

# “Something wicked this way comes”:<sup>1</sup> background to the new extremist challenge in the Middle East and North Africa

By George Joffé

## ■ Executive summary

The radically transformed picture of Middle Eastern and North African affairs from that of a year ago is testament to the powerful dynamics that have been unleashed by the political crises in Iraq, Syria and Libya. They have resulted in the emergence of a new variant of political and religious extremism that has successfully challenged al-Qa’ida’s ideological hegemony and has demonstrated an organisational and military potential that is quite novel and immensely powerful compared to the confrontations that have developed in the region since the Arab Spring. This has been paralleled by the marginalisation of moderate Islamist movements and the states that support them in a new ideological divide that seems likely to replace the Sunni-Shia confrontation of the recent past. External players, too, have been dragged into these new confrontations as the implications of multipolarity slowly unfold, with the U.S. attempting to cement a new coalition of forces to crush extremism in the knowledge that it will therefore not be able to delay finding a modus vivendi with its regional and global antagonists, Russia and Iran. These developments, moreover, must be set against an economic environment that is increasingly adverse, as unconventional sources of oil and gas and the growth in regional energy demand threaten the main economic driver in the Middle East and North Africa – hydrocarbon resources. This NOREF report is supported by a number of case studies published separately: *“Something wicked this way comes”: case studies*.

It is an irony of the politics of the Middle East and North Africa (MENA) that the best of intentions inevitably seem to produce the worst of all possible outcomes. The sanguine hopes engendered by the “Arab Spring” three years ago seem to have foundered on the reef of the Syrian civil war and the rocks of Iraqi sectarianism. Western confidence in humanitarian intervention and the “responsibility to protect” has been shattered by the virtual collapse of the Libyan state. Western determination to face down Iran over its alleged nuclear ambitions and to force the Assad regime out of office in Syria because of its brutality teeters on the brink of collapse as a new U.S.-led coalition takes military action against the latest extremist challenge from the region – the Islamic State (IS). The ultimate irony is, perhaps, that the power the West condemns for its threats to the integrity and independence of Ukraine – Russia – is set to become an essential partner, alongside Iran, in achieving the success that the coalition seeks in the Middle East as multipolarity reasserts itself among the great

powers. And Iran itself, of course, with Syria and Iraq trailing behind it, is set to become the objective ally of the very states that sought – only a year ago – to demonise it over its nuclear ambitions.

## The political crisis

Two questions arise from the current situation in the MENA region: firstly, why does it matter so acutely to the wider developed and developing world and, secondly, how has it occurred so rapidly in the wake of the sanguine hopes raised by the Arab Spring of 2011? The response to the first question is, perhaps, more straightforward than the second. The West and the Far East are engaged so intimately in the MENA region mainly because of energy. Despite the surprising transformation of the U.S. into its current position of becoming a net energy exporter as a result of “fracking” and the reassertion of Russia’s role as the major source of energy for Europe irrespective of

1 “By the pricking of my thumbs,/Something wicked this way comes” (*Macbeth*, Act 4, Scene 1, ll. 44-45).

the crisis over Ukraine, the region continues to be critical to global energy supply, particularly for the Far East. In addition, as the geopolitical realities of East-West tensions reassert themselves through the current revival of the diplomatic attitudes innate in the cold war, the MENA region becomes once again a proxy arena in which they can be played out. In this context the domestic concerns of state and non-state actors there become integral parts of an emerging dialectic between the continuing aspirations for hegemonic stability in the West and the growing assertion of multipolarity in Russia and China.

The second issue is more challenging, for it is intimately connected with Western initiatives in the MENA region. For the past two centuries Europe and, latterly, the U.S. have intervened regularly and increasingly frequently in regional affairs in order to protect their own national interests. Such interventions, particularly in recent years, have profoundly and adversely affected MENA societies and states. In addition, Western preferences for regional stability – which has meant continued overt and covert support for regional autocracies, despite indigenous aspirations for democratic transition innate in the Arab Spring – have seriously and negatively impacted on political change there, provoking an increasingly intense popular resentment. This has allied with widespread and longstanding popular anger over autocratic misgovernment and repression in the region to produce a backlash that has manifested itself through violent ideological extremism directed against both the developed world and regional governments in the Arab region. In other words, Western states are active, if unwitting, participants in the current crisis, particularly in the Middle East. IS is, in short, as much a product of Western engagement as it is of internal tensions over governance, ideology and doctrine.

