



The Arab Spring: Socio-economic Challenges and Opportunities

Report Summary by Maria Cristina Paciello

Abstract

The research focuses on three case studies - Algeria, Egypt and Tunisia - and aims to: assess the main socio-economic and political factors that have led to the toppling of the regimes in Tunisia and Egypt and have sparked violent protests in Algeria; discuss the main socio-economic challenges facing these countries in the aftermath of the Arab Spring; and assess the extent to which new and old civil society actors, such as trade unions, entrepreneurial organizations and the various forms of activism involving women and youth, will be able to influence the pace and direction of the economic and political reforms promised by the governments in each country.

Keywords: *North Africa / Arab revolts / Algeria / Egypt / Tunisia / Economic conditions / Social conditions / Labour / Trade unions / Political reforms / Democracy / Civil society*

The Arab Spring: Socio-economic Challenges and Opportunities

Report Summary by Maria Cristina Paciello*

Introduction

Between January and February 2011, Ben Ali in Tunisia and Hosni Mubarak in Egypt were overthrown by unprecedented mass mobilisations. Inspired by the Tunisian and the Egyptian revolutions, a wave of popular protest has spread to other Arab countries, but not all regimes have met similar fates. In the short term, the so-called Arab spring has increased political uncertainty and instability in the region, while the protests have, in many cases, further exacerbated those socio-economic problems that were among the root causes for the protests, thus increasing social discontent. In the long term, however, the Arab Spring could offer an important opportunity to begin a real process of political and economic reform in the region. One of the most interesting aspects which has emerged from the Arab spring is the advent of a vibrant and dynamic civil society, which however weak and unorganized, will prove decisive in influencing the direction of political and economic change in the region.

The following research will focus on three case studies - Algeria, Egypt and Tunisia - and will aim to: assess the main socio-economic and political factors that have led to the toppling of the regimes in Tunisia and Egypt and have sparked violent protests in Algeria; discuss the main socio-economic challenges facing these countries in the aftermath of the Arab Spring; and assess the extent to which new and old civil society actors, such as trade unions, entrepreneurial organizations and the large spectrum of other associations involving women and youth, will be able to influence the pace and direction of the economic and political reforms promised by the governments in each country.

1. Economic and Social Political Background of the Arab Spring

1.1. Deteriorating labour market conditions, particularly among the young educated youth

During the 1960s and 1970s Algeria, Egypt and Tunisia, like much of the Arab world, pursued ambitious state-driven economic strategies, which, by the mid-eighties, were generating only modest economic results and proving fiscally unsustainable. The end

Summary of the research study prepared by the Istituto affari internazionali (IAI) for the National Council for Economics and Labour (CNEL), presented at the conference on "La primavera araba: sfide economiche e sociali e ruolo dell'Europa", organised by CNEL, Ministry of Foreign Affairs and IAI, Rome, 13 December 2011. Translation by Andrea Dessì.

* Maria Cristina Paciello is researcher at the Istituto affari internazionali (IAI) and lecturer in economic and political geography of development at the University of Rome "La Sapienza". Andrea Dessì is research assistant within IAI's Mediterranean and Middle East Programme.

of the oil boom (1971-1981) further aggravated the economics of the region and faced with vast deficits and high levels of debt and inflation first Tunisia (1986), then Egypt (1991) and last Algeria (1994) were forced to seek help from the World Bank (WB) and the International Monetary Fund (IMF). These countries, with certain differences in timing and scope, have since pursued a series of market-oriented reforms with the objective of limiting the state's intervention in the economy, promoting private sector growth and integrating their economies into the world market.

By the mid-nineties Tunisia and Egypt gradually began to boost their economic growth, reduce public deficits and contain inflation. Starting in early 2000 Algeria's economy also began to recover after years of economic collapse caused by a decade of civil war. Over the past decade, therefore, all three countries have experienced positive macroeconomic performances. However, while macroeconomic indicators were clearly improving, employment opportunities, particularly among the educated youth, worsened dramatically. In this respect it is important to note that while over the last ten years unemployment at a national level has declined, this has not been the case among two important segments of the population: women and university graduates. Moreover, the informal economy has today become one of the primary sources of employment for the masses of disenfranchised youth in these countries. These jobs, however, tend to be grossly underpaid, unregulated and provide no social protection.

The reasons for these negative labour market trends are primarily attributable to the failures of the governments' economic policies and their inability to generate a sustainable and job-creating growth.

In spite of the adoption of market-oriented reforms, the economies of the three countries, albeit with differences, have continued to suffer from structural fragilities and weaknesses. First of all, the economic structures of the three countries are lacking in diversification and are highly dependent on external revenue sources (e.g remittances, tourism, oil exports, financial aid and so on, depending on countries) which make their economic performances highly vulnerable to external shocks and therefore unsustainable in the long term.

