The Southern and Eastern Mediterranean: Between Changes and Challenges to its Sustainability

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Abstract

Forecasts about the Mediterranean in terms of economic, social and human development are premised on a critical assumption: the continuation, mutatis mutandis, of the status quo in political and governance terms. Indeed over the last decades, not only have the regimes in the southern and eastern Mediterranean demonstrated a remarkable resilience, but also the states have enjoyed a situation of overall stability achieved through a number of skilfully arranged reform measures. Yet this status quo does not appear to be sustainable in the decades ahead because of the cumulative effect of the multiple challenges confronting the countries of the region. By drawing a critical distinction between short-term stability and long-term sustainability, it is argued that in the long run it will become increasingly difficult to sustain the current configuration of state power against the backdrop of deteriorating socio-economic conditions and above all of increased domestic unrest. First, the paper explores the changes that have taken place in the last two decades and that have contributed to creating the current situation of apparent stability. Then, it moves on to assess the conditions under which this situation may become unsustainable owing to the emergence of challenges in the political, economic, social and external domains. This exercise aims at presenting a number of stylised scenarios on the future of the region.

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Unless otherwise indicated, the views expressed are attributable only to the author in a personal capacity and not to any institution with which she is associated.
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1. The concept of sustainability and a way of assessing it

1.1 The rationale of the work package on geo-politics and governance

This paper sets the conceptual framework that will be applied to the analysis of the prospects for sustainable development in the countries of the southern and eastern Mediterranean, here defined as the group of 11 southern and eastern Mediterranean countries (SEMCs) plus Turkey. In the framework of a wider research endeavour aimed at contributing to the understanding of the main policy options for the future of these countries in terms of demography, education, economics, resource management, climate change, investment and energy, this work package (WP) addresses the underlying premise and backbone of this project. The premise is that the outlook for the natural, human, social and economic capital, representing the endowments of the Mediterranean states, hinges on the sustainability of the states of the region. This WP explores whether and how this premise of sustainability holds in a selected timeframe (up to 2030) by analysing five case studies: two of them (Israel–Palestine and Israel–Lebanon–Syria) are cases of lingering violent conflicts, while the other three (Egypt, Morocco and Tunisia) represent a sample of different configurations of authoritarian state power. For this purpose, the fundamental Euro-Mediterranean dimension will also be explored in the future scenarios. The

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1 The 1990–2030 timeframe – reaching as far as 2050 in some other WPs – has been chosen as it represents a suitable horizon for analysing the current and future development of the Mediterranean region in light of significant transformations (regime change, socio-economic crises, etc.). It has also been chosen with a view to making projections and to providing the foundations for future policy on social, political and economic sustainable development in the region.

2 This analysis will be carried out mainly through direct interviews based on open questions. The list of questions and persons interviewed will be provided in the technical paper.

3 The persistence of violent conflicts in the southern and eastern Mediterranean region will also be explored in an additional paper on “State sustainability and conflicts”, focusing on the Occupied Palestinian Territories (OPTs). The paper will be written by Samir Abdullah and Samir Awad of the Palestine Economic Policy Research Institute, based in Ramallah. The protraction of the Israeli–Palestinian conflict, the two authors will argue, has provided neo-authoritarian Arab regimes with a certain degree of political legitimacy in the eyes of their populations and with the means to justify the implementation or continuation of ‘emergency measures’: the state of emergency. These developments have also led to high levels of military and security spending. The paper will explore the extent to which the situation of conflict, in the case of the OPTs, has exacerbated political instability, both nationally and regionally, and as a consequence has constrained or even reversed socio-economic development as well as political liberalisation. In other words, it has made the development process more fragile and above all unsustainable.
objective is to pinpoint the conditions under which, at both the state and regional levels, it is possible to speak of sustainable development.

The concept of sustainability is sufficiently complex and multidimensional – not to say vague – to require careful specification with reference to the state and its development process. In general terms, sustainability refers to the ability of a state – understood as both institutions and processes as well as norms and values – to pursue progressive development in various sectors for current and future generations. In this paper the concepts of ‘state sustainability’ and ‘sustainable development’\(^4\) are used interchangeably. We are actually interested in the state as a set of processes and relations crossing the boundaries of governing bodies, and involving society along with external actors (Mitchell, 1991).

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

Before delving into the concept of sustainable development, as will be operationalised in this work, it is necessary to stress the fact that sustainability does not coincide with stability. It is possible to have apparent stability internally and externally without sustainable development, meaning that the reins of power and the sovereignty of the state are not questioned, but from political and socio-economic viewpoints there is no development, rather a deterioration of the levels of welfare, a dissipation of resource endowments and a backtracking of social, economic and political reforms. All this could be accompanied by the emergence of dissent, the radicalisation of opposition forces and hence the risk of future destabilisation. This is exactly the situation in which, as assumed in the final section discussing future scenarios, a number of countries of the southern and eastern Mediterranean region are likely to find themselves in the next two decades unless major changes are made with a view to strengthening governance and promoting inclusive social, political and economic reforms. Internal and external stability is thus a necessary but insufficient condition for sustainable development. In other words, and as a way of introducing another specification that is clarified later on in this paper, the stability of a regime\(^5\) through its effective use of force and control of the territory and people does not correspond to the sustainability of the state. The distinction between the two concepts of ‘state’ and ‘regime’, the latter having a more restrictive connotation than the former, is relevant insofar as it specifies the object of sustainability. The question, ‘sustainability for whom?’, is a fundamental one in this framework. Therefore we are not concerned with the stability/sustainability of the regimes in power, whose survival and entrenchment may come at the expense of the people they purport to represent. We are instead concerned with the sustainability of the state, defined more generally and in a more dynamic perspective as a group of assets and structures and the processes arising from their interaction with the external

\(^4\) The use of the expression ‘sustainable development’ in this paper does not correspond to the meaning it usually has in the development literature, where it refers to a development scenario that takes into consideration environmental constraints.

\(^5\) Regime is here understood in broad terms as the ‘state class’. By ‘state class’ we mean a group of persons characterised by a “blending of modern forms of association based on ideology, public issues and class interests with more traditional primordial and personal ties” (Hinnebusch, 1990, p. 189).
environment. Against this backdrop, the sustainability of the state under scrutiny does not simply consider state assets (or resources) and structures, but also the development process of the country they give rise to under certain domestic and external conditions. In light of the specific configuration of political power in the southern and eastern Mediterranean region, the distinction between state and regime sustainability must be borne constantly in mind. Likewise, there is a distinction between the legitimacy of the state and that of the regime. Whereas the legitimacy of the state is tightly intertwined, and almost overlapping, with its sustainability, the purported legitimacy of a regime may act to the detriment of the long-term sustainability of the state.

