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A NEW MILLENNIUM OF KNOWLEDGE: HUMAN DEVELOPMENT IN
THE ARAB WORLD

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PROCEEDINGS

MR. GRAND: Welcome, everyone. My name is Steve Grand; I'm the director of the Brookings project on US relations with the Islamic world, which is housed within the Saban Center for Middle East Policy here at Brookings.

Today, the report that we'll be unveiling, "A New Millennium of Knowledge," the Arab Human Development Report on building a knowledge society five years on grows out of our science and technology initiative, which was birthed at the project on US relations with the Islamic world's annual US-Islamic world forum that we do each year in partnership with the government of Qatar, Indo-Qatar, and it is run by my colleague Dr. Kristen Lord, the lead author of this report.

The science and technology initiative seeks to identify and maximize opportunities for positive engagement between the United States and the Muslim world through science and technology. In so doing, it seeks to solve common problems, build deep, sustainable partnerships, and advance the wellbeing of citizens in the United States and the Muslim world alike. Building dynamic, innovative, and flexible economies that add value through the creative

application of human initiative is now a central challenge of all societies.

As many of you know, in 2003, the United Nations Development Program released the Arab Human Development Report on the knowledge society, an exhaustive, comprehensive survey of the state of innovation and the climate for innovation in the Arab world. It was a report that had ripple effects throughout the Arab world, and even here in Washington.

The current Brookings study, which will soon be translated into Arabic, as well, had more modest ambitions, perhaps reflecting its more modest budget, and that was simply to look at the data now available five years after that seminal survey by the UNDP and say where are we, what are the successes that have been made in the Arab world towards building a knowledge to society, what has been achieved, what work remains to be done, and what has failed?

Drawing on the insights of a distinguished group of experts from the Arab world, the report recommends tangible steps towards achieving the vision of a knowledge society in the coming five years. This report would not have been possible without the generous financial support of one of our key partners, the Lawrence Livermore

National Laboratories, and I'd like to recognize if I could for just a moment Dr. Mona Dreiser who's with Lawrence Livermore National Laboratories.

Mona, can you stand up? Thank you.

(Applause)

MR. GRAND: We are happy to have with us today to discuss "A New Millennium of Knowledge" the report's author, Dr. Kristen Lord, and two other distinguished panelists, Amr Gohar and Rami Khouri.

Kristen will begin by giving briefly the key findings of the report, and then both Amr and Rami will give their own perspectives on the study. But before giving Kristen the floor, let me just briefly introduce our esteemed colleagues or esteemed panelists today. I'll begin from left to right.

To my immediate right, Dr. Amr Gohar is CEO and managing director for NTCC and also the chairman of Soltec. These are two major telecommunications companies within Egypt. Amr previously also worked in the senior management positions at Phillips, Siemens, and Lucent Technologies. He holds an MBA from the Netherlands Maastricht School Maastricht School of Management and

a bachelor's degree in telecom engineering from Egypt's Ain Shams University.

Kristen Lord, the lead author of this study, recently joined Brookings full time as a fellow in the foreign studies program in addition to directing our science and technology initiative, the project on US relations with the Islamic world. Kristen is also leading a congressionally-mandated study on public diplomacy for the US Department of State.

Prior to joining Brookings, as many of you know, Dr. Lord was associate dean for Strategy, Research, and External Relations at the George Washington University's Elliot School of International Affairs. In 2005, 2006, she served as a council on foreign relations international affairs fellow and special advisor-ed the undersecretary of state for democracy and global affairs, where she worked on a number of issues related to science and technology engagement with the world.

Last, but by no means least, on the end, Rami Khouri is the first director of the Issam Fares Institute for Public Policy and International Affairs at the American University of Beirut. He is also editor at large and former executive editor of the Beirut-based Daily

Star newspaper published throughout the Middle East and with the international Herald Tribune. He spent 2001, 2002 as a Nieman journalism fellow at Harvard University and he hosts frequent programs on archeology, history, and current public affairs on Jordan television and Radio Jordan, and often comments on Middle East issues for a number of international media. He received a BA in political science and a masters of science in mass communications from Syracuse University.

And, with that, let me turn it over to Kristen.

DR. LORD: Thank you, Steve, and thank you to all of you for coming today. Let me issue just a couple of quick thanks before I begin.

The first group I'd like to thank is, of course, Brookings, and especially to Steve Grant and Martin Indyk for their support of this project. Thanks to Lawrence Livermore National Laboratories, also, and all kinds of contributions from Mona Dreiser and her colleagues there. I would really like to thank Jake Algonyon, who is a research assistant on this program, and it could not have been written without Jake's support, so, thanks to Jake. And, also, of course, to our nine

expert advisors without whom I would not have even dreamed of embarking on this study.

So, thanks to all of them and to Amr, who's with us today.

Let me give you just a brief overview of the report, and then what I'm hoping is that we can actually cover more of it in the discussion section and based on what your interests are.

Now, as Steve said, we did look back to the 2003 Arab Human Development Report on building the knowledge society, part of a larger four-part study by UNDP, and that report was unprecedented and in its scope and its depth it was controversial, highly controversial, actually, but it was also very widely read, and its key conclusion was that there's a knowledge deficit that threatens human development, economic growth, and also the future potential of the entire Arab region.

Now, of course these are very diverse societies, it's a very heterogeneous group of countries, but that report looked at this region as a whole, and, so, we have maintained that focus. And though that 2003 report noted achievements of the region, overall, I think it painted a rather bleak or even dire picture of the region and its progress towards building a knowledge society. In particular, it looked

at five key pillars of a knowledge society, and it talked about pillars because of all them together are essential, and without progress on anyone, all of them are in jeopardy.

The first was a climate of free and creative expression. Second, high-quality education at all levels. Third, a deep commitment to science and scientific research. Fourth, productive knowledge base industry. And, fifth, a culture of learning and innovation.

Now, of course, in today's world, today's global economy, these are goals that all nations around the world strive to accomplish, but we wanted to assess what had happened in the five years since this 2003 report was written about the Arab region, and it tried as much as possible to use the same data sources that they looked at, the same measures they looked at so that we could really get beyond headlines and impressions and delve into some empirical data about what has and has not changed in the region.

And if you did only look at the headlines about the Arab region, what you would see would be conflict, stagnation. Our previous panel talked about all of those indices where the Arab world ranks towards the bottom, but we know that headlines can mislead us,

as well, they can overlook incremental progress, they can overlook new developments, so, we tried to delve into the data and see what we found.

And I encourage you to look at the report, it's packed with data, but the overall picture that we found was far, far more complex than what simple headlines would suggest. What we found was progress, especially when measured against the region's own history. We found new initiatives that appear promising, but, actually, it's just too early to assess whether they will end up having a positive outcome or not. And, also, some tantalizing hints that there's a new willingness, perhaps, to look critically at problems and address them because, of course, until you admit that there is a problem or a challenge, it's hard to deal with them.

Now, of course, that's not the whole story, we also found unrealized hopes, unrealized potential, a burgeoning youth population ill prepared for the job market, and a region that, despite progress, is nonetheless being outpaced by other countries and other regions which are just moving far, far more quickly than the region we are looking at today. And whether we looked at education, whether we looked at science and technology, whether we looked at a knowledge

culture, we saw this pattern repeated again and again to varying degrees.