Secondly, while the prospects of public sector employment have declined significantly in recent years, employment opportunities in the formal private sector have remained limited. This is due to the persistence of low levels of private investment, both local and foreign, and to their concentration in capital intensive sectors, which do not generate sufficient employment opportunities, and in low-tech manufacturing activities, which provide very low opportunities for educated young workers. Also, in Tunisia and Egypt, the large increase in foreign direct investments in recent years reflected the pace of privatizations, rather than new investment opportunities that would have contributed to job creation. Because of these factors, while promoting a relatively high level of economic growth, the market-oriented reforms implemented by the governments failed to create sufficient employment opportunities for the growing number of young university graduates. Finally, the global financial crisis further exacerbated these labour market challenges, particularly in Tunisia and Egypt, by slowing job creation, and increasing lay-offs and unemployment.

Furthermore, the labour market policies adopted by the governments in the three countries have proved inefficient to respond to the growing unemployment crisis. The numerous state-sponsored employment programs have suffered from three fundamental shortcomings. In the first place, they have tended to generate only temporary jobs and therefore cannot be described as a long-term solution to the growing unemployment. Secondly, they were not specifically directed towards young graduates who faced significant problems in entering the formal job market. Thirdly, the use of microcredit loans as the primary tool to generate employment for women and the youth has overall failed to create businesses that are financially sustainable over time.

1.2. The retrenchment of state welfare systems and the worsening of living conditions

Over the past decade, large segments of the populations in Algeria, Egypt and Tunisia suffered a progressive decline in living standards. Just as youth unemployment was growing the generous welfare systems the governments had provided throughout much of the 1960s and 1970s were also scaled back as a result of the implementation of structural adjustment reforms called for by the IMF and WB. In Egypt, and to a greater extent in Algeria, the state welfare system was going through a serious crisis, with a dramatic worsening in the quality and access of healthcare, education and housing provisions. Even in Tunisia, where the level of public expenditure for social policies remained relatively high, the regional gap with regard to both the coverage and the quality of social services widened dramatically, raising popular discontent in the regions of the interior. To make matters worse, during the last decade, ordinary citizens faced a gradual erosion in their purchasing power as their salaries stagnated and inflation, particularly food prices, grew. In Egypt, soaring food prices was the main cause of rising income poverty over the last decade. A partial explanation for these growing rates of inflation in Algeria, Egypt, and Tunisia is given by the impressive increase in global food prices that began in 2006. All three countries are highly dependent on the import of basic food items and as such are vulnerable to world price fluctuations. In this respect it is important to note that in the months preceding the outbreak of protests in North Africa and the Arab world, between June 2010 and January 2011, the world prices of flower and sugar increased by a staggering 113% and 86% respectively. The different measures put in place by governments to sustain their citizen's purchasing power (such as raising civil servants' salaries, revising the minimum wage and expanding food subsidies) proved insufficient. Deteriorating labour market conditions, particularly among the educated youth, an erosion of purchasing power and a crisis of the welfare system all contributed to a growing tide of popular agitation by early 2011.

1.3. Authoritarianism and the regimes' control over the economy

Any analysis of the causes that led to the outbreak of protests in early 2011 should combine a study of those underlining socio-economic problems facing each country with an understanding of the closed political context from which they emerged. The gradual decline in socio-economic conditions observed in these countries during the last decade was in fact accompanied by a progressive increase in authoritarianism, repression and the limiting of basic freedoms. This in turn led to an exponential growth in popular grievances and, given the lack of formal channels for political expression,

the populations of these countries increasingly turned to acts of spontaneous street protests as a means to voice their grievances.

The authoritarian nature of these regimes also profoundly influenced the socio-economic developments described above, seriously inhibiting the capacity of these economies to deliver a well-balanced and inclusive development. Reforms meant to liberalize the economy thus became a primary tool used by the regimes to consolidate their authority and control over the population. These reforms offered extensive enrichment opportunities for government supporting elites and, in the case of Algeria and Egypt, also members of the armed forces. The gradual privatization of state-run industries is a prime example of how these economic reforms only benefited those segments of the private sector which held close ties to the political elites in each country. Foreign investors were also caught up in this system of corruption and were in many cases forced to compromise with the incumbent regimes. Moreover, the reforms also allowed the governments of Algeria, Egypt and Tunisia to co-opt important members of the private sector in order to widen and reinforce their respective support bases. Thus, in exchange for political backing and acquiescence, the entrepreneurs who held close ties with the regimes came to benefit enormously from the economic reforms and privatizations implemented over the past twenty years.

This form of economic management, one that is profoundly linked to the authoritarian and coercive nature of these regimes and the corruption, nepotism and predatory tactics associated with them, prevented the emergence of an independent and dynamic private sector capable of generating long term employment and sustainable growth. In this respect it is important to point out that one of the primary reasons that have discouraged both local and foreign investment in these countries is the widespread corruption, the lack of transparency and the nepotistic system of favouritisms that dominate these economies. Finally, the employment programs and social services provided by these governments also owe their ineffectiveness to the opaque, corrupt and nepotistic context in which they were implemented.

