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DURHAM MIDDLE EAST PAPERS

THE POLITICS OF CHANGE IN THE MIDDLE EAST

edited by Clive Jones

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INSTITUTE FOR MIDDLE EAST AND ISLAMIC STUDIES

THE POLITICS OF CHANGE IN THE MIDDLE EAST

edited by Clive Jones

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DURHAM MIDDLE EAST PAPERS

INSTITUTE FOR MIDDLE EAST AND ISLAMIC STUDIES

THE MIDDLE EAST IN THE INTERNATIONAL SYSTEM:
IMPROVING, UNDERSTANDING AND BREAKING DOWN THE
INTERNATIONAL RELATIONS/AREA STUDIES DIVIDE

Louise Fawcett

Professor of International Relations, and Wilfred Knapp Fellow
in Politics at St Catherine's College, University of Oxford

Foreword by May Darwich

FOREWORD

by *May Darwich*

The hopes following the 2011 Arab uprisings in the Middle East were quickly overshadowed by disillusionment and despair with the outbreak of civil wars in Syria and Libya as well as military interventions in Bahrain and Yemen. These events not only challenged the Arab state at domestic levels; they altered regional dynamics and changed the place of the Middle East in the international system. These changes impelled scholars of political science in general to rethink their theoretical tools and concepts in different ways in the study of the region. Yet, scholars of the international relations of the Middle

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Fawaz Gerges, Gregory Gause, and Morten Valbjørn, have highlighted the necessity to move beyond the “Area Studies Controversy” in favour of a dialogue between IR Theory and Middle Eastern Studies. A current review of recent scholarship on the international relations of the Middle East suggests that a different direction is being taken recently, as IR and the Middle East are increasingly engaged in serious interchanges. Middle East scholars have often applied IR theoretical approaches while seeking a middle ground between the general abstractions of IR theory and regional particularities. The last three decades provided numerous examples of excellent and sophisticated

studies that combined IR theories, even though selectively, and an in-depth knowledge of regional affairs in fertile ways. Whereas some of the theoretically-informed research on the international relations of the Middle East

was primarily preoccupied with how available theoretical frameworks are applicable to Middle East cases, other scholars have criticized these attempts for de-emphasizing regional particularities and complexities. They have opted instead for a modified IR Theory applied to the Middle East. This adaptation has followed several strategies. Some scholars have contextualized mainstream IR approaches to fit the alleged exceptional characteristics of the Middle East, especially those focusing on Historical Sociology and the English School in IR. Other scholars have however adopted a disciplinary eclecticism combining insights from several conceptual approaches to capture the complexity of regional politics as a corrective strategy to IR theories, such as Raymond Hinnebusch, Anoush Ehteshami, and Gregory Gause.

The recent scholarship on the international relations of the Middle East reveals that research in the area is characterised by serious, yet unsystematic attempts to combine in-depth knowledge of the region, on the one hand, coupled with universal theoretical approaches from IR Theory, on the other hand. It also highlights the unidimensional dialogue between IR and the regional expertise, where the interchange was limited to theory testing, application, and adaptation to produce sophisticated and complex analyses of various regional phenomena. Yet, the Middle East remains largely invisible in IR theory development.

Drawing on her previous work in the field of international relations of the Middle East, Louise Fawcett engages in a self-reflection about the current dialogue between general IR debates and the debates among regional specialists. Louise argues that despite the recent efforts to bridge both fields, the current interaction between IR theories and regional specialists remains very limited, and both should be seen as complementing rather than undermining each other. She illustrates this argument through three themes: regionalism in the Middle East, the international relations of Iran, and state durability beyond the Arab Spring. Through these themes, she provides intriguing analyses of how IR theories can enrich our understanding of the Middle East, but also how IR Theory can benefit from the richness and complexity of cases in the Middle East to develop ‘truly’ universal theoretical approaches inclusive of the Global South.

**“THE LAST THREE DECADES
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THE MIDDLE EAST IN THE INTERNATIONAL SYSTEM

INTRODUCTION¹

The year 2016 is a particularly timely one for a re-launch of the Institute for Middle East and Islamic Studies at Durham University. Events in the Middle East and North Africa continue to present huge challenges for regional and international order and yet remain poorly understood by scholars and policy makers alike. This underlines the importance of area studies centres like this one to promoting a better understanding of the contemporary international system and represents a welcome reversal, or at least slowing down, of a trend towards the closure of different area studies institutes and the resulting loss of these centres of expertise. Once gone they are hard to replace. In this short paper, the aim is to promote thinking and further discussion about the relationship between Middle East Studies and International Relations (IR) and the ways in which the two may be more fruitfully engaged in order to better understand the politics of change in the Middle East.

IR and Area Studies: the Problem

There has long been an uneasy relationship between International Relations and Area Studies. International Relations scholars delight in theorising and modelling state behaviour; Area Studies scholars delight in detail and reject political science formulas as restrictive and artificial. Both adopt rather stand-offish positions to each other. I seek to argue that this divide is both unhealthy and unnecessary: there are many fertile fields to explore in the intersections of the two disciplines as recent scholarship has shown. Continuing what has been called a 'modest renaissance'² in efforts to integrate and bridge divides between International Relations and Area Studies, I draw on my own work on the International Relations of the Middle East in particular and the developing world more generally to demonstrate that not only is the relationship a highly productive one, but a potential source of high quality collaboration.

Both International Relations and Area Studies have strong roots in the UK: International Relations as an early 20th century phenomenon and Area Studies as a product of the post-World War II era. Yet while International Relations has gone from strength to strength, taken up by more and more university departments around the world and establishing itself in the Political Science mainstream, Area Studies, having established a comfortable niche for itself over twenty or thirty years, has come increasingly under siege. While it is not true in all countries, some Area Studies departments in the UK have closed down giving way to ever-expanding and better-funded Political Science departments. Why has this happened? Some have critiqued the discipline's parochialism, the robustness of its methods, in particular for failing to adopt new globalizing trends in the social sciences; others have critiqued its failure to be policy relevant. In the case of the Middle East, scholars have been repeatedly blamed for failing to predict key events, which, in turn, became major episodes or turning points in International Relations, like the Iranian Revolution of 1979, the events surrounding 9/11, and finally the Arab Spring. The 9/11 case led to the infamous Martin Kramer argument about the irrelevance and even failure of Area Studies³. The Arab Spring, similarly, caused Gregory Gause to ask why the Middle East Studies had missed the mark⁴.

Do such observations indeed mean that the Middle East Studies have failed? Hardly. If we use policy prediction as a measure of success, International Relations theory has also signally failed to predict equally momentous events like the end of the Cold War⁵, the persistence of US unipolarity or the survival of NATO. For that matter it has also failed as regards the Middle East, as I will show in a moment, by focusing mainly on considerations of power and interest and neglecting, at least until recently, the role that ideas, identities and small states and non-state actors can play in shaping inter-regional relations. So just as Middle East scholars may be critiqued for getting things wrong, so may International Relations specialists. Political Science theories in general, for that matter, have also failed on explaining the Arab Spring. Many authors had sought to explain, a few years before the uprisings started, the stubbornness of authoritarianism and predicted its durability. A much-respected colleague and former tutor Roger Owen, in his *Rise and Fall of Arab Presidents for Life* confessed how he had to revise the introduction of his book explaining the tenacity of authoritarian regimes as the Arab Spring events unfolded⁶. Needless to say, much of what he wrote remains highly relevant in the light of subsequent events.

The point here is not to show whether or how either of the two disciplines of IR and Area Studies have succeeded or failed in their different tasks, rather to suggest that both would succeed better if they paid more attention to



Above: Professor Fawcett speaking at the relaunch of IMEIS, Durham

each other rather than building walls and engaging in futile interdisciplinary debates. This has led to the 'two hats' phenomenon colourfully referred to by an Oxford colleague Avi Shlaim, who described how we wear one hat when talking to Middle East Studies audiences and another when talking to IR specialists! Wouldn't it be better to wear one hat and simply to acknowledge the high degree of interdependence between the two? To state this seems to be stating the obvious, yet it runs counter to current orthodoxy. How could, for example, a book on contemporary Middle East Politics (or for that matter Latin American, African or Asian politics) ignore the external dimension which informs it? You might wish to focus on the development and working of political institutions in the region but would have to refer to the way in which those institutions were shaped and informed by outside forces and influences. If the former colonial powers were involved in the very creation of states and institutions, a legacy that stubbornly remains, their successors, the superpowers of the Cold War and today's great powers since have maintained extraordinarily high levels of interest in and often direct involvement in the politics, economics, and security of the region. Consider the cases of contemporary Iraq or Syria. It makes no sense to think about institution breakdown or institution building without the ever-present external element. This notion of great power 'penetration' of the region, a term coined by L. Carl Brown⁷, does not mean that their influence is all determining. It is not, as events of the Arab Spring clearly revealed. But it does imply that any student of Middle East Politics must consider this domain and take it very seriously.

By the same token, International Relations scholars also need to take more seriously the study of different areas. Area Studies with all its variety and historical and empirical richness, represents an opportunity to open up and

break down dominant Western or European theorising and modes of thinking. In recent language, it offers the opportunities to "provincialize" European International Relations and its simplifying notions of the Westphalian state and international order. This was the theme of a recent (2015) International Studies Association conference aptly named 'Global IR: Regional Worlds'. No IR text can or should ignore the rich cases that the Middle East and other areas supply and how they inform and illuminate aspects of the discipline. How can we theorise about the world without closely observing regional peculiarity and practice? These practices may help to confirm or deny the principles on which such theories are based or help to build new ones, but we cannot block out regional context. The trouble with much IR theory, at least until quite recently, is that it was highly West-centric: mostly designed for the Western world by Western scholars. It not only used Western based theories, but expected different world regions to adjust to its explanatory and predictive capabilities⁸.

This particularly struck me when I first started to study IR as a postgraduate student with a special interest in developing countries: the Middle East in particular. I had written a thesis about Iran during the Cold War, which contested the assumption that the balance of power after WW2 was the only key to understanding events and sought to

uncover the agency of a smaller state – Iran in this case. Indeed, having just read Milan Kundera's novel *The Unbearable Lightness of Being*, it occurred to me at that time that IR theory, was also 'unbearably light', though perhaps not in the sense intended by Kundera! In arriving at this conclusion, I acknowledge that perhaps I was too influenced by my own historical background and eye for detail, or by my reading early sceptics of the so-called English school like Hedley Bull, who repeatedly warned of the dangers of excessive theorising in his call for a classical approach; (in fact he declared that rather than a theory his IR should be seen as an approach), or his mentor Martin Wight, who famously asked the question 'Why is there no IR theory?'⁹ Conversely, I was reacting against the claim made by Stanley Hoffman that International Relations was an 'American Social Science'¹⁰.

Of course, one could argue that IR has come a long way since Hedley Bull and Martin Wight, and not only the English School, but also other European IR schools would certainly argue against the Hoffman claim that IR is still an 'American' social science. But one is no less reminded of the lightness of IR theory as we consider how mainstream methods have developed and now, in an age of quantification and measurement how much simplification (we like to call it parsimony) and ignorance of empiricism prevails. This is particularly true for the case of

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developing countries, despite the advent of more critical theory and a wave of post-colonial studies. In what follows I pursue this theme and critique, while also suggesting that the way forward is to continue the task of integration, to practice inter-disciplinarity and to insist – and this should not be difficult in a world of rising powers where the locale even ideas about power have shifted – to bring in the local, the regional as well as the international level of analysis. Indeed, the rising power phenomenon is in many ways a vindication of the area studies approach. How can we understand China’s rise without understanding China? I continue with some further elaboration of the IR theory problem as I see it, mainly from a Middle East perspective, but one that can be extended to other arenas of area studies. Here I share the view of a number of area specialists that the Middle East case should not be regarded as exceptional, but should be looked at comparatively alongside a range of developing, or Third World countries, or what today we call the Global South. After considering how different scholars have approached the question of Middle East IR, I move to look at some illustrative cases that lie within my own research area and reflect on how these throw light upon the problem, cautioning against reliance on existing theory without appropriate safeguards.

The first case is the phenomenon of regionalism or regional cooperation in the Middle East, which draws on work I have done in comparative regionalism; the second is the International Relations of Iran; third and finally I comment on the debate about state durability beyond the Arab Spring. In all cases I offer some preliminary observations and suggest that current theory has often provided a poor fit with regional and local dynamics and is therefore as likely to confuse or obscure as to clarify. The onus is then on IR scholars to extend their reach to the highly-differentiated experience of developing countries and to Area Studies scholars to take on the challenge of a selective embrace and sifting of relevant theory. I should introduce a caveat here. I speak as if this was a rather barren field and scholars had not already risen to this challenge. They of course have: many colleagues (including in this Centre of course) have sought to re-evaluate the IR of the Middle East from a variety of perspectives – I have collaborated with a number of them in an edited volume¹¹. As Morten Valbjorn points out, the idea of using the Middle East as a laboratory to test IR, if underdeveloped, is not new¹². Over the last twenty years now there has

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been the modest renaissance, referred to in the introductory remarks, in integrating theory and area expertise. The work by Tessler et al in 1999 was one of the first attempts to understand Middle East Politics from a ‘Social Science’ perspective¹³. Others have followed suit including Fred Halliday, Ray Hinnebusch, Bahgat Korany, Fred Lawson, Gregory Gause, Marc Lynch, Anoush Ehteshami and many more. All these works have used selectively IR theory and applied it to regional studies. The merits and qualities of such exercises are not in question, though they may not have received the attention they deserve. IR scholars, for their part, have not neglected the Middle East, as I will discuss further in a moment: one of the most cited examples of the so-called balance of threat theory, a revisionist branch of neo-realism, is Stephen Walt’s book on alliances which precisely draws on the Middle East for its cases¹⁴.

What we learn from such works is not that IR and Area Studies have been completely distant from each other, but that much of the work done remains somewhat tentative and inconclusive – outside the mainstream. Laboratory experiments do not always work which leaves one wondering if the available tools are adequate for the task. To make IR and Middle East Studies work together requires selectivity, sophistication, and much relevant expertise.

Questions about conflict and cooperation, the roles of states versus other actors lie at the centre of the IR endeavour, yet many of the great debates in IR, and the neo-realist/neo-liberal debate is a good example, have tended to proceed without much explicit reference to the experience of the Third World. Consider the end of the Cold War for example. The role of the Third World in the Cold War itself has received more attention thanks to the global histories of the Cold War by authors like Arne Westad¹⁵, but the ending of the Cold War, like its beginning, is still treated as mostly a superpower event. IR theory has still not sufficiently travelled to the periphery.

