

## CONFERENCE REPORT



## PARTICIPATING SCHOLARS

CSIS would like to thank and acknowledge the experts who spoke at the workshop:

**Keynote Address:**

**Hillary Rodham Clinton**  
Secretary of State

**Panelists:**

**Jon B. Alterman**, Zbigniew Brzezinski Chair in Global Security and Geostrategy and Director, CSIS Middle East Program

**Anouar Boukhars**, Assistant Professor of Political Science and International Studies, McDaniel College

**Dan Brumberg**, Co-Director, Democracy Studies, Georgetown University

**Caroline Freund**, Chief Economist, Middle East and North Africa, World Bank

**Haim Malka**, Deputy Director and Senior Fellow, CSIS Middle East Program

**Mustapha Nabli**, former Governor, Tunisian Central Bank

**Geoff Porter**, Director, North Africa Risk Consulting

**Hugh Roberts**, Professor of North African and Middle Eastern History, Tufts University

**Mostafa Terrab**, Chairman and CEO, OCP Group

**William Lawrence**, Director, North Africa Project, International Crisis Group

**Malika Zeghal**, Professor of Contemporary Islamic Thought and Life, Harvard University

**Yahia Zoubir**, Professor, Marseille School of Management

## The Maghreb in Transition: Seeking Stability in an Era of Uncertainty

## OVERVIEW

The Maghreb is in motion. Political changes underway across North Africa have created opportunities for more representative and transparent governance. Debates over the nature of authority and the role of the state that would have been unthinkable just a few years ago now shape political discourse. And yet, doubts remain.

Transitions in Libya and Tunisia remain incomplete, and their ultimate impacts on the region are still uncertain. Popular expectations of reform are straining governments' abilities to adapt. Dilemmas of political identity and institutional structure challenge both new and existing governments. Meanwhile, the region's persistent economic tasks—to provide jobs, stability, and growth for the millions of citizens who enter the labor market every year—endure. Economic success will be integral to the success of the region's political transformation and its future.

To better understand the evolving political, economic, and security dynamics in the Maghreb (defined here as Morocco, Algeria, Tunisia, and Libya), the CSIS Middle East Program convened a conference in Washington, D.C., on October 12, 2012. Secretary of State Hillary Rodham Clinton delivered the keynote address, imparting her optimism as well as her commitment to building on recent gains in freedom and civic participation. The conference gathered a senior group of experts from government, academia, policy research, and the business community to share their insights. While many agreed that there is reason to be cautiously hopeful, there was no denying that the region is at the beginning of a long and uncertain phase of change.

## KEY POINTS

- Political and economic transitions are interdependent. Successful political transitions require economic stability and growth, while economic stability requires reestablishing reasonably predictable political environments.
- The new governments in Tunisia and Libya met early success, but the process of corralling divergent visions of what politics and society should look like has slowed and become more contentious. The Algerian and Moroccan publics, while facing different environments, have shown less

appetite for radical change, although they continue to demand government reforms.

- Maghreb economies face a combination of short-term and long-term economic challenges including fiscal pressures, high unemployment, overvalued exchange rates, and heightened uncertainty. Addressing these challenges effectively requires judicious trade-offs and political stability.
- More inclusive economic growth that addresses socio-economic grievances and inequality is essential for future stability. Even strong growth will prove inadequate if it fails to meaningfully reduce unemployment, which has driven popular discontent across the region.
- The Maghreb is part of the Middle East, but it is also part of Africa. Trends in the Maghreb affect the Sahel and sub-Saharan Africa, and dynamics to the south affect the Maghreb. While the interrelationship poses some security challenges, it also creates opportunities for trade and broader cooperation between the Maghreb and the rest of Africa.
- The United States has expanded its strategic engagement with the Maghreb countries and the region as a whole, including offering resources to support transitions and strengthening security cooperation.

## POLITICAL DYNAMICS

Tunisia's revolution in early 2011 reframed the parameters of change in the Maghreb, raising new questions about the nature of politics, the role of citizens, and the responsibilities of government in the region. Long-standing regimes have fallen, new constitutions have been drafted, and new political parties have emerged. For the first time in the Maghreb, Islamist political forces have been elected and taken up leadership positions. The Tunisian experience has spurred other governments to rethink their own strategies and confront difficult questions about the nature of society and politics. Each country has provided different answers.

