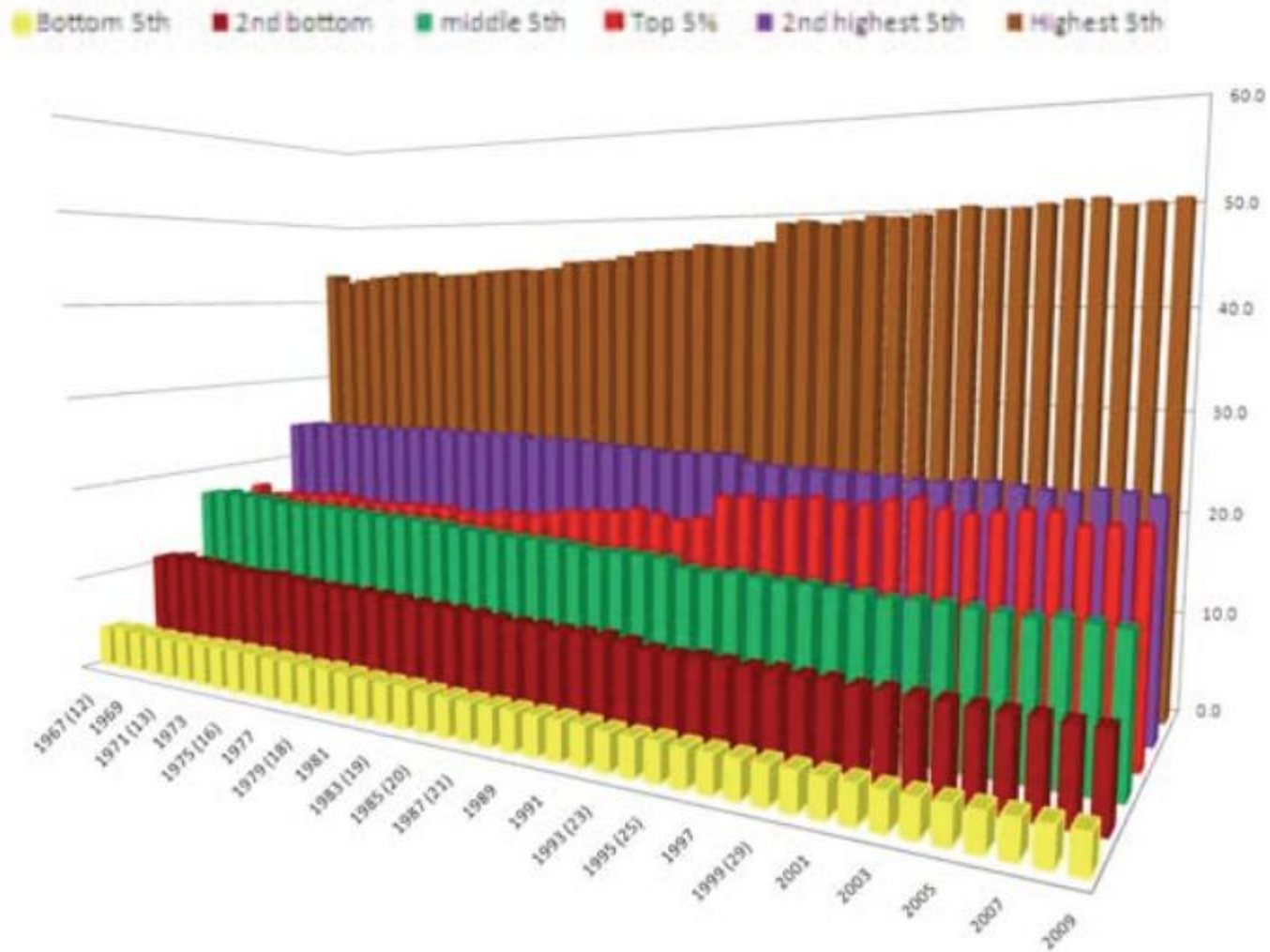
Taking into account the average size of households, answers in the affirmative to the first question suggest unemployment rates ranging between 30-35 per cent in Morocco and the Occupied Palestinian Territory, and 15-20 per cent in Lebanon.

Population Below Poverty Line (In Percent)



Source: CIA, World Factbook, 2011
Note: Not all poverty figures are available.

