THE ATLANTIC COUNCIL
OF THE UNITED STATES

The Global Future and Its Policy Implications:
The Views from Johannesburg, Lagos, and Cairo

By

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I. Introduction

A third set of regional conferences to assess the views of leading policy analysts and policy makers in South Africa, Nigeria, and Egypt took place in the Tswalu Kalahari Reserve, Lagos, and Cairo in June 2007. Mirroring the format of the other conferences, the discussions began with an overview by Robert Hutchings of the Project 2020 report, *Mapping the Global Future.* After providing general reactions to the report and its findings, participants in each conference outlined their perspectives on the impact of key global trends on Africa. They then concluded with appraisals of policy implications for their countries, the international community, and the United States.

Our partners in each country brought together extraordinary groups of individuals from government, think tanks, and business to discuss the 2020 report and its implications. In South Africa, our meeting was organized by the Brenthurst Foundation; in Nigeria, by the Nigerian Economic Summit Group; and in Egypt, by the American Chamber of Commerce. While there were certain commonalities in concerns and perspectives in South Africa and Nigeria – in particular, alleviating poverty and capitalizing on the strategic competition between China and the United States – Egypt had a near-exclusive focus on the struggle between moderates and extremists within Islamic societies.

II. Priority of Poverty in South Africa and Nigeria

In both South Africa and Nigeria, poverty was the primary issue of concern. One leading professor of politics noted that South Africa has a very high GINI coefficient of income inequality, such that while the middle class has expanded by 20% per year, "the number of people in abject poverty is increasing." Concurrently, he noted, violent crime has increased by up to 60% over the past decade. "The identification of the gap between haves and have-nots," noted one South African private equity investor, "is a major challenge for this society." He argued that "[e]nding abject poverty is a top priority – it is key for the U.S. to help South Africa end abject poverty" because otherwise "it will be difficult to deal with the rest of the continent." If South Africa is unable to adequately address the issue of poverty, it "will face all this other political pressure, implosions, explosions, etc.," argued a leading policy analyst. Another analyst argued that South Africa's policy of giving a "social wage" has played "a critical role in preventing a political split between the underclass and the rest of the population." Therefore, he encouraged continued social delivery along with wealth transfers.

Similarly, a prominent Nigerian businessman expected "the polarization of the haves and have-nots" to become exacerbated, as "increasingly middle class areas will build walls and gates . . . in a series of walled cities." "In Nigeria," surmised one leading policy analyst, "our GDP is growing but so is the gap between the haves and have-nots" to the extent that "[k]idnapping by the unemployed is increasing."

Thus, in both countries as well as the rest of Africa, poverty was perceived to be a problem on its own as well as a source of other issues such as violent crime and potential societal upheaval triggered, for instance, by food riots. Notably, the bleak portrait of crime in South Africa is at the positive end of the spectrum across the rest of Africa. Among 54 countries in Africa, according to one leading strategic analyst, only seventeen keep crime statistics on the sole variable of murder and the "only country with good statistics is South Africa." Moreover, even South Africa has experienced a "crime spike" since 2007 and "the fear of crime [has been] going up." One strategic analyst also argued that poverty is the "root cause" of much global conflict, "including of terrorism." Therefore, he suggested that the "challenge in Africa is poverty alleviation for economic and security reasons."

Though the problem was clear and widely agreed upon, solutions were less evident and spanned education reform, improving local governance, more equitable trade, and greater foreign aid. There was general agreement that the processes of globalization and trade thus far have not alleviated poverty and instead may have exacerbated the problem by increasing income inequality within countries. A Nigerian professor of politics argued that there have been no "benefits of globalization in reducing poverty." For instance, "[s]ince the inception of the WTO, [Nigeria has] more people living under the poverty line."

On the other hand, a leading South African policy analyst claimed that there is a strong positive correlation between increased economic growth and decreasing poverty. "We know from the World Bank that a job is the best way out of poverty," she noted, "as we have seen during the last twenty years in China and India." She argued that "things are getting better for more people despite continued poverty." Similarly, another analyst observed that "[t]here is a huge difference between mediocre 4-5% growth and the better performance [South Africa] could have had if [it] had" pursued greater reforms to enhance economic expansion in the manner of China and

India, with the associated effects of reducing poverty. Conversely, "[i]f we have a downturn in the global economy, this [period until 2020] will be for Africa as it has been in last 20 years," argued another policy analyst. Thus, globalization was deemed to be a necessary, but not sufficient condition for alleviating poverty. As one South African private equity investor summed up, "[w]e cannot afford to miss the globalization bus; otherwise the dangers identified here will be worsened."

