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Falcon Report:

Middle East Crisis

February 2, 2011

[The Armada Falcon Report is a component of the Armada Executive Intelligence Briefing System. The report is a focused assessment of events that will likely have a significant impact on how risk is managed in member businesses. For more information about the Armada Executive Intelligence Briefing System, contact Karen Sanchez at ksanchez@armadaci.com.]



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This is the first in a short series of Falcon Reports providing analysis of the current crisis in the Middle East. Today's provides an in-depth analysis of the countries in the region that are at risk of falling into crisis. Later this week, this report will turn to the domestic economic impacts of the growing problems in the region and the risk it brings to US businesses.

Middle East Crisis

To many analysts the real significance of the situation in Egypt is that these riots and demonstrations that have already forced the resignation of the strongman in Tunisia will spread to other regimes in the region. It appears that Hosne Mubarak's days as leader are numbered and he may soon join Zine al Abidine Ben Ali in exile although there is no certainty to this given the power of the military in Egypt. Are there any other nations that may experience the same fate? What are the scenarios?

There are essentially four categories as far as the 20 nations that make up the Middle East. The first is the nation that looks a great deal like Tunisia and Egypt. These are nations that have been under the control of a strongman leader for many years but in a system that has allowed a modicum of economic flexibility and some aspects of freedom. These are repressive societies to be sure and highly polarized economically but they are not the most tyrannical. The nations that would fit in this category would include Yemen, Morocco, Algeria and possibly Jordan.

The second category of state is the most repressive of regimes. These are the ones that have crushed all opposition as soon as it manifested itself and uses an extensive secret police system to maintain order. States that fit in this group would be Libya, Sudan, and Syria. The third category is composed of the small and oil rich. These are the states that also rule with an iron fist at times but have the money to buy political calm for the most part. Those who would provide the impetus for reform are distracted by money. These are the Gulf Oil States of Oman, UAE, Kuwait, Qatar, Bahrain and in some respects Saudi Arabia although they present a more complex picture.

That leaves the states that are in a special category all their own. These include Israel, Lebanon, Turkey, Iran and Iraq. The most likely nations for the spread of this revolution spirit will be in the first category but there are risks in many of the others as well.

Yemen

The most often mentioned state in terms of its fragility is Yemen. There have been major concerns in this nation for years and it has lately been identified as the new home for many al-Qaeda operatives, taking advantage of the fractured nature of a nation that was only recently divided formally between North and South. There have been occasions when the Saudi military has been compelled to enter the country to pursue terrorists launching attacks across the border. The regime of Ali Abdullah Saleh faces the same issues that have wracked the other nations but with some key differences that may keep the protests from escalating in Yemen. In just the last few days the situation has taken a dramatic turn as Saleh has indicated that he will not run for re-election this year. That would seem to open up the system but it all depends on who from his inner circle seeks to replace him.

The three most referenced reasons for Yemen's immunity thus far include the fact that protests have been divided and essentially political. The groups are affiliated with one organization or another and they have refused to cooperate in any way with one another. Most have admitted that they would be happier with the continued rule of Saleh if the alternative



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was ruled by one of the other opposition groups. There is no mass movement thus far - nothing driven by issues like jobs. Corruption is as rampant as it is elsewhere but it tends to be better distributed.

The second reason cited is that Yemenis are well aware that a protest that turns violent will swiftly become a blood bath as the majority of the men in Yemen are armed and carry their guns with them. A protest that swings out of control would escalate into actual warfare very quickly. The final rationale is not universally accepted but it has been pointed out that the Yemeni practice of chewing qat ensures a modicum of social peace. As long as the population that would riot is slightly drug addled it is less likely that anger will build to the point of crisis.

The sense is that Yemen still has a 50% chance of sliding down the same path as the other two states. What is necessary is a spark - either an act of oppression or some dramatic gesture by the opposition.

Morocco

The next on the list is Morocco. King Mohamed VI has been in power for eleven years after taking over from his father - King Hassan II. During that time he has alternated between introducing reforms and freedoms and slamming the door shut on those that seek to go further than he would prefer. He is a young king and still has support but the ferment is there in the young population that has grown weary of waiting for those promised jobs and opportunities. The plan to connect Morocco to the US through a free trade agreement faded and that complicated the effort to use economic growth to buy some additional peace.