So, for reasons of time, let me just give you a few observations from the chapters on education, science, and industry. We'd be happy to discuss the rest in the questions and answer session.

We also looked at governance because, of course, this question of whether a climate of free and creative expression can flourish is absolutely essential to a knowledge society, and I don't want to minimize that.

Very briefly, overall, the picture we saw was that this was where there was the biggest step backward since 2003, and, also, that the infringements on free expression had perhaps more dimensions than in 2003. The blogosphere was not nearly so well developed, nor were there so many tools to restrict it in 2003.

In terms of building a knowledge culture, we also note that there is continued weakness in a particular dearth of role models in public education institutions like science museums, in civil society organizations that are trying to promote a respect for and encourage a love of knowledge.

So, let me turn to the question of education. And, on the plus side, and as I said, that we had actually quite a bit of good news to report. Access to education, for both girls and boys had expanded markedly over the last five years, and if you look back even farther to the last 20 years, there has been a dramatic expansion of access to education throughout the Arab region, and that is something to be lauded.

More countries than ever also testing their students against global standards. Another positive development, and, for the first time, an Arab country, Jordan, exceeded the international average on eighth grade science scores, and that, of course, is something to be applauded, as well.

New university campuses like those in Qatar's Education City and the King Abdullah University for Science and Technology in Saudi Arabia are underway. It's a bit early to assess the impact that they will have, but they are ambitious and serious undertakings.

But, despite this good news and other good news in the report, the region still performs very poorly on international tests of math and science, and the scores of some countries actually declined in the five-year period that we were looking at.

In an average 5 percent of GDP, we also see that education spending is high in global terms in the region, and certainly that's something to applaud, but, actually, the negative side of this education is that financial inputs are not producing the output, so, the outcomes that we would hope for, there are not sufficient numbers of qualified students due to a focus on real learning, a lack of teaching critical thinking, and also inadequately-trained teachers, which turns out to be a far more important producer of success than pure spending dollars or currency on education.

The number of universities is too small, despite these new initiatives; it's far too small to absorb the huge number of young people. Overstretched professors have very little time for research to contribute new knowledge and new innovations, and, due to weak links with businesses, universities don't do a very good job for preparing students for the job market.

And adult literacy rates are low. Fifty-six percent in Morocco, fifty-nine percent in Yemen, and eighty-three percent in Syria.

Let me turn to science and technology.

Again, we saw progress. Scientific publications rose 18 percent between 2000 and 2004. Of nine Arab countries surveyed in the initial 2003 study, patent registrations rose 27 percent. Private new initiatives, like the Mohammed bin Rashid Al Maktoum Foundation are investing billions of dollars in research and education, and I think, quite strikingly, one of the key authors of the original report, Dr. Rhemahala Phunitie, has been named the head of that organization, which I think is a very promising sign. Arabs are embracing new technologies from the Internet to mobile phones at very high rates, and Arab governments are committing increasing percentages of GDP to research and development.

Let me just pull something else up for you and you'll see what I mean. Science and technology, in terms of science and technology, the Arab League's share of world scientific journals is flat, and it's been flat for a decade, as other regions surge ahead.

Registered patents, yes, they did increase, they rose 11 percent in Saudi Arabia and 24 percent in Egypt, but they rose 32 percent in Chile and nearly 100 percent in South Korea.

As a percentage of GDP, yes, that's true R and D spending is rising, but it's still quite low, an average of .02 percent of

GDP in the region, and Ireland's research and development spending is 300 percent of Jordan's. In terms of GDP per capita.

Unemployment is severe. Each year, 50 percent of newly-trained physicians, 34 percent of engineers, and 15 percent of scientists depart Arab countries for jobs in the west.

Yes, Internet usage in Egypt has jumped to 8 users per 100 people, and I'm sure people like Amr are very glad to see that, that's a good market. But it's also jumped to 21 in Peru and to 42 in Slovakia.

And, finally, in science and technology, I wanted to mention that, though a high percentages of young women study science and engineering at the university level, and, indeed, actually those numbers far outstrip the numbers in the United States, for instance, very few women go on to full careers as scientists and as engineers, contributing their knowledge to their societies.

Let me speak for a moment about knowledge-based industry. Again, some good news.

Between 2000 and 2005, high-tech exports rose 78 percent in Jordan, 31 percent in Morocco, and 161 in Saudi Arabia. Egypt now employs more than 40,000 people in native and foreign

information technology companies, and economies across the region are booming and not just in the oil-producing states. We see that per capita income rose 19.7 percent in Jordan, 18.6 percent in Tunisia, and 14.6 percent in Lebanon between 2000 and 2005.

And some of this growth can be attributed to economic reform, concrete steps that have been taken by governments in the region, and in an assessment of global business climates, the World Bank actually ranked Egypt as being the world's top reformer, and the World Bank also highlighted similar reforms in Saudi Arabia, Tunisia, Kuwait, and Djibouti. All of that is good news. But then there's the but.

Arab economies still rely too much on national resources, imported technology, and low-skill microenterprises that neither demand nor contribute much knowledge back into the economies.

Foreign direct investment has risen. That's absolutely true, and it's brought new knowledge and skills and capital, but, as a percentage of GDP, foreign direct investment is still only half of what it is in East Asia on a per capita basis.

Executives cite the lack of qualified personnel as the largest obstacle to innovation in the region. Despite high levels of

unemployment -- and this indicates a clear mismatch between what schools supply and what the markets demand -- demographic challenges loom large. With 35 percent of the population under the age of 15, Arab economies must create 100 million new jobs by 2020, and for those of you playing along at home, that's as if the United States had to find jobs for one-third of this country in the next 12 years. So, that helps to put the scope of the challenge in sight.

Let me speak for just a moment about the future.

So, we try to be constructive in this report, we wanted to see what had happened, yes, but, of course, we also wanted to suggest additional steps that could be taken in the next five years to carry out the strategic vision laid out in the original 2003 report on building a knowledge society. And those are in detail in the report. I won't lay them all out for you, but let me just give you a few examples.

We advocate a freer movement of people, ideas, goods, and services within the region because Arabs can do a tremendous amount to help each other and themselves. We advocate a focus on quality of education, not quantity and not more spending, but on quality with a focus on accountability, assessment, and teacher training. We advocate closer links between universities and

employers, all schools and employers, but especially at the university level.

We advocate making research a real priority, and, yes, this means money, it does mean money, but it also means giving professors time to do research, it also means giving them equipment, it also means facilitating free movement, and one of our panelists talked about the problems he has in doing research and helping his researchers do their projects when they have to navigate checkpoints in Palestine. It means building networks of researchers and scientists who can share ideas and foster each other's development and research.

