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The Challenges of State Sustainability in the Mediterranean

Edited by Silvia Colombo and Nathalie Tocci

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List of Abbreviations

API	Arab Peace Initiative
CIB	Comprehensive Institution Building
CSO	Civil Society Organisation
DCFTA	Deep and Comprehensive Free Trade Agreement
EIPR	Egyptian Initiative for Personal Rights
EMHRN	Euro-Mediterranean Human Rights Network
EMP	Euro-Mediterranean Partnership
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ETUF	Egyptian Trade Unions Federation
EU	European Union
FDI	Foreign Direct Investment
FDTL	*Forum Démocratique pour le Travail et les Libertés*
GDP	Gross Domestic Product
GPC	Gafsa Phosphate Company
GWOT	Global War on Terror
HDI	Human Development Index
IFI	International Financial Institution
IMF	International Monetary Fund
INDH	*Initiative Nationale du Dévéloppement Humain*
JDP	Justice and Development Party
MB	Muslim Brotherhood
NDP	National Democratic Party
NGO	Non-Governmental Organisation
NPF	National Progressive Front
OPT	Occupied Palestinian Territories
PAM	Authenticity and Modernity Party

PDP	*Parti démocratique progressiste*
PLO	Palestine Liberation Organization
PNA	Palestinian National Authority
PUP	*Parti de l'Unité Populaire*
RCD	*Rassemblement constitutionnel démocratique*
SME	Small and Medium Enterprise
SSI	State Security Investigation Service
STL	Special Tribunal for Lebanon
TI	Transparency International
UDU	*Union Democratique Unioniste*
UfM	Union for the Mediterranean
UGTT	*Union Générale des Travailleurs Tunisiens*
UNDP	United Nations Development Programme
UNGA	United Nations General Assembly
WB	World Bank
YRC	Youth of the Revolution Coalition

Preface

Silvia Colombo, Nathalie Tocci

The year 2011 will go down in history as a critical turning point in the political evolution of the Mediterranean region. The popular uprisings that have swept across the Arab world and have led to the toppling of the Ben Ali and the Mubarak regimes in Tunisia and Egypt, have fundamentally altered the social, economic and political outlook of the region and its relations with the European Union (EU). The 'Arab Spring', which has caught many by surprise, has contributed to bringing the Mediterranean in the international limelight. At the time of writing, some countries of the region are enmeshed in violent conflict between entrenched regimes and a more or less structured opposition movement. Others are in the midst of a difficult and uncertain transition, in which elements of the old power structures are struggling with forces of change and innovation. Others still have embarked on a top-down process of reform aimed at satisfying popular demands and preventing a radicalisation of the protest movement. In response to the momentous events unfolding along its southern shores, the EU has embarked on a revision of its policies towards the Mediterranean, and in particular of the European Neighbourhood Policy (ENP).

This volume collects revised and updated versions of the working papers produced in the framework of MEDPRO, a project financed by the European Commission's 7th Framework Programme.[1] In view of their relevance to a micro-level analysis of conflict, they have been revised and published in the framework of MICROCON, an integrated project financed by the European Commission's 6th Framework Pro-

[1] Contract number: 244578.

gramme.[2] Its aim is to provide an original framework to analyse the dramatic developments in the southern Mediterranean. In fact, the project started before the outbreak of the 'Arab Spring' but, as the popular uprisings unfolded, the research team concentrated its efforts on examining and evaluating the implications of the new political developments for the individual countries and for the region as a whole. The first versions of the MEDPRO working papers were published online between November 2010 and July 2011. In particular, the first working paper by Silvia Colombo – chapter 1 of this volume – was published in November 2010, that is, some weeks before December 17th, when popular protests began in Tunisia in response to the tragic act of a young street vendor, Mohamed Bouazizi, in Sidi Bouzid. The paper emphasized the mounting unsustainability of the socio-economic and political structures of the southern Mediterranean countries, focusing on factors such as widespread corruption, human rights violations, youth unemployment and regional disparities. These were precisely the causes that led citizens in Tunis, Cairo, Damascus and elsewhere to rise against their regimes soon thereafter. In retrospect, the paper proved farsighted and, for this reason, it is reproduced in this volume in an unchanged version. In fact, Colombo's conceptual paper had posited a first tentative scenario of unsustainability, which could have possibly reached the tipping point of instability, in the period ahead.

Then came the revolts, which took place when the authors of this volume were immersed in their fieldwork[3] and ensuing drafting of the empirical case studies of this project. The empirical work on Israel-Palestine (by Paolo Napolitano), Syria-Lebanon and Morocco (by Silvia Colombo), and Tunisia and Egypt (by Maria Cristina Paciello) was carried out between October 2010 and May 2011, i.e., immediately prior to, during and after the revolts.[4] The chapters discussing these case studies have been updated to reflect the situation as of July 2011.

[2] Contract number: CIT4-028730.

[3] All interviewees cited in this volume have been kept anonymous.

[4] The case studies were selected when the project was conceived, i.e., well before the Arab Spring. This explains why, for example, Lybia, which in 2011 has been at the centre of international attention, is not among the selected case studies.

The final paper in this project and chapter in this book by Nathalie Tocci offers a comparative assessment of the empirical results of this project and a critical analysis of the European Union's response to the events in the region. Whereas in the fall of 2010 – when Colombo's conceptual paper was written – the dominant scenario was one of a more or less unsustainable status quo; in the summer of 2011 – when Tocci's concluding paper was written – the unfolding picture was rather one of heterogeneity and polarisation. While countries such as Tunisia are tentatively moving towards a sustainable future, countries like Morocco and Egypt tend more towards a revised *bon usage du néo-authoritarisme*. At the same time, the situation in Israel-Palestine and Syria-Lebanon is characterised by old and new forms of (unsustainable) violence and conflict. The outlook in 2011 is far more varied and fragmented than one year ago. Partly independently but largely as a consequence of these developments, the EU has engaged in a rethink of its policies towards the southern Mediterranean, notably through a revision of its ENP. It remains to be seen whether the Union will successfully face up to the challenge, or whether, alas, its actions will fall behind the curve of the historic turning point of the region.

1.
The Southern Mediterranean. Between Changes and Challenges to its Sustainability

Silvia Colombo[*]

THE CONCEPT OF SUSTAINABILITY AND A WAY OF ASSESSING IT

The rationale of the research

This chapter sets the conceptual framework that will be applied to the analysis of the prospects for sustainable development in a selected group of countries of the southern Mediterranean, here defined as the eleven countries of the southern Mediterranean countries plus Turkey. This research, which began in 2010, set to analyse the prospects of sustainable political development of the countries of the region, based on the premise that their natural, human, social and economic capital depends on the sustainability of the states of the region.

This research explores whether and how this premise of sustainability holds in a selected timeframe (up to 2030)[1] by analysing five case studies: two of them (Israel-Palestine and Israel-Lebanon-Syria) are cases of lingering violent conflicts, while the other three (Egypt, Moroc-

[*] The author is very grateful to Dr. Nathalie Tocci for her engaging support of the research. Special thanks to Prof. Alia El Mahdi, Dr. Samir Abdullah, Dr. Rym Ayadi, Dr. Marek Dabrowski and Jørgen Mortensen for their insightful comments.

[1] The 1990-2030 timeframe represents a suitable horizon for analysing the current and future development of the Mediterranean region in light of significant transformations (regime change, socio-economic crises, etc.). It has also been chosen with a view to making projections and to providing the foundations for future policy on social, political and economic sustainable development in the region.

co and Tunisia) represent a sample of different configurations of authoritarian state power. The objective is to pinpoint the conditions under which, at both the state and regional levels, it is possible to speak of sustainable development. For this purpose, the fundamental Euro-Mediterranean dimension will also be explored in the future scenarios.

The concept of sustainability is sufficiently complex and multidimensional – not to say vague – to require careful specification with reference to the state and its development process. In general terms, sustainability refers to the ability of a state – understood as both institutions and processes as well as norms and values – to pursue progressive development in various sectors for current and future generations. In this research the concepts of 'state sustainability' and 'sustainable development'[2] are used interchangeably. We are actually interested in the state as a set of processes and relations crossing the boundaries of governing bodies, and involving society along with external actors (Mitchell, 1991).

Given the nature of the modern state, defined by Poggi as "a set of institutions vertically arranged in order to practice the legitimate control over a given territory and guarantee its sovereignty" (Poggi, 1990: 3-18), the concept of sustainability is related to the ability of the state to preserve internal order, to defend its power prerogatives and to safeguard its territory from external challenges. These are important features of a sustainable state arrangement insofar as there cannot be sound development if states are under attack from within or outside. Alone, however, these features are insufficient. State sustainability also necessitates a bottom-up perspective that accounts for the welfare, political participation and access to civil, political and social rights of the citizens of a state.

Before delving into the concept of sustainable development, as will be operationalised in this work, it is necessary to stress the fact that sustainability does not coincide with stability. It is possible to have apparent stability internally and externally without sustainable development, meaning that the reins of power and the sovereignty of the state are not

[2] The use of the expression 'sustainable development' in this research does not correspond to the meaning it usually has in the development literature, where it refers to a development scenario that takes into consideration environmental constraints.

questioned, but from political and socio-economic viewpoints there is no development, rather a deterioration of the levels of welfare, a dissipation of resource endowments and a backtracking of social, economic and political reforms. All this could be accompanied by the emergence of dissent, the radicalisation of opposition forces and hence the risk of future destabilisation. This is exactly the situation in which, as assumed in the final section discussing future scenarios, a number of countries of the southern Mediterranean region are likely to find themselves in the next two decades unless major changes are made with a view to strengthening governance and promoting inclusive social, political and economic reforms. Internal and external stability is thus a necessary but insufficient condition for sustainable development. In other words, and as a way of introducing another specification that is clarified later on in this chapter, the stability of a regime[3] through its effective use of force and control of the territory and people does not correspond to the sustainability of the state. The distinction between the two concepts of 'state' and 'regime', the latter having a more restrictive connotation than the former, is relevant insofar as it specifies the object of sustainability. The question, 'sustainability for whom?', is a fundamental one in this framework. Therefore we are not concerned with the stability/sustainability of the regimes in power, whose survival and entrenchment may come at the expense of the people they purport to represent. We are instead concerned with the sustainability of the state, defined more generally and in a more dynamic perspective as a group of assets and structures and the processes arising from their interaction with the external environment. Against this backdrop, the sustainability of the state under scrutiny does not simply consider state assets (or resources) and structures, but also the development process of the country they give rise to under certain domestic and external conditions. In light of the specific configuration of political power in the southern Mediterranean region, the distinction between state and regime sustainability must be borne

[3] Regime is here understood in broad terms as the 'state class'. By 'state class' we mean a group of persons characterised by a "blending of modern forms of association based on ideology, public issues and class interests with more traditional primordial and personal ties" (Hinnebusch, 1990: 189).

constantly in mind. Likewise, there is a distinction between the legitimacy of the state and that of the regime. Whereas the legitimacy of the state is tightly intertwined, and almost overlapping, with its sustainability, the purported legitimacy of a regime may act to the detriment of the long-term sustainability of the state.

This chapter is divided into three sections, developing the main argument on the sustainability of the state in the southern Mediterranean region. The first section sets the theoretical framework and defines the concept of sustainability and its determinants. The second section explores in detail the numerous changes that have taken place in the last two decades and which have contributed to underpinning the current situation of apparent stability. Finally, the third section assesses the conditions under which this situation may become unsustainable owing to the emergence of challenges in the political, economic, social and external domains, thus reaching the tipping point of instability.

Sustainability and its determinants: Political capital and legitimacy

To achieve sustainability there are a number of ingredients that need to be present. These ingredients pertain, broadly speaking, to two categories: assets and governance structures. While the former category encompasses all the concrete and ideational[4] assets a state is endowed with – from natural resources to manmade assets, and from human resources to existing social relations – the latter (governance structures) is made up of all those actors and actions governing the life of the country at multiple levels. These actors and actions are responsible for defining the governance structures and the 'rules of the game' of the state necessary to make use of and possibly to create the assets of the country. This research mostly focuses on this latter category, assessing the question of sustainability as it applies to governance structures and pin-

[4] By 'ideational' we mean all the non-concrete resources a state is endowed with, e.g., culture, values and norms.

pointing the geo-political and governance factors that are likely to shape the future development of the political systems of the southern Mediterranean countries.

As mentioned above, the concept of sustainability is quite difficult to grasp because of its multidimensional and complex nature. Also, in the literature this concept – as interpreted in this research – i.e., entailing a level of solidity that allows states to develop their political, social and economic potential – has not been thoroughly discussed. Yet the literature does discuss two concepts that are strictly linked to and represent key ingredients of 'state sustainability' in the geo-politics and governance domains, namely the concept of 'political capital' and that of 'legitimacy'. Political capital can be regarded as the capacity at the level of institutions and regulations to react to domestic and external social, economic and political challenges and to ensure that a country can draw upon and make full use of its economic, social and human capital. The analysis of a state's political capital is necessary to anticipate future trends in the management of strategic assets, which in turn has repercussions on its sustainability or unsustainability in terms of both structures and processes. In other words, the quality of political capital of the states that make up the southern Mediterranean is bound to determine the level of state sustainability in the region. Legitimacy, instead, encompasses subjective and objective dimensions and includes internal and external components. It could be defined as the extent to which the prevalent conditions in terms of social, economic and political development are conducive to wider margins of manoeuvre for the state (Gilley, 2006). Given the focus on the domestic development process of the Mediterranean countries, the citizens of a state are taken as the subjects of legitimacy while the state itself represents the relevant object. The assessment of legitimacy depends on a number of determinants, rather than on claims made by the rulers themselves or by outside actors (ibid.: 48). We thus take the factors that represent the main determinants of state legitimacy, adapting these to define our principal features of state sustainability.

We have classified these factors into four groups: social, economic, political and contextual factors. These factors can be further broken down under a number of variables that cover both assets and gover-

nance structures. Regarding the domestic dimension, the factors taken into account in the socio-economic group are the level of equality, social bonds, social cooperation, civic engagement, empathy and reciprocity *vis-à-vis* fellow citizens, engagement with politics, income growth, welfare in areas such as health, education and consumption, poverty reduction and economic governance. As far as political factors are concerned, we will look at political stability, defined as the ability of the state to continue functioning, the absence of domestic political strife, general political governance (namely the control of corruption, rule of law, decentralisation, etc.), and democratic rights and civil liberties. Turning to the external dimension, the important factors to look at are the impact of foreign aid, the existence of significant trade relations and the often mutually reinforcing rhetoric of democracy and conflict espoused by external actors and projected onto the southern Mediterranean region. Table 1 considers all of these determinants.

Table 1. The determinants of state sustainability

FACTORS	**EXAMPLES OF VARIABLES ADAPTED TO THE CONTEXT OF THE MIDDLE EAST AND NORTH AFRICA REGION**
Social	
Equality (including gender equality)	• Assets: existing gaps among groups of people, levels of female education and empowerment • Governance structures: laws favouring greater equality, gender-based activism
Social capital	• Assets: levels of human resources, access to basic infrastructures, power of trade unions • Governance structures: role of neo-patrimonialism and clientelism in shaping access to power positions and social relations, impact of culture in creating a sense of commonality
Civic interest and engagement with politics	• Assets: role of ideologies, party system, existence of an autonomous space for civil society • Governance structures: incentives to engage in politics (civil rights, transparent processes, accountability, openness of the political environment, freedom of expression and association, representativeness of the parliament and other bodies)

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FACTORS	**EXAMPLES OF VARIABLES ADAPTED TO THE CONTEXT OF THE MIDDLE EAST AND NORTH AFRICA REGION**
Economic	
Welfare level	• Assets: basic services to the population in health and education, formal employment, youth education and training • Governance structures: engagement on the part of the state in the provision of basic welfare services, investment in job-creation
Poverty reduction	• Assets: levels of income poverty/vulnerability and non-economic poverty, natural resource endowment • Governance structures: poverty reduction policies, social safety nets, role of civil society organisations (including Islamist groups and other non-state actors) in alleviating poverty and in providing basic services to the population
Economic governance and stability	• Assets: gross domestic product (GDP), per capita GDP growth, purchasing power, level of inflation, level of foreign direct investment (FDI), private property, debt rates, public deficit, macroeconomic stability • Governance structures: economic reforms, liberalisation and privatisation measures, economic restructuring, role of banks, government intervention, distribution of national resources, management of migration policies as an emergency valve
Political	
Political stability	• Assets: elite accountability, quality of leadership, political strife, the question of succession, political opposition • Governance structures: balance between government and opposition, distribution of powers
General political governance	• Assets: role of bureaucracy, 'state class', emergence of an intellectual elite • Governance structures: transparency, control of corruption, promotion of the rule of law, independent judiciary, neo-patrimonialism
Democratic rights and civil liberties	• Assets: inclusive development, democratic discourse, human rights situation • Governance structures: implementation of political liberalisation and democracy, role of domestic and international civil society organisations

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FACTORS	EXAMPLES OF VARIABLES ADAPTED TO THE CONTEXT OF THE MIDDLE EAST AND NORTH AFRICA REGION
Contextual	
External aid	• Assets: amount of aid received, rhetoric accompanying aid • Governance structures: state-donor relations, conditionality, domestic and external policies channelling aid towards certain sectors, aid effectiveness
Trade relations	• Assets: natural resource endowment (hydrocarbons), rents, comparative advantages, agricultural infrastructure, water scarcity • Governance structures: market-friendly reforms, competition, the role of FDI, EU Association Agreements, Western interests
Rhetoric of democracy	• Assets: normatively-overloaded concept of democracy, securitisation of foreign policy, migration-driven fears, control of illegal migration • Governance structures: strategies for the promotion of democracy, stability of incumbent elites, double standard
Military support and rhetoric of conflict	• Assets: level of military expenditures and training, violent conflicts • Governance structures: military-civilian relations, military interventions, the global war on terror

Source: Adapted from Gilley (2006).

Gilley has tested these potential causal variables through a bivariate regression and has succeeded in isolating those variables that can most plausibly be taken as the causal factors of legitimacy. This does not imply that these factors are universally significant or that it is not possible to find other critical, intervening variables that lead to higher levels of legitimacy. Moreover, the history and development of the southern Mediterranean region, including individual national paths, may have created specific contexts that, far from being entirely incompatible with some of these factors, may make some of them, such as a market economy and liberal democracy or the lack thereof, not the most significant determinants of legitimacy.

These factors can be grouped under three conceptual headings: governance, rights and welfare. By governance Gilley means both political governance – rule of law, control of corruption and government effectiveness – and economic governance. It is possible to argue that, given certain conditions, a competitive market and properly managed economic reforms are likely to enhance the legitimacy of the state and as a result its long-term sustainability. The second significant variable is represented by the degree to which the citizens of a country enjoy civil liberties and inclusive rights, including political rights. The debate around the lack of democratisation in the Arab world tends to underscore the extent to which a significant number of states in the region may suffer from a legitimacy deficit owing to their undemocratic nature. In particular, these states suffer from the existence of growing gaps between their populations and the structures of power, and between rising expectations in a number of domains and a lack of participation in political life on the part of the people. Finally, welfare gains matter because of their high correlation with income and welfare levels. Still, as emphasised by Gilley "if legitimacy is about satisfying rising expectations, then the dynamic story must matter more than the static one" (Gilley, 2006: 57). Thus, it is anticipated here that these three broad factors (governance – both political and economic – civil, political and social rights, and welfare levels) will in our analysis represent the main determinants of state sustainability as defined below.

In conclusion, state sustainability is interpreted in this research generally as including the political, social and economic assets and governance structures of the state, as well as the interaction of these factors with the external environment. A sustainable state will be one whose assets and governance structures provide for a sufficient level of good governance, civic and political rights and welfare necessary for the progressive development of a given country. What 'sufficient' means can only be assessed empirically on a country-by-country basis. We will therefore analyse the factors of change and continuity, as well as the future challenges in the political, social, economic and external domains within specific countries.

FACTORS OF CHANGE AND CONTINUITY IN THE MEDITERRANEAN REGION

Despite the difficulty encountered in defining precisely what 'sustainability' means, we now have a number of determinants to explore in our analysis. These and other factors that will be discussed in the case studies, also commonly agreed on in the literature,[5] will be used to assess the current and future trends of development in the southern Mediterranean countries against the backdrop of a series of changes that have taken place in the last two decades. These changes have provided the basis of the current situation of apparent stability and status quo and so far have not threatened the overall short-term sustainability of the states of the region. In other words, so far the states in the southern Mediterranean have provided for levels of good governance, civic and political rights and welfare which, while 'insufficient' to generate long-term sustainability, have not threatened their stability in the short-term. Yet, as discussed below, stability does not amount to long-term sustainability. This form of stability has some limits that are largely dictated by the temporal perspective, whereby in the short term we could have stability as a result of conditions that are unlikely to be sustainable in the long run. In exploring the status quo, this chapter will discuss the scope and outcomes of the reform effort undertaken by the countries of the southern Mediterranean region and the persisting elements of fragility in their architecture of economic governance. These reforms have been coupled with some limited interventions in the political sphere that can be described as liberalisation going hand in hand with de-liberalisation measures. Finally, the impact of regional conflicts and the role of external actors are appraised below, in light of their concurrent destabilising potential and actions.

[5] See for example, Albrecht and Schlumberger (2004: 371-392); Ayubi (1995); Guazzone and Pioppi (2009); Hakimian and Moshaver (2001); and Handoussa (1997).

Stability vs. sustainability

Between 1990 and 2010 a set of momentous events transformed the development paths of most southern Mediterranean countries. Emerging from the cold war, during which the political and economic dynamics of the region were shaped by East-West rivalries, the region was affected by the most dramatic endogenous and exogenous changes since decolonisation. As far as economics is concerned, the sharp decline in real international oil prices in the early and mid-1980s cut down the buoyancy enjoyed by the economies of the region as a result of sustained immigration to the oil-producing countries of the Gulf and the opposite flow of remittances. In sharp contrast to the trends ignited by the first oil boom in 1973-82, the decline in oil prices contributed to a situation of stagnation, high indebtedness and unemployment in the southern Mediterranean. As a consequence of these trends, since the 1980s most countries in the region have been pressed by international financial institutions (IFIs), namely the World Bank (WB) and the International Monetary Fund (IMF), to undertake a path of reform, generally entailing the liberalisation and the privatisation of their markets. As for politics, optimism prevailed, inspired by the hope that the Madrid Conference of 1991 and the Oslo Accords of 1993 would culminate in a diplomatic solution to the decades-long Arab-Israeli conflict.

The reforms adopted by the countries in the region enabled their continuing hold on power, driving at the heart of the inconsistency between state stability and sustainability. As elaborated below, the economic, political and social arrangements fostered by the governments in power over the last two decades may have secured the stability of the regimes in the short and medium terms, but may have ignited a process of unsustainability in the medium and long terms, mainly because of country-specific motives and developments that will be explored by the country analyses in this research. Looking ahead, it is actually possible to spot several challenges looming over the future of the Mediterranean countries, threatening to make their development process unsustainable. These challenges are discussed in the next section, devoted to the discussion of future scenarios in the next 20 years.

Most of these challenges are of the same nature as those that the

countries of the Mediterranean region confronted at the end of the 1980s. Over the last two decades, however, important changes at the economic and social levels have progressively eroded the ability of the states to hedge against the risks of domestic turmoil and external pressure. Furthermore, new challenges are on the horizon, stemming from major changes in the geo-political scene. More specifically, it is not possible to discount the impact of the global war on terror (GWOT), the financial crisis and the growing role of China in the southern Mediterranean region in the last decade. To date, in no case have economic problems posed a fundamental threat to the stability of the states. On the contrary, most southern Mediterranean states have contained the political consequences of prevailing socio-economic ills through an elite-driven restructuring of power dynamics (Hakimian and Moshaver, 2001: 211-232). Alongside this, political elites have found ways to consolidate their power by enlarging their circle of 'friends' through patronage networks and by repressing dissent, and thus consolidating the authoritarian character of the states (ibid.: 216-219). It is therefore possible to argue that economic difficulties encountered at the level of the population have not immediately translated into political disaffection or crisis thanks to the skilful measures of adaptation, co-option, incorporation and repression undertaken by incumbent regimes (Guazzone and Pioppi, 2009: 337-339). The last two decades have seen numerous attempts by the regimes to shore up the signs of economic failure that were most likely to have a destabilising effect. The result has been a situation of apparent stability and the reinforcement of the regimes in power (ibid.).

Nevertheless, the sustainability of this seemingly stable arrangement should not be taken for granted in view of the cumulative effect of the mounting pressures discussed below. Reform measures, mostly tackling budgetary and macroeconomic imbalances, have not solved the problems of unemployment and the persistently stagnant living standards of the populations. These reforms, while often being part and parcel of one-size-fits-all, internationally sponsored programmes, have not been properly implemented because of bureaucratic constraints and a lack of human resources (Guazzone and Pioppi, 2009: 99-113). The continuation of the political, social and economic challenges is likely in the future

to undermine not only the governance but also the governability of these states, thus reaching the tipping point where unsustainability translates into instability. In some countries, namely those that have been mostly subject to conflict and economic strains, when combined with inequality and poverty these challenges could trigger the collapse of order typical of 'failed states'. Although none of the states of the southern Mediterranean region under scrutiny at the time of writing qualifies as a 'failed state',[6] we cannot rule out the possibility that, were the deterioration of the national, regional and international contexts to continue, in the medium to long term these countries will face increasing burdens and difficulties in managing these challenges. In some instances it is already possible to refer to some Mediterranean states as "fragile states" where "state structures and institutions have severe deficits in performing key tasks and functions vis-à-vis their citizens. Fragile states are characterized by deficits in governance, control and legitimacy" (Schneckener, 2007: 31), which are among the dominant variables identified above.

In broad terms, to avert a tipping point of unsustainability erupting into instability, bolder measures aimed at countering the disappointing economic, social and political performance than those adopted by the Mediterranean countries during the first series of shock therapy measures in the 1980s appear to be of the essence. In particular, these reforms should tackle socio-economic imbalances and the lack of incentives for active political participation. To date, this has not taken place given, on the one hand, the heightened preoccupation that full-scale economic reforms would cause further hardship and social dislocations, and on the other the necessity to guarantee powerful vested interests. As demonstrated by Tripp (2001) and Ayubi (1995), the state apparatus is an asset for the ruling elites (and also for the shadow elites) who are

[6] Of a different opinion are the authors of the Failed States Index 2010, compiled by the *Foreign Policy* magazine and the Fund for Peace, who put a number of southern Mediterranean countries, including Algeria, Egypt, Jordan, Lebanon, Morocco, Syria and Turkey, in the "in danger" category. See the Failed States Index 2010 (http://www.foreignpolicy.com/articles/2010/06/21/2010_failed_states_index_interactive_map_and_rankings).

interested in maintaining their privileges, hence competing for positional power in the state hierarchy and cultivating political connections. The result is a very mixed picture in which incumbent regimes have pursued limited reforms, entailing liberalisation and privatisation measures, but have failed to redress a grave socio-economic situation. Evidence of this trend is also the fact that although the growth levels of some countries in the mid-to-late 1990s greatly surpassed those of the previous decade, this pattern of growth has not contributed to lower unemployment rates and improved living standards. On the contrary, the entrenchment of the situation of unfulfilled expectations and the resilience of authoritarianism have contributed to increasing the prospects of overall unsustainability, as is argued in the third section of this chapter.

The reform effort and its outcomes

The years between the mid-1980s and 2010 witnessed a proliferation of new or renewed internal and external challenges confronting the southern Mediterranean. These challenges have been the catalysts of a number of changes that have affected all aspects of political life. The rise in fiscal deficits and increased external debts since the 1980s led to a series of economic reforms in most countries, mainly geared towards promoting a more competitive and open economic environment by reducing the weight of the ponderous public sector and fostering private initiative. The rationale underlying these liberalisation and privatisation measures was that, in order to reduce trade imbalances and fiscal deficits, the states of the region had to modernise their economies and expand their private sectors. This philosophy was inspired and promoted by IFIs. While countries such as Egypt, Morocco and Tunisia directly engaged with these institutions and accepted their conditionality and assistance, countries such as Lebanon and Syria carried out similarly market-oriented reforms albeit without formal arrangements with the IFIs. Putting aside the differences among the countries of the region regarding the scope and results of the reform endeavours, while some countries were able partly to buttress their economic situation, on a whole these measures failed to deliver the expected positive macroeconomic results in terms of long-term sustainable economic growth, increased

investment and competitiveness (Abed and Davoodi, 2003; Guazzone and Pioppi, 2009: 99-103; El-Naggar, 1987). They only provided the basis for a partial restructuring of the economic system that brought with it an entrenchment of the power of the incumbent elites.

The countries of the southern Mediterranean region were also encouraged to become partners of the EU in the newly launched Euro-Mediterranean Partnership, dubbed the Barcelona Process. This process was inaugurated in 1995, at a time when great hopes had arisen about finding a solution to the Arab-Israeli conflict. In this framework, the EU signed Association Agreements with almost all the southern Mediterranean countries and established a pillar-based institutional framework to cooperate with them in the economic, political and social/cultural domains. For some countries, such as Morocco and Tunisia, the relationship has grown in importance over time and these countries have become privileged partners of the EU in the region. Also for the IMF and the World Bank, Morocco in particular has always been depicted as the "best pupil in the class", although as our analysis will point out this label may not be fully deserved (Zemni and Bogaert, 2009; Pfeifer, 1999; see the chapter on Morocco by Colombo in this volume). It is additionally possible to argue that too much emphasis was placed on the security and political implications of the economic reforms proposed or imposed by the IFIs and the EU (Zemni and Bogaert, 2009).

The expected outcomes of the reform effort have not materialised; moreover, the reorganisation of the Arab Mediterranean economic sectors has largely contributed to increased wealth inequality. The upper classes, largely coinciding with the core business elites co-opted by the regime, have been the victors of economic restructuring (Heydemann, 2004). Another under-performing effect of the liberalisation and privatisation reforms has been the inability to create employment for the growing workforce. Unemployment, especially among the youth, has been identified as the most politically volatile economic issue facing the Mediterranean region in the medium term (Bensahel and Byman, 2003: 66-68). Lastly, another adverse effect of the partial economic restructuring of the state has been the declining role of the state in the provision of social welfare services. This 'retreat' of the state from the social sector – including the provision of education and health services in general – has

further contributed to the growing marginalisation of large sectors of the population, especially the poor (Guazzone and Pioppi, 2009: 337-339; Karshenas and Moghadam, 2006; Paciello, 2007). Following Marshall and Bottomore (1992), social rights – after civil and political rights – are a fundamental aspect governing the relationship between the state and its citizens. The failure to provide adequate basic social services as a consequence of the partial disengagement of the state undermines the 'social pact' existing between the ruler and the ruled, which is mainly based on the allocative function of the former, and thus impinges upon the legitimacy of the state. Some of the symptoms of this development were outlined in the *Arab Human Development Report* by the United Nations Development Programme (UNDP) for 2009, which singled out a dismal disconnect between southern Mediterranean citizens and their states (UNDP, 2009). While on the one hand state spending on education, health and welfare (in absolute terms and as a percentage of GDP) has been cut because of the aforementioned austerity measures, on the other hand expenditures in the security sector and especially on the maintenance or expansion of the army have remained high and even increased. We address the role played by the military in the southern Mediterranean countries, also in relation to the persistence of conflicts and their role in contributing to unsustainability, in the section devoted to the analysis of the role of external actors.

Mediterranean political systems: Between liberalisation and de-liberalisation

Regarding the political implications of the liberalisation and privatisation measures, part of the theory on democratisation postulates that a correlation exists between economic liberalisation and political liberalisation or even democratisation. This transition paradigm (Carothers, 2002) – from a state-centred economic system to the free market and from autocracy to liberal democracy – had some success in explaining the transition of Latin American countries in the 1970s and that of countries of Central and Eastern Europe after the demise of communism. Still, as far as the Mediterranean and the Middle East are concerned, not only has the transition in the economic sphere not been fully accomplished, but also a sig-

nificant number of analyses underscore the extent to which this transformation has not brought with it a change in the political arena that can be even vaguely associated with democratisation. On the contrary, as aptly argued by Peter Burnell and Oliver Schlumberger (2010: 2),

> perhaps the most remarkable feature of this world region [the Middle East], despite regional instability and numerous violent conflicts, is the astonishing durability of its authoritarian modes of governance. In fact, the Middle East is the only world region that has not, over the past four decades, experienced a single successful case of democratic transition and therefore represents the largest block of countries under firmly and decidedly authoritarian rule, despite intra-regional differences with regard to the face that individual cases of this group of autocracies display.

A substantial amount of literature has debated the failure of democratisation in the Arab Mediterranean countries.[7] Some authors have adopted a culturalist approach, identifying presumed cultural-religious impediments to democracy (Sadowski, 1993). Others have countered these theses, arguing that rather than culture and religion, it is the neoliberal paradigm of development that has impinged upon the stalled process of progressive political change in the region (Guazzone and Pioppi, 2009). These authors have used the expression "neo-liberal globalization", meaning "the specific forms that globalisation has taken since the early 1980s, when its dynamics have been intertwined with the spread of neo-liberal policies of privatization, liberalization and deregulation" (ibid.: 9). The reform programmes that the southern Mediterranean countries have been encouraged to adopt since the 1980s can be framed in the neo-liberal policy paradigm. As multiple studies have shown, these reforms have failed to put the Arab Mediterranean states on the democratisation track, let alone to reduce the authoritarian regimes' power. Given the stability, persistence and remarkable resilience of non-democratic rule it is important to identify those factors that ac-

[7] See Brynen, Korany and Noble (1998); Heydemann (2004); Albrecht and Schlumberger (2004); Burnell and Schlumberger (2010).

count for this situation.

Both internal and external factors have contributed to such resilience. Concerning the former, the persistence of authoritarian political systems derives from a combination of regime legitimacy and repression (Albrecht and Schlumberger, 2004: 372-373). It is important to recall here that in the case of authoritarian states, the legitimacy of the state tends to become functional to the legitimacy of the regime in the eyes of the incumbent elites. Taking into account the determinants of state legitimacy mentioned above, it is possible to identify the strategies and instruments that have been adopted by Arab regimes to consolidate their power and legitimacy through economic restructuring internally and in the eyes of external partners. Concerning the political dimension, liberalising measures have been accompanied by window-dressing political reforms. Rather than opening up the political space, new individuals and groups have been successfully co-opted into the ruling elite. This move has succeeded in curtailing the credibility of the opposition and its ability to change the rules of the game. In the majority of Arab Mediterranean countries, most notably in Egypt, Morocco, Syria and Tunisia, there is no veritable opposition, except for the Islamist one that is either entirely banned or partly co-opted, as is the case of the Moroccan Justice and Development Party (JDP) (Perthes, 2004: 61-85). The need to control all forms of opposition has led to the passing of increasingly repressive measures, including the use of force, targeting not just opposition groups but citizens as well. This has led to the closure of the spaces for public debate and the manifestation of dissent. Individual civil and political freedoms and rights are subject to arbitrary curtailment, often under the pretext of security concerns. This trend towards a growing securitisation of all socio-economic and political matters related to the region has arguably become more prominent as a result of the post-9/11 security environment created in the region (Storm, 2009).

The window-dressing nature of political reforms also included holding seemingly multiparty elections and the proliferation of non-governmental organisations (NGOs) often supported by foreign donors under the rubric of democracy, rule of law and human rights promotion. Delving into the "politics of elections" in some Arab Mediterranean countries reveals that the holding of regular elections and the official promotion of multipartit-

ism obscures more than it reveals regarding the true political dynamics at play (Lust-Okar, 2009). Elections, instead of representing the moment at which power is at stake among competing forces, are reduced to a controlled competition among pre-selected members of the state class. These members compete over access to state resources and positions and this competition ends up reinforcing the mechanisms underlying the distribution of power, which are largely based on clientelism and neo-patrimonialism (ibid.). It could further be argued that this dynamic reinforces a distorted perception of state legitimacy in the eyes of external observers. In turn, the population becomes increasingly distrustful and disinterested in formal political participation and electoral practice. Concerning the proliferation of NGOs, Arab Mediterranean states have become apt over the last few years at speaking the 'language of democracy' as one of the prerequisites for access to foreign funds and assistance. At the same time, they have also succeeded in channelling these resources towards those NGOs that are close to the regime and espouse the prevailing regime narrative. This has led some authors to identify such organisations as Go-NGOs – 'government-organised NGOs' (Carapico, 2000). The experience of most Arab Mediterranean countries evidences that the existence of a seemingly large civil society movement is no precondition for the pursuit of democracy. It is the "quality" more than "quantity" of civil society organisations that strengthens the democratic character of the state (Cavatorta, 2009).

Turning to the economic sphere, alongside growing inequalities the reform measures have given rise to two collateral effects: on the one hand is the creation of skilfully arranged, hybrid public-private partnerships and the triumph of crony capitalism, and on the other is the resilience or reinforcement of the neo-patrimonial and clientelist systems of governance. These two features are sometimes reinforced by confessional, tribal and ethnic affiliations, as the case study chapters will further illuminate. We thus see how under the rubric of economic reform, policies of liberalisation and de-liberalisation have gone hand in hand, representing a strategy of adaptation rather than a strategy of change (Guazzone and Pioppi, 2009: 332-337). By de-liberalisation policies we mean the fact that the private sector has been shaped by the dynamics imposed by the regime. In their policies of liberalisation, the regimes

have tended to promote well-connected and privileged businesses, typically within a limited number of sectors linked to foreign investment and manufactured goods (ibid.). Other sectors – agriculture and textiles – along with migration policies outside the proper economic sphere have been explicitly de-liberalised, mostly under the pressure of external interests that fear competition from southern Mediterranean products or have opted for a delocalisation of illegal migration controls in the territory of the southern Mediterranean countries (Institut Thomas More, 2010: 9-12). This mix between 'crony liberalisation' and de-liberalisation policies goes far in explaining how the weight of economic restructuring has been borne by the Mediterranean countries and why this has fostered further imbalances in the distribution of wealth. In both the political and economic spheres neo-liberal globalising measures have created a very peculiar interplay between the public and the private, the political and the business sectors, and formal and informal institutions. Regarding this last dichotomy, what is apparent is that "formal institutions in authoritarian polities do not match with the real power structures" (Albrecht and Schlumberger, 2004: 382), and informal procedures and decision-making structures represent the real seats of power. Whereas the former – including parliaments and party systems – has undergone ostensible change to adjust to international norms and expectations, the latter has remained mostly unaltered.

Conflicts and the role of external actors

Turning to the external dimension, Western powers played a crucial role in sponsoring and supporting the economic restructuring of the Mediterranean states during the 1980s and 1990s. They accompanied these measures with strong rhetoric on democracy promotion, making this one of the linchpins of their foreign policy, especially in the Mediterranean region. Against this backdrop, the EU and the US have included democracy, human rights and the rule of law into their more or less structured policies towards the Mediterranean region. In particular, the Euro-Mediterranean Partnership made democracy promotion one of the primary objectives of its first pillar, centred on political and security issues. Various tools and policies have been adopted by the EU in its mul-

tilateral and bilateral relations with the Mediterranean countries, but the results have fallen well short of expectations (Bicchi, 2009; Emerson and Youngs, 2009). The failure of this framework to bring about the expected results and a number of critiques from the EU's southern Mediterranean partners led to the launch of the Union for the Mediterranean (UfM) in 2008, which is currently experiencing several problems in the implementation phase. The aim of the UfM is to facilitate cooperation among the countries of the Euro-Mediterranean region by sidelining political dialogue and by focusing instead on concrete projects concerning, among other things, renewable energy, the de-pollution of the Mediterranean Sea and maritime highways. Most of these projects have not yet entered the implementation phase, however, because of a shortage of funds and substantive disagreement among partners concerning the objectives to pursue. The entire EU-sponsored architecture suffers from a number of problems that need to be addressed and solved if Euro-Mediterranean cooperation and integration are to remain plausible prospects in the future.

Following the events of 9/11, Western countries started speaking more openly about the promotion of liberal democracy as a way of fighting radicalisation and terrorism. Rather than spurring genuine democratisation, however, this rhetoric has provided the basis for securing Western short-term interests that are mostly centred on security and economic gains as well as on the control of illegal migration and not on true democratisation (Colombo and Voltolini, 2011). This rhetoric has also been used to legitimise foreign military intervention in Iraq, which has caused negative spill-over effects in the entire southern Mediterranean region, including a marked radicalisation at the level of society in Syria and in other countries of the Levant region, and has further contributed to instability. Next to this, the partial restructuring of the economies of the Arab Mediterranean countries has been prioritised with barely significant changes in their political outlooks (Guazzone and Pioppi, 2009: 332). The question arises of whether the EU and other international actors really work towards the promotion of democracy as one of the sources of state sustainability in the southern Mediterranean. Recent studies have been rather sceptical of the EU's will and capacity to engage in successful democracy promotion through "linkage and leve-

rage" (as presented by Levitisky and Way and applied by Burnell and Schlumberger, 2010).

This reading of the role played by external actors further reinforces our hypothesis, according to which the status quo in the southern Mediterranean countries might only be partly and seemingly stable – and it is unsustainable – insofar as it is threatened by a set of challenges that have not been properly addressed yet. External and internal actors have paradoxically worked in tandem to reinforce this status quo, rather than engaging in a constructive dialectic with one another. The security and economic interests of external players, mainly the EU, have largely overlapped with the political prerogatives of the regimes in a manner detrimental to the sustainability of the states. Given the security concerns prevailing in the region, it is no surprise that Mediterranean states, either Arab or non-Arab, have exploited this situation as a justification for increased militarisation and for the expansion of their control over society through public and privately contracted security apparatuses. The persistence of the state of emergency in some countries is an example of this condition. While the (legitimate) use of force, both within and outside the national territory, is one of the main attributes of the Weberian understanding of state power, the experience of most southern Mediterranean countries shows that robust coercive apparatuses continue to represent key elements of the apparent stability enjoyed by these states. Furthermore, the role of persistent regional conflicts in creating a situation of unsustainability is also a determinant factor insofar as it allows serious derogations of rules that protect human rights.

The link between conflict and stability will be explored with reference to the Arab-Israeli conflict and other longstanding conflicts in the Mediterranean region, such as the Western Sahara conflict. The latter is illustrative of the fragility of regional cooperation in the Maghreb and of the inability of the international community to play a more proactive role in this regard (Darbouche and Zoubir, 2008). In the Mashreq, there have been some improvements in the Syrian-Lebanese nexus in the last few years, mostly as a result of external pressures activated by the killing of former Lebanese Prime Minister Rafiq Hariri, and in relations between Syria and other states in the region, namely Turkey and Saudi Arabia. Despite these improvements, the Mediterranean is still rife with

conflicts, which trap the region in a condition of active or latent violence and undercut efforts at integration (Lawson, 2009). Against this backdrop, a number of states have instrumentalised conflicts in order to reinforce their hold on power domestically. The rhetoric of conflict permeates society as a whole and provides regimes with the justification to enforce restrictive measures in terms of freedom of assembly and expression. The ability to mobilise and demobilise the military and security apparatuses, often through selective favouritism and patronage (Posusney and Angrist, 2005: 27-31), has played a decisive role in buttressing the very foundations of incumbent regimes (especially in Egypt, Syria and Tunisia, yet generally across the Mediterranean countries). In this light, conflicts can be a source of short-term state stability and regime legitimacy, although they undermine state assets and structures – constituting sustainability – in the long run. The persistent militarisation of society, epitomised by the continued state of emergency still in force in Mediterranean countries, along with the arbitrary resort to the use of force to curb dissent and curtail freedom, is sowing the seeds of instability and is here regarded as among the major factors impacting on the sustainability of the state (Dunne, Hamzawy and Brown, 2007).

In the Israeli-Palestinian conflict, external powers – notably the US, the EU and the Quartet more broadly (and hence the UN and Russia) – have been partly responsible for the protraction of the conflict through their sheer inaction or acquiescence to Israel, particularly under the presidency of George W. Bush between 2001 and 2008 and the inscription of the conflict within the discourse of the GWOT. In spite of the apparent change in the attitude of Bush's successor, President Barak Obama, and his declared willingness to actively pursue a solution to this conflict, many of the external dynamics fuelling its persistence have remained unchanged: the absence of external pressure and a credible strategy to exit the conflict. The ensuing vacuum in mediation this has created has, inter alia, opened the way to new regional players such as Turkey to enter the Middle East conflict scene. Against this backdrop, the role Turkey is playing in the region must be considered in any attempt at conflict resolution, as events of the 'Freedom Flotilla' of May-June 2010 testify. Next to its increasing ascendancy as a model for other Muslim countries in the region, Ankara could bring a strategic added

value to the process of regional pacification thanks to the increasingly strong ties it is cultivating with a number of Mediterranean/Middle Eastern countries. For example, there have already been previous attempts by Turkish governments led by the Justice and Development Party to mediate between Israel and Syria, but these were interrupted by the events of December 2008-January 2009 in the Gaza Strip. Turkey's potential is still there, but the external circumstances are not ripe for this potential to be used effectively. Among the conditions necessary for a fulfilment of Turkey's role is the continuation at a faster pace and on a less ambiguous basis of the process of accession to the EU, from which much of Turkey's activism has derived its imprinting, as well as a détente in its bilateral relations with Israel.

Another aspect linking external intervention, conflict and apparent stability relates to foreign aid. As aptly shown by Challand (2009a), the political economy of aid put in place and nurtured by external actors, the EU *in primis* and especially in the West Bank, has enormously affected the transformation of the Palestinian "quasi-state" by reinforcing the neo-patrimonial dimension of Palestinian politics (Brynen, 1995). While in the short term the Palestinian National Authority may be able to reap some gains and capitalise on external aid, in the medium to long term and without a proper settlement of the conflict, monumental development challenges will impair the prospects of any future state. Instead of propping up the status quo quasi-state imposed by Israel and external donors, a new sustainable process should be put in place. This is not simply necessary for the sustainability of an eventual Palestinian state. The sustainability of the state of Israel itself should not be taken for granted either. Beneath the surface of stability and democracy, Israel is a profoundly fragile political entity owing partly to the security challenges it faces and partly to the destructive forces unleashed by its own discriminatory and undemocratic policies. In this respect, Israel, while often portrayed as a categorically different case from its Arab neighbours, is in our view afflicted by similar elements of state unsustainability (Challand, 2009a).

A final aspect of external intervention is what can be referred to as the double standards of the West. For our purposes, Western double standards can be seen from two angles. First is the double standard in

policies towards states viewed as pro-Western and states viewed as anti-Western or antagonistic to the West. Hence, there are categorically different approaches towards states such as Egypt, Morocco, Jordan or Tunisia on the one hand, and towards other states such as Iraq, Libya and Syria (the so-called 'rogue states' according to the US list), on the other (Pfeifer, 1999). While all these states are characterised by some common features of authoritarian rule, the latter are constantly subject to external scrutiny and sanction, while the former are typically rewarded with assistance and support. A second and much-quoted double standard refers to Western attitudes towards Israel, particularly its full espousal of Israel's national security concerns at the expense of the long-term security challenges facing the wider region. This is encapsulated in Israel's persistent violations of UN resolutions (including Resolutions 497 condemning Israel's annexation of Syria's Golan Heights and 1397 on the two-state solution) and the repercussions of these violations on the conflict and the relations among the actors in the region. This situation of double standards is provoking a deterioration of the overall security and stability of the region. Another form of double standard may be related to the EU's attitude towards the unofficial Islamist opposition in the southern Mediterranean region. Some authors (Dunne, Hamzawy and Brown, 2007: 4) claim that Islamist electoral gains in Egypt in 2005, in Palestine in 2006 and elsewhere in the region, as well as the outcome of the summer 2006 war between Israel and Hizbullah, have influenced the regional and international climate to the point that the EU and other external actors have started to fear that Islamists could gain power.

The current trends presented above seem to point to the existence of largely non-democratic states, featuring what has been dubbed "competitive authoritarianism" (Levitsky and Way, 2002). These states display a distinctive "capacity to spawn innovative mutations that fit the changing local environment – changing geographically from one country to another and changing historically through the effect of new global or regional trends" (Brooker, 2009: 374). Regarding global trends, the diffusion of a peculiar model of economic development and of relations, epitomised by liberalisation and privatisation in the framework of globalisation, have not weakened regime power and authoritarianism but

rather reinforced them (Schlumberger, 2007), giving rise to a process of "de-liberalisation" (Kienle, 2003). The key features of authoritarian persistence have been identified in the strength of the coercive apparatuses and the extensive use of repression as a mode of rule, the manipulation of electoral politics and of contestation, the co-option of opposition forces and the impact of external factors, namely the over-securitisation of foreign policy leading to external double standards, acquiescence and neglect (Guazzone and Pioppi, 2009: 345-450). The outcome is the redeployment of the structures and functions of the state favouring its resilience and apparent stability, rather than its retreat and undermining (Tripp, 2001). Yet while these authoritarian states are "not inherently instable or less viable than democracies" (Burnell and Schlumberger, 2010: 9) and have repeatedly demonstrated their means of adaptation (Brooker, 2009), making use inter alia of elements of legitimacy, the conditions of stability may well be unsustainable in the medium and long terms.

FUTURE CHALLENGES TO THE SUSTAINABILITY OF THE STATE IN THE MEDITERRANEAN REGION

This final section of the chapter questions the apparent stability of the current state structures and policies in the Mediterranean region under the double impact of violent conflicts and the persistence of authoritarianism or better neo-authoritarianism.[8] We hypothesise that in the long run it will become increasingly difficult for these states to sustain the current configuration of state power against the backdrop of deteriorating socio-economic conditions, exacerbated by the global economic crisis, which will lead to growing domestic unrest. Although at present the situation may be defined as stable, we can pinpoint how the factors dis-

[8] Some authors prefer to use the term 'neo-authoritarianism' to account for the distinctively modern and upgraded form of authoritarianism characterised by "fragmentation of the power structures and by an increase in informal modes of government (neo-patrimonialism, corruption), with the parallel political and economic marginalization of large social sectors" (Guazzone and Pioppi, 2009: 346).

cussed above – socio-economic stagnation and inequality, neo-authoritarian rule, violent conflicts and the role of external actors – are likely to make the period ahead different from the 'business and usual' features of the recent past, possibly leading to a tipping point in unsustainability and thus to instability or even state failure. What is argued here is that the cumulative effect of these challenges as well as changes in the regional and international environment are likely to make the status quo untenable. The conditions for unsustainability are already present, but the future of these countries will depend on how these trends evolve domestically, regionally and internationally, and on how domestic and external actors position themselves along the way. To gauge the future of the Mediterranean countries towards 2030 we will assess the opportunities for and challenges to the sustainability of the state in the region. This exercise will aim at presenting a number of stylised scenarios on the future of the region. Before addressing these scenarios, we will delve into the opportunities and challenges that the Mediterranean countries are facing today, which may turn out to be the main defining factors of the future of these countries.

The question of succession and the nature of opposition

At the political level, although some states in the region have seen a generational change at the apex of the political system at the turn of the Millennium (Morocco, Jordan and Syria, for example), most of them have been governed by the same elites for the past 30 years (in the case of Libya, Muammar Qaddafi, the Supreme Guide of the Revolution, has been occupying this position since 1969). With the passage of time, inevitably the question of succession looms on the horizon and it represents a challenge for authoritarian regimes (Linz, 2000). In Egypt, various speculations have been echoed in the press or through the comments of country experts on the health of President Hosni Mubarak, on the preparations for the succession of his son, Gamal Mubarak, and a whole new group of relatively young and Westernised elites, and on the emergence of other presidential candidates from among the intelligence services or independent ranks. Given the kind of state structure constructed and managed by President Mubarak in his almost 30 years of tenure, it is no

surprise that the succession issue occupies a fundamental place in the Egyptian political debate. The prospects of succession have also galvanised the fears of 'palace elites', concerned about being swept away by a radical shift at the top of the political system. These fears and the ensuing political moves they provoke contribute to further instability in a country that is already afflicted by unsustainable social, economic and political ills (Zahid, 2010; Dunne, Hamzawy and Brown, 2007).

Next to the issue of succession, two forms of mobilisation – internal and external – are likely to impact on the political future of the region. Despite the sheer lack of an organised and effective political opposition and the controlled nature of civil society in most of these countries, other forms of unstructured mobilisation, often coalescing around a political or socio-political discourse, have begun to emerge and to make themselves heard. We are referring here to the spread of unconventional, and to a large extent underestimated, challenges to the sustainability of the current configuration of state power, such as social upheavals, disaffection and strikes, stemming from the lack of social, civil and political rights, widespread frustration, youth unemployment and economic underperformance. These forms of often spontaneous and unorganised mobilisation go beyond the sphere of traditional party systems because of the controlled nature of the latter and the ensuing decline in political ideologies and increase in tribal, ethnic and religious affiliations that have accompanied the process of political de-liberalisation. In this context, liberal, nationalist and leftist parties lack a popular basis, and thus cannot represent forces of veritable political change. Islamist parties, instead, present a mixed picture. On the one hand, Islamists have reportedly been nimble in filling the niche vacated by the state's retreat from the social sector by establishing schools, clinics, day-care centres and undertaking a number of other NGO-style activities (Bensahel and Byman, 2003: 73). On the other hand, while sometimes heavily discriminated against and repressed by incumbent regimes, not all Islamist opposition forces have been banned. Yet the case of the Moroccan JDP is illustrative of the tension existing between the co-option strategies enforced by the regime and the opposition potential of Islamist groups. The JDP used to represent a genuine opposition force before becoming forcibly moderate and eventually being reduced to just another front for

the Moroccan ruling class. Today the JDP remains an opposition party only in name. The case of the Egyptian Muslim Brotherhood appears to be different in that, despite being banned as an official party and staunchly controlled and regularly repressed by Mubarak's regime, it fared relatively well in the latest parliamentary elections of 2005. The prospects for the upcoming electoral round in November 2010 are grimmer, however, owing to a number of internal changes that have affected the movement (i.e., the emergence of a more conservative leadership less inclined to advance the movement on the political stage as a result of the continuous repression and crackdown by the Egyptian regime). The trends of repression and co-option are possibly not going to change in the next 20 years. At the same time, it is possible to envisage a situation in which these relatively 'new actors' – Islamist movements/ parties, religion-oriented groups and civil society organisations as well as business-oriented elites – will not represent a veritable opposition or drivers of change without the necessary structural conditions for them to do so, put in place through genuine political reforms.