2. Socio-economic Challenges of the Arab Spring

2.1. Socio-economic repercussions of the Arab Spring and the governments' response

The Arab Spring has had diverse effects on the economies of the three countries surveyed in this report. In Egypt and Tunisia, the outbreak of mass protests has worsened an already dire socio-economic setting. Although all economic sectors have been negatively affected, in both cases, economic sectors such as tourism and the textile and construction industries have been the hardest hit and this has translated into a serious contraction of economic growth. In both countries, the post-revolutionary economic crisis has been dramatic in terms of employment opportunities, leading to increased layoffs and therefore growing unemployment. The war in Libya has further aggravated the economic situation of both countries given the strong trade and investment relations that link particularly Tunisia, but also Egypt, with Libya.

The transition governments in Tunisia and Egypt have responded to the growing socio-economic challenges by adopting measures that are in clear continuity with the past.

These measures have therefore continued to suffer from the same shortcomings, such as the lack of a clear long-term strategy of development, and have thus proved ineffective in addressing the past and present socio-economic challenges. Unlike Egypt and Tunisia, the week of violent protests in Algeria in January 2011 have not had particularly serious repercussions on the country's economy, at least not in the short term. Algeria's economy has, in some respects, even benefited from the Arab Spring. In fact, the war in Libya has contributed to increasing the global price of oil thus boosting Algeria's primary source of income. Nevertheless, while the government's increase in public spending (25%) following the January protests appears to have succeeded in preventing the further spread of mass protests throughout the country, such an increase is unlikely to be sustainable in the long run and must anyway be described as an inadequate response given its negligible effects on some of Algeria's most pressing socio-economic challenges: a severe housing crisis, low salaries and high levels of youth unemployment.

2.2. Uncertain political transitions

The early phases of the political transitions in Tunisia and Egypt have been marred by many difficulties and uncertainties. In Egypt, the Military Council, which has governed the country since the toppling of Hosni Mubarak, has been reluctant to discard the old system of power, has managed the transition in a top down manner and has increasingly resorted to coercive tactics such as arrests, intimidations and the use of force against protesters. In Tunisia, the first two interim governments under Mohammad Ghannouchi, which were composed by members tied to the previous regime, were hesitant and ambiguous in breaking with the old establishment. While the third government, led by Beji Caid Essebsi, did send out more encouraging signals aimed at pushing ahead with the process of transition, political uncertainty and social tensions have persisted.

The continued political uncertainty, combined with security-related problems and mounting social contestations, has discouraged private investment and hindered tourism activities. Moreover, the socio-economic measures put in place by interim governments hold significant parallels with those implemented under the previous regimes. This is at least in part a result of the transitory nature of these regimes, their mixed ideological composition and their lack of popular legitimacy, all aspects that can discourage a more long-term and innovative approach to the growing socio-economic challenges facing these countries. Ultimately, the fact that the interim authorities have introduced no real change in the direction of economic policies compared to the previous regimes clearly reflects a continuity between the new and old power structures. In Algeria, the political reforms inaugurated by president Bouteflika after the January protests have not improved the political situation, preserving the status quo in both political and economic matters.

In order to overcome their respective socio-economic challenges, Algeria, Egypt and Tunisia need to radically rethink their economic strategies and reform them towards a more inclusive and sustainable development. Any real change in the development strategies of Egypt, Tunisia and Algeria will first necessitate a deep political change and a serious restructuring of the existing relationship between economics and politics. This is essential for the emergence of an entrepreneurial class truly independent from

the political elites. The political direction taken by each of them will ultimately influence and even define the scope and nature of any change in economic policy. In Tunisia and Egypt, the final outcome of the electoral process will therefore not only define the political trajectory of the future governments but also influence the economic outlook of these countries. Unlike Egypt, the October elections in Tunisia seem to leave hope for a more promising political and economic scenario in the future.

3. The Role of Civil Society

3.1. Civil society before the Arab Spring between repression and cooptation

The authoritarian contexts outlined above have significantly influenced the modes of action of civil society organizations in the three countries surveyed in this report. Outright repression has not been the sole strategy adopted by these governments. Beginning in the mid-eighties, the authorities in Algeria, Egypt and Tunisia have used a series of alternative methods to control the activities of such organizations. These include the selective repression of opposition groups; the adoption of strict regulations which effectively allow the government to prohibit the founding of new organizations; the transfer of public funds only to those organizations which follow government directives; and the systematic restriction of the freedom of assembly and the right to hold public gatherings.

In addition to these coercive tactics, the regimes in Algeria, Egypt and Tunisia also used various strategies including financing as a means to absorb and co-opt the activities of civil society organizations with the dual intent of marginalizing the most outspoken critics of the regime and at the same time projecting an image of cooperation with civil society to the outside world. Given their close ties with these regimes, and their complacency with government policies, these semi-official organizations not only received generous government sponsorship but could also rely on the authorities to promote their activities on the international scene and thus also attract further funding in the form of foreign aid.

