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**REVERSING THE VICIOUS CIRCLE IN NORTH AFRICA'S  
POLITICAL ECONOMY  
CONFRONTING RURAL, URBAN, AND YOUTH-RELATED CHALLENGES**

Maria Cristina Paciello  
Habib Ayeb  
Gaëlle Gillot  
Jean-Yves Moisseron

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The German Marshall Fund of the United States  
1744 R Street, NW  
Washington, DC 20009  
T 1 202 683 2650  
F 1 202 265 1662  
E [info@gmfus.org](mailto:info@gmfus.org)

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Cover photo: A local farmer and his son sell tomatoes to customers off the back of his truck throughout the villages of the Dakhla Oasis, Egypt.

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# REVERSING THE VICIOUS CIRCLE IN NORTH AFRICA'S POLITICAL ECONOMY

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MAY 2012

Maria Cristina Paciello,<sup>1</sup> Habib Ayeb,<sup>2</sup> Gaëlle Gillot,<sup>3</sup> and Jean-Yves Moissoner<sup>4</sup>

### Foreword

*Maria Cristina Paciello* . . . . . iii

### Agricultural Policies in North African Countries: Tunisia, Egypt, and Morocco. Between Food Dependency and Social Marginalization

*Habib Ayeb* . . . . . 1

### The Arab Spring and Urban Governance Challenges in North African Countries

*Gaëlle Gillot and Jean-Yves Moissoner* . . . . . 13

### Youth Exclusion in North African Countries: Continuity or Change?

*Maria Cristina Paciello* . . . . . 23

### Policy Implications From a Transatlantic Perspective

*Maria Cristina Paciello* . . . . . 39

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<sup>1</sup> Researcher, Istituto Affari Internazionali (IAI), Rome.

<sup>2</sup> Geographer, Université Paris 8 (St-Denis), American University in Cairo.

<sup>3</sup> Assistant Professor, Université Paris Panthéon Sorbonne.

<sup>4</sup> Senior Research Fellow, Institut de Recherche pour le Développement, Paris.



# FOREWORD

MARIA CRISTINA PACIELLO

More than one year ago, the North Africa region experienced an unprecedented wave of popular mobilizations. At the heart of these protests was a combination of political and socio-economic factors. Although there are differences across North African countries, in the last decade, relatively good macro-economic performances were accompanied by growing inequalities, worsening poverty levels, and deteriorating labor market conditions. As Habib Ayeub argues in this report, the social unrest in North African countries was the result of the social and economic marginalization of large parts of the population and the territory.<sup>1</sup> In rural semi-urban regions, whether the Upper Rural Governorate in Egypt or the interior regions in Tunisia, people were exposed to dramatic impoverishment, dispossession, and marginalization.<sup>2</sup> In North African cities, more and more urban dwellers were faced with the gradual erosion of their purchasing power and exclusion from access to essential public services (sewers, electricity, and water) and decent housing.<sup>3</sup> Young people, who were at the forefront of the protests that started in North Africa at the beginning of 2011, were among those who felt exclusion and marginalization most acutely, having enormous difficulties in accessing decent employment opportunities, housing, and other public services. Combined with deteriorating socio-economic conditions and growing marginalization, the intensification of political repression and the lack of formal avenues for political expression led to a sense of exasperation and frustration, which was at the core of the anti-government protests in the region.

<sup>1</sup> See also; H. Ayeub, "Social and political geography of the Tunisian revolution: the alfa grass revolution," *Review of African Political Economy*, Vol.38, Is.129, 2011, pp. 467–479.

<sup>2</sup> Refer to chapter by Habib Ayeub in this report.

<sup>3</sup> Refer to chapter by Gaëlle Gillot and Jean-Yves Moissoner in this report.

The policies of economic liberalization pursued by incumbent regimes for more than two decades proved to be totally ineffective in delivering sustainable, well-balanced, and inclusive development, reinforcing spatial and generational inequalities. Authoritarian systems also severely hindered the capacity of North African economies to deliver balanced development and create sufficient jobs by favoring chronic corruption and nepotism, channeling the benefits of economic growth toward a tiny minority, and leaving no margin for political and other civil society forces to influence economic policies.<sup>4</sup> The popular revolts at the beginning of 2011 clearly highlighted the great urgency for past economic policies to be radically reviewed in a more inclusive and sustainable vein. At the same time, given the strong links between economic and political dynamics, the scope and nature of any change in economic policy will ultimately be influenced by the pace and depth of the political change undertaken by North African countries. In Morocco and Algeria, where incumbent regimes are still in place and the political reforms inaugurated after the protests have fundamentally preserved the status quo, the prospects for deep political change appear unlikely.

The specific political situations in Tunisia and Egypt, where social unrest led to the ousting of former dictators, could offer some opportunities to reconfigure existing power structures and implement a more effective and inclusive economic agenda. Yet, this will be conditional on whether and to what extent Islamist parties, which won the most seats in the recent elections, will be able and willing to marginalize the old power system, advance political transformation, and push for a serious rethinking of previous economic policies.

<sup>4</sup> It would be a mistake, however, to characterize the groups of excluded and marginalised persons as passive and silent in the years preceding 2011. In North African countries, while with differences, the resistance of local communities in both rural and urban areas — political and social mobilizations — have in fact multiplied over the past decade.

Moreover, the fall of previous rulers in Egypt and Tunisia has led to an exponential growth in civil society organizations and movements, including the birth of various trade unions and youth groups. Unlike in the past, civil society actors could play a major role in ensuring that political and economic reforms are more responsive to people's needs as well as in questioning the failures of previous social and economic policies. Therefore, the depth of political and economic change in both Egypt and Tunisia will also depend on the extent to which these forces, and particularly those that played a central role in organizing the initial protests, will be able to influence the decision-making processes in their respective countries.

Starting from these premises, this report aims to provide an analysis of the policy failures behind the process of marginalization and exclusion that was at the origin of the popular uprisings at the beginning of 2011, with a view to discussing alternative policy responses and assessing the prospects for seriously rethinking previous economic policies. These issues are investigated from the perspective of three different — but interrelated — challenges: the rural population, the urban population, and the youth.

The first chapter by Habib Ayeb revisits the evolution of agricultural policies in Egypt, Tunisia, and Morocco from the 1950s to the present day, with particular attention to economic liberalization reforms. The agricultural policies pursued in the three North African countries are assessed from the angle of the progressive marginalization of the peasant class and the increasingly alarming food import dependency, whose negative effects became clear with the food supply crisis of 2008 and can be considered among the causes underlying the popular uprisings. The economic liberalization of the agricultural sectors, technical modernization, and the expansion and intensification of irrigation pursued in the three countries were to a large extent responsible for the food crisis. They served

to create conditions of unequal competition for agricultural resources, leading to the increasingly visible impoverishment of the peasant class. According to the author, in order to break the mechanisms of dispossession and marginalization of millions of peasants in North African countries, and ensure solid and sustainable food security, agricultural policies must be rethought through the new concept of food sovereignty. However, as the chapter concludes, at the time of writing, nothing can lead one to think that the agricultural policies of the three countries will be fundamentally different from what they have been in the past.

In the second chapter, Gaëlle Gillot and Jean-Yves Moisseron discuss the many problems inherent in the public policies pursued in North African cities from independence until today, revealing the great contradictions, inequalities, and tensions they provoke. Today, Arab cities suffer from a profound lack of planning and resources, which can be perceived in all urban services, from transport to the distribution of energy and water, including waste management. Particular attention is given to housing policies that, especially under the pressure of economic liberalization reforms, have led to deep fragmentation and inequalities in the urban space, where poor traditional cities, shanty towns, and luxurious malls coexist side by side. As the authors highlight, while faced with a number of economic and political challenges, urban policies need to be profoundly redefined by developing new forms of participative democracy and decentralization.

The economics and politics of youth exclusion from the labor market in North African countries are discussed by Maria Cristina Paciello in the third chapter. The dramatic aggravation of the youth labor market situation over the last two decades was fundamentally a product of the policy failures associated with economic liberalization reforms and a political economy that was particularly adverse to young people. Since the popular

uprisings of early 2011, transition governments in Tunisia and Egypt, like incumbent regimes in Algeria and Morocco, have made no attempt to reorient economic policies toward a development model that is more inclusive of youth. Ultimately, this reflects a continuity in the political economy of youth exclusion, albeit with important differences between North African countries. The chapter concludes by assessing the prospects for seriously rethinking previous economic policies and questioning the political-economic processes that shape youth economic exclusion by looking at the role of two actors in affecting this change: the Islamist parties, which won the most seats in the recent elections in Tunisia and Egypt, and the youth groups and activists who were the main initiators of the mass upheavals at the beginning of 2011.



# 1

## AGRICULTURAL POLICIES IN TUNISIA, EGYPT, AND MOROCCO: BETWEEN FOOD DEPENDENCY AND SOCIAL MARGINALIZATION\*

HABIB AYEZ

At the beginning of 2011, the world witnessed an unexpected and surprising acceleration of political changes in Arab countries, which led to the fall of three particularly strong, authoritarian, and “stable” dictatorships in Tunisia, Egypt, and Libya. This set in motion a chain of widespread popular protests in other Arab countries such as Yemen, Syria, Bahrain, Algeria, and Morocco. In all of these cases, the uprisings witnessed in 2011 are no more than an accelerated form of a much longer process that began in 2008 in Tunisia with the strikes in the mining areas of Gafsa in the southwest of the country. In Egypt, this process had started in 2006 in the town of Mahalla Al-Kobra in the Nile delta.

One should remember that if events started in rural, or mostly rural, regions in Tunisia this was not the case in Egypt or Libya. But in all of these examples, it is undeniable that the revolution was started by popular, even poor and marginalized, social groups. What we are therefore witnessing are situations where the initiative behind the uprisings rests with populations and regions that are marginalized, poor and, to a large extent, rural. It is in some ways a revolution that originated in the margins of society and was thus carried out by the marginalized against the political and economic centers of these societies.

One can see at the origin of such a geography of the revolution a long process of economic, social, and political marginalization of the rural regions, above all those furthest from the center, of food-producing peasant agriculture and of peasants, and of reduction in the access of isolated popular communities to local natural resources, different services, and employment. Thus peasants have been subjected to excessive competition for resources, which has pitted them against big investors and agribusinesses helped and supported by a state

\*Translation from French by David Ashton

convinced that agriculture must now be orientated toward exports in order to consolidate currency revenues and integrate the country into the world market. This is why a rereading of the agricultural policies followed in Arab countries is of prime importance for anyone wishing to understand the ongoing political processes.

In Tunisia, Egypt, and Morocco, agricultural policies have generally been relatively similarly orientated from the 1950s to the present day. Conceived and conducted with the two main objectives of technical modernization and food security, these policies have gradually become removed from local social questions (the countryside, the peasant class, self-sufficiency, and so on) to focus on national growth rates of the agricultural sector and on supporting the balance of agricultural trade. Interventionist and voluntarist from their beginnings in the 1950s and 1960s, these policies have become gradually more liberal, with a greater involvement of private investors actively encouraged and supported by the political authorities. To be brief, one could say that from the 1980s to 1990s policies of economic liberalization and structural adjustment have replaced the “socializing” policies of previous decades, including in particular President Gamal Abdel Nasser’s agrarian reform in Egypt and collectivism in Tunisia.

The two phases fit perfectly with the double conceptual schema of the ideology of irrigation and technical modernity. The leaders of the 1950s and 1960s, Nasser in Egypt, Habib Bourguiba in Tunisia, and King Hassan II in Morocco (their successors followed in the same direction, but without a global vision) were harbingers of a plan for technical modernization and development built on the necessity of mobilizing all hydraulic resources in the service of development. This led to the construction of the Aswan High Dam in Egypt and to dozens of other dams in Egypt and Tunisia.

The totality of these works were to be the modern motors of development in the agricultural sector, which, in turn, was to support overall economic development by the transfer of capital toward other sectors of the economy, such as industry, services, and so on.

This evolution of agricultural policies has been to the detriment of the peasant class, which has undergone processes of dispossession and marginalization brought on by the liberalization of the sector desired by the state, the big financial institutions, and the private sector who have advocated for the necessity of developing modern, highly mechanized, and export-orientated agriculture. Nevertheless, despite an undeniable technical “development,” in 2008 these three countries underwent an extremely punishing food supply crisis that restated, with insistence, the recurrent question of food security. This is not unconnected to the revolutions of 2011 in certain Arab countries.

This chapter aims to briefly revisit the evolution of agricultural policies in Egypt, Tunisia, and Morocco from the perspective of these countries’ increasingly alarming food dependency, which was highlighted by the food supply crisis of 2008.

### **Agricultural Policy: Irrigation as a Solution (The Ideology of Irrigation)**

#### ***The Mobilization of Hydraulic Resources***

Since the first years of political independence, and forming a part of the policies put in place during the colonial period, agricultural policies in the three countries, as throughout the region, were based on an ever-more intensive mobilization and exploitation of the available hydraulic resources. Everywhere storage, diversion, or regulation dams were built and attached to dense networks of closed or open canals transporting quantities of water over distances sometimes greater than hundreds of kilometers. In the same way, the deepest water

reserves were exploited by means of wells and drilling going down sometimes several hundreds of meters to feed the same or other networks of transport and distribution of water for cities or for irrigation. Whether one talks of the Nile Valley and Delta in Egypt, of the oases in all the parts of the Sahara, of the increasingly irrigated steppes and dry regions of the north of Africa, or even of the pluvial regions of the Maghreb, where dams and reservoirs can be counted in their hundreds, the intensive exploitation of surface and underground hydraulic resources for increasingly intensive capitalist agriculture became the model to follow in terms of agricultural development.

#### ***Egypt: The Now-Complete Mastery of the Nile***

In Egypt, the complete planning of the Nile and the total mastery of its tide by means of large-scale hydraulic works, begun by Mohamed Ali at the beginning of the 19<sup>th</sup> century and continued by all of his successors as head of Egypt, led to the construction of several dams along the length of the Egyptian Nile, and above all to the construction of the Aswan High Dam (built by Nasser and flooded in 1964). This allowed for the creation of a network for the transport and distribution of river water, which is among the most dense and long in the world. Today there are more than 120,000 kilometers of irrigation or drainage canals of different sizes and lengths feeding about 3.5 million hectares that are entirely irrigated, of which almost a million have been reclaimed from the desert over recent decades and on which large-scale capitalist and highly mechanized agricultural plants have been developed, whose essential production is sent for export.

In parallel with the various hydraulic works, from the beginning of the 19<sup>th</sup> century, a policy of land reclaim and consolidation was developed, initially with the great state domain as its principle instrument. Despite several difficulties, permanent irrigation was put in place in a great

part of the Delta. The gradual and encouraged modernization of the Egyptian hydraulic system allowed an extraordinary extension of the “useful” space, reaching almost 3.5 million hectares today. Beyond the development of agriculture and as a consequence of agro-food production, this considerable effort, which is without equivalent in the history of Egypt and the Nile, permitted an accompanying demographic growth. From around 4.5 million inhabitants at the beginning of the 1800s, the Egyptian population rose to 5.4 million in 1846, 9.734 million in 1897, 11.19 million in 1907, 12.67 million in 1917, 18.97 million in 1947, 22 million in 1922, 30 million in 1966, 52 million in 1986, 60 million in 1996, and about 83 million in 2010.

The second period began with the 1950s and was focused essentially on the cultivation of desert land immediately adjoining the Nile delta and valley. Initially, it was above all a question of distributing more land to landless peasants and of making the agricultural sector more dynamic. The most recent period, which began at the end of the 1980s after a transition period without clear objectives, aimed to begin with the creation of new territory dedicated to modern investment-driven agriculture. Here one can see very large-scale irrigation projects, of which the most recent, most ambitious, and most symbolic is Toshka, which was launched in September 1995 in the South West of Egypt.

During the second half of the 20<sup>th</sup> century, beyond the remarkable increase in cultivation, the creation of the great water reserve of Lake Nasser allowed for the improvement of several hundred thousand hectares of desert land. CAPMAS (the Egyptian statistical service) gives a global figure of 1.35 million hectares between 1952 and 2002/03.<sup>1</sup>

However, since 1960, only around 462,000 extra hectares have been added to the agricultural surface

<sup>1</sup> CAPMAS, *Annuaire statistique 1995-2003*, Egypt, 2004, p.2.

area and effectively cultivated. The difference between the total improved surface area and the effective increase in the agricultural surface area corresponds to the amount of agricultural land “lost” as a result of urbanization or abandonment.

Moreover, more than 3.5 million peasants and their families live on those Egyptian agricultural lands, which are entirely irrigated on “traditional” farms whose average size is no greater than a hectare but which benefit from a very high degree of intensification, allowing for three harvests per year on the same plots.

Thus, Egypt presents a paradox that deserves thought and reflection. Egyptian agriculture, which ranks today among the most developed and most productive in the world, is supported by one of the poorest peasant classes in the world.

#### ***Agriculture in Tunisia: From the Hope for Food Security to the Confirmation of Food Dependency***

In its agricultural and food policy, independent Tunisia based itself on large-scale hydraulic works. It was necessary to reach a total mobilization and optimal use of the available hydraulic resources to increase agricultural production and the country's export capacity. Thus between 1956 and the 1990s, the irrigated surface area more than quadrupled.<sup>2</sup> Initially, this expansion was carried out in a relatively balanced way between the public sector, favored at the beginning, and the private sector, which took a terrible revenge from the 1990s onwards.