There are two issues that could spark demonstrations that would lead to regime instability. The first is jobs and the frustration over unemployment has already provoked several young men to set themselves ablaze. The rate of unemployment for those that have graduated from college is over 25% and they are the most tech savvy and organized of the protestors. The other issue that could explode in the coming weeks is the Western Sahara. This is a contest region that has been trying to break away from Morocco for decades. This region has its own insurgent movement called the Polasario Liberation Front and they have been fighting a very low level war with Morocco ever since the Spanish abandoned their former colony and King Hassan stepped in. It is unlikely the Polasario has the strength to create much mischief but they could take advantage of the regional ferment to cause trouble. If the government reacts harshly to such a move, it could trigger wider protests as the average Moroccan resents the energy and money that has gone into "pacifying" this region. Many of the young men without jobs have been forced to serve in the military in that region and they are not supportive of the government's aims.

Despite all these issues Morocco is given less than a 25% chance of meeting the same fate as Tunisia or Egypt.

Algeria

The next to be considered here is Algeria. In many respects this is the most unstable of them all as there is a history of violence and brutality as well as abrupt regime change at the point of a gun. Thus far these events have all been precipitated by the actions of the military or some political faction and there has been no popular uprising capable of unsettling the regime. That is not to say that some faction in Algeria is not capable of whipping up a frenzy and using that as a means to wrest power from the man who has controlled the nation since 1999.

The country is considered the most stable of the four until it isn't. This is the nature of a strong arm regime. If Bouteflika can continue to buy off some opposition and kill the rest, he is secure enough but the day that he can't count on those tactics is the day the entire regime crumbles in a matter of days - exactly as he has watched his neighbors do.



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Abdelaziz Bouteflika was elected in 1999 and re-elected in 2004 to what was supposed to be his second and last term. He manipulated the political system to enable him to run for and win a third term and now there is serious doubt that he will ever leave voluntarily. The country has the same issues as the others - massive youth unemployment, a population fed up with corruption and a near total lack of political freedom. The factors that keep the government secure include a deeply faction ridden society that adheres closely to tribal connections and a very aggressive secret police and military that is not above brutal tactics to crush opposition.

The nation is given a 20% chance of falling but that rating shoots up to 80% if there is a question of the military's loyalty.

Jordan

It would surprise many people if Jordan joined the ranks of the failed regime as this nation has been hailed as a beacon of Arab modernism for years and King Abdullah is considered more progressive than most. On the other hand, Jordan has been in the seething thick of Arab-Israeli tension for decades and has by far the most volatile of populations given that more than 70% of the people in the nation are ethnically Palestinian. The Abdullah regime walks a constant tightrope between appeasing the demands of its population and satisfying the US and European allies who see this regime as the stabilizer in the region. The protests are always present in Amman but usually they are directed outwardly. Of late they make the same demands on Jordan's leaders that the protestors in Tunisia and Egypt have been making - find us jobs. That has been immensely difficult in a country that is affected by not only the Israeli conflict but the remnants of the Iraqi war. There are still thousands of refugees from Iraq in the country as well as active elements of the al-Qaeda insurgency.

The move by King Abdullah to replace his entire government is a gesture to those who have been frustrated with the pace of reform but the act is not as radical as it would initially appear. The people brought in to replace those dismissed are not exactly from the opposition - most have been in power positions in previous governments. This is not a concession to the opposition but a declaration from the King that he wants results and he wants them now. This is somewhat akin to the firing of a sport's coaching staff in order to stir up the players and appease the angry fans.

There is little organized opposition to the King and he maintains excellent relations with the nations that have supported him in the past. Israel would be exceedingly distressed if there was change here and so would the US. There is no more than a 10% chance that Jordan will fall in the manner the others have.

This brings us to the second category - nations that have truly dictatorial regimes that have remained in power through force and intimidation.

Libya

This is one of the most intriguing nations in North Africa and one that is either destined for a major popular uprising or a shockingly smooth transition from one dictator to his son. The rule of Muammar Khadafi has been mercurial in the extreme. He has been at the top of the list of supporters for global terrorism for decades and then suddenly shifted gears and started to open up to the rest of the world. At the time his decision seemed to have something to do with watching the demise of Saddam Hussein in Iraq but it may have had more to do with the entreaties of his son.

Khadafi took power in 1969 at the tender age of 27 after he led a coup that toppled King Idris. Over the last five decades his rule has been bizarre at times. He has styled himself the very embodiment of Arab nationalism and has tried several times to link to other states to create some kind of Pan-Arab entity. He has harbored terrorists of every stripe and the nation has been implicated in many attacks - the most spectacular being the Lockerbie



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bombing that killed hundreds of passengers on a PanAm flight. Everyone from the IRA to Shining Path and al-Qaeda trained in Libya.