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

1.2 Sustainability and its determinants: Political capital and legitimacy

To achieve sustainability there are a number of ingredients that need to be present. These ingredients pertain, broadly speaking, to two categories: assets and governance structures. While the former category encompasses all the concrete and ideational assets a state is endowed with – from natural resources to manmade assets, and from human resources to existing social relations – the latter (governance structures) is made up of all those actors and actions governing the life of the country at multiple levels. These actors and actions are responsible for defining the governance structures and the ‘rules of the game’ of the state necessary to make use of and possibly to create the assets of the country. This paper (and WP) mostly focuses on this latter category, assessing the question of sustainability as it applies to governance structures and pinpointing the geo-political and governance factors that are likely to shape the future development of the political systems of the southern and eastern Mediterranean countries.

As mentioned above, the concept of sustainability is quite difficult to grasp because of its multidimensional and complex nature. Also, in the literature this concept – as interpreted in this project (i.e. entailing a level of solidity that allows states to develop their political, social and economic potential) – has not been thoroughly discussed. Yet the literature does discuss two concepts that are strictly linked to and represent key ingredients of ‘state sustainability’ in the geo-politics and governance domains, namely the concept of ‘political capital’ and that of ‘legitimacy’. Political capital can be regarded as the capacity at the level of institutions and regulations to react to domestic and external social, economic and political challenges and to ensure that a country can draw upon and make full use of its economic, social and human capital. The analysis of a state’s political capital is necessary to anticipate future trends in the management of strategic assets, which in turn has repercussions on its sustainability or unsustainability in terms of both structures and processes. In other words, the quality of political capital of the states that make up the southern and eastern Mediterranean is bound to determine the level of state sustainability in the region. Legitimacy, instead, encompasses subjective and objective dimensions and includes internal and external components. It could be defined as the extent to which the prevalent conditions in terms of social, economic and political development are conducive to wider margins of manoeuvre for the state (Gilley, 2006). Given the focus on

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6 By ‘ideational’ we mean all the non-concrete resources a state is endowed with, e.g. culture, values and norms.
the domestic development process of the Mediterranean countries, the citizens of a state are taken as the subjects of legitimacy while the state itself represents the relevant object. The assessment of legitimacy depends on a number of determinants, rather than on claims made by the rulers themselves or by outside actors (Gilley, 2006, p. 48). We thus take the factors that represent the main determinants of state legitimacy, adapting these to define our principal features of state sustainability.

We have classified these factors into four groups: social, economic, political and contextual factors. These factors can be further broken down under a number of variables that cover both assets and governance structures. Regarding the domestic dimension, the factors taken into account in the socio-economic group are the level of equality, social bonds, social cooperation, civic engagement, empathy and reciprocity vis-à-vis fellow citizens, engagement with politics, income growth, welfare in areas such as health, education and consumption, poverty reduction and economic governance, including also market-oriented economic policy and stability. As far as political factors are concerned, we will look at political stability, defined as the ability of the state to continue functioning, general political governance (namely the control of corruption, rule of law, decentralisation, etc.), and democratic rights and civil liberties. Turning to the external dimension, the important factors to look at are the impact of foreign aid, the existence of significant trade relations and the often mutually reinforcing rhetoric of democracy and conflict espoused by external actors and projected onto the southern and eastern Mediterranean region. Table 1 considers all of these determinants.

Table 1. The determinants of state sustainability

<table>
<thead>
<tr>
<th>Factors</th>
<th>Examples of variables adapted to the context of the Middle East and North Africa region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social factors</td>
<td></td>
</tr>
<tr>
<td>Equality (including gender equality)</td>
<td>- Assets: existing gaps among groups of people, levels of female education and empowerment</td>
</tr>
<tr>
<td></td>
<td>- Governance structures: laws favouring greater equality, gender-based activism</td>
</tr>
<tr>
<td>Social capital</td>
<td>- Assets: levels of human resources, access to basic infrastructures</td>
</tr>
<tr>
<td></td>
<td>- Governance structures: role of neo-patrimonialism and clientelism in shaping access to power positions and social relations, impact of culture in creating a sense of commonality</td>
</tr>
<tr>
<td>Civic interest and engagement with politics</td>
<td>- Assets: role of ideologies, party system, existence of an autonomous space for civil society</td>
</tr>
<tr>
<td></td>
<td>- Governance structures: incentives to engage in politics (civil rights, transparent processes, accountability, openness of the political environment, freedom of expression and association, representativeness of the parliament and other bodies)</td>
</tr>
<tr>
<td>Economic factors</td>
<td></td>
</tr>
<tr>
<td>Welfare level</td>
<td>- Assets: basic services to the population in health and education, access to infrastructures, formal employment, youth education and training, power of trade unions</td>
</tr>
<tr>
<td></td>
<td>- Governance structures: engagement on the part of the state in the provision of basic welfare services, investment in job-creation</td>
</tr>
</tbody>
</table>
| Poverty reduction | - Assets: levels of income poverty/vulnerability and non-economic poverty, natural resource endowment  
- Governance structures: poverty reduction policies, social safety nets, role of civil society organisations (including Islamist groups and other non-state actors) in alleviating poverty and in providing basic services to the population |
| Economic governance and stability | - Assets: gross domestic product (GDP), per capita GDP growth, purchasing power, level of inflation, level of foreign direct investment (FDI), private property, debt rates, public deficit, macroeconomic stability  
- Governance structures: economic reforms, liberalisation and privatisation measures, economic restructuring, role of banks, government intervention, distribution of national resources, management of migration policies as an emergency valve |
| **Political factors** | |
| Political stability | - Assets: elite accountability, quality of leadership, political strife, the question of succession, political opposition  
- Governance structures: balance between government and opposition, distribution of powers |
| General political governance | - Assets: role of bureaucracy, ‘state class’, emergence of an intellectual elite  
- Governance structures: transparency, control of corruption, promotion of the rule of law, independent judiciary, neo-patrimonialism |
| Democratic rights and civil liberties | - Assets: inclusive development, democratic discourse, human rights situation  
- Governance structures: implementation of political liberalisation and democracy, role of domestic and international civil society organisations |
| **Contextual factors** | |
| External aid | - Assets: amount of aid received, rhetoric accompanying aid  
- Governance structures: state–donor relations, conditionality, domestic and external policies channelling aid towards certain sectors, aid effectiveness (Paris Declaration on Aid Effectiveness) |
| Trade relations | - Assets: natural resource endowment (hydrocarbons), rents, comparative advantages, agricultural infrastructure, water scarcity  
- Governance structures: market-friendly reforms, competition, the role of FDI, Association Agreements, Western interests |
| Rhetoric of democracy | - Assets: normatively-overloaded concept of democracy, securitisation of foreign policy, migration-driven fears, control of illegal migration  
- Governance structures: strategies for the promotion of democracy, stability of incumbent elites, double standard |
| Military support and rhetoric of conflict | - Assets: level of military expenditures and training, violent conflicts  
- Governance structures: military–civilian relations, military interventions, the global war on terror |

