

## Fading Hope: High Time for Youth Employment Policy in the Middle East and North Africa

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July 18, 2016

The political and social upheaval of 2010 and 2011 was meant, as its name suggested, to herald a renaissance in the MENA region. The Arab Spring was meant to signal to governments and ruling parties throughout the region that the time had come for substantial reform, if not revolution, and that solutions to the economic stagnation and slow unraveling of the social safety net, both of which were borne disproportionately by the working class, whether “middle-income” or working poor, would come not from autocrats or international financial institutions, but from the people themselves.

As has been the case in Sub-Saharan Africa

(<http://www.aejonline.org/index.php/aej/article/view/73/91>), economic growth as measured by upticks in GDP per capita has not translated into improvement in well-being for large segments of the MENA region’s population. Yet, despite the evidence, or because of an over-reliance on internally-generated rationalizations (<http://rrp.sagepub.com/content/early/2016/01/11/0486613415623253.full.pdf+html>), international financial institutions, led by the IMF and World Bank, have continued to hew to the neoliberal line and push for market-oriented policies—trade openness, low taxes, “flexible” labor markets, smaller governments, etc.—that, they assert, will generate the proverbial rising tide.

However, when the promised benefits failed to materialize, the people of the region, particularly better-educated youth with higher expectations from their governments, took to the streets, looked to the early success of Tunisia’s Jasmine Revolution, and demanded not the overthrow of their leaders (at least not at first), but, among a small list of others, jobs.

**Table 1. Youth Unemployment Rates: Egypt, Jordan, Morocco, Tunisia; 2010:2014**

	2010	2014
Egypt	26.3	42
Jordan	30.1	28.8
Morocco	17.7	20.2
Tunisia	29.4	31.8

To some observers, this call for jobs signaled something of critical importance, namely the failure of human capital development, alone, as the solution to economic growth, poverty, social mobility, or any of the other benefits purported to be brought by this essentially market-based solution to development. Indeed, while the World Bank may categorize many of the countries in the region as “middle-income” countries, decades of relatively high and increasing rates of literacy and educational attainment have done little to improve either well-being or, more important, the nebulous but vital sense of opportunity for the vast majority of the inhabitants of the region. And, while the IMF has, in a post-Arab Spring moment, salted its policy recommendations with anti-poverty language, its overarching and

undergirding guiding principles remained rooted in neoliberal economics—grow the economy and the rest will sort itself out.

**Table 2. GDP per capita: Egypt, Jordan, Morocco, Tunisia; 2010:2014**

	2010	2014
Egypt	\$10,620	\$10,040
Jordan	\$11,253	\$11,490
Morocco	\$6,419	\$7,140
Tunisia	\$10,678	\$10,900

Despite the failure of economic growth to address youth unemployment, and the IMF's recent admission that neoliberalism may have failed to deliver all that it promised (<http://www.imf.org/external/pubs/ft/fandd/2016/06/ostry.htm>), and despite the fact that millions risked everything to demand reforms in 2011, relatively little has been proposed, either at the IFI level or at the national level, to address the persistent and growing problem of too few jobs to gainfully employ the increasing numbers of young adults entering the labor market each year.

Employment policy, for either youth or adults, has rarely existed in the region, beyond a patchwork quilt of disconnected programs and "initiatives". Instead, employment and, ipso facto, poverty reduction have been assumed to come as a result of economic growth, so the policy emphasis from IFIs and national governments has been primarily on growing the economy, both prior to 2011 and still today.

Evidence that few lessons have been learned from the Arab Spring can be found in the IMF's own work, particularly in its Article IV Consultation reports—staff assessments of a country's investment environment. As is typical of the language in these reports, then and now, reference to employment and/or poverty reduction is tied tightly to economic growth. For example, Egypt's 2010 Article IV report noted:

"Rapid growth is crucial to tackling poverty and the high level of unemployment. In this context, reinvigorating the structural reform agenda should help raise productivity and reinforce Egypt's competitiveness."

The structural reform referred to here includes the usual litany of Washington Consensus policies such as privatization, tax reform, fiscal adjustments, and improving the business climate more generally.

Compare that pre-Arab Spring recommendation from the IMF to the 2015 Article IV report for Egypt:

"With consistent implementation of policy plans in the coming years, staff projects that actual and potential growth could reach 5 percent by 2018/19, due to structural reforms (aimed at improving the business climate) to raise investment and improve productivity. *If this materializes*, unemployment could fall to 10 percent." (my emphasis)

These excerpts refer to Egypt, but the same story can be told for Jordan and even the Arab Spring's reported success story, Tunisia. Yet, in January of this year, the Tunisian government declared a nationwide curfew for several days and met protesters with teargas in order to attempt to deal with renewed uprisings across the country over continued high levels of unemployment, especially for youth, five years on after the overthrow of Ben Ali.

With regards to traditional active labor market policies (vocational training, apprenticeships, employment subsidies, labor exchanges, etc.), Morocco has, perhaps, gone the furthest toward significant reforms. The rapid expansion of labor exchange offices throughout the country, constitutional reforms that promise greater voice for youth in the economy and governance of the kingdom, and an apparently genuine effort to institutionalize a substantial set of labor market reforms aimed at increasing youth employment—whether through bringing them into the formal economy, opening access to public sector jobs, or supporting entrepreneurialism—may establish Morocco as the one exemplar to emerge out of the Arab Spring.

Missing from this mix is the role of the state in not only ensuring that every one of their citizens gets the education and training needed in order to, to paraphrase Amartya Sen, live of life of their own choosing, but also in terms of providing employment opportunities when the market fails, which it inevitably does. For example, IFI investments could be devoted to supporting regional governments' creation of public works programs focused on the many pressing human development needs in the region, instead of "creating a better business climate" and all of the discredited "trickle down" benefits that it's meant to bring. To be of any real good for youth, these would need to be decent-paying jobs that come with benefits and some sense of security. However, this would mean breaking ranks with the IMF and increasing the state's presence in managing the labor market—a step regional governments may be reluctant to take.

Disillusionment runs deep among the region's youth, and action at the policy level on youth unemployment in the region will need to come soon. Of course, the youth unemployment problem in the region has multiple causes and the continued unrest in the region is infinitely complex, but one could argue that, like Morocco has attempted, at the very least, policymakers at the international and national levels could go a long way toward meeting some of the demands of the Arab Spring through the adoption of genuine efforts to give youth in the MENA region the opportunity afforded by stable, decent-paying work.