American Aggregate Income by 5ths, plus top 5%



<http://www.economicpopulist.org>

Peaks in Food Prices - II

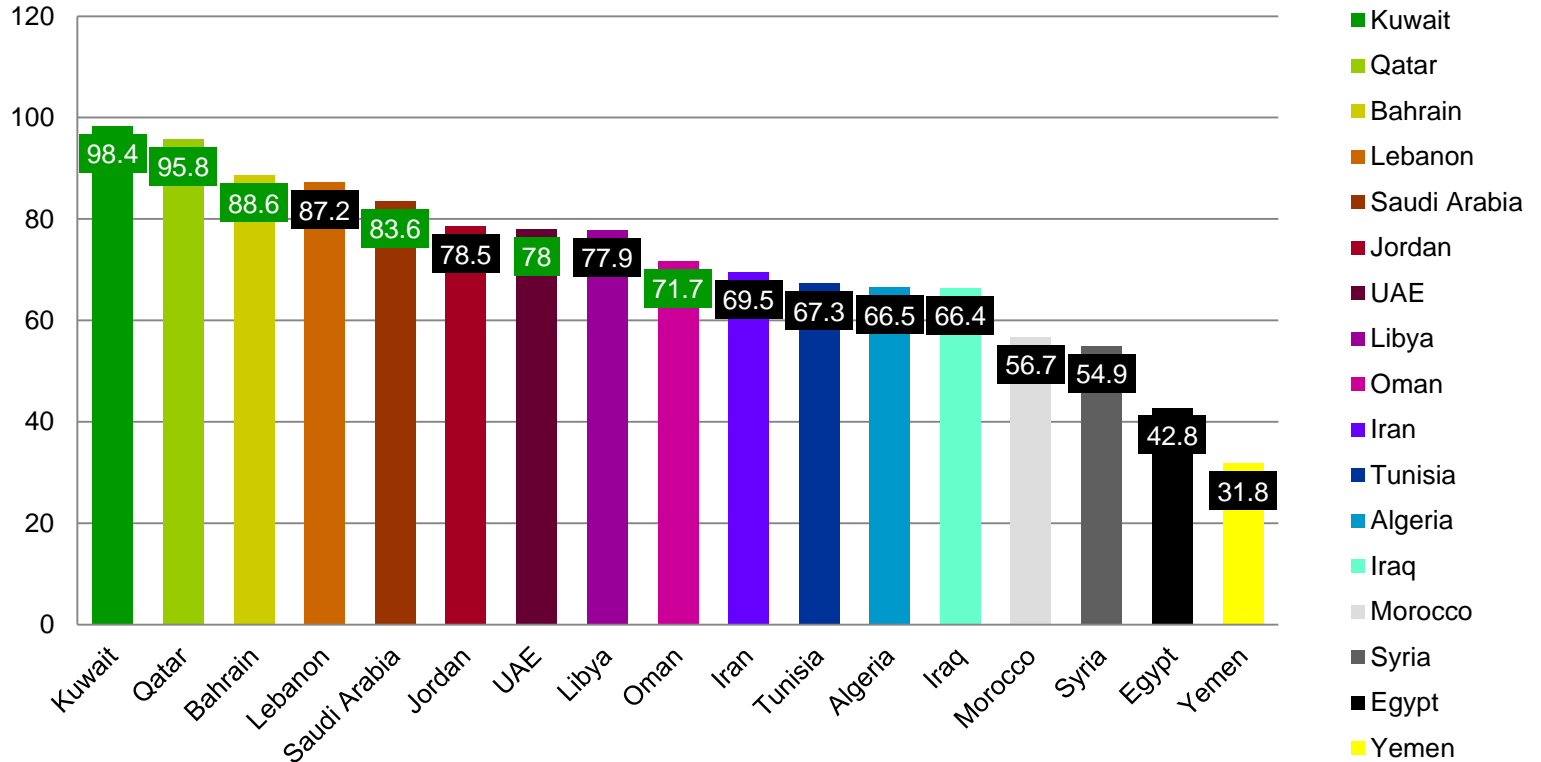


Source: Food and Agriculture Organization of the United Nations, Food Price Index
<http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

Urbanization by Country (In Percent)