*Source: Adapted from Gilley (2006).*
Gilley has tested these potential causal variables through a bivariate regression and has succeeded in isolating those variables that can most plausibly be taken as the causal factors of legitimacy. This does not imply that these factors are universally significant or that it is not possible to find other critical, intervening variables that lead to higher levels of legitimacy. Moreover, the history and development of the southern and eastern Mediterranean region, including individual national paths, may have created specific contexts that, far from being entirely incompatible with some of these factors, may make some of them, such as a market economy and liberal democracy or the lack thereof, not the most significant determinants of legitimacy. These factors can be grouped under three conceptual headings: governance, rights and welfare. By governance Gilley means both political governance – rule of law, control of corruption and government effectiveness – and economic governance. It is possible to argue that, given certain conditions, a competitive market and properly managed economic reforms are likely to enhance the legitimacy of the state and as a result its long-term sustainability. The second significant variable is represented by the degree to which the citizens of a country enjoy civil liberties and inclusive rights, including political rights. The debate around the lack of democratisation in the Arab world tends to underscore the extent to which a significant number of states in the region may suffer from a legitimacy deficit owing to their undemocratic nature in the long run, although only a small part of the population at the moment sees liberal democracy as a desirable outcome for their country and strives to achieve it. In particular, these states suffer from the existence of growing gaps between their populations and the structures of power, and between rising expectations in a number of domains and a lack of participation in political life on the part of the people. Finally, welfare gains matter because of their high correlation with income and welfare levels. Still, as emphasised by Gilley “if legitimacy is about satisfying rising expectations, then the dynamic story must matter more than the static one” (Gilley, 2006, p. 57). Thus, it is anticipated here that these three broad factors (governance – both political and economic – civil, political and social rights, and welfare levels) will in our analysis represent the main determinants of state sustainability as defined below.

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

2. Factors of change and continuity in the Mediterranean region

Despite the difficulty encountered in defining precisely what ‘sustainability’ means, we now have a number of determinants to explore in our analysis. These and other factors that will emerge from the fieldwork, also commonly agreed on in the literature, will be used to assess the current trends of development in the southern and eastern Mediterranean countries (SEMCs) against the backdrop of a series of changes that have taken place in the last two decades. These changes have provided the basis of the current situation of apparent stability and status quo, and so far have not threatened the overall short-term sustainability of the states of the region. In other words, so far the states in the southern and eastern Mediterranean have provided for levels of good governance, civic and political rights and welfare which, while ‘insufficient’ to generate

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7 See, for example, Albrecht and Schlumberger (2004), pp. 371-392; Ayubi (1995); Guazzzone and Pioppi (2009); Hakimian and Moshaver (2001); and Handoussa (1997).
long-term sustainability, have not threatened their stability. Yet, as discussed in section 2.1, stability does not amount to long-term sustainability. This form of stability has some limits that are largely dictated by the temporal perspective, whereby in the short term we could have stability as a result of conditions that are unlikely to be sustainable in the long run. In exploring the status quo, section 2.2 assesses the scope and outcomes of the reform effort undertaken by the countries of the southern and eastern Mediterranean region and the persisting elements of fragility in their architecture of economic governance. These reforms have been coupled with some limited interventions in the political sphere that can be described as liberalisation going hand in hand with de-liberalisation measures (section 2.3). Finally, the impact of regional conflicts and the role of external actors are appraised in section 2.4 in light of their concurrent destabilising potential and actions.

2.1 Stability vs. sustainability

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

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

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

Nevertheless, the sustainability of this seemingly stable arrangement should not be taken for granted in view of the cumulative effect of the mounting pressures discussed below. Reform measures, mostly tackling budgetary and macroeconomic imbalances, have not solved the problems of unemployment and the persistently stagnant living standards of the populations. These reforms, while often being part and parcel of one-size-fits-all, internationally sponsored programmes, have not been properly implemented because of bureaucratic constraints and a lack of human resources (Guazzone and Pioppi, 2009, pp. 99-113). The continuation of the political, social and economic challenges may in the future undermine not only the governance but also the governability of these states, thus reaching the tipping point where unsustainability translates into instability. In some countries, namely those that have been mostly subject to conflict and economic strains, when combined with inequality and poverty these challenges could trigger the collapse of order typical of ‘failed states’. Although none of the states of the southern and eastern Mediterranean region under scrutiny at the time of writing qualifies as a ‘failed state’, we cannot rule out the possibility that, were the deterioration of the national, regional and international contexts to continue, in the medium to long term these countries will face increasing burdens and difficulties in managing these challenges. In some instances it is already possible to refer to some Mediterranean states as “fragile states” where “state structures and institutions have severe deficits in performing key tasks and functions vis-à-vis their citizens. Fragile states are characterized by deficits in governance, control and legitimacy” (Schneckener, 2007, p. 31), which are among the dominant variables identified above.

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

8 Of a different opinion are the authors of the Failed States Index 2010, compiled by the Foreign Policy magazine and the Fund for Peace, who put a number of southern and eastern Mediterranean countries, including Algeria, Egypt, Jordan, Lebanon, Morocco, Syria and Turkey, in the “in danger” category. See the Failed States Index 2010 (http://www.foreignpolicy.com/articles/2010/06/21/2010_failed_states_index_interactive_map_and_rankings).
measures, but have failed to redress a grave socio-economic situation. Evidence of this trend is also the fact that although the growth levels of some countries in the mid-to-late 1990s greatly surpassed those of the previous decade, this pattern of growth has not contributed to lower unemployment rates and improved living standards. On the contrary, the entrenchment of the situation of unfulfilled expectations and the resilience of authoritarianism have contributed to increasing the prospects of overall unsustainability, as is argued in the third section of this paper.

2.2 The reform effort and its outcomes

The years between the mid-1980s and 2010 witnessed a proliferation of new or renewed internal and external challenges confronting the southern and eastern Mediterranean. These challenges have been the catalysts of a number of changes that have affected all aspects of political life. The rise in fiscal deficits and increased external debts since the 1980s led to a series of economic reforms in most countries, mainly geared towards promoting a more competitive and open economic environment by reducing the weight of the ponderous public sector and fostering private initiative. The rationale underlying these liberalisation and privatisation measures was that, in order to reduce trade imbalances and fiscal deficits, the states of the region had to modernise their economies and expand their private sectors. This philosophy was inspired and promoted by IFIs. While countries such as Egypt, Morocco and Tunisia directly engaged with these institutions and accepted their conditionality and assistance, countries such as Lebanon and Syria carried out similarly market-oriented reforms albeit without formal arrangements with the IFIs. Putting aside the differences among the countries of the region regarding the scope and results of the reform endeavours, while some countries were able partly to buttress their economic situation, on a whole these measures failed to deliver the expected positive macroeconomic results in terms of long-term sustainable economic growth, increased investment and competitiveness (Abed and Davoodi, 2003; Guazzzone and Pioppi, 2009, pp. 99-103; El-Naggar, 1987). They only provided the basis for a partial restructuring of the economic system that brought with it an entrenchment of the power of the incumbent elites. The country analyses in this WP will shed light on the actual outcomes of the reform effort and the specific conditions that have caused its failure by providing statistical data and other evidence.