And most importantly -- and I really want to emphasize this because what surprised me about the discussions we had with our group is how much this esteemed group of business people and scientists and educators said that the most important thing was not what you might expect -- it wasn't trade reform or industry reform, it wasn't more money for scientific research, it wasn't reform of higher education, those are the things that, frankly, I expected them to say. What they said to me that was the most absolute important thing to build the knowledge society in the Arab world was that there be a culture that encourages and rewards the pursuit of knowledge, that it

should start with children, focus on science clubs and science museums and things that make science attractive and learning attractive and knowledge attractive. They talked about the role that media and journalists could play in the region to highlight people who are making advances in being successful in the field of education and science and industry, and they also talked about the important role that philanthropists could play.

There is a huge amount of money in the region now because of oil, but also because of the booming economies, and if wisely invested, these funds can produce enormous opportunity for the Arab world, and if the Arab world is successful, we'll all be successful, and the implications will be great for that region, but also for the rest of us, as well.

So, thank you. With that, I'll turn it over to my colleagues.

(Applause)

MR. KHOURI: I know I have a fellowship at the Woodrow Wilson Center, but the Brookings can at least turn on the microphone for me. There we go.

(Laughter)

MR. KHOURI: Thank you very much for having me, and I'm pleased to be here always at the Brookings, where, once again, they prove that there is no such thing as a free lunch in America, you have to -- at least you had a free lunch, I had to work for my lunch, but I'm glad to do it.

And I'm particularly glad to be here to talk about this subject, and I really have, I think, good news and bad news in the sense that there's a lot of really good information in this report and the fact it's being done is a very good sign, and the fact that people from the Arab world are mainly doing this work with partners here in the Brookings Institution and others, I think this is one of the strengths of this kind of work in institutions like the Brookings and the collaborative work that's being done by people in the Arab world and in the United States and Europe and elsewhere, so, I think this a very positive sign.

I have virtually no complaints about any of the content, and I think all of the points -- I went through the report. There's a few little methodological comments I'll make very quickly, but the substance of the report is very accurate, very relevant, very timely, it's right on, spot on, and I have no complaints at all, and I think it's a very good analysis of the problems of our region and the way forward to a solution.

My methodological points are, quickly, I think absolute numbers are not very useful in many cases. If somebody's production of patents or this went up 10 percent, that in itself is not really that useful, it needs to be put into a context.

I remember doing analysis recently of per capital GDP growth in the Arab world between 1985 and 1995, which was a tremendous period of political change when the Islamists started, and if you look at a country like Jordan, which I used as my example, the per capita income growth was up like 25 percent, it was very impressive in our terms. When you translate it into dollar terms, in real purchasing power, adjust it for inflation of foreign exchange, there was actually a drop of around 57 percent in real purchasing power of the average citizen in that period, so, I think you have to be careful with absolute numbers.

The second thing, comparing Arabs versus other regions is tricky sometimes. It's often very useful, I think, to show where we are in the world, but it's not very fair. I think we need to be -- and it's no more fair than comparing scientific output in the Arab world in the 10th Century and in Germany because you would have had exactly the opposite or in the United States, you'd have exactly the opposite situation.

So, I think these international, regional comparisons are very tricky. They're useful, but they need to be put into a better context.

A third thing, I think it's good to desegregate the region more into sort of subgroups. That helps us get a better understanding, and then the fourth methodological point, quickly, I'd say is that it's important in many cases to show that the current regression or stagnation or at least falling behind the rest of the world that defines so much of the Arab world and so many of these indicators has not always been like this, and I think things like, for instance, the freedom issue, the voice issue, the rule of law issue back in the 1930s in the Arab world was much more impressive in some societies if you take Egypt or Sierra or other places in the 1930s, in the early years of independence or statehood, it was actually much more dynamic, and then it went backwards in many cases.

So, I think seeing these societies over time is a useful thing because what you're getting is de-education in some Arab countries, you're getting places like Palestine, Iraq, Lebanon, Sudan, Somalia, Yemen, places where people in so many cases, families are pulling their kids out of school because they see no hope, for some reason, no jobs or whatever or discrimination, but what we had in the

1980s and early 1990s was a situation where the enrollment of secondary school and primary school girls was, in fact, higher in the Arab world than it was in some parts of East Asia, where there was the East Asian miracle.

So, I think we need to look at these comparisons over time, desegregate them by subregions, and compare them to performances of our Arab countries over time to get a more accurate view of the picture, but the overall picture wouldn't change very much. I think, again, the report gives us a very accurate overview of the region.

A couple of quick points about some specific issues, and then I'll give you my main comments.

I think it's interesting that in the section on governance that the largest declines in overall measurement of voice and accountability, the four biggest declines were Jordan, Libya, Morocco, and the UAE, and these are probably the four closest either allies of the west or Libya, the poster-child of George Bush's policy, so, I think there's a real problem that American foreign policy practitioners need to grapple with, as well as we, the people of the Middle East, when the biggest regressions are in countries that are so close to the United

States and Europe and the democracies of the west that should ring some alarm bells.

The issue of the rule of law I think needs to be understood more strongly as a really core issue. You know, I grapple with these issues all the time in the Arab world traveling around and people often ask well, what should we do? What should we do? And, to me, it always comes back to the single most important thing is the rule of law. If you've got to have a system -- and rule of law means independent judiciary, some kind of credible representative parliament or some body that makes laws that has legitimacy, and the rule of law and the fact that 14 Arab states declined on this measure I think is a real problem.

Five years maybe is a short period. Everything is quite ambitious to try to do this, but it's still very much worth it. I think the more reports we get like this the better because it keeps people thinking about these issues and it keeps us finding data, coming up with new data.

We're just launching a project at my institute at AUB with the regional office of UNICEF and other partners to come up with a first comprehensive youth report on young people all over the Middle

East in every Arab country plus Iran looking at people age 10 to 25, take the whole region to come up with for the first time with a snapshot of this young population and looking at trends over time and data availability is one of the big problems.

So, I think these kinds of reports are incredibly useful to keep showing where we need data, where the data is weak, and what needs to be done.

I would argue I would urge you, as you continue this process, when you conclude in the end -- I wouldn't say looking forward, I would say how do we move forward? I think we need to -- and here's where I come to what I call the bad news.

My criticism of the report is that it is too much of a description, a diagnosis of the problem and a description of the problems, most of which we know. There's very little new in here other than updating it for the present. But I think we need to go beyond that. I think this is the time when we have to figure how do we understand the real causes for this situation that is depicted here? Why is it that the Arab world is collectively and chronically the only non-democratic autocratic region in the world as an entire region? And while some countries are better than others, collectively and

chronically, we remain the only autocratic, non-democratic region in the entire world, and this needs to be addressed, I think, much more seriously.

When you look at the Arab region, I think what we have is a situation of polarization, and this is something that is so evident in the region, and I travel around a lot, and everywhere you see this, in Lebanon, in Egypt, in Dubai, anywhere you go, there's just tremendous polarization. The Arab world is being polarized into two very different worlds that coexist very comfortably with one another. You see this in any city, the peri-urban belt of more and more poor people living in increasingly difficult conditions where their governments are increasingly unable to even enter some of these regions, let alone provide services and to have credibility.