% of the Population
Living in Cities

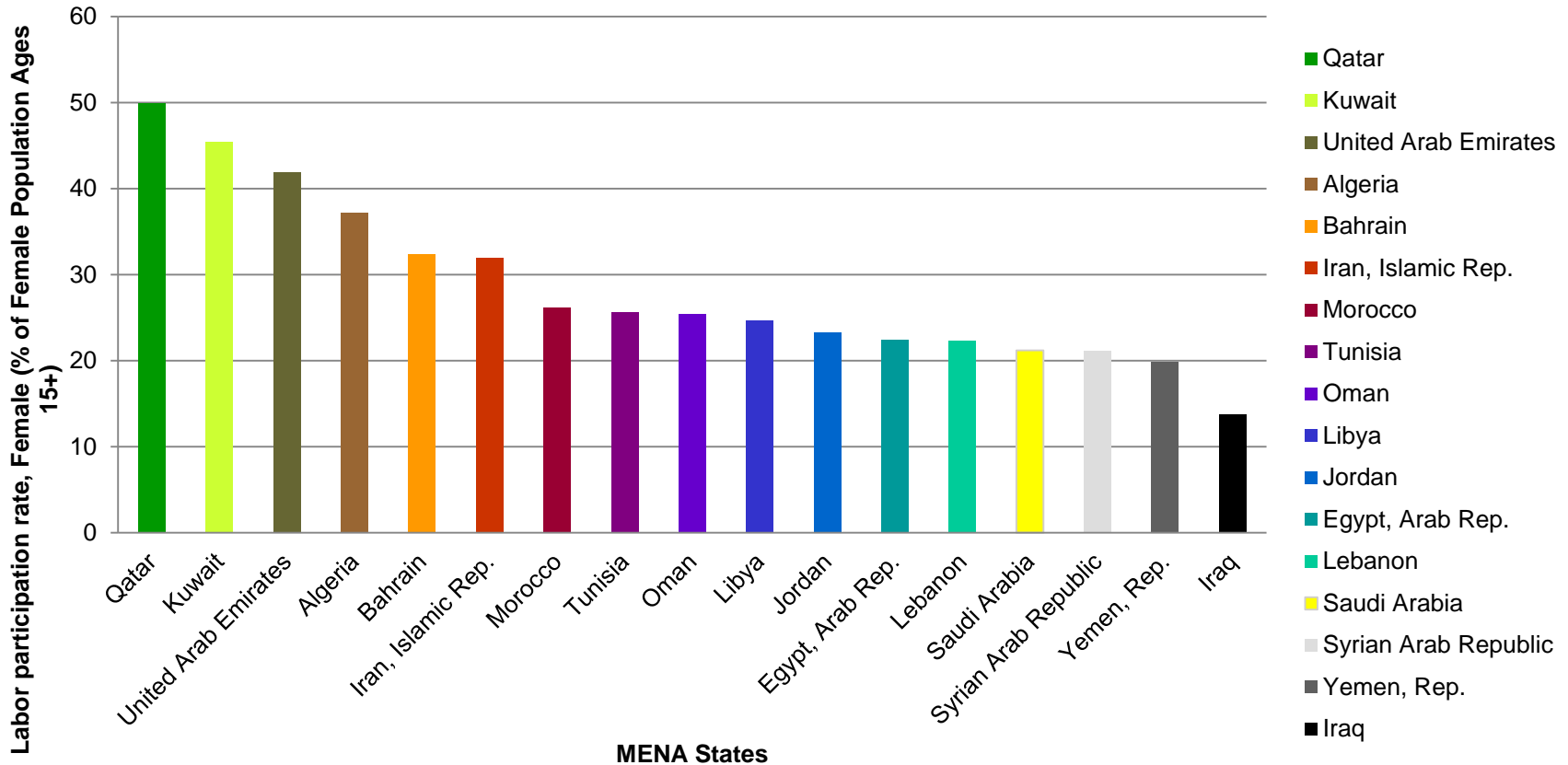
Urban Population Size 2010 (%)



Source: The World Bank, dataBank, Accessed 1/25/2012.