The secret police remain extremely strong and the tribal nature of the country makes it very hard to break the power that Khadafi holds over the population. The shift in Libya's position was swift and dramatic as Khadafi handed over dozens of terrorists, kicked out agents from other nations and opened up the oil sector in a mad rush. This appears to have been at the suggestion of his sons. There are two who seem to lead the pack as far as succession is concerned. The eldest is Saif al-Islam Muammar al-Khadafi. He has been heavily involved in the openings to the western states and has worked outside Libya in the banking business. The other son is Mutassim Khadafi. He is a Lieutenant Colonel and serves as national security advisor.

Given the lock the military and secret police have on the regime, it is not likely that Libya will be one of the nations that experience a popular uprising as the military would quash it immediately. There is always the chance of an internal coup however - led by a faction over than Khadafi's.

Sudan

Drama has been swirling around Sudan for many years now and the latest chapter has been the referendum in the south of the country that led to a 95% vote in favor of independence. This may be the reason that Sudan doesn't follow the same path as the other states in North Africa. The majority of those who would seek to overthrow Omar al-Bashir are in the southern regions and before the year is out they will be trying to start a new nation - assuming that al-Bashir doesn't attempt to thwart the development at the last minute. The only reason he would make such an attempt is to retain control over the oil that would become part of the new nation. The other region that would oppose al-Bashir is in the Darfur sector but these communities have been so decimated that there is nothing left to form an opposition. The constant attacks by the Sudanese military and the local Janjaweed militia has turned the entire population into refugees.

Sudan is attracting interest from the Chinese as they seek to develop the oil found there. This has given al-Bashir enough cash to buy off his domestic opponents and to keep his military happy. This is a total dictatorship but al-Bashir controls everything and has no qualms about being ruthless in his repression. Those who would form an opposition to him have watched what he is willing to do in the south and in Darfur and know he would not hesitate to defend his core.

There is no chance of a popular uprising now that the rebellious south has managed to break away but he came to power in a military backed coup and will likely leave the same way.

Syria

The Syrian government may well be the most deeply mysterious in the region and it is clearly one of the most strategically placed. Of all the pure dictatorships, they may well be the most vulnerable. The current President is Bashar al-Assad and he has long been seen as the "reluctant dictator". He was living a very non-political life in London where he worked as an ophthalmologist. His father, Hafez al-Assad, did not consider him strong enough to be in politics and it was clear that the older brother would be the successor. When Bassel al-Assad was killed in car crash there was a realization that the situation had changed and the military became concerned that the brother of Hafez al-Assad was angling for the job. Rifaat al-Assad was by all accounts a pure psychopath and Bashar was hustled back into the picture.

There was some hope that he would become a reformer and there have been moments when he seemed to be fulfilling that promise but these periods were soon replaced by crack downs. It has never been clear that Bashar al-Assad has control over the country. There are three factions active in setting the agenda in that nation - the supporters of Bashar al-Assad and



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his clan (most of whom are members of the Alawite minority), the military itself (mostly Sunni) and the secret police which had been the center of power for Rifaat before he was forced into exile.

The country is deeply engaged in the politics of Lebanon and most assume that the assassination of Rafiq Hariri, the former Prime Minister and father of the just deposed Prime Minister, Saad al-Hariri. Syria is allied with Hezbollah despite the fact that Syrians are Sunni and the Hezbollah is a Shiite group also allied to Iran. The military in Syria is really the only immediate threat to Israel and there are continued disputes over the status of the Golan Heights - seized by Israel in 1967. The demonstrations in the streets of Damascus have not been nearly as emotional as those in either Egypt or Tunisia but they have been persistent in their demands that the government tend to their demands. Nobody dares to call for the ouster of Bashar al-Assad as they fear his replacement would be worse. It is as if the protestors hope to be persistent enough to give him some leverage and to allow some of his reform instincts to develop.

The sense is that Syria is not likely to succumb to these demonstrations but they may well provide the impetus for some real reforms. Part of the challenge facing Bashar al-Assad is that the nation remains full of those who fled Iraq during the war and about half of these refugees were supporters of Saddam Hussein. The country has also allowed itself to be a conduit for al-Qaeda as they have entered Iraq and the official policy of the Syrian government is virulently anti-Israel and supportive of groups like Hamas and Hezbollah.