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

The expected outcomes of the reform effort have not materialised; moreover, the reorganisation of the Arab Mediterranean economic sectors has largely contributed to increased wealth inequality. The upper classes, largely coinciding with the core business elites co-opted by the regime, have been the victors of economic restructuring (Heydemann, 2004). Another underperforming effect of the liberalisation and privatisation reforms has been the inability to create employment for the growing workforce. Unemployment, especially among the youth, has been
identified as the most politically volatile economic issue facing the Mediterranean region in the medium term (Bensahel and Byman, 2003, pp. 66-68). Lastly, another adverse effect of the partial economic restructuring of the state has been the declining role of the state in the provision of social welfare services. This “retreat” of the state from the social sector – including the provision of education and health services in general – has further contributed to the growing marginalisation of large sectors of the population, especially the poor (Guazzzone and Pioppi, 2009, pp. 337-339; Karshenas and Moghadam, 2006; Paciello, 2007). Following Marshall and Bottomore (1992), social rights – after civil and political rights – are a fundamental aspect governing the relationship between the state and its citizens. The failure to provide adequate basic social services as a consequence of the partial disengagement of the state undermines the ‘social pact’ existing between the ruler and the ruled, which is mainly based on the allocative function of the former, and thus impinges upon the legitimacy of the state. Some of the symptoms of this development were outlined in the Arab Human Development Report by the United Nations Development Programme (UNDP) for 2009, which singled out a dismal disconnect between southern and eastern Mediterranean citizens and their states (UNDP, 2009). While on the one hand state spending on education, health and welfare (in absolute terms and as a percentage of GDP) has decreased and infrastructure investment has been cut because of the aforementioned austerity measures, on the other hand expenditures in the security sector and especially on the maintenance or expansion of the army have remained high and even increased. We address the role played by the military in the southern and eastern Mediterranean countries, also in relation to the persistence of conflicts and their role in contributing to unsustainability, in section 2.4.

2.3 Mediterranean political systems: Between liberalisation and de-liberalisation

Regarding the political implications of the liberalisation and privatisation measures, part of the theory on democratisation postulates that a correlation exists between economic liberalisation and political liberalisation or even democratisation. This transition paradigm (Carothers, 2002) – from a state-centred economic system to the free market and from autocracy to liberal democracy – had some success in explaining the transition of Latin American countries in the 1970s and that of countries of Central and Eastern Europe after the demise of communism. Still, as far as the Mediterranean and the Middle East are concerned, not only has the transition in the economic sphere not been fully accomplished, but also a significant number of analyses underscore the extent to which this transformation has not brought with it a change in the political arena that can be even vaguely associated with democratisation. On the contrary, as aptly argued by Peter Burnell and Oliver Schlumberger (2010, p. 2),

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

The fieldwork should examine why this has been the case.

A substantial amount of literature has debated the failure of democratisation in the Arab Mediterranean countries. Some authors have adopted a culturalist approach, identifying

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9 See Brynen, Korany and Noble (1998); Heydemann (2004); Albrecht and Schlumberger (2004); Burnell and Schlumberger (2010).
presumed cultural–religious impediments to democracy (Sadowski, 1993). Others have countered these theses, arguing that rather than culture and religion, it is the neo-liberal paradigm of development that has impinged upon the stalled process of progressive political change in the region (Guazzone and Pioppi, 2009). These authors have used the expression “neo-liberal globalization”, meaning “the specific forms that globalisation has taken since the early 1980s, when its dynamics have been intertwined with the spread of neo-liberal policies of privatization, liberalization and deregulation” (ibid., p. 9). The reform programmes that the southern and eastern Mediterranean countries have been encouraged to adopt since the 1980s can be framed in the neo-liberal policy paradigm. As multiple studies have shown, these reforms have failed to put the Arab Mediterranean states on the democratisation track, let alone to reduce the authoritarian regimes’ power. Given the stability, persistence and remarkable resilience of non-democratic rule it is important to identify those factors that account for this situation.

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

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

Turning to the economic sphere, alongside growing inequalities the reform measures have given rise to two collateral effects: on the one hand is the creation of skilfully arranged, hybrid public–private partnerships and the triumph of crony capitalism, and on the other is the resilience or reinforcement of the neo-patrimonial and clientelist systems of governance. These two features are sometimes reinforced by confessional, tribal and ethnic affiliations, as the fieldwork will further illuminate. We thus see how under the rubric of economic reform, policies of liberalisation and de-liberalisation have gone hand in hand, representing a strategy of adaptation rather than a strategy of change (Guazzzone and Pioppi, 2009, pp. 332-337). By de-liberalisation policies we mean the fact that the private sector has been shaped by the dynamics imposed by the regime. In their policies of liberalisation, the regimes have tended to promote well-connected and privileged businesses, typically within a limited number of sectors linked to foreign investment and manufactured goods (ibid.). Other sectors – agriculture and textiles – along with migration policies outside the proper economic sphere have been explicitly de-liberalised, mostly under the pressure of external interests that fear competition from southern and eastern Mediterranean products or have opted for a delocalisation of illegal migration controls in the territory of the southern and eastern Mediterranean countries (Institut Thomas More, 2010, pp. 9-12). This mix between ‘crony liberalisation’ and de-liberalisation policies goes far in explaining how the weight of economic restructuring has been borne by the Mediterranean countries and why this has fostered further imbalances in the distribution of wealth. In both the political and economic spheres neo-liberal globalising measures have created a very peculiar interplay between the public and the private, the political and the business sectors, and formal and informal institutions. Regarding this last dichotomy, what is apparent is that “formal institutions in authoritarian polities do not match with the real power structures” (Albrecht and Schlumberger, 2004, p. 382), and informal procedures and decision-making structures represent the real seats of power. Whereas the former – including parliaments and party systems – has undergone ostensible change to adjust to international norms and expectations, the latter has remained mostly unaltered.

