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Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

13 May 1986

EMERGING ISSUES IN THE NEAR EAST AND SOUTH ASIA

Executive Summary


Many of the major problems that will face the Near East and South Asia over the next several years will be variations of existing, long- festering difficulties. There is no reason to suppose, however, that the next decade will not also see some major, sea-change developments comparable to those that occurred during the past ten years, such as Sadat's peace initiative, the Iranian revolution, and the Soviet invasion of Afghanistan.

An issue that is already with us but will assume a different form in the mid-1990s is the impact of the world oil market on the region. By 1995 oil prices may once again be skyrocketing. If so, we are likely to be faced with a rejuvenated, reorganized, and perhaps a trimmed-down OPEC that will be a potent regional and political organization as well as an economic cartel.

In the near term, however, the region must weather the economic and political effects of lower oil prices. The issues that a soft oil market pose for the region are:

Economic effects: How severe will be such problems as debt servicing, capital flight, increased dependence on foreign aid, a brain drain, and slow growth?

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Political impact: How will regimes handle the hard choices between implementing economic austerity now to pave the way for future development versus buying off discontented groups to preempt challenges to regime authority?

Interstate relations: How sharp will disagreements become among oil producers trying to maintain revenues and how aggressive will larger, resource-poor states be in trying to extract aid and other concessions from smaller, richer neighbors?

In addition to the oil glut, the region will also face problems associated with a shortage of other natural resources. There will almost certainly be discord over access to water--particularly in the Levant, the Fertile Crescent, and the Nile Valley. Land resources, especially in South Asia, will be taxed by population growth and bad management.

In the face of these problems, governments will try a variety of new ideological, political, and economic formulas. Many regimes will take steps to privatize portions of their economies--particularly agriculture, small industry, domestic commerce, and foreign trade. Economic liberalization and the enlargement of the middle class may prompt expanded political participation, calling into question the future role of several of the region's monarchies. In other countries--probably including Syria, Iraq, Iran, and Morocco--continued authoritarianism and popular alienation from politics are more likely. In still other states, heightened instability may prompt increased repression and possibly lead to radical populist regimes.

Although we will search for early signs of the next sweeping, region-wide ideological trend--comparable to pan-Arabism in the 1950s and 1960s and Islamic fundamentalism in the 1970s and 1980s--we need to concentrate on analyzing the parochial sentiments and concerns that will shape the ideologies in regional states. The most significant currents are likely to be:

State-oriented nationalism. Arab unification efforts by Qadhafi and others will continue but will inspire little enthusiasm.

Religious revivalism. Rather than asking whether religious sentiment in general is rising or waning, we will be looking at contests between reformist, conservative, modernist, or other strains of Islam and the more extreme fundamentalist movements. Hindu revivalism in India will assume equally diverse forms, while religious extremism might increasingly polarize Israeli politics.

Pragmatism. The region is likely to see much ideological eclecticism, as even those regimes that have a strong revolutionary ideology pay less attention to party dogma than to what works.

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We can assume that in many cases, the new solutions will not work and that many regimes will face serious internal instability. As a result of the economic slowdown, existing inequalities and competition among social groups will be magnified. In the more heterogeneous states (Algeria, North Yemen, Sudan, Lebanon, Syria, Jordan, India, and Pakistan, for example) religious and ethnic divisions are likely to sharpen. In more homogeneous societies (such as Saudi Arabia, Egypt, Kuwait, and Tunisia), class distinctions will become the focus of economic and political competition.

The increasingly uneven distribution of job opportunities will spur the migration of labor, causing economic dislocations, social friction, and political tensions in both sending and receiving areas. Returning workers from the oil-producing states will become more disaffected as they are unable to find new jobs. Migration to the cities will severely strain urban services. Large cities throughout the region will be focal points for social tensions as well as growth, with young city-dwellers who are frustrated by unemployment and high prices becoming likely participants in periodic civil disorders.

Crime and anarchic violence could produce more "Beiruts," with central governments losing effective control of other cities, and with rival ethnic, religious, or class groups claiming authority over different sectors. As disorders grow, governments are likely to call more frequently on their armies to restore order, increasing the politicization of these armies and undermining their external defense missions. The unrest will bring opportunities for meddling by unfriendly neighboring states or by the Soviets.

The management of socioeconomic problems will be complicated by a spate of leadership changes, after a decade or more of surprising continuity. Health factors alone place the leaders of Tunisia, Syria, Saudi Arabia, and Iran at moderate to high risk of death or incapacitation during the next few years. Few successions will be smooth, and we will need to examine the role of various interest groups, including students, internal security elements, and the military to explain what may come to be a wave of military coups.

Certain worst-case scenarios growing out of internal instability will have to be kept in mind. One is for fractionation of unstable states along ethnic or regional lines, with Sudan, Iran, India, and Pakistan being probably the most vulnerable. Another scenario, which could hit the more homogeneous states as well, is a broader political collapse and drastic realignment--with Egypt being potentially the biggest horror story, bearing in mind the regionally destabilizing aftereffects and the US interests that would be at stake.

When it comes to inter-state conflict, the region is likely to be at least as unstable in the next several years as it is now. Many external conflicts will be fueled by nationalist, religious, and ethnic fervor, as regimes exploit restive minorities in rival neighboring states. Moreover, inexperienced leadership and imperfect brinkmanship will increase the risk of armed conflict.

The Arab-Israeli stalemate is likely to remain a fixation of Middle Eastern politics and diplomacy for some time to come. With domestic pressures in Israel reducing the possibilities for a territorial settlement and the Arabs hamstrung by disunity and a de facto Syrian veto over settlement efforts, the risk of a new Israeli-Syrian war, extensive violence on the West Bank, and Palestinian unrest in Jordan will grow. Nonetheless, we will need to be attuned to the less likely but more sanguine scenarios, which would involve, if not an outright settlement of the dispute, at least a reduction in its salience or intensity.

As for other interstate conflicts, the Asian subcontinent probably will have the greatest danger of tensions leading, inadvertently or otherwise, to a major shooting war. In this case, Indian and Pakistani mutual suspicions over the nuclear issue carry the risk of preemptive action leading to war.

Elsewhere in the area, the dominant scenario is for wars already underway to continue--especially the two largest ones, Iran-Iraq and Afghanistan. Although the possibility of expansion or escalation of any of the conflicts, particularly Iran-Iraq, will deserve continued attention, we will also need to examine the possibilities for peace. Specifically, we will need to look at what events could serve as catalysts for settlement, which mechanisms could get belligerents to the peace table, what would be the likely shape of a settlement, and what would be the ramifications for regional stability and US interests.