The second form of mobilisation is linked on one side to the protraction of conflicts in the region and on the other to the climate of repression, which partly derives from the increasingly securitised paradigm of international relations with the region over the last decade. As mentioned above, intra-state and regional conflicts – especially the Arab-Israeli conflict and the Western Sahara conflict – are not even remotely on their way to being solved. The general climate of insecurity that overrides the region, and the security-first nature of external policies in the region (including those of the EU), are the products of a broader trend of international securitisation (Storm, 2009). We can actually point to a vicious cycle of authoritarianism, repression and failure to respect basic human rights, on the one hand, and radicalisation on the other, both internally and externally (Storm, 2009). The GWOT atmosphere and the failure on the part of external partners to exert genuine pressure for true democratisation and the solution to conflicts have acted as a justification for the increased resort to repression, directed not only at Islamist opponents but also at ordinary citizens who are suspected of endangering the security of the state. According to Storm (2009), there is every reason to believe that the radicalisation of the

population of the Mediterranean region is going to continue, almost certainly at an accelerated pace in the next decades. Radicalisation not only refers to the spread of certain forms of political Islam but also means that people from the southern Mediterranean countries, in particular the youth, will migrate to Europe as an exit strategy from situations of socio-economic grievances and political repression, thus provoking lasting frictions between the two regions. Paradoxically, therefore, the security-first approach adopted by the EU and other international actors may act to the very detriment of the short-term interests it purports to pursue, among which the management of migration flows features as one of the most prominent.

The impact of exogenous crises on state sustainability

Turning to the socio-economic level, migratory flows from the southern Mediterranean are sometimes also dictated by concrete socio-economic grievances. As recalled in the above section, the attempts at restructuring the economies of the region during the 1980s and 1990s did not deliver the expected outcomes. The Mediterranean economies are still, to a greater or a lesser extent, plagued by a lack of economic diversification, with some countries being disproportionately dependant on hydrocarbon rents (Algeria and Libya) and external rents (in the case of Egypt these mostly stem from the Suez Canal and foreign aid). Although the recent international financial and economic crisis has spared the Mediterranean region in comparison with others (e.g., Europe), the picture is mixed (Galal and Reiffers, 2009). In the Maghreb, where trade with the EU accounts for two-thirds of total volumes, the effect of the crisis has been felt more acutely than in the Mashreq, where the US, the Gulf and the Asian economies also have considerable weights (Zallio, 2010). One group of countries, including Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia, has displayed growth rates of at least 3% in 2009 with a peak of 7% in Lebanon. These countries have also exhibited noteworthy financial and macroeconomic stability and they have not turned to the IMF for emergency financial support. In contrast, countries such as Israel and Turkey, the two countries that are most developed and most integrated into the global economy, have suffered from the drop in external

demand. It is possible to argue that in these countries the crisis has followed more or less the same pattern as in the developed world, with a decrease in industrial production that has translated into a drop in investment, negatively affecting private consumption and living standards (Brach and Loewe, 2010). Although the Mediterranean countries have so far succeeded in protecting their economies from the most destructive effects of the crisis, without proper investment and job creation it is possible to envisage a situation in which the countries of the region will be significantly less equipped to confront the effects of this or another recession in the near future.

Available projections point towards all Mediterranean economies registering positive growth rates in 2010 and 2011 (Zallio, 2010). More up-to-date figures will be provided in the following chapters, but this should not reduce our scepticism concerning the sustainability of the development process owing to the countries' inability to solve structural imbalances in the workforce and in the provision of basic social services. The ongoing global crisis is likely to have intensified long-term labour market and social effects in the southern Mediterranean region, causing a deterioration in the living standards of many households and an increase in social tensions (Paciello, 2010). The crisis is also responsible for the general reduction in the flows of international aid coming from those countries that have been particularly hit by the recession (the EU, the US and the Gulf States) (Tzannatos, 2009). Other economic exogenous crises may be triggered by the volatility showed in the last few years in the prices of hydrocarbons, on which some of the economies of the region are also dependent for employment reasons, and by the southern Mediterranean countries' exposure to the problem of food security. The sharp rise in agricultural commodity and food prices of 2007 and the beginning of 2008 has exposed their vulnerability to food-price shocks mainly through low agricultural productivity and dependence on global commodity markets (World Bank, 2009).

From these remarks it is clear that the reforms aimed at rationalising and restructuring the economic systems of the Mediterranean region have not fully shielded these economies from the impact of domestic and exogenous crises. Today, the most pressing challenge that the Mediterranean countries face in the socio-economic arena is the emerging social

question linked to the fact that even in the rosiest scenario of macroeconomic stability and growth, poverty and unemployment rates may remain unsustainably high. Unemployment – reaching over 20-30% in some countries and even higher rates among the youth – is likely to represent the most dangerous factor of instability for the countries of the region, and consequently for European countries concerned about possible spill-over effects (Spencer, 2009). The risk of mounting domestic social violence and criminality as well as the spread of anti-Western sentiments is to some extent the result of a vicious circle. This circle is activated partly by the results of the economic reform process, which has led to the partial disengagement of the state from the social and welfare sectors and to the increasing inequality, unemployment and impoverishment of the low-to-middle class, and partly by the policies adopted by Western actors in the region. As a way of concluding this section, we outline some possible stylised future scenarios. Worsening economic governance causing unrest and crises of formal politics epitomised in electoral disaffection are evidence that the actual reform process, much wanted and vaunted by the EU and the US, has arguably not contributed to solving the main problems of the Mediterranean countries. High on the list of problems that incumbent elites need to address is the increasingly tenuous relationship linking the state to its citizens. Continuous unrest, the emerging social question and oversecuritisation of politics are all dysfunctional products of the differential integration into the global neoliberal paradigms of development espoused by the countries of the region. Therefore, as powerfully exposed by Zemni and Bogaert concerning Morocco, in the southern Mediterranean it is likely that in the future "neoliberal reform will enhance instability as it is widening the economic cleavage between the rich and the poor. This in turn, can result in turmoil, triggering authoritarian reactions and repression by the governments or leaders. Neither way is actually reflecting what the EU, the US or the IFIs are hoping for" (Zemni and Bogaert, 2009: 105).

Three scenarios for the Mediterranean region in 2030

We now present three tentative and partial scenarios based on two main dimensions that broadly summarise all the factors and variables

taken into account in this analysis. The first main dimension considered is the increase or decrease in the assets and the governance structures that constitute the political capital endowment in the Mediterranean region taken as a whole, despite country-based differences. This assessment is linked to the set of factors identified and discussed above, including the political, economic and social ones that determine the legitimacy of the state in the southern Mediterranean. The second dimension is the level of cooperation between the southern Mediterranean countries and the EU, at both the bilateral and multilateral levels. This aspect accounts for the aggregate Euro-Mediterranean dimension that is the focus of the project and is of the essence to point towards EU policy avenues in the direction of greater sustainability of the Mediterranean state system (see the final contribution by Tocci in this volume). The role of other external actors, such as the US, the Gulf countries and China, is also taken into account here. It is necessary to clarify from the outset that the scenarios presented below are not pure models and cannot be applied to reality as such. Each one entails a set of elements whose probability of being realised will depend on certain conditions that need to be pinpointed in order to be able to extrapolate policy-relevant implications for external actions. Given country differences, it is also important to note that the scenarios below are necessarily general, tentative and stylised. These scenarios will be tested and specified in detail in the case studies presented in this volume and then further elaborated in the final chapter. These scenarios include sustainability, unsustainability and polarisation. Each scenario does not represent a fixed type but rather a point on a continuum. In the case of sustainability, the spectrum of possible options ranges from a qualitative leap towards good governance, democracy and human rights, to the ratcheted-up successful adaptation of existing regimes to the present and future challenges discussed above. In the case of unsustainability, the possible options range from a deteriorating status quo, whereby existing efforts at adaptation are unable to respond to future challenges, to a situation of instability or state failure. The polarisation scenario is one of uneven development trajectories within the southern Mediterranean, displaying inter alia aspects and cases of sustainability and of unsustainability, each of which in turn take a variety of forms.

Given our hypothesis of the overall unsustainability of the southern Mediterranean region in the next 20 years, we begin by describing the first scenario of unsustainability through decline and conflict (internal and external). This scenario is characterised by the continuation or even radicalisation of regional conflicts and the persistence of authoritarianism, both impacting on the political, economic and social dimensions described above. In this scenario, the Mediterranean region would neither be integrated in multilateral frameworks of cooperation with the EU nor experience improvements in good governance and sustainable development. The prospects for a radicalisation of the Israeli-Palestinian and the Arab-Israeli conflicts and for a demise of the initiatives of dialogue and cooperation between the two shores of the Mediterranean seem rather plausible given, on the one hand, the continuous difficulties encountered by the regional and international players in reviving the peace process, and on the other the international community's neglect of (or opposition to) intra-Palestinian reconciliation. As for the EU, in this scenario the UfM would reach a stalemate, precisely because of the general situation of conflict in the region.

This scenario could also feature the protraction and possibly the extension of the neo-liberal, globalisation-driven growth model. Some countries in the region, for example Egypt, Syria and Tunisia, are continuing with the modernisation effort at an even faster pace than in previous decades. This effort tends to be led by new business elites that have flourished and gained more power and leverage in state affairs. Still, as in the past this form of economic governance will not contribute to redressing the grim situation in which the populations of the region live and thus will not remove the main sources of their discontent and frustration. Furthermore, this scenario is also assumed to be unsustainable from another vantage point, namely that without investments in education, renewable energy and urbanisation the region would suffer from the increasing depletion of human and natural capital. Another factor that needs to be taken into account by the analysis is the possible continuing deterioration of the global economy, notably in the Western developed economies, due to the current phase of recession and its impact on the southern Mediterranean region. As much as this may seem a catastrophic scenario – certainly it is a dystopian one – it is not entirely

unrealistic in a 2030 time horizon. The consequences for the countries of the region could be decline and even total breakdown and state failure. The prospect of a total collapse of state structures and their ability to function may materialise in the case of external military interventions or when certain domestic conditions reach the tipping point.

The second partial scenario is characterised by the achievement of sustainability. This may take place through a best-case prospect for conflict resolution and integrated Euro-Mediterranean development, and also through the ability of the regimes in the region to enhance their capability to adapt to the ongoing and future challenges to the state. The best-case prospects for democratisation and conflict resolution appear to be rather poor today. The kinds of measures required to foster a more inclusive and sustainable development, as we have seen, are not even remotely on the agendas of the Mediterranean countries or the EU. In particular, a solid, credible and structured opposition – whose main features will depend on the constraints and opportunities presented by specific political contexts – must emerge that is able to channel the current unorganised and spontaneous forms of unrest and mobilisation. Given the present crisis affecting the intermediate structures between the apex of the political system and the population (political parties, trade unions, etc.) in many countries of the southern Mediterranean region, one may wonder whether and when viable and effective oppositions representing an alternative to the current configuration of state power will emerge in the future. Similarly, the achievement of a coherent and full-fledged governance framework governing the relations within the Euro-Mediterranean region remains for now far from fulfilment. In this scenario we are likely to witness the continuation of current bilateral cooperation without the stepping-up of a well-functioning multilateral framework on key issues such as energy and environmental protection – including solving existing conflicts over water resources – as sought by the UfM. The EU will after all content itself with cultivating bilateral relations that in its view, and also in the view of most EU member states, are better suited to respond to their appraisal of short-term security and stability interests. It should be noted that the enhancement of cooperation between the two shores of the Mediterranean would not in any way exclude cooperation with other regions.

At the other end of the spectrum another form of partial sustainability could be accomplished through what can be identified with a *bon usage du néo-authoritarisme* in the southern Mediterranean region. This requires both optimal socio-economic governance on the part of the neo-authoritarian states and some form of external support, necessary for a ratcheted-up adaptation to mounting pressures. Also in this case the states of the southern Mediterranean region would continue to absorb domestic and external shocks through adaptation to tipping points, trapping these countries in a condition of stable stagnation.

Finally, the third scenario is one of increasingly polarised regional developments. This scenario, entailing the possibility of divergence and fragmentation, needs to be better specified. First of all, it refers more to the situation of single – or a group of – southern Mediterranean countries than to the aggregate developments in the Euro-Mediterranean region. Second, it could happen that within the region some countries or sub-regions experience a situation of sustainability, while others experience one of unsustainability, although polarisation does not necessarily involve the prime distinguishing trait among different groups being sustainability/unsustainability (i.e., different countries/sub-regions may experience divergent development paths and be both sustainable and unsustainable).

This polarisation could manifest itself at the level of the geo-political orientation of the countries of the Mediterranean region, whereby new political actors in the Gulf, Asia, sub-Saharan Africa and Latin America would have increasing influence in the region, despite the region's geographical closeness to Europe. The increasing influence of diverse external actors, accompanied by the spread of alternative sets of values and norms as far as trade, finance, political ideologies and cultural patterns are concerned, can already be seen in the important investment made by China in the Maghreb and especially in Algeria (e.g., in the construction of the underground network). These external actors are gaining ground as a consequence of the Western powers' inability to adapt their policies (see the scenario above) and to make them more responsive to the needs of Mediterranean countries. This situation would progressively lead to an increasing separation in the patterns of development in both the Mediterranean and the EU, and in some instances to

the emergence of signs of tension in their relations.

Another aspect of this polarisation trend relates to the increased fragmentation of the Mediterranean region itself, owing to the widening gap between countries that espouse a marked pro-Western attitude (Egypt and Jordan, to name the most evident cases) and others that may follow a more self-reliant path, often defying the West (Algeria, Libya and Syria) and possibly aligning with alternative forces, including other states in the region (e.g., Turkey) and other external players (e.g., China or Iran). Against this backdrop, positive or conflictual developments in some countries would not spill over into other areas of the Mediterranean region, thus creating separate development trajectories for different sets of countries. Hence countries such as Morocco and Tunisia would be expected to develop stronger ties with the EU, but the fruits of these relations would not include greater integration within the Maghreb region. Yet separate development trajectories might also mean that the persistence of the conflict between Israel and Palestine would not necessarily affect the rest of the region, particularly those countries that are controlled by pro-Western regimes.

In conclusion, in this chapter we have identified a number of factors and drivers that are likely to lead to a situation of unsustainability materialising in the southern Mediterranean region in the next two decades. The goal of this chapter has been accomplished through the analysis of the main determinants of legitimacy that, alongside political capital, we have taken as benchmarks for the assessment of the sustainability of the state and its development in the region. We then moved on to describe the changes and the reforms that have been undertaken by almost all the southern Mediterranean countries and which have allowed them to enjoy a situation of apparent stability. Finally, we questioned the sustainability of the entire state architecture and processes underway, arguing that a number of social, economic and political challenges to the sustainability of the state in the Mediterranean region loom on the horizon and that they are likely to manifest their destabilising impact under given domestic and external conditions. These conditions have been presented in the three scenarios of the final section. A number of elements tend to corroborate our argument, according to which the current situation in the southern Mediterranean region may be stable but its

outlook appears to be unsustainable. This framework of analysis will be applied to the selected case studies that will be the object of a thorough assessment in the following chapters aimed at pinpointing the most plausible scenarios and the conditions for their manifestation in each country.

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2.
Tunisia: Changes and Challenges of Political Transition

Maria Cristina Paciello[*]

INTRODUCTION

Owing to its impressive achievements in the areas of health, education and women's rights, for decades Tunisia projected an image of stability to the world, although this was at the cost of deep political regression. However, on 14 January 2011, after several weeks of anti-government protests, Tunisian President Ben Ali fled the country, revealing the fallacy of the 'Tunisian model'. While the departure of Ben Ali is an important step towards political change in Tunisia, the fate of its democratic transition remains uncertain. In light of these changes and challenges, this chapter first assesses the factors underpinning the former stability of Ben Ali's regime; it then investigates the causes of its underlying unsustainability,[1] culminating in the popular anti-government uprising in December 2010-January 2011 and the removal of Ben Ali; finally the chapter evaluates the prospects for a genuine democratic transition in Tunisia, by looking at the main political and socio-economic challenges that confront the country.

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[1] For insights on the analytical framework that informs this chapter, including the distinction between short-term stability and long-term sustainability, see Silvia Colombo's opening chapter to this volume.

BEHIND THE VEIL OF STABILITY OF BEN ALI'S REGIME (1987-JANUARY 2011)

Tight and systematic control over political life

Since Ben Ali took power in 1987, dismissing as legally incompetent Habib Bourguiba, the regime systematically repressed any forms of political dissent.[2] During Ben Ali's rule, human rights activists, journalists and members of the opposition were subjected to constant surveillance, harassment and imprisonment. Physical and psychological torture in police stations was systematic as revealed by many (Kausch, 2009; EMHRN, 2010). Moreover, freedom of association was almost non-existent. With few exceptions, such as the Tunisian League for Human Rights, all organisations/associations that worked on political issues were denied legal registration (Kausch, 2009). Independent, but not recognised, organisations and opposition parties had a very limited margin for manoeuvre, since they were not allowed to hold public meetings or engage in any sort of public criticism of the regime (Kausch, 2009; EMHRN, 2010).

In addition, over the years, the regime exercised tight control over the media: no critical press or independent radio/television was allowed; and internet censorship became extensive and sophisticated, with Interior Ministry agents routinely monitoring personal e-mail accounts, blocking sensitive websites and supervising internet cafes to discourage criticism (EMHRN, 2010; author's interviews with political activists in Tunis, December 2010). The judicial system was manipulated, lacking any independence as the regime had the majority control

[2] At the beginning, there were expectations that Ben Ali would have brought political reform. Initially, he released hundreds of political prisoners, including Islamists, allowed political exiles to return, recognised new opposition parties and negotiated a National Pact with the country's main political organisations, while he abolished the state security courts and the presidency for life. State controls over television and radio were also relaxed. For a review of this early phase of political liberalisation, see Alexander (1997); Murphy (1999); Layachi (2000); Sadiki (2002, 2003); Erdle (2004); and Brownlee (2005).

of Tunisia's Superior Council of Magistrates, which nominates, assigns and disciplines the country's judges.[3]

While elections were held periodically (1989, 1994, 1999, 2004, 2009), the electoral system favoured the hegemony of the ruling party, the *Rassemblement constitutionnel démocratique* (RCD), in the parliament (Murphy 1999; Layachi, 2000; Sadiki, 2002, 2003; Chouikha, 2004; Boubekeur, 2009). Although, since 1994, a limited number of legal parties was allowed to participate in elections, they were granted a minority quota of seats in parliament, based on their share of votes,[4] and only the RCD was able to obtain a majority. Furthermore, the quota of parliamentary seats assigned to opposition parties was to be divided among real opposition parties and pro-Ben Ali parties that backed the RCD (Boubekeur, 2009). Despite an appearance of pluralism, the result was an uncompetitive electoral system, in which the few legal opposition parties were co-opted by the regime and had no impact on the legislative process.

Similarly, although, since 1999, multi-candidate presidential competitions were allowed, Ben Ali ran almost uncontested.[5] Opposition candidates, when not denied participation, were banned from campaigning openly through the media and rallies. Moreover, constitutional amendments to the electoral law ensured Ben Ali's continued re-election and prevented major opposition candidates from running in elections (Gobe, 2009). In 2002, for example, a constitutional reform approved by referendum abolished the limit on the number of presidential mandates and

[3] "Politicised Tunis Judges get a Light Sentence", *Index Of Censorship*, 18/12/2010, http://www.indexoncensorship.org/2010/12/politicised-tunis-judges-get-a-light-sentence-from-their-peers/. See also Kausch (2009) and EMHRN (2010).

[4] In 1994, the quota system allocated 12% of the seats to legal parties other than the RCD. In 1999, this quota was raised to 19% and, in 2009, to 25%.

[5] In the October 1999 elections, Ben Ali won his third presidential term. His two opponents (Mohamed Belhaj of the *Parti de l'Unité Populaire*, PUP, and Abderrahmane Tlili, of *Union Democratique Unioniste,* UDU) were deprived of access to the media and garnered less than 1% of the vote. Similarly, in the 2004 elections, Ben Ali faced only three candidates, two of whom were pro-government. The only genuine expression of opposition was Mohamed Ali Halouani, from *Ettajdid*, who obtained only 0.95% of the vote (Chouikha, 2004).

raised the age limit to 75 years, thus allowing Ben Ali to run for more than three terms at the 2004 elections, while making the president immune from prosecution not only while in office but also after retirement (Chouikha, 2004). On March 2008, ahead of the presidential election scheduled for October 2009, a new law, stipulating that each presidential candidate had to be a party leader for at least two years, introduced stringent eligibility conditions for presidential candidates. As a consequence, two major opposition figures, Mustafa Ben Jaafar from the *Forum Démocratique pour le Travail et les Libertés* (FDTL), and Nejib Chebbi, head of the *Parti démocratique progressiste* (PDP), were prevented from running in elections, as both parties had gone through recent changes in leadership. The only genuine opposition candidate, Ahmed Brahim from *Ettajdid* (Movement for Renewal), complained about the authorities interfering in his campaign. In 2009, President Ben Ali won a fifth term, with a massive 89.62% support.[6]

Weak opposition forces

The systematic repression of political opposition, combined with a lack of freedom of expression and association, significantly weakened Tunisian opposition forces and their capacity to criticise the regime, mobilise the population and build their political credibility.[7] At the same time, most Tunisians, intimidated by the repressive means used by the regime, suppresses their criticism of the government or simply became apathetic, having no hope for meaningful political change.[8]

As far as legal parties are concerned, apart from the ruling RCD, only six parties were represented in parliament and, among them, only three – the PDP, the FDLT and the *Ettajdid* – were genuinely critical of the regime and could be considered as independent. Yet, these legal parties

[6] For more details see Boubekeur (2009); Jamel Arfaoui, "Ben Ali enters Tunisian presidential race", *Magharebia*, 27 August (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2009/08/27/feature-01).

[7] For an analysis of the weak role of opposition forces, see Geisser & Gobe (2003, 2005); Chouikha (2004); and Sadiki (2003).

[8] Interviews by the author, December 2010, Tunis.

were completely unable to influence the regime's agenda as the parliament lacked any meaningful power.

Moreover, unlike in other southern Mediterranean countries, where Islamists represent the most credible and effective form of opposition to authoritarian regimes, moderate Islamists in Tunisia played almost no political role. After an early period of reconciliation, since the early 1990s, Ben Ali's regime pursued a repressive and violent policy against the Islamist *al-Nahda* party. Accused of being linked to violent Islamist movements, by the mid-1990s, the organisation was dismantled, their leaders were forced into exile and many activists imprisoned and tortured. Over the years, the regime continued to refuse legalising *al-Nahda* as an official party and to repress its activists, using the Islamic threat to secure the support of the population and of the West, and justify its repressive methods. In addition, the Tunisian General Union of Labour or *Union Générale des Travailleurs Tunisiens* (UGTT) was co-opted by the regime through government interference in the appointment of leaders and the persecution of independent members (Kausch, 2009; Human Rights Watch, 2010). Yet, under Ben Ali's regime, political protests emerged only occasionally and were unable to mobilise large support because they were fragmented and restricted to the interests of specific professional categories (e.g., lawyers, judges, teachers, journalists) and to individual actions.[9] As a result, parliamentary and non-parliamentary opposition forces were unable, and sometimes unwilling, to mobilise large constituencies.

Social policy as a tool of legitimacy and control[10]

In the mid-1980s, like many other southern Mediterranean countries, Tunisia was faced with severe economic difficulties and, in 1986, started implementing stabilisation and market-oriented reforms, under the ae-

[9] See Geisser & Gobe (2005); author's interviews with academics and political activists in Tunis, December 2010.

[10] This is one of the main interesting arguments developed by Béatrice Hibou (2006) in her book *La force de l'obèissance: Economie Politique de la rèpression en Tunisie,* La Dècouverte, Paris.

gis of the International Monetary Fund and the World Bank. Over the last two decades, Tunisia's macro-economic performance was positive. Most importantly, despite its structural adjustment programmes, the regime remained strongly committed to social spending. The level of public expenditure for social policies remained consistently high, at around 19% in 1987-2005 (Ben Romdhane, 2007). In particular, spending on education and health doubled during the 1986-2002 period, while expenditure on social welfare increased by 214%. Moreover, reductions in social spending on food subsidies (by 52% over 1986-2002) were compensated by increases in the minimum wage (ibid.). In addition to the National Programme for Aid to Needy Families created in 1986 to help the poor, Ben Ali also established two social programmes, such as the National Solidarity Fund, also known as '26-26' (1992) and the National Employment Fund, dubbed '21-21' (2000), to improve basic infrastructure in deprived areas and promote employment opportunities. As a result, overall income poverty in Tunisia was reduced and people's access to health and education significantly increased (Ben Romdhane, 2007; Harrigan & el-Said, 2009). The population coverage of social security also saw remarkable progress over the years, being among the broadest in the Arab world (approximately 85% of the population, according to recent data) (Ben Romdhane, 2007).

While improving Tunisians' welfare, social policy was, first and foremost, an instrument of power and control in the hands of the regime (Hibou, 2006; Ben Romdhane, 2007). The generous social policies outlined above resulted in developing a sizeable middle class, which, in exchange for access to a relatively high level of social services and benefits, were aimed at compensating for the lack of civil and political liberties. Social policy thus served to discourage the emergence of a democratic order insofar as most Tunisians were willing to accept the lack of political freedom as the price to pay for socio-economic development and welfare (Ben Romdhane, 2007). Through the massive reduction of income poverty, the regime was also able to reduce the risk of social tensions, eventually inhibiting the chances for Islamists to gain terrain in poorer areas (Harrigan & el-Said, 2009). Yet, as Béatrice Hibou (2006) extensively demonstrates in her book, social policy was a key instrument of the regime's control over Tunisian society. Among others, the

ruling party itself directly approved the list of families that benefited from state social services. Hence, those who were identified as political opponents were excluded from these programmes, while the many that acquiesced were compensated for their political silence (Hibou, 2006; Harrigan & el-Said, 2009; Boubekeur, 2009; interviews with academics and political activists by the author in Tunis, December 2010).

The EU's reluctance to promote real political change in Tunisia

Despite its rhetorical support for democracy, the EU played a key role in maintaining Ben Ali's regime in power. With the view to prioritising economic reform and ensuring cooperation on geostrategic issues and domestic European interests (e.g., terrorism and illegal migration), the EU preferred "to maintain stability through the status quo, rather than risking the unpredictable outcomes that come with political reform" (Powel, 2009: 57). Although the commitment to promote democracy and human rights is clearly stated in the Barcelona Declaration and re-launched, with more explicit emphasis, in the European Neighbourhood Policy (ENP), the EU's support towards genuine political reform in Tunisia was tenuous and inconsistent at best (EMHRN, 2010).

Under Ben Ali, Tunisia completely failed to meet its commitments towards the EU in the field of human rights and democracy. In spite of this, EU's declarations and reports were moderate in their criticism of the regime, while the EU never employed genuine pressure for real political change. A case in point is the EU's stated intention to proceed with an advanced agreement with Tunisia, although human rights violations and repression had intensified in recent years. The most 'political' issues mentioned in Tunisia's ENP Action Plan were far removed from reforms engendering substantive political transformation, being limited to rather technical governance issues such as the reform and modernisation of judicial system.[11] While important, the reform areas mentioned in the

[11] See European Commission, *Tunisia: Programme Indicatif National 2011-2013*, (http://ec.europa.eu/world/enp/pdf/country/2011_enpi_nip_tunisia_fr.pdf); European Commission, *Tunisia: Country Strategy Paper 2007-2013 and National Indicative Pro-*

Action Plan entirely neglected the most pressing political questions in the country: the oppression of civil society and political parties, the deep flaws in the electoral system and the concentration of power in Ben Ali's hands.

EXPLAINING THE UNSUSTAINABILITY OF BEN ALI'S REGIME

For 23 years, a combination of harsh repression and impressive socio-economic development ensured a certain level of stability of Ben Ali's regime. Moreover, in exchange for access to a relatively good level of social services and benefits, many Tunisian people acquiesced to the lack of civil and political freedoms. However, the above-described Tunisian model, while only apparently stable, proved to be unsustainable over the long term.

The tacit social contract breaks

Over the last decade, Tunisia experienced a rapid deterioration of socio-economic conditions, which accelerated in recent years. As the regime rested its legitimacy on ensuring a relatively high level of socio-economic development for the population, deteriorating living standards contributed to raise popular discontent and frustration, thus rendering the Tunisian model increasingly unsustainable. Tunisia's political system, apparently stable, revealed unsustainable because over the last decade the regime proved increasingly incapable of addressing the most prominent socioeconomic challenges facing the country. As socio-economic conditions worsened, the tacit social contract between Ben Ali and the Tunisian people, resting upon political repression in exchange for social benefits, was no longer acceptable, at least for a part of the population.

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gramme 2007-2010, (http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_tunisia_summary_en.pdf).

Dramatic rise in youth unemployment

Youth unemployment is one of the most prominent features that fed increased frustration and resentment among the Tunisian population. Although over the last decade, unemployment at the national level declined (from 15.8% in 1994 to 14.1% in 2007), the unemployment rate among the young, particularly those with secondary and higher education, increased dramatically (Mahjoub, 2010).[12] The recent global financial crisis contributed to further intensify Tunisia's labour market challenges, raising further youth unemployment among graduates, while job creation significantly slowed down (from 80,000 jobs created in 2007 to 57,000 in 2009; see Banque Centrale Tunisienne, 2010). According to estimates based on data published during Ben Ali's era, youth unemployment among graduates increased from 8.6% in 1999 to 19.0% in 2007 (Mahjoub, 2010), but, following the Tunisian revolution, new data have revealed a far more dramatic rise, from 22.1% in 1999 to 44.9% in 2009.[13] Yet even these new figures may underestimate the extent of youth unemployment, as they do not include many of those who, after failing to find work, have entered the informal economy or have chosen to migrate to Europe.

Growing regional disparities

Another major factor that undermined the regime's legitimacy and sustainability is the widening regional gap.[14] While it is true that, over the decades, the overall economic situation in Tunisia improved, regional disparities exacerbated. The north, north-west and centre-east, which benefited from particularly strong growth rates through tourism and offshore activities as well as from high public investment, are the regions that witnessed the most impressive drops in poverty levels. By

[12] The rate of unemployment among those aged 20 to 24 increased from 25.4% in 1994 to 30.2% in 2007, while, among those aged between 25-29, it rose from 17.4% to 23.9% (Mahjoub, 2010).

[13] I. Haouari, "Ces chiffres qu'on ne nous a jamais révélés", *La presse de Tunisie*, 6 February 2011 (http://www.lapresse.tn/06022011/21973/ces-chiffres-qu-on-ne-nous-a-jamais-reveles.html).

[14] Author's interviews in Tunis, December 2010.

contrast, in the south and centre-west of the country, poverty reduction was much slower. For example, in the north-west, the poverty rate decreased from 30% in 1980 to 3.7% in 2000, but in the south-west, poverty levels remained almost unchanged at a rate of 6.4% in 2000 compared to 6.7% in 1985 (Harrigan & el-Said, 2009).[15] The interior regions also reported the highest levels of unemployment, well above the national average of 14%. In 2007, unemployment reached 25.1% in Tozeur, 24.1% in Jandouba and 30% in the Gafsa region, where youth unemployment is said to peak at 40% (Mahjoub, 2010; Amnesty International, 2009). Due to high unemployment and poverty rates, since 2008 Tunisia started experiencing protests in the poorest regions (such as in the southern mining region of Gafsa, in Skhira in the south-east, and in Ben Gardane), confirming that socio-economic conditions had become unbearable.[16]

Erosion of the middle class

A third major factor that undermined Ben Ali's regime's stability is the gradual erosion of the Tunisian middle class (Marzouki, 2011; author's interviews with political activists in Tunis, December 2010). A number of signals confirm this trend. The implications of youth unemployment for the middle class's living standards were significant. As the coverage of social security to the Tunisian population depends on having a job in the formal economy, the increasing number of unemployed meant that a large number of Tunisians were deprived of these benefits (Ben Romdhane, 2007). In recent years, Tunisians' purchasing power was also hit hard by rising world food prices, albeit to a lower extent compared to other Arab countries. Salaries for many public sector workers became low mapped against the rising cost of living and were no longer suffi-

[15] We should note that official data on income poverty trends by region for the last decade are not available.

[16] See "Tunisie: Un rassemblement de jeune diplômés chômeurs de la ville de Skhira tourne à l'affrontement avec les forces de l'ordre", *Nawaat*, 4/02/2010 (http://nawaat.org/portail/2010/02/04/tunisie-un-rassemblement-de-jeune-diplomes-chomeurs-de-la-ville-de-skhira-tourne-a-laffrontement-avec-les-forces-de-lordre/); Christophe Ayad, "Face au gâchis social, la Tunisie ose s'insurger", *Tunisia Watch*, 22/12/2010 (http://www.tunisiawatch.com/?p=3180); Amnesty International (2009).

cient to meet the rising consumption expectations of the Tunisian middle class, as the high level of private indebtedness suggests.[17] Moreover, in the context of the global crisis, the observed decline in remittances from Tunisians working abroad further worsened the living standards of many households depending on these incomes.

Inadequate and ineffective economic policies

Although the regime continued to prioritise socio-economic issues in order to ensure its survival, its policies were ineffective in delivering a sustainable, well-balanced development for a number of structural, economic and political reasons.[18] Since 1987, Tunisia went through a process of economic liberalisation, which accelerated in recent years. However, while promoting a relatively high level of economic growth, the market-oriented reforms implemented by the regime did not contribute to creating sufficient employment opportunities for a growing number of young educated Tunisians and for interior regions. The rise in exports was concentrated in low skills activities, such as clothes and agricultural products, providing little job opportunities for the highly educated newcomers in the labour market (Hedi Bchir et al., 2009; Lahcen, 2010), as well as for the interior regions, where scarce infrastructure made it difficult to attract export-oriented producers. The increase in FDI inflows in Tunisia, particularly over the last decade, did not boost job creation. This was because the driving force behind FDI in Tunisia was privatisation, rather than new investment opportunities (Hedi Bchir et al., 2009). As a result, privatisation programmes made no or limited contributions to job creation. In spite of market-oriented reforms aimed at promoting the private sector, private investment in Tunisia actually declined over the last decade (World Bank, 2007), thus hindering job creation. This, as we will see below, was inextricably tied to Tunisia's political context.

Another major problem hampering the regime's capacity to address emerging socio-economic challenges is the country's economic struc-

[17] Interviews with political activists by the author in Tunis, December 2010.

[18] For an explanation of political factors, see next section.

ture, highly dependent on the EU for exports, tourism revenues, remittances, and FDI inflows. This has made Tunisia potentially vulnerable to external shocks, particularly to fluctuations in EU growth. As a result, Tunisia felt the global crisis more acutely than other southern Mediterranean countries (e.g., Morocco, Algeria) (Paciello, 2010). For example, average real economic growth in Tunisia decreased from 6.3% in 2007 to 4.5% in 2008, to only 3.3% in 2009 (World Bank, 2010).

Widespread corruption and the regime's control over the economy

The economic and social failures described above were fundamentally the product of political factors. Widespread corruption, coercion and authoritarianism seriously inhibited the capacity of the Tunisian economy to ensure well-balanced development and sufficient jobs. Economic reforms were used primarily to redistribute privileges to the families of the president and his wife, to protect their vested interests, and to reinforce the regime's control over the private sector. In spite of market-oriented reforms, such as trade liberalisation and privatisation, Ben Ali and his families continued to exercise deep control over the private sector, adopting various instruments to inhibit their independence (coercive taxation, defamation, selectively redistributing benefits from economic policies, etc.) (Hibou, 2004; 2006). This limited market competition perpetuated inefficiencies in the economy and hindered the emergence of an autonomous and competitive private sector.[19] For example, one of the major factors behind the poor performance of private investment in Tunisia was the scale of corruption,[20] and lack of transparency and rule of law, which made many Tunisians and foreign entrepreneurs reluctant to invest in new business opportunities in the country. Similarly, the above mentioned '26-26' Fund was directly controlled by the RCD and was managed with little transparency. Many of its resources, instead of being spent on improving people's welfare were unaccounted

[19] Author's interviews with academics in Tunis, December 2010.

[20] To have an idea, see Robert F. Godec, "Corruption en Tunisie: Ce qui est à toi m'appartient", *Tunisia Watch*, 14 December 2010 (http://www.tunisiawatch.com/?p=3166).

and distributed through clientelist networks (Kallander, 2011).[21] Given that corruption and other by-products of the authoritarianism system generated deep flaws and inefficiencies in the economy, the country's socio-economic problems remained unaddressed. In view of high unemployment, nepotism became the main channel to distribute jobs and benefits under the strict control of the ruling party, fuelling increasing social frustration particularly among the young.[22]

Mobilisation from below: Spontaneous versus organised political mobilisation

Under Ben Ali, internal political and economic conditions hindered large organised political mobilisations against the regime. As discussed above, political de-mobilisation was one of the major factors that helped the regime to stay in power. However, the political void left by the absence both of organised strong opposition forces and of formal channels of political expression proved unsustainable in a context of deteriorating socio-economic conditions. As socio-economic problems and the regime's repression became unbearable for a part of the population, people's frustration and anger culminated in public unorganised protests against the regime. This pattern of mobilisation is evident in the events of December 2010-January 2011. The mobilisation was triggered by socio-economic grievances[23] and rapidly evolved in a spontaneous political

[21] According to official estimates, the Fund collected an average of $15-16 million per year in the late 1990s, yet the few economists who have attempted to calculate their own figures surmise that businesses alone contributed between $24-38 million on an annual basis (Kallander, 2011). This point was confirmed by various interviews carried out by the author in Tunis, December 2010.

[22] For example, the protests that spread in the south-west of the Gafsa region in January 2008 were sparked by the results of a recruitment competition by the region's major employer, the Gafsa Phosphate Company (GPC), with candidates protesting against what they considered to be unfair and fraudulent employment practices. The situation evolved into a wave of protests, joined by other unemployed, against corruption and the scarcity of employment opportunities for several months (Amnesty International, 2009).

[23] The young unemployed Mohammed Bouazizi who set himself on fire, triggering the movement, reflected the increased frustration and despair felt by the youth, while

movement, which was not organised by any formal political force.

The spread of the spontaneous mobilisation and its success were favoured by a number of factors. First, although the protests originated from socio-economic problems, they quickly became political in nature, embracing a large constituency, which transcended regional distinctions and ranged from jobless graduates and young students to independent unionists, journalists, teachers, lawyers and so on (Alexander, 2011; Marzouki, 2011). The fact that these protests were initially driven by socio-economic agenda and then escalated into political demands was a key factor in the success of the mobilisation.[24] In this regard, in spite of being controlled by the regime, the Tunisian General Union of Labour (UGTT) at the local level played a critical role in expanding the uprising and in putting forward political demands over and above social demands (Alexander, 2011).

Second, the fact that the regime reacted through disproportionate force against protesters,[25] particularly in the early phase of the uprising, causing numerous deaths, radicalised the movement and eroded what little was left of the regime's legitimacy. Successively, Ben Ali made some economic concessions,[26] but only in his last speech on 13 January,

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the protests emerged from one of the poorest regions of Tunisia, in the town of Sidi Bouzid.

[24] The protests started in the poorest regions of Tunisia in 2008 were focused on economic problems, with no clear political demands, and were harshly repressed. See "Tunisie: Un rassemblement de jeune diplômés chômeurs de la ville de Skhira tourne à l'affrontement avec les forces de l'ordre", *Nawaat*, 4/02/2010 (http://nawaat.org/ portail/2010/02/04/tunisie-un-rassemblement-de-jeune-diplomes-chomeurs-de-la-ville-de-skhira-tourne-a-laffrontement-avec-les-forces-de-lordre/); Christophe Ayad, "Face au gâchis social, la Tunisie ose s'insurger", *Tunisia Watch*, 22/12/2010 (http://www.tunisiawatch.com/?p=3180); Amnesty International (2009).

[25] See for example, Yasmine Ryan, "Tunisia arrests bloggers and rapper", *al-Jazeera*, 7/01/2011 (http://english.aljazeera.net/news/africa/2011/01/20111718360234492.html); "Unemployment riots in Tunisia", *Arab Reform Bulletin*, 29/12/2010 (http://www.carnegieendowment.org/arb/?fa=show&article=42210).

[26] On 9 January, the government declared to invest $5 billion in development projects and to employ 50,000 university graduates in the next few months. On 10 January, Ben Ali also promised to create 300,000 jobs over the next two years ("Tunisia unemployment protests continue, at least 14 dead", *Arab Reform Bulletin,* 11/01/2011 (http://www.carnegieendowment.org/arb/?fa=show&article=42269); "Tunisie: Ben Ali s'en-

the day before his departure, did he make explicit political concessions, such as not presenting his candidature at the 2014 elections, conceding press freedom and ending internet censure.[27] However, these concessions came too late and were no longer credible. Also, many protesters feared that they were reaching a point in which ending the protests would have generated more repression and more arrests in future.

Third, the army's refusal to intervene against protesters partly contributed to the success of the mobilisation. Because the army did not play a relevant political and economic role under Ben Ali's regime (by contrast to Egypt), it had few vested interests in the status quo (Kallander, 2011).[28] Relations between the army and Ben Ali in the past were known to have been tense.

Fourth, the social media such as Facebook and Twitter allowed protesters, particularly the young, to mobilise quickly even in the absence of organisational structures and were instrumental in spreading information about the upheaval both within and outside the country. In spite of the regime's restrictions over the media, many Tunisians were able to get round the regime's censorship so that information rapidly circulated among internet users, both internally and outside the country.[29]

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gage à créer 300 000 emplois entre 2011 et 2012", *Le Monde,* 10/01/2011 (http://www.lemonde.fr/afrique/article/2011/01/10/tunisie-ben-ali-s-engage-a-creer-300-000-emploi-entre-2011-et-2012_1463646_3212.html#ens_id=1245377).

[27] Politically, only after 10 days of violent protests in Sidi Bouzid, the regime responded with a new governor for Sidi Bouzid and only a minor cabinet reshuffle, marked mainly by the replacement of Communication Minister Oussama Romdhani with former Youth and Sports Minister Samir Laabidi, leaving people dissatisfied (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/aandwi/features/2010/12/30/feature-01). On 12 January, Ben Ali replaced Minister of Interior, Rafik Haj Kacem, and announced the release of all prisoners arrested during the protests (Tunisie: le régime libère des manifestants mais emprisonne un dirigeant, *Le Monde*, 12/01/2011, (http://www.lemonde.fr/afrique/article/2011/01/12/le-ministre-de-l-interieur-tunisien-limoge_1464465_3212.html). See also "Tunisie: Ben Ali promet de ne pas se représenter en 2014", *Le Monde,* 13/01/2011 (http://www.lemonde.fr/afrique/article/2011/01/13/ben-ali-promet-de-passer-la-main-en-2014_1465345_3212.html#ens_id=1245377).

[28] Ben Ali over-invested in the police to control Tunisians to the detriment of investment in the military. The army included 36,000 soldiers and defence spending stood at 1.3% GDP (Kallander, 2011).

[29] On the role of social media in Tunisia protests, see, for example, Boris Vanenti,

THE CHALLENGES AHEAD

On 14 January 2011, Ben Ali fled the country after several weeks of anti-government protests. The speaker of parliament, Fouad Mebazaa, has since assumed the role of interim president, and an interim government has been formed with the mandate to drive the early phase of political transition. While the process of democratic transition has begun, a number of political and socio-economic challenges may threaten its direction. The main risk in Tunisia's political transition lies in the uneasy coexistence of the old system of power with the emerging new one. In this regard, the fate of Tunisia's political transition, and therefore whether or not the country will be able to dismantle the previous power structure, primarily depends on the capacity of civil society and political forces in influencing decision-making. The sections below illustrate the principal challenges Tunisia has to overcome in order to successfully achieve its democratic transition and move towards a sustainable steady state.

The interim government

The interim government was established with the mandate to drive the early phase of the political transition and is expected to stay in power until the election of the national Constituent Assembly, which was initially scheduled for 24 July 2011 and then postponed to 23 October 2011 (see below). Since its inception, the interim government has been facing a number of difficulties, which have significantly undermined its credibility and support as well as its capacity to define a clear and consensus-based strategy. So far, there have been three interim governments. The main problem, particularly with the first two interim governments, lies in the fact that they were composed by members who were notoriously tied to the previous regime.

The first government, established on 17 January, was dissolved after

"Sidi Bouzid ou la révolte tunisienne organisée sur Facebook", 4/01/2011, Nouvelobs .com.

ten days of popular protest, because, although it had nominated a number of ministers from former opposition parties, it was headed by Prime Minister Mohammed Ghannouchi, who was a cabinet minister under Ben Ali, and was constituted by eight members of the old establishment who kept control of the most strategic ministries.[30] The second interim government was a step in the right direction compared to its predecessor, as the weight of the old establishment in key positions was reduced, regional representation of its members was widened, and civil society representatives were included. However, the interim government continued to be headed by Mohammed Ghannouchi and it did not completely eliminate the presence of people linked to the previous regime.[31] Moreover, although former opposition parties were included in the interim government, members of formerly banned parties and other new political forces were not. The interim government therefore continued to be largely unaccountable to Tunisians, although the UGTT and the former opposition parties under Ben Ali expressed their support for it.[32] As a result, many Tunisians continued to demand a radical change and did not trust the second interim government. Amidst anti-government protests, during which three people were killed, on 27 February, Prime Minister Ghannouchi was forced to announce his resignation, followed by the other two ministers who served under Ben Ali, namely the Industry Minister, Mohamed Afif Chelbi, and the International Cooperation Minister Mohamed Nouri Jouini.[33]

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[30] Members of former opposition parties were Najib Chebbi, founder of the PDP nominated as Minister for Regional Development, and Ahmed Ibrahim, leader of the *Ettajdid* party, nominated as Minister of Higher Education. One day after the establishment of the first government, three members of the UGTT (M. Dimassi, Abdeljelil Bédoui and Anouar Ben Gueddour) resigned because they did not share the approach adopted by the new interim government. Their resignations were followed by the resignation of the head of the FDTL, who had been assigned the health portfolio.

[31] For the composition of the second interim government, see "Composition du gouvernement de transition Ghannouchi 2", *Tunisia Watch*, 29 January 2011 (http://www.tunisiawatch.com/?p=3852).

[32] Iheb Ettounsi, "Tunisians assess new government", *Magharebia*, 3/02/2011 (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2011/02/03/feature-01).

[33] Two members of former-opposition parties, Najib Chebbi, the founder of the PDP,

Reflecting its hybrid composition, the interim government under Mohammad Ghannouchi was hesitant and ambiguous in breaking with the old establishment, making concessions to the revolution without doing away with the old power system. On the one hand, in an attempt to respond to the protesters' demands, it took a number of measures. Amongst these we note the legalisation of an increasing number of political forces; an amnesty for political prisoners; the establishment of three national committees, tasked respectively to inquire into human rights violations by police forces during protests, investigate into cases of embezzlement and corruption, and reform the constitution; raising the issue of an international arrest through Interpol for Ben Ali and several close relatives who fled the country;[34] and the arrest of some members of the former President's extended family.

On the other hand, the interim government led by Mohammad Ghannouchi was hesitant in distancing itself from the previous regime. For example, it did not elaborate a clear schedule of reforms and deadlines for elections.[35] Moreover, while the government replaced 24 provincial governors, the newcomers were nominated with no prior consultation with political forces and 19 of them were selected from former members of the RCD, which triggered strong protests across various regions.[36] With regard to the former ruling party, the Interior Minister initially limited himself to suspend the activities of the RCD and, only on 21 February, formally presented a demand for its dissolution. Yet, no measure was taken to dismantle the old and repressive security apparatus, which was put in place by Ben Ali to intimidate and control the Tunisian people.

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and Ahmed Ibrahim, the head of the *Ettajdid* Movement, also resigned to distance themselves from the interim government, followed by Elyès Jouini, Minister of Economic and Social Reforms.

[34] For an update of the dossier under the current interim government, see "18 actions intentées contre le président déchu", *La Presse*, 14/04/2011.

[35] Only on 25 February, amidst growing anti-government protests, the interim government announced that legislative elections would be held by mid-July 2011.

[36] "Nouveaux troubles en Tunisie", *Le Monde*, 8/02/2011 (http://www.lemonde.fr/afrique/article/2011/02/08/tunisie-234-morts-depuis-le-debut-des-troubles_1477133_3212.html).

The interim government headed by Beji Caid-Essebsi has been sending encouraging signals aimed at breaking with Ben Ali's regime and moving forward the process of political transition. Although, apart from the six ministers who were left, the composition of the government remains unchanged,[37] the appointment of Beji Caid-Essebsi as Prime Minister was seen as a major improvement. He served in various positions under Habib Bourguiba and distanced himself from Ben Ali in 1994, when he retired from political life.[38] However, young people, the major players of the Tunisian revolution, have remained unsatisfied, asking for a completely new government and being suspicious about Beji Caid-Essebsi, who, given his age (84 years old) and past political career, is perceived to belong to the old system of power.[39]

Moreover, shortly after the new cabinet was formed, the prime minister announced the dissolution of Ben Ali's political police and security apparatus, a central demand by protesters and political forces, thus building national consensus and moving in the right direction. The interim authorities have also made other key concessions to advance the revolution: accepting that a Constituent Assembly is elected before holding the parliamentary and presidential elections; postponing its election; and consulting with the Committee for the Realisation of Revolutionary Goals, Political Reforms and Democratic Transition (see below).

This said, the old oligarchy still permeates the state apparatus, occupying key positions in the administration, the Interior Ministry, the media, the judiciary and so on. This means that the old guard is still in the position to influence the future direction of Tunisia's political tran-

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[37] For the composition of the new government, see "Tunisie: Essebsi forme son gouvernement provisoire", *Jeune Afrique*, 7/03/2011 (http://www.jeuneafrique.com/Article/ARTJAWEB20110307170427/gouvernement-tunisie-ahmed-ibrahim-ministretunisie-essebsi -forme-son-gouvernement-provisoire.html).

[38] Under Bourghiba, he served as a Minister of Interior, Foreign Minister and Minister of Defence. Under Ben Ali, he served as a President of the Chamber of Deputies from 1989 to 1991.

[39] "Tunisie: 'Les jeunes ne se reconnaissent pas dans Béji Caïd Essebsi'", *Le Monde*, 28/02/2011 (http://www.lemonde.fr/afrique/article/2011/02/28/tunisie-la-pression-de-la-rue-ne-devrait-pas-diminuer_1486127_3212.html).

sition. Major reforms in key strategic sectors such as the security, justice and media systems are required. For example, the reform of the justice system, which under Ben Ali lacked independence and transparency, has been so far neglected by interim authorities. Many activists, lawyers and judges have denounced the Ministry of Justice, still dominated by people of the previous regime, for being completely insensitive to any demands for reform.[40] Also repression against protesters, acts of violence by the police against activists, and the practice of censorship, particularly against journalists, bloggers and facebook pages,[41] have not stopped. As a result of continuing censorship, in late May 2011, the young blogger Slim Amamou resigned from the post of Secretary of State for Youth.[42]

Security-related challenges

Since the departure of Ben Ali, the country has been plagued by a lack of security, although, at the time of writing in July 2011, the security situa-

[40] On 27 March, Tunisian judges and lawyers staged a rally in Tunis to call for an independent judicial system and to denounce lack of change since Ben Ali left. The 27 March was proclaimed the "National Day of Judicial Independence". Also see interview with the human rights activist Sihem Bensédrine, in "Sihem Bensédrine: 'La transition tunisienne va peut-être durer des années'", *Jeune Afrique*, 30/03/2011 (http://www.jeuneafrique.com/).

[41] See "Tunisie: retour de la censure en ligne?", *France 24*, 06/07/2011 (www.news, google,com/news/search?); "Tunisie: une manifestation violemment rèprimèe à Tunisie", *Jeune Afrique*, 06/05/2011 (www.jeuneafrique.com). See also "Des journalistes tunisiens sous le choc craignent un retour à l'ancien régime", *Tunis News*, 7/05/2011 (http://www.tunisnews.net/07Mai11f.htm). Houda Trabelsi, "Tunisians remain wary of police", *Magharebia*, 01/02/2011 (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2011/02/01/feature-01); "Tunisia's Police State Still In Place-Activists", *Reuters*, 24/01/2011 (http://www.reuters.com/article/2011/01/24/us-tunisia-protests-security-idUSTRE70N6DS20110124); "Ferhat Rajhi confirme la pratique de la torture, les arrestations arbitraires et la corruption", *Tunis News*, 17/04/2011 (http://www.tunisnews.net/17Avril11f.htm); "Radhia Nasraoui, «En Tunisie, les tortionnaires agissent toujours»", *La Croix*, 13/04/2011 (http://www.la-croix. com/article/index.jsp?docId=2462469&rubId=55351).

[42] See "Tunisie: le blogueur Slim Amamou dèmissionne du government", *Tunis News*, 23/05/2011 (www.tunisnews.net).

tion appears to have significantly improved. Initially, the state of insecurity was due to a number of factors. Armed militias, who were presumed to be Ben Ali's loyalists and led by officials in the Interior Ministry, sowed chaos and fear among the population.[43] These gangs probably aimed at discrediting the interim government and highlighting its incapacity to restore order.

In the early months after the revolution, the state of insecurity also stemmed from the police force, which expanded significantly under Ben Ali, reaching an estimated 250,000. As many of the police forces refused to resume work, owing to low wages and public stigma, several provinces were left in a chaotic and unstable situation.[44] An additional factor, which put at risk Tunisia's public order, is that many of the numerous prisoners (11,000) who escaped during the protest days were not arrested.[45]

In an effort to address the above-mentioned security problems, the interim government under Mohammed Ghannouchi announced a number of measures late in early February 2011: it agreed to allow the security forces to establish a trade union to safeguard their rights as well as to raise salaries; it called in military reservists in order to beef-up the army; it announced that policemen would be fired for not showing up at work; and it fired security officials and nominated new officials. These

[43] See "Tunisia gripped by uncertainty", *Al Jazeera* 16/01/2011 (http://english.aljazeera.net/news/africa/2011/01/20111167140864373.html); Monia Ghanmi, "Tunisia offers concessions to security forces", *Magharebia*, 2/02/2011 (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2011/02/02/feature-01); "Farhat Rajhi, ministre de l'Intérieur dévoile une dangereuse situation de défaillance sécuritaire dans le pays", *Tunisia Watch*, 2/02/2011 (http://www. tunisia watch.com/?p=3895); "Tunisie: l'armée rappelle les réservistes", *Tunisia Watch*, 8/02/ 2011 (http://www.tunisia watch.com/?p=3988).

[44] "Farhat Rajhi, ministre de l'Intérieur dévoile une dangereuse situation de défaillance sécuritaire dans le pays", *Tunisia Watch*, 2/02/2011 (http://www.tunisiawatch.com/?p=3895).

[45] In March 2011, the Interior Minister announced that about 2,000 of them were arrested, while, in mid-April, the Justice Ministry updated the total number of arrested people to 6,400 ("Tunisie: arrestation de plus de 2.300 pillards et détenus en fuite", *Tunisia Watch*, 6/03/2011 (http://www.tunisiawatch.com/?p=4185); "18 actions intentées contre le président déchu", *La Presse*, 14/04/2011).

measures, and particularly the redeployment of security forces, including the army, appear to have ameliorated, but not fully restored,[46] the security situation in Tunis and in many interior regions.