### *Tunisia*

Throughout most of 2011, Tunisia's path forward seemed relatively clear. Between the departure of Zine al-Abidine Ben Ali in January 2011 and the Constituent National Assembly elections in October 2011, Tunisia experienced a remarkably productive transitional period. During this pre-election phase, old elites and political parties retreated

while new actors emerged. Though society was polarized from the beginning, debates remained civil, and each side showed willingness to compromise. This was in part because neither enjoyed political legitimacy prior to the elections. The Higher Political Reform Commission (HPRC) was able to successfully draft electoral laws, for example, partly because it was an appointed body representing the

Tunisia's revolution in early 2011 reframed the parameters of change in the Maghreb, raising new questions about the nature of politics, the role of citizens, and the responsibilities of government in the region.

public interest rather than an elected body representing partisan interests. This spirit of compromise fostered optimism about Tunisia's future social and political trajectory, though some activists opposed the HPRC's leadership of the transition process.

One year later, Tunisia's transition seems less certain. Pre-election optimism has withered in the face of mounting socioeconomic difficulties, the increasing polarization of Tunisian society and politics, and a lack of institution building. Political parties have reemerged as aggregators of ideologically driven interests, and they have largely sidelined broad-based civil society actors. The new government enjoys legitimacy, but that legitimacy has not translated into effective governance. The ruling Ennahda party, an Islamist group, has pursued an Islamization agenda, while the opposition focuses on frustrating the ruling party's ambitions. The result is frequent deadlock and an inability to address deep-seated problems.

While Ennahda includes a spectrum of Islamist views, it is increasingly moving toward a more conservative position as Salafi forces challenge its leadership. Among the liberal groups, Nidaa Tounes hopes to unify secular-leaning Tunisians under a modernist and nationalist ethos in order to confront Ennahda in the next elections. Each party accuses the other of undemocratic intentions. The growing political confrontation between the two sides has delayed the process of drafting a constitution.

Numerous other challenges await attention. The justice system remains overwhelmed by the number of cases on its

docket, and the minister of justice has come under criticism for his summary firings of judges.<sup>1</sup> The courts are actively addressing issues of freedom of expression and the role of Islam in public life. Tunisians have been frustrated by the slow pace of prosecutions of former senior officials, apart from Ben Ali himself.<sup>2</sup> More problematically, for many of those who rebelled—in particular the poor, rural, uneducated, unemployed men who began the uprising—the revolution did not deliver what they had hoped. Ben Ali's departure has done little to create jobs or boost the economy.

The more existential question facing Tunisians is whether they will be able to uproot the patrimonial and autocratic systems that allowed former President Habib Bourguiba and then Ben Ali to rule for so long. Both Ennahda and Tunisia's liberals have a paternalistic view toward broader society, making it difficult to evaluate the democratic intentions of either group. In the absence of a vigorous effort to overhaul the underlying institutions and laws that enable autocratic practices, the trajectory of Tunisia's transition remains uncertain.

### Algeria

Algeria faces many of the same socioeconomic and political challenges that sparked calls for change across the region in early 2011. In 2010 alone, authorities registered thousands of unrelated protests and demonstrations, some of which were violent. Unlike its neighbors, however, Algeria has remained relatively static politically and economically. Algeria's lack of structural change is largely the product of the regime's strategies to maintain stability and the opposition's failure to articulate a practical and specific reform agenda.

The two keys to the government's political strategy are effective public spending and a managed political process. Most Algerians' demands remain economic, and Algeria's oil wealth has allowed the regime to respond to them. For example, in early 2011 the government granted pay raises to most public-sector workers and made loans more accessible. It also launched a series of public spending projects and announced a \$286 billion spending package aimed at

providing new housing and expanding infrastructure.<sup>3</sup> On the political side, the regime has been able to essentially depoliticize the population while using legal means to maintain its monopoly on power.

In the June 2012 elections, for example, a revised law on political parties allowed a much broader range of opposition politicians to compete for office, and international observers praised the elections as being largely free and fair.<sup>4</sup> Still, some boycotted the election and alleged that it was fraudulently conducted. Overall, skillful employment of economic and political co-optation means the Algerian government does not need to exercise repression on the scale witnessed in Egypt or Tunisia to maintain order. The political opposition, to the extent it exists, has been poorly organized, lacking in vision, and susceptible to co-optation by the regime.