Today, one can say that at the purely technical level, Tunisia's agro-hydraulic policy has generally achieved its objectives in terms of the mobilization of available resources. Global hydraulic infrastructure is well developed and allows for the

<sup>2</sup> A.-M. Jouve, “Evolution des structures de production et modernisation du secteur agricole au Maghreb,” *Cahiers Options Méditerranéennes*, Institut Agronomique Méditerranéen de Montpellier, France, 1999, p.232.

management of between 90-95 percent of the 4.8 billion cubic meters of surface and underground water available. Twenty-seven large reservoirs (dams) allow for the management of about half of the hydraulic reserves, 5 percent of the water coming from hill reservoirs and lakes, and the remaining exploitation of large underground water reserves, above all in the south of the country.<sup>3</sup> Thanks to these efforts, the irrigated surface area increased from 65,000 hectares in 1956 to 250,000 hectares in 1992, with an annual growth rate of 4.5 percent, and from there to 330,000 hectares in 1999 and about 400,000 hectares in 2009, or almost 7.5 percent of the total useful agricultural area of the country.<sup>4</sup>

In total, the country today has around 120,000 irrigating agricultural producers. One of the last regions to be heavily affected by the extension of irrigation is the great south, and particularly the steppe areas of the southeast and around the chain of oases that rings the country from the Gulf of Gabès in the east to the regions of Gafsa in the west. Other regions in the center and the west of the country have also seen the same phenomenon, but with a weaker concentration. Vegetable growing has been the first to benefit from the development of irrigation, particularly on private properties. From a total surface area of 120,000 hectares in 1960 (of which 1,300 hectares were in greenhouses), vegetable patches doubled towards the end of the century.<sup>5</sup>

From the middle of 1990s, this policy of “total irrigation” underwent a marked acceleration

<sup>3</sup> World Bank, “Examen de la politique agricole,” in *Eau, Environnement, Développement social et rural - Région Moyen-Orient et Afrique du Nord*. World Bank, No. 35239-TN, 2006, p.47.

<sup>4</sup> M. Elloumi, “Les Nouveaux Dualismes de l’Agriculture Tunisienne,” Présentation au séminaire IRMC/IRA/SRC, *Tendances Rurales en Egypte et en Tunisie: Questions et Perceptions Croisées*, Tunis, Tunisia, December 16, 2009.

<sup>5</sup> A.-M. Jouve, *op.cit.*, p.232.

supported by the liberalization/privatization of deep waterways. This liberalization/privatization is today complete, although once the waterways were part of the hydraulic public domain and exploited exclusively by the statestatestatestatestate.<sup>6</sup> This step accelerated the marginalization of peasants who did not have the financial and technological means to access deep water reserves, while their plots, formerly irrigated by spring waters or shallow wells (using ground water) suffered from the lower level of the water reserves due to the excessive pumping required by the irrigation of new land.

#### **Morocco and the Royal Demand for a Million Irrigated Hectares**

In Morocco, water policy followed the same model as that adopted by Tunisia, once again using the framework of an ideology of irrigation based principally on the mobilization of all available and accessible hydraulic resources and a technical modernization carried out by experts in irrigation and agriculture in order to strengthen the overall economic capacity of the country and principally its export capacity. The entirety of this agricultural policy was conceived with the primary aim of food security and the participation of the agricultural sector in the overall economic development of the country.

Thus, Morocco generally followed, like Tunisia, the French colonial model based on the development of irrigation by means of the maximal mobilization of the country’s pluvial and underground hydraulic resources. This direction of intensification became, quite soon after independence, a key axis of the policy of agricultural development and food security. It was indeed King Hassan II of Morocco who raised the intensive increase of irrigation to

<sup>6</sup> M. Elloumi, “Relations Recherche-Formation et Processus de Développement Agricole et de Gestion Des Ressources Naturelles,” in *Rôle des Acteurs Dans L’orientation et le Fonctionnement des Dispositifs de Formation Rurale Pour le Développement*, Conference Internationale du Réseau “Formation Agricole et Rurale” (Far), Tunis, Tunisia, May 19-23, 2008.

the rank of the foremost national priorities in the middle of the 1960s by fixing the aim of reaching a million irrigated hectares by 2000.

There followed a sustained acceleration of the rhythm of extension of irrigated zones. In 1967, the irrigated surface area of Morocco was 213,700 hectares. It increased to 442,850 hectares in 1975, 748,300 hectares in 1990, and 1,016,700 hectares in 2006.<sup>7</sup> In the long term, the total irrigated surface area was to surpass 1.3 million hectares thanks to the development of large-scale hydraulic works (880,000 hectares) and the modernization of traditional irrigation (480,000 hectares).<sup>8</sup> Today the aim has been largely achieved and the total irrigated surface area of Morocco is greater than 1.3 million hectares; an indisputable technical achievement.<sup>9</sup>

The arid region of Souss has seen the most greatly promoted development of irrigated agriculture by means of huge technical and financial investment from both the private and public sectors. This has facilitated the large-scale mining of underground hydraulic resources, for the most part made up of non-renewable fossilized water reserves. Almost all of the production of the new irrigated areas is allocated for export. Nevertheless, the most spectacular achievement is the development of sugar cultivation (60,000 hectares of beet and 15,000 hectares of cane), fulfilling two-thirds of the requirements of the country, which was non-existent 30 years ago.

Indeed, this technocratic and highly selective policy has allowed for strong agricultural growth and a significant extension of irrigation. However, as in the majority of southern countries, it has led to two-speed agriculture and created significant

<sup>7</sup> A.-M. Jouve, "Cinquante ans d'agriculture marocaine," in P. Blanc (ed.), *Du Maghreb au Proche-Orient: les défis de l'agriculture*, Paris, Harmattan, 2002, pp. 2-3.

<sup>8</sup> *Ivi.*

<sup>9</sup> *Ivi.*

territorial, social, and economic imbalances, which make it necessary to re-examine the priority given to irrigation over rainwater.

### **The Policy of Food Security Exacerbates Competition for Resources**

Even though the economic liberalization of the agricultural sectors in the three countries might have been one of the indisputable motors of the technical success in expanding the irrigated spaces there, it has not allowed those countries to achieve a satisfactory level of independence or food sovereignty such as would have put them and their peoples beyond the reach of the shocks that regularly affect international markets in food products. Indeed, the reforms only served to create conditions of unequal and exacerbated competition for natural (water, earth, etc.) and material (income, loans, subsidies, etc.) agricultural resources.

As a precondition of the liberal reforms undertaken and achieved in the three countries, one can find two notions that are at the least simplistic and certainly disputable. One such notion is that family food-producing agriculture is a brake on overall economic development and therefore makes the objective of food security impossible to achieve. The other such notion is that economic, and more precisely agricultural, policy should be set in terms of global markets in agricultural products in line with the concept of "comparative advantage." This stipulates that each country and economic sector should specialize in export products whose low-cost development is favored by the natural, and especially climatic, conditions in the country in question, and thus specialize in export products that are least exposed to international competition. These strategies should take into account various factors, such as products, varieties, production, export seasons, salaries, and other costs of production, transportation, and storage. Specializing in export products under the best possible economic conditions is therefore set up

as a golden rule to be followed in order to increase the currency revenues of exporting countries and to better integrate them into the global market, from where they will be able to import their own food requirements. Indeed, this is the rule followed now over several decades in Egypt, Tunisia, and Morocco, as well as in many other countries in the region and the world.

In fact, these liberal precepts are the foundations of the concept of food security developed, rightly, in the 1940s and 1950s to deal with the great famines that so dramatically affected millions of people throughout the world. Succeeding the neither realistic nor achievable idea of self-sufficiency, the concept of food security, which refers to the capacity of a country to ensure, either by production or by acquisition (through purchase or aid), a sufficient quantity of food for the entirety of its population, became a fundamental economic and political concept to be scrupulously followed by each country.

The seventh and eighth five-year Tunisian plans (1992–96) set out that “agriculture has the function of contributing to the achievement of the external balance, the balance of public finances, the balance of employment, and regional balance.” The functions and aims set for the agricultural sector were repeated in the Structural Adjustment Plan adopted by Tunisia in 1987. Thus the achievement of food security corresponds precisely to the contribution of agriculture in terms of supporting the balance of trade. This liberal vision today determines agricultural policy in a number of southern countries, including the three North African countries.

The state of the balance of agricultural trade has become the main indicator of the level of food security in any given country. Purchase power has imposed itself over production capacity in terms of the evaluation of food security. Using such a

measure, Kuwait, whose agricultural production is negligible, is considered a country with a high degree of food security. This is a result of the fact that, with its petrodollars, it has the necessary means to purchase any quantity of any agricultural food product on the international market. Indeed, Kuwait and other similar countries did not suffer the effects of the 2008 food supply crisis. But can such a strategy of food security based on the ability to procure for oneself the necessary food products be guaranteed over the long-term in normal conditions, and even over the short-term in times of serious geopolitical crisis? Neighboring Iraq, which did not lack petrol but was not able to hold out for long in the face of the commercial and food embargo imposed on it during the years following the 1990 invasion of Kuwait, provides an example.

#### ***Food Security, Economic Liberalization, and Social Marginalization***

Despite the technical successes of the mastery of the available hydraulic resources, the exceptional expansion of the irrigated agricultural surface area, and the intensification of overall agricultural production in the three countries, the agricultural and hydraulic policies followed over recent decades have profoundly, and negatively, altered the agricultural, hydraulic, and social scene in each country. The following two factors are particularly noteworthy: a) the restriction of traditionally irrigated spaces, particularly in the oases; and b) the increasingly visible impoverishment of the peasant class. Traditional individual agricultural areas have been reduced through population growth, as a result of the reduction in the amount of irrigation water allocated to traditional food-producing agriculture, and the expansion of urban spaces and the new irrigated areas over “old” agricultural land.

Of all the changes likely to affect the social scene of the three countries, the marginalization and impoverishment of the peasant class is certainly the most significant. It inevitably brings social,

economic, and political risks that go beyond the peasants themselves and threaten the entirety of the social, economic, and even political structures of the countries. Unequal and fearsome competition for agricultural resources between millions of peasants, who have guaranteed food production for hundreds of years, and capitalist investors who are ignorant of the world of agriculture, are preconditions for these processes. Such competition infects all natural resources, including water and land, as well as all administrative, financial, and political resources and is carried out beneath the partially watchful eye of the state, which defines the rules of its game and its aims, referees it and designates the winners in advance who fit with its own plans and political and economic leanings. In addition to the impoverishment of a part of the population, such competition has greatly aggravated the process of exhaustion of natural resources and biodiversity, and, even more seriously, that of the long-term deterioration of the country's food dependency.

In reality, what we are witnessing is a phenomenon of dispossession and desocialization of natural resources, which are increasingly taken over by agribusinesses.

Since the 1950s, in Egypt as in Tunisia and Morocco, peasant agriculture and peasants have always been at the center of the agricultural sector. Family agriculture is food-producing and has always provided the essence or the greater part of production, employment, and agricultural revenue. This was particularly the case until the adoption, from the 1990s onwards, of liberalization policies, economic reforms, and structural adjustments imposed by the big financial institutions, mainly the International Monetary Fund and the World Bank.

Moreover, social marginalization has been accompanied and worsened by the noticeable

reduction in the "traditional" agricultural area, a lowering of the number of peasants on the land, and the fall in returns per hectare due mainly to new difficulties in accessing agricultural resources, particularly water. Farmers have been forced to leave their agricultural holdings to find other sources of income. Some have even ended up abandoning their plots to families of property speculators.

The example of the oasis of Gabès in southeast Tunisia is particularly revealing. Over the past 30 years, traditionally irrigated oasis agricultural land has been reduced by half. Land that is no longer irrigated has either been built on, or building work is in progress. At the same time, total irrigated agricultural land in the same region has doubled. In Egypt and in Morocco, the processes of marginalization of the peasant class are similar to those seen in Tunisia.

Nevertheless, this dispossession has not been induced only by the simple power relationship between peasants, large property owners, and investors but also by political choices and decisions. The agrarian counter-reforms adopted in recent years have resulted in a liberalization of the land market, both for sale and rent, ending the automatic renewal of contracts and their transmission by succession from father to son and annulling all regulation of sale and rent prices. The clearest example is that of the agrarian reform adopted by Egypt in 1992 (law 96/92), which put a complete stop to the guarantees granted to peasants in the 1950s by the socialist Nasser regime. Between the application of this reform in 1997 and 2000, around 1 million peasant tenants lost their holdings. Similar processes have taken place in the two other countries.

Since the Nile Valley is completely "separate" from the desert surrounding it, the appearance of new land outside it does not directly affect its productive

space. On the other hand, the appearance of new irrigated areas outside the valley deprives traditional agriculture of a not-inconsiderable part of its hydraulic resources. This development is a matter of competition for agricultural resources, a competition that results in the marginalization of traditional agricultural space and the peasant class.

### **Despite Technical Modernization and Reforms, Food Dependency Continues**

The global food crisis of 2008 showed the disadvantages and risks of dependent agricultural policies that do not offer protection from global and regional economic or political crises through the ability to sell or procure agricultural and food products on the global market. In effect, the crisis demonstrated that a sudden rise in the price of a basic foodstuff, such as wheat or rice, was enough to leave countries with limited revenues and dependent on the international market for their food and/or agricultural production unable to import the necessary quantities or to ensure food security, particularly for the weakest groups in the population. In the region, it was Egypt, which was believed to be protected against such crises, which saw the most dramatic consequences, with the deaths of around 15 people.<sup>10</sup> In barely a few weeks, prices increased by more than 30 percent, basic products such as flour, dough, and rice had disappeared from the legal market, and the subsidized bread intended for feeding millions of poor Egyptians had disappeared from the bakeries. It took strikes, sometimes violent demonstrations, and interminable quarrelling, before the authorities reacted by increasing some salaries and cancelling some price rises for basic products. The direct intervention of the army, which made and distributed subsidized bread, was necessary for the country to return to an apparent calm. With

<sup>10</sup> This is the official figure given by the public authorities. The opposition, as well as several independent observers, put forward a figure of some tens of deaths. Figures were much higher in other countries.

hindsight, one can say today that some of the seeds of the revolution of 2011 also grew out of this crisis.

### ***Trade Balances in Deficit***

In order to explain the causes of the food crisis of 2008, individual and institutional observers have pointed to global problems as the cause of the sharp increase in world prices of several agricultural and food products, including cereals. Among these are natural disasters and climate change, dysfunctions in the world finance and agricultural markets, and the political and geopolitical problems in several regions of the world. Some have even gone so far as to make a direct link between the crisis of 2008 and the increase in demand for food products caused by the improvement in living standards of the middle classes in emerging countries, such as India, Brazil, and, above all, China. These elements may well have played a role in the global mechanisms of the food crisis, but they cannot explain either its global scale or its geography, which shows an almost total overlap between the global map of the crisis (by country) and the map of those countries that are dependent on the global market for their food, with the exception of those countries which export petrol products. The specific case of Nigeria, which also suffered from the crisis despite not being short of petrodollars, is particularly instructive.

In the North African countries analyzed in this paper, heavily dependent on the outside world for their food, the origins of the crisis are better explained by the agricultural policies followed for decades and conceived, worked out, and executed in relation to global markets, which were considered to be guarantors of food security. Technical modernity and mobilization of natural resources without social development, strengthening of agribusiness to the detriment of food-producing agriculture, integration in the global market to the detriment of food sovereignty and weakness of financial resources and high rates of indebtedness are some of the basic reasons for

the absence of any real food security and for the local scale of the 2008 crisis. The figures given by the Food and Agriculture Organization (FAO) show very clearly that the balance of agricultural trade in the three countries had not been positive since 1961, and that the situation had worsened, though to differing degrees and with differing rhythms.<sup>11</sup> The same is true of cereals, which constitute the food base of the three countries.<sup>12</sup>

Even more significantly, statistics for vegetal production in Tunisia show that the structural adjustment programs played a large part in the country's food dependency. While before the third phase of structural adjustment programs in 1988–91 cereal production had increased at an average annual rate of 101.7 percent, production fell greatly between 1992 and 1995, recording an average decrease of 27.94 percent. For the same periods, production rates are similar for hard wheat (109.1 percent to -22.5 percent) and soft wheat (94.7 percent to -26.7 percent). The same tendency can be seen for the production of olive oil, which increased by on average 40.5 percent per annum over the period 1988 to 1991 and which decreased by on average 20.2 percent per annum over the period 1992 to 1995. Such negative performances could have been explained solely by the drought of 1994 and 1995 had there not also been a drought in 1988 and 1989. In reality, total investment decreased between the two periods and particularly affected arboriculture, which is irrigated through surface wells, and the agricultural material used by small-scale agricultural holdings.<sup>13</sup>

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<sup>11</sup> FAO Statistics, available at <http://faostat.fao.org/site/Desktop-Default.aspx?PageID=535#ancor>

<sup>12</sup> *Ivi.*

<sup>13</sup> BAD (Departement De L'évaluation Des Operations - OPEV), *Tunisie - Programme D'ajustement Du Secteur - Agricoprole*, Rapport d'évaluation de performance de programme-(REPP), 2001, p.9.

By contrast, the evolution of vegetable growing was slightly different. Over the course of the same period, potato and tomato production continued to grow, albeit at a slower rate (2.7 percent), passing respectively from 7.31 percent to 2.56 percent, and from 12 percent to 3.83 percent. The expansion of the surface area of irrigated land contributed not only to a stabilization of vegetable production, but also to the facilitation of its diversification in relation to arboriculture in general, and olive oil in particular. Performances over this period can also be ascribed to additional incentives in the form of investment incentives applied by the Economic and Financial Reforms Strengthening Program and loans to medium-sized agricultural holdings supervised by the Banque Nationale Agricole (BNA).<sup>14</sup>

The differences between the growth in vegetable production (to a large extent destined for export) and that of other production shows the extent to which the liberalization of the agricultural sector, the development of agribusiness, and the encouragement to invest in products for export both marginalized local food-producing agriculture and the farmers engaged in it, and penalized the entire country by gradually depriving it of the tools necessary for a genuine food security based primarily on the ability to meet its basic needs. It can therefore come as no surprise that the balance of agricultural trade, coverage rates, and cereal imports had largely been in deficit for several decades.