The activities of civil society organizations were also undermined by a series of internal weaknesses: an inability to attract large popular followings because of their elitist character and limited penetration in society; the widespread rivalry and ideological fragmentation both within and between the various organizations; the lack of democratic principles governing their decision-making bodies; and the limited presence of women and youth, especially in top positions. All of these factors contributed to the deep fragmentation of civil society organizations in the Arab world, which in turn greatly limited the effectiveness and impact of their activities.

Trade unions and employers' associations are no exception to the framework outlined above, although there are some significant differences between the three countries under examination. In Egypt and Tunisia, the main trade unions, the Egyptian Trade Union Federation (ETUF) and the Tunisian General Labour Union (*Union Générale Tunisienne du Travail*/UGTT), have been strongly co-opted by the regimes in power. In Tunisia's case, however, the UGTT has always maintained a greater degree of

autonomy from the government, especially at a local level, and this reflected in the UGTT's support for the popular protests that rocked Tunisia in early 2011.

Unlike Egypt and Tunisia, trade union pluralism has been officially in force in Algeria since 1990. Before then, and ever since Algeria gained its independence from France in 1963, the only legally recognized workers' union was the General Union of Algerian Workers (*Union Générale des Travailleurs Algériens/ UGTA*) which was directly subordinated to the will of the country's single-party government. Beginning in the early nineties a series of new trade unions were created in the public sector, but their impact and freedom of action has been significantly limited by the authorities. Moreover, notwithstanding the appearance of new trade union organizations, the virtual monopoly enjoyed by the UGTA has persisted till this day due to the government's preferred relationship with it and the fact that the organization is the only workers union to take part in the government-sponsored social dialogue negotiations that take place in Algeria since 2006. Finally, the activities of entrepreneurial organizations in Algeria, Egypt and Tunisia were also subject to a strict system of control and have therefore generally remained politically acquiescent with government policies and not, therefore, representative of the real needs of entrepreneurs, especially those active in small and medium enterprises which continue to operate in the informal economy.

3.2. Growing mobilisation over the last decade

A complex system of restrictions, coercion and cooptation has therefore accompanied the evolution of civil society organizations in North Africa over the past twenty years, greatly weakening their capability to promote real political, social and economic change. It would be a mistake, however, to characterize civil society, both organized and non, as passive and silent in the years preceding 2011. In Algeria, Egypt and Tunisia, albeit with differences, instances of political and, to a greater extent, social mobilisation involving movements not associated with mainstream organised civil society have in fact multiplied over the past decade. At a political level, since early 2000, Egypt has been swept by a growing tide of protest movements (these included Kifaya, Women and Democracy, ElShayfeen.com and others). Such movements called for an in-depth reform of the political system, free and fair elections, greater transparency, an end to emergency laws, the independence of the judiciary and the removal of all restrictions on basic freedoms. Women and youth have played a significant part in organizing and coordinating these protest movements, and these have been widely credited with gradually breaking the wall of fear that had limited any public expression of popular grievances in the past. Moreover, over the last decade, expressions of dissent among the youth have intensified. Unlike preceding years, when youth activism had been largely concentrated within university campuses, the younger generations have begun harnessing new technologies - such as facebook, internet blogs and twitter - as a means to widen their support base, organize popular protests, share ideas and document human rights violations.

Over the last decade, social protests, and in particular workers' demonstrations increased exponentially in Algeria, Egypt and Tunisia as a result also of the gradual decline in living standards discussed above. The largest wave of labour protests began in Egypt in 2004, reflecting the intensification of market-oriented reforms and the increased hardship experienced by large swathes of Egyptian society. These growing

acts of social dissent, however, have often taken the form of spontaneous protests focused on specific sectorial claims and day-to-day grievances rather than calling for an overthrow of the existing power structure.

In the case of Algeria, where social protests have also been increasing over the past years, certain differences must be highlighted. Unlike Egypt and Tunisia, the protests witnessed in Algeria have often tended to degenerate into violent street riots. This may in part reflect the complete lack of any organizational structure behind the protests which instead are predominantly staged by groups of unemployed youth coming from lower class backgrounds and with limited levels of education.

In sum, on the eve of the Arab spring, the three countries were experiencing a wave of protests and mobilisation propelled by the worsening social, economic and political grievances. As these protest movements, albeit spontaneous and localized, gradually gathered courage, it became clear that the wall of fear that had kept the populations of Algeria, Egypt and Tunisia in check over the past decades was gradually coming apart.