So, there are larger and larger regions in the Arab countries, especially in the urban and peri-urban belts, as well as in rural areas where the governments and the states are virtually absent. And, next to that, you have pockets of incredible wealth and globalized modernity, technology, very impressive dynamic development, and in the governments, in some governments, you have some really impressive reform efforts if you look at what the Egyptian government has done with foreign investment, if you look at what the Jordanian

government has done with some of the administrative efficiency. There's some really impressive reform going on at the administrative and, in some cases, the financial level, but that reform is simply aggravating this process of polarization, where more and more people are simply not even bothering to go to their government, in many cases, for basic needs and trying to find those needs fulfilled somewhere else. This polarization is going to get much worse with the increase in energy and food prices and other increases that'll come along.

So, we're at the very beginning of an increasingly difficult period in the Arab region, and, therefore, I think looking at these reform issues raises questions or issues of knowledge and reform, and it's all sort of linked together, democratization, good governance, good education. I see this is all part of one package.

As we look at this, I think we've got to look at the context in which we're dealing, and the context is one in which in many societies the governments are no able to really impact on all of society and the people who have an impact are people who are outside the control of the government, whether they're tribal groups, Islamist groups, private sector groups, global multi-lateral corporations, militias, or other NGOs or others, many of whom are directly funded

from overseas. So, the ability of the central government to bring about the kinds of changes that are called for here is increasingly erratic, let's say. The central government remains a very powerful actor in most Arab countries, but its ability to reach all of its people is increasingly less than it was, and I think, therefore, the issue is -- efficacy and efficiency and quality issues, which are outlined here, are critically important, but there's no Arab government that has shown the ability to achieve these kinds of changes, and the question then becomes how do we bring about change?

We agree that we need change, we know what the problem is, we know what we want to reach, where we want to move to. It's all outlined very well. What we don't know is how do we start that process? How do we make the changes in the exercise of power that need to be made to get the kind of results that we want? We don't know how this will happen in the Arab world, we don't know if it'll be Lech Walesa model, it'll be a Gorbachev model, al-Gaddafi model, a change from the top or Iranian style revolution model.

There's all kinds of models for how governments change or change their policies. We don't know how it'll happen there, but we do know that it has to happen at some point as the pressures become greater, and most governments understand this, and that's one of the

reasons why a lot of governments have started doing the reform process that they've done.

But I want to speak another minute or two so that I don't take too much time so we'll have more time for question and answer, but I just wanted to make these quick points in the beginning about the real issue is the how do you bring about change in the exercise of power in the context in which change is already happening?

If you look at the four elements of power, which I described as the key elements of how power is exercised in society, economic power, military power, information and media power, and the power of the iconography of identity, which is your flag and your religion and your tribal identity and the emotional issues that cause your heart to flutter, in all four of those areas, complete control of the central government that used to define the Arab world 30 and 40 years ago has given way to a process of tremendous decentralization privatization commercialization and even globalization. If you look at the private sector now how much it controls in the economy, if you look at the mass media, the most of the credible media is out of the hands of the governments. The control of the means of violence now no longer is only in the hands of the governments, it's all over the place with militias, with terrorists, with private armies.

So, change is already happening in the exercise of power. What we haven't seen is change in the efficacy and quality of the government systems that bring about the changes that we need here for a society of knowledge, and, therefore, for prosperity and economic change.

So, I think the real challenge we have in this area is to look together at how do we bring about change or what I would argue is it's not the job of Brookings or the US government or the European Union or anybody outside to tell us how to change, but I think it is absolutely appropriate for institutions in the US and the west and institutions in the Arab world, think-tanks, universities, private researchers, NGOs, and even governments to work together to understand this process on how to help speed it up because what I would argue is that changes are already happening.

So, if you look at the list of issues here that need to be addressed, quality of education, creativity in business, all of these things, they're already happening all over the Arab world, you've got some tremendous businesses in the Arab world that are competing all over the world without government subsidies doing very well on their own because they're very well run, they train their people, they're based on accountability, they're based on efficacy.

If you look at education, you have some tremendous private schools in the Arab world, most of whose graduates are coming and some of them are here in this room are coming to study in this country and in Europe and staying here, unfortunately, in many cases, including my son, but I can't do anything about that.

(Laughter)

MR. KHOURI: But so we have examples of people in the Arab world who have done exactly what this report and others are calling for, quality education, good governance, treating people decently, efficacy, productivity, creativity, accountability, transparency, all of the core issues that we're calling for are already happening, but they're happening in small pockets, small pockets of excellence in the private sector, in NGOs, in local community groups, and some of them are being done by Islamist groups and some of them are being done by tribal groups, and some of them are being done by political groups, and I think our challenge is to bring all of these groups together and to figure out together how can we take that process of excellence and spread it onto a larger scale.

It's a big challenge, but I think it has to be done, so, I think we need to really move on to the next phase now, which is not to

just call for change and diagnose the ailments, but to understand how do we push the process of change faster that is happening in small pockets.

Thank you very much.

(Applause)

DR. GOHAR: Good afternoon. First of all, I'd like to thank Steve and Kristen for the invitation and Kristen for her effort in developing this report. I'm not to criticize the report since I did participate in it.

(Laughter)

DR. GOHAR: But I'll try to shed some light on four key areas that I believe are integral and common factors across the five dimensions that were addressed in the report, being governance, education, science and technology, knowledge-based industry, and culture.

But, before I do that, I want to make three observations that I think we need to keep in mind when we look at knowledge society, number one being each country in the Middle East or in the Arab region is different, faces different challenges and opportunities, and, thus, in the business context, needs to have its own business

plan. So, when we look at the numbers, we're looking at the region, we're trying to get averages, but there are differences between one country and another.

The second observation is after 9/11, the dynamics of interaction and cooperation between Arab countries has significantly changed, and I think has improved and basically within the business context, a lot of business is starting to happen and eventually will create a lot of momentum in the region.

The third thing is the wealth within oil-rich countries has provided these countries with excessive money that needs to be invested, and with these countries looking at investment opportunities, they've started looking at them within the region other than going outside because of fears of whatever political or other reasons that would limit their growth or that would confiscate their investment at a certain stage, so, there's a lot of money being reinvested in the region and success stories have started to happen which will, again, stimulate more momentum within the economic dimensions of society.

Now, as I said, I wanted to shed light on four key areas in the report.

The first area is information, data, and I know Kristen had a lot of difficult time with the data and the statistics. And this is a very big challenge that needs to be addressed in the Arab region.

As you can see in the report, the level of updated information accurate is difficult and you can't really find enough information up to 2007 timeframe. This challenge is really hindering progress. As we say in the business world, you have to have a SWOT analysis for where you are and look forward to plan and have a clear vision and strategy. Without numbers, what you cannot measure, you cannot manage, and basically that's what's happening in the region.

And, as Rami was saying, a dimension of how to move forward, the Arab region has to really start engaging in economic indicators and various indicators, global indicators produced by the UN, World Bank, and other world economic reform indicators. This is basically of crucial importance to do kind of benchmarking for the countries, every specific country in the region within the global landscape.

And we do need to -- I do differ with you in that sense. We do need to compare ourselves to other international countries and various parts of the world. This is a global community, and we are

competing on a global scale. As we said, we have a lot of progress that we've seen, but if you compare the progress with other regions, it's not really the progress that you would like to have.

So, we need to have these kinds of updated indicators consistent, and for the purpose of monitoring local progress within the region.