Despite the differences inherent in their social, demographic, geographic, historical, political, and even cultural characteristics and contexts, the three countries show the same global orientations and the same consequences of the liberal, export-orientated agricultural policies used as the principal tool to guarantee food security. The statistics for recent

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<sup>14</sup> *Ivi.*

decades and the 2008 crisis show that liberalization, technical modernization, the expansion and intensification of irrigation, and “unprotected” integration in the international market do not guarantee food security, and can even be the cause or, at least, one of the most powerful drivers of food crises. It has been clearly demonstrated that such policies are to a large extent responsible for the recent food crisis of 2008.<sup>15</sup>

To ensure a solid and sustainable food security for countries and for farmers, it is necessary more than ever to set agricultural policy in terms of food sovereignty. The concept of food sovereignty, which is a convincing entry point for discussion of past and present agricultural policies, is a rights-based approach both in theory and in practice, and covers equally the issues of access to resources, food security, environmental conservation, and the improvement of the position of the marginalized. Food sovereignty is the freedom of a people to produce its food in the best possible conditions, taking into account its habits in relation to consumption, sustainability, quality, and the necessary protection of its environment, its biodiversity and its natural resources.

At the same time as successive revolutions are imposing profound changes on Arab countries, it is necessary to seize the opportunity for a radical reorientation and even reformation of agricultural policies, turning them toward policies that protect people from global food crisis by giving them the means freely to choose their food, their agricultural production, and the management of their natural resources. In other words, it is necessary to break the mechanisms of dispossession and marginalization of millions of peasants by giving them back the tools of their labor and the

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<sup>15</sup> A. Fraser, *Harnessing Agriculture for Development*, Oxfam Research Report, September 2009, available at <http://www.oxfam.org/sites/www.oxfam.org/files/bp-harnessing-agriculture-250909.pdf>

local, collective, and therefore social management of their resources. It was inter alia with a view to pushing agricultural policies in such a direction that in 2004 the Asian Civil Society Organizations published their “Peoples’ Convention for Food Sovereignty,” which grants to the people the right to decide and put into practice their own agricultural and food policies and strategies with a view to the sustainable production and distribution of food. The Convention articulates the right to sufficient, reliable, nutritional, and culturally appropriate food and to the sustainable and ecologically sound production of food. It also articulates the right to access productive resources such as land, water, seeds, and biodiversity for sustainable use.<sup>16</sup>

Indeed, the concept of “food sovereignty” has become a logical response to the dangerous effects of the emphasis on productivity in agriculture, and in some ways to the concept of food security itself, which is effectively at its origin and is its main cause. It is certainly not by pure chance that this concept, which has very quickly become a watchword among peasant movements, was put forward in 1996 by the militant peasant NGO Via Campesina at the time of the World Food Summit held in Rome. In its statement, Via Campesina defined food sovereignty as “the right of nations and governments freely to set their agricultural and food policies.”

### Conclusions

It has never been possible to achieve food security, and the food crisis of 2008, which shook Tunisia as it did Egypt and Morocco, very clearly demonstrated this above all through the dramatic results, which could have been much worse still. The crisis also showed that the illusion or false concept of food security is largely outmoded, insofar as it has been shown to be part of the

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<sup>16</sup> M. Windfuhr and J. Jonsén, *Food Sovereignty Towards democracy in localized food systems*, FIAN-International, ITDG Publishing, 2005, p.52.

problem, and not a potential solution. To base one's agriculture on the ability to procure food products on the world market is an indirect way of perpetuating the dependency of countries and peoples *vis-à-vis* large-scale agricultural producers and big financial institutions.

The agricultural policies that have been followed have exacerbated the relentless competition for natural (water, land, etc.) and material (capital and loans, subsidies, etc.) agricultural resources between a private sector that has become increasingly strong and dominant thanks to the support of the state, and the peasant class, considered an obstacle to development and encouraged to look for sources of income in other economic sectors. Such unequal competition has thus gradually reinforced the dynamics of poverty afflicting millions of peasants, marginalized traditional food-producing agriculture, and aggravated mining consumption and the wastage of natural resources.

While conferences and congresses are organized, and people protest the need to preserve hydraulic resources, the creation of large irrigated areas in the deserts and steppes to grow fruits, vegetables, and ornamental flowers and plants for export continues to be encouraged. The export from developing countries to rich countries of large volumes of water in the form of generally non-food (and in any case not strictly necessary) agricultural products is supported. Such an imposed agricultural policy is certainly not far from being a contradiction.

Today, in the new context created by the revolutions, it is a legitimate question to ask about the chances of achieving food sovereignty. Clearly, one can hope that the new political authorities and decision-makers will be more sensitive to a certain level of autonomy in relation to the outside world, and above all to a certain level of social and economic justice for people as well as

economic sectors and regions. However, it is also permissible not to confuse political reform with economic and social reform. In effect, even if one can reasonably imagine that dictatorship has little chance of reappearing in Tunisia or in the other Arab counties affected by the revolution, nothing would lead one to imagine today that the new economic policies will be fundamentally different. Liberalism, privatizations, investment incentives, integration in global markets, the marginalization of food-producing agriculture and the peasant class, overconsumption of resources, and unequal competition for resources unfortunately remain the passwords of post-dictatorship economic policy.

The results of the first free elections organized in Tunisia, Egypt, and Morocco (where the king is accelerating political reform in order to prevent any revolution that would lead to the end of the monarchist political system) have put in power political parties with Islamist (socially conservative) tendencies, whose political agendas clearly fall within the tradition of economic liberalism and free enterprise. In this context, nothing would lead one to think that competition for natural agricultural resources will end, that food-producing agriculture will be protected or bolstered, or that peasant labor will be valued or compensated. More than one year after the suicide of the young, unemployed Mohamed Bouazizi, the son of a poor family from a rural agricultural region, nothing would lead one to think that the agricultural policies of the three countries will be based more on the concept of food sovereignty than food security.



# 2

## THE ARAB SPRING AND URBAN GOVERNANCE CHALLENGES IN NORTH AFRICAN COUNTRIES\*

GAËLLE GILLOT AND JEAN-YVES MOISSERON

The cities were the places where the Arab revolutions played themselves out. Bringing together the majority of the population of the Arab world, they also came to encompass the contradictions and socio-economic tensions of production regimes that had failed to integrate young people into the job market. So much so that, far from supporting development, the rural exodus in the Arab world was too large-scale and too fast, as compared to the limited capacities of states to organize the cities. Arab cities suffer today from a profound lack of planning and resources, an aspect that is strongly felt across the totality of urban services, from transport to the distribution of energy and water, including waste management. The Arab city is only partly a productive territory, a “comparative advantage,” except, in certain cases, for tourism. Several informal activities are disconnected from international markets, and are mere conduits for survival. The same is also true of the strategies of industrial development and import-substitution, which, notably in the post-colonial period, have accelerated the rural exodus across the Maghreb region.

Arab cities are marked by profound contrasts and a strong heterogeneity, which exacerbates tensions by showing up within the same space the most flagrant inequalities. It is not certain that what is at present known as the “Arab Spring” has as yet changed anything. Even if the Arab city has been at the heart of the scenography of the Arab Spring, it is not for the moment the object of a reflection that should be central in order to face the ever-more pressing challenges. Nevertheless, the wind of freedom can lead one to hope for a new form of participative democracy and decentralization, which would open a new space for urban public policies.

### From Medinas to Modern Cities: An Incomplete Transition

Although the cities of the Arab world possess common traits, it is nevertheless difficult to say

that there exists a single “model” of the Arab city. Almost all of them still possess a vernacular old city, which is known as the medina (from *madīna*, meaning “city”). Certain common elements are found in the traditional city: the *souk*, the *fondouk* (or merchants’ hostel), the *hammam*, the central mosque and the smaller local mosques, and sometimes vegetable patches situated at the end of the water cycle which begins at the wells and passes through the *hammam* and the mosque.<sup>17</sup> One often also finds the remainders of city walls, which have resisted the very rapid expansion of the city and the juxtaposition of modern cities. The streets are narrow, the plan labyrinthine, and there is a certain sort of equality of treatment of the houses facing the street. Thus, it is difficult for the untrained eye to know whether a palace or a poor house lurks behind the blind wall of the street. Within their structures, blocks often hide networks of families and lineage between the houses.

Before the modernization carried out in the middle of the 19<sup>th</sup> century in Cairo and at the beginning of the 20<sup>th</sup> century in the cities of the Maghreb, Lebanon, and Syria, the traditional city used to have a major importance as it was considered a representation of civilization. Since the *Muqaddima* of Ibn Khaldûn, urban society has been considered clearly superior to rural or nomadic society and synonymous with civilization. Still today, a majority of the city-dwellers of the Arab world considers the degree of civilization of a state to be measured by the level of development of its cities. Moreover, the neo-urbanites, a by-product of the rural exodus, are

\*Translation from French by David Ashton

<sup>17</sup> M. Barcelo et al., *Les jardins de la vieille ville de Sanaa, Yémen*, Bellaterra, Centre Français d’Archéologie et de Sciences Sociales de Sanaa, Universitat Autònoma de Barcelona, 2004.

generally accused of degrading the urban context and way of life.<sup>18</sup>

The modernization of the cities of the Arab world was carried out in the Maghreb and the Middle East particularly by France, which, in its mission of “civilizing” its colonies, undertook ambitious construction work aimed at producing new modern cities designed first and foremost for Europeans. Airy, spacious, and equipped with the latest technology, these cities allowed the French to carry out experiments in urbanism and urban planning *in situ*. Separated as a matter of principle from those cities known as “indigenous” in the vocabulary of the 1920s and 1930s,<sup>19</sup> the new cities brought with them a fundamental rupture in the history of the cities of the Arab world.<sup>20</sup> Even if the housing, mobility, and economic activities of Europeans had been catered for, the housing of the “indigenous” population by contrast had not really been anticipated, insofar as the planners of the new cities had imagined that the traditional cities would have been sufficient to accommodate them. Thus as from the 1930s, shanty towns sprung up everywhere, particularly near factories (the French term *bidonville*, meaning “shanty town,” derives from a neighborhood in Casablanca, 1930).

Independence did not really alter the fact that investment in housing was insufficient. As in the majority of “southern” countries, the cities of the Arab world underwent an extremely rapid increase in the number of inhabitants and in surface area from the 1930s onwards, with accelerated

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<sup>18</sup> S.-A. Souiaïh (ed.), *Villes arabes en mouvement*, Laboratoire SEDET-CNRS, Cahiers du Groupe de recherches sur le Maghreb et le Moyen-Orient (GREMAMO) no.18, Paris, L’Harmattan, 2005.

<sup>19</sup> J. Royer, *L’urbanisme aux colonies et dans les pays tropicaux* vol.1-2, Nevers, Les éditions d’urbanisme, 1932 and 1935.

<sup>20</sup> G. Gillot, “La ville nouvelle coloniale au Maroc: moderne, salubre, verte, vaste,” in F. Leimdorfer (ed.), *Les mots des villes nouvelles*, Paris, EHESS, 2012.

growth in the 1950s.<sup>21</sup> Industrial development and import-substitution policies were set to the detriment of agricultural development, while decolonization often left the issue of property ownership suspended. This was particularly true of Algeria, but the problem arose also for Tunisia and Morocco. Development choices in the 1960s magnified the rural exodus to barely sustainable levels for the young states, which furthermore tended to mobilize high levels of manual labor for their new-born industries, themselves characterized by low levels of productivity. All the Maghreb countries suffered from high levels of urbanization, being greater than 66 percent in Tunisia and Algeria and 50 percent in Morocco and Egypt. The dynamics of residential mobility varied. From the large-scale rural exodus up until the 1980s, more complex spatial dynamics took over, with an increase in inter-urban exodus and exodus to intermediate cities. The growth of cities was increasingly endogenous: migrants from rural territories today account for no more than one-third of urban growth in the Arab world.

These deconstructions broadly explain the fragmentation of space that still very strongly marks the urban landscape and the socio-economic distribution of populations in the cities. Despite the fact that many medinas are included on world heritage lists (for example Tunis, since 1979), these cities remain largely in poor condition, worn-out, and little suited to the economic activities and way of life of the modern world. The renovated spaces of the medinas are often transformed into cities that function as showcases for tourists looking for a change of scene and the exoticism of an urban form in which they can easily lose themselves. Some traditional city-dwellers are beginning to return to the renovated medinas, triggering a process of gentrification. The neighborhoods that have not been renovated, which are often in very bad

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<sup>21</sup> J.-F. Troin, *Les métropoles des Sud*, Paris, Ellipse, 2001.

condition, host highly disadvantaged families who profit from the central position of the medina to try to get close to the centers of employment and to exploit the city's services (urban transport, running water, electricity, rubbish collection, the *hammam*, the bakery, and so on). A key point of access to the city, the medina, though in a poor state, can be an opportunity to find cheap lodging.<sup>22</sup> Thus, very poor families are crammed into the ancient palaces and buildings of the medina of Tunis. They welcome new households who are unable to find lodgings after the removal associated with marriage (the *degradation* of palaces and buildings overcrowded as a result of being rented out by the room).

The activities that are carried out in the traditional cities are for the most part connected either to tourism (souvenir shops, guest-houses, restaurants, and so on), or to the informal economy, particularly in the evening once the shops have closed and the tourists have deserted the old city. Trafficking of every sort is carried out, which, added to the need to clean up for the tourists (tanneries and copperware workshops are pushed back to the suburbs for fear of their smells and noises), interferes with the traditional productive activities that usually form part of the structure of the city.

Thus the traditional cities have a contradictory double facet: on one hand, they are the heart of urban history, the civilization of which the people are so proud of and which must be put on display for the tourists in particular. On the other, they display an image of poverty, insecurity, and informality that continues to hinder the process of return of the more comfortable classes. Thus the traditional city, with its role of representation of local culture, has an increasingly minor place in

<sup>22</sup> F. Dansereau and F. Navez-Bouchanine, *Gestion du développement urbain et stratégies résidentielles des habitants*, Paris, L'Harmattan, 2002.

relation to the surface area and population of the city as a whole.

### **The Heterogeneity of the Urban World: The Coexistence of Gleaming Malls and Shanty Towns**

Over the past 30 years, the Arab world has recorded levels of economic growth barely higher than population growth. In recent years, the best results, far from indicting an improvement in well-being, have seen growing inequality. Youth unemployment (among 18-35 year olds) has been, and remains, among the highest in the world. Significantly, it affects to a great extent young people with degrees, which is symptomatic of an economy based on jobs requiring a low level of qualification, which is now in crisis. Young people's level of education no longer corresponds to the jobs available. In Egypt, the public sector no longer guarantees a job to graduates, causing unemployment levels to skyrocket and many workers to enter the informal sector, where they carry out jobs for which they are overqualified.<sup>23</sup> Without a pay slip or recognized status, it is impossible to find legal lodgings. Added to a chronic lack of housing, this situation has led to a re-emergence of self-made construction.

In the modern city or around it, informal neighborhoods have grown up, sometimes accounting for a very high proportion of construction in the city. Thus in Cairo, it is estimated that almost 80 percent of construction is illegal. The informality of construction is of several types: very dense shanty towns, which are completely illegal, mostly insalubrious, and built with second-hand materials; and neighborhoods that are illegal but that have taken the form of the legally built city in the hope of one day being

<sup>23</sup> See M. Amer, "Youth Labor Market Trajectories: a comparison of the 1980s and 1990s," in A. Ragui (ed.), *The Egyptian Labor Market in an era of Reform*, Cairo, Economic Research Forum, 2002; J.-Y. Moisseron and E. Oueslati, "La crise ou la fin du mythe de l'émergence en Egypte," *Maghreb-Machrek* No.206, Winter 2010/2011, pp. 17-39.

integrated into it, and which are often built either by clandestine developers or by builders working outside their legal hours of work. Self-made construction in these sorts of areas is not without some logic, and they are often equipped with streets, lighting, and access to drinking water.<sup>24</sup>

Self-built construction in these neighborhoods poses a serious risk of destruction of cultivatable land around the city, despite the fact that the city is highly dependent for its supply on these peripheral spaces. In Cairo, for example, illegal construction constantly pushes agricultural land further and further back and pollutes whatever land remains, while only 7 percent of the territory is cultivatable.<sup>25</sup>

There have been several phases in policy as regards to shanty towns. In the 1950s and 1960s, the bulldozer option consisted of leveling them, pure and simple, and evicting their inhabitants indiscriminately. In the 1970s, policies of rehousing assistance took the form of the large-scale construction of buildings for habitation by the state, with a view to providing property ownership at prices that were subsidized and guaranteed by the state. One of the major problems facing the cities of the Arab world is access to housing, which has been structurally deficient since the 1950s, despite the fact that a great deal of housing remains empty. The majority of states have very large property reserves and are the principal property owners in the country. This fact leads to an acute lack of land available on the market, and makes it difficult for families to buy land in order to build a house.

<sup>24</sup> A. Deboulet, "Urban highways as an embodiment of mega and elite projects: a new realm of conflicts and claims in three Middle Eastern cities," *Built environment* Vol.36, no.9, June 2010, pp.146–161; F. Balanche, "L'habitat illégal dans l'agglomération de Damas et les carences de l'Etat," *Revue de géographie de l'Est* Vol.49, no.4, 2009, available at <http://rge.revues.org/1980#quotation>

<sup>25</sup> Toin, *op. cit.*; M. Lavergne, B.A. Driss, G. Di Antonio and M. Lasram, *Urbanisation et agriculture en Méditerranée: conflits et complémentarités*, Paris, L'Harmattan/CIHEAM, 1995.

Moreover, this situation engenders high levels of corruption and highly developed clientelism based on the distribution of building lots by officials of the regime in power. The social housing programs initially planned as a means to reabsorb the shanty towns not only have not been carried out in their entirety, but have not achieved their goal because they have been hijacked by the middle classes, who were unable to find lodgings according to the rules and were able to obtain this housing thanks to their social capital more surely than their economic capital.<sup>26</sup> The people targeted by these projects have thus stayed in the shanty towns, many of which have been strengthened, rendering a whole people who aspire to a right to the city and worthy citizenship captive in these under-equipped neighborhoods.