In saying this, one must again acknowledge that some successful transference has taken place, especially in those areas where conditions are more favourable: we see how theories of globalization and interdependence travelled better to parts of Asia; how the idea of a security community may fit in the Americas, though in both cases we should not ignore the particular antecedents and distinctive conditions that prevail in these areas. But when we come to the Middle East or Africa it is certainly true that theory constructed on the basis of Western experience travels poorly. The case of the African state in IR remains a deeply problematic one as highlighted by the work of Robert Jackson on 'quasi states'; can we say the same about the Middle East today where traditional notions

of statehood and sovereignty have been under challenge from sub-state and transnational forces who propose alternative orders? Should we indeed still reify the state as the starting point of analysis? Though the views of the British historian Toynbee have rather gone out of fashion, one cannot but sympathise with his critique of Western historians which we could well apply to today's political scientists: He berates them for their egocentricity... 'They consider other histories only in so far as they are relevant to Western history, or they think of themselves as somehow standing outside history.' This view was cited subsequently by Albert Hourani who, in his *Vision of History*¹⁶, sought further to make sense of the emerging twentieth century Middle East and the evident tensions between old and new ideas.

The above remarks recall Edward Said's observations about travelling theory¹⁷. In a brilliant piece, now less cited, he writes how theories developed in a particular context evolve and change as they move through time and space, losing their original meaning and purpose. 'A theory arrives as the result of specific historical circumstances', he writes, 'what happens to it when for different reasons, and under different circumstances, it is used again and again? What does this tell us about the theory and its limitations?' This observation is relevant to one body of theory I will turn to in a moment, that of regional integration. It is

quite proper to acknowledge that such theory had its origins in Europe, but its transference to the non-European world has been deeply problematic and often unrewarding. In this sense, Said is right to stress the importance of local context and understanding since universalism may erase distinction between people and place and therefore limit understanding.

This idea of travelling theory and the need to re-construct and adapt theory to local reality is the cornerstone for good IR, for understanding the IR of the Middle East and for building disciplinary bridges. One doesn't need to go all the way with Said's analysis to agree that this is a sensible way to proceed in thinking about the relevance of IR theory to the developing world. It certainly doesn't mean that the effort to apply existing theory, or that the very categories of analysis we use should be abandoned – the radical post-colonial critique is a useful corrective to mainstream theorising – but cannot replace it (and the Arab Spring case bears this out). It does mean that we should exercise caution in arguing that our study of the Middle East will be enriched by simple theory transference. The call to area studies and IR scholars to engage is a call to counter generalization and simplification and consider regional specificity and the history and development of Middle Eastern societies and cultures. As Clifford Geertz has aptly written: 'One of the things everybody knows but no one can quite think how to demonstrate is that a country's politics reflect the design of its culture'¹⁸. The same indeed can be said of a country's international relations. In this regard, of course, constructivism is helpful in highlighting how states and other actors' choices are informed and shaped by local and external influences and impressions. Still, constructivism can only take us so far, as I will show for the Iranian case in a moment.

Not all would agree with this argument and still claim that existing IR theory can do the required work. Some of the best-known scholars in IR (mostly from the US) have found in realism and its variants what they regard as adequate explanation for state behaviour in the Middle East. In his study of international conflicts, Joseph Nye finds that the Middle East is consonant with the 'realist model'¹⁹, while Stephen Walt, already mentioned, in his analysis of alliance formation argues for a modified balance of power approach based on threat assessment. Hansen's study of the Middle East under uni-polarity also uses a neo-realist framework²⁰. There is no similarly robust account of Middle East IR based on a neo-liberal or liberal institutionalist model, revealing the particular difficulty of this line of scholarship outside its North Atlantic or European home. Latter day constructivists, like Michael Barnett, Shibley Telhami, and others, however, have had a field day in exposing how, when it comes to the Middle East, culture or identity may come first. While all the above refer to local context there is nevertheless an attempt to make the evidence fit the theory.

The response of Middle East scholars to this IR invasion has been to take a nuanced approach. Middle East scholars make more modest, and region specific claims. Some reject crude bipolarity: observing the agency of small powers Leonard Binder noted how during the Cold War the system was neither 'global nor total'²¹; another Cold War scholar Malcolm Kerr viewed regional politics from an ideological rather than power political perspective²². The late Fred Halliday, a scholar whose work I have much admired, offered a salutary comment on constructivism in his book *The Middle East in International Relations*²³. Critiquing what he called the post-realist fetish for culture, he reminds us that when it comes to the Middle East, the cultural perspective 'was always there', strengthening his claim for a sound historical sociology as the starting point for understanding any world region.

In the above we see again, the case for nuance and selectivity, the rejection of absolutes. In this regard, it would be just as wrong to see the Middle East as better understood through a radical or post-modern paradigm as it is wrong to see it solely through a realist or constructivist paradigm. A new fetish for such a paradigm has developed around the 'end of Sykes-Picot' narrative, regarding the Arab Spring, which describes states in the Middle East as inherently artificial and alien constructions, despite a hundred years of (relative) stability. Notwithstanding the current turmoil and its far-reaching consequences, I would still venture that much of the older historically informed and far less dogmatic IR scholarship on state durability remains relevant. Also, as Lesley Carl Brown wrote, 'our story is told in terms of states... it is the study of states that will bring out the underlying trends and patterns of the IR of the Middle East'²⁴. Viewing the current regional fragmentation and rise of multiple non-state groups, one might question such an assumption. But it is important not to throw out the state baby with the post-colonial bathwater. For all its difficulties, and amid multiple predictions of 'failed states' the state nonetheless remains the most important point of reference. It is state agency, whether regional or global that is at least in part responsible for inspiring and challenging the current regional disorder. This is borne out, I believe, in my cases below.

Regionalism in the Middle East

This is an area I have considered in some detail, both in respect of the region and also comparatively, and it throws light on the points I already made²⁵. It may at first sight be a curious place to test IR theory because regional integration has a set of rather unique theories applied to it such that it does not necessarily fit neatly into the mainstream paradigms described. Many theories of integration have derived from the European experience and still fit that experience best – even though that experience is changing and evolving as we speak. However,

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theories of integration do fit however into bigger bodies of IR theory in a number of ways and we can therefore talk meaningfully about MENA regionalism as a case to test theory relevance.

One doesn't need to know much about the European or Middle Eastern cases to see that it is fanciful to think that interstate cooperation in MENA could be understood in terms of North American or European paradigms of regionalism. Where are the NATOs, the EUs or NAFTAs? According to such paradigms integration is said to have 'failed' if it does not conform to a Vinerian customs union or a Deutschian security community. Measured against such criteria the Middle East undoubtedly gets off to a bad start. As a preface one might point out, as scholars have done, that levels of regionalization are low, and some question whether or not the region is a region properly so called, but leaving this definitional problem aside, it is evident that in terms of economic integration the region has fared poorly despite the constant Greater Arab Free Trade Area refrain. (We should note the fact that the GCC as a smaller grouping of more likeminded states has moved further in the direction of Customs Union as Matteo Legrenzi²⁶ has shown). This fact has been repeatedly pointed out by numerous scholars, from the careful analysis of Roger Owen, Michael Hudson, Fred Lawson and others. This is partly because of the nature of the regional economy itself,

which has failed to provide incentives or the necessary supply-demand conditions for cooperation, but also regional politics and rivalries, which have blocked efforts at coordination. Without the necessary economic and political incentives in place, it is easy to see how any neo-functional logic on the European model will be hard to observe. The same, of course, can be said of many developing country regions.

This also applies to security cooperation. Although there should be a high demand for regional security, it is evident that the major regional organization with security provision, the Arab League has failed to supply it, at least in any comprehensive way. The reasons for this relative failure of security cooperation, a particular concern of mine, are regional divisions, regime type and high degrees of external interference, which together conspire against successful cooperation. There is no pan-regional organization or security framework, which incorporates non-Arab states like Iran, Israel or Turkey and nothing akin to a CSCE process, which might act as a trigger to wider cooperation. The tendency has been for outside powers like the US but also the EU to attempt to supply regional security in various schemes (The Greater Middle East, Mediterranean Union etc), but these have suffered from the problems of lack of legitimacy and fit, showing how plans devised by Western policy makers fail to

accommodate regional realities. Here we may make a contrast between say, efforts by the African Union and other African institutions to create a more comprehensive security architecture to deal with regional problems. A key difference in Africa however, is the relative absence of superpower overlay, as Barry Buzan describes it: the international community is less interested in 'solving' Africa's problems. Middle Eastern states have not hitherto been free to pursue their own security solutions without external intervention.

However, the picture of failure is perhaps too absolute and here we need to re-examine our measurement criteria. If we seek FTAs or security communities, we find failure; if we look to wider efforts to build upon common identities and practices, to establish some kind of *modus vivendi* for Arab states in a complex regional order, the evidence is somewhat different. Right from the start of the LAS history there have been efforts by different Arab states to lead a consensus on certain issues: Arabism in a loose sense, expressed in common positions on Israel for example. Under Nasser, the Arab world sought to demonstrate leadership in the form of anti-colonialism and non-alignment. Not wholly unsuccessfully if you consider the Suez crisis and its aftermath. We shouldn't forget also that during the 1970s a grouping of Arab oil producing states (OAPEC) also spearheaded a movement to resist Western dominance in the form

of the oil embargo and subsequent raising of oil prices. These cooperative moments may not have lasted and they may not amount to integration of the form that Western scholars identify, but they were important moments nonetheless. Finally, what are we to make of the latest, very tentative, turn in Arab and ME regionalism where Arab states appeared to embrace new norms in respect of the Arab Spring uprisings? The passage of UN resolutions on Libya critically depended on the support of regional states and institutions, whether the League of Arab States, Gulf Cooperation Council or the wider Islamic Conference Organization. Subsequent policies on Syria and Yemen also demonstrated initial policy coherence on how to best limit the damaging effects of the fallout from the uprisings. Whether or not we were witnessing evidence of new regionalism in MENA (and the subsequent evidence has been disappointing) and whether or not this conforms more broadly to other regionalisms around the world is not the point here. What I want to demonstrate is that measured by standard criteria Middle East regionalism has 'failed'; yet a more nuanced appreciation of regional trends suggests an alternative starting point and interpretation. And younger scholars like Marco Pinfari and Farah Dakhllallah have precisely identified these kinds of trends. Indeed Pinfari²⁷ has recalibrated an older account of comparative regionalism by Joseph Nye²⁸ and offers a differentiated, altogether more positive picture of the story of Middle East regionalism showing that what you count, and how you count it matters. These more sophisticated and empirically informed accounts draw upon, but also add to existing bodies of theory by introducing regional nuance. They are examples of how theory and practice can be successfully knitted together.

Iran and International Relations

And what of Iran, a country at the forefront of the international scene at least since the Iranian Revolution, if not before? How does our toolkit fare in explaining the behaviour of a state, once the darling of the West, which has been called a pariah, placed on an 'axis of evil', the subject of multiple UN sanctions regimes, then party to a nuclear deal endorsed by the US, and now attempting to maintain a favourable regional balance of power through its actions in Iraq and Syria? Iran is a good example of both how Middle East Studies and IR failed to spot or predict impending transformation, also confirming Robert Satloff's claim that in policy-making terms Washington has a poor record of 'even recognising, let alone managing change.'

As is often the case, the simple realist approach comes in handy while discussing aspects of Iran's behaviour and attempted alliance building and this has been true of both the period of the Pahlavi monarchy and of the post-revolutionary period. In this respect, and this is surprising to some, we

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REGIONAL STATES
AND INSTITUTIONS...”**

can identify as much continuity as change in Iran’s foreign policy. Iran has long held aspirations to be a regional great power, and to sustain a regional balance of power, regardless of regime type. Iran’s security dilemma is an unusual one even by Middle Eastern standards – its geography, history and demography ensure that. But aside from realism we need to turn to the revisionist/revolutionist paradigms and to Iran’s longer term ‘world views’ to explain positions which transcend simple geopolitics and material explanations. In this respect just as understanding China today, requires a complementary Chinese worldview of the kind identified by Rosemary Foot²⁹; so does understanding Iran. Iran’s world view is thus one in which realist power-based considerations are filtered through history and informed by revolutionist and revisionist ideas born in part of its revolution in 1979, but also of its prior and continuing xenophobic, anti-imperial and Third Worldist stances, latterly revealed for example in relationships with states like Venezuela³⁰.

Yet Iran, for much of its modern or twentieth century history has mostly behaved like a rational state actor, closely conforming to traditional realist paradigm. This was particularly so under the second Shah, Mohammed Reza, who cast the country in the light of an emerging regional power, but

of a pro-Western kind. On the outside, Iran was a ‘good’ international actor. It joined pro-Western alliances like the Baghdad Pact in 1955, embraced modernizing policies, taking the ‘right’ (that is the pro-Western side) in the Cold War and recognising, unlike its Arab neighbours, Israel.

While all this may have been comforting to its Western allies, there was of course another side, underpinned by the destabilising Mossadeq period when nationalist forces demanded the Shah’s abdication; followed by a period where regime opponents were zealously pursued and human rights neglected. Yet despite murmurs from Presidents Kennedy and Carter, the Shah in the 1970s was starting to look like one of Owen’s presidents for life³¹.

Indeed, it was precisely Iran’s rational foreign policy behaviour in a Cold War framework that led to one of the big pre-end of Cold War shocks to the international system, providing a foretaste of what was to come. Just as theorists and policy makers failed to predict the end of the Cold War they also failed utterly to predict and explain the nature of the Iranian revolution and its impact on International Relations. Iran since has continued to represent a puzzle and challenge to policy makers and IR theorists. Still capable of extreme pragmatism, as shown in a number of foreign policy episodes, as during the Gulf War and the Khatami presidency; or again after 9/11 when Iran showed respect for America’s dead; or more recently in response to events in the Arab world, Iran remains in other ways unpredictable and revisionist, whether in its policy as regards Israel or in its pretensions to nuclear status. This is not a vindication of Samuel Huntington’s thesis of civilizational divides, or the triumph of constructivism however. As described here, Iran’s behaviour crosses and bridges theoretical explanations of state behaviour, which makes perfectly explicable its desire, under the more centrist President Rouhani, its more balanced current stance, offering to pose as the honest broker amid the threatened fragmentation of Iraq, or driving a hard bargain in its nuclear deal.