The other thing, the other point is when you look at information and you look at the data -- and this is where the dilemma is -- the more automated and the more e-government service and the more information there is within the society, the more jobs become redundant, and with the huge workforce that needs to be supplied, you need to supply jobs for and need to enter into the market, this dilemma is really creating an issue within societies of the importance of having this data and having this information, and, as well, when you have information, then you have accountability for various stakeholders and then you know who's delivering and who's not delivering on promises.

That's the first point, which is information.

The second crucial area that needs to be addressed is entrepreneurship, and I personally have experiences in that domain in Egypt, which probably I'd like to share with you very quickly.

I'm a board member of a business association called Egypt Junior Business Association, well-known in Egypt, with over 500 business executives. We started a program in Egypt directed towards entrepreneurship development in a public-private partnership format around Q-4 of last year. And we said okay, fine, we have about 94 percent of Egyptian companies are 4 employees or less, if we can take part of these companies into the bracket of 5 and more employees, we're going to have significant change. If we can look at entrepreneurs, high-growth entrepreneurs who will do job creation other than poverty reduction projects, then we still have momentum, and as the general or the international statistics say that every entrepreneur, new entrepreneur generates around 50 direct and indirect job opportunities, so, with that, you'll have significant or at least measurable amount of progress within the job creation environment.

And we embarked on a business plan competition in industry and industry-related services. We just finalized it this last month and awarded the first two winners in the world economic forum

in Sharm El Sheikh, and, surprisingly, we did not expect the amount of enthusiasm that we found. We had over 2,000 applicants for the business plan competition. It was then in the public-private partnership format between the business association, EJB, Egypt Junior Business Association, together with the Ministry of Trade and Industry, and people were not really -- they didn't have a lot of trust in the system and that this would really come with good results, but when they started getting the training, we really found a lot of very good ideas that needed to be unleashed, you need to unleash the entrepreneurship and entrepreneurial spirit, and, by the way, there is not one single synonym word for entrepreneur in the Arabic language, and this is something that really needs to be. We need to have a special competition for that. And it is difficult to pronounce in English, by the way.

(Laughter)

DR. GOHAR: So, we found a lot of good ideas and a lot of people that have innovation in them, but they need to be put in a competitive environment to start to really stimulate the competition and stimulate the ideas and really put them in a mentoring environment where they can frame their ideas into successful ventures.

The third key focus area is content, Arabic content. We have about .05 percent of the global e-content, electronic content, is Arabic versus a population of around over 5 percent of the world population are Arabs, and this is really very hindering taking into consideration that you don't want to have people learning English in order to assess information. And when you want to leapfrog in a knowledge society and really compete in a global scale, you have to have access to existing information whether that be in education, whether that be in research and development papers, technology, science, whatever. You need to have access to this information in order to create and produce knowledge in a competitive style with the rest of the world.

And Internet penetration on the average has been at this state 7 percent. Yes, there has been growth, but 7 percent average in the Arab context versus the world is very low, and when you look at the different countries, you find countries like the UAE at 56 percent, while other countries like Somalia at 1 percent. It's a huge difference, and, thus, we do have a problem in that sense, we need to create -- and, by the way, the 8 percent is not broadband access, it's just access, being dial-up access and some DSL access or broadband access.

So, the Arabic content is a very crucial issue, and I think it needs a lot and a lot of focus from governments and from the civil society organizations and in public-private partnership context, and I think it will do very well to have more Arabic content to stimulate more people onto the net to find more information that will benefit them and they buy into the idea of knowledge and they buy into the idea of how they will make their lives much better and the person's capacities will improve and then you can start to work on the other dimensions of how to improve the social economic situation of the communities and provide sustainable development.

The other point, the fourth point, and Kristen shed some light on that, is media. You have about, I think, over 200 media satellite channels in the Arab region, half a dozen government and political aspects, about another half a dozen in economic and financial aspects, and the rest, the majority's in entertainment. We need a lot more of channels focusing on science and technology, knowledge, business, entrepreneurship, how to excel personal capacities, and how to reward successful people and acknowledge them. That is not happening enough, if it is happening in pockets, as we discussed, but we need to really work on this significantly, build up the culture, and while we build up the culture, people will be stimulated to really

progress and compete and competition will stimulate innovation and drive innovation, and then I think that will reward the society in general.

As we say in business, we have -- there are three types of people in life, people who make things happen, people who watch things happen, and people who wonder what happened.

(Laughter)

DR. GOHAR: I think that are region has been watching and wondering for a lot of time now, and I think we need to start making things happen, and I'm hoping with this coming period of time and as we move forward we can have a better vision of how to really make things happen.

Thank you.

(Applause)

MR. GRAND: Thank you, Amr and thank you, Rami, and thank you, Kristen, for your very, very insightful comments.

Maybe before we move any further forward, Kristen, do you want to say anything in response to either Rami or Amr's comments?

DR. LORD: I'll just be very brief to respond to Rami because I know want to get to the discussion.

But, first of all, in terms of the methodology and the presentation of the data, as Amr mentioned, we had tremendous challenges with the data, they just don't exist, and, in fact, in many cases -- and they haven't been updated in many other cases or they're flawed or imperfect in many others. And, in fact, the 2003 report pointed to the lack of data as being one of the core challenges in building a knowledge society, so, that problem is still very much there.

One of the challenges we faced and we had to make a choice about how to do it is that some of the measures we used are flawed, we looked at flawed data and saw what had happened in the five years since then, but the problem is if you want to actually try to empirically measure change, you have to start with a baseline.

So, what we decided to do with this imperfections is to look at a very serious study done by the United Nations Development Program and use that as the baseline accepting that it's not perfect, and, so, that gave us the ability, I think, to measure change as best as we could, but one of the core challenges would be measuring so that

you can have assessment and accountability, so I take the lumps on that one for sure. We felt that pain.

But in terms of the more serious point you raise about well, this is good to shine a light on it, it tells what happens, but what are you going to do about it, I will say that that surpasses our goal and what the goal of a Washington-based think-tank should be.

The original report was written by Arabs for Arabs, and said that change has to come from within the region, and I think that that is true, and other partners from around the world can be supportive, and but ultimately a change has to come from the region. What we tried to do was shine a light on a vision that was laid out in the report, tried to show what had and hadn't happened, and also did try and suggest some concrete steps that could be taken to fulfill that vision, but, also, I have to tell you that our own advisor has had a great deal of heated discussion about how that change ought to happen, and particularly with respect to the role of governments, with some people arguing very forcefully that governments with an essential player at the table, and that in this region without government involvement that the change would not occur, and other people arguing just as strenuously that they wanted nothing to do with governments, that change was never going to happen if governments

were involved, and, so, it was all about how to empower civil society organizations.

My personal view is that the best thing government can do, whether it's at the table or not, is to set incentives, set positive incentives that reward certain kinds of behavior and try to discourage other kinds of behaviors and just tries to create a general climate in which civil society organizations can thrive, but, admittedly, one of the things that we found is that the civil society organizations are generally lacking more than we would like, and that's, indeed, one of our recommendations, is that there needs to be a stronger civil society in this area.