3.3. The Arab Spring

The popular protests that engulfed Algeria, Egypt and Tunisia in early 2011 did not, therefore, come out of the blue but were events deeply rooted in the negative socio-economic and political setting of these countries and a growing pattern of social and political mobilisation which was emerging over the past decade. The fact that the mass mobilisations leading to the fall of Ben Ali in Tunisia and Mubarak in Egypt combined socio-economic grievances with political demands was an important component for their eventual success. The protesters' lack of backing from any major political party or civil society organization and the lack of a unified political leadership can in turn help explain the extent, diversity and ideological heterogeneity of the mobilisation, which was another reason for its success. Moreover, the use of internet and various social networking platforms during the initial days of protests contributed greatly to mobilizing large crowds, while the subsequent use of these tools to disseminate real time footage from the protests helped widen the appeal of the movement while captivating the hearts and minds of nearby countries and of the international community.

Tunisia's major trade union, the UGTT, played an especially important role in the inner regions of the country. During the initial days of the protests, and contrary to the hesitant reaction of the UGTT's national leadership, the local cells of the union were instrumental in supporting and coordinating the demands of the protesters. In Egypt on the other hand, where workers' protests had been on the rise during the past decade, the major trade union, the ETUF, never came out in support of the protesters while the autonomous workers movements only became actively involved during the final phases of the revolution. However, during the last days of the Egyptian protests against Mubarak, between 9 and 11 February, a national workers' strike proved decisive in eventually convincing the army to force Mubarak out of office.

The case of Algeria is different from those of Tunisia and Egypt. The week of violent protests that took place in Algeria during January 2011 never led to direct calls for regime change. At least in the early stages, the protests in Algeria seem to have been motivated by general socio-economic grievances that were lacking any specific political or social demands. Moreover, even if some initiatives promoted by various civil society

organizations did assume political overtones over the following months they did not relate to a change of leadership but were limited to seeking an increase in social and political liberties within the existing power structure. A primary explanation for this different approach can be traced to the legacy of the Algeria's bloody civil war and the fact that there is a real fear among the population that any sudden political change might return the country to the violence of that period. A further difference was the role played in Algeria by the organized social and political opposition. During the protests in Algeria, political organizations and civil society groups were unable, unlike in Egypt and Tunisia, to forge a united front against the regime. A last difference is the marginal role played by internet and social networking sites in organizing the protests in Algeria. This reflects the lower levels of internet penetration in the country and the fact that a majority of the protesters held low levels of education and came primarily from working class areas.

3.4. Future Challenges and Opportunities

The toppling of the regimes in Egypt and Tunisia has led to an exponential growth in civil society organizations with the legalization of numerous new political parties and the birth of various trade unions, entrepreneurial associations and youth movements. The nature and extent of the political and economic change in both Egypt and Tunisia will largely depend on the extent to which these forces, and particularly those which played a central role in organizing the initial protests, will be involved in the decision making processes that will shape the transitions in each country.

An initial assessment of the impact of civil society during the first ten months of the post-revolutionary period in Egypt and Tunisia highlights significant differences between the two countries. In Egypt, the military has made a series of concessions in response to the protests, but they have been implemented in a top-down manner without any involvement or consultation with civil society. New and old local actors are therefore still marginalized in Egypt and this is in part explained by the fact that the country's transition is administered by the armed forces which continue to manage the country in an authoritarian manner. A further reason for the limited impact of civil society actors in Egypt is that the unity and cohesion achieved by the protesters during the initial phases of the revolution has faded away because of growing divisions and rivalries which have prevented the formation of a unified front *vis-à-vis* the military council.

In the case of Tunisia, civil society actors have played a more influential role during the transition phase through the interim government-sanctioned creation of the High Committee to Protect the Revolution (*Instance Supérieure pour la Réalisation des Objectifs de la Révolution/ ISROR*) which included 145 representatives from civil society and was active just before the October elections. Thanks to the creation of the ISROR local civil society actors have managed to maintain a certain level of influence over the direction and pace of reforms in Tunisia. In Algeria, following the protests of early January 2011, the social and political impact of civil society organizations has remained marginal. The political reforms recently implemented by the Algerian authorities were approved in a top-down manner and the political consultations led by the government in preparation for a reform of the constitution were boycotted by major opposition parties and civil society organizations.

The Arab spring protests have led to an end to the monopolies enjoyed by the major government-backed unions. Thus, in Egypt, the Egyptian Federation of Independent Trade Unions (EFITU) was founded on the 31 January as an alternative to the ETUF. In parallel to the founding of the EFITU, since the beginning of the revolution, several committees and local workers' unions have been founded throughout Egypt, which have contributed to creating a growing pluralism in this sector. Although Egyptian workers have so far gained some concessions from interim authorities, a majority of their demands, including raising the minimum wages to 1,200/1,500 Egyptian pounds, have remained unfulfilled. Moreover, in early November the transition government in Egypt approved a draft law on trade union freedoms which discarded many of the previous impediments governing their activities and recognized the right for workers to organize, but it has still to be approved by the military council.