The complexities of Iranian foreign policy, and the real or perceived challenges it poses to the international system today, have been differently interpreted by commentators. Whatever your view and mine inclines to the more pragmatic, the Iranian case shows, as in the case of regionalism, that there are no easy answers and no quick theoretical fixes. As a well-established scholar of the Middle East world, James Bill wisely observed after observing fifty years of practice: ‘Middle Eastern political processes defy observation, discourage generalization and resist explanation’³². We need to carefully study and observe regional practice before theory building can take place.

And the Arab Spring?

The above point, finally, has been reinforced by events of the Arab Spring, which has shown how the Middle East has once again surprised and confounded scholars and policy makers alike. The Arab Spring – today a rather maligned term, with orientalist connotations, but one that captured the early promise of the social mobilisation and demands for change that swept the Arab world, has had a mixed and contradictory reception by the scholarly community. Early enthusiasm regarding a ‘democratizing wave’ rapidly gave rise to pessimism about alternatively, authoritarian resilience, or the production of failed or failing states as the result of civil wars and social unrest that ensued. Yet the outcome of the Arab uprisings is unlikely, in the long term, to reverse popular demands for reform – liberalization is a protracted and messy process after all. Nor is it likely to produce many ‘failed states’ in the literal sense. Failed or failing states have a tendency to right themselves³³, particularly when it is in the interests of other regional states and the international community that they should do so. Even the much spoken about ‘artificial borders’ that have characterised the region will likely endure. So the lessons that IR teaches about state durability in the international system are useful here as are those studies of liberalisation and popular mobilisation which look at the regional experience and do not merely seek to apply Western models

of democratization without factoring in local conditions³⁴. Once again, the interdisciplinary endeavour in respect of explaining change is likely to be the most productive one.

Conclusion

To conclude, the lament about the International Relations/Political Science and Area Studies divide is rather an old, and even tired one. It needs to be superseded by an acknowledgement of the bridge-building that is currently on going and efforts to continue it by scholars around the world – this is an important part of what is today called ‘Global IR’. New trends in the Social Sciences which ignore local realities in the search for generalizable trends, reveal precisely how very important Area Studies is to provide the kind of empirical knowledge and analysis that is absent in much modern research. Without it we surely cannot pretend to better understand the politics of change in the Middle East or in the wider world.

Right: Speakers at the IMEIS relaunch, Durham



END NOTES

- 1 Parts of this paper draw upon the introduction and relevant chapters in Louise Fawcett, ed., *International Relations of the Middle East*, 4th edition (Oxford: Oxford University Press, 2016).
- 2 Gerd Nonneman, "Rentiers and Autocrats, Monarchs and Democrats, State and Society: The Middle East between Globalization, Human Agency and Europe," *International Affairs* 77:1 (2001); Andrea Teti, "Bridging the Gap: IR, Middle East Studies and the Disciplinary Politics of the Area Studies Controversy," *European Journal of International Relations*, 13:1 (2007).
- 3 Martin Kramer, *Ivory Towers on Sand: The Failure of Middle Eastern Studies in America*, Policy Papers 58, Washington, DC: Washington Institute for Near East Policy, 2001.
- 4 F. Gregory Gause III, "Why Middle East Studies Missed the Arab Spring: The Myth of Authoritarian Stability," *Foreign Affairs*, July/August (2011).
- 5 John Lewis Gaddis, "International Relations Theory and the End of the Cold War," *International Security* 17:3 (1992).
- 6 Roger Owen, *The Rise and Fall of Arab Presidents for Life* (Cambridge: Cambridge University Press, 2012).
- 7 L. Carl Brown, *International Politics and the Middle East: Old Rules, Dangerous Game* (Princeton, NJ: Princeton University Press, 1984).
- 8 Pinar Bilgin, "Thinking Past Western IR," *Third World Quarterly*, 29:1 (2008).
- 9 Martin Wight, "Why is There no International Theory?," in *Diplomatic Investigations*, eds. Wight, M. and Butterfield, H. (London: Unwin, 1966).
- 10 Stanely Hoffmann, "An American Social Science: International Relations," *Daedalus* 106:3 (1977).
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- 16 Albert Hourani, *A Vision of History and Other Essays* (Beirut: Khayats, 1961).
- 17 Edward Said, "Travelling Theory," in *The Edward Said Reader*, ed. Moustafa Bayoumi and Andrew Rubin (London: Granta, 2000).
- 18 Clifford Geertz, *The Interpretation of Cultures* (New York: Basic Books, 1973).
- 19 Joseph Nye, *Understanding International Conflicts* (Boston: Little Brown and Co, 1997).
- 20 Birthe Hansen, *Unipolarity and the Middle East* (London: Routledge, 2000).
- 21 Leonard Binder, "The Middle East as a Subordinate International System," *World Politics*, 10:3 (1958).
- 22 Malcolm H. Kerr, *The Arab Cold War, 1958-1967: A Study of Ideology in Politics* (Oxford: Oxford University Press, 1967).
- 23 Fred Halliday, *The Middle East in International Relations: Power Politics and Ideology* (Cambridge: Cambridge University Press, 2005).
- 24 L. Carl Brown, ed., *Diplomacy in the Middle East: The International Relations of Regional and Outside Powers* (London: I. B. Tauris, 2001).
- 25 Fawcett, *International Relations of the Middle East*.
- 26 Matteo Legrenzi, *The GCC and the International Relations of the Gulf: Diplomacy, Security and Economic Coordination in a Changing Middle East* (London: I.B. Tauris, 2011).
- 27 Marco Pinfari, "Nothing but Failure? The Arab League and the Gulf Cooperation Council as Mediators in Middle Eastern Conflict," Crisis States Working Paper 45, London: Crisis States Research Centre, London School of Economics, 2009.
- 28 Joseph Nye, *Understanding International Conflicts* (Boston: Little Brown and Co, 1997).
- 29 Andrew Walter and Rosemary Foot, *China the United States and Global Order* (Cambridge: Cambridge University Press, 2011).
- 30 Louise Fawcett, "Iran and the Regionalization of (In)security," *International Politics* 52:5 (2015), 646-656.
- 31 Roham Alvandi, *Nixon, Kissinger and the Shah* (Oxford: Oxford University Press, 2014).
- 32 James Bill, "The Study of Middle East Politics 1946-1996: A Stocktaking," *Middle East Journal*, 50:4 (1996).
- 33 Robert Rotberg, "Failed States in a World of Terror," *Foreign Affairs*, July/August, 2002.
- 34 Larbi Sadiki, "The Arab Spring: The 'People' in International Relations," in *International Relations of the Middle East*, ed. Louise Fawcett (Oxford: Oxford University Press, 2016).

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DURHAM MIDDLE EAST PAPERS

INSTITUTE FOR MIDDLE EAST AND ISLAMIC STUDIES

ANALYZING CHANGE IN THE MIDDLE EAST: A FRAMEWORK REVISITED

Bahgat Korany

Professor of International Relations and Political Economy,
The American University in Cairo

Foreword by Clive Jones

FOREWORD

by Clive Jones

Few predicted the outbreak in 2010 of what some referred to as the Arab 'Spring', others as the Arab uprisings. For all, however, the transformative potential of the uprisings that swept across much of the Middle East presaged a new beginning in a region where the entrenched nature of a largely autocratic state-based order has previously seemed impervious. Of course, the 'change' that the uprisings appeared to portend has for many proved to be but a chimera. Now, in bitter reference to the passing of the seasons, talk of an Arab 'winter' is not uncommon as, on the one hand, state failure and

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fragmentation in Yemen, Libya, Syria and Iraq has disfigured so much of the region while elsewhere, the 'fierce' nature of the autocratic state has appeared all the more durable. Even if one accepts that the Middle East is not exceptional - just different - for many the transformative potential - save for the fragile steps towards democracy in Tunisia - has not been realised.

Business as usual? Well, as Bahgat Korany of the American University of Cairo opines in this thought provoking article, not quite. As he notes, scholarly engagement with the very idea of change, let alone state formation and transformation across the Middle East and North Africa (MENA) has been a largely neglected area of scholarly enquiry. Perhaps this is understandable in a region defined by war and violence; Realism alongside its various paradigmatic progenies have long held intellectual sway, at least among International Relations scholars. With its predisposition towards 'business as usual' and an emphasis upon classic fare such as 'balance of power' Realism offered a convincing account of politics

and state behaviour across the region, its parsimonious explanations all the more convincing because of the very nature of autocratic regimes that denied agency to domestic forces.

But by focusing upon the idea 'transformative change' which he defines as change that leaves an impact, Professor Korany highlights both what he terms the 'big bang' of change across the region - change that we normally associate with wars, revolution, and what he terms 'milestone' events - and secondly, what he regards as the less visible process of steady change. Here he emphasises the wider demographic shifts across the Middle East and the so called 'youth bulge' which in Egypt can only expand exponentially with new births now exceeding 190,000 per month. He notes too the generational gap that increasingly divides Egyptian youth from their parents, a divide that, since the Arab uprisings, perhaps has less regard for their country's political leaders who, like the Nasser, had been almost been deified by the Egyptian masses in an earlier era. The past truly was another country.

In turn, Korany addresses a wider issue: the potential of social media to mobilise people and which did much to puncture the aura of invincibility that had for so long, defined autocratic rule with its often-synthetic understanding of what was happening on the Arab street. It is therefore the need to understand both conceptually and methodologically, the integration of the 'big bangs' of change, with the more slow-burning shifts in the regional social and economic contours that for Barany will give us a better, more balanced understanding of change, a change which all too often has been obscured by 'business as usual'. In many ways, his is a provocative thesis and so it should be. One, for example, might take issue with Professor Korany's construct of revolution and revolutionary forces; the reductionist nature of youth as opposition while the power of social media as a mobilising agent might strike some as exaggerated. Even so, his thesis is compelling in both its articulation and insight; he certainly pushes both the methodological and conceptual boundaries of how we understand the forces that are shaping the MENA region in so many but often contradictory ways. For this alone, we are in his debt.

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ANALYZING CHANGE IN THE MIDDLE EAST

INTRODUCTION¹

I was asked to stand up and salute, and I'm really glad to be here. This is not a routine statement. Durham is an important academic institution, as I knew long time ago and as this was confirmed yesterday during my meeting and discussion with some faculty and graduate students on the 10th anniversary Arab Human Development Report. On a much personal level, it is also a very nice place and I have lots of friends, old friends, and luckily the colleagues-panellists are also friends. In introducing today's discussion on ME Change, Anoush just said that the three of us are members of Louise's team of the 4th edition of International Relations of the Middle East.²

In addition, I was also keen to come because of the topic. Indeed, most of the writings and the analyses on the ME emphasize continuity, really business as usual. After the Arab Spring, there was a sort of reconsideration, but the mind-set in

perceiving and conceiving the Middle East as rather unchanging or even unchangeable leaves its strong traces. In fact, this is more or less the first conference to emphasize explicitly Politics of Change as the title says and avoid general terms such as reform and the similar. Thus, this one-day conference brings to the fore and unequivocally the centrality of change as such, and I wholeheartedly commend the organizers for emphasizing this rather under-researched dimension in the analysis of the Middle East.

Indeed, the emphasis on continuity in Middle East analyses is both consistent and imposing. Methodologically, this is understandable since adopting an approach emphasizing 'business as usual' is easier to apply than shooting at a moving target. Moreover, the neglect of analyzing change has become a sort of standard, even for policy makers, based on the belief that the Middle East does not really change. So, I am indeed glad that this

School of Government and International Affairs at Durham brings us here and invite us to focus on the change dimension during the day. We might disagree on some aspects and debate one item here or there, but the organizers are commended for putting the item of change high on this conference's agenda.³ This could make of this meeting and its presentations/debate a needed contribution to ME studies by putting in doubt a comfortable conventional wisdom in this field.

For the emphasis on continuity seems to be, on the surface, very valid. Tribalism is still there in its old/new form.⁴ Think of Yemen, of Libya, even of Lebanon, not to talk about Iraq, Bahrain or Qatar. To support the continuity thesis, we have at present an important debate in political science about the durability of authoritarianism. Increasing literature,⁵ and it is becoming almost a 'sectarian' war among analysts. Issues of continuity seem to find support, at least on the surface, by looking historically at some other items of ME international relations. Doesn't the Balfour Declaration, with its hundredth anniversary in a few months, remind us how eternal the Arab-Israeli conflict seem to be with no final settlement in sight?

However, even at this level and if we look much more carefully, some aspects of this major conflict have changed substantially at the inter-state level. For instance, as inconceivable as it looked 40 years ago, there are now formal peace treaties between Egypt and Israel, Jordan and Israel, in addition to the Oslo Agreement of mutual recognition between the Palestinians and Israel. A few years ago, there were repeated and public negotiations between these seemingly arch enemies, Syria and Israel – inconceivable according to official rhetoric of a few years earlier. As we talk at present, last news indicates visits, declared visits, to Israel by Saudi delegations that seem to confirm Israel's earlier contacts in the Gulf and coordination that predate the 2015-Nuclear Agreement with Iran. Briefly, if you look beyond the surface, you will see some aspects of change, and major change.

After all, at the international level, the issue of dealing with change has already been prominent. Do not we remember President's Obama motto for his election more than nine years ago: 'yes we can', i.e. we can and should change. In fact, the vote for the controversial President-elect Donald Trump is also associated with change, i.e. a plea for change away from the traditional Washington establishment. Much more conceptually, a well-established International Relations School such as Realism has one of its pillars, Robert Gilpin, devoting one of his classics to the centrality of change against the school's bias in favour of comparative statics in decoding the history of international relations.⁶ Indeed, can we really understand the *longue duree*

of the international system without dealing with power-transitions and its dynamics?

In the 40 minutes I have, and I want to leave time for questions/comments, I will be brief focusing very much on the analytical aspects and will use some major events mainly to back up what I claim in order to make the point clear. In principle, I am focusing mainly on what we can call transformative change, not any change, but the one that leaves an impact. In this respect, conceptually and methodologically, I will start by making a sort of typology about change. I will distinguish between two types: on the one hand, the visible change, the big bang that we cannot afford to ignore; and on the other hand, the steady type of change that goes underneath but climbs up to be cumulative and finally impose its effect. I will be as operational as possible by specifying components of each type of change (3 components for the 1st type and 2 for the 2nd type) with indicative examples to back up my analysis. So, let me start by the easy one, the big bang type of change and its impact.