Notably, Algeria has bucked the regional trend of electing Islamists to power, and not merely through election rigging or repression. The Green Alliance (comprising multiple Islamist parties) won 49 seats in the 2012 parliamentary elections, approximately 10 percent of parliamentary seats and far from the National Liberation Front (FLN)'s 220 seats.<sup>5</sup> While the Green Alliance and smaller Islamist political parties participated in elections, since the violence of the 1990s, the conflict-weary public has expressed a disinterest in radical social or political change of any stripe. Religion remains salient to many Algerians, and Salafis are present in mosques. Still, the idea of a religious revolution, or any kind of revolution for that matter, appears far from the minds of many Algerians. While many Islamists say they want change, none have gained support through either describing a viable alternative or explaining a strategy to accomplish it.

Succession is an issue that occupies Algeria's elite and could potentially shake up Algeria's political system in the future. Elderly figures fill the most important positions in the Algerian government. President Abdelaziz Bouteflika is widely popular, but 75 and reportedly ailing. Lieutenant-General Ahmed Gaid Salah, chief of staff of the People's National Army, and General Mohamed Mediène, head of Algeria's

1. "Tunisia: Mass firings a blow to judicial independence," Human Rights Watch, October 29, 2012, <http://www.hrw.org/news/2012/10/29/tunisia-mass-firings-blow-judicial-independence>.

2. "Ex-Tunisian president denies role in deaths," *Al Jazeera*, May 25, 2012, <http://www.aljazeera.com/news/afri-ca/2012/05/201252423753602550.html>.

3. Algeria Infrastructure Summit, "Infrastructure Investments in Algeria," September 16, 2012, <http://www.algeriainfrastructuresummit.com/infrastructure-investments-in-algeria/>.

4. Christian Lowe, "EU Observers: Algeria Vote a Step Towards Reform," Reuters, May 12, 2012, <http://www.reuters.com/article/2012/05/12/us-algeria-vote-idUSBRE84B05K20120512>.

5. There are 462 seats in People's National Assembly. "Islamists disrupt Algeria parliament opening," *Al-Arabiya News*, May 26, 2012, <http://english.alarabiya.net/articles/2012/05/26/216676.html>.

internal security services, the Département du Renseignement et de la Sécurité (DRS), are both 73. While Bouteflika has largely sidelined the armed forces, the military intelligence service has grown in size and power. Whether this power is sustainable or whether some event could trigger a redistribution of power remains uncertain. If multiple successions within the regime were to occur within a short period of time, it could trigger intense internal competition and instability. For now, however, uncertainty over succession has fostered inaction.

### *Morocco*

In contrast to the feeble opposition in Algeria, the opposition in Morocco is robust and has proven adept at engaging with the monarchy. Constitutional revisions in July 2011 and parliamentary elections four months later gave political parties an opportunity to expand their role in governing Morocco. Moroccan politics now focus on contestation between the elected parliament, led by the Islamist Justice and Development Party (PJD), and the monarchy. The two sides are contending over the interpretation and implementation of constitutional provisions, government appointments, and reforms of the media and judiciary. The PJD is cautiously seeking to expand the elected government's powers, though the outcome of its efforts remains dependent on several factors, most importantly its ability to continue working with the palace toward a common set of interests and goals.

Moroccans are impatient for economic improvement, and it is unclear whether the current pace of reform will lead to the results they are seeking.

PJD leaders have expressed confidence that power will eventually shift into their hands. They call the process they are heading the “third way”<sup>6</sup>—neither revolution nor the status quo—with an emphasis on slow and deliberate reforms. Party leaders assert that their strategy has three main phases. First is the current transitional phase, focusing on small changes in social and economic policy. Next is a transitional growth phase aimed at increasing governmental transparency and accountability and building stronger national in-

6. See, for example, comments by Morocco's minister of communications, Mustapha Khalfi, in Aidan Lewis, “Why has Morocco's king survived the Arab Spring?” BBC News, November 24, 2011, <http://www.bbc.co.uk/news/world-middle-east-15856989>.

stitutions. The final step is one of democratic consolidation, whereby the balance of power shifts in favor of an elected government. They believe their success is contingent on maintaining a healthy relationship with the palace throughout this process. For now, they appear willing to settle for lesser accomplishments in the short term in order to avoid a confrontation with the palace.

The PJD's go-slow approach has not meant that the political process has been able to avoid contention and controversy. In several instances, PJD-led reforms have collided with vested interests. For example, attempted media reforms in April 2012—which would have mandated broadcasting the call to prayer, limited foreign-language broadcasting, and prohibited gambling advertisements—were cut short after opposition from the palace. The incident highlights the PJD's conclusion that the party's success requires a combination of royal consent and at minimum the consensus of the governing coalition.

