



## **Summary**

### **Third Arab Report on Employment and Unemployment in the Arab States**

**Reflections of Arab Popular Protests on Employment and  
Unemployment: Present and Future**



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## Introduction

The **Arab employment report** is a significant publication of the Arab Labor Organization, broadly targeting workers and parties interested in employment and unemployment in the Arab states. It is presented to production tripartite regularly every two years.

The **first issue** of the report is published in 2008 & was launched in the premises of the General Secretariat of the League of Arab States in Cairo. The report offered a vast background and a comprehensive intellectual vision for the issue of employment and unemployment in the Arab states. It was titled “Towards effective policies and mechanisms”.

The **second issue** was released in 2010 in Tunisia, addressing “issues” in the same intellectual and practical field of employment and unemployment.

In this **third issue** of the report, the Arab Labor Organization has been keen to make it cope with the major changes that have stormed the region since 2011. To attain this objective, a committee of prominent Arab experts, from different Arab states, has been formed and convened in ALO headquarters in Cairo. The committee issued a final report in 12 April 2011 including a comprehensive vision of the report, its main themes, and suggested contents for each theme. While prominent experts are assigned with the task of preparing the themes, research, coordination and editing teams took several steps and made continuous endeavors, under the supervision of relevant parties in the Arab Labor Organization, so that the report would take its final form.

Based on the subject and theme of the report, as agreed, a comprehensive title has been chosen: Reflections of Arab popular protests on employment and unemployment: Present and Future. Because this subject can be tackled from different perspectives, this issue of the report has a wide array of discussions on the themes of the report focusing on the central issue of employment and unemployment.

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The **first theme** discusses conditions of employment and unemployment before the outbreak of the Arab popular protests based on the statistical information and database of the Arab Labor Organization and other relevant sources.

The **second theme** tackles the economic reflections of the popular protests in the short and long term, with a special focus on the consequences of the latest changes in the Arab scene on levels of employment and unemployment in the Arab states.

The **third theme** discusses social reflections, embodied in the lack of employment opportunities in the public and private sectors, effects of security unrests, and the upsurge of different workers and regional demands. This theme also discusses the current debate on amending or changing the legislative framework that regulates labor issues in most Arab states.

In the **fourth theme**, the report discusses and analyzes the procedures, whether proposed or taken, during uprisings and popular protests in the Arab states to boost employment and augment the approach to realize real economic reform and social justice. For the purposes of the analysis, the Arab states are divided into two groups: one includes Tunisia, Egypt and Jordan, whereas the other includes relevant Gulf states.

The **fifth theme** focuses on putting together a collection of proposals on (effective government policies to boost employment). This theme discusses the proposed general milieu for the approaches of such policies, within an Arab and international framework, and the restructure of the overall policies of economic and social development. The theme tackles practical proposals for development and employment policies in some significant sectors like university education, agricultural sector and development of local communities. This theme concludes with a proposed vision to boost employment through developing competitiveness and sustainable development.

The **sixth theme** (building principles of social reconciliation to realize more social peace and justice) is an academic and pragmatic discussion for the issue of social reconciliation, as a basic need for social reform, justice and peace, based on social dialogue between production tripartite. This theme focuses on the development role of the state to realize

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reconciliation through a social participation between the private sector and the civil society, seeking boosting productive employment and decent work within a sustainable framework of development and justice.

The **seventh theme** is an analysis on (aspects of national plans to boost employment and curb unemployment in light of popular protests), with a special focus on the Tunisian case. As a part of the case study, this theme presents examples of effective employment policies seeking the increase of employment opportunities, training and qualification of labor force and the realization of participation between the public and private sectors in this context, with the cooperation of civil society organizations.

The **eighth theme** (Arab cooperation to boost employment and curb unemployment) starts with an analysis of the realities of Arab cooperation in the field of employment and concludes with the necessity of putting into action joint Arab strategies in the domains of development. It also offers practical proposals to enact the role of the Arab Labor Organization in this regard.

Finally, the **conclusion** presents a summary of what is discussed in the eight themes of this report, in the form of approaches for what is happening, and attitudes for what should happen in the future, when popular protests slow down.

I believe that this report is put before governments to attach to employment the due significance, to give priority to qualify national and Arab workers, equip them with skills, and give them the priority in employment.

This is a truthful call for governments to resolve, cautiously, the imbalance in economic development; such an imbalance arises at the expense of social aspects. I am fully confident that officials shall not hesitate to use all the available means to realize the comprehensive development, which would lead to a concrete improvements felt by citizens.

It is also significant to indicate that this report includes several practical ideas and suggestions that can be adopted and developed. This comes as a part of our endeavors for a better future that may meet the demands of the Arab people for a better future, and the demands of new generations

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for equal opportunities in quality of life and jobs, incomes and improvement of living standards.