<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

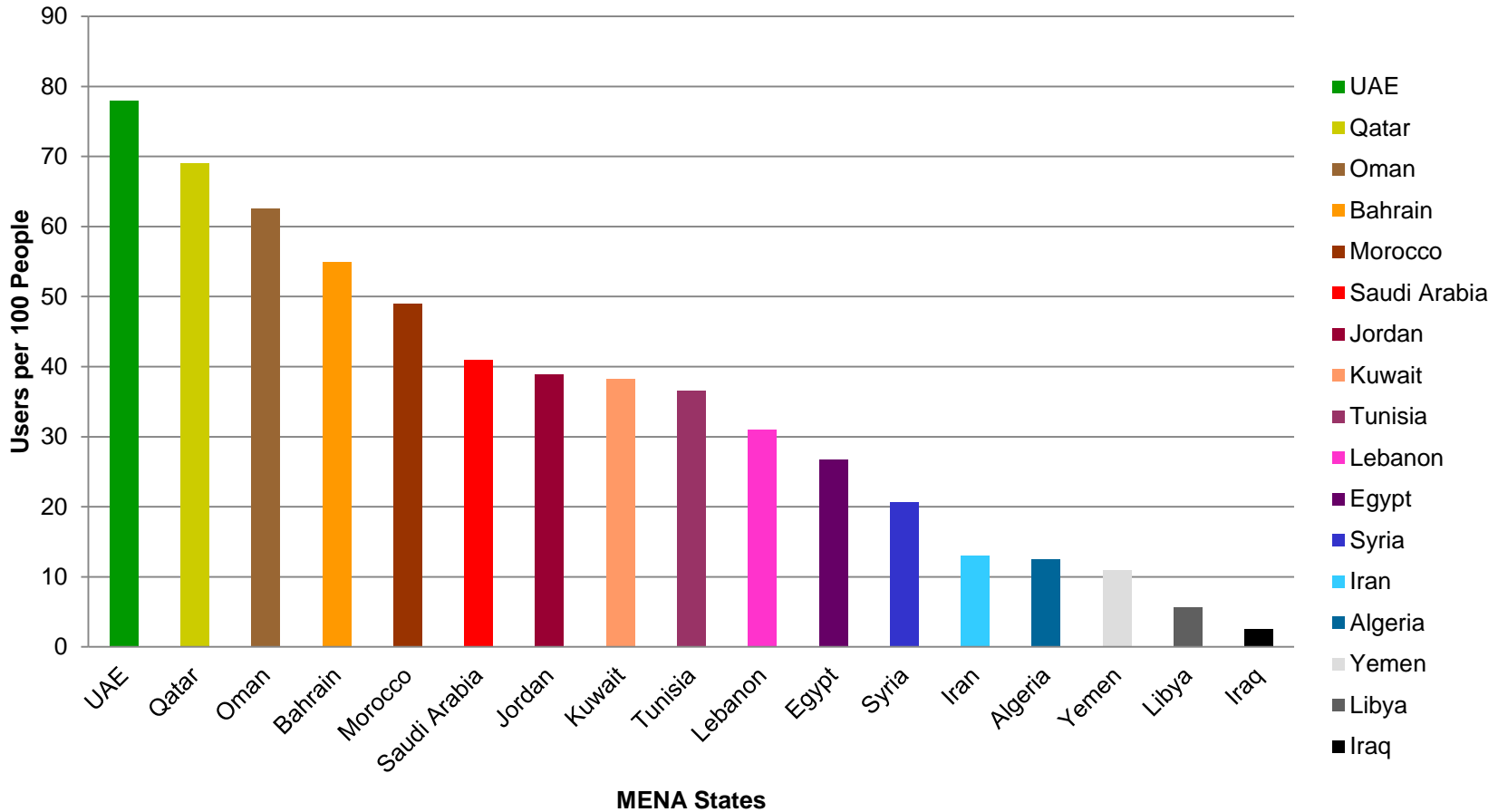
Female Labor Participation Rate 2009



The World Bank, dataBank, Accessed 1/25/2012.