Beyond official politics, popular protests in Morocco have become more frequent among the country's unemployed and its labor unions, reflecting widespread economic grievances.<sup>7</sup> Moroccans are impatient for economic improvement, and it is unclear whether the current pace of reform will lead to the results they are seeking. If not, heightened expectations could raise the prospect of agitation for more fundamental change.

### *Libya*

The most surprising aspect of Libya's experience has been how relatively smoothly it has gone compared to what might have been. One of the underappreciated aspects of Libya's revolution was how much of the western part of the country was won through negotiation rather than town-by-town fighting. For much of 2012, Libya hit every political milestone it had set for itself: drafting an electoral law, holding free and fair elections, and forming a new government. A strong sense of civilian activism persists, and 30,000 people demonstrated against Islamist violence after the September 2012 attack on the U.S. consulate in Benghazi, which killed Ambassador Christopher Stevens and three other Americans.

Developments in recent months have halted that swift progress but have not derailed it entirely. Libya's first elected prime minister after the overthrow of Muammar el-Qaddafi, Mustafa Abushagur, held office for a mere 25 days be-

7. Souhail Karam, “Strike law tests Moroccan government reforms,” Reuters, April 18, 2012, <http://www.reuters.com/article/2012/04/18/morocco-strike-idUSL6E8FH3U820120418>.

fore his ouster. That made it clear that the General National Council (GNC), Libya's legislative body, had not succeeded in overcoming Libya's cleavages. Protests of the government's proposed cabinet continued after Ali Zidan took power as prime minister in mid-October 2012.

Libya remains divided along many fault lines: some are tribal and regional, while others run between Islamist and secularist forces. Armed militias continue to challenge the central government's authority. Competition for control of oil resources that play out over regional and tribal divides could keep the GNC's efforts at unification and state-building from succeeding. As the electoral system was under construction, many in the eastern provinces sought greater autonomy through a federal system because they feared that the law would empower Libya's western areas, which dominated Libyan politics under Qaddafi. Ethnic tensions among Arabs, Berbers, and Africans from the south—a major source of migrant labor in Libya, but one now often demonized as having supported Qaddafi—have fueled local conflicts around the country. Small skirmishes risk turning into broader conflagrations. Unemployed ex-revolutionaries also pose a challenge to the new government, as they agitate for more rapid change and demand recognition and compensation for their efforts.

In the short term, Libya is likely to muddle through the process of drafting a constitution. Yet, there is also a danger that political skirmishes will overwhelm other important aspects of governing, such as improving education and infrastructure or rebuilding the state institutions that Qaddafi's years in power destroyed. Libya's estimated \$54.9 billion in hydrocarbon receipts for 2012 demonstrate global oil companies' willingness to operate in Libya despite risk, and they give the Libyan government considerable financial resources to deal with problems as they arise.<sup>8</sup> Even so, they are not sufficient to guarantee stability. The struggle to build a state and a new national identity from the ground up remains the central challenge Libyans face moving forward.

## ECONOMIES IN TRANSITION

The Maghreb's economic problems are enduring. Before the political transitions, economists who studied the region puzzled over an apparent paradox: despite solid macroeconomic indicators, broad-based growth lagged compared to other regions with similar structures. A laundry list of

8. Robert Tuttle, "Libya's NOC says 2012 oil, gas revenues to total \$54.9 billion," Bloomberg, September 2, 2012, <http://www.bloomberg.com/news/2012-09-02/libya-s-noc-says-2012-oil-gas-revenues-to-total-54-9-billion.html>.

obstacles helped explain this situation: skills mismatches, overvalued exchange rates, high fuel and consumer subsidies, bloated public sectors, and the lack of transparency and legal norms that discouraged private-sector development. Today, the region faces many of the same economic challenges, yet in a much more turbulent and uncertain political environment.

Political uncertainty has proven a main challenge to economic recovery and growth in studies of economic performance during political transitions around the world.<sup>9</sup> Historically, economic growth has suffered the most in transitions that were gradual by default rather than by design, largely due to investors' risk aversion and the disruptions to normal economic activity that ongoing political and social unrest engenders.