Some countries have legalized these areas and brought in basic equipment, but they generally remain badly equipped and poorly connected to the city center. Broadly speaking, families who live beneath the poverty line live there, in comparison to the legally built neighborhoods, and above all the European city inherited from the colonial era, and still more in comparison to the new closed neighborhoods. Moreover, in the Maghreb and in Egypt, such informal neighborhoods become places of transit for sub-Saharan migrants trying to reach Europe.<sup>27</sup> Clandestine transport routes develop there, sometimes with the knowledge of police or army officers.

The European and modern neighborhoods in the cities of the Arab world are characterized by a relatively high level of investment on the part of the public authorities, despite the fact

<sup>26</sup> Dansereau and Navez-Bouchanine, *op. cit.*; V. Clerc, *Les quartiers irréguliers de Beyrouth, une histoire des enjeux fonciers et urbanistiques de la banlieue sud*, Beyrouth, Institut français du Proche-Orient (Ifpo), 2008.

<sup>27</sup> A. Bensaâd (ed.), *Le Maghreb à l'épreuve des migrations subsahariennes; Immigration sur emigration*, Paris, L'Harmattan, 2009.

that those authorities have tended since the first structural adjustment plans to withdraw from the management of public spaces and public services.<sup>28</sup> One should point out that in the Khaldûnian tradition, the capital is the representative of the connection of these countries with modernity and therefore urban civilization and today globalization. In the context of the changes imposed on the countries of the Arab world by the Bretton Woods institutions, states have opened up their economies leading to rapid liberalization. Policies of this kind have gone in the same direction as a very strong desire to internationalize the capitals. Thus, at the same time as liberalizing, it was necessary to upgrade the infrastructure of the city: airports, business areas, international-class hotels, and competition to attract international trade fairs, summits, and international investors. City centers and certain suburban areas have seen the development of new buildings of an international style of architecture designed to house the registered offices of multinationals; policies of renovation of city centers have been undertaken; motorways, in some cases planned for decades, have been completed (while their routes had been completely built on in the meantime, although illegally, and the inhabitants evicted, sometimes without compensation);<sup>29</sup> closed cities have been built for expatriates wishing to go home for the summer or for the middle or upper-middle classes who are unable to bear the proximity of the central areas with poverty; shining new shopping malls have been opened, transforming the relationship and commercial practice between customer and seller as well as the relationship with the public commercial space.<sup>30</sup> These malls have

<sup>28</sup> P. Signoles (ed.) et al., *L'urbain dans le monde arabe: Politiques, instruments et acteurs*, Paris, CNRS éditions, 1999.

<sup>29</sup> Deboulet, *op. cit.*

<sup>30</sup> N. Fadel Nasr, "La mutation des pratiques sociales avec l'émergence des grandes surfaces commerciales à Beyrouth," *Villes et Territoires du Moyen-Orient* No. 2, 2006.

sometimes been built in areas where such insolent modernity sits side-by-side with the most flagrant poverty. Public services have been outsourced to multinationals in an attempt to improve service quality. The supply of water to Casablanca has been entrusted to Lydec, a subsidiary of Suez operating in Casablanca, and the collection and treatment of rubbish has been the object of a call for tenders in Cairo, where it has been entrusted to five companies, of which just one is Egyptian.<sup>31</sup> These examples show a failure to improve services, which, added to the problems of housing, unemployment, and the lack of political freedom, has led to demonstrations.

Faced by the failure of states and by the impossibility for their weak networks, or even the decentralized institutions, to provide basic equipment for the recently — or spontaneously — urbanized neighborhoods, the people have demanded a more participatory management of urban projects by creating ad hoc residents' associations in order to intervene in the management of a water supply project, for example. Faced by a state in which they have no confidence, international NGOs tend to encourage the creation of such associations in order to find contact-points, negotiating directly with the non-institutional actors of local life and de facto sidestepping official actors.<sup>32</sup> This practice, which derives from local development theory, leads to social repositioning in the areas where it is carried out as a result particularly of the concern of certain local actors to capture income and power, which will give them social as much as material advantages. Such changes are very clear in the case of the privatization of rubbish collection in

<sup>31</sup> B. Florin, "Réforme de la gestion des déchets et reconfigurations des territoires professionnels des chiffonniers du Caire," *Géocarrefour* Vol.85, no.2, 2010, pp.109–118.

<sup>32</sup> A. Signoles, "Quand le lieu compte": La réforme de la gestion de l'eau en Palestine: des configurations locales multiples," *Géocarrefour* Vol.85, no.2, 2010, pp.129–140.

Cairo. Traditionally organized by the community of rag-and-bone men (zabbâlins), the new private actors are reconfiguring the structure and internal relationships of this community, and are creating new professional territories.<sup>33</sup>

### **The Urban Stakes of the Arab Revolts**

Public space in the cities of the Arab world, which had long been the subject of debate in sciences of the city, no longer needs — indeed, it is far from the case — to prove its existence. Although they may have begun at Sidi Bouziz, a small Tunisian town, the revolts of the Arab Spring are profoundly rooted in urban settings. It was opposite an official building, an incarnation of power, that Mohammed Bouazizi set himself alight. The dynamic of the demonstrations developed first in the disenfranchised and under-developed cities of central Tunisia, and in the urban centers that were suffering the consequences of the cessation of mining or industrial activity, particularly that of phosphate at Redeyef or Gafsa. The seeds of a deep discontent manifested themselves in these towns in the form of recurrent demonstrations beginning in 2008, well before the “Arab Spring.”

By means of the physical occupation of public space, particularly spaces symbolic of power in the cities (Place de la Kasbah, the site of the prime minister’s office and of several ministries in Tunis, or Tahrir Square in Cairo), people in desperate economic straits laid claim not only to the freedoms of a democracy, but also to a right to exist in the city. They wanted to be seen, even the poorest, excluded from all policies of upgrading of the cities and pushed back to the outskirts in neighborhoods of housing bare of any urbanity. They staked their claim to belong to the nation, a claim poorly represented by the existing political powers. Thus the slogans of Egyptians in Tahrir Square repeated

<sup>33</sup> Florin, *op. cit.*

over and over again “we are Egyptians,” allowing people to retrieve their pride and dignity.<sup>34</sup>

The demonstrations occupied central areas, appropriated those areas, and defied the laws established by the disputed authorities by calling into question an aspect central as much from the perspective of security as that of economic development, namely the fluidity of the city. The rules of the occupation of public spaces were set by the demonstrators, beyond the rules imposed by the state. By such an occupation of the city, the protesters were also perhaps indicating how tired they were of the dispossession of property overseen in Tunisia by the previous regime, and the slippage induced by the penetration of the foreign capital of multinationals into social housing projects toward the production of luxury housing once public land had been transferred to private promoters. Other grievances included the increasing elitism of central spaces, the way in which states had ceased to take care of the equal supply of the services and equipment essential in the city, the confusion of genres between businessmen and politicians, and the resulting transfer of property profits from the public to the private sector.

It is necessary to add the link between the importance of the means of spreading information in the Arab Spring and the city. The cameras were focused on Avenue Bourguiba in Tunis and Tahrir Square in Cairo. The Egyptian Salafists for example organized the transport in July 2011 of hundreds of thousands of people from all over the country to the mass demonstrations held in Tahrir Square. They erected a gigantic grandstand higher than that of the Muslim Brothers. Their occupation of a site symbolic of the urban space, broadcast by the

<sup>34</sup> M.B. Ayari, “Des maux de la misère aux mots de la “dignité,” in S. B. Nafissa and B. Destremau (ed.), *Protestations sociales, révolutions civiles. Transformations du politique dans la Méditerranée arabe*, Revue Tiers Monde, Armand Colin, 2011, pp. 209– 219 available at [http://iremam.univ-provence.fr/IMG/pdf/RTM\\_HS\\_plat\\_1\\_sommaire\\_intro\\_2\\_.pdf](http://iremam.univ-provence.fr/IMG/pdf/RTM_HS_plat_1_sommaire_intro_2_.pdf)

media, social networks, and television, played a decisive role in the surprising results they achieved in the elections of the end of December 2011 and the beginning of 2012. The Salafists became the second political force in post-revolution Egypt, and they are hot on the heels of the Muslim Brothers. Certain places, emblematic of the city, became “stages” where both public debate and the drama of protests and repression played themselves out. Some squares became “stages” over which the demonstrators wanted to keep control in order to continue to make themselves heard both internally and, more importantly, internationally.

The Tiananmen Square demonstrations of April 1989 were precursors of the struggle against dictatorships, even if that struggle goes back through history: from the Roman forum to Place de la Bastille, revolts and revolutions play themselves out in the public squares of urban centers. Nevertheless, modern means of communication considerably amplify the phenomenon by bestowing upon it a visible “scenography.”

One of the stakes and claims in the Arab Spring was access to housing, which is very largely problematic in the management of cities, where generally there is no longer any planning and where everything is done on the hoof as much as a result of a lack of funds or opportunism as of corruption. After a year, the extent of the massaging of the statistics provided by state organisms is becoming apparent. For example, in Tunisia, in 2010 the Ministry of Housing announced a rate of connection of households to a supply of drinking water of 80 percent. Investigations carried out since then in popular neighborhoods in the outskirts of Tunis have shown that the reality is quite different.<sup>35</sup>

<sup>35</sup> J. Abdelkafi, “La régénération urbaine,” Paper presented during the seminar “Acteurs et dynamiques sociales en Méditerranée (MEDYSOC): Les sciences sociales au défi des évolutions contemporaines,” Paris, November 17-18, 2011. Program available at [http://recherche-iedes.univ-paris1.fr/IMG/pdf/Journees\\_MEDYSOC\\_08112011.pdf](http://recherche-iedes.univ-paris1.fr/IMG/pdf/Journees_MEDYSOC_08112011.pdf)

Even in the rather particular case of Libya, signs presaging the first demonstrations in Benghazi in February 2011 can be found in a series of demonstrations and illegal occupations of housing in Cyrenaica. The issue was sufficiently serious to lead the security forces to intervene.<sup>36</sup>

It is no doubt necessary to find a new model for the management of cities and the regeneration of popular neighborhoods that is more effective in the long-term than the planning by means of the projects currently in progress, which necessitates constant negotiation between public and private partners. In this context, and on a more regional level, nothing stops one from thinking that the very marked coastal development and urbanization, which grow ever stronger, cannot be countered by a better balancing between different areas. The inequalities between neighborhoods in the capital cities repeat themselves in the relationship between the primary city and the lower-level cities in the urban fabric.

The city is thus at the same time the birthplace and the stage where the revolutions in progress in the Arab world make themselves seen. Since the departure of Ben Ali and the removal of Mubarak, the places symbolic of the demonstrations have remained the same (Place de la Kasbah, Place du Bardo, and Avenue Bourguiba in Tunisia, and Tahrir Square in Egypt). The two countries have held their first free elections after a very long period of authoritarian rule. These processes have gone fairly smoothly, but have generated some surprises, and mark quite different historical trajectories. The foremost element is, of course, the political emergence of Islamist parties, which enjoy considerable power from Morocco to Egypt, with the exception of Algeria. If one can be reasonably optimistic in Tunisia, where the Al-Nahda party (which has a relative majority) is obliged to

<sup>36</sup> F. Gouyette, “Retour sur l’intervention française en Libye,” *Maghreb-Machrek* No.210, forthcoming, Winter 2011/2012.

accept the rules of the democratic game and to compromise with a progressive civil society, it is not the same in Egypt. The Muslim Brothers, who obtained a relative majority, have at present the choice between allying themselves with the salafist parties and in particular the Al-Nour party, or on the other hand to conclude political compromises with the army, which remains the backbone of the country and is aiming to preserve its privileges, but which no longer disposes of anything like the support that the old party in power represented. The National Democratic Party has been dissolved and the political powers of the old regime have lost all legitimacy. There is therefore a significant risk of confrontation with the Egyptian army, which is moving further and further away from its role as impartial referee and guarantor of the nation.

The most spectacular result remains, however, the fact that the progressive and modern forces that brought about the revolution have, in the end, been disposed by it.

### **The Impact of the Changes in the Arab World on City Governance**

What might the Arab Spring change? For the moment it is difficult to say because, even though a new sensitivity might exist as to the need to better balance regional development, the political parties likely to gain power have barely developed any strategy in terms of urbanism. The most conservative among the members of the Islamist parties are rather nostalgic for the Arab medina, which appears as a bygone golden age, with its localized commercial activities. This is, however, far from being the case with all the Salafists. If the example of Turkey can be of any relevance here, it is in that country above all that the members of the Justice and Development Party, among whom are moderate Islamists, guide the economic liberalization and build the shopping malls, the closed cities, and the grand buildings in the international style. The effects of the revolution

in the Arab world will lead to a redefinition of urban policy in a context of the emergence of new political powers.

The first problem to which urban policy must turn its attention is the instability that will continue to reign as a result of the disappointment that the first revolutionary movement will generate. In addition to a certain relaxation of police controls and significant macroeconomic problems (a decrease in tourism or in foreign investment), the rural exodus could temporarily intensify, as was the case in Algeria in the 1990s. The most serious problem would be a degree of instability combined, for example, with terrorism problems in rural areas.

The resources at the disposal of states and cities are modest. It is therefore necessary to equip cities with increased competences in terms of planning, and to support these competences with the proper resources. The degree of democracy, and particularly urban democracy, which could be developed with an improved participative governance is an argument in favor of consenting to taxation, and therefore of the possibility of establishing an urban fiscal policy. Tunisia is well-placed in this regard.

A further aspect of the political economy is the insufficiency of several public services. The countries of the Maghreb, which are characterized by highly-administered rental economies, do not have a political class favorable to the public-private partnerships that could be set up to manage waste, water, and so on. It is, of course, in the field of transport, which is very largely left to market forces alone, where the greatest efforts are required. Cities such as Tunis, which ten years ago were relatively well-preserved from the pollution of individual cars and traffic-jams, are today at saturation point. Without evoking the extreme case of Cairo, a true planning of urban transport is necessary.

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This sort of problem is by no means new, but the democratization in progress opens up possibilities for the participation of city-dwellers and citizens in the management of public affairs. Better urban governance is possible, on condition that the city becomes a prize in the political game and form part of the political programs of the competing parties. Unfortunately, even if the Arab city has been at the heart of the scenography of the Arab Spring, it is not, for the moment, the object of a reflection that should be central in order to face the ever-more pressing challenges.



# 3

## YOUTH EXCLUSION IN NORTH AFRICAN COUNTRIES: CONTINUITY OR CHANGE?

MARIA CRISTINA PACIELLO

Young people with no political affiliation were instrumental in the very early phases of the protests that took place in North African countries at the beginning of 2011 and that, between January and February, led to the overthrow of Zine El Abidine Ben Ali in Tunisia and Hosni Mubarak in Egypt. The massive participation of young people in the mobilizations of early 2011 was emblematic of the dramatic exclusion they face in North African countries. Alongside the lack of political participation, an important dimension of youth exclusion and frustration pertains to the scarce chances of finding decent employment opportunities. One year after the popular uprisings in North African countries, the labor market problems affecting young people, particularly the educated youth, are still there and, in the case of Tunisia and Egypt, have further deteriorated.

As this chapter will show, the dramatic aggravation of the youth labor market situation over the last two decades was fundamentally a product of the policy failures associated with economic liberalization reforms and a political economy that was particularly adverse to young people. Unfortunately, following the popular uprisings of early 2011, transition governments in Tunisia and Egypt, like incumbent regimes in Algeria and Morocco, have made no attempt to reorient economic policies toward a development model that is more inclusive of youth. Ultimately, this reflects a continuity in the political economy of youth exclusion, albeit with important differences between North African countries. The chapter will conclude by discussing, for Egypt and Tunisia, the prospects for seriously rethinking previous economic policies and questioning the political-economic processes that shape youth economic exclusion. The discussion will look in particular at the role of two important players in such change: the Islamist parties, which won the most seats in the recent elections in Tunisia and Egypt and could be in a more favorable position to influence economic policies and the

pace of political change; and the youth groups and activists who were the main initiators of the mass upheavals at the beginning of 2011 and have continued to mobilize to push for wide-ranging transformations.

### Growing Unemployment and Insecurity Among the Youth

Over the last decade (at least until 2007), Egypt, Tunisia, and Morocco proceeded quickly in promoting market-oriented reforms, experiencing positive macro-economic performances and rapid economic growth rates. Starting in early 2000, Algeria's economy also began to recover from years of economic collapse caused by a decade of civil war. In Egypt (2002-2006) and Tunisia (2000-2007), real gross domestic product (GDP) growth averaged 5 percent, reaching a record of 7 percent and 6.3 percent respectively in 2007, while in Algeria (2001-2007) it amounted on average to 4.2 percent.<sup>37</sup> However, while macroeconomic indicators in North African countries were clearly improving, the labor market situation, particularly among young graduates, continued to worsen dramatically.