2.4 Conflicts and the role of external actors

Turning to the external dimension, Western powers played a crucial role in sponsoring and supporting the economic restructuring of the Mediterranean states during the 1980s and 1990s. They accompanied these measures with strong rhetoric on democracy promotion, making this one of the linchpins of their foreign policy, especially in the Mediterranean region. Against this backdrop, the EU and the US have included democracy, human rights and the rule of law into their more or less structured policies towards the Mediterranean region. In particular, the Euro-Mediterranean Partnership made democracy promotion one of the primary objectives of its first pillar, centred on political and security issues. Various tools and policies have been adopted by the EU in its multilateral and bilateral relations with the Mediterranean countries, but the results have fallen well short of expectations (Bicchi, 2009; Emerson and Youngs, 2009). The failure of this framework to bring about the expected results and a number of critiques from the EU’s southern and eastern Mediterranean partners led to the launch of the Union for the Mediterranean (UfM) in 2008, which is currently experiencing several problems in the implementation phase. The aim of the UfM is to facilitate cooperation among the countries of
the Euro-Mediterranean region by sidelining political dialogue and by focusing instead on concrete projects concerning, among other things, renewable energy, the de-pollution of the Mediterranean Sea and maritime highways. Most of these projects have not yet entered the implementation phase, however, because of a shortage of funds and substantive disagreement among partners concerning the objectives to pursue. The entire EU-sponsored architecture suffers from a number of problems that need to be addressed and solved if Euro-Mediterranean cooperation and integration are to remain plausible prospects in the future.

Following the events of 9/11, Western countries started speaking more openly about the promotion of liberal democracy as a way of fighting radicalisation and terrorism. Rather than spurring genuine democratisation, however, this rhetoric has provided the basis for securing Western short-term interests that are mostly centred on security and economic gains as well as on the control of illegal migration and not on true democratisation (Colombo and Voltolini, 2010). This rhetoric has also been used to legitimise foreign military intervention in Iraq, which has caused negative spill-over effects in the entire southern and eastern Mediterranean region, including a marked radicalisation at the level of society in Syria and in other countries of the Levant region, and has further contributed to instability. Next to this, the partial restructuring of the economies of the Arab Mediterranean countries has been prioritised with barely significant changes in their political outlooks (Guazzzone and Pioppi, 2009, pp. 325-332). The question arises of whether the EU and other international actors really work towards the promotion of democracy as one of the sources of state sustainability in the southern and eastern Mediterranean. Recent studies have been rather sceptical of the EU’s will and capacity to engage in successful democracy promotion through “linkage and leverage” (as presented by Levitisky and Way and applied by Burnell and Schlumberger, 2010).

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

The link between conflict and stability will be explored in detail in another deliverable of this WP, tackling directly or indirectly the Arab–Israeli conflict and other longstanding conflicts in the Mediterranean region, such as the Western Sahara conflict. The Western Sahara conflict is illustrative of the fragility of regional cooperation in the Maghreb and of the inability of the international community to play a more proactive role in this regard (Darbouche and Zoubir, 2008). In the Mashreq, there have been some improvements in the Syrian–Lebanese nexus in the last few years, mostly as a result of external pressures activated by the killing of former Lebanese Prime Minister Rafiq Hariri, and in relations between Syria and other states in the region, namely Turkey and Saudi Arabia. Despite these improvements, the Mediterranean is still
rife with conflicts, which trap the region in a condition of active or latent violence and undercut efforts at integration (Lawson, 2009). Against this backdrop, a number of states have instrumentalised conflicts in order to reinforce their hold on power domestically. The rhetoric of conflict permeates society as a whole and provides regimes with the justification to enforce restrictive measures in terms of freedom of assembly and expression. The ability to mobilise and demobilise the military and security apparatuses, often through selective favouritism and patronage (Posusney and Angrist, 2005, pp. 27-31), has played a decisive role in buttressing the very foundations of incumbent regimes (especially in Egypt, Syria and Tunisia, yet generally across the Mediterranean countries). In this light, conflicts can be a source of short-term state stability and regime legitimacy, although they undermine state assets and structures – constituting sustainability – in the long run. The persistent militarisation of society, epitomised by the continued state of emergency still in force in Mediterranean countries (e.g. in Egypt since 1981 and Syria since 1963), along with the arbitrary resort to the use of force to curb dissent and curtail freedom, is sowing the seeds of instability and is here regarded as among the major factors impacting on the sustainability of the state (Dunne, Hamzawy and Brown, 2007).

In the Israeli–Palestinian conflict, external powers – notably the US, the EU and the Quartet more broadly (and hence the UN and Russia) – have been partly responsible for the protraction of the conflict through their sheer inaction or acquiescence to Israel, particularly under the presidency of George W. Bush between 2001 and 2008 and the inscription of the conflict within the discourse of the GWOT. In spite of the apparent change in the attitude of Bush’s successor, President Barak Obama, and his declared willingness to actively pursue a solution to this conflict, many of the external dynamics fuelling its persistence have remained unchanged: the absence of external pressure and a credible strategy to exit the conflict. The ensuing vacuum in mediation this has created has, inter alia, opened the way to new regional players such as Turkey to enter the Middle East conflict scene. Against this backdrop, the role Turkey is playing in the region must be considered in any attempt at conflict resolution, as the recent events of the ‘Freedom Flotilla’ testify. Next to its increasing ascendancy as a model for other Muslim countries in the region, Ankara could bring a strategic added value to the process of regional pacification thanks to the increasingly strong ties it is cultivating with a number of Mediterranean/Middle Eastern countries. For example, there have already been previous attempts by Turkish governments led by the Justice and Development Party to mediate between Israel and Syria, but these were interrupted by the events of December 2008–January 2009 in the Gaza Strip. Turkey’s potential is still there, but the external circumstances are not ripe for this potential to be used effectively. Among the conditions necessary for a fulfilment of Turkey’s role is the continuation at a faster pace and on a less ambiguous basis of the process of accession to the EU, from which much of Turkey’s activism has derived its imprinting, as well as a détente in its bilateral relations with Israel.

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

A final aspect of external intervention is what can be referred to as the double standards of the West. For our purposes, Western double standards can be seen from two angles. First is the double standard in policies towards states viewed as pro-Western and states viewed as anti-Western or antagonistic to the West. Hence, there are categorically different approaches towards states such as Egypt, Morocco, Jordan or Tunisia on the one hand, and towards other states such as Iraq, Libya and Syria (the so-called ‘rogue states’ according to the US list), on the other (Pfeifer, 1999). While all these states are characterised by some common features of authoritarian rule, the latter are constantly subject to external scrutiny and sanction, while the former are typically rewarded with assistance and support. A second and much-quoted double standard refers to Western attitudes towards Israel, particularly its full espousal of Israel’s national security concerns at the expense of the long-term security challenges facing the wider region. This is encapsulated in Israel’s persistent violations of UN resolutions (including Resolutions 497 condemning Israel’s annexation of Syria’s Golan Heights and 1397 on the two-state solution) and the repercussions of these violations on the conflict and the relations among the actors in the region. All these aspects will be further discussed along with their far-reaching implications for the stability of the southern and eastern Mediterranean region in the forthcoming technical paper drawing on the results of the fieldwork and in the analysis of “State sustainability and conflicts” carried out by the Palestine Economic Policy Research Institute. We will argue that this situation of double standards is provoking a deterioration of the overall security and stability of the region. Another form of double standard may be related to the EU’s attitude towards the unofficial Islamist opposition in the southern and eastern Mediterranean region. Some authors (Dunne, Hamzawy and Brown, 2007, p. 4) claim that Islamist electoral gains in Egypt in 2005, in Palestine in 2006 and elsewhere in the region, as well as the outcome of the summer 2006 war between Israel and Hizbullah, have influenced the regional and international climate to the point that the EU and other external actors have started to fear that Islamists could gain power.