Wars in the region will tend to be more lethal, because of the acquisition of new types of military hardware. Nuclear programs in Pakistan, India, and Israel, and possibly those in Iran and Iraq, will increase the danger of a conflict or incident involving nuclear weapons. Many NESAs countries also will develop and stockpile chemical and biological munitions as a supplement or cheaper alternative to nuclear weapons. During the next several years, a few states are likely to acquire new long-range weapons systems, and several will attempt to acquire and exploit high technology to develop their own arms industries.

Domestic grievances and regional tensions will fuel additional terrorism, which is likely to become more diverse and widespread. A growing proportion of terrorism originating in the area is likely to feature nihilistic violence by ad hoc groups, while regimes in the region probably will continue a more calculated, coercive brand of terrorism. Middle Eastern terrorists will continue to strike targets of opportunity within the region but are also likely to step up operations in Europe and possibly the United States. Terrorism within the region may undercut the legitimacy of governments and compel some of them to curtail civil liberties further.

The growing military potential of a few of the larger Near Eastern and South Asian states will contribute to the expansion of their region-wide influence. India, in particular, will use its huge population, extensive resource base, and pool of talent to secure a major regional role. It also

has the potential to become the major naval power in the Indian Ocean by the mid-1990s. Iran, once it extracts itself from war, is likely to become more active in Afghanistan and throughout the Persian Gulf, and Egypt retains the military capability to keep the Libyans off balance and the Sudanese mindful of political missteps.

Both the United States and the USSR will find it more difficult to protect their interests in the area for several reasons, including:

- The increased clout of regional powers;
- An overall trend in favor of nonalignment;
- Increased intra-regional cooperation; and
- Greater involvement of other extraregional states, including Western Europe, Japan, China, and the newly industrialized states of the Far East.

As a result, we will need to be on the lookout for where, and how far, US ties to allies in the region will slip, and where there will be the best openings for enhanced US influence in states with traditionally strong ties to Moscow.

Besides the factors working against both superpowers, each will face its own obstacles to influence. The US will continue to be handicapped by such things as the perception that the US is ignoring Arab interests in the Arab-Israeli dispute, fundamentalist resentment of Western cultural intrusion, and identification of the US with the interests of local elites.

The Soviets will make every effort to exploit these US weaknesses, but will face major handicaps of their own. These include resentment over Afghanistan, suspicion of Soviet expansionist and subversive intentions, the anti-Communist aspects of Islam, and, perhaps most of all, well-founded skepticism about the Soviets' ability to provide sustained economic and technological assistance. This last factor will provide an opportunity for the US to expand nonpolitical ties with states that appear to remain in the Soviet political and diplomatic orbit.

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### Discussion

The Near East and South Asia are likely to be even more turbulent in the next decade than they are now. The area also is likely to be changeable: just as the past ten years saw several epochal events--including Sadat's peace initiative toward Israel, the clerical revolution in Iran, and the Soviet invasion of Afghanistan--that redirected the region's history, there is no reason to expect comparable events not to occur in the next ten.

Such events will directly affect major US interests. The United States will have a large stake in the region at least through the end of the century for several reasons, but chiefly because of:

- Continuing Western dependence on Middle Eastern oil;
- Soviet interest and involvement in the region;
- The increasing beleaguerment of an Israel allied with the United States.

This paper explores the principal forces and trends that will drive events in the region through the next decade and the sorts of major changes--political, social, economic, and military--that might occur there. It highlights the subjects and questions that will have to be studied to reduce surprise for US policymakers, understand events before and as they unfold, and assess their consequences. Although the discussion that follows presents a series of propositions, it is not an estimate. It offers possibilities and important issues rather than answers. Its purpose is to stimulate--and, to some extent, guide--research and analysis on the region.

\* \* \*

Reduced oil revenues and shortages of other resources will underlie much of the conflict and instability in the region in the 1990s.

A changing oil market and a new OPEC. Virtually every country in the area will be trying to cope with a slowdown, and in some cases a reversal, of economic growth, largely because of the soft oil market. For many, austerity will be added to the pressures of rapid population growth, increasing urbanization, and a burgeoning number of youth seeking employment. Regimes will have to make changes--significant in some cases--in their development strategies and to cut spending for social welfare.

OPEC clearly has suffered a major setback, and oil prices are likely to stay below \$20 a barrel, probably for several years. Overpricing by OPEC has stunted growth in demand, spurred exploration and development, and



brought about the excess capacity that caused OPEC's current calamity. In the short run, oil prices are likely to be volatile before stabilizing and then rising only along with general inflation. Long-term contracts are likely to disappear, while netback, spot, and barter deals will predominate. Ultimately, however, oil prices will recover as marginal producers shut down, excess capacity--which is costly to maintain--is lost, and demand slowly grows.

By 1995, OPEC will have been reorganized and rejuvenated. It will be as much of a political and regional organization as an economic one and may be trimmed down to the major Arab oil producers plus Iran. Oil market developments will give even this smaller organization a major role in oil pricing. The more that prices fall in the near term, the stronger OPEC is likely to be after prices recover. Over half of the world's oil reserves are in the Persian Gulf region, and it is very unlikely any significant alternative to hydrocarbons will be developed by the year 2000. Additional oil pipelines will reduce the strategic significance of the Strait of Hormuz and make an abrupt interruption of the international oil market, except by political decision of the producers, less likely.

Shortages of land and water. In the meantime, other resources, primarily water and arable land, will be in shorter supply. The rapid population increases in the NESA region, coupled with limited, and in some cases declining, water resources, almost assure regional discord over access to water, particularly in the Levant, the Fertile Crescent, South Asia, and the Nile Valley. Land resources will also be taxed by population increases and poor management. Salinity may become a major problem in irrigated areas due to poorly planned drainage schemes. Egypt, Syria, Iraq, and Pakistan, among others, already are facing this problem. Desertification, erosion, and salt water incursion also will be taking their toll of available arable land.

In contrast to these bleak prospects, there is an outside chance that a major technological development will alleviate some of the region's shortages of natural resources by the mid- to late-1990s. A breakthrough in India's dry-land farming research, for example, could spur a second green revolution throughout the region. A commercial salt-water farming project under way in the UAE may also point to new ways to expand the production of food in arid areas. Cheaper and faster water desalination technologies are an additional possibility.