Two major trends point to the fact that labor market exclusion has been felt more acutely by young people, particularly over the last decade. The first trend is that unemployment among young graduates continued to increase rapidly in spite of the declines observed in unemployment rates at the national level. In Algeria, it more than

<sup>37</sup> G. Achcar, "Egypt's Recent Growth: An 'Emerging Success Story'?" *Development Viewpoint*, No. 22, SOAS, February 2009, available at <http://eprints.soas.ac.uk/7332/1/DevelopmentViewpoint22.pdf>; International Monetary Fund (IMF), *Algeria: 2008 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and statement by the Executive Director for Algeria*, IMF Country Report, No. 09/108, April 2009 available at <http://www.imf.org/external/pubs/ft/scr/2009/cr09108.pdf>; IMF, *Tunisia: 2010 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and statement by the Executive Director for Tunisia*, IMF Country Report, No. 10/282, September 2010, available at <http://www.imf.org/external/pubs/ft/scr/2010/cr10282.pdf>.

doubled (from 10 percent in 2001 to about 20 percent in 2008); in Egypt, it reached 14.4 percent in 2006, up from 9.7 percent in 1998; in Tunisia, according to new data revealed in the post-Ben Ali era, it reached 44.9 percent in 2009 compared to 22.1 percent in 1999, with the poorest regions, from which the protests against former president Ben Ali's regime originated, reporting the highest levels.<sup>38</sup> In Morocco, youth unemployment among graduates experienced an increase in urban areas (from 23.8 percent in 1997 to 30.1 percent in 2006).<sup>39</sup> The evolution of young women's unemployment rates in North African countries was even more worrying.<sup>40</sup>

The second trend underlining youth exclusion is that, over the years, the bulk of employment creation in North African countries was in temporary, unregulated, and underpaid jobs that went mainly to young people.<sup>41</sup> The global financial crisis came to further exacerbate labor market problems in North African countries (especially in

Tunisia and Egypt), by slowing down job creation and increasing layoffs, unemployment, and insecurity among young people and women.<sup>42</sup>

One year after the popular mobilizations of early 2011, the labor market problems facing young people in North African countries persist. In Algeria and Morocco, social protests and self-immolations by disenfranchised youth without jobs have continued. In Tunisia and Egypt, the post-uprising economic crisis has actually worsened labor market problems, causing numerous layoffs and a significant slowdown in job creation. The war in Libya, and the ensuing political uncertainty that persists in that country, has further aggravated the countries' socio-economic problems, given the strong trade and investment relations that link particularly Tunisia, but also Egypt, with Libya. The result has been a further amplification of labor market problems. In Tunisia, for example, during the year following the fall of Ben Ali, male unemployment among graduates increased from 15.8 percent to 23.7 percent, while female unemployment among graduates went up from 32.9 percent to 43.8 percent.<sup>43</sup> Given the persistent lack of job opportunities for the young, the social situation continues to be explosive in the most marginalized regions, as shown by the continuous protests and sit-ins organized by unemployed youth in Siliana, Kef, Jendouba, Gafsa, etc. In Egypt, although data on youth unemployment in the post-Mubarak era are not available, total unemployment is estimated to have increased from 8.9 percent in the fourth quarter of 2010 to 12.4 percent for the

<sup>38</sup> For Algeria, see L. Achy, "Substituer des emplois précaires à un chômage élevé. Les défis de l'emploi au Maghreb," *Carnegie Papers*, No. 23, November 2010. For Egypt, see R. Assaad, "Labor Supply, Employment and Unemployment in the Egyptian Economy, 1988-2006," *ERF Working Paper*, No. 0701, 2007. For Tunisia see I. Haouari, "Ces chiffres qu'on ne nous a jamais révélés," *La presse de Tunisie*, February 6, 2011 available at <http://www.lapresse.tn/06022011/21973/ces-chiffres-qu-on-ne-nous-a-jamais-reveles.html>; M. Ben Romdhane, *Tunisie: Etat, Economie et Société*, Tunis, Sud Editions, 2011.

<sup>39</sup> M. Badimon Emperador, "Diplômés chômeurs au Maroc: dynamiques de pérennisation d'une action collective plurielle," *L'Année du Maghreb*, vol. 3, 2007.

<sup>40</sup> M. C. Paciello and R. Pepicelli, "Gender Dynamics and Social Change in North Africa," Paper presented to the *Mediterranean Microcosm between the West and the Arab-Muslim World*, International Conference, Paris, November 3-4, 2011.

<sup>41</sup> B. Hibou, H. Meddeb, and M. Hamdi, *Tunisia after 14 January and its social and political economy: The issues at stake in a reconfiguration of European Policy*, Euro-Mediterranean Human Rights Network (EMHRN), June 2011; M. Ben Romdhane, *op. cit.*; L. Achy, *op. cit.*; R. Boukklia-Hassane and F. Talahite, "Labour Markets Performance and Migration Flows in Algeria," in European Commission Directorate-General for Economic and Financial Affairs, *Labour markets performance and migration, Tunisia, Morocco, and Algeria*, Brussels, 2010; R. Assaad, *op. cit.*

<sup>42</sup> M. C. Paciello, "The Impact of the Economic Crisis on Euro-Mediterranean Relations," *The International Spectator*, Vol. 45, Is. 3, September 2010, pp. 51-69; M. C. Paciello, "L'impact social de la crise financière au Maroc," *Maghreb-Machrek*, No. 206, Winter 2010/2011, pp. 73-98; E. Gana-Oueslati and J.-Y. Moissoner, "La crise ou la fin du mythe de l'émergence en Égypte," *Maghreb-Machrek*, No. 206, Winter 2010/2011, pp. 17-39.

<sup>43</sup> H. Touhami, "L'emploi féminin en Tunisie: Actualités et perspectives," *Leaders*, January 7, 2012 available at <http://leaders.tn/article/1-emploi-feminin-en-tunisie-actualites-et-perspectives?id=7375>

same period in 2011, and the demand for skilled and educated labor in the formal economy has dropped significantly, more than the demand for unskilled labor.<sup>44</sup>

### **Economic Liberalization Reforms Biased Against the Youth**

The labor market problems faced by the youth are primarily a result of the failures associated with the economic liberalization policies pursued in the last two decades, which completely failed to create sufficient and decent employment opportunities for the growing number of young university graduates.

Despite the adoption of market-oriented reforms, the production structures of the economies of North African countries still lack, albeit to different degrees, diversification and have remained concentrated in sectors that either generate limited job opportunities because they are capital intensive (such as the energy sector in Algeria and Egypt) or demand unskilled labor (such as textile/clothing industries and agriculture in Egypt, Morocco, and Tunisia).<sup>45</sup> The case of Tunisia, whose economy is relatively more diversified than that of Egypt and Algeria, shows how its integration into global markets, which has taken place through low cost outsourcing, has not brought about job creation for people with university degrees and has been at the expense of wage pressures and the security of

working conditions. Tunisia has indeed based its export growth on a number of low value-added activities, such as agricultural products and low-tech manufacturing (clothing/textile products for example), which provide very low quality and low skilled jobs for young workers.<sup>46</sup> As a result, only 9 percent of total jobs created in the manufacturing industry in 2008 addressed people with university degrees.<sup>47</sup> Similarly, in the tourist sector, whose receipts account for a large share of Tunisia's total exports, youth employment grew fast in recent years, but, in order to keep pace with other North African countries, wages and social security were significantly reduced, with negative implications, particularly for the youth.<sup>48</sup>

Despite the many measures introduced to encourage private capital, the economic reform process in North African countries also failed to raise private investment. As a result, employment opportunities in the private sector, and particularly in the formal economy, have remained very limited and of a low quality.<sup>49</sup> Across North African countries, albeit with differences, the private sector, dominated by small-medium enterprises (SMEs), continues to be weak and hardly competitive, faced as it is with numerous structural obstacles (e.g., difficult access to formal credit, high interest rates, endemic corruption, lack of transparency, and so on). Generally speaking and with due differences,

<sup>44</sup> "Egypt's unemployment rate rises to 12.4 percent," *Egypt Independent*, February 18, 2012 available at <http://www.egypt-independent.com/node/665781>; "Egypt labor demand falls 54 percent in October," *Ahram Online*, December 1, 2011 available at <http://english.ahram.org.eg/NewsContent/3/12/28249/Business/Economy/Egypt-labour-demand-falls--per-cent-in-October.aspx/>

<sup>45</sup> For Egypt, see E. Gana-Oueslati and J.-Y. Moisseron, *op.cit.*; S. Alissa, "The Political Economy of Reform in Egypt," *Carnegie Papers*, No. 5, October, 2007; N. El-Megharbel, "The Impact of Recent Macro and Labor Market Policies on Job Creation in Egypt," *ERF Working Paper*, No. 123, May 2007. For Algeria see L. Achy, *op.cit.*; R. Boukllia-Hassane and F. Talahite, *op.cit.*; F. Talahite and A. Hammadache, "L'économie algérienne d'une crise à l'autre," *Maghreb-Machrek*, No. 206, Winter 2010/2011, pp. 99–123.

<sup>46</sup> B. Hibou et al., *op.cit.*; M. Ben Romdhane, *op.cit.*; L. Achy, *op.cit.*

<sup>47</sup> M. Stampini and A. Verdier-Chouchane, "Labor Market Dynamics in Tunisia: The Issue of Youth Unemployment," African Development Bank, *Working Paper Series*, No. 123, February 2011.

<sup>48</sup> B. Hibou et al., *op.cit.*

<sup>49</sup> For Egypt, see L. Achy, *op.cit.*; R. El-Mahdi and P. Marfleet, *Egypt: A Moment of Change*, London, Zed Publication, 2009. For Tunisia, see World Bank (WB), *Dynamique de l'Emploi et Adéquation de la Formation parmi les Diplômés Universitaires*, World Bank, 2009; M. Stampini et al., *op.cit.*; M. Ben Romdhane, *op.cit.*; For Algeria, see; L. Achy, *op.cit.*; R. Boukllia-Hassane and F. Talahite, *op.cit.*

the economic reforms that aimed at encouraging private capital (particularly tax incentives) in North African countries tended to be more favorable for large business groups, wealthy urban areas, and unskilled labor. Similarly, the rapid increase in foreign direct investment (FDI) in recent years in Morocco, Egypt, and Tunisia did not boost job creation for the young as it was associated with privatization programs, rather than new investment opportunities that could have contributed to new employment opportunities.<sup>50</sup> In Algeria, FDI flowed mainly into the oil sector and, even when foreign investors directed capital toward non-oil activities (such as infrastructure projects), they appeared to prefer non-local and less expensive human resources.<sup>51</sup> Meanwhile, the prospects for stable employment in the public sector, which continued to be the main source of employment for the educated youth and especially women, declined significantly in recent years as public sector hiring slowed and contract-based jobs were increasingly introduced in the public sector.<sup>52</sup>

Furthermore, the labor market policies adopted by governments in North African countries proved ineffective in responding to the growing youth unemployment crisis among the educated. In spite of the large resources invested, the numerous state-sponsored employment programs targeting youths reached a very limited number of the total unemployed. In particular, they suffered from three

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<sup>50</sup> S. Alissa, *op. cit.*; N. El- Megharbel, *op. cit.*; L. Achy, *op. cit.*; M. Hedi Bchir, M. Abdelbasset Chemingui, and H. Ben Hammouda, "Ten years after implementing the Barcelona process: what can be learned from the Tunisian experience," *The Journal of North African Studies*, Vol. 14, Is. 2, June 2009, pp. 123–144.

<sup>51</sup> L. Achy, *op. cit.*

<sup>52</sup> B. Hibou et al., *op. cit.*; Interviews by the author, Algeria, October 2011; G. Barsoum, "Government jobs: A pursuit of a chimera for youth in Egypt," *The Daily News Egypt*, February 20, 2011 available at <http://www.thedailynewsegypt.com/banking-a-finance/government-jobs-a-pursuit-of-a-chimera-for-youth-in-egypt.html>

fundamental shortcomings.<sup>53</sup> In the first place, they tended to generate only temporary jobs, in both the public and private sectors, and therefore could not be seen as a long-term solution to the growing unemployment. Secondly, in many cases, the employment programs were not specifically directed toward young graduates who faced significant problems in entering the formal job market. Thirdly, the use of micro-credit loans and other public incentives to youth entrepreneurship as the primary tool for generating employment for women and the youth failed to create business activities that were financially sustainable over time. This was because major structural constraints to private sector initiatives, such as lack of access to bank credit, corruption and so on, were not addressed through comprehensive policies.

Finally, as a result of the structural adjustment reforms called for by the International Monetary Fund and the World Bank, since the early 1990s in Egypt, and to a greater extent in Algeria, the state welfare system underwent a serious crisis, with cuts to social spending, particularly on education, and a consequent dramatic worsening in the quality and access to social services.<sup>54</sup> Even in Tunisia, where the level of social spending remained relatively high, it was biased against the poorest regions

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<sup>53</sup> For labor market policies, see L. Achy, *op. cit.*; B. Hibou et al., *op. cit.*; R. Bouklia-Hassane and F. Talahite, *op. cit.*; M. Catusse, B. Destremau, and E. Verdier, *L'Etat face aux débordements du social au Maghreb. Formation, travail et protection sociale*, Karthala, 2010; A. Barrouhi, "Emplois assistés," *Jeune Afrique*, No. 2368, May 28–June 3, 2006; A. Mahjoub, "Labour Markets Performance and Migration Flows in Tunisia," in European Commission Directorate-General for Economic and Financial Affairs, *Labor Markets Performance and Migration, Tunisia, Morocco and Algeria*, Occasional Papers 60, vol. 2, 2010.

<sup>54</sup> M. C. Paciello, "Egypt's Last Decade: The emergence of a social question," in D. Pioppi (ed.), *Egypt: A neo-authoritarian state steering the winds of change*, GMF/IAI Mediterranean Papers, May 2011 available at [http://www.iai.it/pdf/mediterraneo/GMF-IAI/Mediterranean-paper\\_11.pdf](http://www.iai.it/pdf/mediterraneo/GMF-IAI/Mediterranean-paper_11.pdf); A. Layachi, "Algeria: Crisis, Transition, and Social Policy Outcomes," in V. Moghadam and M. Karshenas (eds.), *Social Policy in the Middle East: Political, Economics and Gender Dynamics*, London, Palgrave Macmillan, 2009.

so that the regional gap with regard to both the coverage and quality of social services widened dramatically.<sup>55</sup> The progressive deterioration in the quality of secondary and tertiary education in North African countries had serious consequences on the youth and on their ability to enter the labor market, causing a mismatch between the skills provided by university education and the requirements of employers, making this one of the contributing factors to high levels of youth unemployment.

#### **North African Government Responses to Youth Economic Exclusion in the Post-Popular Uprisings of Early 2011**

In Egypt and Tunisia, the outbreak of mass protests worsened an already dire socio-economic setting owing to the continued political uncertainty, the persistent state of insecurity, and mounting social protests that have discouraged private investment and hindered one of the driving sectors of these economies, namely tourism. That said, the main problem in the post-uprising phase is that transition governments in Tunisia and Egypt have responded to past and present socio-economic challenges by adopting measures that are in clear continuity with the past. In other words, while unemployment and economic insecurity among young people were the major factors behind their growing frustration against previous regimes, interim authorities have made no attempt to critically review past policies and provide alternative and more effective solutions to youth labor market problems.<sup>56</sup>

In Tunisia, the first attempt by the interim authorities to provide a coherent response to pressing economic and social problems was the package of short-term measures launched by

Minister of Finance Jalloul Ayed on April 1, 2011. The package included three core labor market measures: the establishment of the Amal (“hope” in Arabic) employment program, which takes inspiration from a previous program implemented under Ben Ali; the recruitment of 20,000 young people as part-time workers in the public sector, receiving a monthly payment of about \$100; and the creation of another 20,000 jobs through a number of incentives to the private sector. All these measures, however, are temporary and ineffective and do not tackle the structural factors behind youth labor market challenges. The Amal employment program, which provides unemployed university graduates who are actively searching for a job with a monthly subsidy as well as career coaching and training, has many drawbacks. It only applies to unemployed first-time job seekers (thus excluding the long-term unemployed); it does not offer permanent inclusion of young people in the labor market as it only lasts for one year; and it does not work in a context in which the private sector is weak due to the above-mentioned reasons and the current economic crisis. As will be shown below, unless in-depth institutional reforms are taken and the political economy of Tunisia is reshaped, recruitment policies will continue to suffer from the same impediments as in the past, namely lack of transparency, corruption, and nepotism.

The Jasmin Plan, the medium- to long-term socio-economic plan launched in Tunisia in September 2011 by the interim government, in addition to other measures aimed at encouraging private initiatives particularly in the poorest regions, can certainly be seen as a big step forward compared to the short-term package of April. The plan, which articulates a more coherent national strategy around a set of ten strategic targets, considers tackling unemployment, particularly amongst graduates in the less-developed regions, as one of Tunisia’s main priorities, and aims to diversify the Tunisian economy toward the development

<sup>55</sup> B. Hibout *et al.*, *op. cit.*; M. Ben Romdhane, *op. cit.*

<sup>56</sup> Also in Algeria and Morocco, the uprisings of early 2011 have not triggered any change in economic policies.

of new technologies. In order to address youth unemployment, the plan calls for an ambitious investment program, involving both public and private resources, that is expected to contribute to creating more than 1 million jobs over five years. However, as the role of the private sector is pivotal in this long-term strategy of job creation, it remains to be seen whether, given its numerous past and present weaknesses, it will be able to reorganize in sufficient time to raise the required investment to finance the plan and overcome political economy constraints, to be discussed below.

In Egypt, the response by interim authorities to the country's socio-economic problems has been even more disappointing, incoherent, and youth-biased. The final draft of the budget for the 2011-12 financial year, approved by Supreme Council of the Armed Forces (SCAF) on July 4, 2011 has reposed the usual populist measures implemented under Mubarak (such as the expansion of state subsidies, increases in public salaries and minimum pensions, and so on). A positive measure like the taxation of capital gains that would have increased public resources significantly was dropped in the last version of the budget approved by the SCAF. While the announced measures are insufficient to augment people's purchasing power, what is striking is that, even though young people were at the origin of the unrest, interim authorities continue to ignore the question of how to cope with the economic exclusion of the youth.