The current trends presented above seem to point to the existence of largely non-democratic states, featuring what has been dubbed “competitive authoritarianism” (Levitsky and Way, 2002). These states display a distinctive “capacity to spawn innovative mutations that fit the changing local environment – changing geographically from one country to another and changing historically through the effect of new global or regional trends” (Brooker, 2009, p. 374). Regarding global trends, the diffusion of a peculiar model of economic development and of relations, epitomised by liberalisation and privatisation in the framework of globalisation, have not weakened regime power and authoritarianism but rather reinforced them (Schlumberger, 2007), giving rise to a process of “de-liberalisation” (Kienle, 2003). The key features of authoritarian persistence have been identified in the strength of the coercive apparatuses and the extensive use of repression as a mode of rule, the manipulation of electoral politics and of contestation, the co-option of opposition forces and the impact of external factors, namely the over-securitisation of foreign policy leading to external double standards, acquiescence and neglect (Guazzzone and Pioppi, 2009, pp. 345-450). The outcome is the redeployment of the structures and functions of the state favouring its resilience and apparent stability, rather than its retreat and undermining (Tripp, 2001). Yet while these authoritarian states are “not inherently instable or less viable than democracies” (Burnell and Schlumberger, 2010, p. 9) and have repeatedly demonstrated their means of adaptation (Brooker, 2009), making use inter alia of elements of legitimacy, the conditions of stability may well be unsustainable in the medium and long terms. This is an aspect that the fieldwork will help us corroborate or refute.
3. Future challenges to the sustainability of the state in the Mediterranean region

This final section of the paper questions the apparent stability of the current state structures and policies in the Mediterranean region under the double impact of violent conflicts and the persistence of authoritarianism or better neo-authoritarianism. We hypothesise that in the long run it will become increasingly difficult for these states to sustain the current configuration of state power against the backdrop of deteriorating socio-economic conditions, exacerbated by the global economic crisis, and above all growing domestic unrest. Although in the years to come the current situation may be defined as stable, we can pinpoint how the factors discussed above – socio-economic stagnation and inequality, neo-authoritarian rule, violent conflicts and the role of external actors – are likely to make the period ahead different from the ‘business as usual’ features of the recent past, possibly leading to a tipping point in unsustainability. In reality, none of these challenges alone will be able to engender a situation of complete unsustainability, leading to instability or even state failure, in the countries of the southern and eastern Mediterranean. In other words, individually taken, they are not sufficient conditions to precipitate instability. What is argued here, however, is that their cumulative effect as well as changes in the regional and international environment are likely to make the status quo untenable. The conditions for unsustainability are already present, but the future of these countries will depend on how these trends evolve domestically, regionally and internationally, and on how domestic and external actors position themselves along the way. To gauge the future of the Mediterranean countries towards 2030 we will assess the opportunities for and challenges to the sustainability of the state in the region. This exercise will aim at presenting a number of stylised scenarios on the future of the region. Before addressing these scenarios, we will delve into the opportunities and challenges that the Mediterranean countries are facing today, which may turn out to be the main defining factors of the future of these countries.

3.1 The question of succession and the nature of opposition

At the political level, although some states in the region have seen a generational change at the apex of the political system at the turn of the Millennium (Morocco, Jordan and Syria, for example), most of them have been governed by the same elites for the past 30 years (in the case of Libya, Muammar Qaddafi, the Supreme Guide of the Revolution, has been occupying this position since 1969). With the passage of time, inevitably the question of succession looms on the horizon. In Egypt, various speculations have been echoed in the press or through the comments of country experts on the health of President Hosni Mubarak, on the preparations for the succession of his son, Gamal Mubarak, and a whole new group of relatively young and Westernised elites, and on the emergence of other presidential candidates from among the intelligence services or independent ranks. Given the kind of state structure constructed and managed by President Mubarak in his almost 30 years of tenure, it is no surprise that the succession issue occupies a fundamental place in the Egyptian political debate. The prospects of succession have also galvanised the fears of ‘palace elites’, concerned about being swept away by a radical shift at the top of the political system. These fears and the ensuing political moves they provoke contribute to further instability in a country that is already afflicted by unsustainable social, economic and political ills (Zahid, 2010; Dunne, Hamzawy and Brown, 2007).

10 Some authors prefer to use the term ‘neo-authoritarianism’ to account for the distinctively modern and upgraded form of authoritarianism characterised by “fragmentation of the power structures and by an increase in informal modes of government (neo-patrimonialism, corruption), with the parallel political and economic marginalization of large social sectors” (Guazzone and Pioppi, 2009, p. 346).
Next to the issue of succession, two forms of mobilisation – internal and external – are likely to impact on the political future of the region. Despite the sheer lack of an organised and effective political opposition and the controlled nature of civil society in most of these countries, other forms of unstructured mobilisation, often coalescing around a political or socio-political discourse, have begun to emerge and to make themselves heard. We are referring here to the spread of unconventional, and to a large extent underestimated, challenges to the sustainability of the current configuration of state power, such as social upheavals, disaffection and strikes, stemming from the lack of social, civil and political rights, widespread frustration, youth unemployment and economic underperformance. These forms of often spontaneous and unorganised mobilisation go beyond the sphere of traditional party systems because of the controlled nature of the latter and the ensuing decline in political ideologies and increase in tribal, ethnic and religious affiliations that have accompanied the process of political de-liberalisation. In this context, liberal, nationalist and leftist parties lack a popular basis, and thus cannot represent forces of veritable political change. Islamist parties, instead, present a mixed picture. On the one hand, Islamists have reportedly been nimble in filling the niche vacated by the state’s retreat from the social sector by establishing schools, clinics, day-care centres and undertaking a number of other NGO-style activities (Bensahel and Byman, 2003, p. 73). On the other hand, while sometimes heavily discriminated against and repressed by incumbent regimes, not all Islamist opposition forces have been banned. Yet the case of the Moroccan JDP is illustrative of the tension existing between the co-option strategies enforced by the regime and the opposition potential of Islamist groups. The JDP used to represent a genuine opposition force before becoming forcibly moderate and eventually being reduced to just another front for the Moroccan ruling class. Today the JDP remains an opposition party only in name. The case of the Egyptian Muslim Brotherhood appears to be different in that, despite being banned as an official party and staunchly controlled and regularly repressed by Mubarak’s regime, it fared relatively well in the latest parliamentary elections of 2005. The prospects for the upcoming electoral round are grimmer, however, owing to a number of internal changes that have affected the movement (i.e. the emergence of a more conservative leadership less inclined to advance the movement on the political stage as a result of the continuous repression and crackdown by the Egyptian regime). The fieldwork and the technical paper will expand the scope of this analysis by delving into the agenda and organisational structure of these Islamist movements. The trends of repression and co-option are possibly not going to change in the next 20 years. At the same time, it is possible to envisage a situation in which these relatively ‘new actors’ – Islamist movements/parties, religion-oriented groups and civil society organisations as well as business-oriented elites – will not represent a veritable opposition or drivers of change without the necessary structural conditions for them to do so, put in place through veritable political reforms.

