

Strategic Foresight Group

Cost of Conflict in the Middle East

Highlights of the Report

Strategic Foresight Group (SFG) has published a new report in January 2009 on "Cost of Conflict in the Middle East". It is the first time in the last 60 years that anyone has prepared detailed calculations of costs of various conflicts in the Middle East. The report uses 97 different parameters to measure costs in financial, economic, social, political, military, environmental, diplomatic terms for the entire region. In addition, there are special focus chapters on costs incurred by Israel, Palestine and the international community. The report also identifies the benefits of peace. The report uses 1991 as a point of departure for its calculations and calculates most costs up to 2010 and develops scenarios for 2010-2025. The report is full of diagrams and graphs with very little editorial text.

The process of preparing the report was important. The project was supported by

- AK Party, Turkey
- Federal Department of Foreign Affairs, Switzerland
- Ministry of Foreign Affairs, Norway
- Qatar Foundation, Qatar

Strategic Foresight Group organised two international workshops to seek input from regional experts in the report. They were held at Antalya (March 2008) and Zurich (August 2008). In addition, a mini workshop was organised as a part of an international conference at Belfast in May 2008.

More than 50 experts including former ministers and heads of think-tanks in the Middle East participated in the Antalya and Zurich workshops - specifically Israel, Palestine Territories, Jordan, Egypt, Lebanon, Iraq, Qatar, Kuwait, Turkey, among others. Several of them also provided research input in the form of written notes and research support in the form of access to valuable data and analysis.

- The countries in the Middle East that are directly involved in or affected by the Israeli-Palestinian conflict, internal strife in Lebanon and the US invasion of Iraq have lost a whopping \$12 trillion dollars (in 2006 dollar value) in opportunity costs from 1991 to 2010.
- The opportunity cost has meant that the per capita income in these countries is less than half of what it actually should be. Iraq would have had four times the per capita income in 2010 - \$9,600 without war instead of around \$2,400. The per capita income of Egypt would be almost \$3,000 instead of \$1,800 and Lebanon would have double its projected per capita income of \$5,600 in

2010. Israel would also have almost double its per capita income without conflict at \$44,000 instead of \$23,000 in 2010.

- If sustainable peace is established, every household in the Middle East will gain. An average Israeli family will increase its income by \$4,429 per year, even after paying compensation to settlers and making some contribution to the Palestinian refugees. The average family income in Egypt will go up by \$500, in Jordan by \$1,250 and in Saudi Arabia by \$5,000 a year.
- The conflicts in the region have made the Middle East the most militarised region in the world. 7 out of the 10 highest military spenders in the world are from the Middle East. In this respect, the region compares to Eritrea and Burundi. The cumulative military expenditure is expected to double in the next ten years.
- The Middle East has 5-6 million armed persons (including military personnel, reserves, para-military and foreign troops) for its 300 million people. This is the highest per capita ratio of armed personnel in the world.
- Education is the biggest casualty in a militarised society. Almost 900 Palestinian children have lost their lives since 2000 in clashes, gunfire and other violence between Palestinian groups and Israeli defence forces. More than 3,000 Palestinian school children have been detained by the Israeli Defence Forces and more than 40 schools have been occupied since 2000. There is almost no education in higher science available in the Palestinian territories. In Iraq the average monthly salary of school teachers declined from \$500-100 in the pre-invasion period, and then further declined to \$5-40 after 2003. Almost 30-40% of students sit at home instead of attending schools and colleges out of fear. Libraries containing millions of books have been destroyed.
- The report has a detailed chapter on costs for the Palestinian people. Almost 5,000 of them have been killed and 10,000 imprisoned since 2000. Poverty has increased in a decade from 23% in the mid-1990s to 35% at present. Health services are stagnant.
- The population of settlers in the West Bank has increased from 231,000 in 1991 to 483,450 now, including those in East Jerusalem.
- There are more than 600 checkpoints in the West Bank. About 12 million man-hours are wasted every year due to check-points on the way to Ramallah.
- Israel has demolished almost 2,000 houses in Gaza and the West Bank.
- The report also has a detailed chapter on costs to Israel where the society is seized by a great sense of insecurity. More than 1,000 Israelis have been killed in fighting since 2000, including 123 minors.
- Israel lost \$15 billion of potential tourism revenue from 2000 to 2006. Housing prices in areas affected by direct hostility have crashed.
- More than 90% of Israelis live with a sense of insecurity.
- Environment has been harmed significantly due to oil spills, oil slick damage, and oil related pollutants. The First Gulf War emitted CO2 that was equivalent to 1.5% of the world's annual emissions. Imagine if there is

another war which in terms of emissions is double or triple in its impact. Such a war will produce 3-5% of the world's CO2 emissions which is more than the emissions of an industrialized country like UK.

- The war in Iraq and those between Israel and Hezbollah have resulted in damage to water and sanitation networks. All countries in the region are operating below the threshold levels of water consumption and depend on desalination plants. The report provides details of the risk to water supply lines in the eventuality of a future war.
- The conflicts in the Middle East have got entangled with a worldwide deficit of trust between Western and Islamic countries leading to the growth of terror groups such as Al Qaeda.
- The US Transportation Security Administration has placed 100,000 people on a No Fly list and 2 million people on a Terrorist Watch List subjecting them to special checks at airports.
- A transition to peace and cooperation will create new sources of water, oil and natural gas for the entire region. It will also result in the introduction of new railway tracks, airports and a peace canal. This will improve communication between societies, create new employment opportunities, attract investments, and release resources for education and other social needs, giving birth to a virtuous cycle.
- Some of the projects which might be feasible in a period of warm peace would include a gas pipeline from Gaza to Israel to Lebanon, railway lines from Jordan and Syria to Haifa in Israel, Aqaba Eilat peace airport jointly managed by Israel and Jordan, and an air link between Gaza and Tel Aviv.
- Joint tourism development of religious places by Israel and a future independent Palestinian State will lead to tremendous increase in the number of tourists to both countries.

The report does not provide formulae to resolve any of the conflicts in the region. It has proposed a peace-building ladder, an inclusive and semi-permanent process. It has also developed four scenarios for the region in 2025.

The Table of Contents and excerpts from the report are available on the website of Strategic Foresight Group: www.strategicforesight.com