There were several proposals discussed regarding the optimal reforms to address poverty. One group of participants focused on improving education as a method of providing access to globalization to the poor, who currently appear to be excluded from its benefits. A leading policy analyst set forth the matter as follows: "we have to fix [the problem of skills and education] more than anything else. Crime is a big issue, but skills and education should take priority to prepare South Africans after colonialism and apartheid and to get people to participate in the economy. Official unemployment is 25–35%, but real unemployment is about 40%. We need education and skills to prepare people for the globalized economy." "70–80% of South Africa's public schools are dysfunctional," argued another analyst, pointing out also that only a "very small number of black students get into the best universities." Moreover, though "South Africa has the highest level of access to schooling in the developing world," the quality of education is very low such that there is minimal social benefit from such access. One member of Parliament argued that the problem was further exacerbated by an internal social dynamic, whereby the white minority has gradually emigrated and it was unclear where this "minority [is] going to be in 10–20 years." He observed that approximately "800,000 whites have left South Africa in the last 10 years, who would tend to be the educated and younger white South Africans." A leading policy analyst argued that "the problem with education is not input but output. We are spending 5.6% of our GDP, one of highest in the world, and we are getting the lowest output. . . . We graduate at our top universities at about 40% in four years while the figure for black engineers is only 6% compared to a 90% graduation rate at Dar es Salaam University." This state of affairs, he concluded, "has not changed since the 1960s."

One policy analyst argued that migration might be a short-term solution to the lack of well-educated workforce: "South Africa needs to import skills – we need a large number of people in virtually every sector. Even if we could fix our education, it will

take time. However, no one wants to talk about the near term, but we need to import people with skills. The migration phenomenon and how Africans and South Africa deals with it is a question. It includes xenophobia. I think immigrants are risk takers and most countries that have encouraged migration have done well."

The poor state of education was also evident in Nigeria. A leading executive in the energy industry argued that Nigeria needs "to work on education." The country has "a huge potential in manpower," he noted, but "[p]eople have left because of better conditions and technology." Thus, he concluded, "[t]he quality of education is key." Another prominent businessman agreed: "As an employer, we all know people with computer science degree who learned only from books and maybe a 20-year old computer. There is no CAD/CAM [an engineering computer program] in Nigeria with the exception of a few MNCs but it is present in every factory in China. In broadband provision, Nigeria does not even measure up." On the other hand, he was hopeful that "the Nigerian entrepreneurial spirit shows that when [Nigerians] get access, they are very successful but are stifled by lack of infrastructure and technology." For instance, "[t]here are 65,000 Nigerian doctors in the U.S. and many engineers in the U.S. and elsewhere, so there is a mutual opportunity to use the Diaspora better to develop the local economy." He argued that the "government needs to take steps to encourage people to return and to develop technology development in Nigeria," a process in which the "U.S. can help." One economist outlined the benefits of addressing this issue in terms of enhancing human development: "Education and health service improvement are essential. Growth in itself will not necessarily reduce poverty. We need to bring in the disenfranchised through measures such as cash transfers to bring children to school. Direct intervention is needed to bring the disenfranchised in."

Local political capacity and competence was identified as another essential target of reform. "South African society has had significant political skills but they have been draining from the ANC into the private sector," argued one private equity investor. Though there is a great "need [for] considerable political skills to deal with the problems we have[,] this drain in the municipalities" has been pervasive. To address problems from "school systems to higher education," he argued, one must confront the issue of "provincial capacity and competence" and create "robust local government where there is a significant rural population." A leading policy analyst noted that "[j]ust like our schools are dysfunctional, so are our local governments."

Though there are appropriate "rules and system," he argued "what comes out is incompetence."

The importance of governance was echoed in Nigeria. "[T]he most important aspect," argued one economist, "is institution building and institutional capacity. There cannot be development without effective bureaucracy. We need to build and retain human capacity in civil service (many now leave for the private sector). There has to be modern laws and regulations, which affect every aspect of the state from health to tax collection."

Improving education and local governance were viewed as reforms with long-term benefits. In the meantime, one positive change noted by a strategic analyst was increased "investment in Africa for the development of infrastructure, like in the 1970s," which might increase growth to around 6%. A Nigerian economist pointed out that there "are binding constraints to growth in Nigeria; the most important ones include the lack of physical infrastructure (roads, ports, energy supply, etc.), an adequate business environment (security of property, tax system, regulations), and access to long-term credit necessary for businesses to prosper."

Notwithstanding prior reservations regarding the prospects of alleviating poverty through globalization, several analysts emphasized increased trade through lower protectionist barriers on the part of the U.S. and EU. One Nigerian politics professor criticized the current Doha round trade negotiations for failing to genuinely pursue the goal of free trade: "Some of the major countries – the U.S., EU and some of the global traders – are trying to manage trade rather than let it be free. The U.S. and others want quotas on Chinese textiles, for example, so we are moving away from free trade to managed trade. The WTO has had difficulty getting out of the logjam. . . . The Doha round is not moving forward because obstacles to free trade are imposed by the U.S. and the EU. So if we are talking about free trade, the problem now is that the U.S. and EU have more competition in free trade from China and India, which is leading to protectionism." He argued that "what we need to do is try promoting a more equitable global economic system in terms of the WTO system with other African countries, especially encouraging the U.S. and Europe to give up subsides and other obstacles for us." "Trade is not growing as a percentage of global trade for us," he concluded, "but rather declining."