The broader economic effects of stagnation and austerity. In general, however, the economic slowdown and the resultant adjustment to austerity will be particularly difficult over the next five years. Debt problems, including those involving FMS credits, will mount for the poorer countries. The major oil exporters may have to borrow more on the international capital markets in order to soften the social and economic impact until oil prices firm.

In the richer countries, businessmen and banks will scurry to protect themselves, and capital flight will increase. Poorer countries will find

aid from oil-rich neighbors harder to extract and worker remittances continually declining. They will feel increasingly buffeted by forces they are unable to control and will turn to the United States and Western Europe for more financial aid.

The downturn will increase the migration of skilled and educated people to the industrialized countries, including illegal immigration to the United States. This brain drain will adversely affect the ability of countries to develop technologically, although it will also act as a safety valve to relieve some of the pressures of discontent felt by the highly educated people of the region.

Internally, slower economic growth and resource constraints will mean more hard choices for some already troubled regimes and cuts in standards of living. Limited growth will continue to imply trade-offs between modernization and distribution. Most regimes will be compelled to divert scarce resources away from improving the quality of human capital or mobilizing it for national goals, using them instead to buy off discontented groups and to preempt challenges to the authority of the regime.

Externally, the economic downturn and the turmoil in the oil market will further destabilize the region, as larger countries--especially those poor in resources--move more aggressively to extract concessions and aid from smaller, wealthier neighbors and to deflect popular dissatisfaction within their own borders. Disagreements will increase among oil producers jockeying to maximize revenues. Iran and Iraq both are likely to press Saudi Arabia and the smaller Gulf oil producers as they struggle to salvage their domestic economies while continuing the war, and Kuwait could be absorbed by a victorious Iran or a desperate Iraq. Despite its vast oil wealth, Saudi Arabia is likely to see its regional influence curtailed as its traditional ability to provide aid diminishes. The pattern of aid within the region is likely to be significantly altered, moreover, when the 1978 Baghdad Pact commitments expire in 1988.

In the face of these problems, governments in the region will try a variety of new economic, political, and ideological formulas.

Economic liberalization. The prospect of economic austerity as a seemingly permanent way of life will prompt many regimes to reevaluate their economic strategies and eventually to "desocialize" or "privatize" their economies, although economic reality will remain far short of the rhetoric. Within most centrally planned economies, economic strategy over the next five years will emphasize decentralization of economic decision-making. Agriculture, small industry, domestic commerce, and some foreign trade will be freed of some state control and bureaucratic over-regulation. Governments will likely maintain control of large enterprises and extractive industries, however. Moreover, privatization will be impeded by the economic downturn, with considerable disagreement among the government, the public sector enterprises, and private businessmen over who should bear the burden of recession.

It probably will be the mid-1990s before modified development strategies begin to show significant changes in the economies of NESAs countries. Capital markets will likely develop in the wealthy Gulf countries, enabling governments to tap the wealth of their private citizens to finance government spending. By this time, the centrally planned economies may be on their way to divesting themselves of some large public enterprises, possibly by gradually giving employees stock ownership in their companies.

Political liberties: more or fewer? In some states, economic liberalization may be accompanied by political liberalization, although others may become more authoritarian as austerity tests the stability of their governments. The most optimistic outlook--which may hold true for some wealthier countries--is for significant expansion of political participation in the bureaucratic/authoritarian states that now prevail in the region. An argument for this view is that the Arab states have become stronger and more cohesive over the past decade, with greater stability than in the 1950s and 1960s. Interest groups and a broader middle class are emerging. The press will become a significant power center in some countries, and economic liberalization will prompt looser controls on political activity and less public tolerance of coercion and repression. Liberalization will call into question the future of the region's monarchies, with perhaps some of them learning to coexist with popularly elected legislatures and others proving too inflexible to survive in anything but a figurehead role.

A second view is that state-dominated politics will persist, most regimes will be authoritarian, existing ruling elites will maintain their grip on power, and there will continue to be a high level of popular alienation from politics. The factors that support this view include the increasing strength of state institutions in the region and in particular the increasing efficiency of security services, as well as the weakness of opposition groups. Evidence for this trend may already be found in Syria, Iraq, Iran, Morocco, and elsewhere. A variation on the trend may possibly be found in Algeria and India, where political and social developments preclude political liberalization but the benefits of economic liberalization are recognized and pursued.

The most pessimistic and probable outlook is that a sharp increase in instability in many regional states will prompt increased authoritarianism and repression. Radical populist regimes could come to power in some states. Many ruling elites will see increased coercion and reliance on security apparatuses as the only way to retain power in the face of extreme social and economic pressures.

Ideologies: national variations. Regardless of whether liberalism or authoritarianism predominates, the ideological movements that will affect the region's politics during the 1990s are likely to be increasingly complicated by parochial sentiments and concerns. The extent to which sweeping, regionwide enthusiasms--such as pan-Arabism of the 1950s and 1960s and the Islamic fundamentalist challenge of the 1970s and 1980s--will shape

events will depend on whether government censorship and conflicting national interests will impede the dissemination of ideas more than modern electronic communications will facilitate it.

Among the ideological currents most likely to be significant in the coming decade are:

- Religious revivalism in many variations. Traditionalist, reformist, and modernist Islamic constituencies will increasingly emerge as rivals to the most extreme fundamentalist movements. Hindu revivalism in India will assume equally diverse forms, with traditionalist state leaders emerging to greater prominence at the center on one hand and more modern Hindu populists or chauvinists broadening their appeal on the other. Secular and religious extremism might increasingly polarize Israeli politics, although balancing mechanisms are likely to persist in Israel's more complex political system.
- State-oriented nationalism. The greater "presence" of governmental authority in even remote districts of the states of the region and deepening conflicts between neighboring states will contribute to a stronger sense of national identity. People with little sense of belonging to the new national entities a generation ago already are more comfortable with their identity as Jordanians, Syrians, or Saudis. Arab unification efforts among states may persist as tactical stratagems by such leaders as Qadhafi, but they are unlikely to inspire popular enthusiasm.
- Pragmatism or ideological eclecticism. Technocratic elites appear likely to play increasingly prominent roles, as regimes seek to stave off social turmoil, economic stagnation, and political instability. Algeria's Bendjedid, Syria's Assad, Iraq's Saddam Husayn, and India's Gandhi, although strongly identified with well-institutionalized political parties, appear to be driven more by the need to find what works than by the sacred writ of their parties' ideological forebears.

Many regimes in the area--despite their willingness to try new solutions--will be unable to contain serious internal conflict and instability.