In Tunisia, the dynamics of trade union pluralism which emerged following the revolution are in many respects different from those taking place in Egypt. Given the history of the UGTT and the significant role it played in support of the Arab spring protests, it has been able to play an important role in Tunisia's transition. From a political perspective the UGTT has helped to bring down the first transitional government and has subsequently participated with four representatives in the ISROR. From a socio-economic point of view, and despite the emergence of new unions, the UGTT continues to be the only workers' organization to be officially recognized by the transition authorities. In addition to the UGTT, however, two new unions have now been founded: the General Confederation of Tunisian Workers (*Confédération Générale des Travailleurs Tunisiens*) which was created in February and the Tunisian Labour Union (*Union Tunisienne du Travail*) which began its activities on Labour Day this year.

The emergence of trade union pluralism may offer great opportunities in both Tunisia and Egypt by contributing to creating a more balanced, inclusive and sustainable development policy. In the current phase of political and economic uncertainty it is crucial that workers' organizations be involved in the debates on how to address the short and long term socio-economic challenges facing their countries as well as in developing future social and economic policies that can respond to these challenges in a sustainable and inclusive manner. Social dialogue could represent an effective tool to overcome the current social tensions and build a consensus on national priorities.

However, new and old trade unions are faced with a number of challenges. They will need to overcome their numerous internal problems and weaknesses in order to become strong, credible and transparent organizations. Another crucial challenge is representation. In both Egypt and Tunisia the proportion of women representatives in trade union organizations remains inferior to that of men. This is especially true when it comes to the decision making bodies of these organizations. The post revolutionary period could provide an opportunity to begin addressing this gender disparity. The UGTT is seriously considering introducing a female quota system prior to the elections for the new Congress that will take place in the coming months. Also, workers in the private informal economy, including precarious and temporary employees, have so far continued to be marginalized by the official trade unions, despite their growing number.

An essential precondition that would allow trade unions to play a proactive role in the transitions underway in Egypt and Tunisia is the approval of a legal framework that recognizes the right for workers to form organizations and protects these from government interference and intimidation. The present legislative framework in both countries continues to pose significant limits on the freedom of expression and association. The situation is particularly worrying in Egypt where the military council has repeatedly responded to strikes and protests with the arbitrary arrest of activists and the use of military tribunals to try protesters.

Finally, a key challenge in both Egypt and Tunisia is the persistence of various forms of social unrest which could intensify and eventually lead to chaos. The cash-strapped governments in Tunisia and Egypt and the opposition coming from the private sector, which seems unlikely to agree to any significant wage increases in light of the current economic crisis, risk dashing many of the expectations of the revolutions and this, in turn, is likely to lead to further instances of social unrest.

In Algeria, the protests in neighbouring countries appear to have given rise to an increase in various forms of social protest over the past months and to the creation of new committees, youth groups and labour unions, particularly in the private sector. Notwithstanding the lifting of emergency laws in late February, government crackdowns on the various independent trade unions present in Algeria have increased. Given that these autonomous workers' associations have continued to be excluded from tripartite negotiations, there appears to be little chance to build a true national consensus on how to respond to the growing socio-economic challenges facing the country. Finally, even though the legal framework governing workers' rights in Algeria appears to be more favourable compared to other Arab countries, there is a serious problem concerning the non-application of the law, and this on top of the fact that a series of key restrictions governing the right to strike and hold public gatherings are still present in Algeria's legal system. Even within this highly restrictive setting some positive signs of change can be highlighted. Autonomous unions and popular protest movements are increasingly combining economic grievances with political demands, and, in parallel with the growing discontent present within Algeria's private sector, there have been several attempts to create independent trade unions within this sector. Furthermore, while the fragmentation of civil society continues to be a major reason for its weakness in the country, there seem to be signs of increasing convergence and cooperation between different social actors in Algeria.

Turning to entrepreneurial organizations, the landscape in Egypt is still dominated by those same employers' associations that existed under Mubarak. While the post-revolutionary period has not favoured the emergence of new organizations in the private sector the changing political context could potentially give more impetus to those associations which did not maintain close ties with the previous regime and which therefore enjoy a higher degree of popular legitimacy. In Tunisia, on the other hand, the entrepreneurial landscape appears to be slightly more favourable, and this notwithstanding the fact that the old *Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat* (UTICA) remains the primary entrepreneurial organization in the country. While UTICA has undergone a limited managerial reorganization and began a renewal of its local structures, federations and unions, it is too early to speculate on the future of the organization. It is however important to note that since the fall of Ben Ali, UTICA

has suffered from a series of defections and the creation of other alternative entrepreneurial associations. An example is given by the *Confederation des Entreprises Citoyennes de Tunisie* (CONNECT) founded by 26 entrepreneurs previously tied to UTICA.