However, the relationship runs both ways. That is to say, the success of political transitions is closely related to economic performance, and oftentimes in transitions, economics worsen before they improve. Tunisia and Libya both experienced macroeconomic downturns in the aftermath of their respective revolutions, and recovery has proven difficult.<sup>10</sup> Strikes in key sectors, the collapse of tourism revenues, and a drop in worker remittances have hampered recovery in Tunisia and growth in Morocco. Libya's oil production had returned to pre-revolution levels by August 2012, but political stability is still a question mark, as are the management and distribution of oil revenues. External conditions have not helped: Europe's financial crisis and the global economic downturn have exacerbated many of the broader economic challenges the region's economies face, including rising unemployment and decreasing exports.

Addressing both the short-term and long-term economic challenges requires enlisting the business community, as well as incorporating both the private sector and state-owned enterprises (SOEs). A rules-based business environment serves both to strengthen the private sector and to diminish the perceptions of corruption and cronyism that inhibit new business investment. Another important element to growth in the business sector is protecting property rights and boosting transparency. Over time, such steps cre-

9. Jack A. Goldstone, "Representational Models and Democratic Transitions in Fragile and Post-Conflict States," *World Development Report 2011: Background Paper*, World Bank, September 18, 2010, [https://openknowledge.worldbank.org/bitstream/handle/10986/9190/WDR2011\\_0005.pdf?sequence=1](https://openknowledge.worldbank.org/bitstream/handle/10986/9190/WDR2011_0005.pdf?sequence=1).

10. "Building Stability through Economic Growth in the Maghreb," CSIS Middle East Program, September 2012, <https://csis.org/publication/building-stability-through-economic-growth-maghreb>.

ate jobs and boost competitiveness, which are vital to absorbing the rising numbers of educated youth entering the workforce.

While stimulating the expansion of large firms is important in order to strengthen macroeconomic indicators, support for small- and medium-sized enterprises (SMEs) may ultimately be more important for inclusive growth. Such businesses are driven more by domestic demand, and they offer greater prospects for transitioning people from the informal economy into the more formal economic sphere. Between 50 and 80 percent of Morocco's non-agricultural workforce is currently employed in the informal sector, for example, and initiatives to expand small businesses are more likely to improve their position than expanding large firms.<sup>11</sup> More inclusive growth will be essential to broader economic recovery and political stability. Even strong growth will prove inadequate if it fails to meaningfully reduce unemployment, which has driven popular discontent across the region.

Governments can take small steps to improve the situation. Better access to information and improved service delivery could help improve the local business environment. Labor-intensive public works are another way to create jobs, provide more housing opportunities, and improve infrastructure. Looking forward, efforts to improve intra-regional trade and cooperation are also important and should be encouraged. The renewed urgency of improving economic conditions since the transitions began provides another opportunity to improve regional cooperation.

The immediate challenge is to engineer a relatively quick economic recovery that addresses both short-term fiscal pressures and longer-term macroeconomic challenges. Many young people expect governments with resources to provide a range of benefits and protections, and people across the region still demand and expect public-sector jobs. Yet, addressing long-term economic challenges requires painful short-term steps such as subsidy reform and public-sector hiring freezes. There is no single solution that meets the needs of all regional governments, nor any solution that meets all the needs of a single government. Instead, political leaders will have to navigate these treacherous waters for several years to come, with keen awareness of the dangers of steering too far in one direction or the other.

---

11. Overview: Data on Informal Employment and Self-Employment, from "Is Informal Normal? Towards More and Better Jobs in Developing Countries," Organization for Economic Cooperation and Development (OECD), 2009, <http://www.oecd.org/dev/povertyreductionandsocialdevelopment/42863997.pdf>.

## U.S. ENGAGEMENT IN THE MAGHREB

The United States has upgraded its involvement in the Maghreb in the past two years, both bilaterally and regionally. Despite the September 2012 attack on the U.S. consulate in Benghazi, the Obama administration has repeatedly affirmed optimism about the region's prospects for positive transformation and its commitment to assisting with the political, economic, and security challenges the region faces.<sup>12</sup>

U.S. support has taken different forms. The United States was instrumental in the NATO military campaign that helped dislodge Qaddafi from power in Libya. Since then, it has provided direct assistance to Tunisia, Libya, and Morocco and spearheaded multilateral efforts through the Arab League, Organization for Economic Cooperation and Development (OECD), Community of Democracies, and G8.<sup>13</sup> In Tunisia, for example, the State Department has reportedly allocated over \$300 million in bilateral transition aid and security assistance since early 2011.<sup>14</sup> That includes allocations for a range of programs, including direct assistance to the Tunisian government as well as funds to support loan guarantees.<sup>15</sup> Total U.S. assistance to Libya since the beginning of its transition topped \$200 million by October 2012, including security assistance and humanitarian aid.<sup>16</sup>