Domestic turmoil is likely to be exacerbated over the next fifteen years by:

- The growth of social tensions, as economic disparities deepen class, regional, and rural-urban cleavages and cause explosive overurbanization.

--Heightened pressures on a new, inexperienced generation of administrators and leaders to sacrifice long-term social programs in favor of sops for discontented groups.

--The vulnerability of beleaguered governments to leadership challenges and of some states to fragmentation.

Modernization in the context of low economic growth is likely to intensify existing disparities and competition--among social groups and regions and between cities and rural areas. The introduction of new technologies will change the nature of the competition but not necessarily its severity. New technologies in both agriculture and industry tend to be capital- rather than labor-intensive and to require highly skilled labor. Their greater use may thus increase unemployment or underemployment, thereby contributing to labor dislocations and social strains.

The fault lines of domestic conflict will vary from country to country. In virtually all of the Near East and South Asia, modern communications are likely to heighten subnational as well as national identities and to increase awareness of opportunities, inequalities, and relative privation. In relatively heterogenous states (Algeria, North Yemen, Sudan, Lebanon, Syria, Jordan, India, and Pakistan, for example), the effect may be to sharpen religious and ethnic divisions. In more homogenous societies (such as Saudi Arabia, Egypt, Kuwait, Qatar, and Tunisia), class distinctions will become the focus of economic and political competition. It is unclear what effect, on balance, social homogeneity will have on longterm political stability.

More migration. The increasingly uneven distribution of job opportunities within and between countries will spur labor migration to areas of greater economic growth--causing economic dislocations, social friction, and political tensions in both sending and receiving areas. To the extent that shortages of labor compel the Gulf States to continue their reliance on foreign workers, for example, demands by these workers for redress from the falling wages and worsening living conditions that result from declining oil revenues will challenge the control mechanisms of local governments and risk backlashes from local populations.

The backflow of labor from the oil-producing states will cause similar problems in their home countries over at least the next five years. Returnees will become disaffected as they confront local labor markets that cannot absorb them or markets where they have been displaced either by machinery (as in Egypt's now overmechanized agricultural sector) or by foreign immigrants (as in Pakistan's volatile Baluchistan Province).

Returning laborers and the decline in remittances will pose particular problems for Egypt, Sudan, Syria, Tunisia, and Pakistan. Returning Palestinians not only will create economic problems for Jordan and the West Bank but also will add to the volatile political environment.

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Urbanization: troubles for both cities and countryside. Regional disparities within countries will increase migration to areas of greater opportunity, which in most instances will be cities. More than 60 percent of Middle Easterners will be city-dwellers by the year 2000, compared with about 40 percent in 1970. In some countries, the most rapid urbanization over the coming decades will occur in midsized cities rather than the largest ones, heightening competition among urban areas for investments.

In many states, populous rural areas will continue in effect to fund urban industrial development. The flow of the best and brightest to the cities will denude many rural areas of entrepreneurial talent while swelling the informal as well as the modern sector of the urban economy. Some governments will try to meet the increased urban demand for social services at the expense of social welfare in rural areas. This approach will accentuate the effects on rural areas of what may be an overall decline in social expenditures--particularly on health care--in the coming years. The desire of urban middle classes to preserve their economic gains could turn the "benign" neglect of impoverished rural dwellers into de facto triage--with middle class administrators, for example, deliberately slowing the implementation of famine relief.

The exclusion of the hinterland from modernization may contribute to a growing cultural, economic, and political gap between cities and villages. Village traditionalism might, for example, exclude rural women from educational and job opportunities that will gradually open to urban women--a difference likely also to be reflected in higher birth rates among the traditional rural women. The migration to the cities also will weaken the authority of tribal leaders and tribal identities generally.

The growing concentration of opportunity-seekers in urban areas will make large cities throughout the region focal points of social tensions as well as growth in the 1990s. Young city-dwellers frustrated by unemployment, high prices for commodities, and inadequate social infrastructure are likely participants in periodic civil disorders. The abuse of narcotics is likely to spread in this environment. Rampant crime and anarchic violence could cause governments to lose effective control of cities, with rival ethnic, religious, or class groups claiming authority over different sectors.

Attempted solutions: education and the military as channels for advancement. Governments will adopt several different expedients to head off such strife. Some will try to use the educational system to coopt aspiring middle and lower middle class citizens as well as to train them to serve national goals. In some countries, a growing educational system will provide a pool of able technocrats and expand the government's administrative capabilities--although these are more likely to result in enlarged internal security bureaucracies than in wider availability of public health facilities and other social services.

The educational system itself is likely to become an object of intense competition and controversy. Middle class citizens in many states will

continue to view access to higher education as their birthright, while disadvantaged groups may press for preferential access. Almost all governments in the region will face unpopular choices among slowing the growth of educational institutions, increasing the supply of politically volatile educated unemployed, or further swelling an inefficient bureaucracy to accommodate surplus graduates. In any event, fierce competition for scarce educational and white collar employment opportunities will promote corruption.

Most governments also will confront competing middle class demands for a more Westernized curriculum (with the potential to alienate educated elites from other citizens and ultimately to cause a backlash) or a more indigenous one (which would emphasize local culture and languages to the detriment of modern skills). These divergent approaches will mirror broader differences of orientation--modernist, reformist, and traditionalist--among the growing middle and lower middle classes in many countries.

The army is likely to serve as another avenue of mobility for lower and middle class youth, even as it becomes increasingly prominent as an agent of domestic control in an era of heightened social tensions. The ethnic, religious, and class composition of the military could become an important determinant of how well it performs its domestic security duties as well as what its political ambitions will be.

Heightened disorder. Despite efforts by many governments to ease social strains, urban strife in some cases will thwart efforts to maintain a coherent development strategy, undermine the legitimacy of regimes, and compel governments to divert additional resources to the maintenance of law and order. The perceived need to mollify urban dwellers will reinforce the urban bias of decisions on investment and the use of foreign aid. Urban unrest will physically destroy infrastructure and encourage capital flight, to the detriment of future investment. As civil disorders grow, governments are likely to call more frequently on the Army to restore order, to the potential detriment of its external defense mission. The unrest will bring opportunities for meddling by unfriendly neighboring states or by the Soviets.

Turnover of leadership. The management of socioeconomic problems in the states of the Near East and South Asia will be further complicated in the 1990s by a spate of leadership changes, after a decade or more of surprising continuity. Health factors alone place Tunisia's Bourguiba, Morocco's Hassan, Syria's Assad, Jordan's Hussein, the PLO's Arafat, Saudi Arabia's Fahd, Iran's Khomeini, and Pakistan's Zia at high or moderate risk of death or incapacitation before the end of the next decade.