The fate of Tunisia's political transition will depend critically on the interim government's and future authorities' capacity to restore security. In the short term, a safe security environment is a necessary precondition for allowing fair and transparent elections, sustaining people's support for a genuine democratic transition and escaping the risk of rising resentment among Tunisians themselves.[47] Moreover, while the decision by the current interim government to dissolve the old and powerful security apparatus is a key move in the right direction, restoring security in the street, among others, will depend on the current and future government's ability and will to reform the security apparatus. One of the main issues at stake is the reorganisation of the security apparatus to make it accountable to the rule of law, and transform it into a body that protects, rather than intimidates, Tunisian citizens. However, beyond announcements, the interim government has lacked transparency on how it aims to pursue this goal. For example, it is unclear why Beji Caid-Essebsi sacked the popular Minister of Interior, Farhat Rajhi, and replaced him with Habib Essid, who served as a private secretary of the Interior Ministry under Ben Ali during 1997-2000.[48] A final area of

[46] For example, the government's decree on a night curfew in Tunis on 7 May 2011, which was then revoked on 18 May, shows how the security situation can rapidly worsen.

[47] The case of the Polish priest, found dead on 18 February, clearly shows this risk. The Interior Minister condemned the murder and declared: "Given the manner of his murder we believe that a group of fascist terrorists are behind the crime", intending that behind there were the Islamists, but numerous people claimed the murder was carried out by militias loyal to Ben Ali in order to create anarchy and chaos in the country ("Tunisie: manifestation contre le gouvernement, messe pour le prêtre égorgé", *Tunisia Watch*, 20/02/2011 (http://www.tunisiawatch.com/?p=4082). Similarly, Sihem Bensédrine, a human rights activist, denounces infiltrations of the political police in the attacks against the synagogue (11 February 2011), against women's demonstrations and other circumstances, which all aimed to spread divisions among Tunisians. ("Sihem Bensédrine: 'La transition tunisienne va peut-être durer des années'", *Jeune Afrique*, 30/03/2011 (http://www.jeuneafrique.com/).

[48] Some argue, for example, that it is no coincidence that after the appointment of Es-

concern regards both the massive flow of refugees from Libya, following the Libyan regime's harsh repression against the political upheaval in the country, and the risk of terrorist attacks,[49] which could aggravate Tunisia's security-related problems.

Constitutional reform and elections

Constitutional reform and elections are crucial in determining the direction of the political transition in Tunisia. Preparing the ground for free, transparent and representative elections is the main issue at stake. The first, and most urgent step, to favour representative elections is the reform of the constitution, which was carefully manipulated by Ben Ali to ensure the hegemony of the RCD and to impose stringent limits for presidential elections. Following the establishment of the interim government, a High Committee for Political Reform was established to revise the constitution, including the electoral law, the law on political parties, etc, while legislative elections were initially scheduled for 24 July 2011. However, since the inception of the Committee, many Tunisians questioned its independence and its capacity to produce a deep and widely approved reform of the constitution, given that it was not established in consultation with diverse political forces,[50] and, while the head of the Commission, Yadh Achour, is an eminent independent scholar, whose father and grandfather were Grand Muftis of Tunisia, some of its experts were very close to Ben Ali.[51] With regard to the election sche-

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sid demonstrations by young activists on 1 April were violently repressed by the police. "La Tunisie renoue avec la répression policière", *Tunis News*, 3/04/2011 (http:// www.tunisnews.net/03Avril11f.htm).

[49] In May, clashes between the military and suspected terrorists were reported near the Dhiba border crossing Libya and in the town of Rouhia (see "Tunisian political parties condemn terrorism", *Magharebia*, 22/05/2011, www.magharebia.com).

[50] See "Tunisie: Plusieurs partis et organisations appellent à la création d'un «Conseil national pour la protection de la révolution»", *Tunisia Watch*, 15/02/2011 (http://www.tunisiawatch.com/?p=4047).

[51] "Commission Nationale Supérieure de la Reforme: Ces Enseignants de Droit qui ont retourné leur veste", *Tunisia Watch*, 2/02/2011 (http://www.tunisiawatch.com/?p=3917).

dule, there was a widespread feeling among political activists that five months were too short a time to allow new political forces to campaign and organise effectively.

After persistent protests, on 4 March, interim President Mebazaa announced the popular election of a Constituent Assembly to be held on 24 July 2011, instead of legislative elections. The Assembly would rewrite the constitution and nominate a new president and interim government. After a new constitution is drafted, parliamentary and presidential elections would be held. Such a decision is an important step forward in Tunisia's political transition. It fulfils one of the major demands made by protesters and political forces, highlighting the capacity of civil society in general to bargain vis-à-vis the interim government. Moreover, the historic process of rewriting the Tunisian constitution needs to be as inclusive as possible in order to enjoy large consensus and legitimacy among Tunisians. The decision to hold popular elections for a Constituent Assembly totally reverses the previous decision by the interim authorities to nominate a Committee for political reform without the involvement of political and social forces, let alone the public.

In the long-term, the direction of Tunisia's political transition will depend much on the content of the new constitution. In the short term, the composition of the future Assembly is key, affecting both the content of the new Constitution and the degree of inclusiveness of the process leading to it. There are positive signals in this regard. The electoral law for the Constituent Assembly, approved on 26 April 2011, excludes as candidates anybody who served during the past 10 years in the government under Ben Ali or had senior positions in the former ruling party. It also disqualifies as candidates those who supported the re-election of Ben Ali as a president in 2014 elections. Moreover, it introduces parity between men and women for the electoral lists, which should ensure a large involvement of women in the process of political transition as well as it adopts an electoral system based on proportional representation that should allow a broad spectrum of political forces to be elected in the Constituent Assembly. Furthermore, Tunisians residing abroad will be allowed to vote, being reserved 10 seats out of 273. While these decisions are important steps towards an inclusive and representative Constituent Assembly, nonetheless, the new electoral law should be

viewed with caution. For example, the principle of gender parity is controversial in so far as, while ensuring female representation in the Constituent Assembly, it could benefit well-established political formations that are said to have more chance to mobilise women across the country.[52] Also the electoral system based on proportional representation could significantly threaten the Constituent Assembly's capacity to take decisions owing to the presence of a large number of political forces.[53]

Finally, the decision by the interim government to postpone the election for the Constituent Assembly to 23 October 2011 has been a further step forward in the process of political transition, satisfying the demand of most political parties and civil society associations, as well as leaving more time to deal with administrative, technical and logistic problems, which, if not addressed, could compromise the transparency of elections.

The role of political parties and other civil society groups

The trajectory of Tunisia's political transition will also depend on the current and future role played by political and social forces and, particularly, on the extent to which they will able to shape and monitor the course of political events. Civil and political society in Tunisia, including both political parties, women's and workers' associations and so on, have so far played a key role in the transition process, displaying great vitality and capacity to bargain vis-à-vis the interim government. Thanks to persistent protests and strong pressures from civil society groups and political parties, the interim authorities have made important concessions such as the dissolution of the security apparatus, the decision to hold elections for the Constituent Assembly in October and so on. More

[52] "Elections de l'assemblée constituante: Polémiques autour de l'exclusion des Rcédistes et de la représentativité féminine", *Tunis News*, 19/04/2011 (http://www.tunisnews.net/19Avril11f.htm).

[53] For a review on the main issues at stake, see Bechir Chourou, "Quelques propositions relatives à l'Assemblée constituante", *al Nawaat*, 21/03/2011 (/http://nawaat.org/portail/2011/03/21/quelques-propositions-relatives-a-l'assemblee-constituante); "M.Abdessattar Ben Moussa, ex-bâtonnier et membre de l'Instance supérieure de la réalisation des objectifs de la Révolution, de la réforme politique et de la transition démocratique", *Le Temps*, 18/04/2011 (http://www.letemps.com.tn/article-55123.html).

than in Egypt, political parties and civil society organisations in Tunisia have been effective in influencing a number of key decisions vis-à-vis the interim authorities. The High Committee for the Realisation of Revolutionary Goals, Political Reforms and Democratic Transition[54] is a case in point. Under the pressure from a range of social and political forces, which initially acted through the Council for the Protection of the Revolution[55] with the aim to monitor and criticise interim authorities, in early March 2011, the High Committee for Political Reform[56] was renamed High Committee for the Revolutionary Goals as to include many representatives of civil society, such as the UGTT, the National Order of Lawyers, and a number of political parties as well as youth, women and regional movement representatives, who were previously excluded.[57] Although the High Committee for the Realisation of Revolutionary Goals is highly heterogeneous in its composition, after long discussions, it managed to draft the electoral law for the Constituent Assembly on 11 April. Yet, although the High Committee has only consultative powers, its version of the electoral law was approved by the interim authorities, with the exception of the provision regarding the RCD, on 26 April.[58] Moreover, through intense debate and consultation, the High Committee for the Revolutionary Goals finally succeeded in obtaining the postponement of the vote for the Constituent Assembly, although the interim government was opposed to it.

As far as political parties are concerned, many opposition activists

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[54] *Instance supérieure pour la réalisation des objectifs de la Révolution, de la réforme politique et de la transition démocratique*.

[55] Called the *Conseil national de protection de la Révolution*, it was established in February 2011.

[56] This was one of the three Committees created by Mohammed Ghannouchi (see above).

[57] On 26 March, the number of its members was raised from 71 to 145. "Tunisia to expand transitional commission", *Magharebia*, 27/03/2011 (http://magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/newsbriefs/general/2011/03/27/newsbrief-03). For a list of its members, see "Instance Yadh Ben Achour: la dernière liste actualisée des membres du Conseil", *Tunis News*, 29/03/2011 (http://www.tunisnews.net/29Mars11f.htm).

[58] The High Committee proposed to exclude anybody who served during the past 23 years in the government under Ben Ali from the list of candidates in the upcoming elections.

who were ostracised by Ben Ali have been allowed to return to the country and have obtained, or are awaiting, the legalisation of their political parties. The main issue at stake is which of these parties will be able to enter the Constituent Assembly and therefore influence the rewriting the Tunisian constitution. While, to date, more than 80 political parties have been legalised, nonetheless, only a minority of them has the financial resources, experience and a clear political agenda to compete for October elections. While it is still unknown which of these parties will be able to participate in the elections for the Constituent Assembly and the parliament, what their popular support will be, and who they will field as candidates, former opposition political parties such as the PDP and *al-Nahda* are likely to have more chances to enter such institutions, and present successful candidates.[59] Moreover, the extensive number of parties may increase the difficulty of new parties to build their constituencies.

Related to the future role of political parties in the Tunisian transition, another contentious issue is what role Islamist parties, including *al-Nahda,* will play. With regard to *al-Nahda*, the formal procedures for its integration into the process of political transition were finalised: Rachid Ghannouchi returned to Tunisia after 22 years of exile on 30 January; and the government approved the amnesty for political prisoners, who mainly include moderate Islamists, on 18 February 2011; and the permission for the legalisation of the party was granted on 1 March 2011. Since 9 April, *al-Nahda* also started to publish its newspaper *al-Fajr*, banned in Tunisia in 1991. Three main issues, which will become clearer over the next months and whose evolution will shape Tunisia's political transition, need consideration. First, *al-Nahda* has so far assumed a critical position towards the interim authorities and its

[59] According to various surveys, in June 2011, most Tunisians are still unaware about the changing political landscape in their country. For example, a survey conducted in Tunisia from 9 to 15 June 2011 found that 67% of Tunisians were still undecided on who to vote; 14.3% were considering voting for *al-Nahda*, 4.7% for the PDP and 1.6% for the FDTL (*Le Monde*, 6/07/2011, www.lemonde.fr). Similar results were found in other surveys (see "Ennahdha et le PDP en tête des intentions de vote selon MediaScan", *Business News*, 30/06/2011).

official stance with regard to the process of political transformation appears to be moderate. In various interviews, al-Ghannouchi has confirmed the movement's intention to work with other forces in the country, support the rules of the democratic game and protect Tunisia's progressive Personal Status Code.[60] He also expressed admiration for Turkey's Justice and Development Party.[61] Strategically, the leaders of *al-Nahda* have declared that the priority will be to rebuild the movement and that they will not present candidates for the presidential elections.[62] However, while *al-Nahda*'s strategy and its ideology are still fairly vague and need to be rethought in the light of the changing political landscape,[63] it is unclear if and to what extent the official moderate discourse proposed by the party's leadership actually reflects the position of its membership.[64] Second, although, at the moment, the extent of *al-Nahda*'s popular support is unclear, in addition to growing religious conservatism in Tunisia, the fact that the party was persecuted for so long by the regime could have raised its popularity, as various surveys show.[65] However, the party could loose

[60] Ghannouchi declared that "Nous ne voulons pas d'un régime à parti unique, quel qu'il soit, ni instaurer la charia [loi islamique]. Ce dont la Tunisie a besoin aujourd'hui, c'est de liberté et (...) d'une véritable démocratie" (in "Arrivée à Tunis de la caravane de la liberation", *Le Monde*, 23/01/2011 (http://www.lemonde.fr/tunisie/article/2011/01/23/arrivee-a-tunis-de-la-caravane-de-la-liberation_1469466_1466522.html#ens_id=1245377).

[61] See Jamestown Foundation, "Tunisia's Battered Islamist Movement Seeks a Place in the Era of Change", *Terrorism Monitor*, Volume 9 Issue 5, 4 February 2011 (http://www.unhcr.org/refworld/docid/4d4f982c2.html).

[62] "Tunisie: l'islamiste Rached Ghannouchi ne sera pas candidat à la présidence", *Le Monde*, 30//01/2011 (http://www.lemonde.fr/afrique/article/2011/01/30/tunisie-l-islamiste-rached-ghannouchi-ne-sera-pas-candidat-a-la-presidence_1472796_3212.html#ens_id=1245377).

[63] Some leaders of the movement declared that the Congress, which is expected to be held in next months, will profoundly revise its ideology, as the last discussion goes back to 1986 (interview with Alaya Allani in *Die Welt*, 3/02/2011).

[64] See "Tunisie. La duplicité du parti Ennahdha en question", *Kapitalis*, 27/06/2011, (http://www.kapitalis.com/fokus/62-national/4571-tunisie-la-duplicite-du-parti-ennahdha-en-question.html).

[65] Interview with Alaya Allani in *Die Welt*, 3/02/2011. Allani estimates that in the next elections, the movement could obtain about 20-25% of the popular vote.

ground owing to internal divisions and competition from other emerging Islamist parties.[66] For example, Abdelfattah Mourou, who was one of the founding members of *al-Nahda*, established a new party, *al-Amana*, in early May.

Third, the evolution of relations between *al-Nahda* and other political forces is also a key issue for the future of the political transition. While since after the revolution, *al-Nahda* has expressed its intention to collaborate with all parties in order to achieve the objectives of the revolution,[67] relations with other political forces have been tense. After joining the High Committee for the Realisation of Revolutionary Goals, in June 2011 *al-Nahda* withdrew from the Committee, in disagreement with the decision to postpone the elections. Hostile relations between the Islamist party, and other political and social forces could slow down the democratic process by encouraging more extremist Islamist groups. Indeed, *al-Nahda's* full inclusion in the process of political transformation is a necessary step in order to allow for Tunisia's successful democratic transition, provided that the new Constitution makes sure that strong checks and balances are in place. Cutting off official political avenues to moderate Islamists could have serious costs in the long term, eventually leaving the room open to more radicalised expressions of Islamism.

Furthermore, as far as the RCD is concerned, although the provision banning senior members of the former ruling party from upcoming elections is a key measure to undermine its capacity to re-emerge, nonetheless, given that the RCD was financially strong, well-organised and structured, it could still be in the position to exploit these advantages and the weaknesses of other political forces in order to gain votes in the next elections.[68]

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[66] Among others, the Party of Dignity and Equity, the Party of the Justice and Development, and Party of the Dignity and the Development.

[67] See "Tunisie: le mouvement Ennahdha se dote de nouvelles structures dirigeantes", *Tunisia Watch*, 7/02/2011 (http://www.tunisiawatch.com/?p=3995).

[68] H. Khaznagi, "Tunisie: La dissolution du RCD, une opportunité ou un piège?", *Nawaat*, 10/02/2011 (http://nawaat.org/portail/2011/02/10/tunisie-la-dissolution-du-rcd-une-opportunite-ou-un-piege/).

Socio-economic problems

The economic repercussions of the Tunisian revolution have been dramatic. During the first two weeks of Tunisia's popular upheaval, an estimated 4.5% GDP was lost.[69] For 2011, GDP's growth is foreseen to decline significantly, averaging between 0.0 and 1%, down from 5.4%, which was previously forecasted in the 2011 budget law.[70] As a result, job creation for 2011 is expected to decrease dramatically and unemployment to increase by 5 percentage points by July 2011.[71] Tourism, which under Ben Ali contributed to 6.8% GDP and employed 350,000 people, has slowed down drastically, with obvious negative implications on the country's revenues and labour market.[72] Tourist reservations are expected to drop by 60% in the summer of 2011, while many hotels are reported to have shut down.[73] FDI and exports, especially of textiles and automobile supplies, have been badly hit.[74] Generally, all economic ac-

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[69] "Transcript of a Press Briefing by David Hawley, Senior Advisor, External Relations Department", International Monetary Fund, Washington, DC, 20 January 2011 (http://www.imf.org/external/np/tr/2011/tr012011.htm).

[70] "Les 17 nouvelles mesures économiques et sociales d'urgence décidées par le gouvernement", 1/04/2011 (http://leaders.com.tn/article/les-17-nouvelles-mesures-economiques-et-sociales-d-urgence-decidees-par-le-gouvernement). These estimates were confirmed at the end of June 2011.

[71] "Tunisie: Déblocage des subventions pour 127 mille chômeurs dans les prochains jours", *Business News*, 4/04/2011, (http://www.businessnews.com.tn); "Les 17 nouvelles mesures économiques et sociales d'urgence décidées par le gouvernement", 1/04/2011 (http://leaders.com.tn/article/les-17-nouvelles-mesures-economiques-et-sociales-d-urgence-decidees-par-le-gouvernement).

[72] "No one is really in charge: The revolution is still in flux", *The Economist,* 27/01/2011 (http://www.economist.com/). "Les 17 nouvelles mesures économiques et sociales d'urgence décidées par le gouvernement", 1/04/2011 (http://leaders.com.tn/article/les-17-nouvelles-mesures-economiques-et-sociales-d-urgence-decidees-par-le-gouvernement).

[73] "Tunisie: Les 7 défis capitaux d'une économie fragilisée", *Jeune Afrique*, 21/07/2011 (http://www.jeuneafrique.com/Article/ARTJAJA2631p064-067.xml0/france-canada-suisse-investissementtunisie-les-7-defis-capitaux-d-une-economie-fragilisee.html).

[74] FDI, for example, are said to have declined by 28.8% during January-March 2011 compared to the corresponding period in 2010 ("Tunisie: l'investissement étranger a plongé au 1er trimestre", *Tunis News*, 13/04/2011 (http://www.tunisnews.net/13

tivities have incurred dramatic losses due to insecurity, curfews and political uncertainty. As a result of declining tourism revenues, FDI and exports, there has been a sharp rise in the balance of payments deficit, while the budget deficit is expected to increase dramatically owing to increases in public expenditures to cope with the crisis and drops in public revenues.[75]

The country now faces a double challenge: coping with the economic crisis, which was inevitably caused by the political upheaval, and addressing structural socio-economic problems, which have been inherited by the previous regime and contributed to its demise. Unless these problems are tackled effectively, Tunisia's political transition may be at risk. Owing to deteriorating socio-economic conditions, labour protests in the forms of sit-ins, occupations, etc have been mounting in the country, in both local and foreign enterprises, which may have further discouraged private investment.

Recent political events in Libya, which is Tunisia's first Arab and African trading partner, have been damaging further Tunisia's economy. Regions in the south (e.g., Ben Guardane) have been hardly hit, given their strong trade and investment relations with Libya.[76] Moreover, about 120,000 Tunisians working in Libya are reported to have returned to their country,[77] thus adding pressure on the labour market.

Avril11f.htm), while exports dropped by 26% during the same period ("Tunisie: corrélation entre transition démocratique et dynamisme économique", *La Presse*, 12/04/2011 (http://www.lapresse.tn/). See also "Les 17 nouvelles mesures économiques et sociales d'urgence décidées par le gouvernement", 1/04/2011 (http://leaders.com.tn/article/les-17-nouvelles-mesures-economiques-et-sociales-d-urgence-decidees-par-le-gouvernement).

[75] Tunisia's budget deficit is expected to reach 5% of GDP at the end of 2011, up from 2.5%, which was previously forecasted in the 2011 budget law (see "Les 17 nouvelles mesures économiques et sociales d'urgence décidées par le gouvernement", 1/04/2011 (http://leaders.com.tn/article/les-17-nouvelles-mesures-economiques-et-sociales-d-urgence-decidees-par-le-gouvernement).

[76] "Tunisie-Libye : les échanges perturbés", *Investir en Tunisie* (http://www.investir-en-tunisie.net).

[77] "Tunisie: Les 7 défis capitaux d'une économie fragilisée", *Jeune Afrique*, 21/07/2011 (http://www.jeuneafrique.com/Article/ARTJAJA2631p064-067.xml0/france-canada-suisse-investissementtunisie-les-7-defis-capitaux-d-une-economie-fragilisee.html).

Tourism will be also negatively affected, given that, every year, almost 2 million Libyans visit Tunisia.[78] The situation is made worse by the massive inflow of Libyan refugees (70,000 by June) escaping from the war in their country.[79]

The interim government under Mohammed Ghannouchi announced numerous measures to deal with Tunisia's socio-economic problems in an attempt to placate social discontent: unemployment benefits for unemployed college graduates in exchange for part-time volunteer work;[80] an unprecedented investment plan to promote development in the poorest regions; compensation for the families of the victims of the protests; social negotiations in response to the growing number of workers' strikes demanding better salaries; the launching of an online campaign to revive tourism; and the creation of the 'Citizenship Fund 111' for voluntary donations to help the post-revolution economic recovery.[81] While these measures can be considered as purely palliative and uncoordinated responses, Tunisia needs a broad and coherent strategy, specifically targeted at reducing youth unemployment, narrowing re-

[78] "Tunisie - La crise libyenne et les revendications sociales fragilisent l'économie", *Maghreb Emergent*, 4/04/2011 (http://www.maghrebemergent.info/economie/73-tunisie/2815-tunisie-la-crise-libyenne-et-les-revendications-sociales-fragilisent-leconomie.html).

[79] This number is reported by the Interior Minister (see "Tunisie: les réfugiés libyens disputent l'île Djerba aux touristes", *Jeune Afrique*, 7/06/2011 (http://www.jeuneafrique.com/Article/ARTJAWEB20110607163810/libye-tunisie-tourisme-mouammar-kaddafitunisie -les-refugies-libyens-disputent-l-ile-djerba-aux-touristes.htm).

[80] The interim government started to pay unemployment benefits in April ("Tunisia pays unemployment benefits", *Magharebia*, 17/04/2011).

[81] "Tunisie: allocations pour les chômeurs diplômés", *Tunisia Watch*, 25/01/2011 (http://www.tunisiawatch.com/?p=3805); "Tunisie: le président annonce des négociations sociales", *Le Monde*, 9/02/2011, (http://www.lemonde.fr/afrique/article/2011/02/09/en-tunisie-l-executif-pourra-gouverner-sans-le-parlement_1477557_3212.html#ens_id=1245377); Houda Trabelsi, "'I Love Tunisia' campaign eyes tourism revival", *Magharebia*, 18/02/2011 (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2011/02/18/feature-01); Mohamed El Hedef, "Tunisia launches economic recovery fund", *Magharebia*, 17/02/2011 (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2011/02/17/feature-01); "Fonds citoyen 111.200.000 dinars mobilisés", *La Presse*, 25/03/2011 (http://www.lapresse.tn/25032011/25435/200.000-dinars-mobilises.html).

gional disparities and diversifying its economic structure.

The package of short-term measures launched by Minister of Finance Jalloul Ayed on 1 April is the first attempt made by interim authorities to provide a coherent response to pressing economic and social problems. The programme sets up the following priority actions:[82] i) restoring security; ii) creating 40,000 jobs, through increased investment in public utilities particularly in the poorest regions, the recruitment of 20,000 young people into the public sector and the reactivation of a number of active labour market programmes; iii) supporting measures to re-launch the private sector and the national economy, including fiscal and financial incentives to encourage private investment in regional development zones; iv) promoting regional development by more than doubling public investment;[83] and v) various social assistance actions targeted to needy families as well as to Tunisians returning from Libya.

While it is early to assess the effectiveness of such measures, coping with Tunisia's main socio-economic challenges requires, above all, a profound restructuring of its political economy so as to deal with widespread corruption and allow a new private independent sector to emerge. For example, in the absence of this radical change, the abovementioned Citizenship Fund could simply replicate Ben Ali's '26-26' Fund, diverting collected resources to ends other than their intended use.[84] Yet, a radical change of Tunisia's political economy is difficult to implement, at least rapidly and needs a concerted effort, given the persistent links between the current government and the old elites. The strategic alliance between the Tunisian private sector that was sup-

[82] For details, see "Les 17 nouvelles mesures économiques et sociales d'urgence décidées par le gouvernement", 1/04/2011 (http://leaders.com.tn/article/les-17-nouvelles-mesures-economiques-et-sociales-d-urgence-decidees-par-le-gouvernement).

[83] The interim government decided to devote 251,3 millions Tunisian dinars to regional development, whereas the 2011 budget law approved under Ben Ali had planned to invest 129,8 millions dinars ("Tunisie: le gouvernement rééquilibre le développement régional", *Tunis News*, 11/04/2011, http://www.tunisnews.net/11Avril11f.htm).

[84] Mohamed El Hedef, "Tunisia launches economic recovery fund", *Magharebia*, 17/02/2011 (http://www.magharebia.com/cocoon/awi/xhtml1/en_GB/features/awi/features/2011/02/17/feature-01).

ported by the previous regime, and foreign entrepreneurs, could make things even more difficult (Cassarino, 2011). Moreover, political forces in Tunisia still lack clear and detailed socio-economic programs,[85] and, in next months, they are likely to focus their energies on political matters, with the risk of neglecting socio-economic questions and therefore leave business cronies intact.

However, there are a number of positive developments, even though assessing their impact on Tunisia's socio-economic conditions is premature. Aside the UGTT, new trade unions have been created.[86] The emergence of dynamic and independent associations of both workers and entrepreneurs could contribute to initiate a constructive social dialogue to address labour protests, reorient public policies towards a more inclusive agenda and build an alternative to the old system. Moreover, the interim government's authorisation to seize assets belonging to Ben Ali and his family, announced on 31 March, could make a large amount of resources available to deal with pressing economic and social problems,[87] provided that these assets are managed transparently.

CONCLUDING REMARKS

Prospects for a successful political transition in Tunisia are more promising than in Egypt. As seen above, the interim government in Tunisia

[85] See, for example, the interview with Hassine Dimassi, an economics professor at Sousse University and an advisor to the UGTT ("Tunisian revolution yet to solve inequality", *al Jazeera*, 11/04/2011 (http://english.aljazeera.net/indepth/features/2011/03/201133117224935041 3.html).

[86] The first one was the *Confédération générale tunisienne du travail*. "Naissance du second syndicat de l'histoire de la Tunisie", *Jeune Afrique*, 1/02/2011 (http://www. jeuneafrique.com/Article/ARTJAWEB20110201185813/tunisie-tunis-zine-el-abidine-ben-ali-independancenaissance-du-second-syndicat-de-l-histoire-de-la-tunisie.html).

[87] By June 2011, 285 enterprises belonging to the former president and his family had been confiscated (*Global Net*, 21/06/2011, http://www.gnet.tn/temps-fort/tunisie-la-peur-de-la-confiscation-des-biens-hante-les-hommes-daffaires/id-menu-325.html). Also see "Télécom: la Tunisie nationalise", *Jeune Afrique*, 18/04/2011 (http://www. jeuneafrique.com).

has sent encouraging signals aimed at bringing ahead the process of transition. Among the major steps forward, there is the decision to postpone the elections for the Constituent Assembly to 23 October 2011. This leaves more time for political parties and civil society to organise as well as to deal with administrative, technical and logistic problems, which, if not addressed, could compromise the legitimacy and fairness of the upcoming elections. Similarly the electoral law should allow a broad spectrum of political and civil society forces to be elected, including women, both by introducing parity between men and women for the electoral lists as well as a proportional electoral system.

These achievements mostly reflect the fact that, unlike Egypt, Tunisia's civil society, ranging from political parties to women's associations, albeit still disorganised, has displayed greater vitality and capacity to bargain vis-à-vis the interim government. This in turn is owed to the presence of a well-educated and mature middle class that took active part in the protests leading to Ben Ali's overthrow as well as to a relatively homogenous society, both ethnically and religiously.[88] The fact that the interim rule has been managed by civilian authorities has also contributed to a more inclusive decision-making process.

Alongside these positive factors, Tunisia is faced with a number of challenges that may undermine or slow down its transition to democracy and, as a result, the long-term sustainability of the Tunisian state. While the fate of Tunisia's democratic transition is still uncertain, there is no doubt that, in the long term, it will depend on whether or not, and to what extent, the country will be able to marginalise the old power structure. This means that major reforms in key strategic sectors such as the security, justice and media systems are required in order to dismantle the old system of power, which still permeates the state apparatus. Otherwise, the supporters of the old power system will continue to be strategically placed to influence the direction of political events. In the long term, the lack of profound reforms in the security and justice sectors could generate a crisis of legitimacy of these institutions. For ex-

[88] Such favourable conditions were highlighted by a Tunisian politician at a conference held in Rome in February 2011.

ample, one of the main issues at stake is the reorganisation of the security apparatus to make it accountable to the rule of law, and transform it into a body that protects, rather than intimidates, Tunisian citizens. In the short term, while the old justice and security system is not yet dismantled, this could compromise the fairness and transparency of the next elections. For example, there is the risk that insecurity and intimidation towards political activists will re-emerge during elections.

Moreover, the reform of the constitution will largely determine the direction and shape of the political transition, while the election of the Constituent Assembly will be crucial in deciding who will rewrite the constitution. Although, as said above, a number of guarantees have been put in place and, with more time left for the election of the Constituent Assembly, political parties are likely to have more time to campaign, organise and find adequate candidates, nonetheless a major risk is that the Constituent Assembly will not be as representative as expected. Former opposition parties and *al-Nahda* could be better placed to enter the Constituent Assembly, whereas the weakness and disorganisation of many political and civil society groups could either limit their ability to compete or be exploited by supporters of the old power system. If the elected Constituent Assembly fails to include a large spectrum of political and social forces and to propose a deep and widely approved constitutional reform, the new constitution and the institutions that will emerge from it will enjoy little or no legitimacy. The failure to integrate the young, with their multiple voices, in all phases of the political transition, from rewriting the constitution to entering parliament, may seriously de-legitimise future institutions and raise discontent.

Another challenge relates to the role of Islamist parties, and particularly of *al-Nahda,* in Tunisia's political transition. While *al-Nahda* is expected to win wide support in the upcoming elections, its internal divisions and competition among emerging Islamist parties could weaken Islamist forces. Also, if the new Constitution makes sure that strong checks and balances are in place, the moderate nature of the Islamist movement *al-Nahda* could facilitate a democratic outcome of Tunisia's transition, although its strategy and ideology need to be clarified to eliminate any ambiguity. Yet, cutting off official political avenues to moderate Islamists could have serious costs in the long term, eventually

leaving the room open to more radicalised expressions of Islamism.

In addition, although the security situation appears to have significantly improved, the fate of Tunisia's transition will depend critically on the interim government's and future authorities' capacity to completely restore public security. A safe environment is a necessary precondition for fair and transparent elections as well as for sustaining people's support for a genuine democratic transition.

Finally, the major challenge to Tunisia's political transition lies in addressing its current and structural socio-economic problems. In the absence of effective policies that ease the crisis and respond to Tunisia's urgent socio-economic problems, youth unemployment and regional disparities will increase, raising social discontent and instability. If Tunisia's political economy constraints are not addressed with specific measures, crony capitalism and widespread corruption will continue to sustain the old system of power. These deficiencies will also continue to hamper the emergence of a vital, independent and dynamic business sector, which could help to respond to unemployment problems. To the extent that labour market challenges remain unaddressed, labour and social protests could mount. Growing instability and social tensions could also weaken support for the democratic transition among the majority of the population, thus reinforcing conservative forces.

In this context, the dynamic contribution of Tunisian civil society will continue to be critical in facilitating the country's transition to democracy. As long as civil society organisations, from human rights groups to political activists, remain vibrant and aware of the risks posed by the old system, interim and future authorities will be under pressure to pursue deep and sustainable political and institutional change.

The EU has a crucial role to play in affecting the future direction of Tunisia's political transition. In order to ensure Tunisia's successful transition to democracy, the EU is called to play a proactive role, both politically and economically. Alongside reconsidering the amount of financial assistance to be allocated to Tunisia's democratic transition (Cassarino & Tocci, 2011), the EU's support to political reform and economic reform should go hand in hand because, as noted above, the future of Tunisia's democratic transition depends on addressing both its political and socio-economic challenges. Moreover, the EU should adapt

rapidly the existing policy instruments, including those under the Neighbourhood Policy, as to respond to the specific needs of Tunisia's democratic transition (Cassarino & Tocci, 2011; De Vasconscelos, 2011). As Cassarino & Tocci (2011) propose, one way to avert the risk of an authoritarian involution in Tunisia is that the EU goes back to reconsider the use of conditionality. Furthermore, the EU could provide relevant expertise in sustaining Tunisia's efforts to reform its security and judicial systems as well as in providing assistance to organise and monitor the next elections. In addition, the establishment of adequate mechanisms to monitor who benefits from EU financial assistance may also help to ensure that EU resources are not channelled to crony businessmen tied to the previous regime (Cassarino & Tocci, 2011). The EU should also engage with all political and social actors in the country, from *al-Nahda* to new emerging forces such as youth movements, trade unions and so on, while at the same time refraining from influencing which forces should participate in the democratic process and which should not (De Vasconscelos, 2011; Cassarino & Tocci, 2011). Yet, because civil society is heterogeneous, the EU needs to identify clearly which actors are in favour of a genuine transition and which are not. Finally, the EU should prioritise support for economic policies that explicitly target job creation for young, particularly educated men and women, and benefit disadvantaged regions.

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3.
Egypt: Changes and Challenges of Political Transition

Maria Cristina Paciello[*]

INTRODUCTION

Hosni Mubarak's regime and its power system enjoyed remarkable stability over thirty years. On 11 February 2011, after 18 days of mass protests, the Egyptian president was forced to step down, revealing the unsustainability of the political and economic system that had ensured his continuity for so long.[1] While the revolution of January 25th led to a major success – the fall of Hosni Mubarak – Egypt's political future is still opaque and exposed to a number of risks. This chapter first highlights the factors underpinning the former stability of Mubarak's regime; it then assesses the causes of its underlying unsustainability, culminating in the anti-government popular mobilisation in January-February 2011 and the removal of Mubarak; finally the chapter evaluates the prospects for a genuine democratic transition in Egypt, by looking at the main political and socio-economic challenges facing the country.

[*] The author is indebted to Dr. Rym Ayadi, Prof. Abdul-Monem Al Mashat, Prof. Alia El-Mehdi and Dr. Nathalie Tocci for their insightful comments.

[1] For insights on the analytical framework that informs this paper, including the distinction between short-term stability and long-term sustainability, see Silvia Colombo's opening contribution to this volume.

BEHIND THE VEIL OF STABILITY OF HOSNI MUBARAK'S REGIME (1981-FEBRUARY 2011)

"From Relative Tolerance to Neo-authoritarianism"[2]

Hosni Mubarak rose to power in 1981, after Anwar Sadat's assassination. After a period of relative tolerance in the 1980s, Mubarak's authoritarian rule deepened in the 1990s: civil and political rights were restricted; the party law was amended; press freedom was significantly limited and repression was used against political opponents, particularly the Muslim Brotherhood (MB).[3] Owing to these restrictions and to widespread interference in the electoral process through fraud, repression and intimidation, the parliamentary elections of 1990, 1995[4] and 2000[5] resulted in an unprecedented majority for the ruling party, the National Democratic Party (NDP).

In the early 2000s, alongside the second Palestinian *Intifada* and, successively, the American invasion and occupation of Iraq in 2003,

[2] This expression is taken from Benin (2009: 21).

[3] Relevant constitutional changes included the 1993 Syndicates Law and 1999 Non-governmental Associations Law, which curtailed the freedom of association by imposing governmental regulations and harsh penalties for violations; the Amendments to the party law, voted in December 1992, which barred founders of new parties from accepting foreign funds and from conducting any political activity in the name of their party before it is officially recognised; and the 1995 Press Law, which significantly limited press freedom (for details, see Kienle, 1998; Dunne, 2006; Benin, 2009; Pioppi, 2004; Al-Din Arafat, 2009).

[4] The 1995 elections represented the peak in terms of direct interference by the regime, fraud and repression. Although, unlike in the 1990 elections, in 1995, the Muslim Brothers participated, none of their 150 candidates, who stood as independent candidates or candidates of the Labour Party, was able to win a seat (Naguib, 2009).

[5] The 2000 parliamentary elections were, by most accounts, somewhat more credible than previous ones because, for the first time, they were supervised by judges. Nonetheless, as long as the emergency law was in force, the regime continued to interfere in the electoral process through fraud and widespread arrests of MB candidates as well as intimidation of voters outside polling stations. So, while the NDP performed poorly compared to previous elections and seventeen of the independents candidates elected belonged to the MB, the ruling party maintained its absolute majority in the People's Assembly (Abdulbaki, 2008).

Egypt started experiencing growing political dynamism. In 2004-05, protests intensified, with a number of opposition parties and movements (e.g., the *Kifaya* movement, the Judges Club, *al Ghad* party and the MB) demanding political reform, including the amendment of the constitution in order to allow for competitive presidential elections, the end of the state of emergency, the removal of restrictive legal constraints on the activities of parties, civil society organisations and the media, and a free and fair electoral process.

In response to the above-mentioned pressures, the regime was thus forced to make some, albeit limited, concessions, enacting a series of amendments to the constitution (El-Issandr, 2005; Benin, 2009; Dunne & Hamzawy, 2007; Dunne et al., 2007). However, in spite of the constitutional changes that allowed for the direct popular election of the president, the conditions for candidate eligibility remained very strict, effectively enabling the NDP to decide who could run against the incumbent (Dunne, 2006).[6] Moreover, the party laws still precluded a realistic possibility of anyone other than the NDP coming into power (ibid.).[7] As a result, although the first multi-candidate presidential elections were held in September 2005 and nine candidates ran against the President, Mubarak, as expected, won the election with 87% of the vote.[8] Similarly, at the 2005 parliamentary elections, the NDP continued to manage electoral politics, through vote buying, fraud and intimidation.

Nevertheless, at the 2005 elections, the Brotherhood candidates were allowed to campaign much more openly than in the past, albeit as

[6] Amended Article 76 of the Presidential Election Law gives each licensed party the right to field a candidate in the ballot, subject to stiff conditions. The party may only nominate a candidate that has been on its executive committee for at least one year, thereby preventing any party from nominating a popular figure outside the small circle of mostly elderly, well-known politicians (Dunne, 2006).

[7] The amended Political Parties Law maintained bans on parties with a religious identity (effectively barring the MB). It also revised the composition of the Political Parties Committee (PPC), which considers applications by new parties, by increasing its control over parties and the presence of senior NDP members, thus reinforcing the ruling party's domination over the opposition (Dunne, 2006).

[8] Ayman Nour, the leader of *al-Ghad* Party, came second with 7% of the vote. This led to his five year imprisonment sentence.

independents, and non-governmental organizations monitored the elections (Sullivan, 2009).[9] So, while the ruling NDP maintained its two-thirds majority, the Muslim Brothers made significant gains, for the first time, obtaining, with the victory of 88 candidates, more seats (20% of total) than any other opposition group (ibid.).

The unexpected electoral success of the MB paved the way for the regime to take a series of de-liberalisation measures: cracking down on political opponents and popular protests, particularly on MB members; postponing local elections, scheduled for April 2006, in order to avoid another success of the Brotherhood; and extending the state of emergency for another two years (Sullivan 2009; see also el-Ghobashy, 2010; Shehata, 2009). Moreover, in 2007, the regime introduced a series of amendments that further constrained political freedom, such as removing the judiciary's role as electoral supervisor, empowering the president to dissolve parliament without referendum, banning explicitly religious parties, thus curtailing attempts by the Brothers to form a political party, and giving Mubarak the authority to refer civilians suspected of terrorism offences for trial in military tribunals (Brown et al., 2007).

From 2007, these and other restrictions, together with an increased use of police detention and arrests, reduced significantly the participation of opposition forces in political life. In the 2007 elections for the upper house parliament, the Shura Council, the Muslim Brothers did not win any seats, while at the local elections of April 2008, they announced a last-minute boycott of the elections after nearly all of its candidates, as well as most candidates from legal opposition parties, were prevented from registering.[10] Finally, the 28 November 2010 legislative elections were marked by unprecedented widespread violations, arrests of hundreds of MB activists before the vote, violence and pressure on the media, leading to the inevitable victory of the NDP, with an overwhelming

[9] Unlike in 2000, none of the Brotherhood's campaigners were arrested in the run-up to the first round. Arrests took place after the first-round results, which revealed the strong showing of the Muslim Brotherhood (Sullivan, 2009).

[10] "Salary and Price Increases in Egypt; Local Elections; Brothers Sentenced", *Arab Reform Bulletin*, 12 May 2008 (http://www.carnegieendowment.org/arb/?fa=show&article=20502).

majority of seats (Dunne & Hamzawy, 2010). The MB failed to win a single seat at the first runoff election and, together with the New Wafd party, they decided to boycott the runoff election a week later.[11]

The weakness of opposition forces

Under the rule of Hosni Mubarak, the political opposition in Egypt was very weak due to many factors. As said above, the regime implemented a number of instruments to weaken opposition: repression and harassment; refusal to legalise parties and organisations that could threaten the regime; electoral manipulation; and co-option of many non-governmental associations and trade unions.[12] Furthermore, the long-standing emergency law, in place since 1981, served to prohibit strikes, censor newspapers and constrain any activities of the opposition in the name of national security.

Aside repression, legal secularist parties were weak also because of internal deficiencies: lack of internal democracy, little organisational capacity, lack of resources and, most importantly, limited constituencies (Holger, 2005; El-Shobaki, 2010; al-Din Arafat, 2009). New movements such as *Kifaya* (the Egyptian Movement for Change – "Enough"), which appeared in the winter of 2004, initially appeared more dynamic than legal parties, engaging in numerous public protests, directly criticising Mubarak and his family, and opposing his re-election and Gamal's hereditary succession. However, *Kifaya* was rather ineffective in obtaining concrete concessions from the regime and after 2006 became dormant (al-Sayyid, 2009; al-Din Arafat, 2009). In addition to harsher repression by the regime, the movement also failed to mobilise large popular support, being limited to students, intellectuals and middle-class professionals; it lacked a clear long-term strategy, with no positive democratic

[11] "Egypt's November 28 parliamentary elections", *Arab Reform Bulletin*, 30 November 2010 (http://www.carnegieendowment.org/arb/?fa=show&article=42032).

[12] The only official trade union was the state-controlled Egyptian Trade Unions Federation (ETUF). On Egyptian trade unions under Mubarak, see Clément (2009), Moore & Salloukh (2007), UNDP (2008), al-Din Arafat (2009), Beinin & el-Hamalawy (2007); on NGOs, see Guirguis (2009).

demands. After 2007 it was weakened further by internal divisions that led to the resignation of the movement's founder George Ishak (ibid.).

The Islamist movement of Muslim Brothers, the only opposition force with mass popular support, was unable to seriously challenge the regime and press for genuine political change. The MB was able to attract a large number of supporters, mainly because it took over the task of providing social services, from which the state progressively disengaged over the mid-1980s-1990s (Harrigan & el-Said, 2009). Due to its large social basis, the MB succeeded in winning an unprecedented number of seats in the 2005 elections. However, after 2005, when the Muslim Brothers won a large share in parliament, the regime sought to oust the movement from the political scene through increased repression and amending the constitution in 2007. Because the MB was subject to frequent harassment, leadership arrests and confiscation of financial assets, especially in recent years, it generally kept a moderate, cautious, and non-confrontational approach towards the regime, fearing to be completely eliminated from political life (Pioppi, 2011). So, although the movement remained the main opposition force in the country, it was reluctant both to take any clear action against the regime and to make formal alliances with other opposition actors, leaving to other opposition movements the political initiative (ibid.). In this light, the Muslim Brothers did not adhere to Muhammad al-Baradei's call for a boycott of the 2010 parliamentary elections; they did not clearly oppose the re-election of Hosni Mubarak in 2005 and the potential candidacy of his son Gamal in 2011; and they lacked a clear political programme, revealing their incapacity or unwillingness to represent a solid alternative to the regime (Pioppi, 2011; el Shobaki, 2010). Lastly, deep ideological divisions between the MB and many secular opposition groups prevented the emergence of a united and organised political opposition to the regime (Al-Din Arafat, 2009; Brown et al., 2006).

Opposition beyond the strict confines of political activity revealed greater dynamism. Since mid-2004, social protests and demonstrations, reflecting the rising discontent among people, became a prominent feature of Egyptian life. Egypt experienced an unprecedented wave of street protests, particularly labour strikes, reflecting the increased hardship experienced by large swathes of Egyptians (Beinin, 2009; Clément, 2009;

Beinin & el-Halamawy, 2007a, 2007b). In 2010, labour unrests continued, spreading in particular to those private sector workers whose companies were affected by the financial crisis.[13] Unlike political parties and other organised opposition forces, the labour protests were successful in attracting an unprecedented number of people,[14] but they did not translate into a real political challenge to the regime, pressing for political transformation. Unlike the January-February 2011 protests, these protests remained apolitical, meaning that they focused on socio-economic problems and did not put forward political demands (El-Mahdi, 2010; Hamzawy, 2009; Ottaway & Hamzawy, 2011). Furthermore, the protests did not coordinate their action with political organisations, instead they were sporadic and totally dispersed. The major opposition parties and other movements, such as the Muslim Brothers, were detached from the social and labour protests of the last years, reflecting the interests of a different constituency, namely urban upper middle class. Also the MB was suspicious about a rapprochement to the labour movement, because, due to its social composition[15] and conservative worldview, it is hostile to class conflict (Pioppi, 2011; Naguib 2009).

Economic reforms as a tool to consolidate/restructure the regime's power system

In the mid-1980s, due to the decline in oil prices and remittances by Egyptian expatriates, Egypt was faced with rising economic difficulties associated with serious foreign debt problems. To cope with the crisis, in 1991, Egypt committed to pursue market-oriented reforms, after

[13] "Labor unrest persists among private sector workers", *al-Masry al-Yom*, 6 August 2010 (http://www.almasryalyoum.com/en/news/labor-unrest-persists-among-private-sector-workers).

[14] From 2004 to 2008, more than 1.7 million workers participated in over 1,900 labour-related protests (see Shadi Hamid, "Egypt's Old and New Opposition – And Why They Need Each Other December 2010" (http://www.brookings.edu/articles/2010/12_egypt_politics_hamid.aspx).

[15] The MB has never had a strong base in the industrial working class and, in fact, 60% of the 88 MB's MPs elected to the People Assembly in 2005 were educated professionals (Beinin, 2009).

signing an agreement under the auspices of the International Monetary Fund (IMF) and the World Bank (WB). The economic reforms initiated in the early 1990s are among the major tools exploited by Mubarak's regime to consolidate its power system and preserve its stability.

While stabilisation measures were implemented rapidly, structural reforms such as privatisation and trade liberalisation were carried out gradually (Paciello, 2007), at least until 2004, when, under Prime Minister Ahmed Nazif, they were accelerated (Wurzel, 2009; Alissa, 2007). Selective economic liberalisation served to stabilise the regime in various ways. First, by keeping untouched politically sensitive economic sectors, selective economic reforms did not harm the interests of the established ruling elite, thus preserving the privileged position of many regime supporters such as the military (Heydemann, 2007). Thanks to its vested interests in the status quo, the military was very influential in ensuring Egypt's stability and the continuity of the regime (Droz-Vincent, 2009). Second, given the gradual pace of reforms, the negative social effects generally associated with full scale (neo)liberal economic reforms were, at least initially, mitigated (Paciello, 2007). For example, in the 1990s, the regime postponed important privatisation steps in order to avoid a fundamental restructuring of the public sector causing major social dislocations, which could have potentially threatened its support base and stability. Yet, mass lay-offs resulting from privatisation measures were initially avoided by an arrangement, whereby workers were entitled to keep jobs in the privatised companies for at least three years (El-Mikawy & Pripstein Posusney, 2000). Third, while retaining control over strategic economic sectors, the regime used economic liberalisation to re-distribute privileges to regime supporters and co-opt important segments of the private sector, thus reinforcing its social basis (Alissa, 2007; Beinin, 2009; Wurzel, 2004, 2009; Heydemann, 2007; Richter, 2007). Privatisation is a case in point, as it benefited only men with connections to Egyptian politicians and the military establishment (Wurzel, 2009; Heydemann, 2007; Alissa, 2007; Droz-Vincent 2009; Sfakianakis, 2004). The cooption of well-connected businessmen, whose businesses profited only thanks to their privileged links to the regime, meant that they had no interest in challenging the power structure, thus ensuring the regime's stability.

The role of external actors

Beyond entrenching authoritarian practices, weak opposition forces and the manipulation of socio-economic reforms, the survival of Mubarak's regime was also aided by the support conferred to it by Western governments. Both the EU and the US were very cautious, moderate and inconsistent in advancing political reform in Egypt, fearing that this would destabilise the country and therefore their vital interests in the region (Durac, 2009).[16] The Euro-Mediterranean Partnership and the ensuing European Neighbourhood Policy (ENP) are both indicative of this cautious approach by the EU. For example, the ENP Action Plan for Egypt was adopted in a context of serious political regression in the country, epitomized by the 2007 constitutional amendments. Notwithstanding, the Action Plan omitted any mention of changing these regressive laws, discussing only the need to "strengthen participation in political life, including the promotion of public awareness and participation in elections" or "to exchange experience in the field of elections and jointly develop cooperation in areas of shared interest including through providing assistance on registering electors and capacity building".[17] The US response to the 2007 constitutional amendments was also very timid.[18]

Similarly, the US and the EU were ambiguous towards opposition forces in Egypt. For example, they were silent about the repression of Islamist actors, concerned with the security consequences of an Islamist empowerment in the country (Balfour & Cugusi, 2010; Droz-Vincent, 2010). Both the EU and the US privileged relations with the ruling elite,

[16] The 9/11 terrorist attacks temporarily changed this strategic approach, with the US being more assertive in pressing the Egyptian regime for political change, but since early 2006, a number of regional developments (including the deteriorating situation in Iraq and the need to ensure Egypt's support in the global war on terror, the Muslim Brothers' success at the 2005 elections, Hamas' victory in the 2006 Palestinian elections, and the war between Israel and Lebanon in the summer of 2006) led to a significant decline in democracy promotion efforts in Egypt and in the region as a whole (Droz-Vincent, 2009).

[17] See *EU/Egypt Action Plan*, pp. 5-6 (http://ec.europa.eu/world/enp/documents_en.htm).

[18] Andrew Exum and Zack Snyder, "Democracy Demotion in Egypt: Is the United States a Willing Accomplice?", *Policy Watch*, 23/03/2007.

while doing little to promote dialogue with non-state actors. Unlike the case of the eastern neighbours, the Action Plan was not discussed with major political actors and civil society organisations, but was instead negotiated with a select group of senior policy-makers who ensured that reforms did not destabilise their grip on power (Youngs, 2006).

In addition, in spite of Egypt's poor record in political reform, Western governments continued to renew their economic support to the Egyptian regime, renouncing to attach any positive or negative conditionality to their aid. Egypt under Mubarak was among the largest recipients of US aid, second only to Israel. Furthermore, the Obama administration in early 2009 discarded all references to human rights or democracy in statements on Egypt (Dunne, 2011). Despite a deepening of authoritarianism, for the period 2011-2013, the EU increased its European Neighbourhood and Partnership Instrument (ENPI) funds to Egypt, while reducing the ENPI funds specifically allocated to the promotion and protection of human rights.[19]

EXPLAINING THE UNSUSTAINABILITY OF HOSNI MUBARAK'S REGIME

A combination of political, socio-economic and external factors ensured Hosni Mubarak's rule over thirty years. Politically, Mubarak's regime was able to tightly control the political process, by alternating phases of relatively, albeit limited, opening, to phases of deepening authoritarianism and harsh repression. The regime thus limited civil and political rights, repressed political opponents, and managed carefully the electoral process. At the same time, it also created some space for dissenting political expression and allowed opposition forces, such as the Muslim Brothers, to participate in elections as independent candidates. Economically, the regime managed to implement market-oriented reforms gradually, resisting deep structural reforms that would have both

[19] See European Commission, *European Neighbourhood and Partnership Instrument Egypt* and *Egypt Country Strategy Paper*.

harmed the ruling's elites' economic interests and entailed disrupting social dislocations. Also, while retaining its control over strategic economic sectors, the regime used economic liberalisation to re-distribute privileges to its supporters and co-opt important segments of the private sector, thus extending its support. All this was done with the active support of the West. However, over the last decade, the underlying unsustainability of Mubarak's regime increasingly came to the fore, leading its stability to ultimately crack. Rapid economic growth matched by growing inequalities, worsening poverty levels and rising youth unemployment among educated, and deepening political repression matched by grassroots mobilisation, lie at the heart of the destabilisation of Mubarak's regime.

Rapid economic growth with no re-distribution

In the period 2003-07, Egypt experienced strong economic growth, which reached the peak of 7.1% in 2006-07, as well as a rapid increase in exports and FDI inflows (Achcar, 2009; IMF, 2007). However, promoting strong economic growth and market-oriented economic reforms were not sufficient to address Egypt's main socio-economic challenges. In spite of its outstanding macro-economic performance, a growing part of Egyptians, from the lower-middle class, experienced a dramatic increase in hardship. This meant that most Egyptians did not benefit from the rapid economic growth. While Egypt's economic and social policies were insufficient to address its main socio-economic challenges, their ineffectiveness primarily depended on political factors. As said above, economic reforms served the interests of the ruling elite and their close associates, allowing them to reinforce their power, while excluding the rest of the population. Moreover, opposition forces were unable to influence decision-making, particularly with regard to economic and social issues, because they were repressed and because parliament lacked authority. However, in the long term, this form of economic management, which was profoundly rooted in the authoritarian and coercive nature of the Egyptian regime, proved unsustainable. It perpetuated economic inefficiencies, hindered the emergence of an autonomous, competitive and productive private sector and led to widespread corruption.