The forgoing discussion provides a provisional portrait of the dynamics affecting entrepreneurial organizations in Egypt and Tunisia. The picture will no doubt become clearer over the coming months and especially after the structure and composition of the new governments are defined. An important question is whether and to what extent these entrepreneurial associations will be able to become truly representative of the various interest groups in the two countries as well as inclusive with regards to youth and women. At the moment it appears certain that all those small and medium businesses that operate in the informal market will continue to not be represented by the existing entrepreneurial organizations. This reflects the fact that these small and medium enterprises are still financially weak and therefore unable to effectively organize and unite.

Another crucial question is how the relationship between entrepreneurial organizations and political power will evolve during the post-revolution phase in Egypt and Tunisia. Here much will again depend on the composition of the new governments, which will not only affect the economic strategies of these countries, especially with regards to the private sector, but could also encourage the emergence of new interest groups which in turn could give rise to new and more influential entrepreneurial organizations.

To conclude, the pace and extent of political and economic change in the three countries will very much depend on the capacity of youth and women to actively participate in the process by influencing and contributing to policy making. In Egypt and Tunisia, in the aftermath of the revolutions, youth activism in various forms (e.g. youth movements, political parties, students' sit-ins, blogs, popular committees and so on) has grown significantly. In Egypt, young people have been contributing to the process of political change by organising street protests to press the Military Council on a range of issues, while others have launched information campaigns ahead parliamentary elections. Youth have a great potential of pushing the two countries transitions' towards more promising scenarios as they appear among the most dynamic actors in the current political landscape. However, beyond street protests, their capacity to influence the decision-making bodies in each country has so far been very limited. Youth groups and movements could come to play an important role in affecting the direction of political and economic change provided that they first evolve into more organized, cohesive forces and identify their leadership. Moreover, these groups must also elaborate a clear and coherent long term strategy *vis-à-vis* the governments and include both political and socio-economic issues as they start coordinating with other civil society actors, including trade unions, human rights groups and women's associations.

As far as female activism is concerned, in the aftermath of the revolutions, women in both countries have continued to mobilize, being active and present across the broad spectrum of civil society organizations. However, in Egypt, women have been completely marginalized from the decision-making process and the demands raised by women's rights groups have so far been fully neglected. In Tunisia, a number of historical feminist organizations have been able to play a more influent role through the

ISROR and get some advances for women's rights. Overall, in Egypt, Tunisia and Algeria women's associations, particularly the secularist ones, appear to be the weakest actors of civil society. This is due to a number of internal problems and external impediments which as yet do not appear to be improving.

Conclusion

Throughout the past twenty years labour conditions in Algeria, Egypt and Tunisia have progressively worsened as unemployment, especially among young graduates, skyrocketed and informal markets flourished. In addition to this growing employment crisis, the generous welfare systems these governments have provided as a safety net for their populations have been also scaled back, and this just as the purchasing power of ordinary citizens have declined in the face of stagnating salaries and the rising cost of basic food items. These problems, which were among the root causes for the outbreak of popular protests throughout the Arab world in early 2011, have further increased following the protests in Egypt and Tunisia and thus represent one of the primary challenges facing the new governments' in these countries.

These socio-economic problems are primarily a result of failures in the development strategies the old governments had adopted in the past and their inability to generate sustainable growth or an inclusive employment policy. To continue with the same old policies of the past cannot but lead to a deepening of those same socio-economic challenges that contributed to the outbreak of protests in the first place. In order to begin addressing these dramatic social and economic challenges a necessary precondition will be that of **radically rethinking each country's development strategy by directing it towards a more inclusive and sustainable growth model**. Some of the primary objectives that must guide this reform process are listed below:

- *A real diversification of the economy and of commercial partners, in order to guarantee a more sustainable economic growth which is less vulnerable to external shocks and able to generate employment opportunities for the masses of educated but disenfranchised youth*
- *Promote the agenda put forth by the International Labour Organization (Ilo) in order to ensure that future economic and employment policies can promote secure and dignified jobs, as a means to counter the precarious nature of these countries' labour markets' and limit the reach of the informal economy.*
- *Reform the public education system by improving vocational training and directing it towards the true needs of the labour market.*
- *Mainstream a youth perspective in economic and social policies*
- *Improve access to social services.*
- *Promote the emergence of an autonomous and dynamic private sector, which is also representative of small and medium enterprises.*

A necessary precondition that would allow for a radical change in development strategies is an in-depth political reform process. The closed political landscape present in these countries is in fact one of the primary reasons for the failures of social and economic policies. A real process of political reform is therefore necessary in order to begin breaking the close ties between economics and politics that have so far

dominated the economies' of these countries. This would also allow for the emergence of an entrepreneurial class truly independent from the political elites, and, in turn, help ensure that any new development strategy is representative, transparent and the result of an inclusive debate on national priorities. While there is great uncertainty concerning the future political scenarios in the three countries, the political direction taken by each of them will ultimately influence and even define the scope and nature of any change in economic policy. In Tunisia and Egypt, the final outcome of elections will therefore not only define their political trajectory but also influence their economic outlook. In this respect, unlike Egypt, the October elections in Tunisia seem to leave hope for more promising political and economic scenarios in the future.