The Big Bang Change and Its Impact: I focus here three main components/drivers of that type of change: 1- War, 2- Revolution, and 3- milestone events.

Wars

Wars as drivers of change are easy to deal with as they stand out.⁷ I

already referred to Gilpin's classic in International Relations theory about war and social change. Indeed, International Relations theory in its different forms, from Classical Realism a l'anglaise⁸ to dominant Neo-Realism a l'americaine⁹ have war at its centre of analysis to decode the international system. Though this over-emphasis on war could be reductionist in such (Realist) International Relations theory, it demonstrates my point. Concerning specifically the ME, and in addition to the abundant works of diplomatic history or application of Realism,¹⁰ Steven Heydemann drew attention to the socio-economic aspects of wars and their impact.¹¹ We know that the contemporary Middle East itself owes its present state structure to World War I and the collapse of the Ottoman Empire.¹² Consequently, not only is war basic to the structure and evolution of the region, but also the region has plenty of it. A recent statistic shows that the Arab ME constitutes 5.2 % of the world population, but is plagued with 17% of its conflicts.¹³ War then is a force of change, a recognized game-changer, good or bad.

Can we imagine the Middle East without the 1948-war, that witnessed the establishment of the state of Israel and its consequences? 'What If' – as a new school of history suggests - this war did not happen; how different the region would have been? As basic is the 1956-Suez war, which affected the international



Above: Professor Korany speaking at the relaunch of IMEIS, Durham

fortunes of this country that is hosting us today, Britain. What the Arabs call the Tripartite Aggression denotes the plot of France, Britain and Israel to attack Egypt following the nationalization of the Suez Canal. As a result of the revelation of this plot, the opposition by the two superpowers, moral condemnation in the U.N and across most of the world, an important result for both the ME and the international system was an overdue change in the international hierarchy: the declassification of both France and Britain as recognized great powers. A third example of the impact of ME wars is the 3rd Arab-Israeli war in 1967. The consequences of this 'Six-Day War' are clear in shaping the ME. In addition to geopolitical effects that go beyond the region, it established Israel politically and militarily as a regional hegemon; led to the lack of credibility of Nasserism and Arab unity as a regional ideology and foretold the rise of an alternative Arab pole: the oil-rich Gulf countries.

As regards the 1973-October war - the 4th Arab-Israeli round - we should remember one of its under-researched impacts: the quadrupling of oil prices in the period of a few months which confirmed the rise of the Gulf pole in regional and world politics (as we will see below). In fact, each of these wars has been analyzed in tens if not hundreds of PhD dissertations and thousands of books/academic articles inside and outside the Middle East. My point is thus clear about war as a big driver of change and, unfortunately, the Middle East has lots of these wars.

Revolution

Revolution could be conceived conceptually and empirically as the domestic equivalent of war. This is why this game-changer does not deserve too much labouring and we can go fast in this part. In addition, there is abundant primary and secondary literature on the different revolutionary processes outside

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and inside the Middle East.¹⁴ For instance, Nasserism since the early 1950s shaped the Middle East, and it still does. Lots of people try to be complementary to the present head of state in Egypt, former General El-Sisi and draw analogy between him and Nasser. Both of them obviously came from the military institution and stayed connected to it. But beyond this superficial analogy, there is a huge difference. Nasserism’s impact has gone beyond Egypt to shape the fate of the region not only in the Arab World, but the Middle East at large. Take as an example the debate in 1955 about the Bagdad Pact in the region and the rise of non-alignment as an international rallying movement across the rest of the Third World and even Europe.¹⁵ As a result, revolutionary Egypt and the Nasserist model shaped not only the region but parts of the world too. For instance, following the success of the 1959-Cuban revolution, Che Guevara came to Egypt and told Nasser the impact that his example had on revolutionaries in Latin America. Similarly, Ali Shariati, the ideologue of the 1979-Iranian Revolution, confirmed this Nasserist inspirational impact.

Indeed, a good second example of revolution as a driver of regional change is the Iranian Revolution. For many, it is seen as the first mass-based and Islam-inspired successful revolution in the Middle

East. In a region that is very elitist in structure, this is in itself an impact. Whatever our judgment about this event, it certainly has reshaped the region. To start with, it led to the disappearance of the Shah with his imperial megalomania, and in terms of the ideas, it initiated a new frame of reference. The status of Islam has ceased to be identified with a frozen past to become a revolutionary force to shape the future, a very profound mental restructuring that still impacts the region’s belief- system.

Nasserism and the Iranian Revolution differ a lot. But both of them have shaped the frame of reference of the people deep down. This is what I mean by change, it is really a transformation that goes beyond the event, a game-changer at more than one level. Though the 3rd driver of change, milestone event, might not appear at first glance as having the same transformative impact, it is still presented here as a big bang.

**“NASSERISM SINCE THE EARLY 1950S
SHAPED THE MIDDLE EAST, AND IT
STILL DOES...”**

Milestone Events

Indeed, these milestone events are less visible than war and revolution. Social science literature and political studies have no problem accepting our conclusions above about the impact of war and/or revolution as drivers of transformative change. Even in the street, when you talk about war and revolution, people can easily follow, they do not need to be specialists to see and feel the impact of these big bangs, but not the same clarity about milestone events. Given their debatable impact, we should start with how I define such driver of change.

They are conceived here as a sort of residual category that it is not a revolution or a war, and not characterized by the same level of violence. I will take some examples to clarify this point. The above-mentioned hundred-year old Balfour Declaration is one milestone event. Much closer in history, all of us remember the storming of the Berlin Wall, and then the end of the cold war without war. As we all agree, powers have invested so many resources in building nuclear arsenals and spent so much time getting worried about the possibility of a nuclear war. Many of us felt it was important to discuss in classrooms theories

of deterrence, MAD (mutually assured destruction) strategies to alert young people to the potential dangers of the contemporary world based on the balance of terror between the superpowers. Yet, this cold war did not – fortunately – lead to a hot war between the main protagonists but ended without one. Given the impact of the end of the cold war, the storming of the Berlin Wall as a milestone event, a game-changer, is clear then and now.

At a different level of analysis, another example of a milestone event is the election of the first Afro-American President in the U.S. I was very struck when Obama was giving his first State of the Union Speech and said, ‘not very far from where I talk, my father wouldn’t be allowed to go into one of the restaurants.’ That does show the impact of his arrival to the White House nationally, but also globally given the influence of this socio-political example in a big society of the superpower. After all, this society has been and continues to be marred by instances of racism, the Civil Rights movement as well as the KKK and tense relations between white Americans and their Afro-American co-citizens. Obama’s election goes beyond the slogan ‘yes we can’ and becomes highly symbolic in American and world history, an embodiment of a milestone event.

Closer to the specific topic of our meeting, the Middle East, obviously, the oil 1973-Oil embargo has

its impact as a milestone event. Financially, it led to huge petro-dollar resources, far beyond the capacity of these countries to absorb them in a short time. The result is a huge investment abroad and arms imports, thus influencing the economies of such countries and regions as the U.S., Japan, Western Europe or Asia. In the Middle East itself, petro-dollars have impacted directly millions of families and their very daily lives. For these small but capital-intensive oil-exporters started needed and huge development projects. As they lacked labour resources, abundant in neighbouring labour-intensive countries, a huge circulation of capital and people dominated the Middle East since the mid-1970s, giving a new meaning to Pan-Arabism. In the 1950s and 1960s as we remember, Nasser tried very hard to establish Pan Arabism but failed. In fact, the rise (and demise) of the UAR, which lasted only for 3 years, embodied the failure of the of this statist from-above dream. Petro-dollars connected people at a different level and also in a different context. Arab people’s inter-connectedness took a huge push through the circulation of people and financial remittances across the borders of the different countries of the Arab World.¹⁶

A fourth example of a milestone event is Sadat’s 1977-visit to Jerusalem with all its consequences, starting with the impact of the surprise itself, nationally, regionally and world-wide. I remember I was in Canada at

the time, and watched first-hand how all the North American TV channels put aside different items, even domestic ones, to focus on this unexpected visit. People were in disbelief. I made some interviews, including with the former American ambassador in Cairo, Herman Eilts, as he was very close to Sadat and they had a sort of hotline between them. He said to me and I quote: ‘when I heard the speech, I couldn’t believe it, so I phoned the president right away and I said, if it is a slip of the tongue, tell me and then we will try to contain its effects’. But President Sadat said ‘no, I meant it, and I meant it literally’.¹⁷ So even an American ambassador who usually has sources and resources to know a lot in the region, and was in this specific case so close to Sadat, did not know about this event before it happened and could not even believe it once it became public. We know the impact of this milestone event from the holding of the 13-day 1978-Camp David negotiations, the departure of the Arab League from its Cairo headquarters to Tunis, the series of Arab-Israeli Peace treaties.

I can include here also the impact of the Arab Spring as a milestone event. Some people might object because its results have been up till now rather disappointing. At the other end, some of my students will object to considering the Arab Spring a milestone event, preferring instead to put it in the revolution category. Though at present in a setback position from Syria to Yemen and at more than one level, I believe it certainly impacted different Arab countries, including countries that are not its direct theatre of operations. Did not the head of Saudi Arabia offer his people right away \$36 billion for housing and other social demands? Did not the GCC countries invite formally non-Gulf Jordan and Morocco to join the monarchical club? The Arab Spring proved the fragility of authoritarian regimes, previously deemed all strong. It also ushered in the arrival to power through elections of Islamists (and their failure to govern). These are important impacts for the region as a whole and even beyond.

The Steady Process of Change

This second type of transformative change is not as visible as the big bang since it is usually a steady and even unnoticeable process. This is why it could be tricky to identify and confirm, as it is essentially and characteristically slow process rather than a newsworthy event. Since this steady process of change goes underneath and even deep in society, we tend not to be aware of it. Moreover, it takes time to show its impact. It is, however, very cumulative. I can even claim that it could be as important as the big bang, often at the very basis and engendering many big bangs. For the sake of time-limit, I will take two components. One is related to the evolving structure of demography characteristic of the region. The other is technological: the wide diffusion of the internet and use of social media.

Demography

Concerning demography, the growth rate in the Arab Middle East is far above the world average, constituting a serious socio-political challenge in many countries, especially the already relatively over-populated. In Algeria, Morocco, the Sudan and of course Egypt, the population increase results in a yawning gap between population demands and resources available. These countries try to practice birth control, but with limited success. The data are impressive. Egypt for instance produces almost 190.000 people every month, the equivalent of Kuwait's native population every 6 months or so, is now above 92 million, and with a percentage birth rate that is 5 times that of China and 8 times that of South Korea, could have 100 million by 2020. This huge demographic growth takes place while resources are not increasing but in fact dwindling per capita, thus widening the population/resource gap, with a potentially negative impact on governance and social peace.

But the impact of this steady demographic change is not only quantitative. We take only one aspect in relation to the shape of the demographic pyramid: what is identified as the youth bulge, i.e. the increase in the number of the people between the 15 and 29 years old.¹⁸ This age bracket is at present an absolute majority of the Arab population. Many, especially in North America, think of young age as an asset. This is because of the increase in the number of aging and ailing population / senior or retired citizens, pension funds are drying up. Consequently, there is an immediate need for young people to be there and work, pay old age contribution and keep the fund renewed and in fact going. Unfortunately, in the different parts of the Arab World, youth are thought of as a liability, a burden on the education system, burden on the labour market, and as a result is we have two negative aspects leading to a tense process of change. One element of this tense process is what we can call generational divide. If I can include some anecdotal data to drive home the impact of this process, I will mention the case of some of my students at AUC that claim they don't at all communicate with their parents, they talk but they say 'we can't communicate.' When I meet some of the parents they complain that 'this new generation is not like us,' and they probably do not listen to them. This aspect of generational divide in the Arab World certainly contributed to the rise of the Arab Spring and its structure. It can indicate the possible return of mass protests.

Indeed, this youth bulge/generational divide and its imminent impact is not only limited to protests about shortages in the labour market but the rise of general socio-political protest as a mood. Youth is usually associated with rebellion and we can conclude that with the rise in the percentage of youth, you are bound to have more and more protest movements, people to

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contest what the old generation is doing and saying. In my meeting yesterday with some Durham students, I told them that one of the things that surprised me during the Arab Spring is the need for a deeper content-analysis of the slogans of the protestors. For instance, I was struck with where Ben Ali and Mubarak - without consulting each other - converged and were repeating 'we understand you.' Events proved, however, that for sure they didn't understand them. That is what I am talking about as a steady change that we don't see, but it is cumulative and self-assertive, resulting in a huge impact, in this case massive protests that forced the two autocrats to give up rule.