Saudi Arabia

This is the pivotal nation as far as the business community is concerned. All the volatility in oil prices and all the wringing of hands in the financial community centers on what is happening here. If one took the combined GDPs of Egypt, Yemen, and Tunisia they would not add up to one half of one percent of the world's total and these states have no oil to export. On the other hand, there is Saudi Arabia, a member of the G-20 and the world's most important oil exporter and dominant player in OPEC. As the world considers the rapidity of the collapse in Egypt, there is deep concern that something similar will happen here and that truly makes the world shudder.

There are many significant differences between the government in Saudi Arabia and that in Egypt or the other vulnerable states. These do not guarantee the security of King Abdullah's regime but the hurdles that would have to be cleared by protestors are much higher. There are no political parties or unions - no alternative organizations of any kind that can provide a launching pad for an opposition. Protests and demonstrations are strictly illegal and even the smallest gatherings are broken up very quickly. The control of the Interior Ministry is so complete that those few activists that exist routinely ask for permission to stage a protest despite the fact they are always denied.

On the surface this level of repression would seem to provide ample ammunition for a popular uprising but there are other advantages possessed by the regime. The most important is money. In the case of Tunisia and Egypt, the popular uprising grew from the fact that people could find no work and there were shortages of food. The Saudi government can buy peace by subsidizing food costs, finding work for the graduates and otherwise taking care of the population so that a crisis point is not reached. There is also the fact that Saudi institutions are generally thought to be clean - the police are feared but not because they are considered corrupt. Finally there is the very real connection between political authority and religious authority. Opposing King Abdullah is opposing the keeper of the Sunni Moslem faith and the defender of Mecca.

That said, the unemployment rate in the nation is at 10% and for those between the ages of 20 and 30 it is likely twice that. The middle class is shrinking and there is very real concern the nation really doesn't have much to offer when the oil runs out. The latest concern is that inflation has started to affect the price of basic food and that could be a problem.



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The sense is that King Abdullah will return from a meeting this week and will present the population with a "royal gift" of some substance. This would likely buy him the peace he wants as Egypt settles. There will also be the announcement of a new budget that will contain some \$400 billion in infrastructure projects over the next five years and that means lots of new jobs.

The regime is not vulnerable to protests at this point but there is deep concern about what happens in the future. The concerns stem from two issues in the short term. The first is that there is very little consensus on who would become the next ruler of the country should King Abdullah die or become unable to continue in his position. The last transition was from King Fahd to Abdullah and that was both expected and smooth. The next one is not so assured. King Abdullah is in his late 80s and in decent health but not without some issues. The next in line is Crown Prince Sultan but he is also in his late 80s and has had many health issues in the last few years. He is not likely to be asked in the event that Abdullah is required to step aside. That leaves the third in line - the current Interior Minister - Prince Nayef. He is somewhat younger and eager to step into this role but he is also far more conservative than Abdullah and will likely reverse some of the halting reform efforts that have been tried thus far. If there is a trigger event that would provoke the Saudi opposition it could well be the rise of Prince Nayef. It is also worth mentioning that he is no fan of the US or Europe although he values the alliances. The rules of succession hold that only those sons of the founder of the Kingdom can serve as King and that means that all of the 20 or so in contention are in their 70s and 80s. There has been little discussion as to when the next generation starts to become part of the conversation but the most talked about grandson is the son of Prince Nayef - Mohammed. He serves as the nation's anti-terror chief.

One thing to watch is the activity of al-Qaeda in Yemen if things get any stickier in that nation. The Saudi military has been defending against these incursions already and there have been times that troops have crossed into Yemen. This has been objected to by the Yemeni leader but he has not chosen to do more than verbally protest. A new regime could be far more nationalistic.

The Gulf Oil States

It is not accurate to assume that these states are all that similar to one another. They have very distinct political personalities and cultures but what they do have in common is their vulnerability to the kind of unrest that has shaken the region. They are mostly immune from these protests as they have some of the monetary advantages of the Saudi regime and they also have smaller populations that allow the governments to know more about the attitudes within the population. The states that are generally categorized as the Gulf Oil States include Kuwait, Bahrain, Qatar, United Arab Emirates (which include Abu Dhabi and Dubai) as well as Oman.