The extent of future bilateral aid, however, is uncertain. Congress has imposed conditionality on some aid<sup>17</sup> and rejected a State Department FY2013 request for \$770 million for the Middle East and North Africa Incentive Fund. The Incentive Fund was intended to be the centerpiece of the

---

12. Hillary Rodham Clinton, "Keynote Address: Remarks on the Maghreb in Transition," Washington, D.C.: Center for Strategic and International Studies, October 12, 2012, [http://csis.org/files/attachments/121012\\_csis\\_clinton\\_transcript\\_0.pdf](http://csis.org/files/attachments/121012_csis_clinton_transcript_0.pdf).

13. Ibid.

14. Alexis Arieff, "Political Transition in Tunisia," Congressional Research Service, June 18, 2012, <http://www.fas.org/sgp/crs/row/RS21666.pdf>.

15. Ibid.

16. Christopher M. Blanchard, "Libya: Transition and U.S. Policy," Congressional Research Service, October 18, 2012, <http://www.fas.org/sgp/crs/row/RL33142.pdf>.

17. Ibid. Citing Libya's resource wealth, Congress has imposed cost-matching requirements on projects enacted in Libya and has prohibited U.S. funding of reconstruction or rehabilitation projects there. In addition, in late 2012, several members of Congress threatened to prohibit U.S. assistance to Tunisia from moving forward unless Tunisian authorities permitted the United States access to Ali Harzi, a suspect in the September Benghazi attacks.

State Department's plan to create a more flexible source of funding to support Middle East transitions.<sup>18</sup>

The United States has signaled its support in other ways. In September 2012 the United States and Morocco signed a strategic dialogue agreement, which institutionalizes high-level bilateral U.S.-Moroccan dialogue. The United States and Morocco work closely on a number of regional issues as well. In particular, Morocco's term as a non-permanent member of the UN Security Council has given it an opportunity to play an important diplomatic role in the Syrian crisis and in convening the Friends of Syria contact group. In October 2012, the United States and Algeria signed a more modest strategic dialogue agreement, signaling the growing ties between the two countries, especially in counterterrorism cooperation. The United States has tried to work closely with Algeria to find a solution to the rebellion in Mali that has left the northern part of the country under the control of Islamist militants.

Expanding U.S. involvement, particularly military involvement, in the Maghreb is not without dangers. The intervention in Libya, while successful in protecting civilian populations from Qaddafi's threatened attacks, also facilitated training and expansion of Libya's fractious militias. It contributed to the spread of arms throughout North Africa, which itself was a factor in the destabilization of Mali. More broadly, a stronger U.S. security presence could engender resentment of the United States as meddling in the affairs of nations that have just begun to assert popular control of their own governments.

## LOOKING FORWARD: SEEKING STABILITY

Despite historic changes underway in the region, the underlying causes of the Arab uprisings in the Maghreb continue to linger in both economic and political terms. People across the region remain unsatisfied by the pace of political change. Socioeconomic and political transitions remain unresolved throughout the region.

Algerian protests over social conditions continue. While the February 20 opposition movement in Morocco mostly peaked in the spring of 2011, labor movement protests and spontaneous unorganized demonstrations continue to erupt across the country, including in rural towns where

18. U.S. Department of State, "Executive Budget Summary: Function 150 and Other International Programs, Fiscal Year 2013," February 13, 2012, <http://www.state.gov/documents/organization/183755.pdf>.

### The threat of Sahel-based militants poses a threat to every country in the Maghreb.

jobs are scarce. Tunisia has also witnessed greater domestic discontent, including increased violence in both urban and rural areas. Across the region, large numbers of youth demand solutions to a range of socioeconomic and political problems. Young people are increasingly anti-patriarchal, anti-establishment, and anti-tribal. Instead of focusing on the secular-Islamist divide, many young activists focus on socioeconomic issues, including transparency and accountability. One result has been the emergence of hybrid opposition movements, which include both Islamists and leftists.