It is against this background that the current crises in the MENA region should be discussed, for the two themes identified above provide the common thread that links the contemporary scene in the region to its recent past. In other words, despite the apparently radical changes that have occurred in the past year, there is, nonetheless, a continuity that runs through the way in which individual situations have evolved over that period and may offer us a way of understanding what their future evolution is likely to be. Four political issues, which will be discussed in a subsequent publication,<sup>2</sup> dominate the Middle Eastern scene and at least two of them spill over into North Africa as well. They are:

- (1) the ongoing crisis between the Palestinians and Israel, which has led to a complete breakdown in the peace process;
- (2) the rejection of the implications of the transitional processes of the Arab Spring by the Gulf states, together with Egypt;
- (3) the evolution of the civil conflicts in Syria, Iraq, Libya and Yemen; and

- (4) the extremist and populist reaction to the reassertion of the autocratic state in Egypt, Syria, Iraq and the Sahel.

The irony is that each of these crises also has a wider, international implication in that they all highlight the growing tensions between East and West as the lineaments of the cold war re-emerge in a new format, stimulated by the crisis over Ukraine and the situation in the MENA region itself. Despite themselves, Western states are being dragged back into the MENA maelstrom and, even worse, are discovering that the states that were original targets of their hostility and disapproval – Iran and Syria – may soon become their objective allies as the shortcomings in the policy options they chose some years ago are revealed by the evolution of events. And, of course, all of this is set against and interacts with the background of intensifying economic failure in the region, manifested in worsening unemployment, poverty and popular desperation.

## Regional concerns

Apart from the bleakness of the geopolitical environment throughout the Middle East, itself a comment on a long tradition of failed policy by both domestic and external powers, the most surprising feature of the current situation in the region is how quickly the superficial picture of events there has changed (e.g. see Joffé, 2013). A little over 18 months ago the predominant concern was the growing antagonism between the Sunni and Shia worlds, driven by the Gulf states, which was allied to the struggle to subdue the Assad regime in Syria and, at the global level, linked to the attempt to end Iran's nuclear ambitions and confront the "Shia arc of extremism". Now the dominant themes are the potential collapse of the Iraqi, Syrian, Libyan and Yemeni states; Gulf antagonism towards moderate Sunni political Islam; and the dramatic rise in extremist Salafi jihadism, which has forced a renewed Western military engagement with the MENA region. Allied to this is the apparent failure of the experiment in participatory governance inherent in the political changes brought about by the Arab Spring.

Yet, interestingly enough, certain constant themes run through these events and the changes in emphasis that have been accorded to them over time. Firstly, there is an underlying theme of confrontation between conservative states – primarily the Gulf states, now with the addition of Egypt – which seek to preserve a status quo in terms of other states and non-state actors that are seen as proposing unacceptably radical solutions to the problems that the MENA region faces. Two years ago the radical alternative was identified variously as the "arc of extremism" centred around Iran, Syria and Hizbullah, together with the danger represented by the Shia dominance in Iraq in the wake of the U.S. invasion in 2003 or as Shia extremism that threatened the Sunni dispensation in the Gulf. Now the

<sup>2</sup> "Something Wicked This Way Comes": Case Studies. NOREF Report.

mantle of extremism has passed to the Muslim Brotherhood and ideological movements associated with it, which are seen as threats to the Gulf states and their allies. By extension, of course, this includes the extremist movements that have proliferated across the region, even though those movements reject any parallel with moderate Islamist movements and share common ideological roots with Saudi Arabia itself. In both cases the underlying theme is a challenge to the religiously sanctioned governance system in the Gulf, particularly in Saudi Arabia – and, in Saudi eyes, by extension in Jordan and Morocco<sup>3</sup> – and to autocratic systems elsewhere (in Bahrain and Egypt, for example).