MR. GRAND: Rami, one of the sort of sub-stories within the report is what's happening in the gulf, and, in particular, what's happening in the UAE, maybe Qatar, maybe Bahrain, where you have a great deal of experimentation, at least in the economic field and also, arguably, in the cultural field, as well as large investments and education and in human capital.

What's driving that piece of the story and will there be any spillover from what's happening there to the rest of the region in terms of people wanting to follow that model?

MR. KHOURI: Yes, I think the gulf situation is really worth studying very closely, but before I -- I just want to say to Kristen I agree with you, I'm not saying that people in the west should tell us how to change. What I think is appropriate is that people from the Arab world and overseas should together analyze our region much more closely. I think that's perfectly appropriate, and to identify the processes of change that are already happening.

It's completely unacceptable, unreasonable for people to come from the US, tell us you need to do this, you need to do this, and that's why no change has happened, people have resisted, have rebelled against this tradition, whether it comes from the Barcelona process or from Condoleezza Rice or Karen Hughes. It doesn't matter where it comes from, people will automatically rebel against it. But I think groups like ours, Brookings, universities, think-tanks in the region, it is our job to together think about analyzing our societies in the greater depth and integrity that is not done by our own governments in the Arab world or by this government or most European governments. It's up to us to provide that depth and integrity that the governments are not providing, and that the private sector, again, doesn't do; it's not its job.

So, I think there is a role for us together to work, and there has never been -- Europe didn't have the renaissance until the Arabs went in there and helped them do it, so, it's perfectly normal for foreign countries to interact with other countries to bring about change. In fact, that's the only way that change has happened historically. I know from writing books on archeology that even the Roman occupation of the Arab world injected elements into the Arab world that were productive, so, I'm not calling for another occupation.

(Laughter)

MR. KHOURI: But what I'm saying is that foreign interaction is not only useful, but I think is something that we should encourage to get more people from Europe and the US and Asia interacting with people in the Arab world, but to do it on a equal basis, to do it jointly, that's the bit of the missing element.

But on the point of the gulf, I think that what's happening in the gulf is really fascinating, and, again, has mixed elements. I think there's been a very important example in places like Dubai and Qatar, and Bahrain actually did this way before Kuwait did it way before in the 1950s, 1960s, and 1970s to show how you can have systematic planning and kind of a vision of what you want to do to

implement it reasonably, efficiently with only a little bit of corruption and waste, not too much, to be really efficient state builders, but these are city, states, they're cities. Nobody in the gulf, with possibly one or two small exceptions.

But, again, I generalize, but, as a journalist, I can do this, as a columnist rather than being academic, nobody in the gulf, as far as I can see, has yet to generate any substantial new technical scientific, cultural, or intellectual knowledge that has contributed to the collective advancement of humankind.

Cairo, Damascus, Beirut, other people have done that historically. Nobody yet in the gulf has contributed intellectual and cultural and technical knowledge, but I think maybe they're now -- and nobody in the gulf has gotten beyond the stage of efficient construction project management, but they've done spectacular construction project management.

What Dubai and Doha have done in the last 15 years are really, really impressive, and to the point where we're against starting a project with a bunch of people from all over the Arab world, including Dubai and Doha and Cairo, and Harvard and MIT and others to study this process of Arab urbanization and what is it really all about.

But I think the implications of what they've done are not yet clear in terms of what is the lasting -- first of all, is it sustainable? Second of all, what is it producing beyond incredibly impressive buildings and fantastic shopping centers, which, fair enough, those are useful things, but they don't contribute anything really to human development.

They have had a spillover effect on the rest of the Arab world. You go now to airports in Cairo and Amman and other places and you get through the airport in about 35 or 50 seconds, and the reason you do that is because Dubai did it, and all the Arabs are saying hey, if Dubai can do it, we can do it. You're getting very interesting spillover effects where people are becoming -- because the citizen enjoys being treated decently, the average citizen likes to get through an airport in a minute and not to be asked ridiculous questions by security people saying where's your grandfather from and why are you coming and where did you go to school and these dehumanizing things that happen throughout the Arab world. They don't do that so much in the gulf. And, so, there is a spillover effect in terms of efficiency of treating people efficiently, of being businesslike in your activities. There's a spillover effect in terms of investments, but mostly going into telecommunications and real estate. It hasn't

gone into other kinds of investment, but the Arab urbanism of the gulf hasn't yet spilled over into the urbanism that is really lasting and meaningful, which is the urbanism of the human spirit, the creation of cultural and intellectual knowledge.

And that's why it's interesting to look at Beirut today. With all of the problems it's had -- I'm not Lebanese, I'm Palestinian-Jordanian, so, I'm not promoting my country, Lebanon, but I lived in Beirut and with all of the wars and tensions and problems and occupations and this and this and that, Beirut still has the best bookshops, the best theatre, the best Universities, and the best creative -- the best media, the best publishing, anything that requires human creativity and the knowledge is coming out of Beirut by and large.

You have pockets of excellence in other Arab countries. So, what is it that lets a city do that? Why did Cairo do that in the 1940s and 1950s and 1960s and does it less now? Why did Damascus do it and does it less now?

So, I think these are the lessons we have to ask about, these gulf experiences, and to keep pushing them to move in that direction.

MR. GRAND: Before opening up to questions, Amr, let me just ask you: When you're in the region, you sense a real dynamism, that there's a lot going on entrepreneurially and that there's beyond just the spectacular wealth that's been created because of the oil boom, that there's great promise in a number of the business ventures that have begun.

As you help put together this report and as you read the report, what do you see the role of the business community sort of driving this agenda forward?

DR. GOHAR: As you just said, I do see progress, not really as I would hope to see the pace of progress in terms of the business. The money injected has started to differ in the sense that there has been more attention now to inject money into -- other than large projects and large investments, there are more venture capitals coming out and more -- at this stage, we would call it philanthropy. I'd like to see more corporate social responsibility from companies, more public-private partnership scenarios in implementing various pilot projects, let's say.

I mean, we heard Tom discussing in the previous session whether for countries like Egypt do you want to go after the system or

do you want to do work around? You probably want to do some work-arounds to create some success stories and start creating the momentum and motivation for the crowd, but you'd have to work the system at the certain stage to really excel and continue excelling.

And, at this stage, you have to create public-private partnership scenarios in order to get the best out of both worlds, government with the facilitation of the procedures and laws to excel entrepreneurship, for instance, and the flexibility of the private sector to embrace new entrepreneurs to provide mentoring, to stimulate more small ventures and small and medium enterprises coming out to put seed capital into companies to start to create venture capital mechanisms to start to build up the market in other sectors and not necessarily the one or two sectors are making the big money like the telecom and the construction.

There's a lot of other -- the people with ideas and innovation in other sectors, but need help in how to materialize their ideas and really put them into action, and there is a lot of research that really has been done, but has not been benefited from because of lack of the communication and the link between the business community and the science and research community and how to articulate ideas into ventures.

MR. GRAND: Let's open it up to questions, and I would reinforce that we're looking for questions. Please state your name and affiliation and then briefly give your question.

Let's start with Gary over here.

MR. MITCHELL: Thanks very much. Gary Mitchell from *The Mitchell Report*.