In many states of the region, there is little prospect for a smooth succession. Aspiring interest groups will press new leaders for greater participation and a share of power. Students will provide a growing pool of activists to serve a range of populist causes. Security forces lobbying for their own rights will inhibit the ability of regimes to maintain order. The growing leverage of key military officers--often bolstered by the expansion



and modernization of the military--is likely to give them an enlarged role in policymaking. Their impatience with the faltering efforts of inexperienced civilian leaders to deal with thorny economic problems and social unrest may result in more military takeovers.

Ethnic separatism and political disintegration. In some countries, leadership instability will encourage separatist movements by frustrated ethnic-regional minorities. Sudan, Iran, India, and Pakistan will be particularly vulnerable to fission along these lines. Although their long-term viability is doubtful, ethnically-based states comprising subregions of several existing countries could emerge--including "Kurdistan" in the Near East and "Pakhtunistan" in South Asia.

In some states, leadership instability may trigger a broader collapse into anarchy. Egypt is potentially the most extreme case of political collapse, abandonment of international obligations, and regionally destabilizing realignment. Instability in Jordan could set off a contest for supremacy between Palestinians and East Bank Arabs and spark another regional war. The fall of the Saudi royal family would threaten not only the delivery of oil to the West at reasonable prices but also raise the specter of a wealthy, xenophobic, centrally located regime wreaking havoc in the Gulf. Political disintegration in India might give rise to a militant, chauvinistic Hindu regime with profoundly destabilizing consequences for the South Asia region.

Regional states also will be unable to control inter-state conflicts.

Internal political, economic, and social problems--although in some cases they will reduce the ability to engage in foreign adventurism--will exacerbate tensions between states and erode the confidence of governments in their ability to protect their own interests. New pressures will reinforce longstanding hatreds and suspicions and impede efforts to resolve or prevent conflicts. Hostility between Israel and the Arab states is unlikely to abate, Arab-Persian rivalry will continue to threaten the Persian Gulf, and ancient Hindu-Muslim enmity may surface in new, more virulent forms on the Asian subcontinent. Growing nationalist, religious, and ethnic fervor also will increase tensions between some neighboring states, as countries try to exploit restive minority groups to harass and weaken rival regimes.

Armed conflicts will become more likely in this environment, with perceived threats making some regimes in the region more aggressive and trigger-happy. Imperfect brinkmanship will increase the risk of costly mistakes, particularly if the leadership changes in the region produce inexperienced rulers eager to solidify their power.

The Arab-Israeli stalemate. This standoff is likely to dominate Middle Eastern politics and diplomacy over the near term, with both sides unable to overcome the obstacles to a negotiated settlement. Israeli public opinion

is becoming more uniformly opposed to territorial compromise, and deep divisions among the Arabs will continue to prevent a broader Arab consensus on dealing with Israel. The Camp David Accords are widely dismissed as irrelevant, and the gap between Israel and her Arab neighbors probably will remain unbridgeable.

Domestic pressures inside Israel will diminish further the prospect for peace with the Arabs. Determination to keep and eventually annex the occupied territories probably will grow, particularly among the younger generation of Israelis born after 1967, for whom the West Bank has always been under Israeli control. Israeli settlement activity in the West Bank probably will continue, and economic growth and development will tie the area more tightly to Israel. Israeli attachment to the occupied territories for religious and nationalistic reasons increasingly may overshadow security concerns as the rationale for retaining them. The Israelis' disappointment at the failure of the Egyptian-Israeli treaty to produce what they regard as genuine normalization between the two countries, moreover, appears to be deepening their sense of beleaguerment and unwillingness to compromise.

Israel's isolation in the region is likely to continue. With Lebanon diplomatically hamstrung by Syria and Jordan seeing no way to move toward direct negotiations, prospects for a new bilateral settlement between Israel and an Arab state are poor. Although many Arab governments tacitly acknowledge the durability of Israel, they see little incentive to be more accommodating to it. Few believe they can risk the domestic repercussions of such a move, and anti-Israeli sentiment will remain one of the few issues upon which shaky regimes can base their legitimacy. Israel's relations with Egypt will remain a chilly armistice, although ties are not likely to be broken unless anti-Israeli sentiment dramatically escalates pressure on the Egyptian government. A change of regime in Cairo that resulted in a militantly anti-Israeli leadership, however, would substantially increase the military threat to Israel and could lead to renewed Egyptian-Israeli hostilities.

The Palestinian problem probably will continue to plague both sides, but most Arabs will play a marginal role. Palestinian-Israeli relations on the West Bank are likely to become increasingly contentious and violent. Palestinian influence in Jordan probably will increase, particularly if King Hussein dies or is ousted. Such a trend could result in the creation of a Palestinian-dominated state east of the Jordan River, which would severely strain Israeli-Jordanian relations and probably energize West Bank Palestinians to challenge the Israelis more openly.

There are some less likely alternative futures for the Palestinian problem, each of which would require a substantial change in popular attitudes and/or leadership strategy:

--A conclusion by most Palestinians that time is not on their side and that they will have to abandon most aspects of their dream of self-determination to gain any improvement in their current situation;

--A perception by most Israelis that West Bank Arabs were becoming too strong an internal force for Israel to delay resolving the question of whether it is going to be a Jewish state or a binational one; or

--A fading away of the Palestinian issue in the face of continued Israeli military superiority, dim diplomatic prospects, and a waning of interest among Arab governments.

As long as the Arab-Israeli stalemate does continue, Syria under Asad will benefit from it. Jordan might strengthen its ties with Damascus in hopes of easing pressure from Syria or Syrian-sponsored elements of the PLO. Saudi Arabia, despite its reduced resources for giving aid, will continue significant financial support to Syria. Egyptian popular hostility to Israel will curtail Cairo's ability to counter Syrian influence over the Arab-Israeli dialogue. Iraq will remain sidelined as long as its war with Iran continues, and Libya's opposition to Israel will be a pale reflection of Syrian antipathy to Tel Aviv.

A stronger Syria and a more uneasy Israel increase the likelihood of a major military confrontation. Israel almost certainly would win a war with Syria, but the loss of life and destruction for both countries would be greater than they suffered in previous wars. The political costs to Damascus would probably be less than the military ones, however, if Syria inflicted substantial damage on Israel, strengthening the Arab perception that Israel's misadventures in Lebanon showed it is not invincible. It also could increase Israeli militancy, if Israel seeks to restore a military and psychological edge over the Arabs. Arab rivalries might be muted in the aftermath of such a conflict, and at least secret cooperation between Israel and Iran could expand to counter a reinvigorated Arab bloc.