Part of that youth bulge is related to gender issues. Women are more and more present at this category and impacting both the labour market and street protests. Their increasing presence in this market and 'outside it' at large show more the shortages that the education system or the labour market have to face. Such shortages demonstrate more clearly the incapacity of both society and government to integrate youth and capitalize on these new energies, of its youthfulness. Both these young men and women represent new blood and a huge component of innovativeness, of thinking out of the box. Such creativity dynamics are bound to accelerate the process of change, slow but

still transformative, and tense if authorities do not know how to cope with it. Consequently, their presence is not only a quantitative aspect, but also a qualitative one. They 'technologize' society and its processes through social media. Aided by globalization, their 'virtual' inter-connectedness spills over in social movements far beyond borders.¹⁹

ICT

Indeed, another example of steady change, closely related to youth, is ICT which is at the basis of the huge increase in the use of the internet and social media.²⁰ For instance, internet penetration is soaring across the Arab Middle East. Between 2013 and 2016, it rose in Egypt from 22% to 59%, and in Lebanon even more: from 58% to 84%. Though this increase embraces all groups, as expected the increase is the greatest among youth. Thus 93% of those in the age bracket 18-24-year-old are likely to use it, compared 85% to those 24-34-year-old, 72% of 34-44 years old and 39% of those 45 years and older.²¹ Moreover 'smartphone ownership tracks closely with internet penetration... Nearly all nationals in the Gulf states and Lebanon use a smartphone: nine in 10 or more-compared to 43% of Tunisians and 61% of Egyptians'.²² Not surprisingly, youth are again in the lead: '89% of nationals 18 to 24 years old own smartphones compared to 85% of 25 to 34-year-olds, 71% of 35 to 44-year-olds and only 49% of those 45 years or older'.²³

Data about social media networking such as Facebook and WhatsApp confirm this youth-heavy involvement, even higher than their already high demographic ratio in society. This massively youth-used medium allows the dissemination of information in the most-censored societies, snowballing change as this actually happened in the Arab Spring.²⁴ The internet and other forms of social media become, as Abdulla nicely put it, an onshore agent of (democratic) change.²⁵ It is worth quoting the example in detail:

Israa Abdel-Fattah, a twenty-year old woman who formed a group called the 'April 6 Youth Movement' to rally support for workers in the Egyptian city of Mahalla Al-Kubra, who were planning a demonstration on 6 April 2008. Abdel-Fattah asked people simply to stay at home that day, not to go to work, and not to engage in any monetary transactions such as buying or selling. To her own surprise, Abdel Fattah's group attracted some 73,000 members and caused much havoc among national security forces on the 6th of April. She was dubbed 'the Facebook girl' and 'the president of the Facebook Republic...'.²⁶

The 6th of April Movement was the main actor in mobilizing youth and the country at large to initiate Egypt's Arab Spring on Jan. 25th, 2011.²⁷

Conclusion

I want to conclude here by coming back to that debate between continuity and change. The objective is not to deny the presence of elements of continuity. It will be absurd to deny that such continuity and that in fact shapes many aspects of society and politics. My objective is rather to warn against the danger of excessive reductionism in ME studies and analyze almost everything as a reflection of such continuity. The plea for emphasizing elements of change – both as an unavoidable big bang or a creeping cumulative process – is an attempt to bring balance in ME studies and the actual analysis of the region.

Such restructuring of our conceptual lenses is needed not only methodologically, conceptually and especially epistemologically but has also policy relevance. Though most people would continue to emphasize continuity because it is easier, business as usual, if we want really to cope with the increasing issues that are dominating the Middle East at present, emphasis on elements of change as a mind-set have to be integrated. We have to think primarily and consistently in terms of dialectics between continuity and change, not only as parallel processes but better as overlapping and interacting. I would even say that I would prefer to start with change because this is the biggest challenge in order to deal with policy issues. We have to switch our mindsets to focus on change, to direct our conceptual lens to watch what is changing rather than what is going on as usual. In this way, we can decode properly what is taking place on the ground. Even better, we might be so qualified to see 'surprise' events before they take place and cope with them in the most relevant way.

END NOTES

- 1 The Framework is 'revisited' because its 1st version was presented publically in 2008 before being published as Bahgat Korany (ed.), *The Changing Middle East* in 2010. Following the Arab Spring, CNN promoted the book as forecasting this event one year before it happened! This is an exaggeration. The 2010 book was probably like a geological examination that could indicate the fault lines, but could not tell when the tsunami will take place. I want to thank Anoush Ehteshami and the organizing team at Durham University for giving me this opportunity to come back to one of my favorite themes and to my research assistant, Karim el-Baz, for some technical help.
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- 15 Bahgat Korany, *Social Change, Charisma and International Behavior: Toward a Theory of Foreign Policy-Making in the Third World* (Leiden: Sijthoff and Graduate Institute of International Studies, 1976); and Bahgat Korany et al. *How Foreign Policy Decisions are Made in the Third World* (Boulder CO: Westview Press, 1986).
- 16 Korany et al., *How Foreign Policy Decisions are Made in the Third World*.
- 17 Author interview with Sadat in Boston, Massachusetts, USA. November 1979.
- 18 Emma Murphy, "Problematizing Arab Youth: Generational Narratives of Systemic Failure," *Mediterranean Politics* 17:1 (2012); and SAHWA. Youth Data in the SEM Countries. Barcelona & Cairo Conference, 2016.
- 19 Valentine Moghadam, *Globalization and Social Movements: Islamism, Feminism and the Global Justice Movement* (New York: Rowman & Littlefield Publishers, Inc., 2013).
- 20 Philip Howard, *The Digital Origins of Dictatorship and Democracy: Information Technology and Political Islam* (Oxford: Oxford University Press, 2010); and Lina Khatib, "Transforming the Media: From Tool of the Rulers to Tool of Empowerment," in *Arab Human Development in the Twenty-First Century: The Primacy of Empowerment*, ed. Bahgat Korany (Cairo: The American University in Cairo Press, 2014).
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- 22 Ibid.
- 23 Ibid.
- 24 Wael Ghonim, *Revolution 2.0: The Power of the People is Greater than the People in Power – A Memoir* (New York: Houghton Mifflin Harcourt, 2012).
- 25 Rasha Abdulla, "Arab Media Over the Past Twenty Years: Opportunities and Challenges," in *The Changing Middle East: A New Look at Regional Dynamics*, ed. Bahgat Korany (Cairo: The American University in Cairo Press, 2010), 75.
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- 27 Ghonim, *Revolution 2.0*.

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DURHAM MIDDLE EAST PAPERS

INSTITUTE FOR MIDDLE EAST AND ISLAMIC STUDIES

THE POLITICAL ECONOMY OF CHANGE IN MENA

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Foreword by Emma Murphy

FOREWORD --- by Emma Murphy

There can be few people more qualified than Professor Giacomo Luciani to address the political economy of change in the MENA region. A distinguished economist and adjunct professor at the Graduate Institute in Geneva, he is also a scientific advisor for the Paris School of International Affairs at Sciences Po in Paris and a Princeton University Global Scholar. His career has included working for the Italian Ministry of Finance, directing a number of notable research institutes in the Gulf as well as Europe, assisting development planning for the Saudi government, and being a member of the Oxford, Geneva

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and Paris Energy Clubs. Thus, his knowledge and experience uniquely traverses the academic and practice-based energy industries, always with an eye to the complex inter-linkages of political and economic realms.

In this paper, he offers the particular observation that we can understand the wave of popular uprisings and protest movements across the region since 2011 – possibly the most large-scale and visible evidence of change for a generation - as being essentially the result of the diminished circulation of oil rent that has marked the region since the early 1990s. For Luciani, oil rent has been the blood of the regional body-politic, carried largely by regional labour migration flows, and somewhat less through inter-Arab foreign aid, in the period from 1970 to 1990.

Although the distribution was uneven and deeply politicised, these flows sustained politics at the national levels, albeit without necessarily establishing particular stabilities. The expulsion of Arab labour from Saddam’s Iraq, and the subsequent regional preference for labour migrants from the Asian sub-continent, dramatically exacerbated the structural flaws of corrupt, cronyistic economies, widening inequalities and prompting a whole new scale of instability – manifesting now in what Luciani describes as a region-wide civil war.

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It is not a happy picture, and one which may be deeply contested by those observers who take a less structuralist, more agency-focused approach. Nonetheless, as the hydrocarbon-rich countries themselves seem intent on pursuing their own rival visions for the region’s future through competitive sponsorship of the regimes leading the most distressed political economies (Egypt, Yemen, Libya, Syria) and their opponents, rather than through reviving the economic capillaries of labour remittances and large-scale aid, it seems that the regional circulation of rent will remain constricted, politicised, and dysfunctional for a good while longer.

Luciani leads us to conclude that regional economic functionality is unlikely to be restored and political instability will remain a defining characteristic of the region. Whether and how this will extend into the next cycle of oil price rises is yet to be seen.

THE POLITICAL ECONOMY OF CHANGE IN MENA

INTRODUCTION¹

The economics of change in MENA cannot be separated from the politics of it, be it at the level of the single state or at that of the MENA region as a whole. In turn, the politics of change in the region cannot be understood without proper consideration of economic and political economy factors.

The central variable in the relationship remains the oil rent, and its circulation within the major oil exporting countries as well as regionally. Much has been written to refine or adapt the rentier state paradigm to changing circumstances,¹ and undoubtedly change has occurred at all levels in the region, mandating a constant revision of our tools of analysis.

Nevertheless, the key statement of the rentier state paradigm - i.e. that access to an important flow of rent, accruing directly to the state from the rest of the world, fundamentally influences political dynamics at the single state as well as regional

levels - remains widely accepted and confirmed by empirical observation.²

Oil exports are not the only significant source of rent in the region, but remain by far the most important. The importance of the rent accruing to each state is of course a function of the volume of exports; but also, and for many years primarily, it has been a function of changes in oil prices. The absolute level of rent accruing to each state is important, but variations over time due to shifts in prices, and the regional distribution of the rent are no less important.

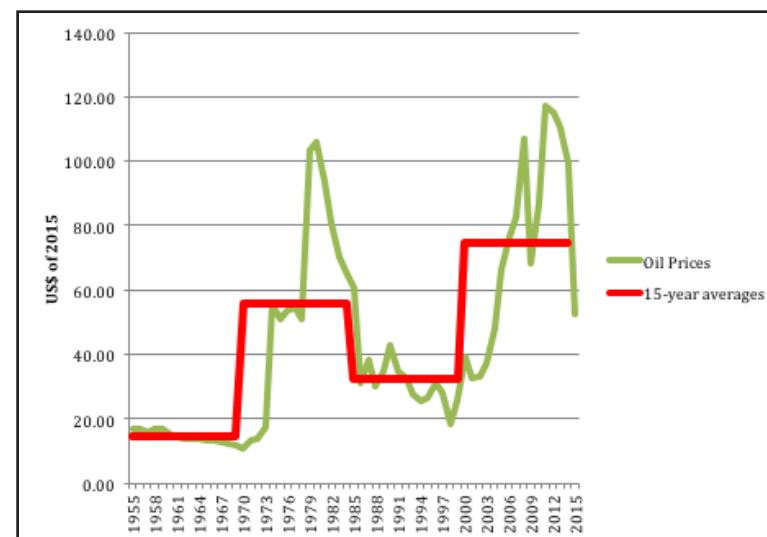
The rentier state approach is frequently accused of being static, inasmuch it proposes that the availability of rent from oil exports consolidates the existing power structure. The paradigm predicts that whoever is in power at the outset of access to the rent will have a strong opportunity to keep power. This statement justifies stability but does not allow us to understand how things might ever change. Indeed, the

theory has a problem understanding change, but only if the analysis is limited to the implications of rent circulation at the level of a single country. There can be no doubt that the availability of the oil rent has allowed otherwise anachronistic patrimonial regimes in the Gulf to remain in power, while normally they should have been wiped out a long time ago. The fact that this region has, so far, essentially escaped the heritage of the French Revolution can only be explained with consideration to the availability of the oil rent.

But at the same time one must also consider the regional dimension: at the regional dimension, change cannot be pre-empted in the same fashion as domestically, and it is from the regional dimension that eventually change will come also to the Gulf monarchies.

Oil Price Cycles

Changes in oil prices are the most important engine of regional change. We may organize recent regional history in four main periods, based on changes in oil prices and, even more so, perceptions and expectations surrounding oil prices. Each period extended over approximately 15 years, and one could advance an empirical theory of medium term oil prices based on such historically observed periods (see chart).



Above: 15-year oil price cycles

The first cycle may be considered to have covered the period between 1955 and 1970 – a period of very low and declining prices. In this period, OPEC was formed but did not succeed in influencing prices, which remained firmly under the control of the major international oil companies. MENA countries rapidly expanded their production and exports, but low prices limited the importance of the rent accruing to them, and in most cases, they had limited financial resources.

The turning point came in 1970 with the Tehran-Tripoli agreements. 1970 is one year after Muammar Gaddafi comes to power in Libya, and he was very much instrumental, together with the Shah, in turning the tide and reversing the power relationship between oil companies and producing countries. Prices increased initially only a little, but after 1973 the increase became rapid. A second jump in prices occurred as a consequence of the Iranian revolution. The conviction that oil prices would remain high or increased further lasted until the early 1980's, and was only reversed in 1985. Thus 1970-85 is the second cycle, and it was a high oil price period. Prices were far from stable, but the oil rent exploded and engulfed the entire region.

This period was concluded in 1985, when Saudi Arabia abandoned the defence of the official OPEC price and opted for defending its market share. This shift inaugurated a 15-year

sequence of predominantly moderate prices, lasting until about year 2000. The last two years of this period saw especially low prices, prompting some cooperation between OPEC and non-OPEC producers: in 2000 prices recover, but the recovery remains hesitant until the spring of 2004. This is due to the expectation that the 2003 US intervention in Iraq would open the door to a rapid increase in Iraqi production, possibly even to Iraq exiting OPEC. In the spring of 2004 it became clear that neither expectation would be fulfilled, so prices started climbing rapidly. A speculative bubble was formed which burst in the summer of 2008. Prices collapsed in the second half of 2008 but recovered rather quickly the following year, and remained above \$100 per barrel between 2010 and the summer of 2014. In 2014 a new abrupt shift in the market occurred: prices collapsed and are now down to something like \$50 per barrel, or a little more. If my empirical observation is correct, the next appointment is for 2030, and then we might see a new period of high prices. For the time being, we are in for a period of low prices, which can reasonably be expected to last for some time.

Impact of Oil Price Cycles

Keeping this periodization in mind, we see that the period 1970 to 1985 saw major regional changes. The onset of the oil rent undoubtedly completely transformed the region in two main ways. The first is that the patrimonial monarchies were consolidated, which



Above: Professor Luciani speaking at the relaunch of IMEIS, Durham

is something that we might consider normal today, but was not at all a foregone conclusion at the time – in fact the monarchies were severely challenged from the more powerful regional republics, notably Egypt and Iraq. This was the effect underlined by the rentier state paradigm.

But there was also a second main impact, this one at the regional level, as the pecking order of power and influence of individual states within the region completely changed. This is the fundamental and always valid message of the book by Malcolm Kerr and Elsayyed Yassin Rich and Poor States in the Middle East,³ which underlined the fact that previously the region was mostly dominated by countries with large populations, and large and powerful armies; but after 1970 power shifted to the major oil exporters. Previously power resided in the barrel of a gun, and then it shifted to a barrel of oil, i.e. to countries that are relatively small for population, and rich in oil.

Did abundant oil money bring stability? Usually we are associating high oil prices with political stability, low oil prices with potential political instability. This is however not fully confirmed by the historical record: while it is undeniable that oil money consolidated the Gulf monarchies, elsewhere in the region numerous episodes of instability occurred. The Lebanese Civil war (1975-1989); the Iranian Revolution (1978-9); the peace treaty between Egypt and Israel (1979), marking the political isolation of the former from the rest of the Arab region; the Iraq/Iran war (1980-88), which defined the regional cleavage between Sunni and Shi'a, and has long-standing consequences to this date; and Sadat's assassination (1981), which is one of the early manifestations of Islamic terrorism in the region: all of the above occurred during a period of high oil rent availability.