Diminishing purchasing power and rising income poverty

Consumer purchasing power in Egypt significantly diminished over the last decade. In the 2000s, mainly driven by a rise in food prices, the consumer price index (CPI) shot up, reaching an unprecedented peak of 23.6% in August 2008 (Alissa, 2007; Jones et al., 2009). Since then, although food price inflation declined, it remained quite high and volatile.[20] Moreover, real wages in both the public and private sectors continued to decrease over the last decade (Abdelhamid & el-Baradei, 2009), meaning that, for many Egyptians, wages were inadequate to cover rising prices and sustain a decent standard of living.[21] This inflationary trend over the last decade had a disproportionate effect on middle and lower income Egyptians, for whom a large share of income is spent on food items (Klau, 2010). Soaring food prices was the main cause of rising income poverty over the last decade. In particular, the incidence of absolute poverty[22] increased from 16.7% in 2000-01 to 23.4% in 2008/2009 (Jones et al., 2009; UNICEF, 2010; World Bank, 2007), reversing the gains made in the second half of the 1990s.[23]

The Egyptian government attempted to mitigate the negative impact of rising prices and growing dissatisfaction among Egyptians by continuing to finance the country's expensive food subsidy system and by

[20] Niveen, Wahish, "Of prices and interest rates", *Al-Ahram Weekly*, 19-25 February 2009 (http://weekly.ahram.org.eg/2009/935/ec2.htm); Ali Abdel Mohsen, "Meat market mystery", *Al-Masry Al-Youm*, 2 April 2010 (http://www.almasryalyoum.com/en/news/meat-market-mystery); "Egypt inflation steady in October, rates seen on hold", *Al-Masry Al-Youm*, 10 November 2010 (http://www.almasryalyoum.com/en/news/egypt-inflation-steady-october-rates-seen-hold); Ashraf Khalil, "Egypt's vegetable crisis: 'This is how revolutions start'", *Al-Masry Al-Youm,* 26 October 2010 (http://www.almasryalyoum.com/en/news/egypt's-vegetable-crisis-how-revolutions-start).

[21] Author's interviews with academics and journalists carried out in Egypt (October 2010); "Workers, not voters, worry Egypt's government", *Al-Masry Al-Youm*, 23/11/2010 (http://www.almasryalyoum.com/en/news/workers-not-voters-worry-egypts-government); Mona el-Fiqi, "Not Even Minimum Wage", *Al-Ahram Weekly*, 20-30 July 2008 (http://weekly.ahram.org.eg/2008/907/ec1.htm).

[22] Absolute poverty is calculated using the total poverty line and therefore consists of spending less than needed to cover absolutely minimal food and non-food needs.

[23] However, the poverty estimates and trends presented above are likely to be highly underestimated (see for example Sabry, 2009).

raising civil servants' salaries.[24] However, while the increase in public spending spurred inflation, these measures proved insufficient to sustain the Egyptian people's purchasing power. The food subsidy system is poorly targeted and reaches only a limited share of the real poor (World Bank, 2007), while the salary increases were insufficient to keep pace with rising inflation.[25] The recent – and still ongoing – debate on the minimum wage was emblematic of gap between government's proposals and public employees' demands. For example, while, in November 2010, the National Wage Council raised the legal minimum wage to LE400 per month, teachers demanded a minimum wage of at least LE1200.[26]

Deteriorating labour market conditions, particularly among the youth

Over the last two decades, labour market problems, particularly among young educated Egyptians, also worsened dramatically. Although in the last ten years, total unemployment improved, youth unemployment among university graduates increased (from 9.7% in 1998 to 14.4% in

[24] See Abdelhamid and el-Baradei (2009); Wael Gamal, "Remembering the poor?", *Al-Ahram Weekly*, 7-13 July 2005 (http://weekly.ahram.org.eg/2005/750/ec1.htm); Mona el-Fiqi, "Not Even Minimum Wage", *Al-Ahram Weekly*, 20-30 July 2008 (http://weekly.ahram.org.eg/2008/907/ec1.htm).

[25] In addition to the sources quoted above, see also Noha el-Hennawy, "School teachers form Egypt's and Independent Union", *Al-Masry Al-Youm*, 20/07/2010 (http://www.almasryalyoum.com/en/news/school-teachers-form-egypts-2nd-independent-union); "Education Ministry employees continue sit-in", *Al-Masry Al-Youm,* 27/06/2010 (http://www.almasryalyoum.com/en/news/education-ministry-employees-continue-sit). Mohamed Azouz, "Investors' federation calls for upping minimum wage to LE600/month", *Al-Masry Al-Youm*, 2/11/2010 (http://www.almasryalyoum.com/en/news/investors-federation-calls-upping-minimum-wage-le600month); Noha el-Hennawy, "School teachers form Egypt's and Independent Union", *Al-Masry Al-Youm*, 20/07/2010 (http://www.almasryalyoum.com/en/news/school-teachers-form-egypts-2nd-independent-union).

[26] Mohamed Azouz, "Investors' federation calls for upping minimum wage to LE600 /month", *Al-Masry Al-Youm*, 2/11/2010 (http://www.almasryalyoum.com/en/ news/investors-federation-calls-upping-minimum-wage-le600month); Noha el-Hennawy, "School teachers form Egypt's and Independent Union", *Al-Masry Al-Youm*, 20/07/2010 (http://www.almasryalyoum.com/en/news/school-teachers-form-egypts-2nd-independent-union).

2006) (Assaad, 2007). Moreover, persisting in the trend of the 1990s, most jobs created in the 1998-2006 period were in the informal economy, in which workers are poorly paid, lack social security coverage and work contracts, and, therefore, are more exposed to the risk of poverty (ibid.). The global crisis further exacerbated labour market challenges in Egypt. Employment growth slowed down, lay-offs increased and even total unemployment started to rise, albeit slightly (from 8.9% in 2007 to 9.4% in 2009).[27] Youth, again, were particularly affected by the global crisis.[28]

The economic policies undertaken by the Egyptian government had a very limited impact on job creation and, in many cases, worsened the employment situation. In fact, in spite of economic reforms, Egypt's economic performance remained largely dependent on external factors and therefore unsustainable. The country's economic boom during 2003-2008 was largely due to the boom in the global oil market, which benefited Arab oil exporting countries, resulting in higher FDI and remittances from Gulf Cooperation Council (GCC) countries. By contrast, with the global financial crisis and the consequent decline in the fortunes of GCC countries, Egypt's economic growth slowed down through declines in the major drivers of its economic success, namely exports, FDI, remittances and tourism revenues (Paciello, 2010; Radwan, 2009; Abu Hatab, 2009).

Furthermore, in spite of the attempts at improving Egypt's competitiveness, its export structure remained heavily dominated by natural resources and low-tech manufacturing exports, which provide very low quality jobs and limited opportunities for well-qualified young workers. In addition, FDI flowed to capital-intensive sectors that did not generate sufficient employment opportunities, and its large increase in recent

[27] CBE (2010), Center for Trade Union and Workers Services (2009), Abu Hatab (2009); "The War on Prices", *Al-Ahram Weekly*, 26 March-1 April 2009 (http://weekly.ahram.org.eg/2009/940/ec54.htm); "Hard times ahead", *Al-Ahram Weekly*, 12-18 March 2009 (http://weekly.ahram.org.eg/2009/938/ec3.htm); "Acting to save jobs", *Al-Ahram Weekly*, 24-30 December 2009 (http://weekly.ahram.org.eg/2009/978/ec1.htm).

[28] "Forget unemployment", *Al-Ahram Weekly*, 26 March-1 April 2009 (http://weekly.ahram.org.eg/2009/940/ec2.htm); "Acting to save jobs", *Al-Ahram Weekly*, 24-30 December 2009 (http://weekly.ahram.org.eg/2009/978/ec1.htm).

years reflected privatisation, rather than new investment opportunities, that would have contributed to job creation (Alissa, 2007; El-Megharbel, 2007). Economic reforms did not bring about an increase in private investment as initially expected. Thus, while the prospects of public sector employment declined significantly in recent years, employment opportunities in the formal private sector remained limited (UNDP, 2010).

The retrenchment of state welfare provision

Over the last two decades, the state social welfare system in Egypt has gone through a serious crisis, which accelerated in the last years. While the government continued to be the main provider of education and health services, such services were no longer free and their quality worsened dramatically because public expenditure on social services declined.[29] The retrenchment of the state's welfare provision accelerated in recent years. Public expenditure on education and health services was cut. For example, public spending on education declined, from 19.5% in 2002 to 11.5% in 2006, as a percentage of total expenditure, and from 5.2% to 4.0%, as a percentage of GDP (UNDP, 2008). Similarly, although total health expenditure as a percentage of public spending increased from 1.2% in 2001/2002 to 3.6% in 2008/2009, its share remained low relative to other countries of comparable income levels. Most of this spending went towards paying salaries, which, however, were insufficient to guarantee a dignified life for health sector workers (EIPR, 2009). Egyptian families increasingly incurred a wide range of private costs when they accessed public social services. Private out-of-pocket health spending, for example, increased faster than public spending, from 63% of total health expenditure in 2002, to 70% in 2008 (EIPR, 2009).[30] Lastly, the dramatic deterioration in the quality of public edu-

[29] For a review, see Galal (2003); UNDP (1998); Bayat (2006); Paciello (2007); Tadros (2006); Harrigan and el-Said (2009).

[30] For private costs in education, see Noha el-Hennawy, "School teachers form Egypt's 2nd independent union", *Al-Masry Al-Youm*, 20/07/2010 (http://www.almasryalyoum.com/en/news/fixing-egypt's-schools-we-need-compete); Gamal Essam El-Din, "Education ministers face down critics", *Al-Ahram Weekly*, 20-30 December 2009 (http://weekly.ahram.org.eg/2009/978/eg3.htm).

cation contributed to creating a generation of young Egyptians who are ill-prepared for the job market.

Rapid regression in the political sphere and the emergence of a spontaneous grassroots mobilisation

Since 2005, the Egyptian regime increasingly tightened the political space and undermined the opposition to such an extent that, as Ottaway (2010) argued: "politically, Egypt has become a one-dimensional society where there is no true alternative to the present ruling establishment". Combined with the dramatic deterioration of socio-economic conditions, political regression in the last five years, and especially last few months exasperated people's frustration and resentment, particularly among the young. The murder of Khaled Saieed in June 2010, beaten by police forces before a crowd, revealed the brutality and arrogance of the regime and was followed by weeks of demonstrations against police use of force.[31] According to Ashraf Khalil, this event helped to politicize untold numbers of Egyptians.[32]

The regime's politics of political exclusion culminated in the 2010 November elections, that led to a parliament where no real opposition was present.[33] The perspective of a hereditary succession through Hosni Mubarak's son Gamal or another candidature of H. Mubarak himself also contributed to frustrate any expectation for political change through formal channels. In this regard, the November elections definitively li-

[31] Ashraf Khalil reports that Khaled was dragged from an internet café and assaulted by two plain-clothed police officers. The reasons for the aggression are still unclear, but Saieed's family and friends claimed at the time that his murder was due to a posted video online showing police officers dividing up the spoils of a recent drug bust (Ashraf Khalil, "Dispatches From Tahrir: Inside Egypt's revolution and the last days of Mubarak", 3/03/2011 (http://www.rollingstoneme.com/index.php?option=com_content&view=article&id=94).

[32] Ibid. The "We Are All Khaled Saieed" Facebook page became one of the main gathering points for the organisers of the protests that forced Mubarak to step down.

[33] This argument is made by many sources (ICG, 2011; Ashraf Khalil, "Dispatches From Tahrir: Inside Egypt's revolution and the last days of Mubarak", 3/03/2011 (http://www.rollingstoneme.com/index.php?option=com_content&view=article&id=94); Achcar, 2011).

mited the pool of presidential candidates, insofar as only parties that won seats in parliament were eligible to nominate a presidential candidate for the next presidential elections, meaning that none of the opposition forces could run.[34] A signal that many Egyptians had definitely lost confidence in formal channels of political expression was the low voter turnout at the 2010 November competition.[35]

The economic and political situation discussed above contributed to exasperate Egyptians. The absence of viable large organised opposition forces and formal channels of political expression in a context of deteriorating socio-economic conditions proved unsustainable and people's anger and frustration against the regime coalesced into spontaneous street protests. Organised political forces, including the largest opposition movement in the country, the MB,[36] played no role in the early phase of mobilisation, adhering to the protests only a few days later, on occasion of the "Day of Anger", on 28 January.

While Egypt had been experiencing a wave of labour and social protests since 2005, a number of favourable factors transformed the protests of January-February 2011 into a real political challenge to the regime, leading to the overthrow of Mubarak. First, the Tunisian revolution was a key factor in triggering Egyptian protests, as Egyptian people, particularly the young, realised that overthrowing a dictator was possible and that state institutions were weaker than what they appeared (ICG, 2011: 2-3). Second, in the early phase of the revolution, thanks to social networking, young people with no political affiliation were instrumental in calling for the first mass protest of 25 January and organising an unprecedented mobilisation rallying half-million people for

[34] According to the 2006 and 2007 amendments, candidates for the presidency must either be leaders of a party represented in the parliament or receive the endorsement of a large number of lawmakers and members of the municipal councils, which, however, were under the control of the former ruling party.

[35] See "Egypt's November 28 parliamentary elections", *Arab Reform Bulletin*, 30/11/2010 (http://www.carnegieendowment.org/arb/?fa=show&article=42032).

[36] For an interesting and complete analysis of the role of Muslim Brothers during the protests, see Husam Tammam and Patrick Haenni, "Egypt: Islam in the insurrection", *Religious Globe*, 22/02/2011 (http://religion.info/english/articles/article_519.shtml).

that day.[37] Once protests began, however, the revolution rapidly extended to a broad range of people, including many who did not have internet access at home (Lindsey, 2011). Third, unlike previous social protests in Egypt,[38] the mass mobilisation of January-February 2011 immediately linked socioeconomic grievances to political demands, asking for the resignation of H. Mubarak,[39] and involved diverse social, religious, political and generational constituencies. The concessions made by Mubarak, which would have been considered as inconceivable earlier before the start of the protests, arrived too late and were unsatisfactory. Finally, the military also played a role in the Egyptian revolution, but in a different way, as compared to the military in Tunisia. The Egyptian military was ambivalent: it did not act against the protesters, but, contrary to what happened in Tunisia, it did not side with them either and, in many cases, did not intervene to stop the violence by pro-Mubarak supporters against protesters. However, when it became clear that Mubarak's tactics had failed, the military started to pressure Mubarak to step down, eventually forcing his resignation. While the army in Tunisia had little loyalty to Ben Ali and no economic interest in maintaining his regime, the Egyptian military was an integral part of the political and economic system set up by Mubarak.[40]

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[37] See Lindsey (Feb. 2011); Amr Hamzawy, "Egypt's Bread and Butter Issues", *The New York Times*, 27/01/2011 (http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=42393). ICG (2011) reports that, although the regime decided to stop telecommunication connectivity in January, this did not prevent the protests going on because once they began, people continued to meet in Tahrir.

[38] The protests which had started in the early 2000s were important in preparing the ground for the 25 January revolution. As the journalist Hossam el-Hamalawy argues "The uprising that started on 25 January 2011 was the result of a long process in which the wall of fear fell, bit by bit", (Hossam el-Hamalawy, "Egypt's revolution has been 10 years in the making", *The Guardian*, 2/02/2011 (http://www.guardian.co. uk/commentisfree/2011/mar/02/egypt-revolution-mubarak-wall-of-fear).

[39] Amr Hamzawy, "Egypt's Bread and Butter Issues", *The New York Times*, 27/01/2011 (http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=42393).

[40] Clement M. Henry and Robert Springborg, "Why Egypt's Military Will Not Be Able to Govern", *Foreign Affairs*, 2/02/2011 (http://www.foreignaffairs.com/articles/67475/clement-m-henry-and-robert-springborg/a-tunisian-solution-for-egypts-military).

THE CHALLENGES AHEAD

On 11 February 2011, Hosni Mubarak stepped down after thirty years in power and the Supreme Council of the Armed Forces, led by Field Marshal Mohammed Hussein Tantawi, the country's defence minister, took on the temporary rule of the country, with the aim to administer its affairs until parliamentary elections, scheduled for the end of September 2011, and presidential elections, planned for November 2011, are held. While street protests in Egypt continue, the direction of the country's political transition is still unclear and the prospects for real political change appear bleak. At the same time, however, we should bear in mind that the revolution and the end of Mubarak's rule have released enormous and promising energies in Egyptian society, which could affect positively the direction of political change provided that they are channelled into well-structured and coherent strategies. The sections below highlight the main challenges that are likely to influence Egypt's trajectory as well as to hamper the country's democratic transition towards a sustainable steady-state.

The limits of transition: The Military Council and the interim government

The Military Council has been governing the country since revolution ousted President Hosni Mubarak on 11 February. Although the military enjoys a relatively high level of credibility among many Egyptians and it has been trying to put on a civilian façade in the administration of the country, the extent of its commitment to real political change has been so far unclear and ambiguous. According to Samer Soliman,[41] what is at stake in the current process of transition is "the extent of change".[42] While the military will certainly fulfil its promises for elections and the transfer

[41] Professor of Political Science at the American University of Cairo.

[42] Neil MacFarquhar, "Egypt's Generals Struggle in New Role", *The New York Times*, 3/03/2011 (http://www.nytimes.com/2011/03/04/world/middleeast/04egypt.html?_r=1).

of power to a civilian government,[43] the political transformation it has in mind has differed considerably from the one that protesters in Tahrir Square aspire to. This is due to the fact that the Supreme Military Council is drawn from men who supported Mubarak's regime until his departure and have little interest in giving up their economic and political powers.[44]

Since the Council aims to restore stability very rapidly and wants to preserve its interests,[45] it has been reluctant to discard the old system of power. The government nominated by H. Mubarak on 31 January 2011, and therefore formed by Mubarak loyalists, was kept in place until 22 February. Although the interim government was then reshuffled, Prime Minister Ahmed Shafiq, who was appointed by Mubarak shortly before he stepped down, remained in office until 3 March, when, following a wave of protests, he was forced to resign. The new cabinet, formed on 7 March and headed by Essam Sharaf,[46] has been accepted by opposition forces and Egyptians in general. However, even if those too close to Mubarak were removed from government, there is no reason to expect a profound change until decision-making remains firmly in the hands of the military and the interim government continues to include ministers who served under Mubarak or had strong ties with the previous regime.[47] In the same way, most of the new governors appointed by the

[43] It is common view that there is no risk that the military will not relinquish power after elections. See Ahmed Zaki Osman, "Powerhouse and powerbrokers: A profile of Egypt's military", *Al-Masry Al-Youm*, 16/02/2011 (http://www.almasryalyoum.com/en/node/320687); Amr Abdulrahman, "Why fear the military?", *Al-Masry Al-Youm,* 17/02/2011 (http://www.almasryalyoum.com/en/node/321282).

[44] See Amr Abdulrahman, "Why fear the military?", *Al-Masry Al-Youm,* 17/02/2011 (http://www.almasryalyoum.com/en/node/321282);. Jeffrey White, "Egypt's Military in Power: Dynamics, Challenges, Prospects", *Policy Watch*, 22/02/2011 (http://www.washingtoninstitute.org/templateC05.php?CID=3310).

[45] Neil MacFarquhar, "Egypt's Generals Struggle in New Role", *The New York Times*, 3/03/2011 (http://www.nytimes.com/2011/03/04/world/middleeast/04egypt.html?_r=1); Amr Abdulrahman, "Why fear the military?", *Al-Masry Al-Youm,* 17/02/2011 (http://www.almasryalyoum.com/en/node/321282).

[46] Essam Sharaf is a former transport minister who is said to have stepped down from his post several years ago because of disagreements with Mubarak, giving him credibility today. He went to speak to protesters in Tahrir Square during the revolution.

[47] Still the new Foreign Minister, Mohamed El-Orabi, nominated at the end of June 2011 to succeed Nabil Al-Araby, who was elected Secretary General of the Arab League

Military Council on 14 April 2011 were chosen from the military and the police.[48] Moreover, the State Security Investigation Service (SSI) was dissolved on 15 March 2011, but thus far, the restructuring of the security apparatus appears to be more cosmetic than real: the SSI was renamed the National Security Agency and many of those working at the SSI have been simply moved to the new agency.[49] Also the decision by the interim authorities to replace a number of heads of the state media, who were appointed under Mubarak's regime, arrived late, at the end of March,[50] and has not altered much the situation, as most have been substituted by key figures within these institutions under the previous regime.[51]

Furthermore, the Council has managed this early phase of transition through a top-down approach, signalling the limited potential for genuine change under the interim authorities. Although the army has created a Facebook page to communicate its actions and, recently, has made some attempt to dialogue with a number of political and civil society actors, including youth groups,[52] transparency and consensus-building have certainly not characterised the Council's decision-making.[53] The constitution, for example, was amended with no involvement

in May, is said to be "one of the closest ambassadors of the family of Hosni Mubarak" (Ahmed Zaki Osman, "Mubarak loyalist to lead Egypt's foreign policy", *Al-Masry Al-Youm,* 21/06/2011*).*

[48] "New governors appointed by the old Mubarak method", *Al-Masry Al-Youm*, 14/04/2011 (http://www.almasryalyoum.com/en/node/400373).

[49] "Reform security, secure reform", *Al-Masry Al-Youm*, 23/03/2011 (http://www.almasryalyoum.com/en/node/371098).

[50] Mohamed Elmeshad, "Thursday's papers: Interim constitution and shake-up of state media", *Al-Masry Al-Youm*, 31/03/2011 (http://www.almasryalyoum.com/en/node/381350).

[51] Ursula Lindsey, "State media clean-up?", *The Arabist*, 3/04/2011 (http://www.arabist.net/blog/2011/4/3/state-media-clean-up.html).

[52] Author's interviews with members of the Revolutionary Youth Union and 6th April movement (Cairo, June 2011). Among others, the Military Council invited youth groups and coalitions to dialogue in a meeting in El-Galaa Theatre in early June 2011, but a number of them refused to take part in it (see Heba Fahmy, "22 youth groups refuse to attend dialogue with army", *The Daily News*, 1/06/2011 (http://www.thedailynewsegypt.com/egypt/22-youth-groups-refuse-to-attend-dialogue-with-army.html).

[53] Nathan J. Brown, "The Struggle to Define the Egyptian Revolution", *Foreign Policy*,

of political forces and no space for public debate. Even though many notable jurists were appointed to the constitutional committee to draft the amendments, the Supreme Council nominated the committee without consultation with other political forces and without clarifying the criteria for selecting its members.[54] Tahani al-Gebali, Egypt's first female judge and vice president of the Supreme Constitutional Court, denounced, for example, that the Military Council did not give the Supreme Constitutional Court any chance to comment on the amendments.[55] Women also lamented the fact that none of their representatives were appointed to the committee. In addition, while the constitutional proposal was presented by the committee on 26 February, the referendum that approved it was held on 19 March, leaving very little space for public debate and for any campaigning (see below for details on constitutional reform). Yet, although Egyptians were called to approve constitutional amendments in the Referendum, two weeks later, the Military Council issued a constitutional declaration including additional articles not mentioned in the referendum and replacing Egypt's 1971 Constitution, without consultation with political and civil society groups.[56]

Similarly, the amendments to the 1977 Political Parties Law and the 1972 People's Assembly law, which will regulate the management of future parliamentary elections, were drafted by an unrepresentative

17/02/2011 (http://www.carnegieendowment.org/publications/index.cfm?fa=view&id= 42670); Marwan Muasher, Marina Ottaway, Michele Dunne, Amr Hamzawy, "After Mubarak", Carnegie Endowment, 16/02/2011 (http://carnegie-mec.org/events/?fa= 3166).

[54] "ElBaradei criticizes Egypt's military rulers", *Al-Masry Al-Youm*, 17/02/2011, http://www.almasryalyoum.com/en/node/321820; Marwan Muasher, Marina Ottaway, Michele Dunne, Amr Hamzawy, "After Mubarak", Carnegie Endowment, 16/02/2011 (http://carnegie-mec.org/events/?fa=3166).

[55] She notes that "These modifications were presented as if they were a sacred book that should not be discussed. However, drafting a constitutional text is a political process in the first place. It should not be handled exclusively by a group of technocrats or legal experts" (Noha El-Hennawy, "Q&A with Tahani al-Gebali: Say "no" to constitutional amendments", *Al-Masry Al-Youm*, 10/03/2011 (http://www.almasryalyoum.com/en/node/347797).

[56] Nathan J. Brown, Kristen Stilt, "A Haphazard Constitutional Compromise", *Commentary*, Carnegie Endowment, 11/04/2011 (http://www.carnegieendowment.org/publications/?fa=view&id=43533#).

committee without any public debate. These amendments were criticised by a large spectrum of political and civil society forces.[57] In an attempt to respond to the growing criticism of the Military Council's lack of transparency, in May 2011, the interim government launched a National Dialogue conference to discuss with various political groups, among others, the future content of the constitution. However, the initiative received little support, with key forces such as youth groups and the Muslim Brothers refusing to attend it, albeit for different reasons. Among the reasons leading some youth groups, including the 6th April movement and the January 25 Revolution Youth Coalition, to boycott the opening session of the National Dialogue was the large presence of figures belonging to the old regime.[58]

Also the Military Council has so far made limited and hesitant political concessions to the revolution. At the time of writing in early July 2011, it has not addressed yet protesters' demands such as the sudden end of the emergency law,[59] the immediate release of all political prisoners and the issuing of a general amnesty. No systematic investigation has started regarding those responsible for killing protesters during the upheaval, while many are still missing and the families of victims injured or killed during the revolution have not received any compensation.[60] Moreover, although, to circumscribe the monopoly of the military

[57] See for example, Gamal Essam El-Din, "Egypt ponders policy choice", *Al-Ahram Weekly*, 2-8 June, 2011 (http://weekly.ahram.org.eg/2011/1050/fr1.htm).

[58] Other unspecified youth groups also denounced that they were not invited to attend the opening conference. However, dissenting from other youth groups, the Youth Revolutionary Union participated. See "Political powers say no National Dialogue among NDP members", *Ahram online*, 22/05/2011 (http://english.ahram.org.eg/~/NewsContent/1/64/12689/Egypt/Politics-/Political-powers-say-no-National-Dialogue-among-ND.aspx). As for the Muslim Brothers, they refused to participate in the National Dialogue arguing that only the constitutional committee that will be appointed after the parliamentary elections has the mandate to amend the constitution. See Mohamed Elmeshad, "National Accord Conference gets under way, but with hitches", *Al-Masry Al-Youm*, 22/05/2011 (http://www.almasryalyoum.com/en/node/447683).

[59] On 28 March, the Council of the Armed Forces announced that the emergency law will be lifted before parliamentary elections.

[60] These demands were made by various youth groups to the Military Council at the end of June 2011 and reiterated during a large demonstration on 8 July 2011 (see "Revo-

and to allow for a more inclusive transition, several political forces have proposed to include civilians in the transitional council, nonetheless this proposal has gone unheard.[61] Only in mid-April 2011, the Military Council started to address a number of key requests made by protesters, in an attempt to placate street demonstrations, but these concessions have proved more cosmetic than real. Mubarak and his sons, Gamal and Alaa, were arrested on 12 April, while investigations on a number of men close to Mubarak have intensified.[62] However, at the time of writing, former president Mubarak is being detained at the Sharm el-Sheikh International Hospital owing to unclear health problems.[63] The former ruling party, the NDP, which had continued to function in the post-Mubarak era,[64] was also dissolved on 15 April, but members of the former ruling party have not been banned from politics and, therefore, could present themselves as candidates in upcoming elections.[65]

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lutionary youth groups call for 'final warning demo'", *Al-Masry Al-Youm*, 27/06/2011, www.almasryalyoum.com/en/node/472168).

[61] This proposal, for example, was made by M. ElBaradei, a few days after the inception of the Council ("ElBaradei criticizes Egypt's military rulers*", Al-Masry Al-Youm*, 17/02/2011 (http://www.almasryalyoum.com/en/node/321820), by youth groups ("Back to the table", *Al-Ahram Weekly*, 3-9 March 2011 (http://weekly.ahram.org.eg/2011/1037/eg33.htm) and by other civil society organisations ("Press release: From civil society organisations", 1/03/2011 (www,cihrs.org/English/newssystem/details.aspx?id=2769).

[62] Mubarak's chief of staff Zakaria Azmy and former Housing Minister Ibrahim Suleiman were sent to jail pending further investigation; Safwat El Sherif, the former Shura Council speaker, was put under investigation (see "Egypt ministers face corruption charges", *Al Jazeera*, 17/04/2011 (http://english.aljazeera.net/news/middleeast/2011/04/201141715562214192.html).

[63] Dina Samak, "6th of April Movement raise doubts about Mubarak's presence in Sharm El-Sheikh", *Ahram online*, 27/06/2011 (http://english.ahram.org.eg/NewsContent/1/0/15149/Egypt/0/th-of-April-Movement-raise-doubts-about-Mubaraks-p.aspx).

[64] The NDP, for example, asked it members to approve the proposed constitutional amendments, put to referendum on 19 March. ("NDP calls on members to vote in favour of constitutional amendments", *Al-Masry Al-Youm*, 13/03/2011, http://www.almasryalyoum.com/en/node/351392). Also see Virginie Collombier, "Can Egypt's National Democratic Party be reformed again", *Foreign Policy*, 09/03/2011 (http://mideast.foreignpolicy.com/posts/2011/03/09/can_egypt_s_national_democratic_party_be_reformed_again).

[65] By contrast, in Tunisia, former senior officials who served under Ben Ali over the last ten years have been banned from participating in the upcoming elections (see Tuni-

The military's response to persistent demonstrations and labour strikes has been increasingly intransigent through a greater use of force, arrests and human rights violations.[66] The most violent episodes occurred on 9 March in Tahrir Square, when protesters were arrested, tortured and prosecuted in military courts;[67] on 9 April, when a large protest in Tahrir Square was dispersed through force, causing the death of one person; and at the end of June, when clashes between protesters and security forces left more than 1,000 people injured.[68] Moreover, on 24 March, in response to growing labour unrest, the interim government approved a draft law that punishes anyone organising, inciting or

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sia's chapter in this publication).

[66] The Egyptian army used force to disperse activists gathered in Cairo's Tahrir Square to demand the removal of Hosni Mubarak loyalists from the interim cabinet on 28 February. Similarly, on 4 March, soldiers fired in the air and used stun guns to disperse hundreds of protesters who attempted to enter the state security offices inside the Ministry of the Interior in downtown Cairo. The same day, military police clashed with more than 300 protesters near the prime minister's office. On 23 March, the military used sticks and Tasers against students demanding the resignation of deans associated with the Mubarak regime at Cairo University. For clashes between workers and the army at Shebin El-Kom Textile Company, see Dina Samak, "Army uses force to end textile workers strike, withdraws from factory", *Ahram online*, 7/04/2011 (http://english.ahram.org.eg/NewsContent/1/64/9545/Egypt/Politics-/Army-uses-force-to-end-textile-workers-strike,-wit.aspx). For similar cases, see "Cairo university students clash with security personnel", *Al-Masry Al-Youm,* 22/04/2011 (www.http://www.almasryalyoum.com/).

[67] Amnesty International reports that at least 18 women were held in military detention and were forced to have 'virginity tests' and threatened with prostitution charges (Amnesty International, "Egyptian Women Protesters Forced To Take Virginity Tests", 23/03/2011 (http://www.amnesty.org/en/news-and-updates/egyptian-women-protesters-forced-take-'virginity-tests'-2011-03-23). See also HRW, "Egypt: End Torture, Military Trials of Civilians Demonstrators and Journalists Arrested, Abused as Army Clears Tahrir Square", 11/03/2011 (http://www.hrw.org/en/news/2011/03/11/egypt-end-torture-military-trials-civilians).

[68] See "Rights group denounces excessive force against recent protests", *Al-Masry Al-Youm*, 4/07/2011 (http://www.almasryalyoum.com/en/node/474460); "Earlier violence draws crowds to Fridary protests in solidarity with martyrs' families, *Al-Masry Al-Youm*, 01/07/2011 *(*http://www.almasryalyoum.com/en/node/473356); "Military police fire in the air to disperse protesters", *Al-Masry Al-Youm*, 29/06/2011; "Protesters and Central Security Forces clash in Tahrir Square, *Al-Masry Al-Youm*, 29/06/2011 (http://www.almasrtalyoum.com/en/node/472561).

participating in protests that damage the economy by imprisonment for at least one year or/and paying a fine.[69] A few weeks later, in spite of strong criticism, the draft law was ratified by the Military Council. In April, the Military Council demanded that local editors do not publish any information regarding the Armed Forces without first consulting them.[70] Also, a number of bloggers, judges and journalists,[71] who reported about the military's continuing use of repressive methods, have been arrested and put under military trials. These facts point to worrying limits to press freedom in Egypt and may signal the risk of a return to the repressive methods used during Mubarak's era.

Finally, re-emerging sectarian tensions can pose further problems to Egypt's political transition, increasing chaos, divisions and political instability. In spite of the signs of rapprochement during the popular uprising against Mubarak, tensions between Copts and Muslims have reappeared,[72] while increasing acts of intolerance apparently carried out by Salafist groups against Sufi and Copts have been reported.[73] Interim au-

[69] See "The 3rd meeting of the Cabinet of Ministers", 23/03/2011 (http://cabinet.gov.eg/Media/NewsDetails.aspx?id=2260).

[70] See Committee to Protect Journalists, "Substantial setback for press freedom in Egypt", 13/04/2011 (www.cpj.org).

[71] The Egyptian blogger Maikel Nabil Sanad was arrested on 28 March 2011 (Freedom Alert, http://www.freedomhouse.org/template.cfm?page=581&alert=48). In May 2011, the famous blogger Hossam El-Hamalawy and TV presenter Reem Maged were also convened before a military prosecutor. In June, it was the turn of journalists Rasha Azab and Adel Hammouda, who were then released (see Mohamed El Hebeishy, "Journalists questioned by military for publishing 'false information' released without bail", *Ahram online*, 19/06/2011, www.english.ahram.org.eg/). See also "Three judges interrogated over 'inflammatory statements' on military trials", *Ahram online*, 31/05/2011 (http://english.ahram.org.eg/NewsContent/1/64/13330/Egypt/Politics-/Three-judges-interrogated-over-'inflammatory-state.aspx).

[72] In the second week of March 2011, a church was partially burned and demolished in the village of Sol in Atfeeh, Helwan. The discovery of a relationship between a Christian man and a Muslim woman ignited fights between the two families that led to the death of two Muslims. The incident triggered large Copt demonstrations in Cairo throughout the week, that led to clashes resulting in at least ten deaths and over 100 injuries (Heba Afify, "In Atfeeh, sectarian clashes might be a conspiracy", *Al-Masry Al-Youm*, 10/03/2011 (http://www.almasryalyoum.com/en/node/347499).

[73] Yasmine Fathi, "The revolution's honeymoon is over", *Ahram online*, 31/03/2011 (http://english.ahram.org.eg/NewsContent/1/64/8914/Egypt/Politics-/The-

thorities have been both ambivalent and incapable in coping with these problems,[74] which may result in exacerbating sectarian divisions. Demonstrations and sit-ins by Copts have been violently repressed by the army, while the intolerant acts carried out by Salafist groups have not received any response by the interim authorities. The constitutional referendum gave rise to unprecedented polarization between Islamists and Copts, with the Muslim Brotherhood and Salafist groups supporting the constitutional amendments endorsed by the military, while the Coptic Church calling for an entirely new Constitution.[75] Yet, the National Justice Committee, established by the interim government in the aftermath of the May 2011 attacks on Christian churches, has drafted a law on places of worship, which has been criticised by both Muslims and Christians, with the risk of further exacerbating inter-religious tensions.[76]

Restoring public security

Beyond the Council, another major challenge to Egypt's political transition is posed by the persistent lack of security since the onset of the protests against Mubarak. Although, at the time of writing, the security situ-

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revolutions-honeymoon-is-over.aspx); Ahmed Zaki Osman, "Sufis feel pressure as Salafi power grows", *Al-Masry Al-Youm*, 5/04/2011 (http://www.almasryalyoum.com/en/node/388126). However, it is still unclear who actually has been behind these acts. A number of Salafi preachers, for example, have condemned the use of violence and disapproved the acts of intolerance against Sufi, Copts and women (see "Alexandria Salafi scholars say Egyptian media tainted their image", *Ahram online*, 2/04/2011, (http://english.ahram.org.eg/NewsContent/1/64/9090/Egypt/Politics-/Alexandria-Salafi-scholars-say-Egyptian-media-tain.aspx).

[74] See for example Wael Eskandar "Copts fear Islamic state and say 'No' to constitutional amendments", *Ahram Online*, 18/03/2011 (http://english.ahram.org.eg/NewsContent/1/0/7803/Egypt/Copts-fear-Islamic-state-and-say-'No'-to-constitut.aspx); "Army violently disperses new Copts' protest", *Ahram online*, 16/03/2011 (http://english.ahram.org.eg/NewsContent/1/64/7807/Egypt/Politics-/Army-violently-disperses-new-Copts-protest.aspx).

[75] Noha el-Hennawy, "Muslim Brotherhood-Coptic relations: A dubious rapprochement", *Al-Masry Al-Youm*, 4/04/2011 (http://www.almasryalyoum.com/en/node/386176).

[76] Anna Maria Shaker, "Egypt's "unified" draft law on places of worship is divisive", *Human Rights First,* 6/07/2011 (www.humanrightsfirst.org).

ation has significantly improved compared to February-March 2011,[77] it remains fragile and unpredictable. In addition to episodes of religious intolerance, common criminality continues to be widespread,[78] while thugs or groups who are said to be connected to the former-ruling party and the security apparatus, continue to foment tensions and attack protesters.[79] This persistent state of insecurity reflects two main problems: a lack of law enforcement, which, at least initially, was due to the police's reluctance to return on the streets, fearing people's hostility;[80] and a lack of reform of the powerful security apparatus in place under Mubarak.

The interim government has been completely silent on these problems until the last reshuffle, while the Military Council has approached the issue of security by simply attempting to stop demonstrations, ignoring instead reports of arbitrary arrests and torture by security forces. Under the first two interim-governments, the only concrete actions taken were the beginning of investigations into a number of Interior Ministry officials, accused of ordering the use of force against protesters during the 18 days of demonstrations.[81] The current cabinet headed by Essam Sharaf took an important step toward the right direction, announcing the dissolution of the State Security Investigation Service

[77] In mid-June 2011, the authorities decided to completely lift the last hours of night curfew.

[78] Many prisoners (about 15,000) are reported to have escaped during the protests (Ali Abdel Mohsen, "Law-abiding citizens: Egyptians struggle to cope with police absence", *Al-Masry Al-Youm*, 8/03/2011 (http://www.almasryalyoum.com/en/node/344501); Mohamed Elmeshad, "Smuggled, stolen and homemade, guns flood Egypt's streets", *Al-Masry Al-Youm*, 27/06/2011 (http://www.almasryalyoum.com/en/node/471972).

[79] See "Govt pledges to thwart counter-revolution schemes", *Al-Masry Al-Youm*, 10/03/2011; (http://www.almasryalyoum.com/en/node/347564); Khalil Abbadi, "Thugs assault protesters in Suez before being chased off ", *Al-Masry Al-Youm*, 5/07/2011 (http://www.almasryalyoum.com/en/node/474655).

[80] The police withdrew from the streets on 28 January 2011.

[81] "Alexandria officials investigated for massacring protesters", *Al-Masry Al-Youm*, 11/03/2011 (http://www.almasryalyoum.com/en/node/348877); "Four Ministry of Interior officials detained on charges of murdering protesters", *Al-Masry Al-Youm*, 11/03/2011 (http://www.almasryalyoum.com/en/node/348896).

(SSI) on 15 March 2011. One major problem now is the reconstruction of the security apparatus to make it responsive to citizens' needs and accountable to the rule of law. However, while a real reform of the security apparatus will take a long time and will certainly be among the main tasks of the future government,[82] thus far, the restructuring of the security apparatus appears to be more cosmetic than real.

Fully restoring public order and ensuring citizens' security are necessary preconditions for Egypt's political transition and the conduct of free and fair elections. Moreover, the persistent feeling of insecurity in the streets[83] and the spread of religious intolerance may increasingly favour counter-revolutionary attitudes among citizens, working in favour of those seeking to keep the old regime in place. In addition, the incapacity, or unwillingness, of transition and, eventually, future authorities to clearly restore the rule of law and particularly to reform the security apparatus exposes the country to rising resentments, confusions and tensions among Egyptians. The re-emerging tensions between Copts and Muslims are a case in point. The clashes between Copts and Muslims which occurred in March 2011 were reported by some to have been instigated by the state security forces in order to distract activists who were demanding the dismantling of the security apparatus and to compromise political change.[84] While these claims need to be proved, they are nonetheless indicative of the risk posed to political transition if public security and trust in public authorities, and in the rule of law, are not restored soon. Yet, re-emerging sectarian tensions could be exploited by the authorities as an excuse to keep the emergency law and justify the return to repressive methods in order to restore security.

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[82] Michele Dunne and Mara Revkin, "Rethinking internal security in Egypt", *Commentary*, Carnegie Endowment, 16/03/2011 (http://carnegieendowment.org/publications/index.cfm?fa=view&id=43081).

[83] According to a survey published by the cabinet's Information and Decision Support Centre at the end of May 2011, 47% of Egyptians still felt unsafe after the revolution, 32% felt safe and 18% felt safe to a certain degree (Amira Saleh, "Official survey: 47% of Egyptian citizens feel unsafe after the revolution", *Al-Masry Al-Youm,* 31/05/2011, http://www.almasryalyoum.com/en/node/459244).

[84] See Heba Afify, "In Atfeeh, sectarian clashes might be a conspiracy", *Al-Masry Al-Youm*, 10/03/2011 (http://www.almasryalyoum.com/en/node/347499).

Constitutional reform and elections

A third set of factors that is likely to affect the pace and direction of political transition in Egypt regards the constitutional reforms. When the Supreme Military Council took power, it suspended the constitution and appointed a ten-member Committee with the sole task of amending eight articles and cancelling a ninth article of the constitution that restrict civil liberties.[85] Just a few days after its establishment, on 26 February 2011, the Committee presented the proposed constitutional changes and, on 19 March, 77% of Egyptians approved them in a popular referendum. The referendum saw an unprecedented turnout, 18 millions of people out of 45 millions eligible voters.

Nevertheless, one major problem with the approved amendments lies in the fact that, as said above, the process of constitutional reform was imposed from above, with no national dialogue and no time for campaigning, thus preventing a shared and inclusive political transition. For this, many in Egypt, including politicians, judges and experts, rejected the proposed amendments,[86] calling instead for opening a broad national dialogue over the constitutional reform and eventually electing a constitutional commission/assembly by the people to rewrite the constitution before parliamentary and presidential elections.[87]

Regarding the amendments themselves, the proposed constitutional

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[85] The amended constitutional articles are 75, 76, 77, 88, 93, 139, 148 and189. The article 179 was removed.

[86] Generally speaking, secularist forces were among those who asked for cancelling or postponing the referendum. Among them, el-Baradei, the youth coalitions and Amr Moussa, former head of the Arab League. Instead, those who were in favour were the Muslim Brothers and other Islamist forces as well as the former ruling party, the NDP.

[87] At the time of the referendum, this argument was strongly supported by el-Baradei, and a number of Egyptian judges and law experts. See "Law experts want article allowing further constitutional amendments", *Al-Masry Al-Youm*, 17/02/2011 (http://www.almasryalyoum.com/en/node/321924); "ElBaradei says he'll run for Egyptian president", *Al-Masry Al-Youm*, 10/03/2011 (http://www.almasryalyoum.com/en/node/347518); Noha El-Hennawy, "Controversy heightens over proposed constitutional amendments", *Al-Masry Al-Youm*, 9/03/2011 (http://www.almasryalyoum.com/en/node/346480); Noha El-Hennawy, "Q&A with Tahani al-Gebali: Say "no" to constitutional amendments, *Al-Masry Al-Yom*, 10/03/2011" (http://www.almasryalyoum.com/en/node/347797).

revisions have undoubtedly introduced some positive changes regarding the election of future president: they limit presidential terms to two consecutive four-year periods, expand eligibility criteria, restore judicial supervision of elections, make it complicated for a president to maintain the state of emergency,[88] and require the president to appoint a vice president within 60 days of taking office. However, the eligibility criteria for presidential nominations continue to be too restrictive: the candidate must be endorsed by 30 members from the People's Assembly or the Shura Council, collect 30,000 signatures from 15 governorates, or be a member of a party that holds at least one seat in parliament. Moreover, the Committee introduced a rule that disqualifies any Egyptian who has dual nationality or is married to a non-Egyptian from running, eventually excluding a large number of expatriates.[89] Also the amended article seems to exclude women from running as a president. In addition, despite these amendments, the 1971 Constitution cannot ensure a real transition to democracy. As Amr Hamzawy notes, "the 1971 Constitution supports an authoritarian system of government that gives too much control to the president, violates the powers of the legislative and judicial branches, and suspends citizens' liberties and rights. It is therefore unsuitable for managing a safe transition to democracy, which requires a parliamentary constitution and balanced powers among all three branches of government, along with strong mechanisms of inter-branch oversight and accountability".[90]

Yet, according to the amendments, the new parliament and president

[88] The emergency law cannot be extended to a maximum of six months and depends on the approval of a parliamentary majority. Extending it further would require a public referendum, "Brotherhood leader: Proposed Constitutional amendments mostly reasonable", *Al-Masry Al-Yom*, 27/02/2011 (http://www.almasryalyoum.com/en/node/332661).

[89] Nathan J. Brown and Michele Dunne,"Egypt's Draft Constitutional Amendments Answer Some Questions and Raise Others", Commentary, 1 March 2011 (http://carnegie-mec.org/publications/?fa=42817&lang=en).

[90] Amr Hamzawy, "Egypt: Evaluating Proposed Constitutional Amendments", *Los Angeles Times,* 7/03/2011 (http://www.carnegie-mec.org/publications/?fa=42923&lang=en). See also Noha El-Hennawy, "Controversy heightens over proposed constitutional amendments", *Al-Masry Al-Youm*, 9/03/2011 (http://www.almasryalyoum.com/en/node/346480).

are obliged to elect a commission of 100 members to draft a new Constitution within six months from the time parliamentarians are elected, after which the document will be subject to a popular referendum. However, the modalities to elect this commission remain unclear. Whether or not the members of the commission will be taken from the parliament itself or from a large spectrum of political and social forces outside the parliament is a crucial issue.[91] Moreover, should the new parliament not be representative enough, the chances for an inclusive and acceptable process of constitutional reform are very limited, with the risk that the most organised forces such as the Muslim Brotherhood will determine it (see below).

At the end of March 2011, the Military Council issued an interim Constitution, mostly including provisions from the 1971 Constitution, thus leaving the above-mentioned problems unsolved. In addition to incorporating the nine amendments approved in the last Referendum, the constitutional declaration, which is made of 62 articles,[92] preserves controversial provisions such as the one stating that half of the parliamentary seats have to be reserved to representatives of workers and peasants. According to some criticisms, this could advantage well established political forces such as the Muslim Brotherhood's party and political groups tied to the former ruling party as well as it could distort the composition of the future Parliament.[93] Yet, while including many ar-

[91] Michele Dunne, "Egypt: Elections or Constitution first?", *Commentary*, Carnegie Endowment, 21/06/2011 (http://www.carnegieendowment.org/publications/?fa=44744); Issandr el Amrani, "Never mind the firsters, get the process right", *Al-Masry Al-Youm*, 27/06/2011 (http://www.almasryalyoum.com/en/node/472112).

[92] For the content of the constitutional declaration, see "Supreme Council of the Armed Forces Constitutional Declaration", Carnegie Endowment (http://egyptelections.carnegieendowment.org/2011/04/01/supreme-council-of-the-armed-forces-constitutional-announcement).

[93] See Nathan J. Brown, Kristen Stilt, "A Haphazard Constitutional Compromise", *Commentary*, Carnegie Endowment, 11/04/2011 (http://www.carnegieendowment.org/publications/?fa=view&id=43533#); Mona el-Nahhas, "Not understood", *Al-Ahram Weekly*, 7-13 April 2011 (http://weekly.ahram.org.eg/2011/1042/eg6.htm); Gamal Essam El-Din, "Egypt's constitution: A controversial declaration", *Ahram Online*, 30/03/2011 (http://english.ahram.org.eg/NewsContent/1/64/8960/Egypt/Politics-/Egypt's-constitution-A-controversial-declaration.aspx.)

ticles from the 1971 Constitution, the constitutional declaration also discards many others, thus omitting important details and suffering from significant *lacunae* that add further confusion and ambiguity to Egypt's political transition.[94]

A major related factor regards the reform of the electoral system and laws governing political parties. The amendments to the Law governing the establishment and operation of political parties do not introduce substantial changes and may favour well-established parties. For example, the new law requires that any new political party must have at least 5,000 members across ten governorates in order to be registered, whereas under Mubarak, they needed only 1,000 members.[95] This provision is disadvantageous for emerging political groups that have no time to recruit so many members across all governorates for the elections scheduled in September 2011.

Also the draft electoral law, which was issued by the Military Council at the end of May 2011, has been subject to wide criticism. Although, unlike previous constitutional changes, the proposed amendments to the People's Assembly Law (Law 38/1972) have been publicly debated before their final approval, they raise a number of concerns. While the amendments introduce a mixed electoral system which combines closed party lists with the previous individual candidate system, in practice they prioritise the latter by giving it two thirds of the parliamentary seats, with the remaining one-third being elected through the party list system.[96] This is likely to replicate many of the abuses of previous elections. For example, according to the Cairo Institute for Human Rights Studies, continuing to privilege the individual system may encourage personal loyalties through bribes and vote-buying to the disadvantage

[94] Nathan J. Brown, Kristen Stilt, "A Haphazard Constitutional Compromise", *Commentary*, Carnegie Endowment, 11/04/2011 (http://www.carnegieendowment.org/publications/?fa=view&id=43533#).

[95] Yasmine Fathi, "The revolution's honeymoon is over", *Ahram online*, 31/03/2011 (http://english.ahram.org.eg/NewsContent/1/64/8914/Egypt/Politics-/The-revolutions-honeymoon-is-over.aspx).

[96] The Cairo Institute for Human Rights Studies, "'No' to mixed system for People's Assembly elections. Memo to the Cabinet Legislative Committee", 14/06/2011 (www.cihrs.org/Images/ArticlesFiles/Original/649.pdf).

of party action and political programmes.[97] According to the majority of political and revolutionary forces, the approved system will thus benefit people tied to the old regime.[98]

Moreover, given the short timeframe before the elections and the complexity of the electoral system proposed by the Military Council, the Egyptian authorities may have serious problems in administering elections, which may compromise their fairness and transparency.[99] A shortage of judges is likely to hamper effective electoral monitoring in the more than 50,000 polling stations.[100] While electoral rolls contain errors and need to be updated, it is unclear how people will be prevented from voting in more than one polling station.[101] In spite of all these administrative problems, in July 2011 the electoral commission in charge of dealing with them had still not been appointed.[102] In view of the above, most political and civil society forces, with the exception of Islamist forces and former regime loyalists, have been pushing for delaying elections and reforming the constitution first (see below).

Socio-economic problems

The Egyptian economy, particularly the manufacturing, construction and tourism sectors, has been affected by the revolution, although definitive and accurate estimates of the impact are not available yet. According to the Egyptian Institute of National Planning, between 25 January and May 2011, the Egyptian economy is estimated to have lost LE70 billion,

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[97] Ibid.

[98] For the position of different political and revolutionary forces on the amendments, see Gamal Essam el-Din, "Draft law introducing mixed electoral system triggers intense debate", *Ahram online*, 30/05/2011 (http://english.ahram.org.eg/).

[99] Michele Dunne, "Egypt: Elections or Constitution first?", *Commentary*, Carnegie Endowment, 21/06/2011 (http://www.carnegieendowment.org/publications/?fa= 44744); Issandr el Amrani, "Never mind the firsters, get the process right", *Al-Masry Al-Youm*, 27/06/2011 (http://www.almasryalyoum.com/en/node/472112).

[100] Michele Dunne, "Egypt: Elections or Constitution first?", *Commentary*, Carnegie Endowment, 21/06/2011 (http://www.carnegieendowment.org/publications/?fa=44744).

[101] Issandr el Amrani, "Never mind the firsters, get the process right", *Al-Masry Al-Youm*, 27/06/2011 (http://www.almasryalyoum.com/en/node/472112).

[102] Ibid.

excluding losses of the Egyptian stock market.[103] About 210,000 tourists left Egypt at the end of January 2011, which means that tourism revenues plummeted by $178 million that week, while in February, tourist reservations were cancelled, amounting to losses of $825 million.[104] As a result, in the first quarter of 2011, tourist arrivals declined by 45% and FDI dropped by 33%, compared to the same quarter in 2010.[105] Growth projections for 2011 have thus been revised from 5% to 2%.[106]

Recent political events have exacerbated previous socio-economic problems: the employment implications of the current economic crisis are likely to be dramatic, if we think that the tourism sector employs more than 2.5 million Egyptians.[107] Tourism localities are still empty[108] and, unless security is fully restored on the streets and the political situation becomes clearer, the tourism industry will have problems in returning to normality. The dramatic events in Libya have compounded Egypt's economic woes, in view of the loss of remittances and the thousands of returnees who will aggravate the labour market situation. In April, for example, between 120,000 to 140,000 Egyptians had already returned from Libya.[109]

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[103] AmCham Egypt, "Economy", *Egypt Watch Bulletin*, 15/07/2011 (www.amcham.org.eg). The Egyptian stock exchange resumed its activities only on 23 March 2011, after its reopening was postponed three times since the beginning of the revolution, fearing that investors could flee the country. Mohamed El Dahshan "The economic revolution is yet to happen", *Al-Masry Al-Youm*, 5/03/2011 (http://www.almasryalyoum.com/en/node/340023)

[104] "Revolution cost tourism, real estate, industry sectors over LE10 billion", *Al-Masry Al-Youm*, 17/02/2011 (http://www.almasryalyoum.com/en/node/321811).

[105] Sherine Abdel-Razek, "'Bad, but we've seen worse", *Ahram Weekly*, 26 May - 1 June 2011 (www.weekly.ahram.org.eg/2011/1049/fr2.htm).

[106] "Egypt finmin says economy shrank 7 pct in Q3", *Ahram Online*, 21/04/2011.

[107] Ibid. Early estimates say that tourist facilities dismissed temporary staff and decreased salaries for permanent workers for a total loss in income of LE70 million, ("Revolution cost tourism, real estate, industry sectors over LE10 billion", *Al-Masry Al-Youm*, 17/02/2011 (http://www.almasryalyoum.com/en/node/321811). However, at the time of writing, data on the effects of the revolution on total unemployment in Egypt are not available.