Iran-Iraq. The war is likely to grind on as long as both regimes stay in power, with Iraq growing steadily weaker and more war-weary and Iran apparently determined to keep up the pressure at least until Saddam Husayn is gone. The Iraqis probably will stick to their largely defensive strategy. Iran will maintain its advantage in manpower and commitment, as long as its faltering economy does not collapse. The war could widen if Iran fails to stabilize its economy in the face of declining oil revenues and thus becomes desperate enough to strike Iraq's Arab allies directly. Short of this, Tehran will be reluctant to expand the conflict and risk greater superpower involvement in the region.

A fundamentalist clerical regime is likely to remain in Tehran after Ayatollah Khomeini's death and probably would not alter Iranian strategy in the near term. A post-Khomeini government would be likely to adopt a more conciliatory policy only if significant domestic opposition to the war or other severe internal problems develop. Even then, it would be difficult for any Iranian leader to advocate a peace agreement that abandoned Khomeini's goal of toppling Saddam Husayn, although Tehran might let the war fade away by curtailing military operations without offering any new peace terms.

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If Iran prevails militarily and the Baathist government in Baghdad is toppled, Tehran is likely to adopt a more aggressive posture toward other Gulf countries. It will intensify pressure on those countries with large Shia populations--notably Kuwait and Bahrain--possibly precipitating changes of regime in those countries. It probably could force greater cooperation from Saudi Arabia on a variety of issues, particularly if it maintained de facto control over Iraqi oil exports and was willing to threaten Gulf shipping to impose its will on other producers.

The Asian subcontinent. Tension between India and Pakistan is likely to grow through the 1990s. India's expanding power and influence will enable it to exert greater leverage on its regional rivals--especially Pakistan, which will remain heavily dependent on outside aid. The risk of conflict would be heightened by the emergence of intensified Hindu nationalism and antipathy to Muslim influence in the region. This would increase Pakistani fears of Indian intentions. India will continue to suspect Pakistani meddling among the Sikhs and Muslims in its northern-tier states, while Pakistan will have similar concerns about Indian fomenting of troubles in Sind. These mutual fears, coupled with expanded militarization and mutual suspicions over the nuclear issue, increase the risk of another Pakistan-India war before the end of the century.

Although such a war would be costly for both countries, particularly if it involved nuclear weapons, the basic balance of power between the two probably would not change significantly. A badly battered Pakistan probably would receive large-scale aid from several sources to stabilize the country internally and maintain its territorial integrity and independence. India might back off quickly if it feared greater US or Chinese involvement on Pakistan's behalf or a Soviet shift toward Islamabad.

The war in Afghanistan. There is little prospect of a major Soviet troop withdrawal as long as the government in Kabul remains too weak to maintain control. A change in Pakistani policy or heightened Pakistani-Indian tensions, however, could significantly affect the course of the war. Islamabad probably views the Soviet presence as more or less permanent, and it may be increasingly willing to reach an accommodation with the Soviet-controlled Afghan regime to stabilize the border, ease the drain on its resources, and facilitate the return of at least some of the Afghan refugees.

The Afghan resistance will remain a potent ideological and religious issue among the world's Muslims, but aid to the Mujahedin may decline as donor countries, many of them facing economic constraints, see declining prospects for the movement even to push the Soviets out. Iran probably would play a larger role in the Afghan equation, if the war with Iraq ended decisively, freeing up political and military resources. Tehran would step up support for Shia opposition elements in Afghanistan but would not directly challenge Moscow, to avoid Soviet pressure along Iran's northern border.

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Tension in the Maghreb. Conflict in North Africa probably will revolve around Libyan meddling and Algerian-Moroccan tensions over the Polisario issue. A more remote possibility is a major redrawing of the map of northeast Africa, with northern and southern Sudan finally splitting apart, the northern portion perhaps being absorbed by Egypt, and the overthrow of Qadhafi being followed by Libya splitting up as well. As long as Qadhafi does rule Libya, he will exploit opportunities in Tunisia, to weaken it and to loosen its links with the US and Algeria, and Sudan, in part to keep pressure on Cairo. Qadhafi is not likely to harass Egypt more openly than he has already, but he probably will provide covert support to Egyptian oppositionists and to step up such aid if Mubarak or his successor appears to stumble. Qadhafi's demise alone would not necessarily reduce Libyan troublemaking, because a likely successor would be a coalition of extremists. Although Algeria and Morocco remain at odds over the Polisario issue, they may move slowly toward a settlement of the conflict, to avoid having it escalate into a direct military confrontation and to ease internal economic and political pressures.

Domestic grievances and regional tensions in the Near East and South Asia will fuel additional terrorism, which is likely to become more diverse and widespread as terrorist tactics become acceptable to a wider range of groups and powerful weapons become more accessible.

Two types of violence--by groups and by states. A growing proportion of terrorism originating in the region is likely to feature nihilistic, seemingly pointless, violence. Ad hoc groups will strike--often in suicide missions--symbols of national authority or international power to take revenge, express inchoate anger, or simply gain attention. Conversely, terrorism as a tactic for groups to seek broader political support is apt to decrease.

Regimes, as distinct from ad hoc groups, are likely to continue the more calculated, coercive brand of terrorism. An increasing number of Near Eastern and South Asian states will consider sponsorship of terrorism, as an international culture of violence makes the tactic more acceptable, or at least more thinkable. Otherwise moderate regimes may elect to fund, train, and provide sanctuary for terrorists waging war on unfriendly neighboring governments, with a view to influencing those governments' policies, discrediting them, or subverting them.

Expanded target lists. Wherever possible, terrorists will continue to strike against targets of opportunity associated with both the United States and regional governments (including, for example, US businesses and the embassies of Israel and moderate Arab states, in the case of Arab terrorists, and banks owned by the Indian Government, in the case of Sikh extremists). Terrorists are likely to step up operations in Europe, particularly if US interests assume a lower profile in the Middle East, and may extend operations to the United States. Soviet interests may come under attack, particularly if the status of Muslims in Soviet-controlled

territories becomes a major issue. Vital economic installations (including offshore oil facilities) and symbols of rival religious groups (including mosques or temples, Hajjis or other pilgrims to religious shrines, and holy places, such as Jerusalem or the sacred Sikh city of Amritsar) will be at high risk.