During this period of time, 1970 to 1985, the oil rent was circulated

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throughout the region, not just within the oil exporting countries. Regional circulation of the rent was based primarily on the movement of labour, which expanded rapidly and had profound social and economic consequences on sending as well as receiving countries.⁴ In this phase, employment opportunities in the oil exporting countries were filled primarily by expatriates from neighbouring Arab countries. Official aid transfers also contributed to the regional circulation of the rent: the oil exporting countries engaged in just simply transferring large sums of money to the other countries in the region, especially those considered to be ‘front-line states’ in the conflict with Israel. The combination of these two mechanisms translated into effective circulation of the rent at the regional level, and all countries became rentier.⁵ However, when prices started declining, official transfers dried up rather quickly.

In the following period (1985-2000) another defining episode took place, that is, the 1990 invasion of Kuwait on the part of Iraq. Saddam’s gamble completely changed the picture of regional rent circulation, because it led to the massive expulsion of Arab immigrants from the oil producing countries, and the substitution with primarily Asian labour in all of them, albeit at different levels of intensity. This had huge impact

on regional dynamics: for the oil-producing countries of the Gulf reliance on expatriate labour is a necessity because it is an essential tool to resist the so-called Dutch Disease. If the major Gulf exporters did not rely on expatriate labour, their wage level would rise very rapidly and discourage the development of any other productive activity.

So, if the oil exporting countries are seeking diversification - and I believe that this has always been the goal of all the Gulf countries, with the possible exception of Kuwait - they cannot rely exclusively on their domestic workforce. They need to import workers and human capital from elsewhere. It makes a huge difference whether you import that human capital from the region, and in this way, activate a regional circulation of the rent; or in contrast, you rely on people that come from more distant lands, and especially politically non-related lands. In 1990 the equilibrium between regional and extra-regional labour movements changed radically. Until 1990 there was an emphasis on regional integration, thereafter this was very much limited.

**“THE RENTIER STATE THEORY
PREDICTED THAT THE PERIOD OF
————— LOW PRICES WOULD LEAD TO —————
GREATER DEMAND FOR POLITICAL
PARTICIPATION AND DEMOCRACY...”**

The rentier state theory predicted that the period of low prices would lead to greater demand for political participation and democracy, and this in fact did occur. In 1988 riots erupted in Algeria, setting in motion a process of democratic transition.⁶ The case of Algeria is especially interesting because, as is known, the democratic transition eventually failed. The door was then opened to an extremely bloody civil war, in which up to 200,000 people might have lost their life. This traumatic experience is still vivid in the memory of many Algerians and, one may surmise, goes a long way towards explaining why Algeria was not engulfed by the Arab Spring twenty years later.

But what is more significant for my analysis is that the Algerian riots and subsequent civil war did not set in motion a process of regional imitation. One should well note the difference between the situation of the late 1980s

and that of 2010, when, in contrast, the eruption of a protest in one country immediately led to parallel movements throughout the region. Indeed, the most striking feature of the Arab Spring was the regional spread of the phenomenon, and especially the extraordinary rapidity with which it occurred. This entails that the Arab Spring must be interpreted as a regional phenomenon, albeit with national specificities, and justified with region-wide causes.⁷

The Second Oil Boom

In searching for a regional interpretation, it is inevitable to focus on the way in which individual countries in MENA reacted to period of high prices which began in 2000, or, more clearly, in 2004, and ended in 2014. Throughout this period of rapidly increasing and then stable and high prices instability at the regional level increased systematically.

The period was inaugurated by the September 11, 2001 attacks against the International Trade Center in New York and the Pentagon in Washington, which led to the US intervention in Afghanistan and then Iraq. The latter, as mentioned already, failed to bring about the hoped for democratic government and increase in Iraqi oil production, setting in motion the oil price bubble which culminated in 2008. Iraq has not recovered political stability yet; then in 2010 the eruption of the Arab Spring contributed to maintaining oil prices at a high level by creating the

perception of an imminent threat to oil supplies (which was exaggerated, but justified higher prices in the eyes of market operators).

How can we justify such increased instability in the face of rising prices and abundant access to oil revenues? While the terrorist attacks of 2001 and the subsequent intervention in Iraq cannot be logically attributed to higher prices – the direction of causation rather being opposite: from instability to higher prices – when it comes to the Arab Spring a strong case can be made that not high oil revenues per se, but the insufficient and ineffective tools for rent circulation both domestically in the major exporting countries and regionally between the latter and the rest of the region played a major role in the wave of discontent and revolt.

In fact, the major oil exporters were unable to devise new tools for rent circulation and fell back on the use of old ones. These had proved quite effective in the previous high-rent phase (1970-85) but were not equally so in the second high-rent phase (2000-2014).⁸

This point deserves detailed discussion. In the first phase the main tools for rent circulation were government employment; expenditure on infrastructure and housing; provision of basic social services, such as primary and secondary education, health services, access to electricity and water;

various subsidies schemes; and creation of state-owned enterprises. The use of these tools allowed extraordinary societal mobility, opening the doors to an opportunities revolution for the vast majority of the people. Not a few intelligent Gulfians went from humble origins in the desert to positions of responsibility and economic well-being, and even the privileged members of the merchant class went from being small merchants to millionaires if not billionaires.

Expenditure on infrastructure and housing loans turned villages into metropolises and accompanied a rapid process of urbanization. Education was available to younger generations, although not all profited from it; and health care brought about remarkable increase in life expectancy. Electrification allowed access to air conditioning even in remote areas. State-owned and private business grew offering meaningful employment to many. But by 2000 this early transformation phase was over. The new elites consolidated and ossified, blocking the way or limiting the progress for the new generations. The bureaucracy became bloated and grossly inefficient, jobs could not be offered to all new entrants. Excessively rapid expansion of secondary and tertiary schooling led to decreasing quality and frustrations. Adding lanes to existing highways did not have the same impact as the initial establishment of paved roads.

Yet, as said, the Gulf governments were unable to devise new tools for rent circulation. They insisted on subsidies, notably fuel and electricity subsidies, which are notoriously regressive.⁹ They insisted on infrastructure investment (Saudi Arabia was advertising 600 billion worth of projects, inviting foreign companies to invest and share in the new bonanza), which mostly benefitted contractors. Even visionary schemes such as the King Abdullah international scholarship program, which supported more than a hundred thousand young Saudis to study abroad, in the end touched only a minority. Even support for the private sector became a boomerang. Much private money was invested in real estate speculation, building glitzy commercial centres and housing for the rich, while supply of lower cost housing fell behind. The existence of poverty was officially recognised but not much was done to reabsorb it.

Polarization of Incomes

To make a long story short, the redistributive power of the traditional ways of spending and circulating the oil rent within the oil exporting countries diminished. Distances between the extremely wealthy, the growing number of businessmen who are in the Forbes billionaires list from the region, and the persistent number of marginalised citizens who really are not in any sense participating in the bonanza, grew further. Little was done also to address

the grievances of discriminated minorities such as the Shi'a of the Eastern Province of Saudi Arabia (or majorities, such as the Shi'a of Bahrain).

Discontent, albeit muted, easily converged with extremist Islamist tendencies calling for armed resistance in Iraq and later in Syria, well supported financially by private sources from the Gulf through unofficial channels. Hence, while Saudi Arabia managed to contain, but not eliminate, terrorism at home, large numbers of young Saudis went to fight proxy wars elsewhere in the region.

At the broader regional level, there was no revival of the rent circulation mechanisms of the past, and in particular of intra-regional movements of labour. The major oil exporters did not go back to the model of issuing grants to other countries, nor gave the same emphasis to public regional investment as had done in the 1970s and early '80s.

In the rest of the Middle East and North Africa, i.e. in countries that have little or no oil available for export, the record of the first decade of this century was one of satisfactory but not exceptional GDP growth, and the latter was not accompanied by significant trickle down. It has been dubbed 'unhappy growth'. In this respect the experience of MENA, it's no different from that of the rest of the world. Growing inequality has become a global concern, whose responsibility is attributed to globalization and increasingly cutthroat competition between individuals, companies and governments. Technological progress also led to drastic reduction of employment in some better-paying services. The oil-exporting countries of MENA are in fact fully integrated into the globalization process, while having limited interactions with their immediate neighbours. Their exports are global, their economies are open, their wage rates kept low through massive employment of expatriates from some of the lowest-wage countries. Penetration of advanced technology has been intense.

Income distribution worsened in parallel in the non-oil exporting countries of the region.¹⁰ If we just look at the official statistics, it appears that the indices of income concentration have not increased significantly during this period, however this result is obtained because those indices are based on deciles and the growing concentration is not immediately evident when the population is divided in deciles, because differences have grown especially at the top end of the distribution, within the top decile, notably between the top 1% of income and wealth and the rest of the population. The top 1% owns a very disproportionate amount of the wealth and receives an equally disproportionate share of the income; distances have grown even within the top centile as only a very small elite managed to profit from whatever economic growth was achieved.¹¹ The

“PENETRATION OF ADVANCED TECHNOLOGY HAS BEEN INTENSE...”

exact size of the income and wealth of individuals in the top centile are notoriously difficult to estimate, especially in jurisdictions in which wealth may not be taxed at all, and evasion from income tax very widespread.

The economies of the oil-poor countries in the region were disproportionately controlled by a very small group of politically connected and crony capitalists, who was able to court GCC capital, and posed themselves as the intermediaries between private investors in the GCC, and opportunities for investment in Tunisia, Morocco, Egypt, even Syria. The investment projects that the crony capitalists pursued in association with Gulf investors tended to mimic the Dubai model: high-scale residential and hospitality projects, and financial services. These investment projects catered to the lifestyles of the globally connected élites and their members in the region, a strategy that has paid off very well in Dubai, but the multiplication and imitation of the same model cannot replicate the same success. It is certainly not a model that is capable of offering employment to large numbers of workers in the country where it is implemented, nor supporting important ancillary activities. It frequently tends to swell the numbers of extra-regional expatriates rather than offering opportunities to nationals.

Thus, income concentration increased domestically in both oil exporters and non-oil exporters in the region; furthermore, distances also grew regionally between the two groups of countries, exacerbating the contrast between oil-rich and oil-poor states in MENA. GDP per capita is the figure that is more commonly referred to, but this metric divides the gross domestic product by the total number of residents, including expatriates. It would be more appropriate to rely on a metric of gross national income per national, in which only income accruing to nationals would be included and divided by the number of nationals rather than residents. Distances measured in GDP per capita already are very large: taking year 2011, GDP per capita in Qatar was close to USD 90,000, while in Yemen it was USD 1,300; if only the income of nationals divided by their number were considered, difference would be even larger. To poor Egyptians, Yemenis or Tunisians who watch Gulf-based TV channels and are constantly exposed to the display of Gulfian successes and lifestyles, the difference is clear independently of any sophisticated statistical analysis.

Yet, no effective revival of regional rent circulation mechanisms took place, because the countries of the Gulf are primarily interested in the global orientation of their economies. They pursue investment projects in petrochemicals or other energy intensive industries have a global, not a regional market; their

objective is not exporting to Egypt, Syria or Yemen, it is rather exporting to the world. GCC private investors have a global outlook as well: they do invest in the region, but only to the extent that they can find promising opportunities; otherwise they are equally able and keen to invest in Chile, in Vietnam, in Romania, anywhere in the world where opportunities are found.

Economically Disintegrated, But a Single Political Sphere

Thus, the period of high oil prices exacerbated a process of regional economic disintegration, growing distances and diminishing ties of mutual interest. In contrast, at the political level the region has progressively come closer, and should today be viewed as constituting a single political sphere. Indeed, in MENA all domestic politics are regional, and all regional politics are domestic, in the sense that there cannot be a change in one country that does not have an immediate impact on the rest of the countries in the region. Therefore, it is impossible for these countries and regimes to abide by the rule of non-interference in the domestic affairs of their neighbours.

If we do not accept that the region in fact constitutes a single political sphere, we cannot understand why, for example, the election in Egypt of a President from the Moslem Brotherhood was perceived as a mortal threat in the UAE and Saudi Arabia, so much so that both countries supported and possibly

even actively organized the military coup that brought Al Sisi to power. Thus, we witness a discrepancy between political and economic forces. Political forces are regional, because they are organised at the regional level; and political dynamics increasingly are regional. In contrast, economics forces are increasingly outward oriented, globalized, rather than attracted by a process of regional economic integration.

As a consequence, we also find that economic change and political change do not proceed in parallel. It is undeniable that the economies of several MENA countries have been radically transformed in the fifty years since the onset of the oil rent. Not all money was wasted: real, human and financial assets were accumulated, and opportunities for further development today are much better than they were in the past. The extent of the economic transformation may not be sufficient yet to guarantee the prosperity of the major exporters beyond the 'oil era', yet substantial progress has been made.

However, when we look at the politics of the region we see that the salient phenomenon today is income and wealth polarisation, which has led to the Arab Spring. The Spring, like many revolutions in history, has in turn led to civil war. The latter is being fought actively in four countries, Iraq, Syria, Yemen and Libya, but these should not be understood as four separate civil wars independent of each other. What we witness is in fact a regional civil war. All countries are involved, directly or indirectly. The future of the region primarily depends on the outcome of the civil war: it is hardly conceivable that consequences might not be felt in each and every country in the region.

We can identify four main forces that are involved in the fighting at the regional level, plus several forces that are active at the local level. The first main cleavage is that pitting Sunni against Shi'a. The Shi'a camp is led by Iran, although it would be a mistake to interpret all Shi'a forces outside Iran to be mere Iranian agents, which Tehran may control at will. It is less clear who leads the Sunni camp, because the latter is divided into at least three components: the first is the moderate Islamists, whose main manifestation is the Moslem Brotherhood; the second is the Salafi or extremist Islamists, whose main current manifestation is ISIS, yet have a history of resurrection from the ashes of previous manifestations, and are not going to disappear even if ISIS is militarily routed; and the third component is the traditional rulers, who claim an Islamic legitimacy, but in fact do not enjoy the full acceptance of the Islamic 'umma – for several reasons, including that their legitimacy cannot go beyond the borders of their respective independent states, and their claims conflict with each other at the regional level.

