

June 2012

About this Series

Op-Med is an ongoing series of opinion pieces on topical issues in Mediterranean politics from a transatlantic perspective. The series brings together European, North American, and southern Mediterranean experts through the German Marshall Fund–Istituto Affari Internazionali strategic partnership. The series examines key questions surrounding the political, societal, and economic evolution of specific Mediterranean countries as well as the broader regional and international dynamics at play in the Mediterranean region as a whole.

The Political Economy of Youth Exclusion in the Mediterranean: Continuity or Change?

by Maria Cristina Paciello

Youth participation in the mobilizations of early 2011 in the southern Mediterranean was a sudden reversal from the radical exclusion of young people from political participation in the previous regimes. An important element of frustration derived from the scant opportunities for work, particularly over the last decade. Unemployment among young graduates had continued to increase rapidly in spite of the decline in unemployment rates at the national level, while the bulk of employment creation in Mediterranean countries was in the form of unappealing, unregulated, and underpaid short-term jobs that young people were forced to accept.¹ One year after the popular uprisings in the Arab world, the labor market issues affecting young people, particularly

the educated youth, are unmitigated. In the cases of Tunisia and Egypt, the conditions have further deteriorated.

The aggravation of the youth labor market situation over the last two decades was fundamentally a product of a political economy that was especially adverse to young people. Unregulated economic liberalization reforms, when coupled with the authoritarian and coercive nature of these regimes, inhibited the capacity of south Mediterranean economies to deliver jobs for people with university degrees. In the post-uprising phase, one of the main problems has been that transition governments, particularly in Tunisia and Egypt, have made no attempt to critically review past policies and provide alternatives and more effective solutions to youth labor market problems. Ultimately, this reflects a continuity in the political economy of youth exclusion, albeit with important differences between countries.

In Egypt, the Supreme Council of Armed Forces (SCAF), which has exercised widespread control over the

¹ 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, *Tunisie: Etat, Economie et Société*, Tunis, Sud Editions, 2011; L. Achy, "Substituer des emplois précaires à un chômage élevé. Les défis de l'emploi au Maghreb," *Carnegie Papers*, No. 23, November 2010; R. Boukli-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.

Op-Med

Egyptian economy and now also directly controls politics, has been unwilling to revisit past economic policies and take effective measures to fight corruption and crony capitalism. The three interim post-Mubarak governments were staffed for the most part with powerful men from the previous regime who were reluctant to change established policies. Moreover, the landscape of entrepreneurial organizations in Egypt is still dominated by the same employers' associations that existed under Mubarak and are still headed by the same leaders appointed under the *ancien regime*. As a result, the voices of youth, particularly those who inspired the popular uprisings, continue to be unheard in policymaking. Political youth groups have been left out of formal politics and their street protests have been stopped with the use of force. In the first elections after the overthrow of Mubarak, the young activists driving the mass protests against the former president only won a few seats in the People's Assembly. The "Revolution Continues Alliance," also referred to as "Completing the Revolution," which includes a number of youth groups that led to the fall of Mubarak, won less than ten parliamentary seats. The *Al-Adl* (Justice) Party, another force composed of youth activists, won only two seats.

In order to tackle the continued economic exclusion of youth in North African countries, a necessary precondition will be the radical rethinking of each country's development strategy, directing it toward a more youth-oriented growth model. A serious reorientation of past economic policies will primarily require in-depth political change and a serious restructuring of the existing political-economic dynamics that are particularly youth-hostile. The question is then: what are the prospects for reshaping the prevailing political economy in favor of the many disenfranchised youth in post-electoral Tunisia and Egypt? One answer hinges on the future roles of Islamist parties that obtained the most seats in the recent electoral competitions, and of civil society actors, especially youth groups and activists.

At first glance, conditions appear unfavorable for a radical change in the political economy of youth exclusion. Islamist parties — *Al-Nahda* in Tunisia and the *Freedom and Justice Party* (FJP) in Egypt — that have obtained the most seats in the recent electoral competitions, are sending signals they have no intention to radically change the direction of economic policies, confirming their support for a market

A serious reorientation of past economic policies will primarily require in-depth political change and a serious restructuring of the existing political-economic dynamics that are particularly youth-hostile.

oriented economy. At the same time, as the case of Egypt demonstrates, the capacity of youth activism to influence policymaking and to build a large consensus has remained limited — in spite of its potential — owing both to a hostile context and internal weaknesses.

It is too early to conclude that with the Islamist parties coming to power in Tunisia and Egypt, there will be no change at all. Although with differences among countries, some positive strands exist and should be exploited. The political-economic power dynamics that drive the processes of change in Tunisia and Egypt 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 youth. Unlike Egypt, the current political landscape in Tunisia may offer more favorable conditions. The October elections have resulted in a government formed by three political forces — *Al-Nahda*, *Al Mottamar* or Congress for the Republic, and *Ettakatol* — which are completely unlinked to the previous power system, as many of their leaders and key figures spent most of their life in exile or prison. Hussein Dimassi, appointed the minister of finance, is an independent economist who has been critical of the economic model followed by Ben Ali and has emphasized the urgent need to provide an alternative.² Moreover, Islamist parties, while encouraging a market-oriented approach, owe their electoral

² 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>.

success to their vague promises of social justice. If and how Islamist parties will in practice combine a market-oriented approach with these assurances is likely to vary from country to country, depending on their specific constituencies. There are also a number of policy indications coming from Islamist parties, specifically the FJP in Egypt and *Al-Nahda* in Tunisia (e.g., deepening intra-regional integration, diversifying the production structure, financial independence from international financial institutions, etc.) that, if developed and formulated within a coherent economic strategy, could contribute to improving the youth labor market and, in general, the long-term economic prospects of these countries.

The extent of political and economic change in Egypt and Tunisia is also likely to depend on how youth activism, and its capacity to affect policymaking, will evolve. In Egypt, for example, in order to play a more effective role in influencing the pace of political reform, youth groups and activists must succeed in creating well-organized structures with a clear leadership. To press for more inclusive, transparent, and youth sensitive economic policies, they need to work out a clear and coherent long-term platform *vis-à-vis* the governments, concerning both political and socio-economic issues. They must coordinate and cooperate with other civil society groups, and mobilize broader support from ordinary people. This process, if it ever occurs, will take a long time. Meanwhile, even with its weaknesses, it would be wrong to underestimate the valuable role that youth activism can 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, such as official corruption, the army's economic power, and so on. Youth groups and activists have been calling for wide-ranging political changes that involve a profound restructuring of the political system, and so far they appear determined to make their voices heard.

About the Author

Maria Cristina Paciello is a political economist with extensive research and field experience in the North Africa region. From 2007 to 2011, she was lecturer in economic and political geography of the Arab World at La Sapienza University of Rome. She also worked as a research consultant for IAI on several projects concerning the southern Mediterranean area. Her most recent publications have focused on Tunisia and Egypt. A more in depth analysis of the issues discussed here can be found at http://www.iai.it/pdf/mediterraneo/GMF-IAI/Mediterranean-paper_15.pdf.

About GMF

The German Marshall Fund of the United States (GMF) is a non-partisan American public policy and grantmaking institution dedicated to promoting better understanding and cooperation between North America and Europe on transatlantic and global issues. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has seven offices in Europe: Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.

About IAI

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