[108] "Hotel occupancy down by 65% after revolution", *Al-Masry Al-Youm*, 11/04/2011 (http://www.almasryalyoum.com/en/node/395390).

[109] *Ahram Online*, 21/04/2011 (http://english.ahram.org.eg/).

Egypt now faces a double problem: coping with the negative effects of the current economic crisis resulting from the revolution and dealing with the structural socio-economic problems, which were left unaddressed under Mubarak's regime, and contributed to its demise. The Military Council and the interim government have devoted so far little attention to socio-economic problems, apart from announcing the usual measures that Mubarak himself used to promise to calm people's discontent, namely rises in government salaries and food subsidies,[110] and exceptional measures, including the allocation of LE100 million to enable the employment of Egyptians returning from Libya,[111] pay unemployment subsidies for people who prove to have lost their jobs as a result of the revolution,[112] and the creation of a bank account to support the Egyptian economy with donations.[113]

The first draft of the budget for the 2011-2012 financial year, which was presented by the Ministry of Finance in June 2011, proposes a rise in social spending, including food subsidies (by 26%), an increase in the minimum wage to LE700, and tax exemptions for incomes of up to LE12,000 pounds. In order to increase public revenues, the budget introduces a 10% tax on capital gains and a 5% increase in the income tax levied on corporations and individually owned companies.[114] However, compared to the initial draft of the budget, the final version approved by the Military Council on 4 July, seems to reduce public spending, particularly public investment, unemployment benefits, minimum pension and energy subsidies, in an attempt to contain the fiscal deficit. Yet, a posi-

[110] Michele Dunne, Mara Revkin, "Egypt: How a Lack of Political Reform Undermined Economic Reform", Commentary, 23/02/2011 (http://carnegie-mec.org/publications/?fa=42710); Sherine Nasr, "Costly democracy", *Al-Ahram Weekly*, 3-9 March 2011 (http://weekly.ahram.org.eg/2011/1037/re105.htm).

[111] "LE100 million for the employment of Egyptian returnees from Libya", *Al-Masry Al-Youm*, 02/04/2011 (http://www.almasryalyoum.com/en/node/383594).

[112] Mona El-Fiqi, "Facing unemployment", *Al-Ahram Weekly*, 17-23 March 2011 (www.weekly.ahram.org.eg).

[113] "Support the Egyptian Economy", *Al-Ahram Weekly*, 17-23 March 2011 (www.weekly.ahram.org.eg).

[114] "Egypt's budget targets poor, introduces capital gains tax", *Al-Masry Al-Youm*, 2/06/2011 (http://www.almasryalyoum.com/en/node/461435).

tive measure such as the taxation on capital gains has been dropped.[115] Moreover, at the time of finalising this chapter, the definitive version of the budget approved by the Military Council was not public yet, highlighting a persistent lack of transparency in decision-making, which raised further economic uncertainty.

Although the impact of the above measures is hard to gauge given the lack of detailed information, they are likely to prove ineffective to respond to Egypt's socio-economic problems as they introduce no real change in the direction of Egyptian economic policies. It is also improbable that these measures will stop workers' protests (see below), as the approved increase in the minimum wage is well below workers' demands of LE1200 and only covers public employees. While a deep change in Egypt's economic policy takes long time and cannot be expected in this early phase of political transition, in order to seriously address its main socio-economic challenges, Egypt needs to radically rethink and reform its economic and social reform agenda with a view to diversifying its productive structure diminishing its vulnerability to external shocks; redirecting economic policy to create more and better quality jobs so as to satisfy the growing supply of educated youth, both men and women, and reduce regional and income disparities; reforming its social welfare system (e.g., health security system, food subsidy system, education system, etc) extending the coverage of public social services; and investing in education and training so as to train young people to meet the demands of the labour market. Unless social and economic policies in Egypt are reformed in this direction, the deterioration of the socio-economic conditions is expected to continue.

A profound structural change of the Egyptian economy requires above all a deep restructuring of the country's political economy, which is necessary to deal with widespread corruption and allow an independent private sector to emerge. The prosecution of a few businessmen with close links to Mubarak's political establishment may not suffice to discard business cronies and corruption. While a deep restructuring of

[115] "Egypt ruling military approves tightening in spending in 2011/12 budget", *Ahram online*, 4/07/2011 (http://english.ahram.org.eg/NewsContent/3/12/15604/Business/Economy/Egypt-ruling-military-approves-tightening-in-spend.aspx).

the country's political economy requires a long time, it will depend on whether and how political transition proceeds. For example, the military, which so far has exercised widespread control over the Egyptian economy and now also directly controls politics, will probably refrain from adopting or supporting the economic measures needed for a more transparent business sector.[116]

Fiscal problems may constrain the capacity of current and future Egyptian governments to deal seriously with the country's socio-economic challenges. Despite some progress in the last decade, Egypt suffers from a high budget deficit and large public debt ratios. The current crisis has worsened fiscal problems as government's revenues have dropped owing to the collapse in tourism and foreign investment. The decline in remittances associated with Egyptian migrants escaping from Libya, along with rising salaries, and oil and food prices, which will translate into higher subsidy bills, will put high pressure on the budget's deficit. Egypt could partially cope with these problems by recurring to external funds, but this will entail a limited margin of manoeuvre for the Egyptian government in choosing its future economic policies if attached to some conditionality. For example, under a possible intervention by the IMF and the WB, Egypt would be pressed to contain its expansionary policies, by cutting public expenditure, and particularly eliminating food subsidies, privatising the health insurance system and retrenching the wage bill. If implemented, these measures could further damage Egypt's socio-economic conditions. Although, for the year 2011/2012, the Financial Ministry decided to refuse the generous package offered by the IMF and the WB in June in order to avoid conditionality and opted for obtaining the needed funds through local markets and aid from Arab countries, this is likely to be a temporary measure taken by the interim authorities to escape further criticism. Unless Egypt fully reforms its tax system, this decision is hardly sustainable on the long run.

[116] Michele Dunne, Mara Revkin, "Egypt: How a Lack of Political Reform Undermined Economic Reform", *Commentary*, 23/02/2011 (http://carnegie-mec.org/publications/?fa=42710).

The role of political and other civil society groups

The pace and extent of political and economic change in Egypt will very much depend on the capacity of political and civil society forces, particularly those who were behind the revolution, to take active part in the transition process by influencing and contributing to policy decision-making. After Mubarak stepped down, new and existing political and civil society groups, particularly human rights' associations, former-opposition and new political parties, and youth groups, have mobilised in order to affect Egyptian politics and press the Military Council to make concessions to the revolution. Although, thanks to this pressure, the Military Council has made a number of concessions, nonetheless, the effectiveness of this pressure could wane in future.

With regard to emerging political parties, a major problem is that most of them, particularly the secular and leftist, will not have enough time to develop, organise their structures and mobilise support ahead the September elections. The 19 March Referendum highlighted the huge gap between common people and the revolutionary forces. Also most political parties from the secular and leftist spectrum lack financial resources, while their political and economic programmes are either unfinished or vague.[117] At the time of writing, many parties still have to obtain legalisation. All these factors hinder their ability to mobilise support for the upcoming elections. To complicate matters, the dismantlement of the NDP may not be sufficient to prevent members of the former ruling party from participating in future elections under new political formations, given their extensive alliances[118] and the electoral system described above. In this context, parties have been trying to form coalitions in an attempt to ensure their representation in the future parlia-

[117] This argument was frequently made in interviews carried out by the author in Cairo (June 2011).

[118] According to reports by *Al-Masry Al-Youm*, before the NDP was dissolved, it continued to receive the support of businessmen, security officials and other remnants of the ousted regime ("NDP calls on members to vote in favour of constitutional amendments", *Al-Masry Al-Youm*, 13/03/2011 (http://www.almasryalyoum.com/en/node/351392).

ment. An example is the Socialist Front, joined by five socialist parties[119] in April 2011, to counterbalance Islamist groups and former members of the NDP.

In spite of the cohesion reached during the protests against Mubarak and recent initiatives such as the establishment of the National Council regrouping representatives of different political parties, independent unions, youth groups and other associations,[120] political and civil society groups remain very fragmented.[121] Differences in the strategy vis-à-vis the Military Council have amplified divisions between groups calling for an open confrontation through continuing demonstrations and those opting for greater accommodation with the Military Council.[122] In the early months of the political transition, this has prevented revolutionary

[119] The Egyptian Socialist Party, the Popular Democratic Alliance, the Democratic Labour Party, the Trotskyist Socialist Revolutionary Party, and the Egyptian Communist Party. See Dina Samak, "Egypt's leftist front, will it survive?", *Ahram online*, 12/05/2011 (http://english.ahram.org.eg/NewsContent/1/64/11968/Egypt/Politics-/Egypts-leftist-front,-will-it-survive.aspx).

[120] The National Council includes 60 representatives from various political and social groups and was established on 7 May 2011 "to defend and continue the revolution". See "Egyptian engineer Mamdouh Hamza announces plans to create a national council", 3/05/2011, *Ahram online* (http://english.ahram.org.eg/NewsContent/1/64/11331/Egypt/Politics-/Egyptian-engineer-Mamdouh-Hamza-announces-plans-to.aspx); Safaa Abdoun, "Egypt Conference convenes on challenges facing revolution", *The Daily News*, 8/05/ 2011 (http://www.thedailynewsegypt.com/egypt/egypt-conference-convenes-on-challenges-facing-revolution.html); Salma Shukrallah, "National Council conference ends in chaos after announcing members", *Ahram online*, 24/05/2011 (http://english.ahram.org.eg/NewsContent/1/64/12842/Egypt/Politics-/National-Council-conference-ends-in-chaos-after-an.aspx).

[121] See for example Mohamed Abdel-Baky, "Unity remains elusive", *Al-Ahram Weekly*, 2-8 June 2011 (www.weekly.ahram.org.eg/2011/1050/eg1.hm).

[122] On 9 April 2011, *Al-Masry Al-Youm* reported that, after the demonstration on 8 April, protesters planned for an open-ended sit-in in Tahrir Square, calling for the downfall of the head of the Supreme Council of the Armed Forces, while a coalition of political groups, including Muslim Brotherhood, George Ishak of the National Association for Change and Amr Hamzawy of the newly founded Egyptian Social Democratic Party, urged protesters to maintain good relations with the military ("Political leaders call for peace with army as protesters pledge to continue", *Al-Masry Al-Youm*, 9/04/2011 (http://www.almasryalyoum.com/en/node/393206). Similarly, for the Friday protest called on 27 May, see "Plans for Friday protest highlight political divides", *Al-Masry Al-Youm* 26/05/2011 (http://www.almasryalyoum.com/en/node/452243.

forces from elaborating a clear and common platform vis-à-vis the Military Council. Youth groups are a case in point.[123] As youth groups feel that the spirit of the revolution has been lost in the name of stability, they have continued to organise street protests to press the Military Council on a range of issues, including the dismissal of the first interim government led by Ahmed Shafik, the prosecution of Mubarak, his family and senior officials, the dissolution of municipalities elected during the Mubarak regime, and the rewriting of constitution ahead the parliamentary elections.[124] Hence, street protests have regained momentum, on Friday 1 April, 8 April, 27 May and 8 July.[125]

Nevertheless, the Youth of the Revolution Coalition (YRC)[126] has been weakened by defections, particularly that of the 6th April movement,[127] and by ambiguous positions taken by some of its groups such as the Muslim Brotherhood Youth Group.[128] This has made the Coalition hesi-

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[123] Author's interviews with youth activists and journalists (Egypt, June 2011). For a brief overview, see Heba Afify, "Revolutionary coalitions multiply, fragment and disagree on the way ahead", *Al-Masry Al-Youm*, 24/06/2011 (http://www.almasryalyoum.com/en/node/471023).

[124] For youth groups' demands, see Mohamed Abdel-Baky, "Back to the table", *Al-Ahram Weekly*, 3-9 March 2011 (http://weekly.ahram.org.eg/2011/1037/eg33.htm); Mohamed Abdel-Baki, "Pressing for justice", *Al-Ahram Weekly*, 7-13 April 2011 (http://weekly.ahram.org.eg/2011/1042/eg4.htm); Mohamed Abdel-Baky, "Unity remains elusive", *Al-Ahram Weekly*, 2-8 June 2011 (http://weekly.ahram.org.eg/2011/1050/eg1.htm).

[125] At the time of writing, a huge demonstration is planned for July 8.

[126] The Youth Revolution Coalition, which was established during the revolution, included a range of youth groups. Among the most relevant ones, 6th April Youth Movement, Youth for Freedom and Justice, the El-Baradei Campaign, the Muslim Brotherhood Youth Group, the Democratic Front's youth group and the National Association of Change.

[127] It seems that one of the main reasons behind the decision of the 6th April group to abandon the Coalition was the 19 March Referendum, which raised contrasts between the Muslim Brotherhood Youth Group, which voted "yes" and the others, which voted "no". These contrasts, according to the 6th April movement, have made the Coalition irrelevant and ineffective (Author's interview with a founding member of the 6th April movement, Cairo, June, 2011).

[128] The Muslim Brotherhood Youth Group has objected to decisions taken by the Coalition on various occasions and, according to one of its activists, the Coalition should be conceived as a platform to be joined only when the Muslim Brotherhood Youth Group

tant and less effective in dealing with the Military Council.[129] So, after the revolution, youth groups and coalitions have proliferated,[130] disagreeing on the strategy to adopt in the post-Mubarak era. For example, the 6th April movement has had a more confrontational role vis-à-vis the Military, while other groups such as the Youth of the Revolutionary Union (YRU) have opted for negotiating with the interim authorities.[131] While street protests mobilised by youth groups have been a key factor in pushing the interim authorities to make concessions, the lack of a coherent unified front among youth groups has diminished their ability to negotiate with the military. Indeed, the Military Council has made only cosmetic and belated concessions aimed at containing street protests. In addition, youth groups have been losing their credibility, as contrasts among them are seen as reflecting personal interests and ambitions.[132]

Yet, youth groups appear divided on the best strategy to adopt ahead the upcoming elections. While some of them intend to continue operating as pressure groups, others have started to upgrade their strategies in an attempt to secure their representatives in the next Parliament. The YRC, for example, has decided to prepare a list of hundreds of candidates across the country that they will support in next parliamentary elections.[133] Similarly, another coalition of twenty-three groups,[134] including

wants to push for specific demands (Interview by the author to a youth member of the MB, Cairo, June 2011).

[129] Author's interviews in Cairo (June 2011).

[130] There is no official number of how many youth groups and coalitions have emerged after the revolution, but, in an interview carried out by the author, a member of the 6th April movement said there were about 100 youth groups and coalitions (Author's interview in Cairo, June 2011).

[131] Author's interview with a member of the YRU (Cairo, June 2011).

[132] Author's interview with Nora Younis, managing editor *Al-Masry Al-Youm* (Egypt, June 2011). See also Heba Afify, "Revolutionary coalitions multiply, fragment and disagree on the way ahead", *Al-Masry Al-Youm*, 24/06/2011 (http://www.almasryalyoum.com/en/node/471023).

[133] Mohamed Abdel Baky, "Back to square one?", *Al-Ahram Weekly*, 31 March-6 April 2011, No. 1041 (http://weekly.ahram.org.eg/2011/1041/eg11.htm).

[134] Among the most relevant groups, El-Lotus, Association of the Progressive Revolution Youth, Masry Hor and the National Front for Justice and Democracy. For a complete list, see Salma Shukrallah, "Egypt's revolution groups to unite to back candidates", *Ahram online*, 6/4/2011 (www.english.ahram.org.eg).

numerous youth movements, was formed in order to influence future elections by creating a list of candidates and a central office to coordinate their campaigns.[135] Moreover, the 6th April Youth movement has announced its plan to form a non-governmental organisation in order to play a more influential political role.[136] However, all these options are still subject to debate within youth coalitions and groups, meaning that they have not mobilised yet around specific presidential and parliamentary candidates, or political parties.[137] So, if and which youth groups will be able to allow their representatives to enter the parliament need to be seen. The persistence of divergences and rivalries within and among youth groups as well as the lack of a unified and coherent strategy may thus seriously weaken their ability to affect Egyptian politics.

Given the above problems and the tight timeframe, if, as announced by the Military Council, parliamentary elections are held in late September 2011, followed by presidential elections at the end of the year,[138] there is the risk that the new parliament will only include a narrow spectrum of political forces, namely the Muslim Brothers, Mubarak regime loyalists and the old political parties, leaving aside those groups which were behind the revolution.[139] In this regard, in mid-June 2011, old political parties, including the Wafd, El Ghad, El Tagammu, El Nas-

[135] Salma Shukrallah, "Egypt's revolution groups to unite to back candidates", *Ahram online*, 6/4/2011 (www.english.ahram.org.eg).

[136] They refuse to form a political party because they believe that Egyptians do not trust political parties. Jenna Krajeski, "Looking beyond protests, 6 April to form NGO", *Al-Masry Al-Youm*, 7/04/2011 (www.almaryalyoum.com/en/node/390145); "April 6 Movement presents a draft for discussion to legalise political movements", *April 6 Youth Movement*, 30/03/2011 (http://6april.org/english/modules/news/pdf/pdf.php?storyid =41).

[137] The lack of a clear platform with regard to possible candidates or political parties to be supported emerged during the author's interviews in Cairo (June 2011) to activists belonging to a number of youth groups.

[138] Initially, a few days after the establishment of the interim government, parliamentary elections were scheduled for June 2011, followed by presidential elections later in the summer.

[139] See Gamal Essam El-Din, "Farewell to Pharaons", *Al-Ahram Weekly*, 3-9 March 2011, http://weekly.ahram.org.eg/2011/1037/fr2.htm; ICG (2011); Nathan J. Brown, Michele Dunne "Egypt's Draft Constitutional Amendments Answer Some Questions and Raise Others", *Commentary*, 1 March 2011 (http://carnegie-mec.org/publications/?fa=42817&lang=en).

serist and El Karama, together with the Muslim Brotherhood's Freedom and Justice Party decided to establish the National Coalition in order to run on a single candidate list, in spite of their differences.[140] The abovementioned factors may have serious implications for the direction of the political transition. If the upcoming parliament is dominated by a limited number of forces, this means that the new constitution as well as future reforms will be elaborated by a restricted number of people according to their specific interests.[141]

At the time of writing, initiatives among political parties, NGOs and youth groups in favour of reforming the constitution first have multiplied. A coalition, including 68 movements and political parties,[142] was formed in mid-June to demand that a constitution is drafted before the parliamentary elections. Several youth and political groups have joined a "Constitution First" campaign, launched by the Free Front for Peaceful Change in June, to collect 15 million signatures in support of revising the constitution ahead of elections.[143] Although it seems unlikely, but not fully impossible,[144] that the Military Council will reform the Constitution before the elections, even this scenario is not exempt from risks. Issues such as who will write the constitution and how the drafters will be selected may raise problems of representativeness.[145] Postponing elec-

[140] Yasmine Fathi, "13 Parties unite to form 'National Coalition for Egypt'", *Ahram online*, 15/06/2011 (http://english.ahram.org.eg/NewsContent/1/64/14330/Egypt/Politics-/-Parties-unite-to-form-National-Coalition-for-Egyp.aspx).

[141] This point was raised by Tahani al-Gebali (Noha El-Hennawy, "Q&A with Tahani al-Gebali: Say "no" to constitutional amendments", *Al-Masry Al-Yom*, 10/03/2011 (http://www.almasryalyoum.com/en/node/347797).

[142] See "68 movements and parties unite to demand constitution first", *Ahram online* 15/06/2011 (http://english.ahram.org.eg/NewsContent/1/64/14366/Egypt/Politics/-movements-and-parties-unite-to-demand-constitutio.aspx).

[143] Michele Dunne, "Egypt: Elections or Constitution first?", *Commentary*, Carnegie Endowment, 21/06/2011 (http://www.carnegieendowment.org/publications/?fa=44744). Another campaign has been promoted by a group of NGOs, including the Cairo Institute for Human Rights Studies.

[144] Some within the interim authorities have argued in favour of postponing elections. Among them, Prime Minister Yahia El-Gamal and Minister of Culture Emad Abu Ghazi (see Zeinab El-Gundy, "Debate rages over Constitution or elections first options", *Ahram online*, 23/06/2011, www.english.ahram.org.eg).

[145] Issandr El Amarani, "Never mind the firsters, get the process right", *Al-Masry Al-*

tions also will entail the prolongation of military rule, meaning that major structural and institutional reforms will be delayed.[146]

In an attempt to reach consensus among political and social forces on the main principles that should inform the drafting of the constitution after the parliamentary elections and, therefore, preventing that the constitution reflects the sole interests of a minority, political and civil society actors have prepared constitutional proposals. Among the most relevant ones, the 11-article document presented by El-Baradei[147] and the programme proposed by the Sheikh al-Azhar, Ahmed al-Tayeb.[148] However, given the huge divide between Islamists and secularists, particularly regarding the relationship between the state and religion, a consensus agreement on key constitutional principles is unlikely to be reached in the short-term.

Several initiatives that aim at directly involving the Egyptian people in the process of drafting the constitution appear more promising. Among these,[149] there is the one launched by the human rights group Hisham Mubarak Law Center called "Let's write our constitution". The project will distribute questionnaires to the people on the street and launch online discussions in order to register their demands. Based on this survey, a popular charter will be drafted and subjected to public debate. Once approved, it will be presented to the Committee responsible

Youm, 27/06/2011 (http://www.almasryalyoum.com/en/node/472112). See also Amr el-Shobaki, "What if the constitution came second?", 26/06/2011 (http://www.almasryalyoum.com/en/node/471886).

146 Ibid.

147 See Mohamed Abdel-Baky, "A blueprint for basic rights", *Al-Ahram Weekly*, 23-29 June 2011 (http://weekly.ahram.org.eg/2011/1053/eg9.htm).

148 Other proposals are: the Democratic Consensus issued by a coalition of political parties, including the Freedom and Justice Party of the Muslim Brothers and other 17 political parties, mostly non-Islamist (see Dina Ezzat, "Egypt seeks consensus", *Al-Ahram Weekly*, 23-29 June 2011, http://weekly.ahram.org.eg/2011/1053/fr1.htm; and the declaration issued by the already mentioned National Council (see "National Council issues constitutional precepts", *Egypt News*, 3/07/2011, http://news.egypt.com/english/permalink/17419.html).

149 A similar campaign has been launched by the 6th April movement (see April 6th movement's website, http://6april.org/english/modules/news/article.php?storyid=81).

for writing the new constitution after the parliamentary elections.[150]

As far as Egypt's socio-economic problems are concerned, the elaboration of an inclusive economic agenda requires the involvement of a broad spectrum of political and social forces, which in turn need to present clear economic programmes.[151] However, in the aftermath of the revolution, the influence of civil society and political forces on socio-economic issues continues to be very limited. Not only do political parties and other political groups lack economic expertise, but, under the early phases of transition, they have concentrated their efforts on political matters, while marginalising socio-economic questions.

Meanwhile, the only forces that have mobilised around economic-related issues are workers. Since 9 February, labour strikes and workers' protests, demanding better pay, a minimum wage of LE1200 and the hiring of temporary workers, have been ongoing, despite the military rulers have prohibited demonstrations and warned workers that labour unrest threatens national security. Most importantly, taking advantage from the changing political situation, workers have organised in new independent structures. Egypt's first post-1957 independent trade union federation was established on 3 March 2011, and, across the country, workers from different economic sectors are forming their own independent associations and local committees.[152] However, with the exception of a few concessions,[153] the Military Council has ignored the labour related demands put forward by workers. For example, the former state-controlled Egyptian Trade Unions Federation (ETUF) continues to operate in spite of protests demanding its dissolution. While the labour movement has a great potential to reorient Egypt's social and economic

[150] Heba Fahmy, "Rights group initiative aims to include people in writing the constitution", *Daily News*, 15/06/2011 (http://www.thedailynewsegypt.com/human-a-civil-rights/rights-group-initiative-aims-to-include-people-in-writing-the-constitution.html).

[151] Ibid.

[152] Jano Charbel, "After 50-year hiatus, Egypt's first independent labor union is born", *Al-Masry Al-Youm*, 3 March 2011 (http://www.almasryalyoum.com/en/node/337515).

[153] Thanks to the pressure from the New Federation of workers, on 3 March 2011, a new Labour Minister replaced the head of the former state-controlled Egyptian Trade Unions Federation (ETUF).

policies towards a more redistributive agenda, its effectiveness will depend on whether or not workers will be successful in organising themselves.

The role of the Muslim Brothers and other Islamist forces

The Muslim Brothers are expected to play a role in the political transition in view of their large constituency and well-organised structure. Their full inclusion into Egyptian political life is an indispensable step towards a real democratic transition in Egypt. As Carrie Rosefsky Wickham underlines, "The Brotherhood has demonstrated that it is capable of evolving over time and the best way to strengthen its democratic commitments is to include it in the political process, making sure there are checks and balances in place to ensure that no group can monopolize state power and that all citizens are guaranteed certain freedoms under the law".[154] Moreover, the non-inclusion of the Brotherhood or other moderate Islamist groups into political life could strengthen the most violent and intolerant Islamist groups, namely the Salafists.

However, the precise role of the Muslim Brothers and other Islamist forces in the post-Mubarak transition remains to be seen. The MB still has to elaborate a clear strategy vis-à-vis the changed political context. On various occasions, the Muslim Brothers have reiterated that "they do not intend to take a dominant role in the forthcoming political transition" and that they will not nominate any of members to run in the upcoming presidential election.[155] Meanwhile, they have created a political party, the Freedom and Justice Party, whose platform, however, is still unknown. As for their relations with the Supreme Council, the MB,

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[154] Carrie Rosefsky Wickham, "The Muslim Brotherhood After Mubarak", *Foreign Affairs*, 3/02/2011 (http://www.foreignaffairs.com/articles/67348/carrie-rosefsky-wickham/the-muslim-brotherhood-after-mubarak?page=3&cid=emc-mar11promoa-content-030811).

[155] See "MB: We call for a civil state to serve all of Egypt" (http://www. ikhwanweb.com/article.php?id=27992). See also the interview with Abdel Moneim Abou el-Fotouh in "Democracy supporters should not fear the Muslim Brotherhood", *The Washington Post*, 9/02/2011 (http://www.washingtonpost.com/wp-dyn/content/article/2011/02/09/AR2011020905222.html).

which would benefit from quick elections, appears to be in favour of the discrete and rapid transition endorsed by the army. In this regard, the military appointed a member of the MB, Sobhi Saleh, lawyer and former member of parliament, to the Constitutional Committee, while the Brotherhood expressed its official support for the amendments proposed by the Military Council ahead of the 19 March referendum. The Brotherhood also opposes the postponement of parliamentary elections.

Another issue to be considered is that the MB is a large organisation, with many different and conflicting positions within it. Much of the future role of the MB will likely depend on whether and how these divergences will be harmonised. The so-called conservative wing, which is influenced by Salafi thinking and is more interested in prioritising social and religious education than engaging in political life, has been dominant in the movement, especially after the election of the General Guide in late 2009.[156] By contrast, the so-called reformist wing, more committed to political dialogue with other forces and to democratising their ideology, has been marginalised.[157] After the revolution, divisions inside the movement have been emerging strongly, particularly between the young generation that participated in the revolution and the old guard. Young members within the group have questioned its internal democracy, calling for dissolving the Guidance Bureau and Shura Council, and demanding free and fair elections for the group's leadership,[158] while many of them have continued to join Friday protests in defiance to the Supreme Guide's orders.[159] At the end of June 2011, a group of young

[156] The elections resulted in the complete marginalisation of the most reformist figures of the MB such Abdel Moneim Aboul Fotouh and Mohammed Habib.

[157] Husam Tammam, "Egypt's New Brotherhood Leadership: Implications and Limits of Change", Carnegie Endowment for International Peace, February, 2010.

[158] See Hany ElWaziry, "Brotherhood leadership opens dialogue with internal opposition", *Al-Masry Al-Youm*, 7/03/2011 (http://www.almasryalyoum.com/en/node/343169); Husam Tammam and Patrick Haenni, "Egypt: Islam in the insurrection", *Religious Globe*, 22/02/2011 (http://religion.info/english/articles/article_519.shtml). For recent developments, Khalil Al-Anani, "Brother-tarianism", *Al-Masry Al-Youm*, 6/04/2011 (http://www.almasryalyoum.com/en/node/388620).

[159] For the protest of 27 May 2011, see "Live updates. Egypt's second day of rage", *Ahram online*, 27/05/2011.

dissident Muslim Brothers announced the creation of a new party, *el-Tayar el-Masri* (Egyptian Current), refusing to join the Freedom and Justice Party.[160] Similarly, Abdel Monem Abou-El-Fotouh, a former Muslim Brotherhood Guidance Bureau member, was expelled by the movement because he decided to run for the presidency in spite of the group's decision not to field a candidate for next presidential elections.[161] Now that the movement, which includes contradictory schools of Islamic thought ranging from Salafi fundamentalism to liberal Islamism, is elaborating a political platform for the new party, internal differences are likely to come to the fore.[162] In the process of revising their platform, for example, the MB appears internally divided over whether women and Copts should be allowed to run for president.[163] While these divergences could trigger organisational and ideological reforms within the MB, they could also lead the reformists to establish their own Islamist political party or to join ranks with the moderate Islamist *al-Wasat* party.[164]

In addition, although the MB is expected to dominate the upcoming elections, its capacity to mobilise the largest popular support in the post-revolutionary period should not be taken for granted. First, in a context of political pluralism, the MB will have to compete with new opposition forces, eventually including different Islamist parties, which could undermine its political hegemony.[165] For example, al-Wasat party,

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[160] "Dissident MB youth hold founding meeting of new party", *Ahram online*, 23/06/2011 (http://english.ahram.org.eg/NewsContent/1/64/14891/Egypt/Politics-/Dissident-MB-youth-hold-founding-meeting-of-new-pa.aspx).

[161] Ahmed Eleiba, "Abou El-Fotouh says Islamist forces yet to be tested", *Ahram online*, 25/06/2011 (http://english.ahram.org.eg/NewsContent/1/64/15012/Egypt/Politics-/Abou-ElFotouh-says-Islamist-forces-yet-to-be-teste.aspx)

[162] Noha El-Hennawy, "The Muslim Brotherhood after the uprising: What next?", *Al-Masry Al-Youm*, 15/02/2011 (http://www.almasryalyoum.com/en/node/320044).

[163] Tarek Salah, Mounir Adib Hany ElWaziry, "Brotherhood divided over minority presidential candidates", Al-Masry Al-Youm, 25/02/2011 (http://www.almasryalyoum.com/en/node/32998).

[164] Ashraf El-Sherif, "Re-inventing the Muslim Brotherhood", *Al-Masry Al-Youm*, 21/02/2011 (http://www.almasryalyoum.com/en/node/325755)

[165] Ashraf El-Sherif, "Re-inventing the Muslim Brotherhood", *Al-Masry Al-Youm*, 21/02/2011 (http://www.almasryalyoum.com/en/node/325755); Carrie Rosefsky Wickham, "The Muslim Brotherhood After Mubarak", *Foreign Affairs*, 3/02/2011 (http:

which was created by a number of young Brothers in 1996 to offer a reformist version of political Islam, finally obtained its legalisation in the post-Mubarak period, on 19 February.[166] Second, in the post-revolutionary period, the popularity of the MB and its credibility may be undermined by a number of factors: the movement was part of the past system of power; it played no role in triggering the uprising; and the revolution was inspired by young Egyptians who were not ideologically, let alone religiously driven.[167] Third, as Pioppi (2011) argues, the MB's capacity to mobilise large support through its provision of social services should not be overemphasised, as today the Brotherhood-related social activities are extremely reduced.

CONCLUDING REMARKS

While the direction of Egypt's political transition is still unpredictable, in the long run, moving towards a new equilibrium of state sustainability will be conditional on whether and to what extent, Egypt will be able to marginalise the old power system.

In the early phase of transition, a number of factors have made the old power system particularly resilient. The Military Council has managed the interim phase through a top-down and opaque approach, as it wants a rapid but circumscribed political transition, reflecting the military's strong economic and political ties with the previous regime. Any commitment by the Military Council to reform the security apparatus,

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//www.foreignaffairs.com/articles/67348/carrie-rosefsky-wickham/the-muslim-brotherhood-after-mubarak?page=3&cid=emc-mar11promoa-content-030811); Amr Hamzawy, "Revolution in Cairo", PBS'S *FRONTLINE*, February 2011 (http://carnegie-mec.org/publications/?fa=42773&lang=en).

[166] Unlike the Muslim Brotherhood, the *Wasat* platform supports women's right to hold higher public office, including the presidency. They have included three women and two Christians in their Supreme Committee (Noha El-Hennawy, "Interview: The official birth of a moderate Islamist party", *Al-Masry Al-Yom*, 23/02/2011 (http://www.almasryalyoum.com/en/node/327640).

[167] Scott Atran, "Egypt's Bumbling Brotherhood", *New York Times*, 2/02/2011 (http://www.rcgd.isr.umich.edu/news/Atran_02032011_NYTimes.pdf).

the media or the judicial system has been merely cosmetic. Moreover, most political forces and civil society groups, particularly emerging ones, lack unity and need time and resources to develop in order to be able to counterbalance anti-revolutionary pressures.

If, as expected, parliamentary elections are held in September 2011, followed by presidential elections at the end of the year, most political forces, especially those which emerged during the revolution, are unlikely to organise and mobilise support given the tight timeframe and their lack of internal cohesion. Moreover, holding parliamentary elections under the current constitution could lead to a political system that is not so dissimilar as from the one put in place under Mubarak's rule. Furthermore, administrative and logistical problems could compromise the transparency and fairness of the upcoming elections. In addition, if the security situation continues to remain fragile, acts of intimidation, unfair practices and frauds are likely to resurface in elections. In this context, the new parliament is likely to include only a narrow spectrum of political forces, namely the Muslim Brothers and regime loyalists, who may hide under new guises. In this event, the new constitution will be drafted by a restricted number of people according to their specific interests, which may reflect those of the old power system. So, there is the risk that both the parliament and the new constitution will not be accountable to many Egyptians, particularly the new political and social forces which emerged from the revolution. A parliament that fails to integrate the main actors of the revolution, particularly the young and women, will enjoy scarce legitimacy, fomenting frustration and discontent.

As people increasingly feel that the spirit of the revolution has been lost in the name of stability and socio-economic conditions are not tackled, protests and labour unrest are likely to intensify. As a result, frictions between authorities and protesters may re-emerge more forcefully, with the former being tempted to make large-scale use of force and repression against demonstrations, particularly if protests are not sustained by a large popular consensus. Also sectarian tensions could degenerate if the interim and future authorities fail to restore the rule of law and address inter-religion relations. The persistent state of insecurity on the streets, protests, labour unrest and the spread of religious intolerance may increasingly strengthen counter-revolutionary tendencies

among citizens, working in favour of those seeking to keep the old regime in place. Most Egyptians could acquiesce to the current status quo and support the kind of moderate transition proposed by conservative forces, opting for less substantial, but at least certain, change.

If Egypt's political transition takes the direction of a controlled and unfinished political transformation, which preserves the old system of power, the country may fail to address its main long-term socio-economic challenges as public authorities will have no interest in tackling crony capitalism and pervasive corruption. Moreover, in so far as Egypt's political situation remains unclear and unstable, this may discourage private and foreign investment. In addition, if the new parliament will be poorly representative, Egypt's future economic and social policies will continue to reflect the interests of a limited number of people. Unless a broad consensus is reached on the social and economic agenda and a more active involvement of civil society in decision-making is allowed, genuine and effective reforms seem unlikely. This said, in the absence of effective policies that ease the crisis and respond to Egypt's structural socio-economic problems, social discontent is unlikely to be contained.

Although the chances for a transition towards state sustainability appear limited, the trajectory of Egypt's political transition will primarily depend on whether or not the broad spectrum of the new and most dynamic political and social forces will be able to influence the future course of events. In particular, although youth groups are plagued by several problems, they have a great potential in conducting Egypt's transition towards more promising scenario as they appear among the most dynamic and vibrant actors in the current political landscape. Albeit still divided and fragmented, they could play a more incisive role in next months and years provided that they scale up their strategy. Among others, this means: elaborating a clear and effective platform vis-à-vis the Military Council and the next government with regard to both political and socio-economic matters; evolving into more organized forces and identifying their leadership; and trying to respond to ordinary people's demands. Coordination among youth and other civil society groups is also necessary in order to affect more deeply the direction of political transition.

Should youth groups and other civil society groups, including independent labour unions and women's movements, succeed in bringing some of their representatives into the new parliament, they will be better placed to shape a more inclusive political and economic agenda and ensure that Egypt's transition to democracy moves forward. Otherwise, they will need to elaborate a coherent strategy to press for change and influence decision-making through extra-parliamentary channels. In both cases, a major factor of success is the extent to which each of these groups will be able to build up consensus and trust among ordinary citizens.

Yet young people and women are present across social and political forces. Hence, their capacity to affect Egypt's political and socio-economic change does not necessarily pass through activism in youth groups or women's associations, but can take other forms. For example, many young people with no affiliation have played an important role in the popular committees that were created to ensure citizens' safety in the aftermath of the revolution.[168] Since then, the popular committees have organised services which are no longer provided by local municipalities, have monitored the 19 March referendum, and have discussed constitutional reforms among common people.[169]

To conclude, in order to ensure Egypt's transition to state sustainability, the EU is called to play a key role, supporting both political and economic reforms. The EU could contribute to encourage Egypt's transition to democracy in multiple ways. To avoid an authoritarian involution, the EU should send clear and unequivocal signals of condemnation to the interim and future authorities in case of violations of human rights or evidence of political regression. In this regard, for example, the use of conditionality by the EU should also be revamped (Cassarino & Tocci, 2011). Moreover, the EU should start dialoguing with a whole range of political and social actors in the country, from moderate Islamists to new secular political and social forces, as well as discuss future

[168] Interview by the author to Nora Younis, managing editor *Al-Masry Al-Youm* (Cairo, June 2011).

[169] See the interesting article by Alia Mossallam, "Popular committees continue the revolution", *Al-Masry Al-Youm*, 18/06/2011 (http://www.almasryalyoum.com/en/node/469281).

EU support to Egypt's political transition jointly with governmental authorities as well as civil and political groups. Furthermore, the EU should rethink its whole strategy towards Egypt by mainstreaming a "youth perspective" in the political and economic reforms it supports. This means, for example, prioritising economic policies that explicitly target job creation for the young; assessing the specific impact of structural economic reforms such as trade liberalisation on youth; engaging directly with youth movements and assist them, and so on. A gender-sensitive approach to political and economic reform should also be adopted. Finally, the EU needs to establish appropriate mechanisms to make it sure that new funds allocated to support Egypt's political transition do not serve the interests of the old power system (Cassarino & Tocci, 2011).

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4.
Morocco at the Crossroads: Seizing the Window of Opportunity for Sustainable Development

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INTRODUCTION

The question of state sustainability is highly relevant in the case of Morocco. Despite the image of a modernising and liberalising country, skilfully fostered by the West's almost unconditional support for its monarchy, Morocco is undergoing a delicate phase in its development. The recent upheavals in the Maghreb alongside the growing problems of poor education and high unemployment are likely to bring to the surface the unsustainable elements of Morocco's status quo. The central issues concern the quality of institutions, reforms aimed at promoting the rule of law, curbing corruption and overhauling the judiciary. Wavering public confidence in the political system as a whole suggests that the vibrancy of Moroccan society has not translated into active political action and participation. The society's frustrated political, social and economic ambitions are channelled instead into outbreaks of anxiety and discontent, which may represent sources of instability in the medium-to-long run.

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PRIORITISING ECONOMIC DEVELOPMENT

Morocco highlights the importance of the link between sustainable development and sound institutions, here understood as the set of bodies and rules within which decision-makers act across different policy arenas. The claim that "institutions provide the incentive structure for an economy; as the structure evolves, it shapes the direction of economic change towards growth, stagnation, or decline" (North, 1991: 97) could be extended to encompass not just the macroeconomic prospects of a country, but also its broader process of development. From a purely economic perspective, a growing body of evidence confirms that the quality of institutions is a crucial factor in defining a country's ability to benefit from globalization (Clarke, 2001), and is the cause of economic growth (Acemoglu, et al., 2003). The concept of institutional quality is inextricably tied to that of political capital, defined in the opening contribution to this volume as "the capacity at the level of institutions and regulations to react to domestic and external social, economic and political challenges and to ensure that a country can draw upon and make full use of its economic, social and human capital". Based on the premise that institutions, which structure interactions among individuals and groups at the political, social and economic levels, play a key role in securing the success of reform, this chapter assesses whether this has been and is likely to be the case in Morocco. This chapter argues that Morocco's past and present experience of development suggests that while the tipping point towards instability is not around the corner, unlike several of its neighbours, comprehensive political and institutional reforms are necessary in order to set the country on a path of sustainable development.

The early 1980s represented a watershed for the Moroccan political system. Until then, the main priority had been maintaining the country's unity and consolidating state institutions, while limited importance was attributed to sound economic policies. Cherkaoui and Ben Ali (2007: 753) argued that "the 1982 financial crisis worked [...] as a catalyst and a signal to the state that economic problems had become important enough to be potentially prejudicial to the working of the state and to its power". Between 1983 and 1998, in fact, the country launched an im-

portant structural adjustment programme based on liberalisation and privatisation aimed at fostering foreign direct investment (FDI). In particular, reforms tackled trade and credit; import quotas were removed and tariff rates were reduced so as to create a better environment for FDI that required guarantees for property and contract rights. The country was supported in its efforts by international financial institutions (IFIs), such as the International Monetary Fund, through their injection of substantial sums of money. These institutions were not the only external actors encouraging reform in Morocco. By the 1990s, the European Union started supporting neo-liberal economic reforms throughout the Mediterranean in view of promoting regional stability and security. Both the IMF and the EU focussed on macroeconomic conditions. The desired microeconomic consequences in terms of employment and prosperity among the population at large were mistakenly supposed to follow through a process of 'trickle-down'.

Although several reports over the last decade have portrayed Morocco as a 'success story' in terms of economic development (Pfeifer, 1999) and the country is clearly one of the most open economies in the region (IMF, 2008), the reforms did not achieve genuine economic development as reflected in individual material betterment. Persistent socio-economic problems in Morocco are manifold and will be thoroughly addressed in the next section. Interestingly enough, as underlined by Joffé (2009), economic reform in Morocco has been almost completely decoupled from political reform. As argued by Moudden (1998), "the first and most important impact of adjustment was that it made economics a priority dimension in political decision-making in Morocco". To date, this pattern and prioritisation in Morocco remain firmly in place, owing mainly to foreign pressure and incentives putting a premium on stability and economic development. Yet, as we shall see below, the strategy of separating property and contract rights from broader civil and political rights (Barro, 1996) in order to foster a favourable climate for FDI proved misleading. This situation may have started to change in light of the recent transition process that is being led by the monarchy and that includes the drafting of a new constitution and the calling for early elections in October 2011.

A MIXED SOCIO-ECONOMIC PERFORMANCE

When addressing Morocco's prospects of sustainability, it is fundamental to recall the multi-dimensionality of this concept. A number of prominent factors constitute the basis of sustainable development in most Mediterranean states. In Morocco, some are present and others absent. In this section we will highlight some of the constraints that Morocco faces today on the path to sustainable development. The image that emerges is that of a country daunted by the risk of instability despite appearances to the contrary. This is all the more true if we consider the dynamics that other countries in the region are undergoing. Despite country-specific dynamics, Morocco shares some of the region-wide challenges to sustainability both in socio-economic and political terms. From this perspective the future of the Moroccan state will depend heavily on its leaders' willingness to carry out a number of reforms, e.g., in the education and judiciary sectors in particular, and to strengthen the accountability of the political system by drafting an anti-corruption law and by implementing the provisions of the new constitution, which provides for an increased separation of powers and the strengthening of the role of the executive. Provided that these reforms are readily discussed and implemented, the Moroccan state could remain stable for decades ahead. If not, then Morocco could run the risk of growing instability, stemming from non-addressed grievances and growing public awareness of the possibility of change elsewhere.

Going back to the determinants of sustainability discussed in the opening contribution to this volume, one of the most important factors is the degree of legitimacy enjoyed by those in power, namely "…the capacity of the system to engender and maintain belief that the existing political institutions are the most appropriate ones for the society" (Lipset, 1960: 77). The Moroccan monarchy enjoys an almost unquestioned legitimacy due to its lineage going back to the Prophet himself. This aspect brings together three strands of legitimacy as defined by Niblock in one of his books on Saudi Arabia (2006: 9-13), namely traditional legitimacy, charismatic legitimacy and ideological legitimacy. Although these sources of legitimacy have contributed to shielding the king and the royal family from criticism, raising them above the political system

and process,[1] not everyone recognises these determinants of legitimacy of the Moroccan king. For instance, the opposition movement Justice and Charity (*al-'Adl wa-l-Ihsane*), led by Nadia Yassin, the daughter of Shaikh Yassin, refuses to acknowledge the monarchy's legitimacy, calling instead for the establishment of a parliamentary monarchy, and justifies its position by quoting directly from the Holy Quran.[2] Nevertheless, the largely uncontested traditional, charismatic and religious legitimacy of the Moroccan monarchy is not sufficient to ensure state sustainability. Two more bases of legitimacy are important when addressing Morocco's prospects for sustainable development. The first refers to the capacity of those in power to create a shared sense of economic and social justice – eudaemonic legitimacy, according to Niblock's classification. The second pertains to the structural and democratic features of the political system. The former has been partially addressed by the Moroccan regime in its attempt to modernise the economy, leading however to mixed results. The latter, as we shall see below, has lagged behind, and has increasingly given rise to mass protests in the country. We will address first Morocco's socio-economic reforms and projects, which are being implemented in response to structural problems, leaving the discussion of political dynamics for the next sections.

In the last decade, the Moroccan state has launched a series of highly publicized investment projects in infrastructure and transport, which provide some justification to the image of the country as the most reformist in the Maghreb. The Tangier Med project is amongst these. As stressed by the President of the Tangier-Mediterranean Special Agency Supervisory Board, in terms of objectives, Tangier Med aims at creating a logistics and industrial hub for the trans-shipment of goods that are directed towards Africa (33%) and Europe (20%).[3] Massive public in-

[1] Author's interview with a researcher from the *Institut Marocain des Relations Internationales* (IMRI), 13 October 2010.

[2] Author's interview with a member of the Justice and Charity movement, 17 October 2010.

[3] Speech delivered at the Mediterranean Strategy Group meeting, organised by the German Marshall Fund, Genoa, 24-26 October 2010.

vestments[4] in the port were carried out with the expectation that these would contribute to Morocco's development through the creation of new jobs and FDI inflows. Reducing economic disparities between this area of Morocco and Europe, thus fostering stability across the Mediterranean, was also seen as a goal. In terms of achievements, around 20,000 port-related jobs were created by the end of 2010, while estimates foresee that their number will reach 80,000 in 2020. Furthermore, in 2015, the port is expected to become one of the top three in the entire Mediterranean basin in terms of traffic (Alessandri & Colombo 2010: 6-7). Despite this largely positive account so far, the contribution of Tangier Med to the broader development of the Moroccan economy remains to be assessed in the years ahead, as and when the construction phase ends.

All in all, from a macroeconomic point of view, Morocco has strengthened its image as a model for the Arab world in recent years. A number of statistics point to the fact that even during the recent economic downturn at the global level, Morocco's economic performance has remained solid. 2009 was particularly positive for the Moroccan economy, with real GDP growth reaching 5.2% (International Monetary Fund, 2009). In 2010, growth fell to 3.2%, but is expected to pick-up again in 2011 to 4.5-5.5%.[5] Morocco has also managed to keep its public debt under control (47% of GDP in the last trimester of 2010).[6] Furthermore, IFIs tend to stress the fact that Morocco is on a positive track since important reforms in terms of public finance are ongoing, including tax reforms and efforts to gradually replace the current system of subsidies with targeted measures to assist low-income segments of the population (International Monetary Fund, 2009). This final assessment has been contradicted by the recent decision to raise public sector salaries and almost double subsidies on items such as wheat, sugar and fuel with a

[4] Tangier Med could benefit from some €2 million in public investments. In addition, it also received €1.5 billion in private investments. No direct European investment has been made in the project. See Alessandri & Colombo (2010).

[5] These data are taken from the World Economic Outlook Database, International Monetary Forum, April 2010.

[6] Author's interview with a journalist of *La vie éco*, 14 October 2010.

view to quelling social unrest. The subsidies bill for 2011 is estimated at 45 billion Moroccan dirham (DH). This situation has pushed Morocco's budget deficit up to 4.5-5% of gross domestic product, a level that has been declared as extremely high by the governor of the central bank.[7]

Furthermore, if we dig beneath the surface, Morocco's economic situation does not justify such enthusiasm. Analysis of the economic data in greater detail reveals that if we look at 2009 and disaggregate the 5% GDP growth, most of this growth was due to an exceptional agricultural production, leading to a 26.2% in agriculture-driven GDP growth, compared to a mere 1.6% growth in industry and services.[8] The problem in these disparate growth levels lies in the fact that the agricultural sector contributes only partially to the creation of stable jobs and its production is tailored to domestic consumption. Thus, partly due to this distorted growth and partly due to recession in Europe, Moroccan exports fell by 19% in 2009. A further impact of the global economic crisis has been the reduction in the flux of migrants' remittances in 2009 – from DH 53.1 billion to DH 50.2 billion – and in the rents deriving from tourism (-5% from 2008 to 2009).[9] As far as the provision of energy is concerned, Morocco is rich in agricultural resources and phosphates, but is in constant need of energy. It is a net importer of energy and its dependency rate is 97%. At a time of high energy prices, energy dependency has increased the pressure on foreign currency reserves, something that Moroccan exports have not been able to compensate for. This is a prime cause of fragility in the Moroccan economy and it is due to increase in the near future owing to growing urbanisation.[10]

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[7] *Food subsidies push up Morocco budget deficit*, Reuters, 14 June 2011 (http://af.reuters.com/article/moroccoNews/idAFLDE75D22H20110614).

[8] In 2007 and 2008, GDP growth in the non-agricultural sector stood at 6.2% and 3.9% respectively. See "Comment le Maroc a réalisé un taux de 5% de croissance en 2009", *La vie éco*, 08 February 2010.

[9] Author's interview with a journalist of *La vie éco*, 14 October 2010.

[10] According to recent statistics, 50% of the Moroccan population lives in cities while the remaining 50% lives in the countryside. This balance is set to shift in favour of the urban population in the years to come, putting more pressure not only on the energy sector (it is estimated that the annual increase in energy needs is 5%) but also on the job market. Morocco is trying to increase the share of renewable energy through plans de-

Turning to employment rates, despite a slight decrease in unemployment from 9.6% in 2008 to 9.1% in 2009 and approximately 9.0% in 2010,[11] unemployment continues to represent a critical stumbling block on Morocco's path to development. More accurate statistics reveal that this level of unemployment is matched by a higher level (10.2%) of under-employment, a phenomenon that affects primarily the young (between 15 and 24 years of age) and the urban context (over 14%).[12] Furthermore, the quality of employment is often very poor, particularly in rural areas, where no more than 5% of the workers have a regular contract, an insurance coverage or adequate salaries compared to their education qualifications and tasks performed.[13] Another problem, typical also of other countries such as Tunisia as mentioned in Paciello's contribution on Tunisia, is the phenomenon of *diplômés chômeurs* (unemployed graduate students). Most Moroccans with diplomas do not fare well in finding jobs compared to Moroccans with low levels of education (only 10% of those working in the formal sector have obtained a diploma).[14] Another indicator of the lack of development in Morocco is the Human Development Index (HDI). The United Nations Human Development Programme (UNDP) has calculated an HDI for Morocco of 0.567, based on a number of indicators including life expectancy at birth, mean years of schooling and GDP per capita. This level is far lower than the world average and also the average in the Arab world and, most significantly, it does not match the country's rate of GDP growth.[15] Finally, poverty has increased in recent years despite macroeconomic reforms.[16] The Human Poverty Index of UNDP places Morocco 96th out of

veloped in cooperation with the EU. Author's interview with a journalist of *La vie éco*, 14 October 2010.

[11]See statistics provided by the *Haut-Commissariat au Plan* in Morocco (http://www.hcp.ma/frmInd.aspx?id=0101010100).

[12] See "9,8% de chômeurs…et 10% de sous-employés", *La vie éco*, 18 January 2010 and author's interview with a journalist of *La vie éco*, 14 October 2010.

[13] See "70% des actifs n'ont pas de contrat de travail!", *La vie éco*, 26 April 2010.

[14] See "9,8% de chômeurs… et 10% de sous-employés", op. cit.

[15]See statistics regarding Morocco in the country profile of human development indicators at http://hdrstats.undp.org/en/countries/profiles/MAR.html.

[16] 10% of the population is estimated to control 30% of the national wealth, while

120 countries. This number is emblematic of the fact that, among other things, 10% of the Moroccan population does not have access to drinking water and 10% of Moroccan children are undernourished.[17] These disturbing data reveal that Morocco's economic problems are not primarily related to the state of its public finances and to broad macroeconomic indicators, but rather to the absence of inclusive sustainable development equitably spread between regions, economic sectors and segments of the population.

Morocco's economic development is also hindered by the absence of sound reform in education. Education in Morocco is arguably the Achilles' heel of the development process and a striking example of how poor institutional quality negatively impacts on the outcome of reforms.[18] In sharp contrast to the 1970s and 1980s, over the last decade the education sector in Morocco has steadily deteriorated. In the attempt to reverse this trend, already apparent by the 1990s, a royally designated "decade of education" was kicked off in Morocco in 1999 with the publication of a roadmap to education reform – the National Charter for Education and Training (*Charte Nationale d'Education et de la Formation*) – by a Special Commission for Education (*Commission Spéciale de l'Education et la Formation*). Over the last decade, spending on education picked up – 5% of GDP and 24% of government expenditure over. However, negligible results were recorded both qualitatively and quantitatively in this period. Between 300,000 and 400,000 students drop out of school every year and only 13% of students enrolling in the first year of school obtain their diploma 12 years later. Illiteracy still hovers around 30%. Gender parity also remains a challenge, with a 1:0.87 male-to-female ratio in tertiary education in 2004 and 60% of the adult female population being illiterate, one of the highest rates in the Arab world. Local press has reported that only 16.5% of girls in rural

between 20% and 30% of the population lives below the poverty line. Regarding the problem of rising food prices, the regime has recently promised to invest $1.9 billion in subsidies. Author's interviews with a Moroccan researcher, 19 October 2010.

[17] See statistics at http://hdr.undp.org/en/statistics/indices/hpi/.