Expanded methods and costs. The spread of modern technology will increasingly shape terrorist activities in the 1990s. Efficient communications will encourage the development of links among diverse subnational and international terrorist groups--although they will also bolster the counterterrorist capabilities of regional states. The expansion of mass media will acquaint disadvantaged groups in remote areas with terrorist tactics and invite their emulation. Growing stockpiles of sophisticated weapons in the states of the region may be used to supply state-sponsored terrorists but also risk becoming targets of raids by free-lance terrorists. Obsolescent weapons may well find a market among terrorists. The proliferation of nuclear, biological, and chemical weapons virtually assures attempts by terrorists to blackmail authorities with the threatened use of such weapons against civilian populations. The ease with which chemical weapons can be manufactured makes it likely that some terrorists will try to produce their own.

Mounting terrorism will impose severe costs on target governments. At a minimum, it will compel them to increase expenditures for intelligence, security and anti-terrorist forces. In some states, terrorism may undercut the legitimacy of governments unable to protect their citizens from random acts of violence, and it may precipitate leadership changes. Governments will feel compelled to sacrifice some civil liberties for increased security.

Wars in the region will tend to be more lethal, because of the acquisition of new types of military hardware.

Wars will involve more casualties and extend over a greater area, as Near Eastern and South Asian countries acquire more advanced weapons and military-related equipment.

Nuclear, chemical, and biological weapons proliferation. As many as five NESAs countries--India, Iran, Iraq, Israel, and Pakistan--will have nuclear weapons by the year 2000, increasing the danger of conflict or incidents involving nuclear weapons. These countries will develop their own doctrines and strategies on the role nuclear weapons will play in their political and military policy. They will not necessarily adhere to the rules and restraints on the use of such weapons practiced by the United States and the USSR. Even a limited nuclear exchange would inflict casualties and damage so great that the countries would suffer major social, economic, and political problems and need years to recover. Such destruction could occur unintentionally, because lax security and safety measures could lead to the theft or accidental detonation of nuclear weapons.

Many of the region's countries also will develop and stockpile large amounts of chemical and biological weapons. The relative ease and low cost of developing and manufacturing chemical weapons will encourage some states to acquire them as a supplement or cheaper alternative to nuclear weapons. Ineffective international prohibitions will reduce the reluctance of governments to use chemical weapons in combat. Biological weapons will be especially dangerous because their accidental or intentional use could cause widespread epidemics.

Over the next decade, a few regional countries will acquire long-range weapons systems capable of delivering nuclear and chemical munitions throughout the region or to Europe and much of the USSR. India, Iran or some of the richer Arab countries will have developed or acquired ballistic missiles capable of carrying nuclear warheads to a range of 1,000 kilometers. They may also have the technology to make long-range cruise missiles to carry nuclear or chemical payloads. Conversely, these same countries will be unable to defend their civilian populations from nuclear or chemical attacks. As countries in the region appear close to acquiring nuclear, chemical, and biological weapons and related delivery systems, the danger of pre-emptive attacks by their adversaries will increase.

More influx of conventional arms. Fear of rivals' military capabilities also will fuel a spiraling conventional arms race in the region. Most of the acquisitions will be anti-armor, air defense, and airborne warning systems, while communications and control, logistics, and transportation will receive less attention or be ignored. Regional arms control agreements to reduce this build-up are unlikely. Countries are likely to waste resources by attempting to match adversaries' capabilities or to meet a wide range of threats. Rivals' increases in weapons will tend to offset each other and yield no improvement in security.

The smaller, wealthier Arab countries will reach a point in the next few years where they can no longer absorb more arms, but they will continue to purchase military equipment. These countries will become the arsenals of the region and will use the weapons to support insurgents or to attempt to increase their own security indirectly by supplying an ally with equipment. They also will have to rely more on mercenary forces for their own defensive needs.

Faulty use of weapons.- Despite the influx of sophisticated weapons, armed forces in the region will be no better able than they are now to win clear-cut military victories. Many conflicts will end indecisively or continue as stalemates. This ineffectiveness will be due in part to a decline in the number of highly skilled and intelligent personnel entering the military. Many governments will place too much reliance on sophisticated weapons--instead of the quality and training of troops--to win wars. Civilian leaders' fear of military coups will impede the development of professional and effective armed forces. Important military positions will be filled by "politicians in uniform" to assure political reliability at the cost of reduced military efficiency.

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The enhanced military potential of some Near Eastern and South Asian states will contribute to their development as regional powers with expanded influence.

India will make remarkable progress over the next 15 years and is likely to emerge as a regional superpower during the 1990s. Its huge population, extensive resource base, and tremendous pool of talent will secure it a major role in regional political, military, and economic affairs. By the late 1990s, India's military might and naval capabilities will give it the ability to challenge US and Soviet influence in the Western Indian Ocean, to intervene in littoral states, and potentially even to thwart or promote US and Soviet interests in Southeast Asia. Its growing economic power and ability to capture export markets will translate into political leverage over smaller neighboring states such as Bangladesh, Nepal, and Sri Lanka. The Indians are likely to use the nascent South Asian Regional Cooperation scheme as a vehicle to increase its influence.

Other states in the region also are likely to exert broad regional influence:

- Israel's quest for security will lead it to continue dedicating enormous resources to enhancing its military forces and improving its ability to take preemptive measures against perceived threats from Arab states. It also will expand its presence in the Mediterranean and enhance its ability to monitor activities in neighboring states.
- Iran--once it extracts itself from war--is likely to play a major political and economic role in the Persian Gulf region, because of its large population, strategic position, economic development, and oil wealth. Although presently preoccupied with its western border, Iran is likely to become more active in Afghan and Persian Gulf littoral state affairs after the war.
- Egypt's economic problems will limit its regional role, but Cairo's military capabilities will keep the Libyans off balance and the Sudanese mindful of political missteps.
- Syria's increasingly central role in the Arab-Israeli conflict has given it enhanced influence over the actions and policies of other Arab states and organizations. If its domestic front stays politically stable, Syria probably will be able to exert even greater influence over Arab affairs in the 1990s.
- Saudi Arabia's recently discovered backbone in dealing with contentious oil issues suggests Riyadh may play a more aggressive role in international energy and financial matters during the 1990s.

Projection of military power. Regional powers will try to enhance their influence by beefing up their ability to deploy armed forces



throughout the region. Naval and airmobile/airborne forces will receive more attention as the primary means to project power. Such capabilities will encourage governments to send forces abroad to aid allies or clients against external or internal threats. Some states will view this projection of power as threatening, but an increasing number of smaller states will expect the regional powers to play a greater policing role.