Secondly – and here there is a profound irony – conservative religious states such as Saudi Arabia derive their legitimisation from a Salafi interpretation of Islam. Yet this is also one of the main sources of legitimisation for the extremist movements that have come to dominate regional politics and that oppose the Middle Eastern state, whether legitimised through religion or in secular terms. The main difference between them is that although both see the relevance of Islam to the public sphere through a shared literalist interpretation of the Rashidun era, the former rejects political (but not social) engagement and the latter encourages it through its own interpretation of jihad. Indeed, it was the apolitical nature of *salafiyya-ilmiiyya* that made it a palatable alternative for autocratic regimes to the pacific activism of moderate Islamist movements such as the Muslim Brotherhood. However, the experience of the last four years has demonstrated that, in reality, Salafi movements, when allowed to emerge as formal political parties, can demonstrate the same potential intolerance and violence as the extremist *salafiyya-jihadiyya* movements that conservative states fear and oppose. And, furthermore, a degree of ambivalence exists among and within religiously sanctioned states such as Turkey, Qatar and even Saudi Arabia over such extremist movements in that there is a tendency to see them as misguided rather than as a political threat, recoverable through persuasion rather than to be confronted as an intrinsic danger to the state.

Thirdly, although conservative states may have lost interest in the fate of the Palestinians under occupation and the associated problem of Israel's position in the Middle East, popular sentiment has not. Indeed, among the themes that stimulate extremism in the region is the Palestinian issue and the integrity of the *umma*, symbolised by the status of Jerusalem. Ironically enough, conservative states are quite prepared to use this issue to explain the crises they face – the Egyptian regime has recently claimed that the extremist violence it currently faces is a plot conceived by “imperialists and Zionists”, for example, thus conveniently eliding the two key inflammatory issues in the region in its support. There is also a widespread view that Israel and extremist groups in Syria enjoy a common interest in

destabilising regional governments as part of a covert project to enhance Israeli security, hence the accommodations currently emerging on the Golan Heights. However, none of the states concerned seems prepared to accept what public opinion has very widely realised: that an equitable solution to the Palestinian issue is further away than ever and that the issue will in itself inflame both public opinion and extremism should there be, as is now almost inevitable, a further flare-up in the Gaza Strip.

This issue also feeds into the fourth common thread running through regional affairs: the continuing engagement of the West in them. Western unwillingness to challenge Israel's behaviour in the Occupied Territories, whether because of domestic public opinion, as in the U.S., or because of fears of unintended association with extremist movements such as Hamas and Hizbullah, as is the case in Europe, means that Western engagement is often seen as continuously self-interested and hypocritical, despite the increased reluctance of Western publics to become involved in MENA affairs, thus bolstering regional resentment and anger. There is also an ambivalence on the part of MENA states over becoming involved in Western projects in the region, even if they are prepared to offer rhetorical support. Thus Turkey, a NATO member and with one of the largest and best-equipped armies in the region, is not prepared to join the Kurds in a military confrontation with IS, despite the clear national interest it has in doing so. In addition, conservative states find that the idea of new objective allies for the West in Syria, Hizbullah and Iran sticks in their political craws, thus reviving the old antagonistic Sunni-Shia divide, but in circumstances when Western states are far more ambivalent about its implications.

There is a similar scepticism over the outcomes of the Arab Spring, either because these outcomes were disliked (by conservative states) or because they have been blocked (for the populations that engaged in them). This is coupled with a new and potentially dangerous divide between religious and secular visions of the future political process in the region, a divide that threatens to undermine the very purpose of participatory governance that was the object of the Arab Spring. The irony here is that none of these divides is really new; they have all been latent and implicit in political discourse in the region for a very long time, but have now been revived in particularly acute and toxic forms. Thus secular democrats were prepared to deny the democratic process itself on the grounds that it might bring their religious opponents to power, thus indicating that the old argument between secularism and religion in the public sphere was more important than democratic engagement. In short, below the surface little has really changed in the regional debate, apart from the symbols; what has changed is the environment in which that debate takes place. It is an environment that has become far more

<sup>3</sup> Of course, this is not a vision that either state shares, which is why they have not been prepared to join the expanded version of the Gulf Cooperation Council that Saudi Arabia has proposed in recent months.

extreme and insecure and that has perhaps been the most immediate outcome of the past four years and the most striking development over the past 12 months.

## The economic imperative

Surprisingly, until the recent sudden collapse in oil prices, the one feeble shaft of brighter light across the gloomy regional landscape appeared to be the regional economy. Both the International Monetary Fund (IMF) and the World Bank have recently detected signs of upturns in the fortunes of the main economies there, despite the ongoing political turmoil (World Bank, 2014). In part this is simply the consequence of the slow global recovery from the 2008 economic and financial crisis in Europe and the U.S. However, it is also a product of the recovery from the abrupt declines that occurred in many regional economies as a result of the events of 2011, for before then gross domestic product (GDP) growth rates had averaged above 5% for most of the previous decade. In some cases, such as Libya, Yemen and Syria, the economic collapse persists because of the security situation, but in Tunisia, Egypt and Morocco, a slow recovery, albeit to levels well below those prior to 2011, has clearly begun. Jordan and Lebanon, however, are now incidental victims – in economic terms at least – to the Syrian civil war, while Iraq, despite its massive oil potential, suffers from acutely corrupt governance and major security threats.