The second form of mobilisation is linked on one side to the protraction of conflicts in the region and on the other to the climate of repression, which partly derives from the increasingly securitised paradigm of international relations with the region over the last decade. As mentioned above, intra-state and regional conflicts – especially the Arab–Israeli conflict and the Western Sahara conflict – are not even remotely on their way to being solved. The general climate of insecurity that overrides the region, and the security-first nature of external policies in the region (including those of the EU), are the products of a broader trend of international securitisation (Storm, 2009). We can actually point to a vicious cycle of authoritarianism, repression and failure to respect basic human rights, on the one hand, and radicalisation on the other, both internally and externally (Storm, 2009). The GWOT atmosphere and the failure on the part of eternal partners to exert genuine pressure for true democratisation and the solutions to conflicts have acted as a justification for the increased resort to repression, directed not only at Islamist opponents but also at ordinary citizens who are suspected of endangering the security of the state. According to Storm (2009), there is every reason to believe that the radicalisation of
the population of the Mediterranean region is going to continue, almost certainly at an accelerated pace in the next decades. Radicalisation not only refers to the spread of certain forms of political Islam but also means that people from the southern and eastern Mediterranean countries, in particular the youth, will migrate to Europe as an exit strategy from situations of socio-economic grievances and political repression, thus provoking lasting frictions between the two regions. Paradoxically, therefore, the security-first approach adopted by the EU and other international actors may act to the very detriment of the short-term interests it purports to pursue, among which the management of migration flows features as one of the most prominent.

3.2 The impact of exogenous crises on state sustainability

Turning to the socio-economic level, migratory flows from the southern and eastern Mediterranean are sometimes also dictated by concrete socio-economic grievances. As recalled in the above section, the attempts at restructuring the economies of the region during the 1980s and 1990s did not deliver the expected outcomes. The Mediterranean economies are still, to a greater or a lesser extent, plagued by a lack of economic diversification, with some countries being disproportionately dependent on hydrocarbon rents (Algeria and Libya) and external rents (in the case of Egypt these mostly stem from the Suez Canal and foreign aid). Although the recent international financial and economic crisis has spared the Mediterranean region in comparison with others (e.g. Europe), the picture is mixed (Galal and Reiffers, 2009). In the Maghreb, where trade with the EU accounts for two-thirds of total volumes, the effect of the crisis has been felt more acutely than in the Mashreq, where the US, the Gulf and the Asian economies also have considerable weights (Zallio, 2010). One group of countries, including Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia, has displayed growth rates of at least 3% in 2009 with a peak of 7% in Lebanon. These countries have also exhibited noteworthy financial and macroeconomic stability and they have not turned to the IMF for emergency financial support. In contrast, countries such as Israel and Turkey, the two countries that are most developed and most integrated into the global economy, have suffered from the drop in external demand. It is possible to argue that in these countries the crisis has followed more or less the same pattern as in the developed world, with a decrease in industrial production that has translated into a drop in investment, negatively affecting private consumption and living standards (Brach and Loewe, 2010). Although the Mediterranean countries have so far succeeded in protecting their economies from the most destructive effects of the crisis, without proper investment and job creation it is possible to envisage a situation in which the countries of the region will be significantly less equipped to confront the effects of this or another recession in the near future.

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

From these remarks it is clear that the reforms aimed at rationalising and restructuring the economic systems of the Mediterranean region have not fully shielded these economies from the impact of domestic and exogenous crises. Today, the most pressing challenge that the Mediterranean countries face in the socio-economic arena is the emerging social question linked to the fact that even in the rosier scenario of macroeconomic stability and growth, poverty and unemployment rates may remain unsustainably high. Unemployment – reaching over 20-30% in some countries and even higher rates among the youth – is likely to represent the most dangerous factor of instability for the countries of the region, and consequently for European countries concerned about possible spill-over effects (Spencer, 2009). The risk of mounting domestic social violence and criminality as well as the spread of anti-Western sentiments is to some extent the result of a vicious circle. This circle is activated partly by the results of the economic reform process, which has led to the partial disengagement of the state from the social and welfare sectors and to the increasing inequality, unemployment and impoverishment of the low-to-middle class, and partly by the policies adopted by Western actors in the region. This list of challenges is not exhaustive, however, and the fieldwork will supplement it with new elements.

As a way of concluding this section, we outline some possible stylised future scenarios. Worsening economic governance causing unrest and crises of formal politics epitomised in electoral disaffection are evidence that the actual reform process, much wanted and vaunted by the EU and the US, has arguably not contributed to solving the main problems of the Mediterranean countries. High on the list of problems that incumbent elites need to address is the increasingly tenuous relationship linking the state to its citizens. Continuous unrest, the emerging social question and oversecuritisation of politics are all dysfunctional products of the differential integration into the global neo-liberal paradigms of development espoused by the countries of the region. Therefore, as powerfully exposed by Zemni and Bogaert concerning Morocco, in the southern and eastern Mediterranean it is likely that in the future “neoliberal reform will enhance instability as it is widening the economic cleavage between the rich and the poor. This in turn, can result in turmoil, triggering authoritarian reactions and repression by the governments or leaders. Neither way is actually reflecting what the EU, the US or the IFIs are hoping for” (Zemni and Bogaert, 2009, p. 105).

3.3 Three scenarios for the Mediterranean region in 2030

We now present three tentative and partial scenarios based on two main dimensions that broadly summarise all the factors and variables taken into account in this analysis. The first main dimension considered is the increase or decrease in the assets and the governance structures that constitute the political capital endowment in the Mediterranean region taken as a whole, despite country-based differences. This assessment is linked to the set of factors identified and discussed above, including the political, economic and social ones that determine the legitimacy of the state in the southern and eastern Mediterranean. The second dimension is the level of cooperation between the southern and eastern Mediterranean countries and the EU, at both the bilateral and multilateral levels. This aspect accounts for the aggregate Euro-Mediterranean dimension that is the focus of the project and is of the essence to point towards EU policy avenues in the direction of greater sustainability of the Mediterranean state system. The role of other external actors, such as the US, the Gulf countries and China, is also taken into account here. It is necessary to clarify from the outset that the scenarios presented below are not pure models and cannot be applied to reality as such. Each one entails a set of elements whose probability of being realised will depend on certain conditions that need to be pinpointed in order to be able to extrapolate policy-relevant implications for external actions. Given country
differences, it is also important to note that the scenarios below are necessarily general, tentative and stylised. These scenarios will be tested and specified in detail in the country analysis paper and then further elaborated in the final policy paper of this WP. The final conceptualisation of the scenarios will also take into account the results of the intermediate, qualitative scenario report produced by WP9 as well as the results of fieldwork. These scenarios include sustainability, unsustainability and polarisation. Each scenario does not represent a fixed type but rather a point on a continuum. In the case of sustainability, the spectrum of possible options range from a qualitative leap towards good governance, democracy and human rights, to the ratcheted-up successful adaptation of existing regimes to the present and future challenges discussed above. In the case of unsustainability, the possible options range from a deteriorating status quo, whereby existing efforts at adaptation are unable to respond to future challenges, to a situation of instability or state failure. The polarisation scenario is one of uneven development trajectories within the southern and eastern Mediterranean, displaying inter alia aspects and cases of sustainability and of unsustainability, each of which in turn take a variety of forms.