One leading Nigerian economic analyst suggested focusing on intra-regional trade and economic integration in Africa itself, rather than only attempting to decrease trade barriers in developed countries through global trade negotiations. "[A]t the WEF on Africa in South Africa," he noted "[t]he presidents of Senegal, South Africa, and others also talked about the need for Africa to trade with itself first. Africa cannot stand up against competition with China. A single nation putting itself against China is a feather-weight against a heavy-weight, so we realize that we need to cooperate and we need to develop our own economies. Otherwise we will be consuming products and producing nothing. We need to get stronger unity of people and states." "Africa is realizing that there is no way African states cannot count in the global economy," he summed up, "if they get together."

A leading Nigerian businessman agreed regarding the need for regional integration: "In terms of the same commodities, every market in West Africa produces the same commodities (e.g. beer), which is inefficient, especially for smaller markets due to barriers." For example, he observed, "[i]t would make more sense to have a brewery in Nigeria." On the other hand, there were substantial obstacles to such regional integration. "There is no infrastructure for such integration," he noted. "African states could do a lot more for themselves if they implemented what they have been talking about for 30 years."

Other participants were less optimistic as to the prospects and potential benefits of intra-African trade. One Nigerian analyst asked: "How feasible is increased trade among African countries if they produce the same things – cocoa, oil, etc?" "It will be more competition than cooperation," he concluded. "So, if African leaders are discussing how trade can be increased, that is useful, but it will not happen by itself. You find more competition than cooperation among neighbors." In Asia, he noted, "Taiwan sees China as a threat" and "Korea will look more to the U.S. than Japan for cooperation." Thus, he concluded, "[w]e should explore what individual African countries can do for themselves and not wait for our neighbors or integration as the answer." As another analyst summed up, "[r]egional integration is a good thing and should be pursued but it is not a panacea to the success of globalization. The quantitative impact is small, especially due to homogeneous products." Regional trade is effective in Europe, he argued, because "there are different comparative advantages," such that "there is demand despite similar factor endowments." In

Africa, however, homogeneity among production in various countries "means there is relatively little benefit for inter-regional trade at this point, although it could benefit some manufacturing and banking." In the future, however, he suggested that "China and India are moving up the value chain, which means the comparative advantage for producing goods they produce could move to Africa."

However, these internal reforms in education and governance, as well as increased trade, were perceived to be insufficient to alleviate the vast poverty in Africa. "Left to market forces alone, Africa will have no chance," argued one leading South African policy analyst. "It needs aid to get a leg up. Otherwise it will be increasingly marginalized but refugee flows to Europe and the U.S will continue." Another Nigerian analyst suggested that while "donors try to orient [aid] around poverty reduction and needs[,] there is need for coordination among donors and governments. The key issue is an outcome promoter that can be related to the donors, because it has to be implemented by the government and needs key people to promote it in each area within the government." One NGO worker argued that "there is not enough coordination among the donor groups from the U.S. and Europe and that aid is not going where it should go – to communities – while much goes to government agencies."

On the other hand, there was a different perspective on foreign aid in South Africa. "Some African countries depend on [overseas development assistance] for 30-40% to build state capacity," noted one analyst, such that they "do not share the hostility toward aid that South Africa has." Another South African policy analyst was concerned aid consist not only of grants or wealth transfers, but also "a basket of initiatives of non-dependency creating aid such as micro-loans."

III. Strategic Competition in Africa Between China and the U.S.

One participant noted that "Africa is already becoming something of a battleground in the competition for resources" between the U.S. and China but that their future interactions in the region, and the relative levels of competition and cooperation, are still to be determined. "[T]here was nothing new in U.S. influence," noted one leading Nigerian policy analyst, "only influence from Asia is new. Ever-

increasing activity in Africa by China and India will stimulate more U.S. interest in Africa in response." One leading Nigerian executive in the energy industry noted that there are many "Chinese companies in the oil, construction, and textiles industries." A South African businessman in the energy sector argued that he has observed "the Chinese competing with the U.S. on heavy equipment" because "the Chinese provide better quality and price mining equipment."

"The ability of African economies to grow," argued one South African economic consultant "has increasingly been shaped by China and India in the last 5 years." Moreover, "[t]he Asian countries are expected to do more than they have done in the last five decades" and "are likely to greatly increase in economic size. To do so, they need increasing commodities, which will provide the opportunity for greater growth and development in Africa." A prominent Nigerian businessman agreed: "The Chinese are already helping in many ways. They are already leading the race to come in and give support to new transport projects and city infrastructure."

The consequences of Asia's expansion extended beyond economics and was likely to affect politics in Africa. "If you have so many Asian countries closing the gap with developed countries, it will impact leadership attitudes in Africa," predicted the South African economic consultant. "How much longer will African countries be left out of this development? It was easier in the past for Africans to say that other developing countries were like them and not the developed countries but that is no longer the case with the rise of Asian countries. So, African leaders need to realize the need to take new steps to close the gap with the developed world." In contrast, he did not "a big change in the impact of the United States on Africa. Instead, "[t]he big impact will be from Asia and how that impacts the views of African leaders."

China's economic effectiveness in Africa was perceived to be based on non-interference in political matters. The major source of China's influence in Africa, argued one South African politics professor, "is the lack of conditionality in helping African states," which "look to authoritarian models." Moreover, "China has a strategic partnership with the entire continent," as evidenced by "the African summit in Beijing last year." Consequently, he noted, African countries "have followed the Chinese line in the United Nations Security Council." He observed that African states "consistently take the positions of rogue states and the historically non-aligned

states," which "upsets the United States." However, he suggested that "the U.S. will respond by becoming more flexible." In addition, "[t]he advent of democracy in China could slow down their growth." He argued that the "U.S. needs to see how to deal with states and groups of states as strategic partners," whereas currently it is "flabbergasted about our foreign policy."