**“THUS, WE WITNESS
A DISCREPANCY
BETWEEN POLITICAL
AND ECONOMIC
FORCES...”**

These four forces are currently battling each against all other, and no sign of a possible compromise or alliance between any two of them is visible. Other forces are also at play, some local, like the Kurds or other ethnic or religious minorities; some external, notably outside powers such as Russia or Turkey. But no outside force can dictate the outcome of the regional civil war, and no one of the four main forces involved can prevail unless some compromise and alliance between at least two of them emerges. Some pit their hopes in the educated, globalized and potentially liberal professional and business elite, but electoral exercises have demonstrated time and again that this component has very limited popular traction, and is condemned to defeat whenever democracy is given a change. Hence liberal instincts are frequently muted and members of this elite prefer to take cover behind authoritarian rulers, in the hope, or delusion, that their advice can turn into real influence and make a difference.

What Future for MENA's Economies?

For the root causes of the civil war to be addressed, it would be necessary to create political conditions that will allow a new phase of regional economic integration. The centrepiece of such development would need to be a reopening of the doors to intra-regional movements

of labour, and reduced dependence on extra-regional expatriates. This would quickly reopen the channels of regional circulation of the oil rent, knowing that the latter is likely to remain much less important than it has been in the period 2000-2014. Regional cross-investment and trade liberalization should also finally be pursued – lip service has been paid to these for decades, but progress was consistently blocked by political conflicts. Of course, reliance on regional labour movements is especially touchy from the political point of view, and historically was cut back because of political concerns in association with regional developments. Thus, only true regional reconciliation can open the door to a new phase of economic integration; a simple freezing of conflicts or cold peace would not suffice.

At present the prospect of regional reconciliation appear remote. The immediate consequence is seen in the pressure from refugees and economic migrants to escape towards Europe and possibly North America. This is a way of exporting regional conflicts, and eventually draw Europe and the United States into the civil war with involvement even more direct than they have already. We have seen this happen many times in the past, with little constructive outcome. Russia is now very directly involved in Syria, and it is difficult to understand what in the end it may gain from this involvement: the prospect of restoring Bashar el Assad to a position of accepted leader of the country is unattainable.

Yet, being indifferent is also not an option, again because of pressure from human movements. The only solution is to search for compromises between at least three of the four main forces, excluding the Salafists, whose doctrine is essentially incompatible with regional pacification. Once again, much will depend on the dynamics of the oil rent. Low oil prices already are straining budgets and forcing a rethinking of objectives. The UAE and Saudi Arabia can see very clearly that their support for the al Sisi regime in Egypt has brought little if any advantage, and involvement in the war in Yemen is little short of catastrophic. Already this has brought about a strange accommodation between the main Arab Gulf exporters Iran and Russia to limit oil production and encourage higher oil prices: will this goal be reached?

There are strong reasons to doubt that the production agreement will in fact be respected by all, and even if so that it will be enough to get the hoped-for price outcome. If the oil rent stays low, the pressure for resolving regional conflicts will intensify. But that may lead to a mere scaling down of hostilities, a cease-fire rather than genuine regional peace: not enough to set the needed process of regional integration in motion. The dawn of pragmatism is not in sight yet.

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POLITICAL CHANGE IN NORTH AFRICA AFTER
THE ARAB SPRING

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Foreword by David Held

FOREWORD --- by David Held

The uprisings that swept across the Middle East in 2011 promised a political transformation as significant as that of 1989—the velvet revolution that brought down the Soviet Union and its satellite states. The economic stagnation of the region, the failures of corrupt and repressive regimes, conjoined with a disenchanting youthful population wired together as never before, triggered a political struggle few anticipated. Yet, almost from the outset, there was a lack of a common vision for the transformation of the political regimes and the wider Middle East. The initial peaceful demonstrations in Tunis and

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Cairo quickly gave way to a messy and uncertain pathway of transition. A few years on the contagious revolutionary fervor faded as successor regimes failed to deliver quick or lasting improvements in living standards, the quality of life and governance. Moreover, the brutal civil war in Syria, the radicalization of militia groups in Libya, and discrediting of the Muslim Brotherhood as a governing alternative in Egypt all strengthened the forces resisting change throughout the region. The removal of Mohammed Morsi from the Egyptian Presidency in July 2013 and consequent reinstatement of military-led rule encapsulated the stunning reversion to the status quo ante in the Arab world’s most populous nation.

In 1989 the movements of Central and Eastern Europe by and large shared an ambition to topple their governments and replace them with Western

European forms of democracy, the entrenchment of human rights and the benefits of consumer-led economic growth. As the direction of travel was in western interests, governments in Europe and North America wholeheartedly welcomed them. By contrast, the signifier ‘democracy’ carried much more complex meaning in the Arab world in

2011. This was because the West had propped up most of the Arab autocrats, seemed to switch sides to support the peoples seeking change only in the cynical last minutes, led a war against terrorism largely in the Arab world, which was perceived by young Arabs across the Middle East as imperialism in yet another manifestation. Against this background, democracy appeared all too readily as a veil masking the shifting tide of western geopolitical interests, propping up authoritarian leaders in the name of ‘stability,’ commercial and oil concerns, and support for Israel’s security.

The factors underpinning the weakening of the Arab Spring and its subsequent usurpation by anti-revolutionary forces from within and outside the Middle East were complex and various. In his wonderful essay that follows, Karim Mezran, explores the comparative experiences of four North African countries – Algeria and Morocco, Libya and Tunisia – in order to shed light on the extent, if any, of the political and economic changes that have taken place. He also illuminates what these countries might have done to better achieve sustainable outcomes, now and in the future

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POLITICAL CHANGE IN NORTH AFRICA AFTER THE ARAB SPRING

INTRODUCTION¹

It is now almost six years since the political uprisings began in North Africa. The protestors demanded fundamental political and economic changes in the systems that were in existence in the countries of the region for several decades. Enough time has now passed to make an assessment of how much change has in fact occurred and determine whether the countries in North Africa have been successful in meeting the demands of their populations that erupted in the beginning of 2011.

An examination of the comparative experiences of four North African countries – Algeria, Libya, Morocco, and Tunisia – can shed some light on the extent of the political and economic changes that have taken place.² While all four countries faced similar economic and political challenges, they adopted differing approaches to address them. The key question is what these approaches were and how successful were the countries in achieving their objectives. A careful analysis of the political and

economic developments since 2011 in each of them can provide answers to this question, as well as provide some lessons for the future. In particular, with the benefit of hindsight one can determine what the countries should have done to achieve their goals and what challenges remain for them in the future.

Economic and Political Developments up to 2010: Economic Developments

The economies of Algeria, Libya, Morocco, and Tunisia are dissimilar in some important respects, but at the same time face quite similar problems and challenges. Algeria and Libya are oil-dominated economies, where oil production and movements in world oil prices drive the economy. Tunisia and Morocco are more diversified and depend on agriculture, tourism, manufacturing, and mining. But they are also exposed to exogenous shocks and external developments that impact on tourism flows, foreign direct investment (FDI), and workers'

remittances. The main common characteristic in these countries, albeit in varying degrees, is that the state plays a large role in the functioning of the economies.

Macroeconomic performance in the decade up to 2010, while not stellar, averaged between 4 and 4.5 percent a year.³ The unemployment rate remained high in all the countries, averaging over 11 percent for the group. Youth unemployment averaged at least twice that rate. The two bright spots on the macroeconomic front were inflation and the external balances. Through the use of price controls and subsidies, as well as reasonably stable monetary policies, inflation rates in 2010 were kept low. The continuing rise in oil prices benefited Algeria and Libya, allowing these two countries to substantially build up their international reserves, although Morocco and Tunisia were hit with the higher import costs of oil.

However, this relatively good macroeconomic picture in 2010 actually hid many deep structural fault lines in the four economies that were exposed by the political upheavals in early 2011. These included, among others, high rates of total and youth unemployment; large-scale subsidies that strained the public finances; an overall business climate that was generally unfriendly towards domestic and foreign investors; inadequate and deteriorating infrastructure; and large and growing income and wealth inequalities.

Political Developments

In 2010, the political situations in these North African countries were, to a large extent, similar. In Tunisia, the hopes raised in 1987 with the peaceful overthrow of longstanding President Habib Bourguiba by General Zine Abedine Ben Ali and his statements in favor of opening Tunisia to democracy had been rapidly reversed. Under the distracted eyes of Western countries, what began as a mild authoritarian regime incrementally closed all space for political and economic participation and adopted a typical crony capitalist system. Large segments of the population were excluded from political as well as economic participation, and economic disparities were reinforced by development policies that favored the coastal areas to the detriment of the interior and southern regions. The dismal economic situation coupled with an increasingly brutal police state was among the main causes of the revolts that swept the country in December 2010.

Despite the relatively wider popular consensus enjoyed by their regimes, both Algeria and Morocco saw the birth of protest movements that contested the most authoritarian aspects of their political systems and the consequences of their economic policies. These movements demanded sweeping reforms to

make the political systems more inclusive and the decision making processes more transparent. They also called for economic reforms to provide broad-based growth and much needed jobs. Both Morocco's King Mohamed VI and Algeria's President Bouteflika appeared to accept the validity of most of these demands and announced far-reaching amendments to the constitutions of their respective countries. This reaction dissuaded the protests from becoming widespread and violent and bought the regimes time to prepare countermeasures to ensure their survival.

The Libyan revolt that exploded in 2011 was a revolution for dignity and a quest for political freedoms that had only a minimal basis in economic grievances. In Libya, the isolation in which Muammar Qaddafi kept the country until the mid-2000s led to a deeper crisis. The relative opening of political and economic spaces in Libya starting in 2004-5 exposed the country to foreign influence and the population – including the youth – to different models of governance. When the population realized that the regime was not willing to further increase its opening and promote more inclusiveness, the revolts of 2011 broke out. In fact, the three pillars on which the Qaddafi regime had based its power – a strong coercive security apparatus, vast rents from the sale of oil, and a traditional divide and rule approach – were all still intact and showed no cracks until the uprisings occurred, catching most observers totally by surprise.

Political and Economic Developments up to 2016:

Political Developments

While the causes of the uprisings and therefore the immediate challenges to be overcome by the new political elites were relatively similar in the four countries, their post-revolt political evolutions took different directions.⁴ From the beginning, Tunisia embarked on a process of reforming its legal and political structures in order to allow for a transition to a more pluralistic and inclusive system. An interim constitution was drafted to regulate the beginning of the transition, and in 2011, Tunisia's first free and open elections were held to select an interim legislature, the National Constituent Assembly. The resulting governing coalition was dominated by the Islamist party Ennahda, led by the charismatic Sheikh Rachid Ghannouchi. The success of the Islamists generated opposition among a large segment of the population that was fearful of losing its more secular way of life, which had been acquired over the past decades. Tensions emerged between the supporters of an Islamist vision and those in favor of a more secular one. To resolve the ensuing crisis and avoid a dangerous polarization within society, the Tunisian political elites decided to join a national dialogue process that facilitated the completion of a

new constitution and the consequent appointment of a technocratic government in January 2014. This agreement defused the tensions and allowed for the holding of presidential and legislative elections at the end of 2014. A government led by Prime Minister Habib Essid took charge in February 2015.

This new government faced daunting challenges, especially in the realm of security and political reforms.⁵ A native radicalism caused by decades of repressive governance in conjunction with the instability caused by the chaos in Libya rapidly emerged as a major threat to the stability of Tunisia. In order to face this challenge, the Tunisian government needed to reform its security forces not only in training and organization but also in culture and mentality. The transition from a security force designed to protect an authoritarian regime into one whose paramount objective is the security of the citizen was crucial. On this front, the government was slow, in part due to the difficulty of balancing the need for stricter security measures with that of ensuring citizens' rights and freedoms. Another major challenge for the Tunisian leadership was to transition the political system from a strongly centralized model into a decentralized one, where more decisions and responsibilities fall to local authorities. Other important reforms that needed to be addressed included the implementation of a transitional justice process,

the appointment of important institutions such as the Constitutional Court, and the further strengthening of parliamentary powers. On all these fronts as well, Essid's government was slow in acting.

In Algeria, the protest movement saw a rapid decrease in popularity and consistency. The traditional capacity of the regime to divide its opposition through a mixture of repression and buy-out seems to have worked, at least until now. The constitutional reforms announced in 2011 were only revealed in mid-2014 and adopted in late 2016, and were not as deep and extensive as those originally demanded by the protesters.⁶ Meanwhile, the political system continues to be run in the same way as always, with opacity and exclusivity.

The appearance of stagnation is broken only by events and news tied to the intra-elite struggle for the succession to ailing President Bouteflika. The constitutional reforms enacted in Morocco appear to be more incisive, especially the ones dealing with the political process. A notable reform was the decision to appoint the Prime Minister – who had previously been directly appointed by the king at his discretion – based on the leader of the winning party in legislative elections. Coupled with other minor reforms, the trend in Morocco seemed to be to limit some of the more authoritarian aspects of the regime in favor of empowering political parties. These reforms allowed the

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Islamist opposition party, which has been leading the government for the past five years, to rise to power in the 2011 elections.⁷ The political arrangement between the monarchy and the Islamists seems to be working by maintaining the stability of the system while allowing a progressive, albeit slow, opening.

The challenges facing Libya were even more extensive due to the devastating impact of Qaddafi’s forty years of dictatorship on the population. Qaddafi’s erratic and idiosyncratic style of governance left the Libyan people with a weak national identity, a very low level of education, no meaningful state institutions, and no alternative political class that could run the country after the fall of the regime.⁸ The post-revolution elites were therefore incapable of facing these challenges and made one mistake after another. The 2011 revolt had been conducted by local militias carrying out fragmented operations against the regime without a unified command. At the fall of the regime, most of these militias kept their weapons and entrenched their positions, dominating local realities and projecting power on a national level. The new political elites understood the need to create a national army and national police force, but could not overcome the opposition of the leaders of the various militias who refused the orders to disband. Rather than

confront the militias, Libya’s successive governments opted to pay them a salary, hoping to buy their obedience. This proved to be a fatal decision, as more often than not, the militias pursued their own particular interests, which often conflicted with those of the legitimate institutions.