[18] Author's interviews in Morocco, 13-21 October 2010.

areas attend school, compared to 60% nationwide.[19]

These disappointing results have prompted new measures by the king and by the government, which launched in March 2009 the National Education Emergency Support Programme 2009-2012 to address the short-term needs in education. This emergency plan has raised the age of compulsory primary education to 15 with an eye to eventually increasing it to 18. Over the next two years, 15,300 schools will be upgraded, while 300 existing boarding schools will receive water and electricity. The four-year DH 31 billion (€2.7 billion) emergency programme is being partially financed by a number of grants and loans from international organisations. In November 2009, Morocco received a combined €13 million in loans from the French Development Agency, the African Development Bank, the European Investment Bank, the World Bank, the European Commission and the Moroccan Ministry of Education. This extra investment, coming as the country seeks to meet its UN Millennium Development Goals by 2015, reflects an impressive 23% increase in education spending from 2008.[20] Although it is still early to evaluate the outcome of these new emergency measures, based on the previous record (1999-2009) and experience of the education system in Morocco, doubts exist whether this emergency-driven, largely unplanned and uncoordinated 'strategy' could bring about the desired outcomes. Despite what may appear as a substantial investment in a crucial sector such as education, the low institutional quality of the agencies in charge of channelling this investment, e.g., unclear rules in terms of responsibility, lack of strategic planning and the prioritisation of short-term objectives, means that the poor quality of education in Morocco is unlikely to be tackled effectively for years to come. What Morocco needs is a new blueprint for sustainable development based on enhanced governance and sound institutions, including policies to address structural socio-economic inequalities and sweeping reforms to resuscitate a floundering education system that has failed to prepare the country's youth for an

[19] Author's interviews with a researcher from IMRI and a professor from the University Hassan II – Rabat, 13 and 18 October 2010.

[20] Author's interview with a professor from the University Hassan II - Rabat, 18 October 2010.

increasingly competitive labour market.

Taking a broader view, a number of factors explain the mixed performance of the Moroccan economy. The overarching problem is that Tangier Med and other infrastructure projects[21] as well as the reforms in the education sector do not constitute the elements of a comprehensive and strategic economic plan aimed at curing the ills of the Moroccan economy. Much of the growth achieved in the 2000s, compared to the 1990s, is the result of positive dynamics in the international economic environment and of a conjunctural situation, rather than the product of a national strategy aimed at rendering the country's economic performance truly sustainable.[22] What is lacking are institutional rules and incentives, e.g., the conditionality of the EU in fostering institutional reforms in the framework of the ENP Action Plan, to devise a sound and comprehensive economic strategy. This problem of the lack of institutional quality ultimately boils down to the shortcomings of the political system, an aspect that will be addressed in the next section of the chapter.

There are several obstacles to good governance and institutional quality. First, the party and electoral systems favour highly heterogeneous coalitions and scarce coherence in visions and actions. This aspect will be addressed in greater detail below. Second, rampant corruption compounded by the nature of the investment and privatisation processes favouring domestic private actors that are close to the monarchy have led to policies geared to benefit a limited part of the population. Transparency International's (TI) 2009 *Corruption Perceptions Index* measures perceived levels of public sector corruption in a given country. Morocco scores 3.3 on a scale from 0 (highly corrupt) to 10

[21] Other projects mentioned during the interviews are the TGV project connecting the coastal cities of Tangier and Casablanca, due to be implemented by December 2015 and the tube project in Rabat-Salé. The former project has a cost of DH 30 billion and the fact that the parliament has not been consulted ahead of its implementation illustrates the scarce power and representativeness of this institution. Author's interview with a professor at the University Hassan II - Rabat, 18 October 2010.

[22] A thorough analysis of this aspect is presented in *Le Maroc a-t-il une stratégie de développement économique?*, Rapport rédigé par le Cercle d'Analyse Economique de la Fondation Abderrahim Bouabid, June 2010.

(low levels of corruption),[23] in view of its opaque rules, weak institutions, and weakly implemented anti-corruption laws.[24] According to some observers, corruption is endemic in Morocco and has deteriorated over the past ten years.[25] Third, there has been a proliferation of public or semi-public non-governmental organisations monitoring governmental decision-making (see further the example of the *Initiative Nationale du Dévéloppement Humain* - INDH). The existence of these bodies, substituting or accompanying governmental action on many fronts, is ultimately a means of cooptation and a disincentive to deeper political liberalisation. Finally, formal political institutions, such as the government and parliament, exercise only limited control over the administration, public companies and the special agencies mentioned above. The king controls these structures and processes and acts through '*plans*' or '*stratégies*', circumventing the role of other political institutions. It is no surprise that:

> un ministre de l'Habitat peut se retrouver à promouvoir le secteur de l'immobilier, au même moment où son collègue de l'Industrie essaie de promouvoir une industrialisation, et c'est ainsi que le ministre des Transports peut lancer la construction d'autoroutes qui resteront désertes pendant de longues années ou décider de projets pharaoniques, tels que le TGV, sans rencontrer d'opposition. C'est également ainsi que le Fonds Hassan II peut financer des projets sans aucune évaluation préalable sérieuse, y compris au bénéfice d'acteurs purement privés (Legler, Renault) sans aucune objection.[26]

These are among the most significant shortcomings of governance in Morocco. Overall, the lack of a truly democratic political framework is the major obstacle impinging on the prospects of state sustainable development. As a result, "given the heavy demands made upon the state

[23] On the same scale, Tunisia scored 4.2 and Egypt 2.8. See Transparency International (2009, 48-49).

[24] Author's interview with a representative of *Transparency Maroc*, 17 October 2010.

[25] Author's interview with a representative of *Transparency Maroc*, 17 October 2010.

[26] *Le Maroc a-t-il une stratégie de développement économique?*, op. cit., p. 66.

for services, particularly housing, health and education by Morocco's predominantly youthful and economically unproductive population, economic growth rates have not generated the endogamous economic development required" (Joffé, 2009: 158).

All in all, evidence shows that Morocco so far has not been able to capitalise on its economic opening due to major persisting shortcomings in its governance structures and also its incapacity to transfer the benefits of economic liberalisation to all segments of the population. This is exactly where the quality of institutions comes into play. Economic reforms have attempted to tackle structural imbalances in the socio-economic development of the country, but they have largely failed to generate better prospects for sustainable development due to the lack of accompanying (or preceding) institutional reforms. In other words, the recent experience of Morocco testifies to the extent to which economic reforms alone are not sufficient to ensure inclusive sustainable development and the lack of parallel improvements in political conditions and the rule of law can dramatically hinder the prospects of success of these measures. To put it differently, socio-economic reforms are more than ever at risk of unravelling due to the lack of serious political reforms. The next section will discuss why this has been the case in Morocco, arguing that the country's economic policies appear to have been driven more by the imperative of ensuring dynastic continuity and regime stability than preparing the ground for sustainable development.

In terms of outcomes of the current situation, the role played by unemployed graduates, scarce education opportunities and even scarcer employment prospects in spurring the Tunisian revolt has triggered political protests in Morocco too. The perception of a growing number of people is that most of the consequences of these reform programmes have been negative insofar as poverty has not declined and public services have been commodified and privatised (Joffé 2009: 161). The exacerbation of social problems will most likely represent a cause of further mobilisation by the Moroccan population, with possible destabilising effects if protests succeed in consolidating a platform that combines the expression of social grievances with the demand for greater accountability and political reform. The February 20 movement – a loose coalition of leftists, liberals and Islamists – has already managed to mobilise

tens of thousands of Moroccans onto the streets. This protest could even increasingly acquire religious overtones, given that a plurality of actors in Morocco are unable to channel their demands in the political arena but can be active at the societal level, where religious movements are often prominent.

STATE-SOCIETY RELATIONS AND THE CHALLENGE OF POLITICAL PARTICIPATION

The Moroccan monarchy seems aware of the social and economic problems in the country. Furthermore, there is growing evidence that the king has understood that he cannot continue to effectively tackle these issues and retain legitimacy in the eyes of the public by turning a blind eye to the political domain. In this the king has demonstrated his willingness to substantively engage with the demands of the opposition, thus possibly contributing to putting the country on a different transition path compared to the growing difficulties faced by other countries in 2011. The provisional consequences of this engagement will be outlined and briefly discussed in the final section of this chapter.

The previous section has shown that the Moroccan regime is unlikely to be able to tackle its social and economic ills and set the country on the path towards sound economic development without engaging in institutional reforms. In this section we will discuss the deeper roots of Morocco's poor institutional quality by digging under the surface of the country's well-advertised image as a modernising and open political entity.

The turn of the century brought with it a wave of fresh air to the Moroccan political landscape. With the rise to the throne of the young King Mohammed VI in 1999, the country embarked on a series of reforms aimed at portraying Morocco as a liberalising country in all domains. These included the establishment of an Equity and Reconciliation Commission in 2003 and a thorough revision of the family code (*Moudawana*) in 2004.[27] Mohammed VI built on and accelerated the early signs of

[27] The 2004 reform was preceded by another important change introduced with the

reform introduced in the last years of His Majesty Hassan II's rule. These included the partial opening of the political space to opposition parties through the so-called '*alternance*', a movement first introduced in the November 1997 elections, which brought to power a governing coalition led by the socialist Prime Minister Youssoufi. This movement created a seemingly liberalised political system, in which the king was the arbiter, without directly governing the country. Later however, as we shall see, the king was to become not only the arbiter but also the ruler, against the backdrop of political fragmentation amongst the numerous political parties and their growing loss of credibility vis-à-vis the public.

Another important moment in the political development of the country came with the 2007 elections. These elections, which were praised by international and domestic observers as "the most transparent in Moroccan history" (Kausch, 2008: 83), did not produce dramatic changes in the structures and processes of the state. The *Makhzen* – the family-based, neo-patrimonial and personalistic circle of power revolving around the king – secured its power and managed to expand it further through its patronage networks, weaving into its net also political forces such as the Islamist Justice and Development Party (JDP).[28] Indeed, the Palace's selective cooptation of this moderate and non-violent Islamist party was welcomed by the EU as a positive example of an Islamist party's integration into the political process. It has also been viewed internally as an effective strategy to separate the JDP from other revolutionary and potentially destabilising forces, such as the Justice and Charity Movement, regarded by some as the only veritable opposi-

Electoral Law, voted in 2002, that granted a 10% share to Moroccan women in the Assembly of Representatives (*majlis an-nuwab*). This reform was the first step towards consolidating the 'alliance' between the Monarchy and feminist movements. Previous attempts at creating incentives for women's political participation, such as the 1999-2000 mobilisation for the launch of a *Plan d'Action pour la Participation de la Femme au Développement*, did not achieve positive results owing to popular resistance by Islamists and the most conservative forces within the government (Sater, 2007).

[28] This Islamist party has been aptly described by one observer as "the king's opposition" as opposed to "the opposition to the king". Author's interviews with the researchers of the Centre Marocain en Sciences Sociales (CM2S) – University of Casablanca, 15 October 2010.

tion in the country (Kausch, 2009: 168).

The peculiarity of the Moroccan political system is that it is highly centralised in the hands of the monarch. His temporal role in politics is an extension of his spiritual power and sacredness that were, until the passing of the new Constitution, formally recognised by Art. 19 of 1996 text spelling out the principle of *Imarah-t-al-mu'minin* (the commandery of the faithful). Muhammad VI has consolidated a system of power in which he is the absolute ruler and the source of all authority, despite the existence of a government and parliament. Furthermore, the monopoly over religion and the active control of all economic and social activities sets the monarchy above all other political actors and elevates the king to the status of an absolute arbiter immune to any societal reproach (Daadaoui, 2010: 203).

The popularity of the king is strongly tied to his visibility in the public sphere through the control of communication outlets and his participation in public events such as inaugurations and fairs.[29] The king constantly tries to bolster his legitimacy and gain popularity, both domestically and externally, by portraying himself as the champion of social and economic development, the symbol of entrepreneurship and capitalism in a country marked by clientelism and neo-patrimonial practices.[30] One example of this engagement is the *Initiative Nationale du Dévéloppement Humain* (INDH). This initiative, launched in 2005 with a DH 5 billion budget over five years, was aimed at encouraging human and social development in the poorest areas and among disenfranchised segments through local initiatives and microcredit projects administered by civil society organizations. While it has been praised by many international organizations as evidence of the king's active awareness of the underdevelopment problems of the country, it has been criticised by independent Moroccan civil society groups, which have viewed it as a means for the monarchy to exercise control and co-opt NGOs, inducing the latter to carry out the social functions entrusted to the state.[31] This initiative has

[29] Author's interviews with a researcher from IMRI, 13 October 2010.

[30] In this light the king is often perceived as "the king of the poor".

[31] Author's interview with a human rights activist from the *Association Marocaine des Droits de l'Homme* (AMDH), 19 October 2010.

also created an artificial and non-independent civil society sphere that tends to receive significant funds and media coverage, both domestically and externally. Furthermore, some view the activities of the INDH as combining elements of modern public social policy with mere elements of charity.[32] Next to this, the monarchy is the motor of the Moroccan economy, controlling the largest investments and businesses. This has hindered the development of an independent and dynamic private sector. All in all, these social and economic initiatives of the monarchy contribute to reducing public attention over the lack of a genuine separation of powers and democracy.

Beyond the king, the seemingly pluralistic Moroccan political system is characterized by a huge number of political parties,[33] which do not perform their governing and opposition functions and lack strong popular bases. This is linked to the fact that most parties are discredited due to their inability to actively participate in the political debate and to steer concrete public action. On the contrary, they tend to accommodate the will of the king and to play a residual role in pursuing policies. The fragmentation of the party system is partly the result of the process of top-down political liberalisation, involving a number of participatory mechanisms for compliant elites going hand in hand with repressive policies towards potentially destabilising and autonomous actors, e.g., the Islamists, and partly the outcome of the decline of traditional nationalist and leftist parties, which have been replaced by new parties. One of them, the Authenticity and Modernity Party (PAM) was created by the former classmate and close confidant of the king, Fouad Ali Al-Himma, ahead of the 2009 local elections.[34] This party has aptly positioned itself as an "anti-party-establishment party" (Boussaid, 2009: 416), heeding

[32] Author's interview with a professor from the University Hassan II - Rabat, 18 October 2010.

[33] The 2007 elections witnessed 36 parties contesting the 325 seats of the House of Representatives. Today, the legislature is comprised of some 25 parties of which five are part of the coalition government (Daadaoui, 2010: 196).

[34] Following the creation of this party, between 60% and 70% of members of parliament expressed their willingness to enter the new party. This is a perfect example of political 'transhumance' in Morocco. Author's interview with a Moroccan researcher, 19 October 2010.

the wishes of ordinary citizens mainly from impoverished and traditional countryside areas, keeping its distance from the government but at the same time cultivating strong ties with the palace that resorts to the PAM with a view to further manipulating the party system. The fact that this party has chosen not to develop a coherent political programme reflects the overall crisis of ideologies and the increase in informal and communitarian – i.e., tribal, ethnic and religious – affiliations, not only in Morocco, but across the Arab world.

Turning to other political actors, within the camp of political Islam, the major divide in Morocco runs between the Justice and Development Party (JDP), which has accepted to play the monarchy's game and be co-opted into the formal political system,[35] and the Justice and Charity Movement mentioned above, which purposefully refuses to participate in politics. The latter advocates reforms in Morocco starting from the overhaul of the political establishment centred around the king. It also claims that its role is to cultivate the Moroccan citizen of tomorrow through education and gender equality. Its appeal derives from its active attempt to address the grievances of the most downtrodden strata of society. It is extremely difficult to assess the power of this movement, since it is highly scattered across the country.[36] However, its political significance becomes apparent when it joins other groups in protests and marches, thus contributing to mobilise society outside traditional political channels (parties, trade unions, etc). Some evidence points in the direction of an increasingly substantial engagement of the Justice and Charity Movement in the protests organised by the February 20 movement. Furthermore, it cooperates actively with some international human rights associations, such as Amnesty International, and have successfully mastered the rhetoric on democracy and human rights. The

[35] The most decisive event shaping the JDP's trajectory in 2002-07 was the terrorist attacks of 16 May 2003 in Casablanca. These attacks strengthened the JDP's inclination for moderation and compromise that had started in the mid-1990s and led to its partial *débâcle* in the 20007 elections (Wegner & Pellicier, 2009). For a discussion of the interplay between electoral dynamics and EU foreign policy in Morocco, see Colombo & Voltolini (2011, forthcoming).

[36] Author's interview with a member of the Justice and Charity movement, 14 October 2010.

Movement has been directly attacked by the regime. For example, women's gatherings have been targeted by security forces and participants have been imprisoned as a show of force of the regime and attempt to discredit the Movement.[37]

From this discussion it is clear that the Moroccan regime has been able to craft and consolidate a political system that is pluralistic and open enough to ensure its short-term stability and to deflect Western criticism. This could however cease to be the case in the aftermath of the events in Tunisia, Egypt, Yemen, Bahrain and, more recently Syria, much depending on the EU's actual response to the changes taking place in the region (Tocci & Cassarino, 2011; see also Tocci's contribution to this volume). All in all, it is apparent that the Moroccan narrative and practice have contributed to foster the vibrant relationship between the North African country and the EU in the framework of the EU-Moroccan Association Agreement, signed in 1996 (and entered into force in 2000) in the framework of the Euro-Mediterranean Partnership, beefed up by the European Neighbourhood Policy (ENP) since 2004. Since then, Morocco has been regarded as a privileged EU partner in the Maghreb. Morocco has been the largest recipient of EU aid in the Mediterranean, with €654 million earmarked for the period 2007-10 (Kausch, 2009: 166). The overall budget for bilateral EU assistance to Morocco in the framework of the European Neighbourhood and Partnership Instrument (ENPI) amounts to €580.5 million in 2011-2013. In terms of trade and aid, the EU has developed significant relations with Morocco, supporting its liberalisation and privatisation policies. However, this has taken place at the expense of providing conditional economic incentives to induce Moroccan political reforms. As far as the EU member states are concerned, two states in particular have cultivated particularly strong ties with Morocco, namely France and Spain. The former appears to be involved in a number of the investment projects mentioned above,[38] while the latter is constantly involved in a bilateral dispute with Morocco regarding the

[37] Author's interview with a member of the Justice and Charity movement, 17 October 2010.

[38] Author's interview with a professor from the University Hassan II – Rabat, 18 October 2010.

sovereignty of Ceuta and Melilla.

The main assumption behind the EU approach towards Morocco is that socialisation via gradual reform is the optimal strategy for Morocco in order to avoid domestic shocks, such as the rise to power of Islamists, that could generate instability, jeopardising EU interests. As discussed in the opening contribution to this volume, most of these interests are framed in terms of security and economic gains. As such, the EU has until very recently largely contented itself with praising the piecemeal and window-dressing political measures of the Palace, instead of pushing for a coherent democratisation strategy. So much so that in 2008 the EU granted Morocco the title of Advanced Status. The most innovative aspect of this status included a "political and strategic dialogue", the exact content of which remains to be specified (Martìn, 2009). The extent to which Morocco has concretely benefited politically and economically from the Advanced Status is questionable due to the fact that the Joint Document did not introduce substantial concessions in the fields of strategic interest for Morocco, such as agricultural trade liberalisation, human mobility or financial assistance until 2014. Nonetheless, the Advanced Status has provided the Moroccan monarchy with increased (symbolic) leverage domestically and regionally, being the first southern Mediterranean country to enjoy such status.

Against this backdrop, while ahead of other countries in the region, Morocco is not quite the exemplary democratic reform model it is often portrayed to be, at least not in terms of democratic reforms. Political liberalisation and efficient power sharing are impeded by the fact that public responsibility beyond the king is not clearly defined and allocated. The weakness of political parties has already been discussed. Not only are parties discredited due to their inability to perform their role in parliament. They have also been manipulated by the monarchy, which has skilfully arranged multi-party and semi-pluralistic elections without however diminishing the monarchy's own centralisation of powers. It is possible to imagine a future scenario in which sluggish economic reforms combined with growing citizens' distrust in the political process result in growing political apathy or political unrest. The former is already evident and represents one of the most visible symptoms of the crisis of political legitimacy in Morocco. For example, in the latest par-

liamentary elections, held in 2007, voter turnout was among the lowest in Moroccan history. Only 37% of the citizens cast votes, of which 19% were blank ballots. According to other statistics, real participation was as low as 24% (Kausch, 2008: 84). In some districts, particularly in well-off ones with higher levels of education, the participation rate was as low as 20% (Wegner & Pellicer, 2008: 28).

As argued by Kausch (2008: 82), all political actors in Morocco face the same dilemma: "the less they adapt to the line of the Palace, the less they are likely to be involved in political decision making. But the more they adapt to the line of the *Makhzen*, the greater is the likelihood of grave internal divisions, and a loss of credibility in the eyes of their constituencies." It is now clear why the Justice and Charity Movement, while not recognised as a political party, keeps itself at a certain distance from the formal political camp, careful not to run the risk of being discredited. In other words, "maintaining a distance from formal politics has now become an alternative form of politics in itself" (Spencer, 2009:7). As some have pointed out, "high fragmentation, together with the disaffection of Moroccan society towards political parties, has called into question the legitimacy of the political system" (Szmolka, 2010: 14). These trends point towards a crack in the sustainability of the Moroccan state structure, a crack that is unlikely to be sealed by successful economic modernisation policies alone.

In order to resolve this dilemma, two fundamental areas would have to be tackled: the reform of the judiciary and the granting of true freedom of expression. The judiciary in Morocco can hardly be viewed as an independent power due to the strict control exercised over it by the executive, and in particular the Ministry of Justice and the king. Moroccan judges are state officials, nominated and controlled by the regime; other problems are the executive interference in judicial matters, the non-adaptation of national legislation to international conventions and the lack of prosecutors' independence from the Minister of Justice.[39] The result is that the exercise of justice is often arbitrary and subject to the

[39] Author's interview with the researchers of the CM2S – University of Casablanca, 15 October 2010 and Transparency International (2009, 23).

logic of political power. More broadly, governance in Morocco suffers from multiple ills: the rules of the game are unclear and keep shifting, causing insecurity at the physical and psychological levels.

Finally, violations in the freedom of expression have been on the rise in Morocco, testifying to the deterioration of relations between the regime and the public. While the political class in Morocco has been unable to channel public demands so far, at the societal level, there are a plurality of actors that are quite active in advancing their proposals and in manifesting discontent. One the channels through which these voices are heard is the media. Thanks to the explosion in the use of the modern technologies of communication and the growth of printed media outlets, freedom of expression in Morocco has seemingly improved. However, while the regime now tolerates different opinions being voiced through the social media, there are a number of red lines that cannot be crossed, most notably the undisputed supremacy of the king, Islam and the integrity of the territory.[40] The result is that the press is controlled and censured through highly sophisticated means. In particular, the regime tends to resort to private intermediaries (advertisement companies and distribution channels) to promote or to silence newspapers and other publications. This has been the case of two prominent and independent newspapers: *Le Journal Hebdomadaire*, shut down in January 2010 due to its accumulated debts, and *Nichane,*[41] the best selling weekly publication in October 2010, shut down due to an economic boycott. Both newspapers had started to play an increasingly prominent political role, often expressing critical views regarding the monarchy. In October 2010, the Ministry of Communications banned Al-Jazeera from broadcasting in Morocco for its "irresponsible" coverage of the Western Sahara question. On 26 April 2011, Rachid Nini, the popular editor of the *Al-Masa'* daily newspaper, was arrested and then sentenced to a year in prison for writing about the existence of a secret military base.

[40] The latter refers to the hoary issue of the Western Sahara conflict, pitting Morocco against the Polisario Front supported by Algeria, and the ensuing *Plan d'Autonomie* proposed by the kingdom as part of a broader regionalisation policy. See Mundy (2006) and Joffé (2010).

[41] The latter is the Arabic version of TelQuel (http://www.telquel-online.com/).

Summarising, we can argue that if institutional quality is a prerequisite for successful and sustainable socio-economic performance, this cannot be achieved unless major reforms in the political system are carried out. The acute centralisation of Moroccan politics and decision-making in the hands of the king, the lack of accountability of the monarchic institutions, as well as the fragility of representative bodies, such as parties and trade unions, that should be responsible for channelling a plurality of interests into decision-making, are the main obstacles to good governance and an improved institutional quality in Morocco. Strictly defined political reform is thus the keystone for sustainable development in Morocco. In the next section we will attempt a first evaluation of the most recent changes that have taken place in 2011.

POSSIBLE SCENARIOS FOR THE FUTURE

Morocco is a compelling case of apparent state stability based on an unsustainable bedrock. The picture of the country's development is mixed. Although the country seems to have embarked on significant economic reforms to cope with structural imbalances, the quality of institutions and governance has lagged behind, thus arguably contributing to the partial success of these reforms at best (Cherkaoui & Ben Ali, 2007). Also in terms of public perceptions and expectations, the situation is ambivalent. On the one hand, positive views stress the fact that a number of improvements and investments have been made in recent years, including the revision of the family code and the launch of capital-intensive projects, mainly encouraged and sponsored by external actors such as the EU. On the other hand, others point to the fact that the regime has become the obstacle to the state's sustainable development. While in the early 2000s, it was possible to envisage a political opening, as the new king spoke openly about democracy and the rule of law, since 2008, the situation has regressed, as exemplified by recent blows to the freedom of expression. According to some, the king alone cannot be blamed for these setbacks, which also derive from those more traditional segments

of the society that are against increasing the pace and width of reforms.[42] A case in point is the partial failure of the *Moudawana*, especially in rural areas, where the rate of young women being forced to get married is still very high. At the national level, polygamy has not been repealed yet and women do not have the right to marry non-Muslim men. At the same time, there is a subtle policy of encouraging women to have children, in view of the silent demographic competition between Algeria and Morocco, against the backdrop of the unsolved Western Sahara conflict.

There is growing awareness, both at the political and social levels, of the fundamental link between sustainable and inclusive development and stability. However, the vision of modernisation espoused by the monarchy based on major investment projects may not be sufficient to ensure sustainability and stability in future decades. Going back to the discussion of institutional quality, it is important to underscore that, as demonstrated by Baliamoune-Luz & Addison (2007), the impact of institutions on reforms is not necessarily linear. While in the past two-to-three decades, the quality of institutions, as well as institutional relations between socio-economic and political actors did not hinder the implementation of reforms leading to sustainable development, at present and in the decades ahead, it is possible to anticipate increasing problems due to weaknesses in representation and coordination between policy-makers and the citizens.

The greatest challenge for King Muhammad VI is to introduce veritable changes in the distribution and management of power, as well as to pursue promptly the reform justice and of the education system. The *bon usage du néo-authoritarisme* model, which seems to have worked so far in projecting domestic stability and a positive image of the country abroad, is likely to come under increasing pressure in the years ahead. Alongside other structural imbalances in the country (i.e., unemployment, the underperformance of the education sector and widespread poverty), the almost absolute dependency of the Moroccan economy on

[42] From which derives the king's acknowledgement: "J'avance à la vitesse des marocains". Author's interview with a journalist from *Tel Quel*, 15 October 2010.

European markets and their fluctuations is also a cause for concern. The crisis in Europe has exposed Morocco to rising food prices[43] and diminishing salaries, which have compounded an already critical situation regarding employment and poverty.

GDP growth over the last few years and future projections will not suffice to redress the economic situation and to generate employment and development. Statistics speak of the need to attain at least 7% GDP growth over a prolonged period of time.[44] Moreover, events in Tunisia, Egypt, Yemen and Libya have contributed to spark manifestations of discontent in Morocco too against inequalities, unemployment, lack of education prospects, and the discrediting of the political system. The short-term future is likely to confront Morocco with a clear-cut alternative: either the regime rapidly and seriously engages in governance and institutional reforms, or it runs the risk of popular mobilisations and outbreaks of disaffection. Decisions taken now could spare Morocco a period of instability, while also assuring continuity in the framework of the transition of power that started in 1999.

In this light, while a crisis could be beneficial to precipitate change, in Morocco this does not need to reach the tipping-point of no return that we have witnessed in Tunisia, Egypt or Libya. In reaction to the first protests, calling for substantial political and institutional reforms, the king delivered a speech on 9 March 2011, as the utmost attempt to quell the discontent by boosting the reform agenda. The most important demand of the newly constituted 20 February movement, that spontaneously mobilised to protest in a number of cities, starting at the end of February 2011 and continuing, at the time of writing, in July, is the reform of the Constitution. An ever-rising number of Moroccans want something akin to the constitutional monarchy of Great Britain or Spain, not just in theory but also in practice, whereby the king would remain the figurehead of the country, but not engage directly in politics and policy. The king has promised to speed up the process of regionalisation

[43] Morocco has been highly exposed to the global explosion of food and energy costs in recent years, as the out break of riots in Sefrou in 2008 made clear. See Joffé (2009: 161).

[44] See *Le Maroc a-t-il une stratégie de développement économique?*, op. cit.

and decentralisation of decision-making, which represent two fundamental aspects of the constitutional reform advocated by the king himself. Regionalisation should be based on the extension of the powers of all the regions, on the direct election of the regional councils and on the reform of the composition and the prerogatives of the Chamber of the Councellors with a view to making it representative of the interests of the different regions. This regionalisation plan should be part and parcel of a much broader constitutional reform tackling a number of key issues discussed above, i.e., the independence of the judiciary, the principle of the separation of the powers, the strengthening of the parliament, the constitutionalisation of the recommendations of the Equity and Reconciliation Commission, the reform of the law on political parties and the strengthening of the accountability of the elected representatives, including the Prime Minister who should be chosen from among the members of the winning party or coalition. Finally, constitutional amendments, according to the king's pledges, should place emphasis on the principles of the respect of human rights, the recognition of a plurality of Moroccan identities – including the Amazigh one – and the necessity to extend individual freedoms. The king's speech touched upon very important aspects and strengthened his declaratory commitment to foster change and political reforms, possibly as an antidote to further turmoil and violence.

All these pledges have been substantiated in the radically revised Constitution that was subsequently overwhelmingly approved in the 1 July 2011 referendum. With this vote – over 70% of turnout with a 98.5% approval rate – Moroccans have clearly demonstrated that they stand behind the crown, further buttressing the regime's legitimacy in a time of uncertainty. However, many elements disclose a less rosy picture than anticipated. The greatly amended Constitution takes only modest steps to open the political system due to a number of reasons. First, it is not a democratic transition towards British/Spanish style constitutional monarchy, in that there is little evidence to suggest that King Mohammed VI si ready to merely reign and not rule. In fact, the Constitution maintains the king's dominant position in Moroccan politics and retains his veto power over all major decisions, in particular as far as security issues are concerned. This is the reason why protesters regard the new Consti-

tution as a half-measure, rich in rhetoric but poor on substantive measures. Second, the non-consultative process of constitutional reform and ensuing referendum and the unusual speed by which the amendments were ratified, immediately after their public disclosure, were deemed as opaque and non-democratic. Finally, the constitutional reform represents only the first step in an extraordinarily uncertain transition process, whose outcome will mostly depend on the ability of the Moroccan opposition to push harder for veritable change. The 20 February movement arguably finds itself in a rather uncomfortable position, having to respond to one of the only Arab regimes that has demonstrated a flexible approach to the Arab revolts, espousing a pre-emptive model of reform. Its lack of charismatic leadership is further creating the impression of a movement without discipline (Hamid, 2011). Overall, despite its failure to limit the king's power, the new Constitution provides a margin of political manoeuvre that did not previously exist. The key question is whether Moroccan political actors will use it and to what effect. The next test for them will be the upcoming parliamentary elections, scheduled for 7 October 2011, one year ahead the original timetable, in which Moroccan political parties will have to demonstrate their ability, and willingness, to play a role within the new rules of the game.

All in all, while it is too early to assess the current phase of transition in the country and elsewhere, it is clear that Morocco faces a window of opportunity to accelerate reforms, such as tackling corruption, curbing unemployment and overhauling the judiciary. This is a window of opportunity that the king may seize, capitalising on existing positive elements, principally a vibrant society and the largely benevolent attitude of Western actors, and instilling renewed credibility in the political system. Furthermore, Morocco has a number of security valves that distinguish it from other countries in the region. First, there is little appetite for instability in the country. This is likely to be even truer in the aftermath of the violence in Libya. Moderate Islamists have themselves dismissed the use of violence as a way to achieve their objectives. Second, the EU could play a role in sponsoring veritable political reform in Morocco, although so far EU foreign policy has contented itself with the promotion of stability without actively encouraging political reform in Morocco (or elsewhere). Third, after years in which grassroots activism

was divorced from political action, Moroccans have now realised there is an opportunity to make their voices heard. Their concrete priorities remain primarily economic in nature. Yet, as in Tunisia and Egypt, Moroccans too are becoming aware that political change is the precondition to achieve sustainable economic development. Politics has now literally returned to the streets and, as argued by Nadia Yassin herself, this has happened thanks to a quiet revolution.

2011 has been a year of unprecedented political turmoil in Morocco. Now that political change has been put in motion, bottom-up pressure must continue to be exercised by ordinary Moroccans with a view to concretely precipitating a (gradual) change of the rules of the game. The new Morocco cannot simply come into being because 98.5% of the electorate accepted the document proposed by the 'commander of the faithful'. On the one hand, the practical details of some of the new constitution's reforms await a set of implementing laws that are yet to be written. On the other hand, almost half of the country remains rural and illiterate, unable to fully participate in the current phase of transition and mostly unconcerned with the machinations of urban politics. Against this backdrop, we cannot claim that the monarchy's future is set in stone, since its bold declarations need to be coupled with substantive action. It is the complex interplay between the monarchy, the protest movement and ordinary Moroccans that will eventually determine the sustainability of the future Moroccan state.

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5.
Israel and Palestine and State (Un)sustainability

*Paolo Napolitano**

Honestly, I do not know how to answer this question,
it is something that occupies my mind:
How can we maintain unity among Palestinians,
when we are totally divided and physically separated?
Palestinian citizen of Israel, Haifa

Occupation is not just a state of forced control.
It is also a state of mind, a way of keeping
busy and of passing the time.
Arthur Neslen (2006)

INTRODUCTION

The Israeli-Palestinian conflict is a main cause of the lack of intra-Mediterranean integration. The signing of the Declaration of Principles in 1993 (i.e., the Oslo Accords)[1] raised hopes for the political and economic

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[1] In the present chapter we refer to the Oslo Accords as the entire body of agreements settled between the Israeli government and the Palestinians during the 'peace process' from 1993 to 1999: the Declaration of Principles on Interim Self-Government Arrangements (1993), the Cairo Agreement on the Gaza Strip and the Jericho Area (1994), the Agreement on the Preparatory Transfer of Powers and Responsibilities between Israel and the PLO (1994), the Protocol on Further Transfer of Powers and Responsibilities (1995), the Hebron Protocol (1997), the Wye River Memorandum (1998) and the Sharm el-Sheikh Memorandum (1999).

development of the region and the spurring of democratisation across the Arab world. The expected resolution of the conflict would have had positive effects on the rest of the region as well, in both political and economic terms. Palestine would have become the first truly democratic Arab state (Ibrahim, 1995). Sixteen years later, however, with the collapse of the Oslo process, those hopes have dissipated and the conflict remains the prime source of instability in the region. In the early years of the 21st century, the US strategy for the Greater Middle East and the spiralling of the Israeli-Palestinian conflict during the second intifada plunged the region to an all-time low. With the inception of the Obama administration, interest in conflict resolution regained relevance, revitalizing hopes for the Middle East among the international community. But the current stalemate in direct talks, the Palestinian unilateral decision to call for United Nations recognition of a Palestinian state and the consequent ups and downs in the media and political discourse have brought back the mantle of impasse and inaction.

In this chapter, conflict resolution in the Israeli-Palestinian context is viewed as a political, just and credible agreement between the two parties, which will then play a decisive role in the development of the Mediterranean region. We examine the developments in Israel and Palestine in recent years and the major challenges ahead. These developments and the prospects for a solution are judged against the notion of the (un)sustainability of state structure(s): namely, the prospects for long-term development at the political, social and economic levels.

State sustainability is a very broad notion, and in the context of Israel-Palestine, its working definition depends on the political resolution to the conflict. Thus, resolution is viewed as an independent variable for any change and progress in the area. Yet it is possible to sketch out the main political, economic and social drivers of sustainability/unsustainability based on the nature of the solution achieved, in order to delineate future scenarios, as outlined in Colombo's opening contribution to this volume.

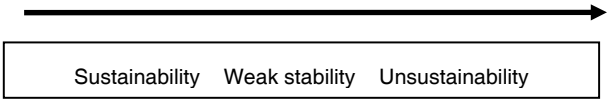
Before proceeding, two preliminary observations are in order. First, a Palestinian state does not exist. Hence, talking about state sustainability in Palestine under the current conditions is meaningless. In Palestine, given the absence of a state, debates have instead focused on the "viabil-

ity" of achieving a state through negotiations (Khan et al., 2004). In other words, the non-existence of the state represents the *a priori* obstacle for testing its sustainability.[2] Second, Israel is usually considered the only democracy in the Middle East, where a certain level of governance, rights and development are ensured. Nevertheless, as later discussed Israel exhibits critical problems inextricably tied to the conflict, despite being a state in all its features and prerogatives.

We look at Israel and Palestine as two separate political entities (evidently not equal in terms of power, international standing or legitimacy) and assume that the framework for a solution remains the achievement of two states, even though many obstacles and changes have emerged, making that option increasingly impracticable on the ground (Abunimah, 2006; Falah, 2005). Therefore, we believe that while the interaction between the two entities and broader regional dynamics are critical, the internal political processes occurring within them represent the key indicators for evaluating their paths towards sustainability or unsustainability.

As depicted in Figure 1, sustainability and unsustainability lie on a continuum with the option of weak stability halfway between the two ends.

Figure 1. Sustainability and unsustainability continuum



In Israel-Palestine, if sustainability entails a development path set in mo-

[2] There are key differences between these two notions, however. While state viability refers to the aim of establishing a Palestinian state in the short to medium terms, state sustainability relates to the long-term development of the political, economic and social potential of the future state's structures. Certainly, the establishment of a viable state in the short term is a necessary condition for a sustainable Palestinian state in the long term. Thus, sustainability and unsustainability are necessarily two empirical referents of the state, and not the contrary. This is a critical point of departure that brings to the fore a key paradox: the search for a sustainable Palestinian state is part of the process of state-building, which is ongoing in the occupied Palestinian territories, notwithstanding the fact that a viable state, with attributes of sovereignty and which would represent the starting point for a sustainable state, does not exist.

tion following the establishment of two viable states, unsustainability refers to the perpetration of the status quo and the progressive deterioration of all political, economic and social indicators. The two parties see the status quo differently. In Israel, the status quo reflects a conscious political choice – purposely leaving unresolved all the core issues of the military conflict and the character of the state. From an Israeli perspective, the status quo appears to be stable and profitable, leaving substantially unaltered its power in the context of the conflict. That said, the perpetuation of the situation exacerbates three critical issues: internal decision-making processes, the nature of Israeli democracy, particularly with regard to the Palestinian minority in the country, and uncertainty regarding Israel's regional relations. A seemingly stable status quo, in other words, leads to growing unsustainability. In Palestine, the status quo perpetuates the prerogatives and the privileges of the political leadership in power and serves Israeli economic and political occupation interests (Allegra and Napolitano, 2009; Perthes, 2004). The recent reform process in the occupied Palestinian territories (OPT), strongly supported by the international community, is leading to a certain degree of stability, especially in the West Bank, but it lacks social legitimacy and a real alternation of power.[3] That notwithstanding, the status quo gives rise to many risks for Palestinians in the OPT. More precisely, if the reform process is not accompanied by a viable political settlement to the conflict, it is unlikely that the Palestinian leadership will be able to hold on to power indefinitely: unsustainability and consequent political instability are likely to follow. Summing up, for different reasons, in both Israel and Palestine the persistence of the status quo, while viewed by some as guaranteeing the semblance of stability, firmly casts the trajectories of both entities towards long-term unsustainability.

What we define as weak stability is an intermediate point on the continuum between unsustainability and sustainability and represents the achievement of a sterile political stability – able to sustain the status quo, but unable to confront the main challenges for the future of

[3] No true legislative power is exterted by the Palestinian National Authority, insofar as the Palestinian Legislative Council has been unable to convene since 2007.

the country(ies). Such stability is based on a simple assumption: only a Palestinian counterpart that is politically stable, capable of satisfying Israeli security demands, able to control internal turmoil and ease the living conditions of the population will be able to sign a comprehensive agreement with Israel. This assumption reflects the position of the international community towards the conflict. Israel, by contrast, is primarily concerned with the security functions of the Palestinian Authority (PA), insisting upon security guarantees as a precondition for any future settlement.[4] So the only chance for Palestinians to have their 'state' is to exercise tight security control over the population, reducing at the same time the level of political pluralism and the popular legitimacy of the PA (Schlumberger, 2007; Albrecht and Schlumberger, 2004). The whole process of Palestinian reform appears to be inspired by a model of "competitive authoritarianism", whereby formal democratic institutions work alongside an authoritarian way of governing (Way and Levitsky, 2002). We can thus view the current status quo as aspiring to achieve a form of weak stability. Such stability, while far from attaining two viable states, nonetheless sustains the status quo through a mitigation of the most immediate and acute social and economic problems of the Palestinians and through tight security control, but with little or no concern for the broader challenges of sustainability.

To explore these arguments in detail, this chapter examines a set of variables (political, socio-economic and external) as they apply to the present situation in Israel-Palestine and determines the conditions under which a specific scenario is more likely to apply.

From a methodological point of view, this chapter is mainly based on primary sources, such as official documents and in-depth interviews with key commentators in Israel and the OPT, such as scholars, journalists, members of associations and NGOs, as well as senior officials and political representatives of the main parties and factions.[5] Secondary

[4] In this framework, however, the unresolved division between the West Bank and the Gaza Strip remains a main source of concern and many attempts have been made to put an end to it.

[5] For the purposes of this chapter, 25 interviews were conducted with Israelis and

sources refer to the socio-economic data for the two entities.

STATE SUSTAINABILITY IN PALESTINE: THE CHALLENGES AND RISKS OF INSTITUTIONAL REFORM

Ensuring a certain level of development may be an aim of any political leadership, but a development trajectory is not always sustainable in the long run. Sustainability implies some level of planning and farsightedness by the political leadership, both of which are almost absent in the Palestinian case because of the heavy external constraints (Israel and the international community) on the political system and the inherent features of the incumbent elites.

In principle, a sustainable Palestinian state is the goal of the reform project adopted by the PA leadership in the West Bank (Brown, 2010; PNA, 2008). In reality, however, this process is leading to a modicum of political stability that serves, on the one hand, to fulfil Israeli security requests, and on the other to consolidate the power of the PA. As mentioned above, the concept of sustainability in Palestine cannot be divorced from the existence of a state: without statehood as a final-status settlement, there is no possibility to discuss the sustainability of a state that does not exist. Thus, without a sovereign Palestinian state, all talk about sustainability in practice refers to the administration of day-to-day life and a sterile process of institution-building. Institution-building in the OPT without the accomplishment of a state entails building the core functions of a state – public taxation and expenditure, administration and internal security, education and planning – without the sovereign prerogatives that constitute the essence of the state itself. As one interlocutor aptly put it, "How can a state that has no power to impose and implement its choices be sustainable?"[6]

Palestinians in the period from 26 November to 6 December 2010. Some of their remarks are directly quoted in the text, while others have been used as background to inform the author's reasoning. Not all of the interviewees agreed to be quoted by name and thus all are quoted anonymously.

[6] Remark by a Palestinian scholar at Bir Zeit University, Ramallah, in an interview with

So the first step towards sustainability is the establishment of a viable Palestinian state. In this respect, three options are on the table:

1) dismantling the Palestinian Authority and proclaiming a state of permanent crisis.[7] Alongside this, the Palestinian national movement would relinquish the goal of a Palestinian state and realign the debate on the one-state solution;
2) a unilateral declaration of statehood. Around 130 countries have already recognized the Palestinian state on the basis of the 1988 declaration of independence. A unilateral declaration of statehood would seek to build on this momentum, renewing the diplomatic push for a Palestinian state on the pre-1967 borders with East Jerusalem as its capital, and regaining international consensus on the Palestinian cause;[8]
3) a continuation of the current 'peace process' despite its discrediting through repeated failures and recently leaked documents (i.e., the Palestine papers).

The first option is unlikely to be endorsed by the Palestinian leadership and even less so by Israel. Dismantling the PA and abandoning the goal of a two-state solution involves high costs for both Israel and the Palestine Liberation Organization (PLO)/PA leadership: the former would be left with the pressing question of what to do with the Palestinians in the OPT, and the latter would have to abandon the ideological and political framework that has given rise to its existence. The second option – a unilateral declaration of statehood – is at present on the PLO/PA's political

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the author, 29 November 2010.

[7] This idea regained currency after a speech by Palestinian President Mahmoud Abbas (also known as Abu Mazen) in early December 2010, in which he "threatened" the international community with dismantling the PA. The topic was and remains relevant, but the lack of credibility of the threat, particularly in view of its deliverer, has provoked little interest in this option.

[8] See "Abbas: Britain and France would recognize Palestinian state", *Haaretz*, 20 April 2011 (http://www.haaretz.com/print-edition/news/abbas-britain-and-france-would-recognize-palestinian-state-1.356814); see also *Al Jazeera*, 28 December 2010 (http://english.aljazeera.net/indepth/opinion/2010/12/20101228131929322199.html).

agenda, despite its limited prospects of bringing about tangible results.[9] International recognition would actually bring positive effects only if it culminates in international pressure on Israel and that is not the case at the moment. At the time of writing, the Palestinian leadership seems to be strongly committed to proceed along this path, considering the dead end direct talks are in.[10]

Third parties (the United Nations, the US and the EU) are broadly committed to the establishment of a Palestinian state by the end of August 2011 in the framework of the two-state solution and following the precepts of the Palestinian Reform and Development Plan that they have contributed to formulating and sustaining. Yet, the role of the US is especially questionable: the US tends to impose its influence on the peace process, forcing the Palestinian leadership to negotiate on those matters on which Israel agrees to negotiate. The US strongly opposes the call for UN recognition of a Palestinian state, considering that it represents a deviation from the peace process, conceived as being based on direct talks and agreed concessions. At the same time, the US administration has not been able to impose any freeze or stop to the Israeli settlement activities in the West Bank in spite of openly declaring its position against such activities on multiple occasions.[11] For this reason, the US is

[9] The request for UN recognition may be accepted by the General Assembly, although it will probably be vetoed by the US in the UN Security Council, emptying it of legal significance.

[10] An interesting perspective on the different implications of UN recognition of a Palestinian state is available at http://www.bitterlemons.org/previous_ins.php?opt=1&id=22.

[11] This position was exacerbated by the US veto in the UN Security Council on 18 February 2011, against a resolution to freeze settlement activity in OPT. This veto contradicted the formal US position on settlements as articulated by Secretary of State Hillary Clinton. Moreover, the speeches by President Barack Obama on the 19th and 20th of May 2011, respectively to the 'Arab World' and to the AIPAC (American Israel Public Affairs Committee) Policy Conference, indicate revitalized US interest in the conflict. Upon a close reading of the two speeches, however, they do not appear to add anything new to the debate: the US will continue to maintain a low profile in the conflict resolution, and the general reference to the 1967 borders, although important discursively, implies a land swap that has already and informally been on the table for a long time. The speeches by Obama are available on the White House website (see "Remarks by the President on the Middle East and North Africa", State Department, Washington, D.C., 19 May 2011, http://www.whitehouse.gov/the-press-office/ 2011/05/19/remarks-president-

losing its image as a 'credible broker' in the conflict, creating a vacuum for other actors. Notably Turkey, following its new strategic concept of "strategic depth", which is aimed at acquiring new political centrality in the region (Kirişci et al., 2010), has significantly shifted its political stance towards Israel and Palestine. It has moved from an intensive strategic alliance with Israel in the 1990s to a more pro-Palestinian-oriented politics in the 2000s, especially after the accident with the Turkish flotilla near the Gaza Strip shore of May 2010. The Turkish leadership has continually kept open contacts with Hamas and had all the geopolitical potential to replace Egypt in the context of the conflict, not just as a mere reiteration of the US administration, but with a more autonomous and incisive role. This, was the case up until the Tahrir revolt in Egypt, and will continue being so as long as the future leadership of Egypt does not overturn the features of state unsustainability analysed by Paciello in this volume.

Finally, the third option persists by default and reflects the stark reality that Palestinians continue to face: their inability to effect a solution in view of the Israeli military, political and economic power and an American mediation essentially pressing Palestinians to "accept whatever Israel 'concedes', and only subsequently considering forms of compensation".[12] In turn, as suggested by an Arab-Israeli scholar, the Palestinian red lines remain only on paper: a state on the pre-1967 borders with East Jerusalem as its capital, full national sovereignty over the natural resources and a just resolution to the refugee problem.[13] In practice and as revealed by the Palestine papers, the PLO leadership appears to be ready to compromise on critical issues such as settlements, Jerusalem

middle-east-and-north-africa; and "Remarks by the President at the AIPAC Policy Conference 2011", Walter E. Washington Convention Center, Washington, D.C., 20 May 2011, http://www.whitehouse.gov/the-press-office/2011/05/22/remarks-president-aipac-policy-conference-2011).

[12] As remarked by a Palestinian journalist at *Al Ayyam*, in an interview with the author, Ramallah, 5 December 2010.

[13] At Tel Aviv University, Tel Aviv, in an interview with the author, 1 December 2010. Indeed, the 'battle for Jerusalem' is being lost by the Palestinians: the possibility of the Palestinians keeping the Holy City as their capital is quite low. The recent tensions in Silwan, Essawia and Sheikh Jarrah reveal how Israel is unlikely to budge on this issue.

and refugees.[14]

Beyond the peace process and the prospects of achieving statehood, internal political dynamics pose critical problems as well (Jarbawi and Pearlman, 2007): the political split between the Fatah-led West Bank and the Hamas-led Gaza Strip has marred the Palestinian political spectrum since June 2007. Here, common knowledge suggests that reconciliation between Hamas and Fatah is a precondition for any future political agreement with Israel. Yet, contrary to this view, the only practical possibility for Hamas and Fatah to reconcile their differences prior to statehood may well be on the basis of a renewed commitment to resistance. As suggested by a Palestinian journalist, longer-term reconciliation based on agreed formulas for power sharing and representation seems only possible alongside or after the establishment of a state.[15] In this sense the deal between Hamas and Fatah,[16] signed in Cairo on 4 May 2011, can be read as a beginning; the agreement has probably been made possible as a consequence of the changes that have occurred in Egypt since the fall of former President Hosni Mubarak (see Paciello in this volume), but its functioning must be tested practically on the ground in the following months, and the recent difficulties in forming a Palestinian unity government highlight the fragility of that agreement.

[14] The 'Palestine papers' consist of nearly 1,700 files released by *Al Jazeera* in January 2011. They concern diplomatic relations (reports, minutes, private messages and emails) between Israelis and Palestinians from 1999 to 2010. The reports contain sensitive revelations about concessions that the Palestinian leadership was prepared to grant Israel in particular about Jerusalem, settlements and refugees. The papers are extremely important although their reliability is still under discussion. See "The Palestinian Papers", *Al Jazeera*, 2011 (http://english.aljazeera.net/palestinepapers/); see also "Secret papers reveal slow death of Middle East peace process", *Guardian*, 23 January 2011 (http:// www.guardian.co.uk/world/2011/jan/23/palestine-papers-expose-peace-concession).

[15] Journalist at *Al Ayyam*, Ramallah, in an interview with the author, 5 December 2010. On 4 May 2011, a new deal between Hamas and Fatah was agreed, including the formation of a national unity government. The deal has probably been made possible as a consequence of the changes that have occurred in Egypt since the fall of former President Hosni Mubarak, but its functioning must be tested practically on the ground in the following months.

[16] The deal provides for the formation of a unity government, the renewal of the Palestinian National Council, legislative and presidential elections, and the reorganisation of security services.

On the one hand, it shuffles the cards on the table from the Palestinian side, giving substantial support to UN recognition; on the other hand, it consists practically in the extension of economic and reconstruction programmes from the West Bank to the Gaza Strip. A genuine process of state-building and national reconciliation, however, requires the prior existence of a state, rather than the reverse (Wesley, 2008).

By contrast, since 2003 the PA has seriously engaged in state-building and reform, in keeping with the demands of Israel and the international community (Brown, 2003). At the outset, the reform was supposed to be conducive to a resolution of the conflict following the controversial pattern of reinforcing democracy before the achievement of statehood: through reform, Palestinians would become equipped with effective institutions, which would make statehood possible.[17] Over the years, however, as the prospects for a political solution have dimmed, reform and institution-building have acquired lives of their own, increasingly detached from the prerequisites of genuine statehood (Napolitano, 2010).

Among other aims, reform is supposed to provide stability, good governance and a new class of senior, middle- and lower-ranking civil servants, rule of law, transparency, economic and social development, as well as civic engagement and political participation. The Palestinian government has issued several development plans, supported by international agencies (UNDP), following to the letter the precepts of the international community and Israel. Some results have been achieved.[18] Yet the reform has been criticized by many observers for its underlying political logic, such as the following remark by a Palestinian researcher:

> [E]asing Palestinian living conditions in the occupied Palestinian territories, in fact, would entail a sort of appeasement of their main requests in negotiations and in general of their attitudes towards the conflict. However, the reform, a complex set of meas-

[17] Since the outset, the PA has been accused of being incapable of administering the OPT (Khalidi, 2007: 158).

[18] See the *Palestinian Reform and Development Plan* (PNA, 2008); see also *Palestine: Ending the Occupation, Establishing the State* (PNA, 2009).

> ures mainly financed by external aid, has just produced some scratches on the surface, while the core problems remain unaltered.[19]

In particular, institutions can change but the way the OPT is governed has remained the same (Parsons, 2005). While concrete results are being achieved in terms of institution-building, security and the economy, they are being done so at the expense of a growing gap between the PA and Palestinian society, and the progressive erosion of the Authority's social legitimacy. The security apparatus, for example, has grown significantly, exhibiting strict control over the population and the intensification of security cooperation with Israel. The rising authoritarian features of the PA and the lack of social legitimacy would seem to represent the highest risks for the Palestinians in the absence of the state.[20] Moreover, considering the split between the West Bank and the Gaza Strip that occurred after the clashes between Hamas and Fatah in June 2007, and the de facto existence of two governments, it is notable that the reform process is showing effect in the West Bank alone, thus increasing the separation within the Palestinian community. As for Hamas, the Islamist party has always criticized the reform, considering it impracticable to reform institutions under occupation and refusing any likelihood of cooperation with Israel in terms of security. That notwithstanding, the Hamas-Fatah rivalry is still perceived by Palestinians as a determinant and as controversial for Palestinian interests.[21] Following the recent revolts erupting in the Arab world, on 15 March 2011 a 'Day of Re-

[19] Senior researcher at the Palestine Economic Policy Research Institute (MAS), Ramallah, in an interview with the author, 5 December 2010.