Notwithstanding China's indifference to internal affairs in African states, the South African politics professor argued that "[t]here is a declining relevancy of the Westphalian notion of sovereignty." Since there "are failing states" and "African states [are reluctant] to intervene and take responsibility," he concluded, the "U.S. will have to help in developing new multilateral regimes to deal with the situations that are not amenable to Africans resolving them."

Not all participants were positive regarding the prospects of China's impact on Africa. One policy analyst asked: "to what extent does Asia and China's rise close off the traditional export-driven growth strategy? Does their rise close this off for Africa?" He noted that he "spent time recently in Lesotho, where 55,000 people work in textiles. Their challenge is their productivity versus Cambodia and Vietnam, where wages are one third of Lesotho's." "Can they transition out of textiles to other areas of manufacturing," he inquired – "[t]he evidence indicates that they do not."

A leading consultant in Nigeria concurred: "Technology has impacted everything we do, including outsourcing. Now outsourcing of research and intellectual property to China and India is occurring because of the quality of education in these countries. Microsoft and other companies are setting up their R&D in these countries. India's development is driven by technology, which allows it to be connected to the world 24/7. Based on technology, China is the manufacturing base of the world. Relating it back to Nigeria, if you look at this report, the relevance of Nigeria becomes less and less and less over time. In Nigeria we have population on our side, but we have to develop the manufacturing base and the skills and education systems necessary to get on this bus and catch up to some extent with India and China."

While "China and India have become important partners for Nigeria," noted one Nigerian oil executive, "[s]trategic competition has already begun with China, as it is here for natural resources." He argued that the United States has not "recognized

the degree of strategic competition from China and India regarding energy production in Nigeria," predicting that "China will be taking away from Chevron and Shell." Another executive in the energy industry pointed out that thus far the "West was not willing to take the risk for FDI that the East was willing to take," such that "[o]ne of the factors accounting for this marriage between Nigeria and China is that the Chinese are willing to accept the risk." However, the nature of China's involvement in Africa was still open-ended, according to one South African politics professor. While "China is a big driver in Africa's globalization," he did not "know of a study on China's interests in Africa" and was interested "to find out what China's priorities are." As a consequence, "the U.S. attitude on China and India should not be adversarial," argued one leading Nigerian policy analyst. "If Africa has to grow and Nigeria becomes one of the top 20 economies by 2020, we need investment," from all countries, such that if "China and India bring it on rule-based policies, we should head forward quicker and faster."

Neither South Africa nor Nigeria perceived themselves as passive participants in the role exercised by China and the U.S. in Africa. Instead, both were willing to pursue leadership roles in the own right. One South African analyst observed: "Of course, South Africa is part of Africa and there is concern about its role in Africa because the commitment by the President to Africa has been immense. However, there is nothing guaranteeing that South Africa will have such enthusiasm for Africa in post-Mbeki era, since it seems very particular to him. We need to understand where the South African government and business is going in regarding Africa." On the other hand, a prominent businessman in the energy industry noted that "South Africans do not truly represent Africa. We are only 50 million of 800 million with a completely different lifestyle and culture." A Nigerian economic analyst summed up his country's role as follows: "The U.S. recognizes Nigeria as one of two key states in Africa. Nigeria is a key oil supplier and key PKO partner. Nigeria is key because of its size. If Nigeria is successful, it can move Africa forward; if it is a failed state, it will have enormous negative impact."

South Africa, in particular, expressed continued interest in peacekeeping operations, but noted the strain that exists on its current military capacity. A South African high-level government official argued that the "locus of conflict in Africa has shifted to the Horn of Africa due to terrorism," such that "the ability of South Africa

to participate outside its borders in peacekeeping is hindered by our decline in our ability to engage." "The government's commitment to engage in peacemaking is remarkable," he noted "but its ability to sustain this is collapsing."

Another analyst questioned "whether South Africa can sustain PKO in Africa." Though South Africa sent troops to Burundi under the auspices of the United Nations, "now the UN has withdrawn and we are still in Burundi." Similarly, "there is discussion that we should be involved in Somalia but we stayed away because our leaders said Somalia was not a going concern." While South Africans "have been realistic and . . . are in a position to sustain . . . involvement in the areas [they] are now in," he argued, the "capacity is not necessarily there to participate in reconstruction [even though] the desire is there. We are seeking to acquire the capacity as a military to help development in these countries but we can sustain the involvements we have now."

"Our requirement is for a larger standing military capability for more deployments," argued one South African analyst. "The reserves cannot deal with the demand for rural safety in South Africa. The police will not and cannot fill the gap. The South African 'level of servicability' is down to 8% – the lowest in UN. This cannot be sustained." A former military official agreed with this assessment: "The problem is of boots on the ground for [peacekeeping operations]. The present [South African army] is currently 72,500. If you then remove navy, air force and medics, that leaves about 25,000 in the army. At any point, about 1/3 not available so you are left with 16,000 and internationally it is ¼ in cycle – courses, training, leave, etc. So, the maximum to deploy is 4,000. Three years ago, we had about 3,500 deployed – just about the limit. You also have to have a balanced force because if you do not have enough engineers, you cannot deploy."