Given our hypothesis of the overall unsustainability of the southern and eastern Mediterranean region in the next 20 years, we begin by describing the first scenario of unsustainability through decline and conflict (internal and external). This scenario is characterised by the continuation or even radicalisation of regional conflicts and the persistence of authoritarianism, both impacting on the political, economic and social dimensions described in section 2. In this scenario, the Mediterranean region would neither be integrated in multilateral frameworks of cooperation with the EU nor experience improvements in good governance and sustainable development. The prospects for a radicalisation of the Israeli–Palestinian and the Arab–Israeli conflicts and for a demise of the initiatives of dialogue and cooperation between the two shores of the Mediterranean seem rather plausible given, on the one hand, the continuous difficulties encountered by the regional and international players in reviving the peace process, and on the other the international community’s neglect of (or opposition to) intra-Palestinian reconciliation. As for the EU, in this scenario the UfM would reach a stalemate, precisely because of the general situation of conflict in the region.

This scenario could also feature the protraction and possibly the extension of the neo-liberal, globalisation-driven growth model. Some countries in the region, for example Egypt, Syria and Tunisia, are continuing with the modernisation effort at an even faster pace than in previous decades. This effort tends to be led by new business elites that have flourished and gained more power and leverage in state affairs. Still, as in the past this form of economic governance will not contribute to redressing the grim situation in which the populations of the region live and thus will not remove the main sources of their discontent and frustration. Furthermore, this scenario is also assumed to be unsustainable from another vantage point, namely that without investments in education, renewable energy and urbanisation the region would suffer from the increasing depletion of human and natural capital. Another factor that needs to be taken into account by the analysis is the possible continuing deterioration of the global economy, notably in the Western developed economies but also in the Asian continent, due to the current phase of recession and its impact on the southern and eastern Mediterranean region. As much as this may seem a catastrophic scenario – certainly it is a dystopian one – it is not entirely unrealistic in a 2030 time horizon. The consequences for the countries of the region could be decline and even total breakdown and state failure. The prospect of a total collapse of state structures and the ability to function may materialise in the case of external military interventions or when certain domestic conditions reach the tipping point.

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

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

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

This polarisation could manifest itself at the level of the geo-political orientation of the countries of the Mediterranean region, whereby new political actors in the Gulf, Asia, sub-Saharan Africa and Latin America would have increasing influence in the region, despite the region’s geographical closeness to Europe. The increasing influence of diverse external actors, accompanied by the spread of alternative sets of values and norms as far as trade, finance, political ideologies and cultural patterns are concerned, can already be seen in the important investment made by China in the Maghreb and especially in Algeria (e.g. in the construction of the underground network). These external actors are gaining ground as a consequence of the Western powers’ inability to adapt their policies (see the scenario above) and to make them more responsive to the needs of Mediterranean countries. This situation would progressively lead to an increasing separation in the patterns of development in both the Mediterranean and the EU, and in some instances to the emergence of signs of tension in their relations.
Another aspect of this polarisation trend relates to the increased fragmentation of the Mediterranean region itself, owing to the widening gap between countries that espouse a marked pro-Western attitude (Egypt and Jordan, to name the most evident cases) and others that may follow a more self-reliant path, often defying the West (Algeria, Libya and Syria) and possibly aligning with alternative forces, including other states in the region (e.g. Turkey) and other external players (e.g. China or Iran). Against this backdrop, positive or conflictual developments in some countries would not spill over into other areas of the Mediterranean region, thus creating separate development trajectories for different sets of countries. Hence countries such as Morocco and Tunisia would be expected to develop stronger ties with the EU, but the fruits of these relations would not include greater integration within the Maghreb region. Yet separate development trajectories might also mean that the persistence of the conflict between Israel and Palestine would not necessarily affect the rest of the region, particularly those countries that are controlled by pro-Western regimes.

In conclusion, in this paper we have identified a number of factors and drivers that are likely to lead to a situation of unsustainability materialising in the southern and eastern Mediterranean region in the next two decades. This emerges as our base scenario, although a more precise assessment of the situation of the southern and eastern Mediterranean countries will stem from the fieldwork. The task of this paper has been accomplished through the analysis of the main determinants of legitimacy that, alongside political capital, we have taken as benchmarks for the assessment of the sustainability of the state and its development in the region. We then moved on to describe the changes and the reforms that have been undertaken by almost all the southern and eastern Mediterranean countries and which have allowed them to enjoy a situation of apparent stability. Finally, we questioned the sustainability of the entire state architecture and processes underway, arguing that a number of social, economic and political challenges to the sustainability of the state in the Mediterranean region loom on the horizon and that they are likely to manifest their destabilising impact under given domestic and external conditions. These conditions have been presented in the three scenarios of the final section. A number of elements tend to corroborate our argument, according to which the current situation in the southern and eastern Mediterranean region may be stable but its outlook appears to be unsustainable. This framework of analysis will be applied to the selected case studies that will be the object of a thorough assessment aimed at pinpointing the most plausible scenarios and the conditions for their manifestation.
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About MEDPRO

MEDPRO – Mediterranean Prospects – is a consortium of 17 highly reputed institutions from throughout the Mediterranean funded under the EU’s 7th Framework Programme and coordinated by the Centre for European Policy Studies based in Brussels. At its core, MEDPRO explores the key challenges facing the countries in the Southern Mediterranean region in the coming decades. Towards this end, MEDPRO will undertake a prospective analysis, building on scenarios for regional integration and cooperation with the EU up to 2030 and on various impact assessments. A multi-disciplinary approach is taken to the research, which is organised into seven fields of study: geopolitics and governance; demography, health and ageing; management of environment and natural resources; energy and climate change mitigation; economic integration, trade, investment and sectoral analyses; financial services and capital markets; human capital, social protection, inequality and migration. By carrying out this work, MEDPRO aims to deliver a sound scientific underpinning for future policy decisions at both domestic and EU levels.

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