The threat in these nations comes from some kind of regional upheaval that affects their economies. The most vulnerable would be Dubai as this is a city that has been built less on oil than on regional banking and commerce. The frantic pace of development in this region has meant economic strain during the recession and there is deep concern that another shock could put some of these economies over the edge.

The reality is that these states may well be the biggest winners in all this - along with Iraq. They will be reaping the rewards of higher priced oil without running much political risk. The growth rates projected for this region have been between 5% and 6.5% but there are new assessments that assert that these rates are conservative given the hikes in oil prices. If the \$100 per barrel level is held for most of the rest of the year, the growth rates for the Gulf States will likely be closer to 7.5%.

The Others

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These are states that have a tangential relationship with the region or states that have very unique relationships that affect the way they will react to the ferment in the region. These include Iran and Iraq as well as Lebanon and Israel. The chances are very slim that demonstrations will create the kind of ferment that has taken place in the other states but there will most definitely be reactions in these countries to what happens elsewhere.

Iran - In some respects it may have been the demonstrations in Iran last year that provoked the reactions in other parts of the Middle East. It shocked many that the government of Mahmoud Ahmedinejad would come so close to failing as a result of elections that had been pretty carefully staged to ensure his ongoing success. The protests were large and diverse but in the end they were not enough to topple the regime or even to force Ahmedinejad out of power. The clerics demonstrated that they held sway in Iran and shut down the protests after a few weeks of ferment.

There were some key differences between the protests in Iran and those that have taken place in other parts of the region. In many respects, the events in Iran were not driven by popular uprisings - at least not in the beginning. The factions that drove the protests were political entities that opposed Ahmedinejad and that meant that the protests depended far more on the decisions of the organizers. If they pulled back from the brink so did their followers. There was also evidence that powers within the clerics wanted changes as well and many people fell back into a pattern of waiting for these insiders to make a change. There is abundant evidence that there are many who are moving to unseat Ahmedinejad just as there are many who are working to keep in power for their own reasons. The popular uprising has been shelved for the time being.

The engagement of Iran in the affairs of the other nations involved is very limited - with the exception of Lebanon. This is due to the Sunni-Shiite division that matters far more to most people in the region than other aspects of politics. The main threat is probably in reverse as there could be some reaction from the Iranian people now that they are seeing the actions in Egypt. Observers in Iran point out that people have not taken to the streets in any number as the regime showed itself fully capable of shutting down dissent. The leaders are either in prison, have been internally exiled or have been co-opted and there is simply not enough of a popular movement to bring anything back to life.

Iraq - This nation has had its fill of protests and demonstrations and the focus here has been on trying to cobble together some form of a workable government. The progress has been limited but at this point the nation is fully out of cycle as far as the rest of the region is concerned. If anything there is far more democracy than the nation can stand as there are at least 125 political parties and factions in evidence and they can agree on nothing other than the fact it is day time or night time.

There have been some street protests but they have been very limited in their ambitions. The situation in Iraq is not what any of the other nations wish to emulate and therefore the conditions there have little importance to the Middle East as a whole. The one region that could present an exception to this is in the Kurdish territory. The desire remains for this region to be semi-independent and the more that there is an attempt to push the notion of nationhood on the Kurds, the more they resist and there could be a point at which they demand to be allowed to secede. That is not in the immediate future but it concerns many in the wider region.

Lebanon

There has been intense controversy in the last few weeks and months as the government of Saad Hariri has collapsed and been replaced by a regime that appears to have been put in place by the Syrians. This nation had its own popular revolt a few years ago but the nation was not able to hang on to these gains as the Syrians and the many factions that divide the country soon ripped the consensus apart.

The Lebanese hold a very unique position in the Middle East as a whole but much of that stems from the power of the Lebanese Diaspora. Beirut was once considered the "Paris of the



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Middle East" and was a center for banking and business as well as culture. Decades of sectarian strife have driven many Lebanese out and they have thrived in the new cultures they become part of. The number of famous Lebanese in the world reads like a political, economic and cultural who's who. Keanu Reeves, Tony Shalhoub, Carlos Ghosn (head of Nissan/Renault, Carlos Slim (richest man in Mexico). Jacques Nasser (former head of Ford and now of BHP Billiton). If one looks at those of Lebanese descent, the list is very long - everyone from Sammy Hagar to Wendy Malick to Salma Hayek, Frank Zappa and Kathy Najimy. This nation continues to hold special meaning to many in the Middle East despite the horrid civil war that seems to grip the nation in perpetuity.