To address this lack of military capacity for peacekeeping operations, assess another analyst, South Africa has "to invest in leadership and map a new course. We cannot under invest in defense and support large external involvements. We need to invest in new human capital. The bulk of defense future is mobile forces and medical and engineering capability which is essential for PKO. This is competing with other resource demands like education. The last area is the importance of the creation of a professional reserve system that is able to augment the regular forces properly. In

theory, at least 55% of the defense force should be reserves, but at the moment it is negligible. We need proper investment and recruiting. We need leadership for this."

However, one analyst was optimistic about the prospects of political will in South Africa: "South Africa's priorities will not change with president. South Africa has repositioned itself remarkably in Africa. It is important that we not be perceived as an elephant in Africa – we are often perceived like the U.S. I think we will see a shift toward greater alignment of South African diplomacy with its economic interests rather than a withdrawal."

IV. Struggle Between Moderates and Extremists in Egypt

The discussions in Egypt were unique among all of the conferences around the world in focusing nearly-exclusively on the struggle between moderates and extremists within Islamic societies. As one participant summarized: "China has been a central issue in every stop but this one. The challenge of the IT revolution for governments [wa]s also a concern. Climate change was an issue. There was a relaxed view of the U.S. in Asia and both anti-U.S. views and criticism of the U.S. absence. Terrorism has been less important than in the U.S. except for our discussions here."

Notwithstanding the recognition of China's economic expansion, China was not perceived as an important actor in the Middle East. In particular, one journalist observed, "China has the potential to be a major economic power and maybe it can compete in the international economy," but it does not have "a real potential to become a major power that will have a real influential political impact." She argued that China's political influence will continue to be limited "because of its culture – it doesn't have a universal value system that could have a major impact." "China will have bumps in the road as an economic power and political power," suggested one energy executive, and will be more of a subject than a source of political change as "it will face pressures for democracy." On the other hand, a leading businessman "agree[d] with the report that we cannot underestimate the future role of China." He pointed to China's effective synthesis of a communist political regime with a capitalist economic system as an ideological challenge to liberal democracy, such that "China should always be taken seriously in the future."

Most of the discussion centered on the role of Islam and the idea of the New Caliphate in the Middle East. One diplomat observed that "the Islamic component in this region is very important" and that "[t]here is no way to change this" reality. He suggested that the main question for the foreseeable future will be "which direction will this component of Islam take Egypt. Will it be Islamic fundamentalism and extremism or the moderate Islam that we knew in the 1940s, 1950s, and 1960s when the Egyptian Mufti was talking about co-education and before the Wahhabi influence begin to have sway in the region?" He observed that moderate solutions were feasible in the past. For instance, during "the October 1991 Madrid Conference . . . there was no extremism." However, this "moment of hope has given way to a moment of hopelessness and despair." He warned that it would "be a disaster if during the next 15-40 years we continue the same way of launching wars and unilateral decision" since "it will lead to more instability and disasters."

These sentiments echoed views expressed during the conferences in South Africa and Nigeria. "The more globalization, the more there is a rise of religiosity as a criticism," noted a South African politics professor. One leading Nigerian oil executive was concerned about "[t]errorism, political Islam and youth bulges, especially lack of a home or roots of youths in the Middle East." He noted that "some of the militants in the Niger Delta are copying methods from the Middle East, including taking over parts of governance" and predicted "more morphing" of these tactics. A prominent Nigerian businessman argued that "the deterioration in the livelihoods and services increases the opportunities for the youths to join fundamentalist and extremist movements through disenfranchisement. Further, because of technology these youths increasingly can link up with dispossessed around the world." Moreover, the "lack of ideology is sometimes filled by religion" because "cultures depending on the family and village are being destroyed and are not being replaced" by other normative structures other than religion.

Prospects for a New Caliphate were regarded as a grave concern. One journalist, who initially dismissed the idea as "an illusionary scenario," conceded that there is in fact a "major Islamic movement." This "transnational organization" includes the Muslim Brotherhood, which "arose in direct response to the demise of the Caliphate in Turkey in 1924 in order to restore the Caliphate," Hamas, and Iran, "a

revolutionary regime that has stipulated in its constitution that it should spread the Islamic revolution beyond its borders since 1979." She pointed to "the hand of Iran in Iraq, Lebanon, Palestine and other areas" with the aim of "spreading the Islamic revolution." This ideological struggle "is a real challenge and danger." There is "a new reality and situation which will bring with it a potential of instability for the next ten to twenty years." Evidence of "a big clash between moderate forces and radical forces," she argued, can be observed in Lebanon, with "people aligned with globalization, modernization, democracy on the one side and the anti-democratic, extremist forces on the other." When "Hezbollah and Hamas have been integrated through elections," what emerges is a "real problem between the radical, anti-globalization ideas on the one hand and modernity on the other." However, each country has "forces aligned with globalization, democratization and openness" as well as "the extremists." For instance, there are "modern women and those who have conservative political views," such that it is "very difficult to get these two camps together." Moreover, she was concerned that "Iran wants a new war in the region . . . to spread its vision in the Middle East." This "voice of the new revolution" was not a problem twenty years ago, but is an ever-present and growing threat.