[20] Elections (presidential, legislative and local) have not been convened since 2006. According to the latest opinion poll conducted by the Palestinian Centre for Policy and Survey Research (PCPSR, 2011), 37% of respondents say that both governments (Fayyad in West Bank and Hamas in Gaza) are illegitimate, with a decrease among those who believe that the Fayyad government is the legitimate one (from 29% to 25%).

[21] In this regard, 62% of population holds both Fatah and Hamas responsible for the continuation of the split, 61% opposes Abbas' acceptance of the conditions set by Hamas to end the division, while the belief that the split is permanent has fallen to 21% (39% in the previous poll) – see PCPSR (2011).

conciliation' was promoted by several Palestinian youth organizations to put an end to the divisions among Palestinians and to ask the political leaderships for a new and shared political platform based on the renewal of the Palestinian National Council and including all the Palestinians living in the West Bank, the Gaza Strip, the refugees and the diaspora. The demonstration was repressed by the Hamas police in Gaza, however, while in the West Bank Fatah tried to take the lead in the movement, increasing the sense of fragmentation and blindness within Palestinian politics and betraying the spirit of reconciliation.

Delving into the progress achieved by the reform effort, in terms of the economy, macroeconomic indicators suggest that in 2009 GDP grew by 6.9%, GDP per capita by 3.7%, and unemployment dropped by 5.4% (Table 1). In the third quarter of 2010, GDP grew by 7.8% compared with the third quarter of 2009, while GDP per capita rose by 4.7%, although the unemployment rate swelled to 26.6%.[22] The Palestinian economy has thus registered positive growth in recent years. Yet disaggregating the data reveals the snag: recent growth rates have been high because of the extremely low performance in 2003-07. The Palestinian economy was and remains entirely dependent upon external aid.[23] The ever-rising influx of foreign assistance in recent years, particularly after Salam Fayyad's appointment to lead the cabinet, coupled with relative quiet on the security front (in the West Bank), have resulted in GDP growth there. Moreover, GDP consists mainly of public expenditure and private consumption, while private investments remain extremely low, entailing a structural "inability to create sufficient capital accumulation to generate sufficient job opportunities, capable of absorbing the annual increase in the labour force" (Abdelkarim, 2009: 40). Indeed, development in the private sector has been rather hesitant because of Israel's

[22] Macroeconomic indicators and main findings have been drawn from recent reports issued by the Palestine Economic Policy Research Institute (MAS) (see the MAS website, http://pal-econ.org/Newsite/?option=com_docman&%2520task=cat%2520_view&%2520gid=%252038&Itemid=29).

[23] For an interesting evaluation of external aid in the West Bank and Gaza, see *The World Bank Group in West Bank and Gaza 2001-2009: Overview* (IEG, 2010); see also Challand (2008).

aggressive behaviour since 2002, resulting in an unprecedented high risk for this sector. Hence, unemployment and poverty levels remain extremely high (26.6% and 34.5%, respectively, in the third quarters of 2010 and 2009). The situation in the Gaza Strip is far graver. The closure of the Strip has resulted in a persistently acute economic situation and an ever-growing detachment from the developments in the West Bank.

The weak functioning of the private sector and an over-reliance on external aid has in turn led to a bloated public sector (consisting of around 157,800 employees), the size of which is expected to rise over the years (Abdelkarim, 2009: 6). This generates a high level of deficit that can be managed only through the inflow of external aid (leading to a net deficit of US$). In other words, the Palestinian economy is evidently unsustainable, requiring the heavy assistance of international donors to prevent its collapse. Indeed, Prime Minister Salam Fayyad and his cabinet are perfectly aware of the Palestinian dependency on external aid and they are strongly committed to progressively reducing it by the end of 2013.[24] Such external intervention, while assuring a modicum of social stability, cannot spur sustainable growth (Abdelkarim, 2009: 21).

Aware of these problems, the private sector has represented a core focus of the PA's reform efforts, such as the establishment of a public-private partnership to ensure a greater return on investments in strategic sectors (residential and commercial construction, ICT and agriculture).[25] Many attempts have been made to revitalize this sector, mainly consisting of services (in retailing, hotels and restoration) and small industry (furniture, food and handicrafts), to make it as vibrant and independent as possible. But apart from a few large companies, which have hugely benefited from the reform effort, the bulk of the Palestinian private sector has not recorded any structural progress.

The banking system has also represented a core focus of the reform effort: a decree issued by the government and the Palestinian Monetary

[24] In this regard, see PNA (2010).

[25] Ibid.: 25.

Table 1. Main economic indicators in the occupied Palestinian territory in 2009 and 2010 ($ million)

	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010
GDP	1,307.1	1,327.4	1,344.3	1,417.8	1,409.5
GDP per capita	351.8	354.6	356.6	373.4	368.4
Participation in the labour force (%)	41.7	41.6	40.7	41.5	40.5
Unemployment rate (%)	25.8	24.8	22.0	22.9	26.6
Total net revenues	453.8	397.3	447.1	455.5	504.2
Public expenditures (excluding development expenditures)	952.2	597	708.1	755.5	673.8
Surplus/deficit before support	(555.2)	(258.3)	311.4	352.6	263.9
Surplus/deficit after support	(113.4)	35.8	(101.6)	(12.9)	(92.2)
Total public debt	–	1,732	1,813	1,845	1,940

Note: Negative values in brackets.
Source: Palestine Economic Policy Research Institute (2011).

Authority called upon banks to invest from a minimum of 40% to a maximum of 55% of their deposits in the West Bank and the Gaza Strip, limiting their activities overseas. This has meant that banks make local loans primarily for private consumption over and above what the banks can afford: according to a Palestinian researcher, the volume of loans has spiralled from $1 billion in 2007 to $2.6 billion in 2010.[26] This has certainly stimulated domestic demand, but it has also dramatically reduced savings. Moreover, the bulk of liquidity is provided by external aid: once again, unless the economy reduces its dependence on external aid, a prospect that is close to nil until a viable political settlement is reached, the consumption bubble in the West Bank will ultimately burst.

Summing up, the reform process has brought with it some achievements (GDP growth and transparency in public administration), but it has not been able to tackle the principal structural deficiencies of the Palestinian economy, which is characterized by a bloated public sector, weak private enterprise and investment, the absence of external eco-

[26] At the Palestine Economic Policy Research Institute (MAS), Ramallah, in an interview with the author, 5 December 2010.

nomic ties and high rates of unemployment and poverty. In addition, the significant differences between the West Bank and the Gaza Strip are sharpening the division between the two areas. These structural deficiencies in turn require an end to the conflict and the establishment of a viable state. In the absence of these conditions and in an attempt to sustain a modicum of stability, many of the actions of the PA and the international community could result in the long-term unsustainability of the OPT.

A parallel story can be told of the political level. Through reform, the OPT has seen an increase in security with a reformed security sector in strong cooperation with Israel. Yet largely as a result of this, the PA's legitimacy has plummeted. Parliament has effectively been dormant since the 2006 elections; the government is appointed by the president, whose own mandate has long expired. The security apparatus increasingly displays the features of an authoritarian system, despite (and in part because of) its 'efficiency'. The reform effort thus serves to perpetuate the PA's control at the expense of its popular legitimacy. At both the economic and political levels, 'weak stability' has taken root, marked by external economic aid and internal security control, the long-term sustainability of which is not on the horizon. In this respect, the EU, the most important financial backer of reform, risks finding itself on shaky ground. More specifically, if promoting and financing institution-building and democracy results in no state for the Palestinians, or even worse in the rise of authoritarian features of a controlled Palestinian administration, evidently this cannot be considered a good result for EU involvement in the conflict resolution.[27] For this reason, the EU is entering a blind alley: on the one side, it cannot abandon the international framework of a two-state solution and refrain from supporting reform, despite the risk of complying with an increasingly authoritarian dynamic, while on the other, it is experiencing rising internal divisions on how to urge Israel to respect international law and obligations. For this reason, the EU has positively welcomed the deal signed between Fatah and

[27] For a critical evaluation of the EU's attitude towards the Israeli-Palestinian conflict, see Institute of Security Studies' publication by Aymat (2010).

Hamas in Cairo; looking forward to further developments, the formation of a unity government would be judged positively, given that Palestinian reconciliation is one of the goals of the EU.[28]

THE (UN)SUSTAINABILITY OF THE STATE OF ISRAEL

As in the case of Palestine, the questioning of Israel's sustainability is an arduous task, but for different reasons. Israel is a strong state and a regional power in the Middle East, which is economically stable and experiencing continual growth (GDP growth of 4% in 2009, with an unemployment rate of 6.6% in 2010).[29] Theoretically, Israel has all the attributes of a modern state (Poggi, 1990), and a rather successful one at that. It is nonetheless a state without a clear definition of its borders, with a political and economic trajectory that is entirely divorced from its region, and a highly fragmented political and social situation. Thus, the sustainability of the state of Israel cannot be taken at face value.

At the political level, the core tension is that between the definitions of Israel as a Jewish and as a democratic state. Whereas the former stresses the cultural, religious and ethnic features of the majority Jewish population, the latter hinges on the equal rights and political participation of all citizens, including the Palestinian Arab minority (Ghanem et al., 1998; Rouhana, 1998; Lustick, 1980).[30] The main concern for the sustainability of the state refers to Israel's ability to manage this tension adequately. Granting priority to the former appeases the nationalist aspirations of the Jewish majority, but also leads to rising tensions among

[28] See the position of EU Foreign Affairs Council on 23 May 2011 as set out in "Remarks by EU High Representative Catherine Ashton at the end of Foreign Affairs Council", A201/11 (http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/122184.pdf).

[29] Statistics are available on the website of Israel's Central Bureau of Statistics (http://www1.cbs.gov.il/www/indicators/ind_tab11.pdf) and (http://www1.cbs.gov.il/publications/isr_in_n09e.pdf).

[30] An interesting perspective on the Jewish character of the state is provided in the article "The 'Jewish state' condition", bitterlemon.org, Edition 20, 25 October 2010 (http://www.bitterlemons.org/previous/bl251010ed20.html).

communities and the absence of prospects for a comprehensive peace (Neuberger, 2003). At the heart of this tension is also the broader conflict with the Palestinians: without a successful conclusion to the peace process through the establishment of a Palestinian state, not only will Israel continue to confront the situation in the OPT, but also the tensions within Israel between the Jewish majority and Arab minority are set to grow.

In addressing the sustainability of the state of Israel, the following paragraphs focus on two main indicators: i) the internal political dynamic with particular reference to the stalemate in Israeli decision-making over the peace process, and to relations between the state and the Arab minority and the nature of Israeli democracy; and ii) the regional dimension in terms of both the security dilemma and economic integration in the Mediterranean region.

Starting with the Israeli political system, over the last decade the Israeli political leadership has shown an unprecedented degree of non-decision-making on issues related to the conflict. Non-decision-making has constituted the dominant Israeli strategy and has alternately taken the form of maintaining the status quo and pursuing blind unilateralism. It seems that the Israeli political leadership is not following any strategic path in the peace process; it has no clear answer to the question, "What does Israel want from the peace process or from the Palestinians?" As put by one interlocutor, "there is one man in the political system able to take the fundamental decisions for the country, and historically that man is the prime minister. I have a clear sense that the present one has no idea of how to carry out the political agenda, and that is quite astonishing!"[31] In this respect, there appears to be an interesting parallel between the Israeli and the Palestinian political leaderships.

Looking at the present stalemate in the peace process, the two-state solution is distant from the horizon. That notwithstanding, there is no political room for an alternative (Hilal, 2007). The mainstream consensus within the Israeli body politic converges on neither the greater Israel

[31] Remark by an Israeli activist at the IPCRI (Israel Palestine Centre for Research and Information), in an interview with the author, Tantur, 6 December 2010.

nor the bi-national one-state solution. Hence, Israel persists in the *discourse* of two states but *practically* continues to pursue its policies of dispossession and separation, as demonstrated by its policies and activities on the ground (Gordon, 2008). As stated by one interlocutor, "Israel accepted *de jure* or *discursively* the two-state solution only when it became impossible to reach it de facto on the ground".[32] This dichotomy serves to protract the status quo, distracting the international community and boxing the Palestinians into a diplomatic process that buys Israel time to pursue its policies on the ground. Obviously, Israel opposes the Palestinian call for UN recognition, as a tool to perpetrate the status quo: this is founded upon a tangible disequilibrium whereby Israel holds the greatest power and the Palestinians have little chance to impose any solution or drive to modify the situation.

But while sustaining the status quo, this approach generates progressive unsustainability within the Israeli democracy itself. There are two factors that influence each other: the general conflict with the Palestinians (in the West Bank, the Gaza Strip, the refugees and the diaspora) and the fact that around 20% of the Israeli population consists of Palestinians living within the Israeli political system. Our hypothesis is that the non-resolution of the general conflict with the Palestinians would have negative effects on Israeli democracy too. Among recent poll findings, relations between Jews and Arabs in the country, for example, impress the reader: among the Jewish population a narrow majority (54%) supports full equality of rights for all Israeli citizens, while "53% of Israeli Jews believe that the state has the right to encourage its Arab citizens to emigrate".[33] A recent report on Israeli democracy[34] also points to problems: respondents were asked for their views on the possibility of Arabs being appointed to senior positions in Israel. A stark 70% were opposed. Moreover, there is "a large majority of the Jewish

[32] Remark by an Arab-Israeli scholar, Tel Aviv University, in an interview with the author, Tel Aviv, 1 December 2010.

[33] See "Poll: Most Israeli Jews believe Arab citizens should have no say in foreign policy", *Haaretz*, 30 November 2010 (http://www.haaretz.com/news/national/poll-most-israeli-jews-believe-arab-citizens-should-have-no-say-in-foreign-policy-1.327972).

[34] See Arian et al. (2010), op. cit.

public that is opposed to including Arab parties and Arab ministers in the government".[35]

Israelis themselves have questions about their democracy. One Israeli journalist strongly criticizes the very nature of Israeli democracy:

> [D]emocracy is not the tyranny of majority, but the respect of minorities; democracy does not mean that if we are the majority, we trample on the basic rights of people, especially those of the minority. In Israel there is a sense of racism and nationalism that is only partially connected to the conflict with Palestinians, but that is taking root within society.[36]

The clarity of such a statement points to a widespread trend within Israeli public opinion: the present system of power is entrenching public attitudes towards the particularistic features of the state, settlements and relations with the Palestinians. Maintaining the status quo is increasingly taking the form of a default strategy and a pervasive state of mind. Indeed, the hard-line policies carried out by the composite Israeli government[37] in the labour market and in social and civil affairs have contributed to nourishing this particular feeling.

Relations with the Arab minority represent the litmus test for the content and quality of Israel's democracy. First, Arab citizens symbolize a demographic time bomb within the Israeli Zionist imagery: in 2020 Palestinians living in Israel will reach 2 million, and 3.1 million in 2050. If we add to this the inhabitants of the West Bank and the Gaza Strip, the number of Palestinians living in historic Palestine (the territory including Israel and the OPT) will rise to 7.6 million in 2020 and 14 million in 2050.[38] Second, despite the formal bond of citizenship, there is

[35] Ibid., p. 140.

[36] Statement by an Israeli journalist at *Haaretz*, Tel Aviv, in an interview with the author, 1 December 2010.

[37] The present Israeli government is based on a composite coalition formed by right and extreme right parties (Likud and Ysrael Beitenu), a leftist (Labour party) and a religious one (Shas).

[38] We refer to the medium value projections elaborated by Sergio della Pergola (2007) in *Israele e Palestina: la forza dei numeri. Il conflitto mediorientale fra demografia*

no organic tie between the Arab minority and the Israeli state: citizenship is just a legal link between the citizens and the state, but there is no emotional or symbolic relationship between Palestinians and the state of Israel. In the view of an Arab-Israeli scholar, to some extent, Israel is encouraging this in order to become the state of the Jewish people.[39] In this context, we can interpret the loyalty oath bill approved by the Knesset in 2010, whereby all non-Jewish citizens have to swear loyalty to the 'Jewish and democratic state', as a tool to discriminate against those who do not feel an emotional bond with the (Jewish) state. Israel's independence day coincides with the commemoration of *al-Nakba*, the catastrophe for the Palestinians.[40] How can the Arab minority swear loyalty to a state, whose official narrative celebrates uncritically what is viewed by the minority as its greatest historical catastrophe? Are these the premises for mutual recognition and reconciliation? No doubt the establishment of a Palestinian state would assuage Israeli demographic fears, opening the possibility for a more open political debate in Israel. In its absence, the matter of state sustainability for Israelis is quintessentially emotional and existential, and inextricably tied to relations with the Arab minority and the composition of Israeli society as a whole.

A recent report published by the Mossawa Centre[41] shows how the status of Palestinians living in Israel remains unclear at both the structural and institutional levels, and how discrimination against Arabs is expected to rise in the near future.[42] Discrimination ranges from the scarce opportunities for building houses and finding jobs to the series of

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e politica, p. 169.

[39] Remark by an Arab-Israeli scholar, Tel Aviv University, in an interview with the author, Tel Aviv, 1 December 2010.

[40] The term *nakba* [catastrophe] refers to the expulsion of around 725,000 Palestinians from their homes during the first Arab-Israeli war in 1948.

[41] See Norwich et al. (2010: 27).

[42] In recent years, many tragic clashes have characterized relations between Jewish and Arab Israelis: Akka, Rahat Umm al-Fahem, Jaffa and Ramla are just few of the places where rising tensions between the two communities have erupted in violence, especially after the Israeli decision to relocate to these areas some of the settlers removed from the Gaza Strip in 2005. This step has raised the level of tension in mixed cities.

daily obstacles faced by the community.[43] In addition, all socio-economic data reveal how public expenditure devoted to the Arab community is expected to drop dramatically, while a greater share of public funds is needed to counter existing discrimination in education, employment and local development.[44] The Supreme Court increasingly seems to implement the government's decisions instead of acting as a supreme arbiter of the political, civic and legal life of the country, a role that it played in the past. What Palestinians living in Israel call for is the full recognition of their rights as citizens and members of a community. They do not claim internal self-determination, but just demand equality of rights without losing touch with their homeland. Rather than being viewed as an obstacle to the country's national aspirations, Arab citizens of Israel believe they could act as "a bridge for reconciliation and integration; integration does not mean accepting passively any acts of the government, but listening to the demands of all communities".[45]

Moving on to the regional dynamic, the deepening conflict with the Palestinians has increased the security and economic dilemmas for Israel, making the balance of power in the region much more unstable. Yet Israel is a regional power, with strong economic drivers, a leading position in the high tech industry and military technology, and a recently discovered gas field offshore of Haifa. Despite its impressive economic performance, the socio-economic inequalities in the country are stark: around 20.1% of families are living below the poverty line.[46] In view of this mixed economic picture, would a sustainable Israeli state require regional cooperation with its Arab neighbours? On the one hand, Israel enjoys strong bilateral ties with the EU as well as with other regions (the Balkans). On the other hand, the absence of organic economic and

[43] The Israel-Lebanon war in 2006 represented a drama for the Arab community living in the north of Israel. As remarked by a representative at the Mossawa Centre (Advocacy Centre for Arab Citizens in Israel), in an interview with the author, Haifa, 6 December 201, the evacuation of cities reminded them of the 1948 *nakba*, with the serious likelihood of losing their properties once again.

[44] Norwich et al. (2010: 44).

[45] Remark by a representative at the Mossawa Centre (Advocacy Centre for Arab Citizens in Israel), Haifa, in an interview with the author, 6 December 2010.

[46] See the National Insurance Institute report by Endeweld et al. (2010).

political ties with its immediate neighbours – the Arab states – has placed Israel in a situation of chronic isolation. Indeed, Israel does not show interest in or worry about reshaping its economic ties with the Arab countries in the region, nor about the recent Turkish activism in leading this effort.[47] Israeli positions on this matter show a sharp dichotomy, as revealed in a statement by an Israeli journalist at *Haaretz*: "Israel must work to become accepted in the region, but now it works in the opposite direction; Israel is [doing] everything not to be accepted in the region."[48] This dichotomy is also reflected in the remark by an Arab-Israeli scholar at Tel Aviv University: "It seems that Israel stays in the Middle East but lives in Europe, whilst it must be integrated firstly in the security system of the Middle East and then in the economic one".[49] Politically, US-Israeli relations reached an all-time low in 2010 on the question of settlements, when Israeli Prime Minister Benjamin Netanyahu publicly defied the US administration by announcing several times the continuation of settlement-building in the West Bank and de facto block of any possibility to revive side-by-side talks with the Palestinians. These tensions have not been tangibly detrimental, however, and the US remains Israel's major ally. At the same time, they reveal the extent to which Israel enjoys a high level of bargaining power in orienting the peace process.

Israel looks at the regional dimension only in terms of security, but the uncertainty caused by the recent turmoil in Egypt, one of the pillars of Middle Eastern regional security, has increased the alert levels for the Israeli government, which is now seriously concerned about developments in the area. In the regional context Israel has never seriously considered the Arab Peace Initiative, the attempt made by the Arab League to cease the conflict by granting Arab recognition to Israel in return for the creation of a viable Palestinian state (Baghat, 2009); probably in this respect, Israel has underestimated or miscalculated the strategic significance of that initiative but a sudden change on this matter seems very

[47] Remark by an Israeli official, in an interview with the author, Jerusalem, 29 November 2010.

[48] Interview with the author, Tel Aviv, 1 December 2010.

[49] Interview with the author, Tel Aviv, 1 December 2010.

distant on the horizon. In the end, when debating the country's long-term sustainability, its complete detachment from its surrounding environment places a clear question mark over the country's future.

BETWEEN SUSTAINABILITY AND UNSUSTAINABILITY: WEAK STABILITY

Looking at Israel-Palestine, the scenario of weak stability seems to sum up the current situation on the ground. In reality, Israel looks favourably at the process of PA reform in the West Bank and the resulting weak stability as a tool to preserve the status quo, which is the dominant strategy for the Jewish state. At the same time, Israel is experiencing growing tension internally, which it is able to manage at the moment, but which risks deteriorating dramatically towards unsustainability, particularly with respect to relations with the Arab minority. The PA, for its part, is also heading towards weak stability or sterile political stability – able to sustain the status quo, but unable to confront the main challenges for the future. The Palestinian leadership is ready to accept any solution that can bring to life the semblance of a state, in whatever form. This strategy can work in the short run, while in the long run, Palestinians have to change their attitude in order not to fall into a dramatic unsustainability. The call for UN recognition operates as a means to counter this slide into irreversible unsustainability.

Israel prefers the status quo. The state retains the upper hand and shows no interest in ending the conflict. Yet when people start demanding equal rights and the improvement of social and economic conditions, the state's security-first approach reveals all its weakness with regard to the Palestinians living in both Israel and the OPT. Nevertheless, the present Israeli political leadership does not show notable interest in or appear to see the strategic implications of deterioration in the levels of equality in the country. In this respect, the aim seems clear: reinforcing the Jewish character of the state and transforming Israel into an "ethnic democracy" (Smooha, 1997), rendering painfully transparent the inherent tension in and vacuity of the 'Jewish democratic state'. As for the region, a sustainable development trajectory for Israel cannot be entire-

ly divorced from security and economic integration in the Mediterranean and the Middle East. Still, at present Israel does not seem worried by its economic or security isolation: the agreements with Jordan and Egypt seem tenable despite the recent turmoil, and in general a condition of weak stability at the regional level allows Israel to control the broader Arab-Israeli conflict. Obviously a probable extension of revolts in neighbouring countries (Jordan, Syria and Lebanon) (see Colombo's contribution on Syria-Lebanon in this volume) will raise the alert levels in Israel, inducing a serious rethinking of its attitude towards the Arab countries, starting with the revival of the Arab Peace Initiative (API).[50] Moreover, Israel will face the changing role of Turkey in reshaping the geopolitical framework of the region: indeed, Turkey is supposed to become an autonomous and credible pillar of the Mediterranean security system with a prosperous economy and a stable political system.

The US is still decisive in the process of conflict resolution but is progressively losing its image as a credible broker, being unable to achieve any significant results on the ground in the last few years. For this reason, the EU can intervene in the present framework. The Palestinian reform process is financially backed by the EU, which has room to operate more directly in the mediation process. The threat of cutting aid for Palestinian institution-building, for example, although highly risky for the Palestinians, can be used as a credible threat to both the Israeli and Palestinian leaderships. In this sense, Israel would cease to bypass the occupation costs being mitigated by international aid and would have to take up its responsibilities for the Palestinians, while the Palestinian leadership would fear losing its power and all the political capital invested and dispersed in the last 20 years. Probably this option would take the conflict back to the beginning of the 1990s, before the start of the Oslo process, but at least it would compel a serious redefinition of the terms of the peace process. The EU has a window of opportunity to play a more decisive role in the area, but it depends on the political will of its members to do so.

[50] Formally, the API was revived by the Arab League in 2007, yet given the recent turmoil in the Arab world, a re-examination of this initiative by the Arab League seems understandable.

In relation to the Palestinian case, until now the leadership has been marked by a certain degree of realism: they have never capitulated, at least discursively, on Palestinian red lines (Jerusalem, borders, natural resources and refugees), although they have shown flexibility in negotiations. At present, the tightening of the security system within the OPT is protecting the current leadership from the risk of internal turmoil. Hence the PA has been more ready to appease Israel, as revealed by the Palestine papers. This process is potentially dangerous: without statehood, social legitimacy and civic engagement the Palestinian political system risks collapsing. For the Palestinian leadership, weak stability means securing its power while waiting for a state. In doing so, the authoritarian features of the regime are entrenching and a dramatic deterioration in economic and social indicators will follow, generating a situation of increasing instability. Moreover, the reform efforts are highly concentrated in the West Bank, which contributes to the separation between the West Bank and Gaza, leaving the relations between Fatah and Hamas in a continual stalemate and casting the Palestinian national movement in a limbo that undermines both the viability and the sustainability of any future Palestinian state. As for economics, the reform effort – maintained by copious external support – tries to ease Palestinian living conditions but faces structural obstacles, first of all being the perpetration of Israeli occupation. The Palestinian leadership can keep the PA afloat but cannot plan for the future of the state. The Palestinian economy has great potential: in the case of statehood, many sectors could boom easily (tourism, real estate and services) while the Gaza Strip could become a tax-free trade area between the Mediterranean and the Arabian Peninsula. All this remains purely speculative, however, in the absence of a state.

Sustainability and unsustainability may have different features in Israel and Palestine. Yet both externally and internally these two cases remain indivisible; any progress in Israel's sustainability is premised upon the creation of a viable Palestinian state, where a new political leadership will enjoy the autonomy to make free choices for the future of the country. This prospect is nowhere near on the horizon.

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6.
Syria and Lebanon: Diverging Paths of State Unsustainability

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INTRODUCTION

The past decade has left Syria and Lebanon with a volatile legacy, both on the domestic and foreign fronts. A number of unresolved issues are likely to determine the future sustainability of these two states and that of the whole region. Both in the short and long run we can identify a number of challenges that loom before the two Middle Eastern countries.

The fundamental difference between the two is that while Syria faces numerous long-term challenges as it moves away from a controlled economy and witnesses conflictual state-society relations, in Lebanon the absence of a solid and well-functioning state engenders a chronic lurching from one crisis to the next with challenges that are eminently short-term in nature. Debating the challenges to the stability and deeper sustainability of these two Middle Eastern countries also reveals the strong ties between them, ties that are often strengthened by sectarian affiliations and external influences.

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SYRIA: THE LIMITS OF ECONOMIC LIBERALISATION

Uncoupling economic and political reform

Since his rise to power in 2000, Syrian President Bashar al-Assad has had to confront a number of international and domestic challenges that have put the stability of the country to the test. Along with being catapulted to the centre of international crises over the last decade, Syria has had to cope with acute domestic problems from mixed economic performance, troubles with the Kurdish minority and a string of terrorist attacks – all of which have contributed to portraying Syria as an even more unstable country than previously thought (Cavatorta & Gomez Arana, 2010; Lawson, 2009). Against this backdrop, the Syrian state has until very recently been able to tackle these challenges effectively and to maintain its power positions both domestically and abroad. At the beginning of 2011, Syria seemed to be insulated from the wave of popular uprisings sweeping the North African and the Middle Eastern regions. This situation changed dramatically on 18 March 2011, when protests erupted in the southern city of Dera'a and were violently crushed by the security forces. In order to understand these events and to be able to assess the prospects of future development in the country, it is necessary to first draw the political and economic trajectories that have characterised the regime of Bashar al-Assad.

Domestically, the past decade has been marked by the rise to power of the new president and of a new group of technocrats and businessmen that, like al-Assad and his wife, have been educated abroad and largely see the need to comply with the imperatives of economic liberalisation and modernisation. The growing drive towards liberalisation and privatisation, and the steady reduction of state intervention in the economy have represented a significant shift in Syria's management of domestic economic affairs after the heyday of socialism in the 1960s, and the limited opening in the 1970s through the *Infitah* launched by the former president. Furthermore, the economy of Ba'athist Syria was traditionally subordinate to the constraints of foreign policy: the centralisation of power in view of the conflict with Israel.

The 1986 financial crisis proved to be a major push for the first round

of reforms, culminating in the 1991 Investment Law that allowed a private sector to emerge. The advent of Bashar al-Assad in 2000 inaugurated a new phase in which economic development and integration into regional and global markets became primary objectives. At the same time however, the US-led invasion of Iraq in 2003 also increased Syrian incentives to guard the regime's stability against the violent destabilisation in neighbouring Iraq. As a result, the economic opening was cautious, based on the cooption of new forces into decision-making structures, namely urban, mainly Sunni, private tradesmen and industrialists, whose interests were equated to the interests of the Alawi regime. Significant changes, including the opening of the banking sector to local and foreign (mainly Lebanese) banks, were implemented under the banner of the "social market economy", first spelled out in the tenth Five Year Plan presented in December 2005 (Lawson, 2009: 47-49). A number of adjustment costs were anticipated and instruments to alleviate these were foreseen. While early in 2005, the State Planning Commission pointed to the alarming state of the Syrian economy, with over 24% unemployment, plummeting added-value in the manufacturing sector, deteriorating productivity, inadequate macroeconomic policies, and the risk of a rapid shift in the oil trade balance from surplus to deficit (Aita, 2006), the economic reforms implemented in the second half of the 2000s yielded relatively positive results. As discussed by Zallio, foreign direct investments (FDI) increased by 88% in 2007 and by a further 18% in 2008. The macroeconomic impact of these reforms was also positive and the country's economy registered a 5% growth per year since 2006, with a projection of 5.5% growth for 2011 before the eruption of social turmoil (Zallio, 2010).

However, the reform effort was limited and piecemeal in an attempt to avoid shocks that could disrupt the country's security and the regime's hold on power. Reforms were limited to the economic realm, leaving the domestic political arena purposely untouched. At the political level, there has been no sign of any genuine opening. Although a number of long-awaited political reforms had been promised by the president during his speech on the withdrawal of troops from Lebanon between April and May 2005 – among which the creation of a Senate in which the political opposition could have a voice – the tenth Congress of

the Ba'ath Party in June 2005 postponed these reforms, including the recognition of political parties outside the pro-regime National Progressive Front (NPF). This move silenced any talk within the Ba'ath Party of political change, fossilising the mantra that security and economic development must take precedence over political reform.

On the political front, the past decade has been marked by significant events. The tenuous and largely negative experience of the Damascus Spring, in which the Syrian civil society movement called for the state of emergency to be revoked and press freedoms and freedom of association to be granted in 2000-2001, was subjected to a vigorous crackdown. More intense crackdowns followed in the aftermath of the US-led invasion of Iraq (Lawson, 2009: 126-136). In October 2005 again, only a few days before the scheduled release of the United Nations' first report on the Hariri assassination, a number of political and social movements signed the "Damascus Declaration", a document establishing a unified platform for democratic change. The Declaration called for "radical change in the country and the rejection of all forms of cosmetic and partial reforms that avoid addressing the real issues" (Aita, 2006: 6). However, this push for political change met with strong repression from 2006 onward, when the regime regained confidence after being forced out of Lebanon, and it soon lost vigour. In 21st century Syria political dissent is as repressed as it was under the former president, particularly as a result of the state of emergency that allowed for the forced detention of any person accused of threatening the country's security.[1] In some respects, such as the freedom of expression, the situation appears to have worsened,[2] despite and even partly because of the widespread use of new technologies, such as internet and social networks, and the expansion of mainly private media outlets. In 2007 for example, a new regulation was issued requiring website operators to list the names and email addresses of anyone posting on the site. In 2008, some 169 websites were blocked (Lawson, 2009: 138).

Regional/international and domestic factors explain the persistence

[1] Around 40% of the Syrian population has lived under emergency law all their lives.

[2] Author's interview with a Syrian journalist, 13 December 2010.

and entrenchment of political repression up to the present day. On the one hand, the failure of President Bush's Middle Eastern plans, epitomised by the disastrous situation in Iraq, as well as the growing spectre of Islamist parties in the region (especially after the 2006 elections in Palestine), emboldened Bashar al-Assad to crack down on the opposition.

> [F]ar from being a spur to Syrians to rise up and demand freedom, the Iraq example taught a new generation of Syrians to appreciate the stability and security of rule by a strong man. Authoritarianism throughout the Middle East is being refurbished and modernised (Lawson, 2009: 139).

Also linked to the Iraq war, and impacting negatively on Syrian domestic politics, has been the dramatic influx of some 1.5 million Iraqi refugees. On the other hand, due to the pervasive fear of Syrian security forces, "the Syrian opposition was never able to rally more than a few hundred followers for public protests" and the public has been marked by new generations of apathetic and depoliticised Syrians (Lawson, 2009: 138). In other words, regional events and domestic reactions persuaded Syrians that change, especially in the political arena, should not be achieved through chaos and destabilisation. But this seems to be changing, and a new unwillingness to tolerate what Syrians had long grown used to has emerged, namely the arrogance of power in its many forms, brutal repression and vague promises of future reform. As a result of events taking place elsewhere in the region, a new awareness and audacity have materialised and people are now bravely starting to challenge the assumption that stability at all costs is the best solution.

Despite ongoing political repression, the need for reforms became increasingly acute as the 21st century has progressed. The global recession had a profoundly negative impact on Syrian employment and remittances from Syrian workers in the Gulf. Furthermore, the 2006-2010 droughts disproportionately affected Syria, in particular 1.3 million Syrians, 95% of whom live in the north-eastern provinces (Haddad, 2010). In this context, the government tried to shield itself from criticism by increasing social and insurance services and by allowing more room for

manoeuvre to civil society. "In the Syrian context, the term civil society is used to refer to charities and associations working in the fields of social, economic and environmental development, most of which have ties to the government" (Harding, 2010). A first move to grant more visibility and vitality to Syrian civil society was made by first lady Asma al-Assad during the first international conference convened in Damascus in February 2010 under the banner "The Emerging Role of Civil Society in Development". On that occasion, she announced that the government was preparing a new law on non-governmental organisations, which to date has not yet been enacted. Alongside the expansion of civil society, borne out of the regime's realisation that the state could not achieve social development alone, the Syrian public sector is increasingly resorting to public-private partnerships (PPP) both to provide public services to the population and to attract direct foreign investment (FDI).[3] Despite the growth of private enterprise and the dramatic increase in the number of civil society organisations (CSOs) – from 540 in 2001 to 1,500 in 2011, according to the Ministry of Social Affairs and Labour – it remains to be seen whether Syrian non-state actors have definitely turned a new page. As stressed by the Euro-Mediterranean Human Rights Network (EMHRN), quantity alone should not be taken as an indicator of the health of civil society (EMHRN, 2009). Nonetheless, these developments in the social realm need to be taken into account when identifying the actors that could represent vectors of political change in the current phase of transition.[4]

The seemingly static priorities of Syrian foreign policy

Syria's domestic trajectory has been and will continue to be tightly intertwined with its foreign policy and Syria's broader geopolitical position on the Middle Eastern chessboard. From a general perspective, it could be argued that foreign policy has so far worked as a security valve for occasional domestic political tensions, with a profound stabilising

[3] Author's interview with a former official of the Syrian regime, 13 December 2010.

[4] Works exploring the positive contribution of civil society organisations to democratisation include Brynen et al. (1995-1998) and Salamé (1994).

effect. Put simply, the persistence of the Arab-Israeli conflict and Syria's confrontation with Israel – and in part with the 'West' according to some readings (Cavatorta & Gomez Arana, 2010) – have allowed the regime to cultivate its nationalistic credentials and its leadership of the resistance front. In many respects, foreign policy has provided a level of political legitimisation for the domestic regime, which is trying to exploit it also in the current phase of domestic turmoil – not just to deflect people's frustration but also to justify the limited degree of political liberalisation in Syria.

Syrian foreign policy has continued to be dictated by the tenets of former President Hafiz al-Assad (1970 to 2000) and by the country's geopolitical context. In terms of priorities, no issue weighs more heavily for Syrian authorities and the population at large than the recovery of the Golan Heights from Israeli hands. Next to this comes the imperative of a comprehensive settlement of the Palestinian problem, the stabilisation of Iraq and the ongoing vigilance at the unstable situation in Lebanon. As will be discussed in greater detail elsewhere, the Syrian regime cannot tolerate a hostile government in Beirut since its security – especially vis-à-vis Israel – is intimately linked to that of its Lebanese neighbour.

All these theatres of operation threaten to destabilise the Syrian state and have provoked Syria's international isolation, particularly over the last decade. For example, the 'special' relationship with Lebanon, inaugurated by the Syrian military-political takeover of the country after the Lebanese civil war, alienated Syria from the West in the early years of the 21st century. The relationship between Syria and Lebanon is complex and cannot be understood through the lens of a rational foreign policy.[5] This relationship has also undergone significant and sometimes abrupt changes, most prominently after the assassination of former Lebanese Prime Minister Rafiq Hariri in February 2005. This event was the catalyst to the withdrawal of Syrian troops from Lebanon, also under the pressure of an increasingly critical Syrian public with regard to the authorities' role in the 'country of the cedars' (Aita, 2006).

[5] Author's interview with an historian and journalist working in Lebanon, 15 December 2010.

Within the evolving Middle Eastern geopolitical context, Syria has positioned itself with respect to the three non-Arab power poles in the region: Iran, Turkey and Israel. The ongoing conflict with Israel has had a twofold repercussion on Syria. On the one hand, the conflict has so far represented one of the major forces holding Syria's social, political and economic development hostage under the pretext of prevailing external security concerns.[6] More concretely, the conflict entails a disproportionately high defence budget, approximately 30% of GDP,[7] which drastically reduces investments in other sectors that could generate socio-economic development. On the other hand, the Arab-Israeli conflict has squarely positioned Syria among the 'resistance' camp in the region. The conflict has, in fact, negatively split the Arab world into three parts: the first comprises those countries that have signed a peace treaty with Israel: i.e., Egypt and Jordan; the second is made up of those states that maintain an unofficial relationship with Israel, i.e., the Maghreb countries; and the third group includes countries like Syria that are still in open conflict with Israel.

Vis-à-vis Iran and Turkey, Syria has consolidated strong relations, the former having become one of Syria's few allies in the region vehemently opposing Israel, the latter having set aside decades of enmity and established a Strategic Cooperation with Syria in 2009.[8] These privileged relationships have been critical in helping Syria to re-emerge from the isolation it found itself in after Hariri's assassination. As for Turkey, Syria has been trying to expand the Ankara-Damascus axis to the other countries of the Middle East. Its bold "Five Seas approach"[9] positions Syria as a hub of multi-regional cooperation in the fields of energy and transport. This new strategic vision also addresses the vicious circle created by the persistence of the conflict with Israel, which represents the paralysis of regional cooperation plans and thus the undermining of development

[6] Author's interview with a former official of the Syrian regime, 13 December 2010.

[7] Author's interview with a former official of the Syrian regime, 13 December 2010.

[8] In 2010 Damascus exported to Turkey over USD 530 million worth of goods, up from USD 220 million in 2009. See Zallio (2010).

[9] The seas involved are the Mediterranean, the Caspian, the Black Sea, the Red Sea and the Arab Gulf.

prospects. Economic cooperation and integration among ideologically close partners are considered to be a crucial means to conduct foreign policy. According to Syrian policy-makers, forms of multi-regional cooperation could and should start, even in the absence of a genuine peace process. This approach is aimed at highlighting how Middle Eastern cooperation can be effective only if it excludes Israel – something that the EU's Barcelona Process and the Union for the Mediterranean have painfully attempted to avoid. It is also intended to bring about concrete benefits to the region in terms of economy and infrastructure[10] and to create a defence system protecting Syria from international isolation.[11]

Unlike the relationship with Turkey, the alliance with Iran, as well as with Hamas and Hezbollah, has hardly helped improve Syria's image and position in the international arena. But the relationship between the two non-state actors is not a linear one.[12] While it is undeniable that Syria is committed to Hamas and to Hezbollah, the former representing the main opponent to Israel's plans in the region and the latter its close ally in Lebanon, it is also true that Hezbollah has grown stronger in the last few years, in particular following the 2006 war against Israel, and consequently has become less amenable to Syrian influence. In the eyes of the Syrian regime, any targeting of Hezbollah is perceived as a threat to its own foreign policy role as the leader of the resistance camp, given that Syrian support for the Islamist party-movement represents a powerful bargaining chip in the country's external relations. The support Syria lends to Hezbollah plays out significantly in the ongoing Lebanese crisis and the events that led to its eruption. While the dynamics of the domestic Lebanese conflict will be explored in greater detail below, it is

[10] In the upcoming Five Year Strategic Plan (2011-2015) USD 75 billion are allocated to the upgrade of infrastructure. Author's interview with a Syrian researcher, 19 December 2010.

[11] The Syrian approach of having "zero problems with many countries" has strong similarities with the Turkish one under Foreign Minister Davutoğlu. While the aim here is not that of comparing the two approaches, it is useful to stress that similarities between the two could have positive repercussions on the overall development of the Middle East. See Kirişci (2011).

[12] Author's interview with a Syrian professor and former member of the parliament, 12 December 2010.

worth mentioning Syria's unconditional support for Hezbollah's conditions with regard to the Special Tribunal on Hariri's assassination. These conditions included: i) a clear distancing from the indictment by the Lebanese government; ii) the signing of a truce among all factions until the next presidential elections scheduled for 2012; and iii) an acknowledgement that Hezbollah's weapons would not be up for bargaining. In January 2011, the Lebanese parties failed to reach an agreement on these points, triggering the resignation of eleven Hezbollah ministers from the government, and in turn the fall of the cabinet. The political situation remains fluid, but the possibility of a new round of civil strife cannot be ruled out.

A final dimension in Syria's foreign policy that is worthy of discussion is the relationship with the EU. Despite Syria's conviction that it is the United States that holds the key to Middle Eastern security, US foreign policy in the region both under Bush and Obama[13] has increasingly pushed Syria towards the EU (Hinnebusch, 2003: 3). However, EU-Syria relations have been tarnished by difficulties and misunderstandings, as manifested by the protracted negotiations over the Association Agreement. The negotiation started in 2001 on the wave of the liberalising trends of the early Bashar years. In line with other Association Agreements, a strong emphasis was placed on market-oriented economic reforms and administrative restructuring to be followed by more significant political reforms (Cavatorta & Gomez Arana, 2010: 635-637). Between 2001 and 2004 the balance of power between the two partners turned significantly in favour of the EU due to Syria's international isolation. By exercising strong leverage, the EU was able to impose the full opening of the Syrian agricultural market and stricter clauses on non-proliferation and human rights protection. However, while the Syrians were pressing the EU to move ahead with signature and ratification in order to gain both international legitimacy and accelerate the pace of economic reforms, the EU stalled in order to punish Syria for its antago-

[13] Only four months after coming to power, in May 2009, President Obama renewed sanctions on Syria that were imposed by G.W. Bush in 2004. It was only in December 2010 that the US president named Robert S. Ford as Ambassador to Syria, a position left vacant since 2005.

nistic regional policies, namely in Lebanon and in Iraq (Cavatorta & Gomez Arana, 2010: 637). So much did the EU stall that the balance of power started to change after 2005, when an emboldened Syria decided to postpone indefinitely the signature of the Association Agreement in view of the "potentially destabilising effects" that some of its provisions could have on its economy.

As far as the EU's role in spurring political change in Syria, it has always maintained a rather cautious approach. As argued by Cavatorta & Gomez Arana (2010: 641), "the EU is very much aware of the [Syrian] national context and operates according to the assumption that Bashar and his ruling party are in fact a factor of domestic stability". This stance will have to change in response to the current wave of popular uprisings in the Middle Eastern region; although it is still not clear what kind of lessons the EU will be able to draw from these events. A significant overhaul of the EU's foreign policies towards the Mediterranean should start with the clarification of the EU's position with regard to the Syrian transition.

Neither sustainability nor stability

From this analysis of Syrian domestic and external factors, it appears that the main challenge for the Syrian ruling elite is that of managing economic and social reforms without threatening its hold on political power. Until very recently the domestic situation in Syria could have been described as stable, with a significant difference between elements of dynamism particularly in the economic realm (dynamic stability) and of stagnation particularly in the political realm (stagnating stability).[14] Until then, stagnating political stability had been made possible also by the legitimising character of Syrian foreign policy, in particular with regard to the ongoing conflict with Israel. Taking a more in-depth look, however, even before the recent eruption of unrest, it was apparent that the overall long-term sustainability of Syria's development process

[14] Author's interview with a Syrian professor and former member of the parliament, 12 December 2010.

could not be taken for granted. The apparent stability of the country contrasted with a number of broader underlying trends and structural socio-economic as well as political challenges, which rendered Syria far from immune from the wave of popular discontent. The timing of the breaking up of the situation of apparent stability could not have been foreseen without taking into account the developments in other countries that saw the eruption of protests and the ensuing collapse of long-standing authoritarian regimes in the early months of 2011. In other words, while a number of elements made the situation in Syria ripe for instability and demands for change, it could be argued that this would not have taken place without the psychological effect of emulation and empowerment triggered by the experiences of Tunisia and Egypt. Before delving into the recent events that have already started to profoundly change the face of the country, it is important to recall the most significant factors of unsustainability that have beset Syria for some time and have even intensified in the last decade.

High on the list is the conspicuous level of corruption permeating all aspects of Syrian public life. According to the International Country Risk Guide (PRS), which includes a Political Risk Index of 12 components measuring various dimensions of the political and business environment, the control of corruption in Syria deteriorated from a level of 0.666 in 1996 to 0.333 in 2009 (in a scale ranging from 0 to 1 where 1 represents the best performance).[15] These high levels of corruption represent both an outcome and an obstacle to the deepening of the reform effort, be it only in the economic realm. At the same time, the Syrian regime has also always had an interest in breeding corruption as a parallel form of reward to the people participating in some of the activities it controls.[16]

Second, the gap between the elite in power and the population is increasing. The issue is mainly one of trust, given that those who occupy the higher echelons of the political establishment, the president *in primis,* are not accountable to the people and sometimes, according to the

[15] See *Political Risk Services International Country Risk Guide (PRS)* at www.prsgroup.com (accessed 15 February 2011).

[16] Author's interview with the editor of *The Syria Report*, 13 December 2010.

latter, do not express their preferences or meet their needs. The fact that Bashar al-Assad was re-elected president in March 2007, running unopposed and receiving 96.7% of the vote is illustrative of the absence of political pluralism in the country.

Third, despite wide public support for economic reforms, it is possible to detect some signs of social protest amongst certain strata of the population. Until March 2011, manifestations of discontent against domestic socio-economic problems and in particular rising levels of inequality and poverty involved a limited share of the population and did not include demands for political change. The most significant emerging trend during the past half-decade has been the growing Islamist mobilisation in direct or indirect support of people protesting against socio-economic grievances. For example, although the Muslim Brotherhood is banned in Syria, some sheikhs known for their radical positions have expressed their support for the social protests. The regime has initially reacted by enacting laws banning the display of any signs of religious affiliation on taxis and microbuses and the wearing of the *niqab* in schools and universities. Furthermore, the regime has mobilised certain soap opera producers to attack Islamists in some of the most popular forms of TV entertainment. All in all, while the last couple of years have seen growing clashes between the Syrian regime, centred around the Alawi dynasty, and Sunni radical Islam, the regime seemed to overestimate the Islamic threat in the country as a means to enact strongly repressive policies. True, religiosity has been on the rise, spurred, inter alia, by the post-9/11 security environment, the 2003 war on Iraq and the tensions in Lebanon following the assassination of Rafiq Hariri.[17] The Alawi minority regime, feeling threatened, has attempted to bolster its religious credentials by fasting at Ramadan and avoiding drinking too much alcohol. However, until very recently mild Islamisation and social discontent did not amount to an imminent bottom-up political mobilisation in the country, due to widespread depoliticisation and the sheer absence of an organised opposition.

This situation seems to have changed dramatically with the first pro-

[17] Author's interview with a Syrian researcher, 19 December 2010.

tests in Syria during the second half of March 2011. In the euphoria of the so-called Arab Spring, assuming that unrest in Syria will eventually lead to the collapse of the al-Assad regime may be an unrealistic assumption, given that the situation on the ground is still far from clear. Similarly, assuming that the events that have been unfolding in Syria are an exact copy of the scenarios that led to the fall of the regimes in Tunisia and Egypt is also a misreading of reality. A number of elements can be pinpointed that throw light on the peculiar character of the Syrian protests and the regime's reaction to them.

At the time of writing the Syrian uprisings seem to be fed by clearly defined pockets of protest rather than by a large popular national movement, thus somehow distinguishing the Syrian case from what happened in Tunisia and Egypt. In other words, the protest movement is becoming increasingly strong, but has yet to reach critical mass. Furthermore, while the situation in some areas of the country, particularly the south and the cities of Hama and Homs, has seen violent clashes between the protesters and the security forces, leaving more than 1,500 people dead, the capital Damascus and Aleppo, the other major city in the north, seem to have been somehow spared by the furious conflict. So far all eyes have been on al-Assad, while limited attention has been devoted to the actual strengths and demands of the protesters, also because they do not represent a clearly defined group but rather a collection of actors expressing their grievances with the current regime. At the beginning of June some opposition movements gathered in Antalya, Turkey, for the Syria Conference for Change during which they expressed their support for the Syrian protests and called on President al-Assad to resign immediately. This can be considered as the first attempt to articulate the objectives of the protests after more than two months since the beginning of the Syrian uprising. However, it should be underscored that this move came mostly from the exiled community and from the opposition movements based outside the country, thus raising the issue of the likely disjunction between this movement and the internal camp in terms of the profile of the actors, their demands and their strength.

Turning to the regime's response, since the beginning of the protests the president has made clear that he is willing to lead the process of

change at his own pace, on various occasions stressing the need to proceed through gradual reforms with a view to avoiding abrupt changes out of contingent pressures and to protecting the fragile stability of the country. He is openly gambling that if the economy, which for a decade has been the target of the only reforms in the country, improves sufficiently, many of the reasons for dissatisfaction will simply disappear and Syrians will be less inclined to make demands in other areas. This line of reasoning may seem naïve if one takes into account the events of Tunisia and Egypt, where people started protesting out of socio-economic grievances and ended up calling for the abolition of the corrupt, authoritarian and unaccountable regimes of Ben Ali and Mubarak.

For the time being, a number of views present different analyses of the regime's reaction and possible future developments. On the one hand, according to some, al-Assad's bet may prove successful in light of his personal popularity and the political capital he has been able to muster thanks to his foreign policy stance, which enjoys widespread consensus and appeal in the country and in many parts of the region. On the other hand, other views tend to stress the extent to which al-Assad's political capital today depends less on his past foreign policy successes than on his ability to live up to popular expectations. In particular, external actors, and in particular the US, have become increasingly vocal about the prospects of al-Assad's resignation after an initial phase in which they had called the Syrian regime to reform. Nevertheless, a military intervention by a Western coalition as in the case of Libya is ruled out, insofar as it would likely ignite greater and more long-lasting violence and instability in Syria and the region.

The regime seems so far to be pursuing a divide-and-rule strategy against dissent, resorting to specific carrots and sticks to appease and repress the country's complex collection of tribal, ethnic and religious identities and interests. A number of these measures meet some of the protesters' demands, including the dismissal of the cabinet and the formation of a new government at the beginning of April under the leadership of the former agriculture minister Adel Safar; the granting of Syrian citizenship to some 200,000 stateless Kurds in the north-eastern region; the repeal of the previous ban against the employment of women wearing the *niqab* to appease religious, mostly Sunni, conservatives; and the

largely unexpected move to abolish the state of emergency that had been in place since 1963. This high-profile measure is, according to some analysts, a direct response to the intensification of protests since the beginning of April 2011, and thus shows the regime's inability to respond adequately to the current wave of discontent and turmoil. Others fear that this move is just symbolic in that no major changes will take place in reality and the powerful security apparatuses (*mukhabarat*) will continue to arrest and indiscriminately persecute any person suspected of undermining the security of the state. Overall, the regime's claim to guarantee stability, one of the bases of its power, is belied daily by its actions, a confusing mix of promises of reform, appeals for dialogue and extreme and erratic repression (International Crisis Group, 2011).

As much as this may simply be a strategy of buying time, the most important challenge for al-Assad's regime is to bring violence to an end if it wants to maintain enough legitimacy to ensure a way out of the current crisis. All in all, it is highly unlikely that al-Assad will open Syria up to broad freedoms, to independent political parties or to any other moves that could jeopardise his regime's control of the country, unless he is truly pressed by a domestic revolution. However, such a revolution may not occur in the short term, because Syrians do not seem to be ready yet to unite against al-Assad's regime. Most Syrians continue to believe that he is a reformist or at least a moderniser who is willing to see his country develop economically and peacefully. There is no doubt that the president is able to strike a chord when he speaks to the Syrian people. Al-Assad's televised address on 30 March 2011 is a good illustration of this: he insisted that the point was not whether to reform but about how to proceed, making sure that any change is in line with the people's beliefs.

Other factors that need to be taken into account when assessing the strength of the current mobilisation against the regime include the number of pro-regime marches and manifestations throughout the country, particularly in Damascus, despite doubts about their being manufactured by the regime itself, testifying to the extent to which the large majority of the population is still in favour of al-Assad, or is at least willing to give him the benefit of the doubt whenever he speaks of resolving the crisis. Furthermore, the fact that cities where significant demonstrations have

been held, e.g., Dera'a, Latakia and Homs, are not mainly Sunni strongholds but rather multi-religious areas where the regime has maintained control through mobilising people in the hierarchy of the Ba'ath party, or as military and state officials, shows that the alliance between the regime and the wealthy Sunni merchants (whose wealth is due to their ties to the regime), is still in place and plays a significant role in buttressing the regime in this moment of turmoil.