Before the collapse of oil prices the World Bank anticipated that real GDP growth rates in seven MENA economies – Egypt, Tunisia, Iran, Lebanon, Jordan, Yemen and Libya – would rise from 2-3% at the end of 2013 to 2.5-4.5% by 2015. The IMF had a broadly similar picture, estimating that growth rates in its MENAP group – 18 Arab countries plus Djibouti, Mauritania, Afghanistan and Pakistan – would rise from 2.4% in 2013 to 4.4% in 2015 (IMF, 2014a). Now, of course, given the sudden decline in oil prices, the picture has become far more complex. Oil producers, for example, must anticipate significant falls in external revenues, with consequent declines in their foreign exchange reserves, unless they radically alter their budgetary policies. In the short term, however, few of them will be prepared to do this because they have used reserves as a way of buying off popular discontent in the wake of the Arab Spring, largely through subsidies, the time-honoured path in the region to political acquiescence. The inevitable result will be that reserves will have to cover subsidy costs, whether for consumer goods, particularly food, or for infrastructural expenditure, as has been the case in the Gulf.

A distinction, however, needs to be made regarding the consequences of this for different categories of oil-rich states. For those states that are relatively low capital

absorbers<sup>4</sup> – Saudi Arabia and the Arab Gulf states – such demands on capital reserves can relatively easily be met, both because reserves are large and because the actual call upon them will be relatively small. On the other hand, for high capital-absorbing economies, such as Iran, Iraq and Algeria, the picture is very different. Here the actual flows of revenues have a crucial effect on budgetary allocations, and the current decline in external revenues of up to 60% implies similar cuts in budgetary allocations, unless the countries concerned are prepared to allow their reserves to decline to dangerously low levels within a relatively short period of time.

Indeed, in some cases the picture is worsened by other external factors – security issues in the case of Iraq, Libya and Yemen, for example, and international sanctions in the case of Iran. Algeria, with its \$190 billion worth of reserves, has nonetheless already taken alarm and has announced swingeing cuts in and constraints on public sector expenditure. Libya, given its civil war that is now targeting its oil export terminals, has seen oil exports drop to as little as 300,000 barrels per day (b/d) or less – a far cry from the 800,000 b/d at the end of 2014 and 1.6 million b/d under the Qaddafi regime. Yemen has seen its oil and gas revenues collapse because of tribal truculence and the Al-Houthi crisis that has seen repeated cuts in pipeline operations, while Iraq still faces major security problems over the Kirkuk oil fields and the Baiji oil refinery.

For non-oil economies, on the other hand, the oil price collapse has provided some much-needed relief because their energy expenditures have significantly fallen. This has been particularly important where energy subsidies have been involved – in Egypt and Morocco, for example – although measures had already been taken to reduce subsidy costs significantly, since it has tended to be the richer sections of the populations that have benefitted most from such subsidies, capturing 44% of the total fuel subsidy in Yemen in 2005, 52% in Jordan in 2010 and 62% in Egypt in 2009 (World Bank, 2014: 10). The reduction in subsidies has enabled funds to be redirected towards job creation, particularly for the youth, where unemployment rates have been very high for many years, particularly among the best-educated sectors of the population – an average of 22% for young males and 39% for young females (World Bank, 2014: 12).

Although this has been partly driven by the widespread preference for state sector employment, since salaries and benefits are better in this sector, the real problem has been the failure of states to create sufficient jobs, a problem that is true for non-oil economies and oil economies alike. It is a problem that has been heightened by the consequences of the Arab Spring and, most particularly, by

<sup>4</sup> The distinction between low and high capital absorbers is simply that between states in which budgetary demands require high levels of external revenues – in effect, usually oil and gas rent – and those states that will normally run a surplus on their capital accounts because their external income comfortably exceeds their budgetary demands. Usually, this is a distinction between states with large populations, and thus with heavy demands on state expenditure on services such as health, education and housing, and states with small populations, where such service provision is far less demanding in terms of the call on external revenues. Iran, Iraq and Algeria are typical high capital absorbers while the Gulf states are categorised as low capital absorbers.

the wider financial and economic crisis. Nonetheless, even here there seems to be encouraging news, because remittances to labour-supply countries such as Egypt, Turkey, Algeria and Morocco, particularly those of their nationals who live and work in Europe, have risen in the latter part of 2014, suggesting that, even if the labour market is static in the region, circumstances outside it are improving.