"[T]here is no doubt that there is a strong Islamic movement at this time," observed one diplomat, "stronger than I would have thought." However, he raised the question whether "political Islam [will evolve] toward the extreme or toward a moderate force like we see in Turkey," which is "enlightened, accepts globalization, [has] good relations with the U.S., [and is a] part of NATO." Which of these two paths will become reality, he argued, will depend on the resolution of "chronic problems of the Middle East." "[I]f there is no resolution of the problems, you will have a more extreme Islam. But if you have solutions, you will have a more moderate and integrated Islam." In terms of the time-horizon during which this question will be resolved, noted one prominent policy analyst, it may be much longer than the fifteen-year period of the 2020 report, since "[e]ven Bin Laden says [Al-Qaeda] need[s] 100 years to realize this scenario" of the New Caliphate.

One leading journalist suggested that the violence and bloodshed associated with terrorism has begun to discredit the underlying extremist ideology. "None of what is happening in the Middle East could be a driver of change toward the New Caliphate," she argued, because "it is clear to people that the religious extremism is

not the alternative."   "[T]he decline of extremism is happening with Iraq and Palestine," such that "Al Qaeda will not continue on the rise but toward a moderate regime."   As a consequence, the trend towards 2020 "will not be a New Caliphate but a more moderate Islamic – not secular – regime."   There are "too many inherent differences in the Arab states and Muslim countries – cultural, political, economic – to have this kind of Caliphate," concurred one prominent lawyer."   Thus, "[t]here are movements within Islamic culture that are not strengthening the Bin Laden direction."

Given these trends, there was a strong interest in developing an energetic strategy to promote a moderate form of Islam consistent with modernization and globalization. Another prominent journalist suggested: "if we are talking about shaping the future we should have judgments and a strong point of view, otherwise we will allow the most extreme trends to shape the world."   However, there was a tension between one group promoting co-existence with and co-optation of Islamic groups and another group preferring clear constraints on the role of such groups in the political and public spheres.

According to one prominent lawyer, "there is a role for [Egypt] to play . . . in religious reform, although [it has] not done it well in the last decades."   This role would encompass "reform of religious thought and reform of religious institutions."   She suggested "not just to get rid of the political Islamic movement but to mainstream it as part of an Egyptian way of democracy that would be all inclusive and in which religion plays an important cultural role but [does] not have political power."   "Political Islam is a fact that we have to live with," argued one journalist, "because of our failure more than their success. . . . We have to face coexistence and inclusion of them in Egyptian politics," since, for instance, the "majority of women in Egypt are now veiled."   Therefore, she concluded, it "is too late to exclude" the Muslim Brotherhood, which is "making inroads in every school" and "is very difficult to exclude."

On the other hand, a leading energy executive argued that "we do not see a moderate form of Islam" but instead "the Muslim Brotherhood," which has "taken over most of the government schools."   "The Muslim Brotherhood raises a real threat," he continued, "and they are gaining power."   Constraining these forces, rather than co-existing with them, should be the main objective, he concluded.   He argued that

"coexistence is very dangerous" such that Egypt should "focus on education and excluding [the Muslim Brotherhood] from control." As an example of this strategy, he pointed to a recent "approval of a new academy for accreditation of teachers and their promotion" with the aim to "take [influence in schools] away from the Muslim Brotherhood." Moreover, one should "expose they do not have answers to so many problems" that a society faces in a modernizing and globalizing world. He "believe[d] in selective democracy – finding away to exclude political Islam and then open the door wide open for the rest." Otherwise, if the Muslim Brotherhood gets into power, it "will never get out – one vote, one time. . . . If you allow the extremists into the political realm, you are dead." Another leading businessman fully agreed: "We have many [such] cases in our region – Iran and Hamas stepped in and they have not stepped out."

One diplomat argued that the "Brotherhood has no program or set of solutions, but the weaknesses of the governments in the region have given them space. If the governments reform, they could change this situation quickly. But if the Brotherhood takes control, it would be a great setback" since "they support a closed society and would fail in dealing with the problems. If we do not take strong action with strong support of the U.S. and other foreign governments, we cannot deal with this. The way to the Egyptian hearts is through their religion, which the Brotherhood is exploiting."

"[H]ow can we play a political game with them," the diplomat asked, "when they do not accept the rules of the game?" Though the Egyptian government does "not treat them right and fairly," it is because "they are supporting Hamas blindly" and "swallow everything for their partners." Thus, he inquired, "[h]ow can you deal with them? You engage them and they quote the Koran."

He suggested creating "a comprehensive vision and . . . a clear map for the future and how to deal with them." The Muslim Brotherhood "are not only a political group[,] are not compromisers and have their own political project which is against the future. It is too difficult to contain them or have dialogue with them – it is too late now. Jordan has allowed them into the cabinet and they have shown a failure. But Egypt is different. It is the headquarters of the Brotherhood." Though the "basis of Egypt is secular," the Brotherhood are "not willing to play that game." He envisioned sharing power with them in Parliament only if they "accept the principles of our

society" insofar as "Egypt has never been a religious state." He warned that since "[r]eligion is an absolute issue and politics is relative," one "cannot mix them."