### **The Political Economy of Youth Exclusion: Explaining Continuity and Change**

The authoritarian nature of North African regimes profoundly influenced the labor market outcomes and the policy failures described above, seriously inhibiting the capacity of these economies to deliver job creation for young people. As is widely documented, the market-oriented reforms implemented over the last two decades were used

primarily to redistribute privileges and extensive enrichment opportunities to political elites and people close to the ruling establishment, including the armed forces (in Egypt and Algeria), as well as to reinforce the regimes' control over the private sector by co-opting wealthy businessmen.<sup>57</sup>

Entrepreneurial organizations in North African countries subject to a strict system of regime control and co-optation, albeit with different modalities, remained politically acquiescent, thus preserving the status quo, and were dominated by older entrepreneurs.<sup>58</sup> The business organizations established to represent the interests of young entrepreneurs, albeit more vocal than others, were formed by politically and socially well-connected young entrepreneurs. In other words, business organizations were not representative of the real needs of the majority of entrepreneurs, particularly young, small-medium, and micro-entrepreneurs, which had no chance of influencing the decision-making process on economic policy.

This way of controlling the economy, profoundly linked to the authoritarian and coercive nature of these regimes, also nurtured the proliferation of corruption, nepotism, and predatory tactics, which became the only channels for access to the benefits of economic growth. In Tunisia, young entrepreneurs who were either excluded from or refused the mafia system established by the Ben Ali-Trabelsi clan had no chance to undertake

<sup>57</sup> See, for example B. Hibou, *La Force de l'obéissance. Economie politique de la répression en Tunisie*, Paris, La Découverte, 2006; S. Heydemann (ed.), *Networks of Privilege in the Middle East. The Politics of Economic Reform Revisited*, New York, 2007; S. Alissa, op. cit.

<sup>58</sup> Among them, the Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat (UTICA) in Tunisia; the Federation of Egyptian Industries (FEI) and the General Federation of Chambers of Commerce (GFCC) in Egypt; and the Confédération Générale des Entreprises Algériennes (CGEA), Confédération Algérienne du Patronat (CAP), Confédération National du Patronat Algérien (CNPA), Association des Femmes Chefs d'Entreprises (SEVE), and the Confédération des Industriels et Producteurs Algériens (CIPA) in Algeria.

any serious and successful business activity, and in many cases ran the risk of harassment and imprisonment.<sup>59</sup> Widespread corruption, coercion, and authoritarianism in North African countries thus prevented the emergence of an independent and dynamic private sector, and discouraged potentially innovative young entrepreneurs from starting up businesses.

Jobs opportunities provided to the youth through government employment programs were also accessed through opaque, corrupt, and nepotistic practices.<sup>60</sup> The protests in the mining area of Gafsa, which erupted in January 2008 and were among the largest protest movements in Tunisia during the last decade, were emblematic of the frustration of the young unemployed resulting from widespread corruption. The protests were sparked by the results of a recruitment competition by the region's major employer, the Gafsa Phosphate Company (GPC), with candidates protesting against its unfairness and lack of transparency. The situation evolved into a wave of popular protests against corruption and the scarcity of employment opportunities that lasted several months, during which time the regime undertook strong repression.

In the aftermath of the popular uprisings in 2011, the fact that the interim authorities in Egypt and

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<sup>59</sup> See N. Meddeb, "Le récit d'un entrepreneur tunisien broyé par le système Ben Ali," *La Presse*, February 17, 2011 available at <http://www.lapresse.tn/17022011/22809/le-recit-dun-entrepreneur-tunisien-broye-par-le-systeme-ben-ali.html>; B. Hibou *et al.*, *op. cit.*; B. Hibou, *op. cit.*; R. F. Godec, "Corruption en Tunisie: Ce qui est à toi m'appartient," *Tunisia Watch*, December 14, 2010 available at <http://www.tunisiawatch.com/?p=3166>; A. Honwana, "Youth and the Tunisian Revolution," prepared for the Conflict Prevention and Peace Forum, 2011 available at [http://webarchive.ssrc.org/pdfs/Alcinda\\_Honwana,\\_Youth\\_and\\_the\\_Tunisian\\_Revolution,\\_September\\_2011-CPPF\\_policy%20paper.pdf](http://webarchive.ssrc.org/pdfs/Alcinda_Honwana,_Youth_and_the_Tunisian_Revolution,_September_2011-CPPF_policy%20paper.pdf)

<sup>60</sup> A. A. Kallander, "Tunisia's Post-Ben Ali Challenge: A Primer," MERIP, January 26, 2011 available at <http://www.merip.org/mero/mero012611.html>; J. Harrigan and H. El-Said, *Economic Liberalization, Social Capital and Islamic Welfare Provision*, London, Palgrave Macmillan, 2009; B. Hibou, *et al.*, *op. cit.*

Tunisia have not introduced any real change in the direction of economic policies with respect to the previous regimes ultimately reflects a continuity in the political economy of youth exclusion. There are however important differences in the extent to which the interim governments in Egypt and Tunisia have preserved the old power system. In Egypt, the SCAF, which has exercised widespread control over the Egyptian economy so far and now also directly controls politics, has been reluctant to abandon the old system of power and is, therefore, unwilling to revisit past economic policies and take serious reforms against corruption and crony capitalism. Given that the majority of people serving in the three interim post-Mubarak governments were important exponents of the previous regime, this has prevented any re-consideration of previous policies. For example, the former finance minister, Samir Radwan, who resigned in mid-July, was appointed by Mubarak at the end of January 2011, while his successor, Hazem Beblawi, was a fervid supporter of the market-oriented agenda pursued by the old regime. The current finance minister, Momtaz El-Said, led the ministry's budget division and served as undersecretary to former Finance Minister Youssef Boutros Ghali under Mubarak.

In Tunisia, the first two interim governments under Mohammad Ghannouchi, who was a cabinet minister under Ben Ali, were made up of members of the old establishment who kept control of the most strategic ministries.<sup>61</sup> Reflecting its hybrid composition, the interim government under Ghannouchi was hesitant and ambiguous in breaking with the old establishment, making concessions to the revolution without doing away

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<sup>61</sup> B. Hibou *et al.*, *op. cit.*

with the old power system.<sup>62</sup> The third government, led by Beji Caid Essebsi, a man who distanced himself from Ben Ali in 1994 when he retired from political life, sent out more encouraging signals, pushing ahead with the process of political change and trying to deal with youth unemployment problems more coherently (particularly since September 2011), as shown by the Jasmin Plan and other micro-economic measures. However, many young people remained unsatisfied, asking for a completely new democratically elected government, and were suspicious of Beji Caid-Essebsi, who, given his age (84) and past political career, was perceived as belonging to the old power system.<sup>63</sup> Moreover, interim authorities continued to neglect major reforms in key strategic sectors such as security, justice, and media systems, which are essential for making institutions more transparent, weakening the influence of the old oligarchy, and creating a more favorable business environment.

Turning to entrepreneurial organizations, the landscape in Egypt is still dominated by the same employers' associations that existed under Mubarak. These organizations, such as the Federation of Egyptian Industries (FEI), are still headed by the same leaders appointed under the previous regime and continue to represent the business community vis-à-vis the interim authorities. In Tunisia, while the landscape of entrepreneurial organizations appears relatively more dynamic, an important question is whether and to what extent they will be able to become truly representative of the various segments

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<sup>62</sup> M. C. Paciello, "Tunisia: Changes and challenges of political transition," in S. Colombo and N. Tocci (eds.), *The Challenges of State Sustainability in the Mediterranean*, IAI Working Papers, September 2011 available at <http://www.iai.it/content.asp?langid=1&contentid=665>

<sup>63</sup> E. Globe, "Tunisie: 'Les jeunes ne se reconnaissent pas dans Béji Caid Essebsi,'" *Le Monde*, February 28, 2011 available at [http://www.lemonde.fr/afrique/article/2011/02/28/tunisie-la-pression-de-la-rue-ne-devrait-pas-diminuer\\_1486127\\_3212.html](http://www.lemonde.fr/afrique/article/2011/02/28/tunisie-la-pression-de-la-rue-ne-devrait-pas-diminuer_1486127_3212.html)

of the business community, including young micro-entrepreneurs, and autonomous vis-à-vis the political power. At the time of writing, it appears clear that all the small-medium micro-entrepreneurs present in Tunisia, many of whom operate in the informal economy, continue to be not be represented by the existing entrepreneurial organizations and excluded from policy decision-making. With regard to the Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat (UTICA), previously under Ben Ali's total control and still the primary entrepreneurial organization in the country, although the newly formed executive committee ad interim contains a number of so-called reformist entrepreneurs,<sup>64</sup> its temporary presidency passed on to Wided Bouchemmaoui, who was a member of the executive committee appointed under Ben Ali. The newly established organization of employers, the Confederation des Entreprises Citoyennes de Tunisie (CONNECT), while promising, was created upon the initiative of some entrepreneurs who abandoned the UTICA. Although it claims to pursue the values of citizenship among Tunisian enterprises (e.g., encouraging them to pay taxes, follow good governance, and so on), its membership explicitly targets only those enterprises that employ at least three workers and operate in the formal economy,<sup>65</sup> thus excluding the numerous micro-enterprises existing in Tunisia.

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<sup>64</sup> Since the fall of Ben Ali, two groups of entrepreneurs within the UTICA, Sauvons l'Utica and the Mouvement pour le Renouveau, have tried to push for a change in the organization, with the former asking for a radical restructuring, including the appointment of a completely new executive committee, and the second asking for a compromise solution between the old and the new guard. The latter has so far prevailed.

<sup>65</sup> Interviews by the author, Tunis, September 2011. Also see "CONNECT, nouvelle organisation patronale," *Tunisie News*, September 14, 2011 available at [http://www.tunisie-news.com/business/dossier\\_53\\_conect+nouvelle+organisation+patronale.html](http://www.tunisie-news.com/business/dossier_53_conect+nouvelle+organisation+patronale.html); "Tunisie: CONNECT démarre sur les chapeaux de roués," *Webmanager Center*, September 14, 2011 available at <http://www.webmanagercenter.com/management/article-110318-tunisie-conect-demarre-sur-les-chapeaux-de-roues>

Finally, the voices of youth and particularly those who inspired the popular uprisings have continued to remain unheard in policy decision-making as political youth groups and movements have been left out of formal politics. In Egypt, the SCAF has managed the transition in a top-down manner without any genuine involvement or consultation with civil society, including youth groups, and it has increasingly resorted to repressive tactics such as arrests, intimidations, and the use of force against young protesters.<sup>66</sup> In the first elections after the overthrow of Mubarak, the young activists who were behind the mass protests against the former president only won a few seats in the People's Assembly. The Revolution Continues Alliance coalition, which includes a number of youth groups that led to the fall of Mubarak, won less than ten parliamentary seats, while al-Adl Party, another force composed of youth activists, won only two seats.

As far as Tunisia is concerned, during the pre-electoral phase, civil society actors certainly played a more influential role in the direction and pace of political change through the creation of the High Committee to Protect the Revolution (Instance Supérieure pour la Réalisation des Objectifs de la Révolution), which was formed by 145 representatives from civil society, including two youth groups, namely the Union of Tunisian Students and the Union of Unemployed Graduates.<sup>67</sup> Also, the young blogger and activist Slim Amamou, who was arrested during the early days of the anti Ben Ali protests, was appointed secretary of state for youth and sport affairs in January 2011. However, political institutions and processes continued to remain unresponsive to the youth, and the involvement of a few youth

representatives in decision-making was limited and symbolic, probably reflecting a move to co-opt young activists into the existing system. Probably being aware of this, Amamou resigned from his cabinet post in May 2011. Moreover, despite a number of newly formed political parties (e.g., the Mouvement des Jeunes Tunisiens Libres and Rencontre Jeunes Libres) and independent lists representing the youth and the unemployed (e.g., the Afkar Mostaquilla platform and some members of the Union of Unemployed Graduates) as well as the requirement that at least one candidate on each list be under the age of 30, the Constituent Assembly elected last October appears to be unrepresentative of young people. It is worth mentioning, however, that Islamist parties may have taken a large number of votes from young constituents.<sup>68</sup>

### **What are the Prospects for Rethinking Economic Policies and Reshaping the Political Economy in the Post-Arab Uprising?**

In the post-electoral phase, the main issue at stake in both Tunisia and Egypt is: what are the prospects for seriously rethinking economic policies and for reshaping the political economy in a more favorable way to the many disenfranchised youth so far excluded? In order to provide a preliminary answer to this issue, two main questions need further investigation. What about the role of Islamist parties who, having obtained the most seats in the recent electoral competitions, are in a position to influence the nature and pace of change? And what about the capacity of civil society actors, particularly youth groups and activists, to affect future policy decision-making in their respective countries?

<sup>66</sup> M. C. Paciello, "Egypt: Changes and challenges of political transition," *op. cit.*

<sup>67</sup> M. C. Paciello, "Tunisia: Changes and challenges of political transition," *op. cit.*

<sup>68</sup> There is, however, no available data on the Islamist parties' constituencies by age.

### **The Electoral Success of Islamist Parties**

On the whole, Islamist parties in Egypt, Tunisia, and Morocco are sending signals that they have no intention to radically change the direction of economic policies. They are not calling into question the past economic agenda as they consider that the main problem with liberalization reforms was corruption and crony capitalism. Al-Nahda in Tunisia and the Freedom and Justice Party (FJP) in Egypt have unequivocally confirmed their support for a market economy and their intentions to sustain private initiatives, both local and foreign.<sup>69</sup> Both parties have claimed their willingness to keep the bank system unchanged and have offered reassurance that they will not introduce bans on alcohol that could hinder the tourist sector.<sup>70</sup> As far as youth labor market problems are concerned, the platforms of Islamist parties appear to provide either general, vague, or populist solutions, as well as to omit any references to other dramatic dimensions of youth economic exclusion, such as gender disparity. In Egypt, for example, the only concrete measure so far proposed by the FJP to respond to youth unemployment is the creation

<sup>69</sup> See for instance “Egypt Brotherhood businessman: Manufacturing is key,” *Ahram Online*, October 28, 2011 available at <http://english.ahram.org.eg/NewsContent/3/12/25348/Business/Economy/Egypt-Brotherhood-businessman-Manufacturing-is-key.aspx>; “Tunisia’s Ennahda likely to back an open economy: Analysts,” *Ahram Online*, October 27, 2011 available at <http://english.ahram.org.eg/NewsContent/3/12/25250/Business/Economy/Tunisias-Ennahda-likely-to-back-an-open-economy-An.aspx>.

<sup>70</sup> For Al-Nahda, see “Hamadi Jebali se prononce sur l’avenir de la Stratégie 2016 du tourisme tunisien,” *Webmanagercenter*, November 4, 2011 available at <http://www.webmanagercenter.com/management/article-112348-hamadi-jebali-se-prononce-sur-l-avenir-de-la-strategie-2016-du-tourisme-tunisien>; “Tunisia Islamists send business-friendly message after victory,” *Ahram Online*, October 26, 2011 available at <http://english.ahram.org.eg/NewsContent/3/12/25190/Business/Economy/Tunisia-Islamists-send-businessfriendly-message-af.aspx>; “Tunisie: Ennahdah rassure sur la preservation des libertés individuelles,” *AfriqueJet*, November 12, 2011 available at <http://www.afriquejet.com/ennahdha-tunisie-2011111227096.html>; For the FJP, see “Egypt Islamist party says wants to boost tourism,” *Ahram Online*, December 28, 2011 available at <http://english.ahram.org.eg/NewsContent/3/12/30391/Business/Economy/Egypt-Islamist-party-says-wants-to-boost-tourism.aspx>

of a national fund for unemployment benefits for job-seekers,<sup>71</sup> while the Al-Nour Party proposes the expansion of public employment. Moreover, given the short-term interim nature of the newly elected bodies in Tunisia (the Constituent Assembly) and Egypt (the Parliament), Islamist parties in both countries may lack the political willingness to take radical economic measures that are unpopular (e.g., cuts to export subsidies in Tunisia and to fuel subsidies in Egypt) and could alienate support in the next elections. However, to continue with the same old policies of the past cannot but lead to a deepening of socio-economic problems and the perpetuation of the youths’ economic exclusion.

That said it would be premature to conclude that there are no prospects, with the Islamist parties coming to power in Tunisia and Egypt, for changing economic policies and the existing political economy. We should also expect the electoral successes of Islamist parties to produce different trajectories of political and economic change in the various North African countries. The electoral programs of Islamist parties in Egypt and Tunisia do not offer specific answers to many key policy issues, such as how calls for a market economy will concretely combine with calls for social justice; or what implementing Islamic economics means exactly. If and how Islamist parties will in practice combine a market-oriented approach with their promises of social justice is likely to vary depending on the specific constituencies they have to respond to and which vary from country to country. In Tunisia, for example, Al-Nahda is said to receive support mostly from the working classes as opposed to the mostly secular and Francophone elites of the secularist parties, although more investigation is required on the age and class composition of Islamist parties’ constituents. Also, while sharing

<sup>71</sup> See FJP electoral program, available at <http://www.scribd.com/ikhwansocialmedia/d/73955131-FJP-Program-En>

similarities, Islamist parties, even within the same country, may adopt different socio-economic views, for example as concerns the role of the state vis-à-vis the market.