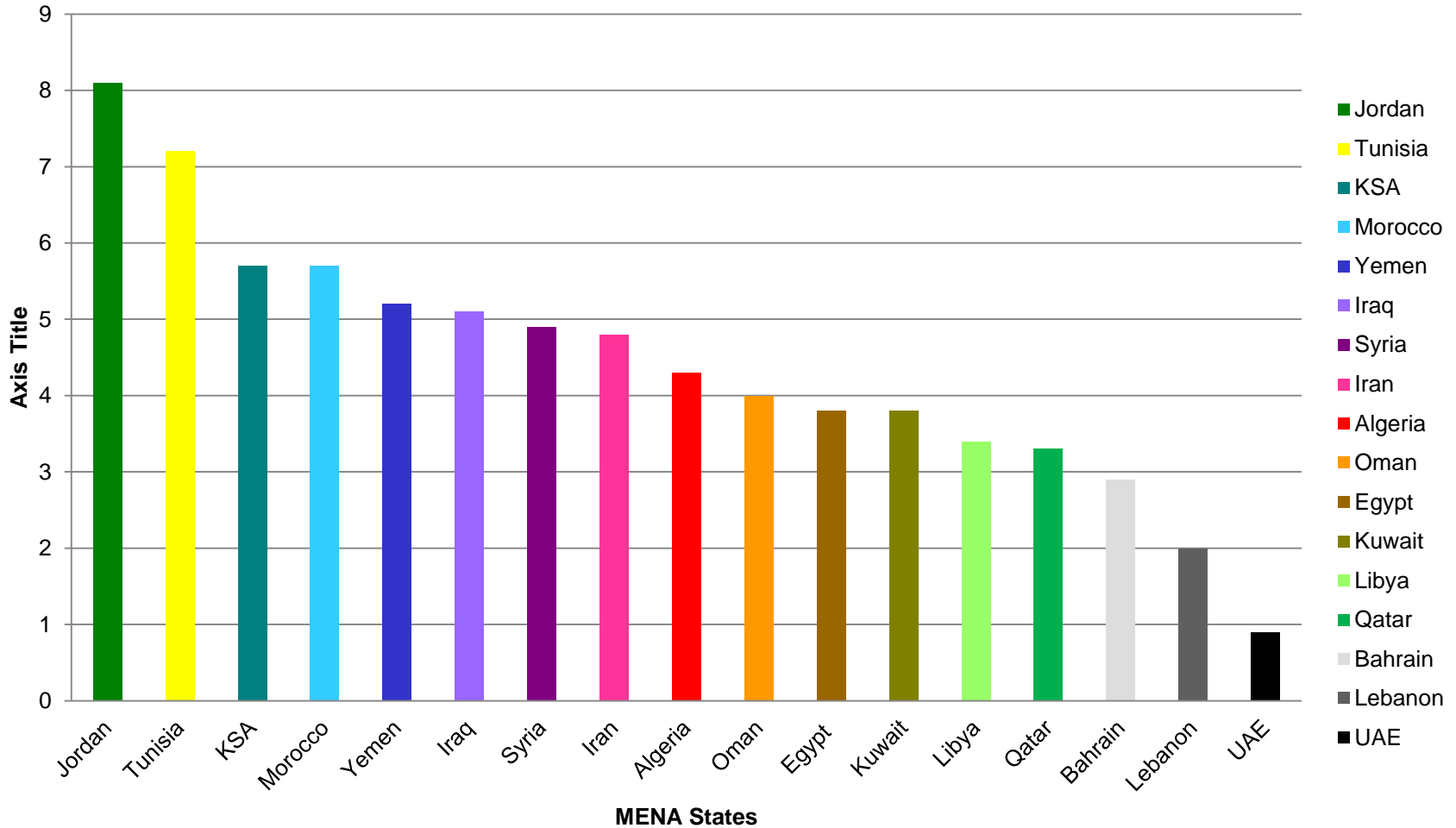
<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

Internet Users Per 100 People 2010



The World Bank, dataBank, Accessed 1/25/2012.
<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

Education Expenditure (% of GDP)