In conclusion, at the time of writing the regime does not appear to be on the brink of collapse but still holds its grip on power. This is also because the military and security apparatuses, and the high-ranking state officials have remained loyal to al-Assad, and have indeed coalesced around the regime, despite increasing rumours about defections. This is another factor that differentiates the current phase of the Syrian uprising from what happened in Tunisia and Egypt, where the role played by the army in advancing the protesters' claims against the regime was crucial in tipping the situation in their favour.

LEBANON: FROM CIVIL STRIFE TO STALEMATE AND BACK

Underlying challenges to Lebanon's sustainability: sectarianism and regional dynamics

As far as Lebanon is concerned, the question of the sustainability of the state appears crucial in light of the country's almost chronic crises. Despite the very short-term nature of these crises, we adopt a long-term perspective here, pinpointing the structural factors that represent the most decisive underlying challenges to the sustainability of the state. These factors include the sectarian nature of Lebanese state and society, the role of external actors, in particular Israel and Syria, and the impact of these actors and factors on the legitimacy and prerogatives of the state.

When probed on the question of sustainability in Lebanon, most respondents' immediate question was: "sustainability for whom?" Their answer was clear. Sustainability is first of all understood as something

that has to be achieved within the circle of the sectarian group or of the family, possibly to the detriment of the wellbeing of others. The sectarian character of the state has deep roots in Lebanon. Since the birth of the Lebanese state in 1943, the risk of disintegration and conflict has been built into the political system, which can be described as a rigid consociational parliamentary republic (Höckel, 2007: 2). However, while during the civil war (1975-1990) the main sectarian divide ran between Muslims and Christians, today the principal fault-line splits the Muslim camp in two: Sunnis and Shi'ites, who confront one another in the Lebanese political space, epitomised by the conflict over the Special Tribunal for Lebanon. This unprecedented antagonism is partly the result of the long history of a disenfranchised Shi'ite majority, which has now mobilised against the Sunni minority for a fairer distribution of political and economic power. Other factors have exacerbated this conflict. On the one hand, the consociational structures of power have an ingrained sectarian logic, evident not only within parliament, where representation is distributed along sectarian lines and parties have an exclusive sectarian connotation, but also within civil society. On the other hand, demographic dynamics have further isolated the Christians, who now make up around 20-25% of the total population, revealing the fracture between the two main Muslim groups. This situation has led to a heightened politicisation, or 'sectarianisation', of a number of issues that could potentially have united the Lebanese people, as will be explored in the next section.[18]

External factors, such as the US-led invasion of Iraq, the strengthened role of Shi'ites there, and the bolder role played by Iran in the region have also contributed to reinforcing sectarian fault-lines in Lebanon. This is why it is not possible to envisage a gradual de-sectarianisation of the country without a thorough overhaul of the Lebanese political and constitutional system, which in turn requires a reduction of sectarian tensions not only in Lebanon but across the region. The growing sectarianism evident in the Gulf, e.g., in Yemen and Bahrain, shows the extent

[18] Author's interview with a professor from the American University in Beirut, 16 December 2010.

to which regional dynamics are likely to further exacerbate existing tensions in Lebanon. Unsurprisingly therefore, the proposal put forward by Nabih Berri, leader of the Shi'ite party Amal and speaker of the Parliament, to set up a special committee for the elimination of sectarianism in Lebanon – as foreseen by the Ta'if Agreement of 1989 – has been rejected by the leaders of the other confessions.[19]

Regional factors, however, do not only impinge upon Lebanon's factional dynamics. They affect the stability and sustainability of the Lebanese state in a variety of ways. In many ways, in fact, Lebanon's (in)stability is generally regarded as the litmus test for the much broader dynamics unfolding in the region. The intense tug of war among competing Lebanese forces is tied to "the Arab-Israeli conflict, an aggressive US policy symbolised by the occupation of Iraq, Iran's growing assertiveness, mounting sectarian tensions, Syria's support for a variety of militant groups and a deepening intra-Arab Cold War" (International Crisis Group, 2010: 1).

The extent to which the Arab-Israeli conflict influences the sustainability of the Lebanese state has been underscored by many (International Crisis Group 2010 and author's interview with a Lebanese researcher, 17 December 2010). According to some, a sustainable Lebanon on the path towards political, social and economic development is unthinkable without a prior resolution of the conflict.[20] Each and every reform that has been tabled – decentralisation, civil marriage, a new electoral law – cannot be agreed upon and implemented against the backdrop of perpetual deadlock caused by the Arab-Israeli conflict. The conflict affects Lebanon in several ways, firstly the presence of Palestinian refugees, who constitute around 10% of the Lebanese population, a presence that has historically sparked violence among rival factions and which has legitimised immobilism in Lebanon's overall political reform. The second and increasingly prominent factor is the strengthening of Hezbollah which, particularly after the war with Israel in the summer of 2006, has taken on the mantle of the Lebanese resistance. The wave of protests

[19] Author's interview with a Lebanese sociologist, 15 December 2010.

[20] Author's interview with a Lebanese researcher, 17 December 2010.

engulfing the Arab world has pushed the Arab-Israeli conflict on to the back burner. However, it may flare up even stronger and there is no escaping the fact that until it is resolved, the region will see no stability or peace.

As equally important as the Arab-Israeli conflict is the deep connection that exists between Lebanon and Syria. As mentioned above, Syria exercised its direct political and military control over Lebanon until March 2005. Although Syria was forced out of Lebanon following Hariri's assassination, it still plays a prominent role in the country due to its geographic proximity and economic activities, allowing Syria to close Lebanon's access abroad at will. Since its withdrawal, Syria has continued to exercise influence and leverage over Lebanon, avoiding, at the very least, that Lebanon "falls into the hands of other countries", i.e., Israel and Iran alike.[21] This is evident in Damascus' sponsoring of Hezbollah. This does not mean that Syrian support for Hezbollah is limitless and unconditional. For example, Syria regarded Hezbollah's brief takeover of Beirut in May 2008 as stepping beyond red lines. Thus, Syria attempted to strike a balance on the precarious Lebanese political scene through its rapprochement with the newly appointed Hariri government, which emerged as a result of the Saudi-brokered Doha Accord in 2008. Since then, Damascus has continued to act as a mediator and facilitator in the tense Lebanese situation. This does not mean that Syria has abandoned its allies in Lebanon. On the contrary, it continues to influence Lebanese politics through its proxy Hezbollah. This situation has thus given rise to a quintessentially Lebanese paradox. Syrian involvement has continued to feed the underlying dynamics of Lebanese unsustainability. Yet its very involvement has been of the essence in brokering a truce, giving Lebanon the semblance of stability between May 2008 and January 2011.

This semblance of stability came to a dramatic end in January 2011. The underlying cause of this, which had been simmering beneath the surface since 2005, is the Special Tribunal for Lebanon (STL) estab-

[21] Author's interview with an historian and journalist working in Lebanon, 15 December 2010.

lished through the United Nations Resolution 1595 in April 2005 to investigate the murder of former Lebanese premier Hariri. Since the outset, the investigation has been highly politicised by its international sponsors (International Crisis Group, 2010: 4). Initially, the prime target and presumed culprit was Syria. The accusations were later repealed, partly contributing to Syria's rehabilitation on the international scene. The focus of all attention then became Hezbollah. As seen above, Syria has continued to defend its ally in Lebanon, Hezbollah, against claims that some of its members could be implicated in the murder. The indictments released on June 30 and targeting four Hezbollah members have however raised the political stakes in Lebanon to new heights. On the one hand, the credibility of Hezbollah as a resistance movement that has traditionally portrayed itself as a moral political force free from corruption is at stake.[22] As such, Hezbollah considers its disassociation from and the discrediting of the Tribunal of key importance. On the other hand, the control of the Lebanese state is the object of constant intersectarian negotiation and its functioning is premised upon continuous compromise. The Tribunal affair, having triggered the withdrawal of Hezbollah ministers from the government on 12 January 2011, has thus led to the paralysis of the state and brought back the spectre of civil strife in the country. The 11 Hezbollah ministers withdrew from the cabinet protesting at what they deemed to be continuous US pressures for Hezbollah's indictment. The fact that the resignations coincided with Hariri's visit to Washington was read as a further sign of protest against external interference. However, Hezbollah's withdrawal from the government represented but the final act of a drama that had been ongoing for some time and that had already been played out four years earlier.

Despite heightened fears that the situation could slip back into civil war, to date this does not appear to be the most plausible scenario. It should be stressed that Lebanon's development over the last decade has been characterised by intermittent moments of acute tension, broken by spells of unstable yet relative calm. The fall of Hariri's government no

[22] Author's interview with an historian and journalist working in Lebanon, 15 December 2010.

doubt represents one such moment. Yet we are far from a point of no return. Now all the forces have entered into hectic negotiations, trying to reach a compromise and re-establish a new equilibrium. This is where external influences over Lebanon become more prominent. Syria is playing its cards by trying to defend Hezbollah, and its strategy is broadly shared by Damascus' former opponent, Saudi Arabia. Meanwhile, all political actors in Lebanon have activated their alliances in the region and beyond for fear of being left out in the cold. The negotiations have lasted for five months and have entailed a protracted paralysis of the Lebanese state and an ongoing distraction from the country's urgent socio-economic problems.

The costs of paralysis

Beyond the constant threat of violence, Lebanon's chronic instability, of which the 2011 government collapse is the latest manifestation, is the cause and consequence of the profound weakness of the Lebanese state. The absence of a state budget between 1993 and 2009, the lack of regular cabinet meetings,[23] and the fact that the parliament can be closed at will by its speaker Nabih Berri, who reportedly prefers to discuss all important issues in Damascus,[24] are all indicative of the profound weakness and poor functioning of the fractured Lebanese state.[25]

Going back to the boom of the 1990s after the decades-long civil war, state institutions were weakened and marginalised as militia leaders took control of all municipal reconstruction projects. Beirut's Central District was the stage of a multi-billion reconstruction and real estate development projects envisioned and implemented by former Prime Minister Rafiq Hariri. His vision was one in which Beirut's economic prosperity would trickle-down to the peripheral regions of the country,

[23] This paralysis has led to the stockpiling of around 310 agenda items in the cabinet session scheduled for 15 December 2010, the last one of the Hariri government.

[24] Author's interview with an historian and journalist working in Lebanon, 15 December 2010.

[25] Author's interview with an official in the Lebanese Ministry of Finance, 14 December 2010.

thus bringing long-lasting development and stability to the fragmented Lebanese state (Leenders, 2003: 321). The reality was, however, that a semi-private actor – Hariri and his Solidere project – was able to monopolise the reconstruction of the country's capital, promoting a particularistic and elitist approach to the country's development (Höckel, 2007: 8). Hariri's project failed to bring about the expected positive results due to, among other things, the excessive focus on Beirut and the progressive neglect of the under-resourced but densely populated southern suburbs of the capital and rural areas, especially in the south of the country. These areas, in turn, increasingly became the fiefdom of parastate actors, such as Hezbollah, which stepped in where the state did not. According to Höckel,

> [T]hese characteristics of the reconstruction process instigated a double effect of disintegration: vertical disintegration led to a widening gap between rich and poor, spatially mirrored by the contrasting developments of Beirut's Central District and most parts of the city's hinterland. Horizontal disintegration resulting from distribution of resources along sectarian lines reinforced clientelist networks and hampered national reconciliations and national development strategies (ibid.).

Another cause and symptom of the state's underlying weakness is corruption. As argued by Charles Adwan (2004), the elements of reconstruction – large public works projects, inflows of international capital and privatisation – have provided the conditions for systematic, organised and almost legitimised corruption. Although difficult to quantify, estimates about the magnitude of corruption in contracts during the reconstruction period vary between 20% and 70% of the total cost (Adwan, 2004; Gebara, 2007). This rampant and widespread corruption is at the same time the result and the symptom of the difficult conditions characterising the Lebanese state: on the one hand, weak state institutions that are incapable of fulfilling their functions; on the other, a highly fragmented civil and political society that facilitates the mismanagement of public resources.

Turning to the broader manifestations of weakness of the Lebanese state, a key cause and symptom is the state's inability to hold a mono-

poly over the use of force. Hezbollah, sometimes defined as a para-state inside Lebanon, has its own well-armed and equipped militia, also thanks to external funding and support. By contrast, the Lebanese army would not be able, according to many, to effectively defend the country against external aggression. Beyond Hezbollah's militia, two further manifestations of the state's limited control over Lebanon's internal security are the Palestinian refugee camps, which to all extents and purposes eschew the control of the Lebanese state, and the emergence of al-Qaeda-affiliated Sunni groups in the northern part of the country, around Tarabulus, which could become a new factor of instability in the country.[26] Another cause and symptom of Lebanon's fragility is the presence and persistence in power of individuals implicated in the civil war. These individuals have built around themselves clientelist networks based on sectarian affiliations and family connections, which have spilled over into the make-up of the state. This, in turn, has hampered the very definition of the state and the national interest and has eroded public trust in state institutions, allowing the spread of corruption.

The paralysis of the Lebanese state is lamented at all levels of society and reverberates negatively on a number of socio-economic problems afflicting the country. These problems are very often downplayed by some international agencies (International Monetary Fund, 2010) that stress the sound macroeconomic situation in Lebanon, the existence of a strong and regulated banking sector that has contained the effects of the global financial crisis and, more importantly, the positive performance of the Lebanese private sector in domains ranging from education and health to construction and finance.[27] However, the unde-

[26] According to some commentators, these groups have emerged in response to the frustration and disaffection of the predominantly Sunni population living in regions that did not benefit from the favours distributed by Sa'ad Hariri's government. Author's interview with a Lebanese journalist of *Al-Hayat*, 16 December 2010.

[27] The IMF report argues that the country has shown an exceptional resilience in the face of the global financial crisis. Led by a dynamic private sector, Lebanon grew by an estimated 9% in 2009 and is projected to grow by 8% in 2010 (International Monetary Fund, 2010: 5-7). Meanwhile, Lebanon's public debt – at about 148% of GDP or USD 55 billion in 2010 – still ranks among the highest in the world and drains about half the an-

niable vitality of the Lebanese private sector is also the result of the vacuum left by a non-existent and non-performing public sector in providing adequate levels of investment in education and health. The prominent role of the private sector, sometimes with strong sectarian connotations, in the provision of public services – electricity,[28] water, public transportation[29] – has helped consolidate divisions and hampered the creation of a sense of national belonging. All this is accompanied by mounting imbalances not only between regions but also within areas of Beirut, according to the small- or large-scale geographic distribution of sectarian groups. This situation of poor public services is compounded by a rising rate of unemployment, affecting Lebanese women in particular, who represent only 22% of the working population, and young people, who are generally highly educated and, if means allow,[30] opt to leave the country. The result is strong anxiety and insecurity, breeding a situation of cold war among sectarian groups. It could be argued that socio-economic problems cut across sectarian lines, unlike hard security issues. However, they tend to be portrayed as sectarian issues, thus pitting one group against the other in the competition for public resources.

In a context of enduring fragility, the struggle for the Lebanese state continues. It will be important to see how another external actor – the European Union – acts upon its declaration of support for Lebanon's stability. The EU has been following recent political developments in Lebanon more closely since Hariri's murder. In the words of an EU official, "the big challenge for this country is to ensure that its plurality is more a

nual budget revenues in interest payments, leaving little room for productive public spending and welfare provision (Ibid. and author's interview with a Lebanese sociologist, 15 December 2010).

[28] In Beirut there are electricity cuts for around 3 hours per day, while in the countryside these cuts can last for 12 hours per day. Author's interview with a Lebanese sociologist, 15 December 2010.

[29] The situation of public transport is unsustainable due to the lack of investment. At the same time, there are 1.8 million cars for a population of 3.5 million inhabitants. Author's interview with a professor from the American University in Beirut, 16 December 2010.

[30] As is the case for many young Lebanese Christians.

chance than a problem".[31] A positive aspect of the EU action in Lebanon is the fact that it is perceived as neutral with regard to different political and social groups. For example, the EU seems to talk to Hezbollah as much as it talks to other groups since the former is not on its list of terrorist organisations. Despite claims that its main objective is to build the Lebanese state and its institutions,[32] others regret the fact that the EU works primarily towards the implementation of technical projects – in the social, infrastructure and environment sectors – thus not addressing more urgent political problems in Lebanon. This de-politicisation of EU development strategies helps to sustain the status quo without tackling the root causes of the lack of sustainable development.

POSSIBLE SCENARIOS

Turning to future scenarios, Lebanon's and Syria's trajectories, while marked by stark differences in the short versus long-term nature of the challenges faced by the two countries respectively, converge on a path of long-term unsustainability, but for different reasons.

In the Lebanese case, envisaging future scenarios is particularly arduous. As underlined by an EU official, the short-term tends to prevail in Lebanon.[33] External actors, including Syria, despite claims of persistent interference aimed at upsetting the precarious domestic balance, are keenly interested in maintaining their influence through their proxies and in restoring normal institutional life. Notwithstanding this, against the backdrop of mounting domestic crisis and increased volatility, the fragile stability of the state is at risk. Prospects of further civil strife should not be discounted, although Lebanon's history teaches us that the Lebanese people are creative enough to develop ad-hoc solutions swiftly. On another note, people are used to dealing with deficiencies in

[31] Author's interview with an EU delegation official in Beirut, 17 December 2010.

[32] It should be stressed that one of the problems in Lebanon is that some civil society organisations and foundations have bigger budgets than some ministries. Author's interview with an EU Delegation official in Beirut, 17 December 2010.

[33] Author's interview with an EU delegation official in Beirut, 17 December 2010.

the administration of the state and finding ways round them.[34] People also know that they will have to coexist, albeit on precarious terms, because there is no alternative to the plurality of Lebanese society and no immediate way out of the confessional political system that was established with the National Pact.

Since it is not possible to envisage a solution to the Israeli-Palestinian conflict in the coming years, its repercussions for Lebanon will at best remain at the same level of today or will even be magnified by increasing political tensions in the Middle East and beyond. The 2011 events in Egypt, while being welcomed as a new phase of development in the region, may also lead to increased pressure on the already fragile Lebanese state, due to the heightened fears of conservative regimes and Israel. Similarly, we cannot disregard the regional and country-specific dynamics at play in Iran, Iraq and the Gulf in terms of sectarian polarisation between Sunnis and Shi'ites and the implications these may have for Lebanon.

Alongside this, what appears to be of utmost importance are the conditions that determine the performance of the Lebanese state. The minimum level of 'stateness' described in this chapter is set neither to dramatically increase nor to collapse. Despite claims that Lebanon is a failed state due to its poor performance, the tenuousness of government legitimacy and the emergence and growth of para-state structures,[35] it is more accurate to depict the scenario of a deteriorating status quo, stemming from present conditions of civil and political crisis and latent (and occasionally active) violence. The state in Lebanon is in the midst of yet another phase of transition, whose outcome remains unclear. Against this backdrop, the EU remains at best an observer despite its strong declarations regarding Lebanon's stability and peace. This was apparent in the latest round of the Lebanese crisis, when EU High Representative Catherine Ashton merely "reiterate[d] support for

[34] Author's interview with a professor from the American University in Beirut, 16 December 2010.

[35] See the Failed States Index 2010 (http://www.foreignpolicy.com/articles/2010/06/21/2010_failed_states_index_interactive_map_and_rankings).

the [fallen] Government of National Unity [and called for] dialogue and stability."[36]

The political situation in Lebanon is far from being sustainable, and this has already produced visible effects in terms of recurrent instability. The main challenge for Lebanon concerns how to maintain the country open, politically and economically, while shielding it from the destabilising effects of this openness to external influences. The fact that Lebanon is a democracy, fulfilling at least constitutionally the desirable criteria of accountability and participation, should be regarded as the point of departure, and not of arrival, from which to envisage yet another, more sustainable compromise.

Turning again to Syria, challenges to the sustainability and long-term stability of the state have evolved dramatically since the beginning of 2011. While until very recently it was possible to differentiate between elements of dynamic stability in the economic sector – centred on a consumer-oriented model of development and incentives to attract FDI – and stagnating stability in the political realm, a number of short-term challenges have come to the fore more recently. Attempts to capitalise on the positive economic growth of the last five years and on an unchanged approach to Syrian foreign policy to ensure political stability have failed under the pressure of growing regional turmoil.

Although the regime still has some room for manoeuvre, the long-term perspective for Syria appears to be increasingly unsustainable. Widespread violence, the seeming absence of a clear plan on the part of the regime to ferry the country across the current crisis and the highly unstable regional situation do not bode well for the future of the country. The Syrian regime can only try to play its cards wisely in the attempt to avoid further destabilisation and final collapse. However, what seems certain is that the future prospects for the country's economic as well as political development are dim, and the risk of widespread conflict, most dangerously with sectarian overtones, cannot be discounted. The appar-

[36] Statement by EU HR Catherine Ashton on the developments in Lebanon, 13 January 2011 (http://ec.europa.eu/delegations/lebanon/press_corner/all_news/news/ 2011/ 20110113_en.htm) and (http://ec.europa.eu/delegations/lebanon/press_corner/all_news/ news/2011/20110113_en.htm).

ently stagnating stability of the political scene in Syria has now turned to an outbreak of discontent, not primarily directed at the president, but which is likely to precipitate further instability, also economically. The five-year economic plan that was rolled out in 2010 already looks unrealistic. Its centrepiece is the gamble that Syria can attract 10 billion dollars of foreign investment a year, a very unrealistic target in light of mounting unrest and foreign capital fleeing out of the country. Recent reports claim that the economic situation continues to deteriorate in the country and that GDP growth is expected to be well in the red in 2011.

A fundamental aspect of the current phase of the Syrian uprising is the relatively low level of involvement on the part of external actors. Apart from Turkey's firm declarations in favour of the Syrian regime's engagement with the demands of the people and Erdoğan's increasingly cold feet about al-Assad's management of the crisis, both the EU and the United States have remained silent until recently, waiting for the president's next move. On more than one occasion the US administration has failed to openly condemn the Syrian regime's repression of the revolts. At the outbreak of the unrest and for some time, the international community seemed ready to believe the tentative reform promises put forth by the regime. More recently, the United States and the EU have become more vocal in condemning the violence perpetuated in Syria by al-Assad's regime. In spite of this, no concrete action has ensued, besides the sanctions that have been imposed by the US and the EU on President al-Assad and a number of regime members. Clearly, the threat of conflict or further instability in Syria is sending negative waves throughout the region, with both Israel and Iran watching the unfolding of the events in the country very closely. A weakened and unstable Syria could represent a threat for both countries' interests in status quo and could aggravate present regional tensions instead of solving them.

In conclusion, it is highly likely that the Syrian uprising would not have materialised had the Tunisian and the Egyptian revolts not taken place in the way they did. These events have in fact made possible the psychological empowerment of a (still limited) number of people against the authoritarian Syrian regime. The evolution of the current wave of unrest gripping Syria will largely depend on the outcome of the transitions in Tunisia and Egypt. The Syrian population is watching

what is taking place in the other Middle Eastern countries that have gone through popular protests and have succeeded in toppling the authoritarian regimes there. Much of the future developments in Syria will follow from the ability of Tunisia and Egypt (or the lack thereof) to get on the track of true democratisation and to avoid further instability. Against this backdrop, the role of external actors in facilitating or hindering the post-Arab Spring transitions, including the willingness to financially support them, is also being watched closely by the Syrian opposition movements and the population at large.

The main lesson to be drawn from events in Syria is that human agency matters and that focusing only on the structural and institutional constraints does not allow us to gain the full picture or understand the causes and implications of the transformation taking place in the country. The reluctance of the average Syrian to engage in activities that could lead to instability, chaos and fragmentation, and the legitimacy and political capital enjoyed by al-Assad, albeit increasingly eroded, may today not be enough to prevent one incident from snowballing into a full-scale revolution. A long list of region-specific and national grievances – the rising cost of living, rampant corruption, unemployment, failing state services, four years of drought and a legacy of abuse by security services – is likely to be a time bomb for the Syrian regime, unless these problems are properly and swiftly addressed. Although it is too early to tell in which direction the country will move, a number of tests will be crucial for the regime's survival in the next few months. If it manages to survive the current turmoil, the next test will come with the parliamentary elections, initially scheduled for May 2011 and then postponed due to the situation of unrest. There are also demands to change Article 8 of the Constitution, which states that the Ba'ath Party is the leading party in society and the state. More of this newborn 'revolution' is to come with all the uncertainties that it entails.

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7.
State (Un)Sustainability in the Southern Mediterranean: The EU's Response

Nathalie Tocci

INTRODUCTION

This volume is the product of a conviction, corroborated by the events that have overwhelmed the Arab world since December 2010, regarding the importance of sustainability in understanding Mediterranean politics. Too often sustainability has been erroneously confused with stability in policy debates in the region and in the West. Not only are these two concepts distinct, with sustainability being broader and deeper than stability. But also, stability, interpreted with regard to the regimes in the region, has often directly contrasted the underlying conditions that underpin state sustainability. Believing in and thus pursuing regime stability has ultimately acted to the detriment of a more organic understanding of state sustainability.

Silvia Colombo's opening contribution to this series, explores the conditions for state sustainability, a concept which is both multidimensional and related to other, equally complex notions, such as state legitimacy and political capital. Colombo sets out the social, economic, political and broader contextual variables that determine state sustainability. At the socio-economic level, she cites equality, social bonds, social cooperation, civic engagement, empathy and reciprocity *vis-à-vis* fellow citizens, political engagement, income growth, welfare in areas such as health, education and consumption, poverty levels and economic governance. At the political level, of key importance is not only the presence of stable and functioning institutions, but also, and critically, the quality of institutions in terms of transparency and the rule of law, as well as

the broader political context of democratic rights and civil liberties. Alongside these domestic socioeconomic and political variables, Colombo points to the external dimension, including both the regional and international levels. Regionally, of key importance is the evolution of conflicts in the area, specifically the Western Sahara conflict in the Maghreb and the Arab-Israeli conflict in the Mashreq. Internationally, the focus, which reflects the principal theme of this contribution, is on Western and especially EU policies. Specifically, the nature and conduct of foreign aid and trade policies as well as democracy promotion and conflict resolution policies impinge, often crucially, on the prospects of state sustainability in the southern Mediterranean.

With this context in mind, this concluding contribution proceeds in two steps. First, it reviews from a comparative perspective the results of the empirical branch of this research, elaborated in the papers by Silvia Colombo, Paolo Napolitano and Maria Cristina Paciello. These chapters delve into the case studies of this project – Egypt, Morocco, Tunisia, Israel-Palestine and Syria-Lebanon. As events have highlighted, the selection of these case studies could not have been more appropriate (and more difficult). The research, fieldwork and writing on these countries was carried out immediately prior to, during and after the revolts from the autumn of 2010 to the spring of 2011. These case studies thus offer a rich gamut of material to drawn on for a comparative analysis. In our sample, we have countries that have experienced revolutions (Tunisia and Egypt); others that, having attempted this route, were embroiled, at the time of writing, in violence and authoritarianism (Syria and Libya); others that have, rhetorically at least, stepped up their commitment to reform (Morocco); and others still, which continue to be enmeshed in old conflicts and will be influenced by the historic events in the region in deep and unpredictable ways (Israel-Palestine and Syria-Lebanon). Having reviewed the comparative implications of these cases, this chapter turns to the external dimension of state sustainability and in particular to the EU's response to the changing configuration of its southern neighbourhood. How has the EU responded to the momentous developments unfolding along its southern borders and how should it respond so as to tailor its policies towards supporting a sustainable southern Mediterranean?

STATE SUSTAINABILITY IN THE SOUTHERN MEDITERRANEAN: COMPARATIVE INSIGHTS

Prior to the Arab revolts, unsustainability was a common disease across the southern Mediterranean. It took two principal forms. On the one hand, the adjustment of authoritarian rule to the exigencies of a twenty-first century globalised world (Guazzone and Pioppi, 2009). This entailed the pursuit of phoney political reform and an economic liberalisation process that failed to spur political liberalisation as warranted by modernisation theories (Lipset, 1959; Huntington, 1968), entrenching instead regime capture of the economy. On the other hand, the conflict-ridden nature of the region hampered the sustainability both of the conflict parties – Morocco, Israel-Palestine, Syria, Lebanon – and of the broader area by impeding meaningful regional and sub-regional cooperation, a *sine qua non* of sustainable development.

External actors, the US and EU *in primis*, alas, perpetuated these features of unsustainability. Such perpetuation became even more pronounced after 2005-2006. When, in those years, the marginal increase in political openness in some Middle Eastern countries produced, through electoral processes, unexpected (and undesired by the West) outcomes, the West quickly backtracked on its commitment to political reform. In 2005, the Muslim Brotherhood won a surprising 88 out of 454 seats in the Egyptian parliament, in what was the most open legislative elections in the country. In Lebanon, after the Syrian withdrawal in 2005, the Lebanese general elections resulted in a strong showing of Hizbollah, which successively entered the coalition government. Most resounding of all, in the Occupied Palestinian Territory (OPT), Hamas, having participated in municipal elections in 2004 and 2005 and indicated its willingness to enter the Palestine Liberation Organization (PLO) and accept the Palestinian Authority (PA), unexpectedly won the January 2006 legislative elections. These Islamist inroads through democratic processes triggered the abandonment of what had been a rather superficial and ill-thought out embrace of democracy by the West in the post-9/11 world, and a return to the comfortable notion of cooperation with authoritarian (but pro-Western) regimes.

This abandonment had immediate repercussions on EU policy to-

wards the region. Almost diametrically opposed to the logic underpinning the European Neighbourhood Policy (ENP) which, at least in theory, was committed to the promotion of a "well governed ring of friends" in the EU's neighbourhood, in 2007, French President Nicolas Sarkozy launched with much fanfare his idea of a Union for the Mediterranean (UfM) (Bicchi and Gillespie, 2011). The underlying logic of the UfM was that of compartmentalizing Euro-Med relations by sidelining political questions and proceeding unabated with economic cooperation through the promotion of specific projects. Sidelined was thus EU attention both to conflicts in the region – i.e., the Israeli-Arab and Western Sahara conflicts – and also democracy and human rights issues within the southern partners. Far from the logic of the ENP, at least theoretically premised on conditional cooperation determined by the domestic reform credentials of the neighbours, the UfM promoted commercially sponsored cooperation between the two shores of the Mediterranean, irrespective of political developments. High amongst the UfM's list of priority projects were energy, infrastructure, transport, environment, research and SME development. This is not the place to review the content, desirability and viability of these projects, many of which have yet to see the light of day. Suffice it to say here that the logic of these projects and of the UfM as a whole was that of promoting cooperation between the two shores of the Mediterranean, without questioning the political context in which such cooperation was embedded.

The initiative was initially met with scepticism both within and outside the EU. Central and northern member states, first and foremost Germany, as well as the Commission, protested against the intergovernmentalisation of EU policy that the UfM entailed, shifting EU decision-making to the southern Mediterranean coastal states. Southern member states, notably Spain and Italy, were equally concerned, fearing French designs to supplant their leadership role in the Euro-Mediterranean Partnership (EMP). Outside the EU, Ankara shunned Sarkozy's attempt to relegate Turkey to the Mediterranean – rather than European – Union. Israel also had little sympathy for what appeared to be a re-multilateralisation of Euro-Med policies. And the Arab world watched with caution an initiative which purportedly aimed at transforming the much-celebrated "joint ownership" of EuroMed policies from rhetoric

into reality, but which in practice smacked of an all-French affair.

Interestingly however, neither within nor outside the EU was there a strong lobby against the UfM's sidelining of the political reform agenda. Despite all the grumblings, the UfM ultimately came into being in the summer of 2008, oddly merging with the EMP and giving rise to the unwieldy UfM-EMP (Aliboni and Ammor, 2009). Since then, commitment has been low all around and the UfM has struggled to resolve its institutional problems. Above all, securing the private sector funds needed to materialise its ambitious projects has proved an uphill battle. Its six priority projects – de-pollution of the Mediterranean, maritime and land highways, civil protection, alternative energy and the Mediterranean Solar Plan, higher education and research, and SME support – remain more in the domain of ambition than reality. What the UfM however did succeed in doing was placing on the backburner EU aims to spur the domestic transformation of its southern Mediterranean partners. Epitomising this "success" was the very fact that heralded as co-chair of the UfM, alongside French President Sarkozy, was no less than his Egyptian counterpart Hosni Mubarak, certainly not a shining example of a Mediterranean reformer.

Then came the revolts, which proved that the stability of these regimes was a chimera. In 2011 a tide of change has swept across North Africa and the Middle East. Before the eyes of the world, watching with a quixotic mix of awe and concern, the so-called Arab street, often derided for its apathy and acquiescence, succeeded in just over a month where no one else had (or had perhaps even tried). Through mass protests (and tacit military support), decade-old dictators of the likes of Tunisian President Zine El Abidine Ben Ali and Egyptian President Hosni Mubarak melted away like giants with feet of clay. As their house of cards came tumbling down, the region shook from Morocco to Yemen, making regimes tremble and empowered populations rise in jubilation and despair.

A comparative reflection of state sustainability in the southern Mediterranean in this new context begins by pointing out how the revolts are likely to lead to a far less homogenous and more fragmented region than the one we once (thought we) knew. This brings us to reflect on one of the scenarios delineated in Colombo's opening contribution: that of an

increasingly polarised Mediterranean. In this scenario, the southern Mediterranean is marked by divergence, entailing both the situation of a single – or a group of – countries and the aggregate developments in the Euro-Mediterranean region. The Arab revolts seem, for the time being, to corroborate this scenario.

We may be moving towards a situation in which a country like Tunisia, despite the manifold and persisting political, economic and social challenges spelled out by Paciello, holds the promise of moving decidedly away from authoritarianism and towards democracy. The problems remain daunting, and relate to the uncertain transition steps of the interim government, the fragile security situation, the mounting socio-economic problems, the evolution and consolidation of political and civil society actors, including the Islamist *al-Nahda*, and the absence of a strong and credible external anchor (i.e., the EU). Yet far more than any other southern Mediterranean country, Tunisia offers the realistic hope that the future, at the very least, will not see a return to Ben Ali-styled authoritarianism and, at best, will move towards a veritable democracy. Sustainable development is no certainty in Tunisia. But neither is it a naïve pipedream.

With all its caveats, the optimism regarding Tunisia seems less warranted in Egypt. Like the Jasmine revolution in Tunisia, the Tahrir equivalent in Egypt succeeded in overthrowing a decades-long dictator. This success should not be underestimated. Similar challenges to the ones faced by Tunisia are in store for post-Mubarak Egypt. As Paciello notes, Egypt has to grapple with public insecurity, an uncertain evolution of civil and political actors, including the Muslim Brotherhood, and mounting socio-economic problems. But unlike Tunisia, Egypt faces additional challenges. As much as a popular revolution, Egypt underwent a military coup (Springborg, 2011). Unlike in Tunisia, where the small military[1] enjoyed few organic political links, the Egyptian military is a large and integral element of the regime itself. The armed forces in Egypt boast significant political leverage and considerable economic power. As the Tahrir revolt gathered pace, the Egyptian military recog-

[1] With its 48,000 troops, the Tunisian army is the smallest in the Arab world.

nised that defending the former president was a losing battle not worth fighting for, at the cost of losing popular legitimacy. Following this recognition, it opted to steer the political course of the country away from its set path of succession from Hosni Mubarak to his son Gamal, a path which it had never fully espoused. The military today retains the reins of power, governing Egypt through the Supreme Council of the Armed Forces, which determines the shape and pace of reforms. Despite having protected the revolution (by not firing on protesters), it is not the driver of a radical overturning of the regime of which it is part. The resumption of youth demonstrations in June 2011 has been precisely a reaction to the military's reluctance to proceed with wide-ranging reform. Furthermore, this bastion of the old regime has found a new *modus vivendi* with the remnants of the former ruling National Democratic Party as well as the Muslim Brotherhood, a situation inconceivable in Tunisia where the Islamist *al-Nahda* is still the antithesis of a legitimate political actor in the eyes of the *ancien regime* (and others). In the Egyptian case, the military, the Brotherhood and the NDP (and its eventual reincarnations) represent a formidable political and economic force against a radical overturning of the old regime. Alongside this, the foreign policies of Western actors are likely to remain far more securitised towards Egypt than Tunisia, insofar as the former is far more enmeshed in Middle Eastern dynamics than the latter.[2] Hence, in Egypt the risk is that of a restructuring of authoritarian rule without a veritable turn towards democracy. The jury is out regarding whether the country will continue to fester in unsustainability, stumble into a *bon usage du néo-authoritarisme*, or move towards sustainable development.

While not having experienced a revolution, the same uncertainty holds for Morocco. In Morocco, civil unrest and the fear of a domino effect across North Africa has led King Muhammed VI to appreciate the difference between stability and sustainability. Unlike fellow rulers in the region, the King had made greater efforts to pursue a *bon usage du néo-authoritarisme*, which had projected domestic stability and a posi-

[2] In the case of Tunisia, it is above all European migration policies that are likely to remain security focused.

tive image of the country in the West. His rule had centred on the promotion of economic modernisation and a few tentative steps towards political liberalisation, with reforms related to the family law and the partial opening of the political space to opposition parties being notable cases in point. This, alongside the status and popular legitimacy of the King himself, had highlighted the stability of the regime while concealing its underlying features of unsustainability. The latter have nonetheless come to the fore in the light of the Arab Spring. Demonstrations in Morocco, while not of the magnitude seen in Tunisia, Egypt, Libya or Syria, have taken and continue to take place. The King responded in June 2011 proposing a referendum on constitutional reform which would somewhat reduce the monarchy's power. It remains to be seen whether the reform and its implementation will suffice to save Muhammed VI from the fate of his fellow rulers further east. As Colombo notes, the greatest challenge for the King is to introduce genuine changes in the balance of power, gradually transforming the regime into a constitutional monarchy like the one in the UK and Spain, and proceeding with decentralisation, as well as to pursue the reform of the justice and education systems. Alongside these political reforms, economic reforms will be needed to combat unemployment, rising food prices and widespread poverty. If the Moroccan regime engages in these reforms, argues Colombo, there are good chances that it will avoid reaching the point of no return that has already been crossed in Tunisia, Egypt, Libya, Syria and Yemen. The end point would thus be a gradual transition from a *bon usage du néo-authoritarisme* towards a more genuine system of sustainable development.

When it comes to Syria-Lebanon and Israel-Palestine, the existing path of unsustainable development, pointed out by Colombo and Napolitano, respectively, risks being aggravated by the Arab Spring. In Syria, President Bashar al-Assad, had attempted, far less successfully than Muhammed VI in Morocco, Ben Ali in Tunisia or Mubarak in Egypt, the route of economic modernisation without political liberalisation. Instead, the grave economic situation, coupled with precious few signs of political opening, attest to the unsustainability of the Syrian state. Yet the Syrian regime had a residue of popular legitimacy not enjoyed by fellow autocrats in the region, which derived from its foreign policy and, in

particular, its "resistance" to Israel and the West. Nevertheless, the revolts in Syria have shown both that the actual value of this source of popular legitimacy was artificially inflated and/or that the regime failed to capitalise on it by proceeding genuinely and speedily on the path of reform before the tipping point of instability was reached. At the time of writing, the future of Syria remains uncertain, but a return to the *status quo ante* seems unlikely. Whether the country will remain enmeshed in political violence, which risks taking on a sectarian character, questioning or perhaps even breaking the fragile equilibrium in Lebanon, or whether it will embark on a new path towards sustainable development, will depend as much on internal dynamics as on the role that regional (e.g., Turkey, Iran and Saudi Arabia) and international actors (the US, EU, Russia and China) will adopt.

Finally, in Israel-Palestine, Napolitano elaborates on how 'weak stability', which entails establishing a sterile political stability, able to sustain the status quo but not to confront the main challenges for the country's future, has marked both Israel and the Palestinian Authority (PA). The Arab Spring has rendered the unsustainability of this status quo all the more evident. In a last ditch attempt to react, the PA, discredited by the publication of the Palestine papers in January 2011, aware of the imperative to respond to Palestinian aspirations against the backdrop of democratic revolts in the region, and acknowledging the failure of over twenty years of the Middle East Peace Process has opted to pursue the path of UN recognition of its statehood. At the time of writing, the outcome of the September 2011 showdown at the UN General Assembly (UNGA) is unclear. Whether there will be a UNGA resolution recognizing the Palestinian state, what the wording of the resolution will be, and which UN members will support it, are unknown. Equally unknown is how Israel will react and what the substantive implications on the Middle East conflict will be. Looking forward however, one could posit that whereas a recognition of a Palestinian state will not alter the conflict dynamics on the ground and may even widen the gap separating the international diplomatic talk of a two-state solution and the unfeasibility of such a solution on the ground, it may open an interesting path of "non-violent unilateralism". Since the early 1990s, in fact, the Israeli-Palestinian conflict has oscillated between non-violent bilateralism (i.e.,

negotiations) and aggressive unilateralism (i.e., the Palestinian intifada, Israeli military incursions, settlement construction, construction of the separation barrier, etc). Aggressive unilateralism has taken the upper hand when negotiations have stalled. Today those negotiations hold no promise of delivering a two-state solution, a reality all too evident to Israelis and Palestinians alike (albeit less so to the international community). In this context, embarking on an alternative path of peaceful unilateralism through the UN and the ensuing steps that may follow, could represent the only way out of the periodical relapses into violence.

In conclusion, the future of the Mediterranean region may well display features of all the scenarios outlined by Colombo. The overarching framework would be one of an increasingly polarised region. Within this scenario, we may see some countries tentatively moving towards sustainability, others grappling with the workings of a *bon usage du néo-authoritarisme*, and others still entrenching unsustainability through decline and conflict. What precise configuration this polarised scenario will take and whether the overall balance will tilt towards sustainability or not will largely depend on the domestic and regional dynamics of the Mediterranean. Of great relevance is also the role of the EU, and whether EU policies towards the region are and will be adequately reshaped to effectively support sustainable development on its southern shore.

THE EU AND THE ARAB SPRING: A (MISSED?) OPPORTUNITY TO REVAMP THE EU'S MEDITERRANEAN POLICIES

When the dust of the Arab revolts settles, how should EU policy towards the southern Mediterranean be reframed to support sustainable development in the region? The EU's Mediterranean policies rest on two pillars: the European Neighbourhood Policy (ENP) and the Union for the Mediterranean (UfM). Whereas the ENP deals with the bilateral dimension of the EU's Mediterranean policy, that is, the EU's hub-and-spoke relations with individual southern Mediterranean countries, the UfM, building on the Euro-Mediterranean Partnership (EMP), provides the broader multilateral framework of such relations. The Arab Spring has

led, so far, to a rethink of the former rather than the latter. Although EU documents have made references to the multilateral dimensions of the EU's policies towards the neighbourhood (the Eastern Partnership in the east and the UfM in the south), the bulk of attention is devoted to the bilateral ENP.

The rationales underpinning the ENP review

Three are the rationales underpinning this choice. First, a bureaucratic rationale has pressed EU institutions to proceed, full speed, with a review of the ENP. A review of the ENP has been underway since March 2010. Caught off guard by the Arab Spring, the Union, not known for its rapidity of action, was thus fortunate to have already been engaged in a major mid-term review of its ENP for several months. Indeed, when the revolt broke out in Tunisia in December 2010, the Commission had just finished compiling the contributions of the 27 member states and the neighbouring countries, along with numerous inputs from academia and civil society. On the basis of these contributions, in October 2010 European Commissioner for Enlargement and the ENP Stefan Füle (2010) acknowledged that the ENP ought to be revised so as to pay greater attention to political reform, while being ready to commit to deepened political and economic relations with the neighbouring countries. The Arab Spring made this fundamental intuition an all-too evident imperative, summed up in what has since then become the slogan: "more for more".

Second, an internal political-institutional rationale has induced the Commission to "use" the Arab Spring to reassert itself on the throne of the EU's Mediterranean policies. When, under French-push, the UfM came into being in 2008, the Commission bemoaned its sidelining. It fought back, alongside Germany and several northern member states, achieving some French backtracking. But the unwieldy UfM-EMP never fully reversed the French drive for the intergovernmentalisation of EuroMed relations. The Arab Spring has provided the Commission with an opportunity to sideline the UfM, which has been delegitimised by its neglect for political reform (epitomised by former Egyptian President Hosni Mubarak's role as co-chair of the UfM, alongside his French counterpart Nicolas Sarkozy). Through its focus on the ENP (of which it is in

charge), the Commission (and the newly established External Action Service) have striven to retake the mantle of the EU's Med policies.

Third, an external political rationale has induced a focus on the ENP. The revolts in the Arab world have demonstrated the weakness of EU policy towards the region, particularly of what the policy had become in recent years, through its lopsided emphasis on economic cooperation and migration management at the expense of sustainable development. Indeed, the EU had increasingly turned a blind eye to the underlying fragility of the regimes it cooperated with, mistakenly equating their short-term stability with their deeper and long-term sustainability, while pursuing its interests in the commercial, energy, migratory or anti-terrorism domains. As recognized by Stefan Füle (2011):

> We must show humility about the past. Europe was not vocal enough in defending human rights and local democratic forces in the region. Too many of us fell prey to the assumption that authoritarian regimes were a guarantee of stability in the region. This was not even Realpolitik. It was, at best, short-termism – and the kind of short-termism that makes the long-term ever more difficult to build.

As put by High Representative/Vice President Catherine Ashton (2011), echoing the very gist of this research project, the EU ought to promote instead "sustainable stability", i.e., stability achieved through change, rather than immobilism, towards sustainable political, social and economic development. It is essentially through the theoretically transformative ENP rather than the status quo-oriented UfM that the EU has debated how to induce sustainable stability in the south. The Arab Spring has highlighted the need for the EU to press more for domestic reform in the south, a promise that was made but never kept by the ENP (as opposed to the UfM, which never boasted a transformative ambition). Alongside this and as argued above, the Arab Spring is likely to lead to greater polarisation and heterogeneity in the south. This heterogeneity in the region has strengthened the logic of EU bilateralism and differentiation, which marks the ENP, while complicating further the search for a workable multilateral framework, be it the UfM or the EMP before it. In other

words, in view of the greater emphasis both on domestic reform and on differentiation in a post Arab Spring context, concentrating EU efforts on reviewing the ENP appeared the logical route to take.

The steps forward in the review

The first outcomes of the ENP review were revealed in the Commission's March 2011 "Partnership for Democracy and Shared Prosperity" (Commission 2011a). These were complemented by the Commission's "New Response to a Changing Neighbourhood", disclosed in May 2011 (Commission 2011b). From these two Communications, we can outline a number of new or revised positive features of a revamped ENP.

First, the EU recognizes the need to offer more benefits to its neighbours. Aid in the current financial cycle (up to 2013) is expected to rise by €1.2bn, to be complemented by an increase of €1bn in European Investment Bank loans, as well as by a proposed opening of the European Bank for Reconstruction and Development's operations in the Mediterranean for an initial value of €1bn. Aid is intended to support economic and social development by improving business environments, supporting SMEs and microcredit, tackling economic disparities, and conducting pilot projects on agriculture and rural development. Alongside this, political reform is to represent a guiding light of the EU's aid policies. Greater resources are to be committed to political reform through the Governance Facility, the Comprehensive Institution Building (CIBs) programme,[3] and the new Civil Society Facility within the European Neighbourhood and Partnership Instrument (ENPI). In addition, under pressure from Poland, the EU will establish an Endowment for Democracy, aimed, *inter alia*, at political party development. More benefits are not limited to aid. They include the offer to the south (as has already been done for the east) of "Deep and Comprehensive Free Trade Agreements" (DCFTAs), which supposedly open the way to delivering on the ENP's unkept promise of a "stake in the single market" for its neighbours.

[3] CIBs are aimed at providing technical and financial assistance to support the capacity of administrative bodies in the neighbourhood.

More benefits also include mobility partnerships and visa liberalisation, both things that have already been contemplated for the east but not, until recently, for the south. Mobility partnerships, launched in 2007 and so far signed only with Cape Verde, Moldova and Georgia, foresee the circular migration of semi-skilled workers to one or more EU member states, in return for the respect by third countries of EU conditions related both to domestic reform and, above all, to readmission agreements and border controls. In return for similar conditions, the EU would also offer visa facilitation for students, researchers and business people beginning with Egypt, Morocco and Tunisia.

Second, the EU acknowledges the imperative of engaging in conditionality. The "more for more" slogan means precisely this: the EU is willing to offer more benefits, in return for more progress on reform by the neighbours. Specifically, the Commission refers to the fact that its aid, including both the remaining ENPI funds until 2013 and the new funding cycle in 2014 and beyond, will be conditioned to the reform performance of the neighbours. More reform is interpreted in terms of "deep democracy", meaning, the kind of democracy that lasts because, alongside elections, it foresees the protection of rights and freedoms, functioning institutions, good governance, rule of law, checks and balances, the fight against corruption, effective law enforcement and security sector reform. Reform is also interpreted in economic and social terms: promoting inclusive economic development, tackling inequalities, creating jobs and ensuring higher living standards. The Commission has not limited itself to positing the need for positive conditionality. It has also accepted that a logical corollary of "more for more" is "less for less": negative conditionality. The EU's recent use of restrictive measures towards countries such as Syria, Libya and Belarus seem to have induced the Commission to shed its instinctive allergy to negative conditionality towards (some of) its neighbours.

Third and finally, the Commission stresses the need to engage more deeply with the civil societies of the neighbourhood supporting their capacities in advocacy, monitoring and implementing and evaluating EU programmes. Insofar as the neighbours are not expected to enter the EU, the Union's demands on them (and thus the degree of conditionality towards them) will continue to be dampened by the imperative of pur-

suing "partnerships" with these countries. Yet the Commission now recognizes that the notion of partnership ought not to be interpreted exclusively in relation to authoritarian regimes, but also to civil societies in third countries. Hence, the EU proposes to provide both greater financial support for civil society, and to engage in deepened and more structured dialogue with civil society actors, both in Brussels and on the ground through EU delegations in the neighbourhood.

The limits

More benefits, more conditionality and more partnership with civil society is good news. It is certainly a step forward in tailoring the EU's policies towards the southern Mediterranean to the promotion of sustainable development. But alongside these pluses are a number of minuses, which, alas, can only be expected to increase as the ENP review translates from paper into practice.

First, the ENP remains trapped in the logic of enlargement and of security, hindering the actual value of the benefits on offer. The Commission has proposed DCFTAs to the neighbours. Working towards and then implementing DCFTAs entail the harmonization of trade standards and practices to those of the EU. Such harmonization is a heavy price to pay for the eastern neighbours, with slim chances of EU membership. It is simply not worth the bargain for the southern neighbours, which have neither the prospect nor the desire to enter the EU. Rather than DCFTAs, premised on the logic of enlargement, the EU ought to seriously consider liberalizing its markets, particularly in the realm of agriculture,[4] without demanding compliance with the highly regulated features of the single market, if it truly wants to put more appetizing carrots on the table. Likewise, the EU has proposed mobility partnerships as a valuable offer to the neighbours. Yet the logic of mobility partnerships remains highly security driven and its overall value questionable. The neighbours are offered limited mobility[5] only if they comply with a host of

[4] Southern Mediterranean countries face tariff quotas on 60 basic agricultural products including fruit and vegetables. See Booth, Scarpetta and Swidlicki (2011)

[5] It should be noted that the bulk of circular migration takes place spontaneously and

strict security requirements regarding readmission and border controls. On the one hand, if and when the third countries acquire the capability to enforce such requirements, their level of internal development and stability is often such that their potential for emigration has been largely depleted.[6] On the other hand, the cost of implementing the EU's requirements is such that the reward of temporary mobility for a limited category of citizens is often simply not worth it. This is all the more true in a country like Tunisia, which may be tentatively moving towards greater sustainability and therefore in which authorities will become more accountable to citizens and less willing to play along with the EU's securitized migration policy tune.

Second, the ENP remains trapped in the logic of vagueness, hindering the prospects of effective conditionality. While asserting the principles of conditionality and "more for more", very little guidance has been provided regarding how to make these notions operational. True, the Commission has referred to the need for a smaller number of more focussed reform priorities and for more precise benchmarks and a clear sequencing of actions. But little indications are provided as to how this would be done. How precisely is the EU to benchmark and monitor its conditions? How will new instruments such as the Endowment for Democracy provide added value rather than duplicate existing EU's instruments such as the Governance Facility and the European Instrument for Democracy and Human Rights? How will the new Endowment work synergetically with established non-state actors in the field, such as the German political foundations or the American National Democratic Institute and International Republican Institute? Little guidance is provided to answer these crucial questions.

Third, the EU remains trapped in a logic of insularity, making its newfound emphasis on civil society welcome but insufficient. Gone are the days of the Barcelona Process, in which the EU acted in the hope (or illusion) of creating a common EuroMed home. Not only are both the EU and the southern Mediterranean countries more divided than in the

not through regulated schemes of mobility partnerships. Remarks by Anna Triandafyllidou, European University Institute, 22 June 2011.

[6] Remarks by Anna Triandafyllidou, European University Institute, 22 June 2011.

1990s, but the region is permeated by the presence of new (and old) external actors, which the EU cannot ignore. These include both traditional allies, such as the US, as well as other regional (Turkey and the Gulf Cooperation Council) and global (China) actors, which are increasingly active in the Mediterranean. The EU, in its ENP review, continues to think it acts in a vacuum, failing to seize the synergies and contrast the eventual countermoves of the multiple actors involved in the region.

Finally and by way of conclusion, the review of the EU's Mediterranean policies focuses predominantly on the bilateral ENP rather than the multilateral UfM. As argued above, the internal bureaucratic and institutional/political logic why this is the case is clear. Equally clear is the strong external logic underpinning the ENP's review, which points to the heart of this project's conclusions: a) that the EU ought to focus more on the sustainable development of Mediterranean countries and b) that the region is likely to be marked by greater polarisation. The bilateral and transformative nature of the ENP responds to both these realities. This, however, leaves unresolved what to do about the multilateral dimension of the EU's Mediterranean policies. Whereas the bulk of the EU's transformative agenda can and should be tackled through the EU's bilateral relations with individual countries, there remain a number of key policy questions, ranging from infrastructure and communications to non-proliferation, combating organised crime and maritime security which continue to warrant multilateral solutions. The question that is still pending, therefore, is what the appropriate multilateral framework is to tackle such questions? The increased degree of heterogeneity of the region suggests that a working multilateral framework should probably not be as rigid and institutionalised as the EMP and the UfM. Rigidity and institutionalisation have been a recipe for deadlock in Mediterranean multilateralism and are likely to be so even more in the future. A pragmatic, ad hoc and probably more sub-regional approach (e.g., building on existing sub-regional groupings such as the 5 + 5 and the Arab League) to EU multilateral policies would thus seem a more appropriate approach to dealing with regional problems in a post-Arab Spring Mediterranean.[7]

[7] Remarks made by Eduard Soler y Lecha and Jordi Vaquer y Fanes at an EU4Seas seminar held in Torino, 6-7 June 2011.

A grand multilateral strategy for the Mediterranean might hinder rather than help the search for solutions to the region's multilateral problems.

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