A leading journalist agreed with these "fears about the Brotherhood and any other group that could lead to a theocratic regime." However, she asked, "why is the Brotherhood growing? Part of this is their own power. It is not just the failure of the government but also the major change in politics in the region. . . . Egypt witnessed the first modern state in the region but that was at the end of the last century. During the Nasser era, despite the characteristics of the regime, it retained its secular attitude. But the state has changed and has become more religious − it can no longer be classified as a modern, secular state. This is a big obstacle to dealing with the Brotherhood." She suggested that though a recent "constitutional amendment was an attempt to promote the moderate, secular state[,] it did not go far enough and say that any party based on religion should be prohibited." Instead, she argued, if "we really want to control the Brotherhood, we need to start elaborating a new comprehensive agenda based on liberal and secular principles, which would give Egypt real credibility in the fight against terrorism and political Islam."

"Regarding the constitution from a technical perspective," noted one lawyer, "it says that the principles of Sharia are the main source of legislation. Other sources of law, such as in the world, tradition and justice are not relevant. The problem is in the political environment in how we apply this and that we do not have a consensus of how to deal with the Brotherhood − they are a fact of life and we need to figure out how to deal with them. Just dealing with them through security is creating martyrs and sympathy." She argued that "coexistence" with the Brotherhood does not imply that "we accept their extremism but what is already contemplated in the [Egypt's] constitutional amendments." While there is a ban on "any political party based on religion," this rule would not preclude a "Christian-Democratic Union party because it is not religious."   Thus, the "new constitution is opening the door for the Brotherhood," such that "if they want to respect the rules they can be mainstreamed as political party." However, they then would "be open to criticism" and would "have to have policies on the economy and globalization." Such a strategy would enable "Egypt to be a leader in the democratization in the Middle East."

V. U.S. Role in Egypt Through Indirect Influence and Subtle Suasion

As one participant observed, "[t]here were familiar thoughts about how the U.S. should deal with extremism in the region. The strong consensus view is that U.S. approaches have made the problem worse. There needs to be a greater focus on the sources that give rise to forces that give rise to extremist groups. There is a need for the U.S. to work with its friends like Egypt to deal with the roots of terrorism." Another participant noted that there were no demands voiced that the "U.S. go home" and that Egypt instead was interested in greater U.S. involvement, though through indirect influence and subtle suasion, rather than the heavy-handed and unilateral policies pursued previously by the Bush Administration.

"The U.S. has not been exercising leadership under the Bush Administration," argued one lawyer. "Leadership involves building consensus and leading, but the U.S. has just been trying to impose its will on the world, resulting in flux and chaos." A leading businessman encouraged the U.S. to have "more dialogue and understanding with people on the ground here." He suggested that "Egypt is a nice house in a bad neighborhood" and that "the U.S. aid reduction to Egypt shows a lack of understanding of what is going on within Egypt." He deemed additional U.S. pressure on the Egyptian government to be "counterproductive" and instead recommended greater "public diplomacy."

One leading lawyer argued that "the U.S. can do nothing about [reform in Egypt] beyond encouraging it. It is too sensitive for the U.S. to do very much but the U.S. can do a lot about resolving the regional conflicts − Afghanistan, Iraq, Palestine − to alleviate the conditions that breed extremism." A prominent businessman agreed: "If the U.S. means business and works with its friends in the region, all the problems could be solved in a short time. You have an opportunity if you exercise the proper leadership role with your friends in the region to make great progress. Everyone is tired − Israel, the extremists, and the good groups are tired. We are tired. The final solution is known to all of us − but it will require a strong position and a serious role to be played by the United States. The players in this region will support this" cooperative strategy. However, he cautioned to "[k]eep in mind that as Egyptians, who were occupied for many years, we are sensitive to advice. But if you give the advice behind closed doors, you will be listened to, but not if you criticize us publicly.

This is the same with Egypt advising the U.S. It is important that you exercise restraint when you address countries with different cultures. But you do have a lot of friends who are aware of what the U.S. has done over the years and will explain the right story about the United States. . . . The best thing the U.S. can do as a friend is not to spoil the atmosphere by friendly advice made publicly at the wrong time."

Stressing the need for "a comprehensive agenda," a leading journalist argued that "[w]e have to admit that the war on terror will not be won by military conflict" but instead through a successful "war of ideas." "If we do not win the battle of ideas, values and culture, we will not win. This is not just for the U.S. but also for our societies and regimes." Resisting and undermining extremism through moderate and more appealing alternatives, she claimed, "could be the best common ground for the U.S. and Arab societies" since this struggle "is not the battle of the U.S. alone but of all countries and people who believe in the same set of values."