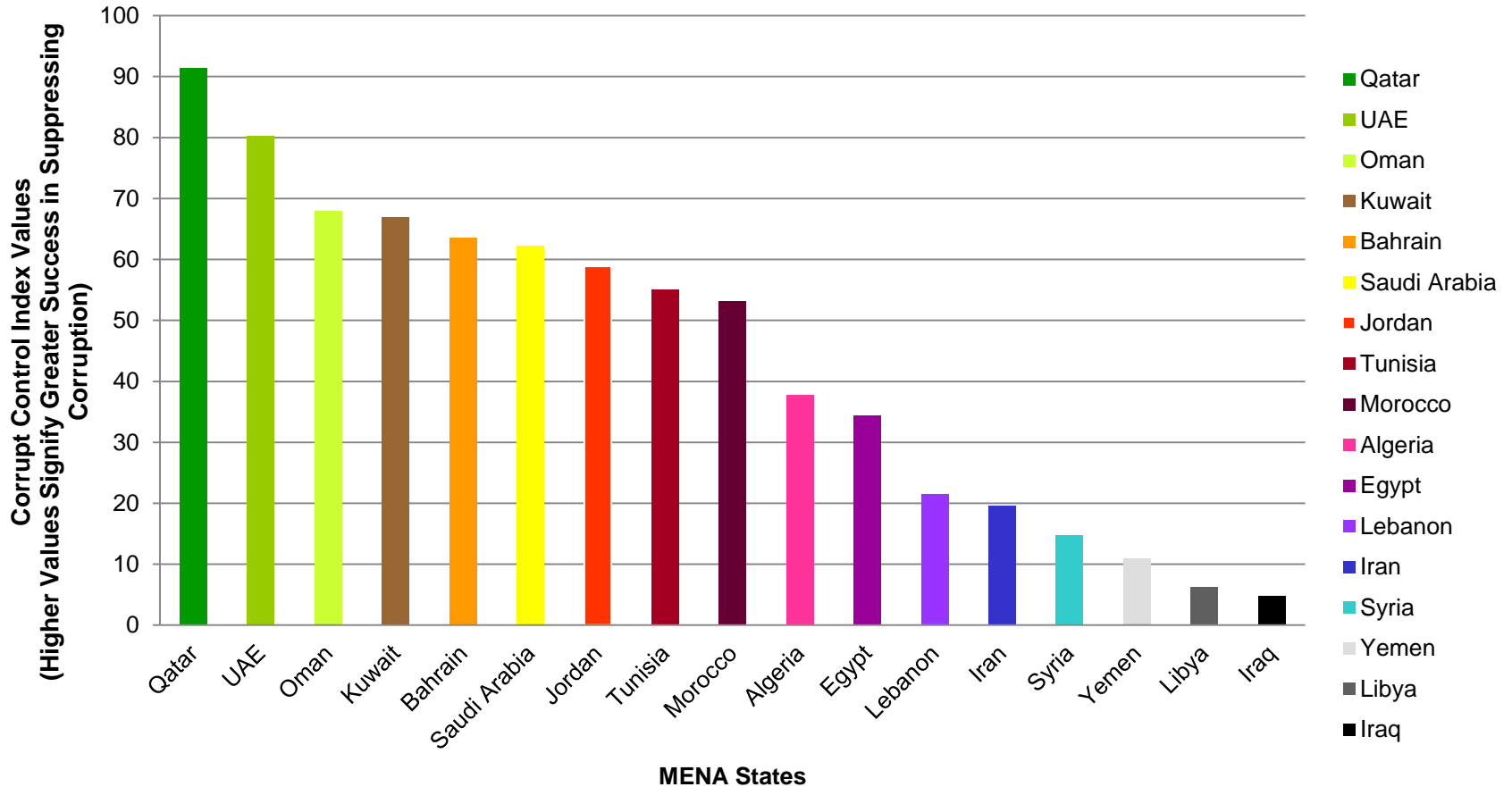


Source: UNDP Human Development Report 2010

Control of Corruption (by world percentile)