I'm interested in -- I wanted to say that relative to your comment about there is no word in Arabic for entrepreneur that it was I think --

DR. GOHAR: No, single word.

MR. MITCHELL: Single word.

DR. GOHAR: They tried to put a couple of words together.

MR. MITCHELL: I think it was six years ago at the G8 meeting at Rambouillet where our president, George Bush, said that it was a shame that the French did not have a word for entrepreneur.

(Laughter)

MR. GRAND: Yes.

MR. MITCHELL: I'm intrigued with Rami Khouri's notion about -- if I'm paraphrasing it correctly -- sort of fine, interesting, but let's get going, what do we need to do? What's the model for change? What needs to come next? And one of the things that's been very interesting about this discussion is it has raised for me the question of if you sort of look at the change agenda, what is it that needs to be thought of or addressed from a regional perspective as opposed to from a country by country perspective?

And I'd use as an example some of us have sat in on a session last week on democracy promotion, and one of the strong points that was being made there is that the US certainly needs to do a lot, but it needs to retool its thinking about democracy promotion and not think of it as a regional issue, but a country by country issue.

So, I'm interested in just what your thinking is about what is in the realm of the region and what is in the realm of the individual country?

MR. KHOURI: Well, as I said in my comments, you really have to desegregate the region because, while there are some common themes clearly and the statistics show this, there are common problems throughout the region in some areas.

The performance in the region is very different and you get within cities, within even neighborhoods, two completely different worlds that live side by side very comfortably. The world of poverty and regression and fear and violence and et cetera, et cetera, and the world of dynamism and creativity, productivity, efficiency, prosperity, globalization. They live very happily side by side. I think we need to look at countries specifically, but we need to look at sort of in sectors of the population is a better way to look at it.

The thing about change though, I think we have to be very careful to understand -- and this is maybe not so apparent for people who live in the west and don't go to the Middle East very much -- the people in the Middle East have taken command of their own destiny, by and large, many people have, and what's happening is that a lot of people, by turning to their Islamist groups, to community groups, to tribal groups, to militias, to NGOs, to private sector.

There's many options that people have in the region today that they didn't have 20 years ago. The opening up of the region after the end of the Cold War was the critical turning point that provided suddenly all kinds of options, so, if you were so unhappy with the way your government treated you or job opportunities or the education system, anything that bothered you, you have options

today, and people are taking advantage of those options, and most of them are beyond the control of the governments.

So, change is happening, and many of the changes happening are in line with what this report and others are calling for of being more efficient, being more transparent, being more productive, et cetera, et cetera. They're not all happening together at one speed all over the region, but the most important thing is they're happening without any one person being in charge, unlike the Arab world of the 1950s, 1960s, 1970s, and 1980s, where the central governments basically controlled everything. This is the big change.

And the other point I'd mention is that there are priorities for people. The reason people have taken the initiative to take control of their lives and address the concerns and fears and vulnerabilities that they feel is that there are real threats to people's ordinary lives, whether it's security threats, food, job opportunities, income, whatever it may be, and people find a way to get around those threats and take care of themselves, even including criminal activities or whatever. Most people don't become criminal, most people respond positively and peacefully to their own needs.

But the point I'm making is that the real pressing issues for people are not about democracy and they're not about making peace necessarily, they're about sovereignty, expressing your identity, legitimacy, and security. Those four issues are the critical issues for the vast majority of ordinary Arabs, and if they don't get sovereignty, security, legitimacy, and expression of their identity through the existing structures of the state, they're going to find them somewhere else, and that's exactly what's going on now.

So, we need to understand this reality, this change that's already happening and figure out how do we kind of go with it, manage it, whatever. That's the real challenge.

MR. GRAND: Do you want to add to that, Amr? I'm sorry.

DR. GOHAR: Maybe just a slight comment.

The demography within the Arab region country by country is different. You cannot compare a country with a 75 million population to another country with 600 or 700,000 population. And, therefore, challenges are different and how to deal with each case is different.

So, you probably have a different value proposition for each country, and how to work out the synergies, that could be something, but you don't have an identical situation where you're going to do -- probably the thing when I discuss the four points, entrepreneurship and information and content and media, the Arab region shares the content and media the most, so, content is something you work on, but if you look at governance and political situation of each country, it's different, how to tackle it is different. People want to see -- to have more confidence in government other than legitimacy of a government.

So, probably you need to have a cellar roadmap for the people, what will happen next, and then next in the social economic framework, and, so, that that will build more comfort and more confidence for the people to see the steps happening in due time and then they'll endure when they have higher oil prices and so on because they know where that's taking them.

MR. GRAND: Let's take a couple of questions right back here.

MR. SKERVALL: Yes, Anthony Skervall, an independent analyst. It was either the UNDP originally or a commentary on it, I

don't remember which, that said a large amount of the capital being spent was being spent either on wealth or I believe Mr. Gohar was referring to this in terms of shopping malls, huge office complex, status projects.

DR. GOHAR: Sure.

MR. SKERVALL: Instead of lower-level, public infrastructure projects.

If direct pressure from outside from Europe, Asia, and North America is not welcome in terms of pressure, what would create a tipping point to move oil dollars and that money toward the type of infrastructure and knowledge pipeline projects to create this knowledge culture?

MR. GRAND: Over here. This gentleman, then Hattie.

POWELL: Thank you. My name is Powell from *Shirak Report*.

I just wanted to go back to some of the last consideration that Ms. Lord made in her presentation in terms of what struck here as the most interesting refrain coming from the various interlocutors in the region about what are the hindrances and where the sources of the hindrances, which are really cultural, as I understood.

If I may be a little provocative here, nobody here has mentioned the word Islam not even once and the role of Islam in shaping a particular political culture and an approach toward science, technology, and innovation, and I think there has to be some sort of correlation without delving into religious subjects which really don't belong to the present discussion, but to the extent that the unification of secular and religious knowledge as one body that is supposed to be unchangeable, that what effect and impact it has had on Islamic societies?

Let me just mention something that is not really germane here because it's not about the Arab world but it's about the Islamic world.

MR. GRAND: We're running short on time, sir.

POWELL: Very, very briefly. Mustafa Kemal Pasha, Kamal Ataturk, in commemorating at some point during his tenure conquest by the Ottoman Turks of Constantinople as a major achievement in terms of having conquered the eastern Christian empire, he said this is what we did in 1453 and it took another 300 years because of our inhibitions, because of our laws to establish a printing press in the Ottoman Empire.

In other words, we were ahead in terms of military conquest, in terms of our ability to establish ourselves as a force to be reckoned with within the society, within the world that existed, and yet we, the Ottoman Turks, we're unable to welcome and incorporate in our life and in our societies the developments of technology and science that came from other parts of the world, in this sense, the Christian world, and it took us 300 years.

Now, these comments were made a long time ago by Kamal Ataturk. My question is: Are his considerations still relevant, and, if so, then how can they be dealt with constructively looking ahead?

Thank you.

MR. GRAND: Hattie?