These common ideals, the journalist continued, are based on democratic values beyond mere "ballot boxes" and elections, which can bring into power a group such as Hamas. While she agreed that "the strategy of promoting democracy in this region is valid," she emphasized that "the whole infrastructure of Arab societies has to be changed" through "political reform, which will pave the way for democracy." Instead of primarily focusing on elections, she suggested promoting human rights and individual empowerment through: "civil liberties and individual rights in the Arab world; freedom of expression . . . ; [and] political empowerment and representation of women." The "political structure [should] be diverse – to not reflect just one color, gender or religion." To this end, "[t]he U.S. needs to back reform in Egypt – media, institutions, women's empowerment."

One lawyer provided an extensive overview of several targets of reform. She suggested "broaden[ing] institutional reform, to include laws and the administration of justice." In addition, she emphasized "enforcing the economic reform program and technological advances in the areas of the digital divide" since there "cannot be political reform without economic reform and development." With respect to reforming religion, she favored "bring[ing] back the modernizing form of Islam that stood for freedom, justice, [and] equality. . . . Historically, Egypt has played this role, but not in the last 30 years when there has been the rise of religious extremism. Religious reform

has to deal with education and make sure the curriculum propagates the right view of religion, including tolerance, freedom and justice. . . . We need to reform universities, especially the Islamic university. We also need to reform the church since extremism invites extremism and we need to reinforce the original Egypt when we did not even know who was from which religion. We also need to reform the mosques that should be closed or turned into youth centers or something more useful for civil society. Funding sometimes goes to organizations with a religious extremism background. We need to bring back rationality and the link with science and the true spirit of Islam."

A leading economic consultant recommended focusing on greater "institutionalization of incentives to bring larger amounts of the society into wealth creation – for example, bringing women into the economy," "tax incentives," and reforms of "land title and real estate laws." She also encouraged the U.S. to increase the availability of U.S. scholarships for Egyptian students. Finally, she emphasized the need to address the fact that "[b]oth the U.S. and the Arab world have image problems. Our media could portray each other in a more favorable way. Even though the U.S. media is private, something could be done" to promote a more positive view of Egypt in the U.S.

There were two notable perspectives on the issue of Iran and its influence in the region. One diplomat warned that a "military attack on Iran would lead to a lot of havoc like the result in Iraq." He argued "that the U.S. has not helped itself with Iran by not pushing Israel to sign the NPT [Nuclear Proliferation Treaty]," and that people have raised the issue "why does the U.S. not do something about Israel having nuclear weapons." This inconsistency, he deemed, "will cause erosion of the NPT."

On the other hand, another diplomat was much more optimistic, predicting "that in the few years, U.S.-Iran relations will be the best in the region. All the cards in each other's hand are needed by the other side. . . . Iran can help calm down the situation in Iraq with their presence in Iraq and their influence with Shiites around the region. They can put pressure on Hezbollah and calm down the situation in Lebanon, which is very sensitive for the region, especially Israel. At the end of the day, the Sunnis and Shiites are in the same boat. The U.S. can rely on Iran to play a role in the future." He noted that "[i]n the past, Iran had good relations with the U.S. and played a role in the region. The U.S. knows Iran can say no and is also strong enough

to play a leading role in the region." Apparently based on his conversations with former Iranian President Hatami, he claimed that Iran's primary goals are getting their assets released, WTO accession, and dialogue with the U.S. and the Europeans, whereas the "nuclear issue is more political than technical and can be solved."

VI. Conclusion

Several general policy implications emerged from the conferences in South Africa, Nigeria, and Egypt. First, while globalization generates overall net benefits through trade and economic development, it exacerbates income inequalities within countries, expanding the gap between the powerful haves and the marginalized have-nots. In Nigeria, in particular, there have been more people below the poverty line since WTO accession. There was serious concern that a growing "underclass" will eventually detach from the existing systems in a highly destabilizing manner. To provide greater access towards the benefits of globalization, education was identified as the key component in enhancing technological capacity within the workforce. Local governance was another primary target of change.

There was widespread recognition that Africa is becoming a battleground of strategic competition for resources between the United States and China, with Europe and India playing a lesser but still important role. China's source of influence stemmed primarily from its tolerance for higher risk in foreign direct investment as well as from its non-interference in political affairs of the host countries.

While there was some support for Africa to organize itself to pursue trade negotiations more effectively as a regional bloc, it was conceded that Africa has weak regional identity and institutions and will be unlikely to overcome these political obstacles in the foreseeable future. Consequently, the challenge of fielding adequate peacekeeping forces would also continue to fall on individual states, such as South Africa and Nigeria.

In Egypt, there was a clear struggle between moderate and extreme Islam, which might last for as long as a hundred years. To resist and undermine religious extremism offered, for instance, by the Muslim Brotherhood, participants emphasized a

comprehensive reform agenda to show the bankruptcy of extremist ideology and the relative advantages and benefits of a moderate and modern society. Notably, the violence and bloodshed associated with terrorism appeared to discredit the underlying ideology and to weaken the extremist actors over time.

Greater involvement on the part of the United States was welcomed, but only to the extent of assisting with development and internal reform, rather than imposing wholesale "democracy promotion." There was consensus that only Muslims can deal with reform of Islam itself, and that the U.S. can achieve its objectives more effectively by exercising greater restraint. Uniquely among all of the conferences, China was perceived to have limited influence in the Middle East, notwithstanding its economic expansion.