Higher figures indicate greater control

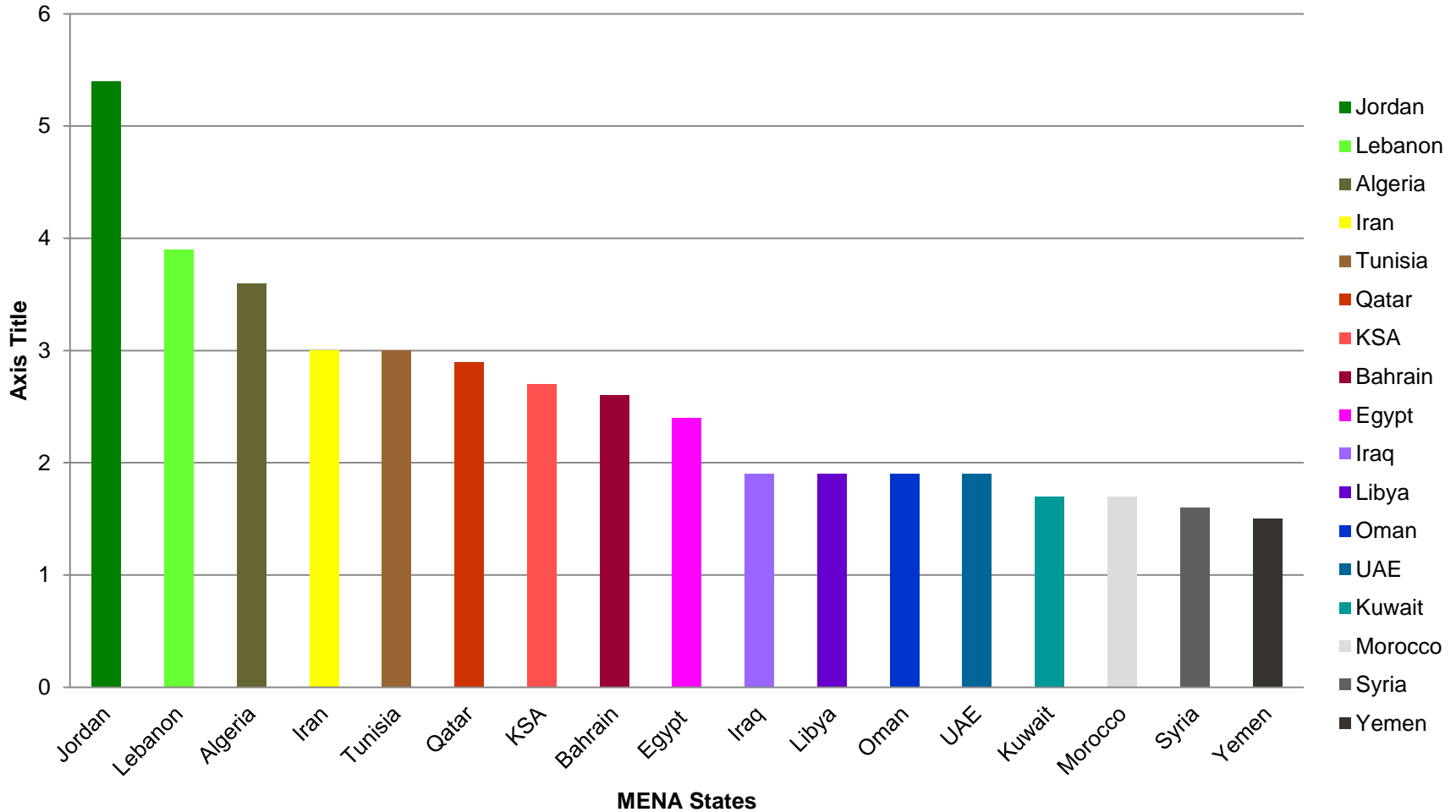
2010 Corruption Control Metric



Source: World Bank Governance Indicators, Accessed January, 2012.

<http://info.worldbank.org/governance/wgi/index.asp>

Total Health Expenditures (% of GDP)