The most worrying aspect of the economic situation, however, is not the objective reality that faces the MENA economies, but the perceptions of people in the region of their own economic futures. Throughout the region, opinions about the future are overwhelmingly gloomy, despite the improving economic news. Few, particularly among the youth, expect improving personal circumstances, either in terms of income status or access to jobs (IMF, 2014b: 88-89). Poverty continues to be a scourge in the region, along with growing inequalities of wealth and income. Between 4% (Iran and Tunisia) and 10% (Egypt) of the population live on less than \$2 a day and between 17%

(Jordan) and 35% (Tunisia) depend on the informal sector for employment. In Yemen a staggering 46% of the population live on less than \$2 a day and 85% live on less than \$4 a day (World Bank, 2014: 18).

There are objective reasons for this: access to the European labour market is becoming increasingly difficult as migration is increasingly securitised and the neoliberal economic developmental model that has been imposed on the region is not one that encourages job creation, whatever it might promise in terms of macroeconomic progress. Beyond that, the European Union's promise of a shared zone of peace prosperity and stability in the Mediterranean basin, enshrined its 1995 Euro-Mediterranean Partnership and its subsequent European Neighbourhood (2004) and Union for the Mediterranean (2009) policies, has effectively evaporated in the face of economic crisis and security anxieties. In short, it is little wonder that the populations of the Arab and Iranian worlds take so sceptical a view of their futures (Pew Research, 2014).

**Figure 1: MENAP/MENA/GCC GDP and consumer price inflation, 2012-15**

	2012	2013	2014 (projection)	2015 (projection)
<b>Real GDP annual growth rate (%)</b>				
MENAP	4.8	2.5	2.7	3.9
Oil exporters	5.7	2.2	2.5	3.9
Oil importers	2.9	3.0	3.1	3.9
MENA importers	2.0	2.6	2.6	3.7
Gulf Cooperation Council (GCC) exporters	5.8	4.1	4.4	4.5
<b>Consumer price inflation (% year on year)</b>				
<i>MENAP</i>	10.0	9.9	8.0	8.1
Oil exporters	10.3	10.2	7.0	7.5
Oil importers	9.0	9.1	9.9	9.6
MENA importers	8.6	10.1	10.8	10.6
GCC exporters	2.4	2.8	2.8	3.1
<b>Oil exporters' oil and non-oil GDP growth rate (%)</b>				
<i>MENAP oil</i>	0.7	-2.7	-1.0	1.8
MENAP non-oil	5.5	4.5	4.2	4.6
GCC oil	5.9	0.7	0.6	0.6
GCC non-oil	5.5	5.7	6.1	6.1

Source: IMF (2014b: 95)

## Conclusion

There can be little doubt that the MENA region stands at a tipping point between a descent into violent chaos and the potential for a continued transition towards more equitable forms of governance. Equally, the prospects for

the latter appear poor, not least because of the gloomy economic situation in terms of employment and more equitable treatment for the region's populations. The frustration engendered by the lack of employment will prove to be a powerful factor in determining where the youth in

particular place their support. Indeed, this consideration, together with powerful resentment about Western and elite behaviour, is probably the most decisive factor that will determine the region's immediate future.

It is a tragedy and a bleak irony that Western states cannot ignore the MENA region because of the role that it plays in geopolitical and global economic terms. Yet they are trapped by their own past policies into actions that only entrench the resentments felt throughout the region. Israel's continued refusal to resolve the Palestinian issue is one dimension of this entrapment. Nor can the threat to Western interests posed by IS be overlooked, yet to respond to it merely confirms longstanding convictions of Western countries' determination to subjugate regional imperatives to their concerns. In addition, the ambivalence of regional states regarding the issue deepens such convictions, for their failure to act to counter the non-state actor threat that IS represents further isolates Western powers. Yet, in the final analysis, it is the MENA region itself that must resolve the threats it faces from non-state actors. The states concerned do not, however, seem fully appraised of what the failure to do so may mean, as a subsequent publication will demonstrate.

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