Moreover, it became rapidly apparent that the revolution against Qaddafi was not the revolt of a whole people against a dictator and a few mercenaries, but in reality, a civil war between those who still believed in Qaddafi’s Jamahiriyya project and those who were ready to change the system altogether. Rather than create a national dialogue forum that could lead to a shared solution to the divisiveness and consensually define a national identity and national project, the new political leaders decided to move rapidly to national elections.⁹ The elections, held in July 2012, proved to be even more divisive and favored the further polarization of political actors and society. In 2014, the rivalry

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between pro- and anti-Islamist factions led to the division of the country into two spheres of influence, the former centered the former capital of Tripoli and the latter in the eastern city of Tobruk. This rivalry has de facto paralyzed all economic activities and allowed for the spread of dangerous criminal organizations and the proliferation of terrorist organizations, of whom the most dangerous is the Islamic State.

Economic Developments

The relatively good macroeconomic picture in 2010 actually hid many deep structural fault lines in the four economies that were exposed by the political upheavals in early 2011. These included, among others, the following:

- Very high rates of total and youth unemployment;
- Large-scale subsidies that strained the public finances;
- An overall business climate that was generally unfriendly towards domestic and foreign investors;
- Lack of diversification of the economy, particularly in the case of Algeria and Libya;
- Inadequate and deteriorating infrastructure; and
- Large and growing income and wealth inequalities.

The first order of business after 2011 was to achieve and maintain macroeconomic stability. A key component of the policies towards this goal was to reform and reduce subsidies and improve the public finances. However, confronted with widespread political turmoil, the countries made political stability and political transition their highest priority. Economic stability and growth were viewed as secondary and to be tackled later. Consequently, none of the countries came up with a program to address the economic challenges they faced.

Political and Economic Outlook: Political Outlook

This historic moment is a very critical one for Tunisia. The progress made in promoting more pluralistic and inclusive institutions is threatened by a growing insecurity caused by a terrorist threat as well as by the dire economic circumstances. Recently, the political system has shown fractures, evidenced by the split in the majority party, Nidaa Tounes, between a component led by former Secretary General Mohsen Marzouk and a component loyal to the son of the President Beji Caid Essebsi. Worrisome in particular is the return to the political scene of many personalities belonging to the Ben Ali regime. Their presence may be the cause of the slowing down of political and economic reforms, as they are undoubtedly more comfortable in a crony capitalist system than a transparent and democratic one.

Other actors, such as the Tunisian General Labor Union (UGTT) and the highly centralized bureaucratic institutions, also have interests in opposing effective reforms.¹⁰ The main challenge therefore for the new political elites is to overcome this resistance and undertake the necessary actions to keep Tunisia's democratization on track. It remains to be seen whether the new national unity government headed by Prime Minister Youssef Chahed can tackle these issues more effectively than his predecessor.¹¹

Despite news breaking events such as the dismissal of the long-time Algerian head of the military intelligence (DRS) Mohammed Medienne, who was considered by many the real kingmaker in Algeria, as well as sweeping reforms in the security establishment, politics seems to go on as usual in Algeria. The traditional opacity of the system prevents a full understanding of the real behind-the-scenes situation. In the face of a looming economic crisis due to the fall of oil prices, the apparent focus of all political activity seems to be centered around the succession of President Bouteflika. The opposition movement is marginalized and incapable of pressuring the dominant elites into engaging with the political and economic reforms that the country undoubtedly needs to overcome its difficulties. This inward and paralyzed elite is preventing Algeria from moving more decisively towards

playing a role in its increasingly dangerous region. In fact, despite a strong rapprochement between the Algerian and Moroccan security establishments, the relationship between the two major Maghrebi states remains tense. This is hampering both countries from playing a constructive role in supporting their immediate neighbors. This ultimately creates more instability in their own territories, thus creating a catch-22 situation.¹²

The domestic situation in Morocco presents a more positive outlook, despite some relevant dark spots. In fact, the strategy of slow but increasing reforms and incremental political openings undertaken by the monarchy seems to be succeeding.¹³ The change to the previously discretionary process of appointing the prime minister has led to a more open political process. The parliament has become more effective in debating and contesting government actions. This in turn has led to a positive perception of political parties by the population, which may increase participation and thus defuse extremist impulses, particularly among the youth. A reform of the security apparatus to make it more responsive to the citizenry has been undertaken, but with modest results so far amid continuing reports of police brutality. More recently, arbitrary accusations and detentions of journalists have given a perception of raising intolerance on the part of the authorities. While these issues undoubtedly raise an alarm, they are not enough to condemn the monarchy's strategy of progressive liberalization.

Libya in 2016 is in many respects a failed state. Eighteen months of UN-led negotiations aimed at resolving the country's civil strife have not produced the result hoped for by most, namely a clear agreement to form a national unity government and reunification of the country under a single leadership. The Libyan Political Agreement concluded in the Moroccan city of Skhirat in late 2015 has only partially been ratified by the Tobruk-based House of Representatives, while the Government of National Accord, which was appointed on the basis of the agreement, has yet to be ratified.¹⁴ This has left the political system of the country in a dangerous limbo. Entrenched regional interests predominate and supersede national ones, thus creating a state of anarchy and disorder. Criminal gangs and terrorist organizations are profiting from this unsettled situation, expanding their grip on power and entrenching their illegal trafficking.¹⁵ The looming economic crisis adds more difficulty, potentially turning a tense political situation into a humanitarian tragedy. The failure of the UN-led process may force Libyan elites and the international community to rethink a way to maintain a united Libya while at the same time returning a modicum of order and security. The failure of the UN top-down approach might induce some to try a bottom-up approach, which would consist of establishing a national conference or assembly that

would comprise representatives of tribes, municipalities, militias, as well as political parties, to agree on a national charter that would define a national identity and a national project and appoint a government of unity that could carry out the necessary actions to establish state institutions and restore the rule of law.

Economic Outlook

All four economies have been through very trying times since 2011. While there has been some progress, the overall economic picture today is still grim. In many respects the economies of all four countries are in no better shape, and in some cases much worse shape, than they were in 2010. The main goal of job creation and broad-based growth still remains elusive.

Among the many structural reforms required to transform the economies fundamentally, two particular areas stand out: labor market reforms and improving the business climate to encourage and promote private sector activity. It is widely accepted that ultimately it will have to be the private sector that will drive the economy and create jobs, and improving the business climate to encourage domestic and foreign investors, is critical for all four countries, none of whom rank high on standard international indicators of the business climate.

Generating higher growth and employment and creating a business friendly environment for private sector-led development will require a host of structural and institutional reforms. So far, all the countries have made limited progress in this area, although they have been formulating plans to undertake these reforms.

Conclusion

There are many ways to explain the different outcomes of the 2011 events in the four North African countries of Algeria, Morocco, Libya, and Tunisia; indeed, entire books have been devoted to the subject. For the sake of brevity and deriving from the above narration, there are few conclusions to be drawn for each country.

While rulers in Libya and Tunisia were felled by the 2011 protests, King Mohammed VI succeeded in stifling a protest movement by devolving some of his absolute power, spending heavily on the patronage system, and tightening security, while at the same time still holding ultimate authority. Coupled with the legitimacy traditionally bestowed to the Monarchy as the descendant of the Prophet and herald of the unity of the Nation, these tactics allowed the

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Monarchy to weather the protests and avoid the collapse of the regime.

The Algerian regime adopted a similar strategy and avoided the fate of the neighboring regimes of Libya and Tunisia. The main reason adduced for the success of the regime in avoiding a fatal outcome was the widespread fear among the population that a major political and economic upheaval would cause the return to the disorder and horror of the civil war in the nineties. In addition to this fear, the government has been able to placate the population with subsidies, public sector pay increases, government jobs, and other programs that are also intended to divide the potential opposition to the regime. It is true that these tactics can produce the desired outcome only in the short term and thanks to the windfall deriving from the sale of oil. However, the current collapse in the price of oil and the lack of reforms that are needed to institute a higher degree of political legitimacy will soon undermine this strategy. Nevertheless, it is fair to say that until now the regime's strategy has worked to ensure stability as well as its own survival.

Much more interesting is the analysis of the reasons why the revolts in Tunisia and Libya led to such different outcomes. Tunisia has maintained peace and public order while at the same time realizing what has been described as one of the most modern constitutions in the Muslim world.

Regular elections have been held, the Parliament is regularly meeting and relatively functional, and civil society is vibrant and present in the political debate. In contrast, Libya finds itself on the verge of collapse. Widespread disorder, lack of services, fragmentation of authority, high crime rates, and economic paralysis define the situation in the country. There are many immediate reasons for outcome, but the main cause lies in the fact that both transitional administrations had to govern under the shadow of the past.

Many of the differences in outcomes in Libya and Tunisia can be explained by the differences between the political structures in place before the uprisings, and in particular by the different characteristics of state-social relations and state institutions. Some important features of pre-2011 Tunisia politics and society included an active political opposition and associational life and state institutions that were effective in their administrative functions and capacity as well as in their ability to act as a central authority. President Bourguiba's policy of free, relatively high-quality universal education led to an educated middle class and an environment that allowed for the emergence of political and social activists. In addition, policies in both the Bourguiba and Ben Ali eras experimented with "openings" that, albeit within limits, permitted opposition parties to form, opposition media outlets to be established, and

associational life to grow. Neither regimes closed the country to exterior influences and young Tunisians were allowed to go abroad to study and work, and many returned to Tunisia afterwards.

Qaddafi's Libya, by contrast, witnessed much more brutal and unpredictable efforts to squash opposition and civil associations, as well as a shrewd and brutal policy of divide and rule strategy. This produced a more fractured, frightened, and largely ignorant population and most dissenters were forced into exile. In addition, Qaddafi de facto closed the country to the outside world and exterior influences. Those who went abroad to study remained abroad. Tourism was scarce and no foreign media outlets were allowed in the country, which consequently remained isolated and inward looking. Is there any lesson then for contemporary theory on transitions to democracy to be drawn from the different paths taken by the four North African countries under consideration?

Tunisia is the country that advanced furthest in building a more open, inclusive and pluralistic political system but finds itself today in grave difficulty because of the lack of attention to the economic challenges present in its system.

Algeria did not move until very recently on the political reform area and moved very timidly on economic reforms, but given the sudden

collapse of oil revenues it has lately undertaken wider and more relevant initiatives to re-structure its economy. The lack of transparency and openness of the political system is nevertheless exacting a toll on how much longer the apparent stability of the country could be maintained.

Morocco moved ahead in its politics of slow enlargement of democratic spaces while ensuring the stability of the country. The country enacted economic reforms intended to create more space for new actors and more participation in economic development.

The main lesson to be drawn from the experiences of the four North African countries is therefore that in the search for a new social contract that establishes wider consensus-based political legitimacy, elites have to be willing to undertake openings and reforms in the political arena and adopt far-reaching economic reforms simultaneously. The putting off of economic reforms has the ability to undo developments on the political front and therefore stall all progress.

END NOTES

- 1 This paper is an abridged version of the following: Mohsin Khan and Karim Mezran, "Aftermath of the Arab Spring in North Africa," *Atlantic Council*, October 2016.
- 2 Egypt, the other major North African economy, is not included in this group for purposes of this study. A detailed analysis of the Egyptian case is contained in: Mohsin Khan and Elissa Miller, "The Economic Decline of Egypt after the 2011 Uprising," *Atlantic Council*, June 2016. http://www.atlanticcouncil.org/images/publications/Economic_Decline_Egypt_SjC_web060316.pdf.
- 3 For a more detailed discussion of economic developments in the pre-2011 period, see Mohsin Khan, "The Economic Consequences of the Arab Spring," *Atlantic Council*, February 2014. http://www.atlanticcouncil.org/images/publications/The_Economic_Consequences_of_the_Arab_Spring.pdf.
- 4 Karim Mezran, "North African Transitions in 2014," MENASource, January 7, 2014. <http://www.atlanticcouncil.org/blogs/menasource/north-african-transitions-in-2014>.
- 5 Karim Mezran and Lara Talverdian, "Tunisia: From Elected Government to Effective Governance," *Atlantic Council*, June 2015. http://www.atlanticcouncil.org/images/publications/Tunisia_Elected_Government.pdf.
- 6 Karim Mezran, "Constitutional Reforms in Algeria," MENASource, January 12, 2016. <http://www.atlanticcouncil.org/blogs/menasource/constitutional-reforms-in-algeria>.
- 7 Karim Mezran, "Is Morocco Leading by Example?," MENASource, July 21, 2014. <http://www.atlanticcouncil.org/blogs/menasource/is-morocco-leading-by-example>.
- 8 Karim Mezran, "Libya in Transition: From Jamahiriya to Jumhuriyyah?," in *The New Middle East*, ed. Fawaz Gerges (Cambridge: Cambridge University Press, 2014).
- 9 Karim Mezran, "Libya: Negotiations for Transition," in *Arab Spring: Negotiating in the Shadow of the Intifadat*, ed. I. William Zartman (Athens and London: University of Georgia Press, 2015).
- 10 Ian Hartshorn, "Tunisia's labor union won the Nobel Peace Prize. But can it do its job?" *The Washington Post* February 26, 2016.
- 11 Karim Mezran and Elissa Miller, "Can Tunisia's New Government Deliver?," MENASource, August 24, 2016. <http://www.atlanticcouncil.org/blogs/menasource/can-tunisia-s-new-government-deliver>.
- 12 For a deeper discussion of Algeria's political and economic situation, see: Robert Looney, "Does Algeria Still Have Time to Turn It Around?," *Foreign Policy*, September 23, 2016. <http://foreignpolicy.com/2016/09/23/does-algeria-still-have-time-to-turn-it-around-bouteflika/>.
- 13 Karim Mezran, "Morocco's Local Elections: A Polarized Political Landscape," MENASource, September 9, 2015. <http://www.atlanticcouncil.org/blogs/menasource/morocco-s-local-elections-a-bipolar-political-landscape>.
- 14 Fadel Lamem and Karim Mezran, "Libya and the HoR Vote: What May Come Next," MENASource, August 24, 2016. <http://www.atlanticcouncil.org/blogs/menasource/libya-and-the-hor-vote-what-may-come-next>.
- 15 Jason Pack, Karim Mezran, and Mohamed Eljarh, "Libya's Faustian Bargains: Breaking the Appeasement Cycle," *Atlantic Council*, May 2015. http://www.atlanticcouncil.org/images/publications/Libyas_Faustian_Bargains.pdf.

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