Finally, the direction of reforms- in the social, economic and political realms- will also depend on the evolution of **civil society actors and the extent to which these will be able to influence the decision making bodies in their respective countries.**

In Egypt and Tunisia, the dynamics of civil society pluralism that emerged in the early post-revolutionary phase can become a source of enormous potential for the two countries. Trade unions in Egypt and Tunisia must however first become truly representative, credible and independent organizations, if they are to play a proactive role in the debates on how to address the past and present socio-economic challenges and in help shape the new economic and social policies. With regards to entrepreneurial associations any prospect of a real change in the economic strategies will depend on the way in which the existing ties between economics and politics will evolve during the post-revolutionary period. It is also essential that entrepreneurs working in the plethora of small and medium enterprises organize into a united movement able to voice their concerns *vis-à-vis* the government. Finally, given that the youth in these countries represents one of the most vibrant and dynamic social actors, it is crucial that they be included and allowed to influence the decision making processes underway in their country. The youth will be able to influence future changes in their countries only if they create united and well structured movements with a clearly defined leadership and agenda. The coupling of economic and political issues will also prove decisive in their ability to gather large consensus and develop long term and sustainable strategies.

To conclude with Algeria, the prospects for a political, and therefore also economic, change will depend on the ways in which the current factors of social unrest will evolve. In the event that trade unions and youth movements continue to stage social protests, the authorities in Algeria might be pressured into introducing reforms which in turn might produce a change in the existing economic policies. In order for this to occur, however, the diverse social and political actors should first overcome their internal divisions and form a united front *vis-à-vis* the regime. Only an inclusive, unified and national movement will be able to induce the government to change course and adopt a more inclusive and long-term development strategy that is truly beneficial for the population.

Updated 17 December 2011



Latest Documenti IAI

- 11 | 15 M.C. Paciello, *La primavera araba: sfide e opportunità economiche e sociali. Sintesi del rapporto*
- 11 | 14 M. Haubrich-Seco, *Re-thinking Western Policies in Light of the Arab Uprising. Report of the Transatlantic Security Symposium 2011*
- 11 | 13 E. Alessandri and R. Matarazzo, *Hanging Between Hope and Fear: Italians at the Heart of International Crisis*
- 11 | 12 N. Ronzitti, *Quale legittimità per le operazioni Nato e italiane in Libia?*
- 11 | 11 G.L. Tosato, *La Corte costituzionale tedesca e il futuro dell'euro*
- 11 | 10 Istituto affari internazionali (a cura di), *'Lessons Learned' from Afghanistan*
- 11 | 09 M. Emerson, N. Tocci, R. Youngs, J.-P. Cassarino, C. Egenhofer, G. Grevi and D. Gros, *Global Matrix. A Conceptual and Organisational Framework for Researching the Future of Global Governance*
- 11 | 08 N. Sartori, *The Southern Gas Corridor: Needs, Opportunities and Constraints*
- 11 | 07 S. Silvestri, *Una strategia europea di democrazia, sviluppo e sicurezza per il Mediterraneo*
- 11 | 06E Istituto affari internazionali (IAI) and Istituto per gli studi di politica internazionale (ISPI), *Italian Foreign Policy in 2010: Continuity, Reform and Challenges 150 Years After National Unity*
- 11 | 06 Istituto affari internazionali (IAI) e Istituto per gli studi di politica internazionale (ISPI), *La politica estera italiana a 150 anni dall'Unità: continuità, riforme e nuove sfide*
- 11 | 05 B. Nascimbene e A. Di Pascale, *L'Unione Europea di fronte all'afflusso eccezionale di persone provenienti dal Nord Africa. Una colpevole assenza?*

The Institute

The Istituto Affari Internazionali (IAI), founded by Altiero Spinelli in 1965, does research in the fields of foreign policy, political economy and international security. A non-profit organisation, the IAI aims to further and disseminate knowledge through research studies, conferences and publications. To that end, it cooperates with other research institutes, universities and foundations in Italy and abroad and is a member of various international networks. More specifically, the main research sectors are: European institutions and policies; Italian foreign policy; trends in the global economy and internationalisation processes in Italy; the Mediterranean and the Middle East; defence economy and policy; and transatlantic relations. The IAI publishes an English-language quarterly (*The International Spectator*), an online webzine (*AffariInternazionali*), two series of research papers (*IAI Quaderni* and *IAI Research Papers*) and an Italian foreign policy yearbook (*La politica estera dell'Italia*).

Istituto Affari Internazionali

Via Angelo Brunetti, 9 00186 Roma
Tel.: +39/06/3224360 Fax: + 39/06/3224363
E-mail: iai@iai.it - website: <http://www.iai.it>
Send orders to: iai_library@iai.it