Health Sectors by MENA Country

Figure 7-10

Disparities in health expenditures in Arab countries, 2004

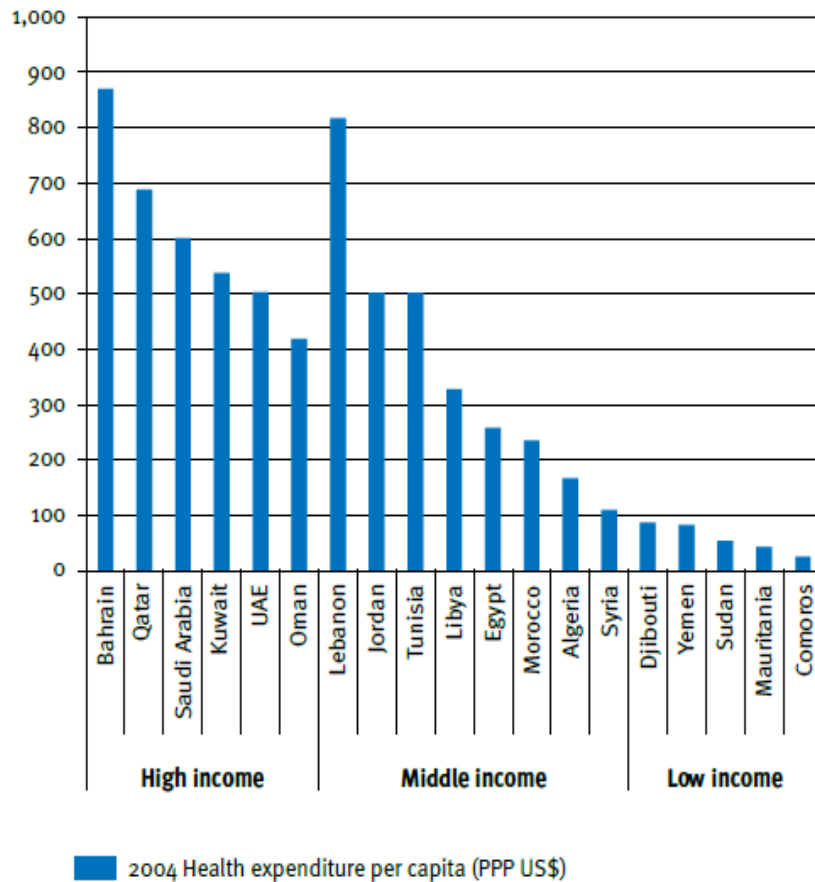
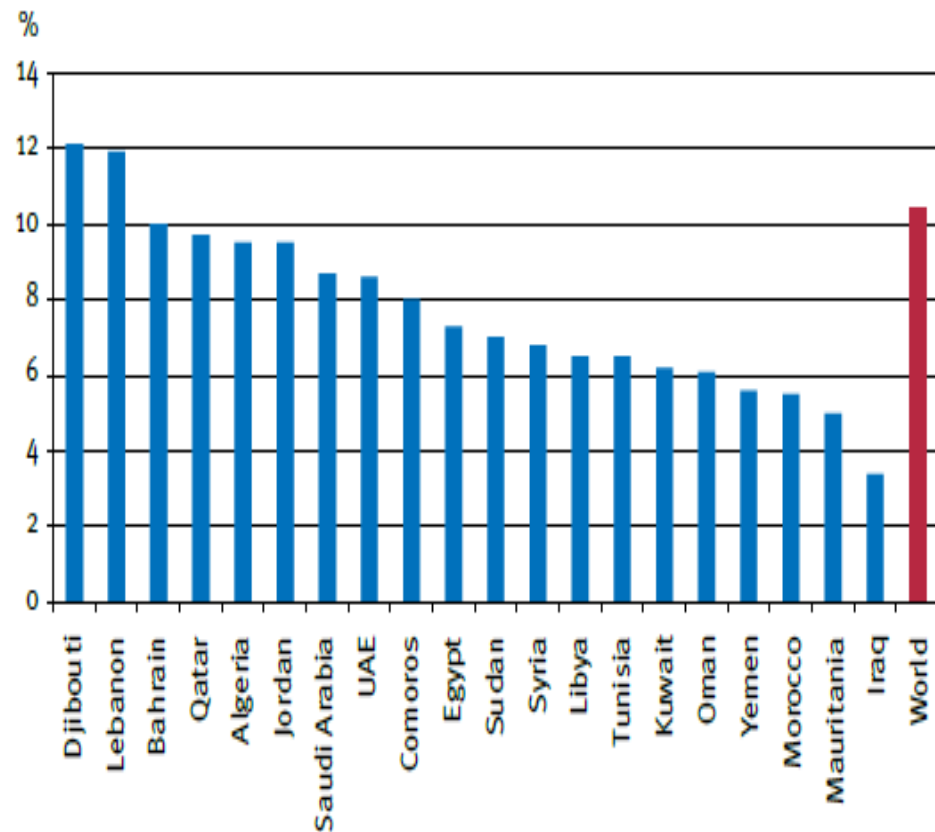


Figure 7-11

Share of public health expenditure in total government spending (%), 20 Arab countries, 2005



Secularism vs. Religion vs. “Justice” vs. Other Ideological Issues

- ❑ Failure of secular options: practical and ideological.
- ❑ Combination of repression, economic pressure, youth bulge.
- ❑ Danger of religious extremism.
- ❑ Building on violence: Arab-Israeli issue, local conflicts, Iraq, counterterrorism.
- ❑ Uncertain role of education and clergy.
- ❑ “Justice” issue.