Moreover, there are a number of policy indications coming from Islamist parties, and specifically the FJP in Egypt and Al-Nahda in Tunisia, which, if developed and formulated within a coherent economic strategy, could contribute to ameliorating the labor market situation of the youth and, in general, the long-term economic prospects of these countries. For example, these parties put emphasis, among other things, on finding alternatives to borrowing from the international financial institutions by reforming the fiscal system toward cutting energy subsidies that only benefit large companies, increasing taxes on non-productive sectors, and combating corruption to increase state revenues; they also stress the need to diversify their respective economies so as to reinforce the productive sectors that can create jobs.<sup>72</sup> As far as tourism is concerned, moving beyond issues related to banning alcohol, these parties propose interesting solutions to revive the industry and redistribute its benefits more equally among regions.<sup>73</sup> In Tunisia, for example, Al-Nahda proposes diversifying tourist destinations, which are at the moment focused on the coast, by enhancing natural and cultural resources in the interior regions. This could open up new opportunities for job creation and private sector development in the poorer areas of the country.<sup>74</sup> In

<sup>72</sup> For the FJP, see F. El-Saadani, "Q&A with Ahmed Soliman Freedom and Justice Party Assistant Secretary General. The future of Egypt may very well lie with the FJP and its reforms," *Business Today Egypt*, February 22, 2012 available at <http://businessstodayegypt.com/news/display/article/artId:306/Q-A-with-Ahmed-Soliman/seclId:3>

<sup>73</sup> *Ivi.*

<sup>74</sup> "Tunisie, Ennahdha dévoile son plan d'action pour relancer le tourisme," *Gnet*, November 10, 2011 available at <http://www.gnet.tn/temps-fort/tunisie-ennahdha-devoile-son-plan-daction-pour-relancer-le-tourisme/id-menu-325.html>

addition, the two Islamist parties have stressed their willingness to reinforce intra-regional integration and are taking concrete actions to strengthen trade and economic cooperation with Turkey, Algeria, Libya, and the Gulf countries. In the long run, the intensification of intra-regional economic relations and the reconstruction of Libya could dramatically expand the economic opportunities for the private sector in both countries and generate new employment opportunities. It remains to be seen, however, whether these proposals will actually be implemented and whether the opening up of new economic opportunities through regional integration will continue to benefit well-connected local and foreign businessmen or, instead, will contribute to the emergence of new groups of young entrepreneurs.

The political-economic power dynamics that underpin the processes of change in Tunisia and Egypt also differ, and therefore the prospects for a reconfiguration of the political economy are likely to vary significantly from one country to another, with consequent varying implications for the youth. In Egypt, Islamist parties, at least for now, have a limited margin of maneuver in influencing economic policy decisions. They dominate the parliament, which has to appoint the committee tasked with rewriting the constitution, but they are not part of the government, which has instead been elected by the SCAF. In other words, economic policy decisions remain firmly in the hands of the military, although the parliament can exercise some pressure on the interim government. Recently, however, the Muslim Brotherhood has started pressing for the formation of a coalition government that includes several ministers from the FJP. Moreover, the success of Islamist parties has not marked a fundamental break with the past, at least for now. While the Muslim Brotherhood was the main opposition force under the old regime, in the post-Mubarak era, it has shown no interest in making fundamental changes to the

old system of power, aligning itself with the SCAF and preserving the status quo in both political and economic issues. Furthermore, like the SCAF, the Muslim Brothers appear to ignore the expectations of young Egyptians who continue to protest,<sup>75</sup> and share with the military a critical attitude toward sit-ins, strikes, and protests, denouncing them as destructive. In addition, many key political figures of the FJP are wealthy businessmen who were imprisoned under Mubarak and are now taking advantage of the changing political situation to reorganize their business activities. The risk is that this group of businessmen will emerge as a potent lobby within the Islamist party, either pushing for a more market-oriented agenda rather than an alternative, more inclusive, development model or sustaining state-business collusion as usual. Yet, given that the military will refrain from adopting any measure that may threaten its interests, in the short term, the chances for a reshaping of the political economy of youth exclusion in Egypt are poor.

As far as Tunisia is concerned, Al-Nahda has obtained 89 out of 217 seats in the newly elected Constituent Assembly that will rewrite the constitution and, at the same time, has formed a new coalition government together with two secularist political parties. As a result, Al-Nahda is certainly in a more favorable position than Islamist parties in Egypt to influence the pace of political change and the content of economic policies. Moreover, in Tunisia, the current political landscape may offer more favorable conditions for a reconfiguration of the country's political economy toward more youth inclusion. The October elections have resulted in a government formed by three political forces — Al-Nahda, the Congress for the Republic, and Ettakatol — which are completely unlinked to the previous power system,

<sup>75</sup> See for example the reactions of the movement's leadership *vis-à-vis* youth dissidents within the Muslim Brotherhood.

as many of their leaders and key figures spent most of their life in exile or prison. Newly appointed ministers in economic matters represent a clear break with the previous regime. For example, Hussein Dimassi, appointed minister of finance, is an independent economist who has been very critical of the economic model followed by Ben Ali and has emphasized the urgent need to provide an alternative to it.<sup>76</sup> Moreover, there seems to be a more favorable predisposition on the part of public authorities in Tunisia than in Egypt to involve civil society representatives in developing solutions to current socio-economic problems. Alongside these positive conditions, however, other signals may be less encouraging, such as the nomination as minister of foreign affairs of Rafik Abdessalem, the son-in-law of Rachid Ghannouchi, Al-Nahda's leader, or the unilateral appointment by the new cabinet of the directors of all state-owned media organizations, which brings to mind the practices of cronyism and abuse of power of the previous regime.

#### **Opportunities and Challenges for Youth Activism**

The toppling of the regimes in Egypt and Tunisia has led to an exponential growth in civil society organizations and particularly to an intensification of youth activism. Youth groups and activists in both countries have great potential to challenge the political economy dynamics that underlie youth economic exclusion: they have been calling for wide-ranging political changes that involve a profound restructuring of the political system. They appear very determined to make their voices heard and because of this will probably continue to be vigilant over the political process.

Since the fall of Mubarak, youth groups and coalitions in Egypt (e.g., April 6<sup>th</sup> movement, the Union of the Revolution's Youth, the Revolution's

<sup>76</sup> Y. Ryan, "Tunisian revolution yet to solve inequality," *Al Jazeera*, April 11, 2011 available at <http://www.aljazeera.com/indepth/features/2011/03/2011331172249350413.html>

Youth Coalition, and many others) have continued to mobilize through street protests in order to influence Egyptian politics, even at the risk of harsh and violent repression by security forces. These protests have been a key factor in pushing the interim authorities to making a number of concessions, albeit limited, including the dismissal of the first two interim governments; the continuation of the trials of Mubarak, his family, and senior officials; the dissolution of Mubarak's former party; and so on. Young bloggers have continued to report on the military's use of repressive methods, and some of them have been arrested and tried militarily. As part of the broad campaign to demand that the SCAF relinquish power to civilians, various bloggers and youth activists have recently launched an online movement against the army, calling for a boycott of the military's products and services, thus publicly questioning its economic power.

In Tunisia, in the months following the fall of Ben Ali, the mobilization of young people in the streets led to the removal of the first two interim governments headed by Ghannouchi. Youth groups, together with other civil society associations, have continued to mobilize in the aftermath of the October 23 elections to put pressure on the constituent assembly to accomplish the goals of the revolution, including transparency in decision-making and immediate measures to deal comprehensively with administrative, financial, and political corruption at all levels of the state apparatus.<sup>77</sup> In both countries, students have been protesting and striking to demand the dismissal of university officials appointed under the previous regimes. Beyond street protests, young activists and

<sup>77</sup> Among others, see for instance the network *Doustourna*, including many representatives of the unemployed in the mining regions of Tunisia, activists of the Union of the Tunisian Students, and independent citizens. See K. Jlidi, "Tunisia: Occupy Bardo," *Open Democracy*, December 8, 2011 available at <http://www.opendemocracy.net/kacem-jlidi/tunisia-occupy-bardo>

groups have been experimenting with new ways of doing politics and raising public awareness of political manipulations, based on transparency and participatory democracy.<sup>78</sup> In addition, as the case of Egypt shows, a new generation of young Islamist activists has emerged from the mass mobilization of January 25, 2011, openly dissenting from the conservative leadership of the Muslim Brotherhood and with great potential for providing alternative Islamist discourses and practices on both democracy and economic questions that are more responsive to the deprived middle-class youth.<sup>79</sup>

However, beyond these encouraging signals, the potential for youth activism in both countries has been weakened over the last year by a number of factors that have reduced its capacity to influence policy decision-making and build-up a large consensus. The case of Egypt illustrates some of these problems plaguing youth activism well. In the months that preceded the elections, youth activism remained dispersed in a myriad groups and initiatives, scarcely coordinated and representing different, albeit not necessarily, conflicting demands. In spite of the cohesion reached during the protests against Mubarak through the Youth of the Revolution Coalition (YRC), political youth groups proliferated after January 25 reaching about 100 in number.<sup>80</sup> Political youth groups have suffered from ideological and strategic divergences as well as rivalries that have prevented them from

<sup>78</sup> For Tunisia, see the following initiatives: Ikhtiar ("Choice") launched by a group of young students called Jeunes Indépendants Démocrates and the internet platform Afkar Mustaqilla ("independent ideas") launched prior to elections by a group of young people, including the blogger Slim Amamou. For Egypt, see, among others, the campaign "Let's write our constitution" launched by the human rights group Hisham Mubarak Law Center and the blogger Alaa Abdel Fatah.

<sup>79</sup> A. El Sherif, "Muslim Brotherhood reformers tap into a generation of young activists," *The Daily Star*, January 20, 2012 available at <http://www.dailystar.com.lb/Opinion/Commentary/2012/Jan-20/160474-muslim-brotherhood-reformers-tap-into-a-generation-of-young-activists.ashx#ixzz1m0KxWNL9>

<sup>80</sup> Interview by the author, Cairo, June 2011.

elaborating a unified and coherent policy vis-à-vis the SCAF, compromised their credibility, and diminished their ability to influence Egyptian politics beyond street protests.<sup>81</sup> Geographic distance and class divides may also have limited their capacity to build up a broad unified consensus among young people.

Youth groups arrived unprepared, divided, and confused about the best strategy to adopt prior to the legislative elections. The Revolution Continues electoral coalition was formed only shortly before the candidate registration deadline and, due to the lack of economic resources and time to campaign, was unable to gain public support. The continuing street protests, which have exasperated many Egyptians, and the media campaigns orchestrated by the military have also contributed to diminishing youth groups' popularity. Yet, while some youth groups have, since the fall of Mubarak, joined the protests demanding indemnity for the families of those killed, an increase in the minimum wage, and a new financial budget, they have concentrated their demands on political issues and have hardly coordinated with workers' protests.<sup>82</sup> In the absence of very strong pressure from below with regard to economic issues and coherent proposals to deal with unemployment and other labor related problems, any public debate on past and present economic policy failures has been postponed and the pace of economic change has been even slower than that of political change.

### **Conclusion**

In order to tackle the youths' continued economic exclusion in North African countries, a necessary precondition will be the radical rethinking of each

<sup>81</sup> M. C. Paciello, "Egypt: Changes and challenges of political transition," *op. cit.*

<sup>82</sup> To give just one example, the call led by the April 6 Youth Movement and supporters of Mohamed El-Baradei for a general strike in Egypt on February 11, 2012, to press for a swift handover of power from military rule to a civilian government failed to get the support of workers.

country's development strategy, directing it toward a more youth-oriented growth model. This will require that a youth perspective be mainstreamed into any future economic and social policy. Among others, this means:

- a real diversification of the economy and of commercial partners that is explicitly targeted to generate employment opportunities for the masses of educated but disenfranchised youth;
- putting the decent work agenda elaborated by the International Labor Organization (ILO) at the center of future economic and employment policies as a means to counter the precarious and insecure nature of employment opportunities for the youth;
- assessing the specific impact of any economic measures on youth;
- reorienting fiscal incentives for enterprises and government employment programs in ways that favor skilled labor and permanent employment;
- improving the quality of the public education system and its capacity to respond to a new development model; and
- eliminating all major structural impediments that hamper youth entrepreneurship, including access to formal credit.

A serious reorientation of past economic policies will require in-depth political change and a serious restructuring of the existing political-economic dynamics that are particularly adverse to the youth. In this light, major reforms in key strategic sectors such as security, justice, and media systems are essential for making institutions transparent and independent, weakening the influence of the old power system, and creating a more favorable business and employment environment. Another important condition for changing existing political-

economic dynamics is that entrepreneurial organizations become really representative of entrepreneurs, inclusive with regard to youth, particularly small micro-entrepreneurs, and independent from political power. In addition, political institutions and processes need to be made more responsive to the youth through a genuine and large involvement of youth representatives in the formal decision-making processes.

Although mass protests in Tunisia and Egypt led to the overthrow of past dictators, at the time of writing, the conditions appear unfavorable for a radical change in the economic policies and political economy of youth exclusion, albeit with differences among countries. As a result, there is the risk that the structural factors behind youth economic exclusion will remain unaddressed and youth labor market problems will deteriorate further. However, we cannot conclude that with the Islamist parties coming to power in Tunisia and Egypt, there will be no change at all. Owing to different constituencies, socio-economic views, and political-economic power dynamics underpinning the trajectory of political change in each country, Islamist parties are likely to behave differently from one country to another with regard to the extent to which they will break with old power structures and introduce new economic policy choices. One should not underestimate that a number of factors could contribute to gradually reshaping the current political-economic processes toward more youth inclusion. Islamist parties, while encouraging a market-oriented approach, owe their electoral success to their promises, though vague, of social justice. If they do not deliver on these promises, they are likely to lose their support, particularly among young people. In addition, as shown above, they embrace a number of policy indications (e.g., deepening intra-regional integration, diversifying the production structure, financial independence from international financial institutions, etc.) which, if well developed and conceived within

a coherent strategy, could create more job opportunities for young people.

The extent of political and economic change is also likely to depend on how youth activism, and its capacity to affect policy decision-making, will evolve. Youth activism, and particularly those young people who were major players in the uprisings of early 2011, could come to play a more effective role in influencing the pace of political reform, allowing for more inclusive, transparent, and youth-sensitive economic policies. To do so, however, they must succeed in creating well organized structures with a clear leadership; working out a clear and coherent long-term platform vis-à-vis the governments, including both political and socio-economic issues; coordinating and cooperating with other civil society groups; and mobilizing to get broad support from ordinary people. This process, if it ever occurs, will take a long time. In the short term, however, even with the weaknesses discussed above, one should not underestimate the valuable role that youth activism could play in keeping up the pressure on authorities to undertake key political and economic reforms and in raising public awareness of sensitive political economy issues (e.g., corruption, the army's economic power, and so on). For those youths who still feel excluded and non-represented in the newly elected institutions, street mobilization will continue to be one of the main effective channels for influencing politics. If awareness campaigns succeed in reaching large audiences with their creative and innovative methods, this will serve to gradually build up trust and support for youth activists.



# 4 POLICY IMPLICATIONS FROM A TRANSATLANTIC PERSPECTIVE

MARIA CRISTINA PACIELLO

The marginalization and exclusion of large sectors of the population, which deepened over the past two decades, were among the root causes of the outbreak of popular protests throughout the Arab world in early 2011. As the three chapters in this report show, the policy failures associated with economic liberalization reforms were at the heart of this process of impoverishment, marginalization, and exclusion.

As H. Ayeub argues in his chapter, by exacerbating competition over resources, liberalizing the land market, strengthening agribusiness, and encouraging investment in products for export at the expense of food-producing agriculture, structural adjustment policies in Egypt, Tunisia, and Morocco contributed to the impoverishment of the peasant class, the aggravation of the process of exhaustion of natural resources and biodiversity, and, even more seriously, the worsening of each country's food dependency. Structural adjustment policies thus played a large part in North African countries' increasingly alarming food dependency. The dramatic effects of this on local populations were highlighted by the food supply crisis of 2008. The crisis demonstrated that a sudden rise in the price of a basic foodstuff, such as wheat or rice, was enough to leave North African countries dependent on the international market for their food and/or agricultural production and with limited revenues unable to import the necessary quantities of food and to ensure food security, particularly for the weakest groups in the population.

In North African cities, as G. Gillot and J.-Y. Moisseron show, economic liberalization policies, combined with a lack of resources and the absence of planning, contributed to increasing social contrasts and spatial differences. The profound fragmentation of the urban landscape in North African countries is emblematic of the policy failures of the urban economy. While luxury properties targeting the rich proliferated and

shopping malls were opened, the old cities were left in extremely poor conditions and self-made constructions in informal areas, badly equipped and poorly connected, expanded. Moreover, under the pressure of structural adjustment policies, the state progressively withdrew from the management of public services and public spaces. Public services, such as the supply of water in Casablanca or the collection and treatment of rubbish in Cairo, were outsourced to multinationals, but foreign investors failed to improve service quality and reduce costs to the people. Yet, while curtailing investment in housing and urban services, the state continued to devote a relatively high level of investment to upgrade urban infrastructure in modern neighborhoods in order to attract foreign capital.

Economic liberalization policies pursued in the last two decades completely failed to create sufficient and decent employment opportunities for the growing number of young university graduates, as the chapter by Maria Cristina Paciello documents. Despite the adoption of market-oriented reforms, the production structures of the economies of North African countries still lack, albeit to different degrees, diversification and have remained concentrated in sectors that either generate limited job opportunities because they are capital intensive or demand unskilled labor. The economic reform process in North African countries failed to raise private investment so that employment opportunities in the private sector remained very limited and of low quality. The rapid increase in FDI in recent years in Morocco, Egypt, and Tunisia did not boost job creation for the young as it was associated with privatization programs rather than new investment opportunities that could have contributed to the creation of new jobs. Meanwhile, with cuts to state spending, public sector hiring slowed down and contract-based jobs were increasingly introduced in the public sector. At the same time, the quality of education diminished dramatically, with serious consequences for the

younger generations and their ability to enter the labor market. Lastly, state-sponsored employment programs suffered from many drawbacks, providing only temporary and untargeted solutions to the growing unemployment among youth.

In the aftermath of the popular uprisings, in spite of the major failures associated with previous policies, the transition governments in Tunisia and Egypt, as well as the incumbent regimes in Algeria and Morocco, have responded to the socio-economic problems that were at the origin of the revolts by adopting measures that are in clear continuity with the past. Continuing with the same old policies pursued over the last two decades cannot but lead to a deepening of those same forms of exclusion and marginalization that contributed to the outbreak of protests. In Egypt and Tunisia, where the mass protests have dramatically worsened an already dire socio-economic setting, the need to address past and present socio-economic problems is even more urgent. As the authors in this report argue, North African countries need to radically rethink their development strategies and approaches in ways that, among other things, ensure solid and sustainable food security for their populations, break the mechanisms of dispossession and marginalization of millions of peasants, expand access to decent and affordable housing and other urban services, and generate decent employment opportunities for the masses of educated but disenfranchised youth.