HATTIE: I have a little different formulation of a similar kind of question on a kind of more positive note, and that is if you look at the United States and how the innovation and how the clusters of excellence work in terms of innovation and scientific progress, you see a group around Boston as sort of MIT stuff, the stuff around Raleigh, Durham, and the Research Triangle, the Silicon Valley.

Where in the Arab world as it exists today could that happen? Would it be one of the new Saudi universities? Would it have to be Beirut? What's the platform on which to build a center of educational and innovation excellence in the Arab world today?

MR. GRAND: Just one last one. I think we're out of time, and then, Cleo, a quick question.

CLEO: Thank you, just two questions -- one for Rami and second for -- for Rami, do you think that we will witness any kind of political ramifications for this huge assess for information? I mean will these assess for information will be resulted in some kind of political activity because, unfortunately, one of the affects of these information technology that it created some kind of virtual democracy through the Internet.

So, do you think that these information revolution will be translated in some kind of political activity or political change in the future?

Second thing for Amr, as a businessman, Egyptian businessman, how can you evaluate or how can explain the current situation in Egypt that we have some kind of free economy but freeze in political initiative?

So, do you think in the future that with this apprising economy and realization that we will witness some kind of new majority class, that a new majority class that maybe lead for some kind of political change or not?

Thank you.

MR. GRAND: Good. Maybe if --

DR. GOHAR: I didn't hear the last part of the question.

MR. GRAND: I'm sorry?

DR. GOHAR: I didn't hear the last part. New?

CLEO: Yes. Do you think with this apprising economy and realization and privatization policy that this will create a new majority class which can make some kind of political change in the future or not?

Thank you.

MR. GRAND: Time is a little short, but if you two, starting with Amr, sort of take one or two minutes to address the questions you want to.

DR. GOHAR: About the pockets, historically, Egypt has been one of the main pockets of education in the region. This is

starting to shift to other parts of the region like we saw in the report in Saudi and Qatar. I think that it's not going to eliminate the role of Egypt with the massive population to still have pockets, but the pockets are going to diversify, and this is good for the region not to have one single pocket, but rather various pockets of science and technology and education and more in terms of excelling that across the region. If I did answer your question that way.

That the other part on whether the business community or the economic stir that's happening now, can that still happen while the political aspect is not happening in the same -- and this basically gets us back to the previous question. You can still do business if you have a clear vision of all the laws, regulations inhibiting and non-inhibiting factors that you will face while doing the business, so, if you have a clear roadmap of what the government policies, regulations, environment stimulating business is and what will happen over the course of foreseeable future, you can still do the business, and that will not hinder.

And in terms of the political landscape, the more the people are more mature in terms of the skills, their awareness, how they look at things, how they measure their own success, will eventually change their dependence on others in society.

So, if you create more entrepreneurs in society, their dependence will be less in terms of being government employees for instance, and, as you know, there's about 5 million government employees in Egypt which basically makes the government their father and mother and makes it very difficult for people to look at other dimensions of how to express themselves.

So, that's a part that really the more soft skills, the more skills you have, people, the more entrepreneurs you have, the more they'll speak out, the more they'll have their comfort zone bigger, and probably that will create more momentum on the political, but you don't really have to have the political happening and the business happening at the same pace. I would prefer that to happen. But if you have ambiguity in the business sector and ambiguity in the political dimension, then that's a chaos. If you have a clear dimension on the business side, then probably you'll do business as long as the political is not really inhibiting the business.

MR. GRAND: Kristen?

DR. LORD: I'll try to be extremely brief.

To answer the question about investment in areas that would facilitate a knowledge society instead of in shopping malls and

so on, I think that's already occurring, and as to the question of what will make that happen more, I think they'll be a powerful demonstration effect. If some of those major investments are successful, I think it will do for the region what Bill Gates did for the US, giving it investing and the knowledge society will be seen as a productive and valuable thing to do and we'll see more of it.

In terms of the role of Islam, I don't feel qualified to address that; I'm not a religious scholar, but I will note that, of course, this same region was the heart of scientific discovery and knowledge some centuries ago. The question of why that is not still the case now, I suspect has far more to do with political authority than religious authority. It may have something to do with the interaction between the two, but I would say it's far -- my guess is that it's far more the burden is on political authorities.

With respect to clusters of innovation, who will it be and where will it be, I think there's a lot of competition in the region now about where those clusters will be. I think it will be very interesting to see which ones of them succeed. It's not something you can buy, and freedom of expression will be extremely important, and the question is going to be how all of these factors of money and freedom of expression interact with each other and I don't know the answer about

which will be successful, but I hope many of them are, and I hope there won't just be one.

MR. KHOURI: Yes, I just had a couple of quick points.

I think what the previous panel said, the point that came up was very important, that if we don't resolve the Arab-Israeli question fairly and comprehensively, none of these things that we're asking for in terms of knowledge and change and reform and stability and prosperity are going to happen very quickly. They may happen slowly here and they're happening already, like I said, in pockets, but they're not going to happen on a big scale because the overriding constraints in the region are political, they're not natural resources, they're not human resources, they're political, they're the exercise of power by governments and states and groups within society, increasingly many of which are non-government groups. Islamists, militias, NGOs, private sector.

We need to really understand the changing nature of how power is exercised to understand what's going on in these societies, and I think it's important not to confuse religion with nationalism, and I think this is one of the problems we have, people see the religious stuff all over the Middle East and they just start wondering well, is it

about religion, is it about violence, is it about terror? What's the problem? The reality is that the religious movements, the Islamists movements in particular that you see, but also some of the Christian movements in Lebanon and some of the Jewish movements in Israel are a reaction to political events and to economic disparity and to the frailty and vulnerability of statehood. Most of these regions did not have these extremist religious movements or mainstream peaceful movements, did not have them 30 or 40 or 50 years ago, these are a modern contemporary phenomenon, and we need to understand where they came from.

And I think the bigger issues that we have to address are issues of the configurations of state. States, many of the countries in our region are fragile, and as many of the countries of the former Soviet empire changed, so, perhaps some might change in our region if the people so desire. If that has to be the only operative criteria which is the self-determination and the will of the people, and what we've not had in the Arab world is a process of self-determination for the mass majority of people.

You have sovereign states, but you don't have empowered citizens. You have independent states that really don't enjoy full sovereignty in the eyes of their own people, which is why

they're going elsewhere for identity, for expression of their political will and for the obtaining the services they need for their day to day life, including basic security in their neighborhoods. So, the political issues are really huge, and they're very complex and they're all inter-related now.

And I think we've got to look at this as like Northern Ireland. Northern Ireland was like this 20 years ago, but look at it today, it's peaceful and prosperous, and we can be that way, too, and I think -- and we are becoming that way in some parts of the Arab world. There's tremendous prosperity and dynamism and creativity. Why it's not happening on a big scale is a political issue, and that has to be resolved by the people of the region, but that political issue is intimately linked to Arab-Israeli conflict and it's intimately linked to the intervention of foreign powers, different foreign powers over the time, including the Russians, the Americans, the Europeans, a lot of them.

So, we can't separate these issues, but I think what we need to do is separate ideology from nationalism from religion from human development. These are all separate issues that need not to be confused together.

MR. GRAND: Thank you, Rami, and thank you to all our panelists for a very enlightening discussion.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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