In such an atmosphere, any incident has the potential to spark more widespread disturbances. An initiative to heavily regulate the informal sector, for example, could ignite confrontations between protesters and police. Removing subsidies on basic goods could also trigger public anger. High fuel prices in energy-importing states or a sharp decline in prices for oil exporters could also spur unrest. In addition, the surging availability of arms as a consequence of the uprising in Libya empowers militant groups across North Africa.

The September 2012 attack on the U.S. consulate in Benghazi highlighted not only the challenge of extremist armed groups in Libya, but also that country's more fundamental state-building problem. While not all militias are extremist, their reluctance to cede power and arms leaves Libya vulnerable to renewed conflict.

To the south, Bamako's loss of control of northern Mali has created a safe haven for Islamist militants. The threat of Sahel-based militants poses a threat to every country in the Maghreb.

## KEY QUESTIONS AND TAKEAWAYS

### ■ How will Islamist political parties influence Maghreb transitions?

Islamist parties now lead coalition governments in Morocco and Tunisia, and Salafi forces have emerged as political actors in Libya and Tunisia. Still, it is too soon to declare that the region has inexorably entered a new Islamist era. Islamists in Algeria have largely abandoned utopian ideas of creating an Islamic state and have no viable alternative agendas to offer; Libya's Islamists have faced setbacks and

public backlash; and Morocco and Tunisia's Islamists still face considerable political opposition. Despite electoral victories, all of this suggests that debates over the role of religion in politics are ongoing.

■ **How will governments pursue economic policies that successfully balance between short-term and long-term challenges?**

In the 1990s many governments in the Maghreb faced similar dilemmas between addressing short-term economic pressures and long-term challenges. Nearly all chose to delay any decision. Yet, in this new environment, most governments will be forced to choose. Addressing short-term pressure by increasing government spending may provide some immediate relief, but governments will have to address the underlying macroeconomic challenges.

■ **How can the United States engage with the Maghreb to support credible political transitions and economic growth?**

The United States can provide technical, economic, and diplomatic support to help Maghreb governments build institutions that improve accountability, predictability, and inclusivity. Signals from the U.S. government such as the new Moroccan and Algerian strategic dialogues and cooperation with the new governments in Tunisia and Libya indicate a U.S. commitment to supporting Maghreb transitions. In formulating policies, U.S. policymakers need to carefully weigh the broader consequences of more intense U.S. engagement, especially in the security sphere.

■ **What are the most likely sources of instability over the next two years?**

Socioeconomic factors that helped spark the Arab uprisings in January 2011 will continue to shape stability. For the moment, growing labor protests and other demonstrations, which governments see mainly as a nuisance, continue throughout the region. If governments do not address socioeconomic grievances more effectively and efficiently, regular protests could lead to more widespread and chronic unrest.

## CONCLUSION

The Maghreb is still at the beginning of a struggle toward more representative and accountable government. Tunisia and Libya are working to build new political systems after decades of authoritarian rule. In Morocco, an elected government and the palace work in parallel to set the terms and

pace of reform. Algeria, meanwhile, remains largely stagnant, as uncertainty over leadership succession overshadows wider debates on reform. Each country is pursuing its own path. What binds them all is a sense that governments can no longer afford to dismiss popular attitudes and demands for more inclusivity and opportunity.

Perhaps no dilemma is more fundamental to the Maghreb in transition than the economic challenges facing the region. Economic growth, job creation, and the success of political transitions are closely interlinked. Consensus on the necessity and parameters of reform is elusive, while popular discontent remains centered around grievances related to economic outcomes and the political structures that shape economic policy. The grace period for new governments is shrinking, and some already face popular backlashes. Long-standing governments and regimes must also be attentive. Failure to effectively address current demands for reform could lead to louder and more violent calls for revolutionary change down the road. ■

This conference was made possible in part through the generous support of the OCP Group.

This conference summary is produced by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2013 by the Center for Strategic and International Studies.

### CSIS MIDDLE EAST PROGRAM

Jon B. Alterman

*Director & Zbigniew Brzezinski Chair in Global Security and Geostrategy*

Haim Malka

*Deputy Director & Senior Fellow*

Carolyn Barnett

*Research Fellow*

Rebecka Shirazi

*Program Coordinator & Research Associate*

Adel El-Adawy

Daniel Brunner

Jennifer Cunningham

Ramzi Habayeb

*Interns*

Please visit our Web site at [www.csis.org/mideast](http://www.csis.org/mideast) to learn more about the program's work.