According to H. Ayeb, in order to ensure solid and sustainable food security for North African countries and break the mechanisms of dispossession and marginalization of the peasants, agricultural policies have to be radically reoriented toward food sovereignty. This concept implies the right for North African populations to define and put into practice their own agricultural and food policies, based on people's needs and the protection of their environment, biodiversity, and natural

resources. It will require, among other things, a change in the way North African countries are being integrated into the international market toward a certain level of autonomy in relation to the outside world. This does not mean reverting back to autarky or opposing international trade, but simply starting to adopt agricultural policies that reduce North African countries' dependence on agricultural imports, prioritize local agricultural production to feed their people with respect to export, and support local small farmers, ensuring their right to access productive resources such as land, water, seeds, and biodiversity for sustainable use.<sup>83</sup>

With regard to urban areas, G. Gillot and J.-Y. Moisseron underline the need to find a new model for the management of cities that addresses, effectively and with a long-term view, the dramatic problems related to housing and other basic services (from transport to the distribution of energy and water). They point out that the resources devoted to North African cities, which have been very modest so far, need to be increased by establishing a coherent urban fiscal policy. Moreover, rather than leaving the provision of urban services to market forces alone, public-private partnerships, particularly in urban transport, should be encouraged as should true planning of urban areas to be developed.

A youth-oriented growth model needs to be elaborated, according to M. C. Paciello. This means that a youth perspective will have to be mainstreamed into any future economic and social policy. This includes:

- a real diversification of the economy and of commercial partners (including the intensification of intra-regional cooperation)

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<sup>83</sup> See H. Ayeb's chapter in this report. Also see La Via Campesina International Peasant Movement website available at <http://www.viacampesina.org/en/>

that is explicitly aimed at generating employment opportunities for educated youth;

- putting the decent work agenda worked out by the International Labor Organization (ILO) at the center of future economic and employment policies as a way to counter the precarious and insecure nature of youth employment opportunities;
- assessing the specific impact of any economic measures on youth;
- reorienting fiscal incentives for enterprises and government employment programs in ways that favor skilled labor and permanent employment;
- improving the quality of the public education system and its capacity to respond to a new development model; and
- eliminating all major structural impediments that hamper youth entrepreneurship, including access to formal credit.

A serious reorientation of past economic policies will necessarily require in-depth political changes and a serious restructuring of the existing political-economic dynamics. Social and economic marginalization of large sectors of North African populations was fundamentally the result of political systems that were profoundly exclusionary, given their authoritarian and coercive nature. The political elites and a few people closely associated with the ruling establishment benefitted from the economic liberalization policies: a limited number of wealthy families and multinationals took advantage of the sale of vast public lands and invested in the real estate sector, channeling their capital toward the production of luxury residential areas and housing; large landowners and agribusiness investors profited from export-oriented strategies and tenure liberalization; a small number of entrepreneurs politically and

economically well connected benefited from privatization, and so on.<sup>84</sup> Foreign investors were also caught up in this system of corruption and clientelism, entering into compromises with the incumbent regimes. Corruption, clientelism, and nepotism were the main channels through which economic assets such as newly built housing, agricultural lands, and jobs were allocated. Because of repression, opaque institutions at the national and local levels, and the regimes' control over economic and political processes, certain sectors of North African populations (urban residents in informal neighborhoods, small farmers and tenants, young people from the lower and middle classes, etc.) had little or no chance of influencing policy decision-making, although a wave of popular resistance and protests has emerged over the last decade.<sup>85</sup>

The fact that the old power system has continued to permeate major institutions and organizations in Tunisia and Egypt in the post-uprising phase, albeit with the significant differences described by M. C. Paciello, has left the direction of economic policies unchanged. In this light, major reforms in key strategic sectors such as security, justice, and media systems are essential for making institutions transparent, accountable, and politically independent, weakening the influence of the old power system in both politics and economics, rebalancing unequal power relations in access to vital assets (housing, land, jobs, etc.), and providing the conditions for the emergence of an autonomous private sector. Moreover, new and old entrepreneurial organizations need to become

<sup>84</sup> In addition to the chapters in this report, see R. El Mahdi and P. Marfleet, *op. cit.*; R. Bush, "Coalitions for Dispossession and Networks of Resistance? Land, Politics and Agrarian Reform in Egypt," *British Journal of Middle Eastern Studies*, Vol. 38, Is. 3, 2011, pp. 391–405.

<sup>85</sup> See R. Bush, *op. cit.*; R. El Mahdi and P. Marfleet, *op. cit.*; D. Singerman (ed.), *Cairo Contested: Governance, Urban Space and Global Modernity*, The American University in Cairo Press, 2009.

really representative of entrepreneurs, inclusive of youth, particularly small micro-entrepreneurs, and independent from political power. Most importantly, political institutions and processes should be made more participative and responsive to the marginalized and excluded (e.g., young people, small farmers, poor urban residents, and so on) through a real involvement of their representatives in the formal decision-making process. Indeed, the drafting of a new development model should be the result of a broad dialogue and consensus to be pursued through the involvement of both government and non-government actors. Otherwise there will be little hope for genuine and inclusive economic and social reforms. As G. Gillot and J.-Y. Moisseron suggest, the participation of city-dwellers and citizens in the management of public affairs should be a key element in the process of redefinition of urban public policies in North African countries.

At the time of writing, the prospects for seriously rethinking previous economic policies and questioning the political-economic processes behind marginalization and exclusion appear very poor. The Islamist parties in Egypt, Tunisia, and Morocco that obtained the most seats in the recent electoral competitions seem to be confirming their support for a market-oriented economy, suggesting that they have no intention to radically change economic policies.<sup>86</sup> In this context, according to H. Ayeb, there is nothing that would lead one to think that the agricultural policies of the three countries will be based more on the concept of food sovereignty than on food security. Similarly, even if the Arab city has been the setting at the heart of the Arab Spring, for the moment it is not the focus of thought among current political forces and governments, according to G. Gillot and J.-Y. Moisseron. The voices of those who inspired the popular uprisings, particularly the young people,

<sup>86</sup> See M. C. Paciello's chapter in this report.

have continued to remain unheard in policymaking circles, and they do not appear to be represented in the newly elected bodies in either Tunisia or Egypt, as the chapter by M. C. Paciello reports.

Yet, it would be premature to conclude that with the Islamist parties coming to power in Tunisia and Egypt, there will be no change in economic policies at all. Owing to the different constituencies, socio-economic views, and political-economic power dynamics underpinning the trajectory of political change in each country, Islamist parties are likely to behave differently from one country to another with regard to the extent to which they will break with old power structures and introduce new economic policy choices.<sup>87</sup> The main issue is therefore if and to what extent they will advance real political transformation. Moreover, the prospects for inclusive economic policies will also depend on whether civil society actors and grassroots movements, particularly those that have so far remained marginalized and excluded, will be able to propose alternative policy solutions to socio-economic problems and therefore influence the decision-making bodies in their respective countries.

As the case of youth activism in this report shows, the young people who were the major players in the uprisings of early 2011 could come to play a more effective role in influencing the pace of political reform, allowing for more inclusive, transparent, and youth sensitive economic policies if they succeed in creating well-organized structures with a clear leadership; working out a clear and coherent long-term platform vis-à-vis the governments, including both political and socio-economic issues; coordinating and cooperating with other civil

<sup>87</sup> Ivi; see also S. Colombo, "The Islamist Trajectory: From Repression to Participation," in Silvia Colombo, Paola Caridi, Jane Kinninmont (eds.), *New Socio-Political Actors in North Africa: A Transatlantic Perspective*, February 14, 2012, available at [http://www.gmfus.org/wp-content/files\\_mf/colomboetal\\_northafrica\\_feb12\\_final\\_web.pdf](http://www.gmfus.org/wp-content/files_mf/colomboetal_northafrica_feb12_final_web.pdf)

society groups; and mobilizing to get broad support from ordinary people. This process, should it occur, will take a long time. In the short term, however, even with the weaknesses discussed above, one should not underestimate the valuable role that youth activism can play in keeping pressure on authorities to undertake key political and economic reforms and raising public awareness of sensitive political economy issues (e.g., corruption, the army's economic power, and so on).<sup>88</sup> For those youths who still feel excluded and unrepresented in the newly elected institutions, street mobilization will continue to be one of the most effective channels for influencing politics. While the report only discusses youth activism, other grassroots movements, such as those of the landless and smallholders, could play a role in challenging dispossession and market-oriented reforms, as well as in contributing to political change.<sup>89</sup>

In light of the findings of this report, it is clear that the transatlantic community should profoundly rethink its whole strategy toward North African countries along three main dimensions: economic policies, political change, and civil society actors. As far as economic policies are concerned, the policy failures associated with economic liberalization reforms that were broadly supported by the United States and the EU in the North African region call their approaches and practices into serious question. While the prospects for a radical reorientation of economic policies by the EU and the United States are limited (particularly in agriculture), the transatlantic community should at least refrain from imposing the usual free trade agenda and interfering in future economic policy decisions, particularly in Egypt and Tunisia. In the post-uprising phase in both Tunisia and Egypt,

<sup>88</sup> For the role of youth activism, also see P. Caridi, "Civil Society, Youth and the Internet," in Silvia Colombo, Paola Caridi, Jane Kinninmont (eds.), *op. cit.*

<sup>89</sup> For Egypt, see R. Bush, *op. cit.*

the governments' actual ability to influence the direction of future economic policies will depend very much on whether or not the external aid reaching North African countries will continue to be conditioned on the acceleration of economic deregulation (through trade liberalization, privatization, and so on) and the pursuit of macro-economic stability. In other words, financial aid by international actors should not be tied to any conditionality that imposes the acceleration of economic liberalization reforms as this will reduce governments' leverage in shaping their own economic policies.

While adopting a low-profile approach with regard to the direction of future economic policies in North African countries, the United States and the EU should start revising their strategies in the following directions:

- viewing regional integration among Arab countries with less suspicion, and taking real initiatives to promote it, rather than insisting only on bilateral economic relations;<sup>90</sup>
- mainstreaming a youth perspective into the economic policies they support as suggested in this report (from macro-economic policies to micro-level interventions);
- integrating the concept of decent work into the development policies they implement in the region; and
- giving special attention to the main challenges faced by marginalized rural and urban areas.

In any case, at the level of technical assistance and expertise in policy-related matters, the EU and the United States could provide help in many fields. For example, with regard to urban areas,

<sup>90</sup> A. Malik and B. Awadallah, *The economics of the Arab Spring, OxCarre Research Paper 79*, December 2011 available at <http://www.csae.ox.ac.uk/workingpapers/pdfs/csae-wps-2011-23.pdf>

the international community could cooperate with governmental and non-governmental actors in devising inclusive urban planning, developing adequate and sustainable urban public transport in North African cities, and proposing innovative approaches to participatory urban planning.

As far as political change is concerned, up to now the international community, including the EU and the United States, has ignored the deep linkages between political and economic dynamics in elaborating its strategies in the North African region, dealing with socio-economic problems from an apolitical perspective,<sup>91</sup> and abstaining from applying genuine pressure for real political change vis-à-vis authoritarian regimes. Continuing on this same path will reproduce the same inefficiencies and failures of the past. For example, increasing incentives for small-medium enterprise development targeting young people will not generate a more youth-inclusive development model if corruption, nepotism, and crony capitalism are not addressed through a radical reform of the political system and the institutional mechanisms that regulate and penalize them. Even in the presence of more inclusive policies, if centralized and corrupt authorities in North African countries continue to control and distribute international aid like “business as usual,” these funds will not reach the marginalized and needy.

It is therefore essential that the transatlantic community adopt a more proactive approach to support genuine and deep political reform, with a view to reconfiguring the equilibrium of the countries’ political economy. In Egypt and Tunisia, this means, among other things:

- sustaining with all possible efforts a deep process of institutional reform in the fields of justice, security, and media in ways that effectively alter the existing power balance;

<sup>91</sup> Hibou *et al.*, *op. cit.*

- encouraging mechanisms and reforms that allow for participatory modes of governance at the national and local level;
- pressing for making national legislation more favorable to civil society; and
- establishing adequate mechanisms to monitor those who benefit from foreign financial assistance to ensure that these resources are not channeled to people tied to the previous regime.<sup>92</sup>

Beyond democratic institution-building capacity and dialogue, the transatlantic community could promote real political change in both countries by applying conditionality. For example, more financial aid and incentives could be made conditional on progress in political and institutional reforms. At the same time, the EU and the United States should unequivocally condemn authorities in case of human rights violations or evidence of political regression in order to avoid authoritarian involutions and to regain lost credibility in the eyes of North African populations.

As the prospects for real economic and political change in the region will depend on the future role of civil society groups and grassroots movements, the transatlantic community could offer an important contribution in this field, provided that it pursues an inclusive approach. First, the EU and United States should commit to engaging with the broad spectrum of civil society groups. This involves dialoguing with and supporting not only the most well organized groups, but also the least structured grassroots-based movements that represent the most marginalized sectors of society (e.g., small-medium and micro-entrepreneurs, young unemployed, rural communities, urban

<sup>92</sup> J.-P. Cassarino and N. Tocci, “Rethinking the EU’s Mediterranean Policies Post-1/11,” *IAI Working Papers*, No. 1106, 2011 available at <http://www.iai.it/pdf/DocIAI/iaiw1106.pdf>

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dwellers in informal areas, independent trade unions, and so on).

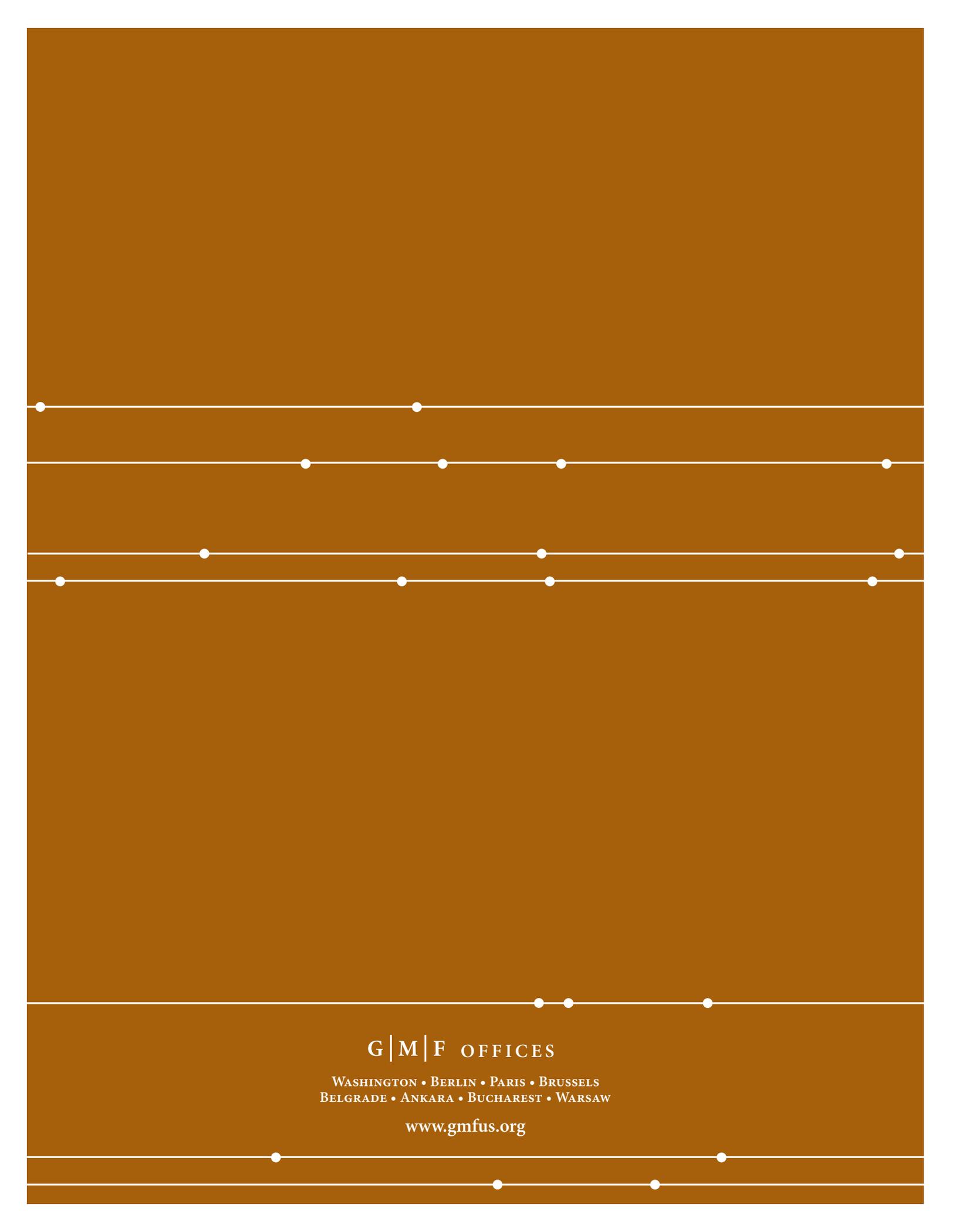
Second, in order to give to civil society groups and various newly emerging movements a voice, the EU and United States should establish formal and institutionalized mechanisms for regional consultation with non-governmental actors regarding political and economic matters.<sup>93</sup> In this regard, the possible reformulation of EU and U.S. policies in North African countries should be jointly discussed and negotiated with both government authorities and the various civil society groups.

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<sup>93</sup> Oxfam, “Power to the People? Reactions to the EU’s response to the Arab Spring,” *Oxfam Briefing Note*, November 14, 2011 available at <http://www.oxfam.org/sites/www.oxfam.org/files/bn-power-people-eu-arab-spring-141111-en.pdf>





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