The main factions twist and turn with astonishing rapidity - forming new alliances with factions that were mortal enemies just months ago. The Maronite Christians once dominated the nation but now struggle to remain relevant. The Sunni Muslims are the largest group but they fracture regularly. Hezbollah is the Shiite faction and they have managed to stay more unified than in the past. They also gain from support received from the Iranians and from the Syrians. Then there are the Druze Moslems and their control of the mountainous regions of the nation. There are myriad sub-groups and they all interact with dizzying flexibility. The country was on its way to another resurgence under Rafiq Hariri but he was assassinated and most assume this was done by the Syrians - although that was never officially proved. His political dynasty fell to his son - Saad al-Hariri but he was not the politician his father was and the government fell. The new leader is acceptable to the Hezbollah and to Syria but that only weakens him in the eyes of many other groups. For now the system is in the hands of Najib Makati.

The power of Lebanon still resides in what it once was and what it could be again. It has regional influence despite the turmoil and the presence of a strong and vindictive Hezbollah concerns the Israeli government immensely. The invasion of Lebanon is on the minds of everyone in Israel and in Lebanon all parties are well aware that another incursion is entirely possible.

Israel

There is no chance at all of a popular uprising in the only nation with a functioning democracy in the Middle East but that is not to say that there is no chance of political change and ferment. The events in Egypt have the Israelis on full alert as many of those who are developing new influence in Egypt are not all that friendly with Israel or with the US. Hosne Mubarak was the best friend the Israelis had in the region and that cost him support in many significant ways. The next head of Egypt may not be overtly hostile to Israel but they will be far cooler.

The issue in Israel is how to react and this becomes part and parcel of the bigger issues with the Palestinians as there have long been attempts by Hamas to smuggle weapons into the region from the Sinai Peninsula. This has been an area where relations with Egypt have been important and now there is some serious doubt.

The government of Binyamin Netanyahu remains in solid control of the Knesset but there are some weaknesses that have emerged over everything from corruption allegations to the ongoing crisis in the settlement areas. Some key members of his government have resigned in recent weeks. There is also a renewed challenge from the opposition as there have been attacks on the Netanyahu position from the likes of Shimon Peres and Tzipi Livni. They are essentially calling for Netanyahu to accept the fact that Mubarak is gone and to stop trying to stir up more frenzy over his departure. It is too much to ask the Israeli government to remain sanguine about the Muslim Brotherhood which has supported calls for the destruction of Israel and supports Hamas but the regime would be wise to be more supportive of the likes of Mohamed al-Baradei and Amr Moussa.

The Israeli reaction to events in Egypt is not critical to the outcome there but it will matter immensely as far as what happens in Israel and the region in the years to come.



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Turkey

This may be the most interesting nation of them all. The potential for street riots is very low although there are always some disturbances somewhere in Turkey over the status of the Kurds in eastern parts of the nation. The significance arises from the path that Turkey has taken in the last ten or so years.

For most of the nation's modern history, the Islamic influence was kept under strict controls. This was a secular nation founded on the principle of Ataturk and the military played an enormous role in the affairs of the country. It was not possible for an avowedly Islamic leader to rise to power and politics was always under the watchful eye of the army and in some years the military took actual control. A series of weak and vacillating leaders led to years of economic decay and rising ferment and the AKP (Justice and Development Party) was ready to exploit the frustration. Despite threats from the military that a win by AKP would result in a military coup the party surged to a massive victory in 2002. The leader of the party was Reccip Tayyip Erdogan and he should have automatically become the Prime Minister but he had been banned for political activities in 1994. It took nearly a year but the ban was lifted and Erdogan has been in power ever since.

The significance to Egypt is that Turkey is an example of a powerful military cooperating with an avowedly Islamic party. The position of the AKP is that it is a reformist party and one that favors secular activity, a free market and religious independence. If there is to be rapprochement between factions in Egypt it will need to look a lot like what has happened in Turkey. The party from which the AKP sprung looked a lot like the Muslim Brotherhood.

Erdogan led a faction that was more reform oriented and this is possible with the Muslim Brotherhood as well. Right now there is but one Islamic voice in Egypt and within that group are radicals who can't be allowed to wield power.

The extremists in Turkey were silenced by the emergence of a mainstream voice for Islam. There is still friction between the AKP and the army and there is the usual political disagreement between parties but Turkey is now growing at a rate that is the envy of Europe and many now believe that the Turks deserve to be in the panoply of the BRIC nations.



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