Use of technology. The regional powers will try to import and exploit high technology to enhance their power and influence. The introduction of new technologies will intensify existing disparities of income and opportunity between countries. India, in particular, will use its large research and development establishment and earlier high technology acquisitions to generate its own technology, both industrial and agricultural. Many Indians living overseas who are employed in high technology industries and are engaged in basic and applied research are likely to return to take advantage of the "new India."

The expansion of India's technological capabilities will spur similar Pakistani efforts, particularly in the nuclear field. Israel also will seek to enhance its security by stepping up technological research that has military applications and by inhibiting the acquisition and development of high technology items by Arab states. A winding down of the Iran-Iraq conflict probably would result in both states seeking to develop high technology capabilities to enhance their influence over Persian Gulf littoral states.

Development of local arms industries. Technological advances will aid the regional powers in manufacturing weapons for their own use and for export. Most defense industries will be limited to the production of small arms, ammunition, and vehicles, but India has the potential to develop and sell more sophisticated weapons, including aircraft, electronic systems and ships. India is also likely to develop and launch photographic satellites capable of providing early warning of attack and imagery of defenses, troop and vehicle concentrations, and air and naval deployments. Economy of scale problems are likely to force smaller countries, such as all Israel, into either expanding military exports rapidly or reducing their arms industries and resigning themselves to reliance on foreign countries for most of their arms.

The United States and the Soviet Union will find it more difficult to protect their interests in the Near East and South Asia, because of the expanded influence of the stronger regional states and a broader trend toward nonalignment.

The increased clout of regional powers and the move toward nonalignment, together with increased regional cooperation and expanded involvement by other extraregional states, will complicate the interests of both Washington and Moscow in the Near East and South Asia in the 1990s.

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These trends will lessen the superpowers' ability to influence regional events at the very time that increased domestic instability, the intensification of regional conflicts, and the proliferation of advanced weapons will increase the risk of superpower confrontation in the region.

Shared problems for the United States and the USSR. US and Soviet influence in the Near East and South Asia during the 1990s will not be a zero-sum game; setbacks for one will not necessarily entail advances for the other. Indeed, there will be a significant convergence of US and Soviet interests in the region through the next decade, with these interests being advanced or set back by many of the same developments:

- Regional powers are likely to have more confidence in their relations with the superpowers in the 1990s and to demonstrate greater independence of action.
- Xenophobia is likely to propel many political movements.
- The increasing military capabilities of regional states will make it more difficult for Washington and Moscow to maintain credible defense commitments to allies.
- The development of several crises in the region at once would stretch thin both US and Soviet military assets.

Many states in the region will loosen their ties to the superpowers in favor of nonalignment. This trend will be due partly to increasing frustration with what many regimes will perceive to be an insufficient commitment by the superpowers to the relationship. In addition, avoidance of close relations with a superpower will decrease a regime's vulnerability to domestic and regional criticism; cordial but not intimate relations with both Washington and Moscow will be preferred. As a result, longstanding US ties to allies in the region can be expected to slip during the 1990s, but there also will be openings for enhanced US influence in states with traditionally strong ties to Moscow. This trend is subject to change, however, because regional crises that threaten a state's national security interest are likely to drive it back into closer cooperation with a superpower.

Separate problems for the United States and the USSR. The United States and the Soviet Union will also face individual obstacles to expanding their influence and interests. The United States will be most handicapped by:

- a deepening conviction among Arabs that Washington is ignoring their interests in the Arab-Israeli conflict;
- resentment, particularly among Islamic fundamentalists, of the intrusion of Western culture and values;

- growing lack of confidence in the United States as a dependable ally;
- identification of the United States with interests of the local elite.

Anti-Americanism is likely to wax and wane during the 1990s, and any erosion of US influence is likely to be gradual and frequently imperceptible. Nonetheless, the cumulative effect of the erosion will be significant, particularly on relations between the United States and its current allies. Anti-US vitriol will be used most as a political expedient by regimes and organizations and will have a strong impact on popular attitudes, especially among the young. Sharp upswings in anti-Americanism probably would follow an outbreak of Arab-Israeli or Indo-Pakistani fighting; regardless of the outcome, US action or inaction would be subject to criticism.

Major impediments to enhanced Soviet influence will include:

- regional resentment over the Soviet occupation of Afghanistan;
- deep suspicion among conservative Arab and bordering states about the Soviets' subversive intentions and expansionist aims in the region;
- skepticism about Soviet willingness and ability to provide sustained economic or advanced technological assistance.

The last of these reasons will be particularly significant: US technological, economic, financial, and commercial expertise will be sought by virtually every state in the region, giving the United States a decided edge over the Soviet Union. Although this expertise can be exploited to further US political interests, in others--for example, Libya, Iran, and South Yemen--it will allow the United States to enhance nonpolitical ties.

Regional cooperation. The trend toward nonalignment will be accompanied by increased regional cooperation and the establishment of regional organizations. Regional powers, trying to exert greater influence over smaller neighboring states, will take the initiative. The fledgling Gulf Cooperation Council and even newer South Asian Association for Regional Cooperation exemplify the emerging polycentrism in the area. Such organizations will provide a means for reducing reliance on superpowers, lessening tension among geographically proximate states, and advancing regional objectives.

Although the extent of cooperation within regional organizations probably will be limited initially, such areas of common concern as narcotics trafficking, counterterrorism, and custom controls are likely subjects for joint efforts. States will increasingly use the umbrella of a regional organization when dealing with the superpowers, which, in turn, will be able to exploit particularly close ties with individual states to enhance their influence with other members.

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Increased involvement of extraregional actors. Western Europe, Japan, China, and some other Third World nations will expand their involvement in the Near East and South Asia in the 1990s, causing increased political and economic competition for the United States and the Soviet Union. Some of these states will cut into US export markets. Some Near Eastern and South Asian states will opt for improved security, political, and economic ties with the West Europeans to reduce further their dependence on the superpowers. Expanded arms sales by the British, French, West Germans, and Italians will lead to their increased political involvement.

The shift toward economic liberalization will produce economies increasingly in tune with American philosophies, but the governments themselves will be looking to and probably citing Japan, China, and the newly industrialized Far East nations as their role models. Japanese companies will move upstream into the exploration, production, and partial ownership of oil resources. China has the potential to have a major impact on the politics, economics, and military balance of South Asia, but it probably will remain distracted by internal events and its southeastern borders. Beijing, however, probably will make some diplomatic inroads in some of the more conservative Arab states.



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