Our Arab peoples deserve these aspirations and demands.

*Thank you.*

*Ahmed M. Luqman  
Director General  
Arab Labor Organization*

*Cairo September 2012*

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**Summary**  
**Third Arab Report on**  
**Employment and Unemployment in the Arab States**

**The 1<sup>st</sup> theme: Conditions of employment and unemployment before the outbreak of the Arab popular protests:**

Most Arab states witnessed in the period from 2001 to 2008 continuous and relatively high economic development rates, which led to a significant decrease in levels of unemployment in most Arab states. With the emergence of the international financial crisis in 2008, and although most Arab states, except Gulf states, are not engaged in the international financial markets, consequences of the crisis quickly affected Arab economies when the crisis became a major economic crisis. There was a decrease on demands on Arab exports, volume of foreign investments, remittances of expatriates, revenues from foreign tourism, accompanied by a sharp decrease in growth rates in most Arab states and an increase in levels of unemployment.

The economic crisis was accompanied by an upsurge in basic food prices due to the increase of its prices in the international market, especially that most Arab states depend significantly on imports to meet their food needs.

Therefore, this theme shall include the following sections:

**Section one – Development of population and labor force in Arab states and percentage of their participation:**

The **first section** includes an introduction and analysis for available statistics in the period preceding the outbreak of popular protests to recognize the public trend in the past and future, as this trend defines the volume of the labor power and its distribution. This section focuses on levels of participation of labor force based on gender, age, education, profession, and sector in order to recognize not only the public trend for every indicator but also for comparison between Arab states and other regional and international averages.

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The **second section** tackles the phenomenon of migration, whether inter-Arab or foreign migration, its development, volume, destination, and type. The section discusses some of its positive and negative consequences on individuals and their countries.

The **third section** is dedicated for the phenomenon of unemployment in the Arab states: its volume, development, type and an attempt to analyze its causes from a supply and demand perspective. This section shall also discuss types of unemployment, social, age and education classes, as well as geographical areas, which are more affected by unemployment, and changes that happen over time.

In the **conclusion**, this section wraps up with a summary of the most significant results and recommendations to put in place appropriate and effective policies to help alleviate unemployment in the Arab states. Such policies tend to put the Arab youth on the track of production and creativity, and put an end to the chronic ailment of unemployment that caused frustration, depression and loss of hope.

These sections shall be as follows:

### **Section 1 – Population and Employment:**

The group of Arab states is not homogeneous in regard of natural resources, average income per capita, demographic growth, as well as adopted social and economic policies. However, they share a significant feature, which is the aggravation of unemployment and worsening of employment since the mid 1980s. These two phenomena are caused by an imbalance between supply and demand in the labor market.

We focus on demand, as its levels are determined by three factors that work in the same direction: demographic growth rate, youth boom and the increase of levels of woman participation in economic activity. This is explained in the following lines:

1. **Demographic growth rates:** Data indicate that demographic growth rate in the Arab world in general in the period 2006 – 2010 is slightly

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less than 2.0% whereas it was more than 2.2% in the period 2000 – 2006 and 2.8% in 1970s. Although the general trend for the demographic growth in the Arab world as a whole tend to decline, it is still high compared to other regions in the world, except Africa and South Sahara. The average demographic growth in developing states in the period 2006 – 2010 is 1.2% whereas it is less than 0.8% in developed states.

2. **Youth boom:** Although death rates in the Arab world starts to decrease in the late 19<sup>th</sup> century and early 20<sup>th</sup> century, the decline in birth rates started in 1960s in few Arab states, and began to spread in most of them in early 1970s till mid 1980s. Few Arab states have not seen yet decrease of birth rates. Due to the considerable decrease in death rates and slow decrease birth rates, the second half of the 20<sup>th</sup> century witnessed an enormous increase in demographic growth rates that reached its peak in 1980 with a percentage of 3.0%. Subsequently, demographic growth rates began a gradual decrease to reach an average of 2.0% in the period 2006 – 2010, which is higher than the world average demographic growth rate of less than 1.2% annually.

The considerable decrease in death rates and the start of the relatively slow decrease in birth rates resulted in an increase of the category of children (less than 15 years of age) in the beginning, and then an increase of the category of youth (15 to 24 years of age). Specialists term the increase of the category of youth (15-24 years of age) among the population “youth boom”. This phenomenon is similar to the “Baby Boom” phenomenon seen in Europe and North America after the end of World War II and the mid 1960s.

Youth boom poses major opportunities and challenges to development in the Arab states. Youth are opportunities if they are trained and engaged in economic activities. Usually youth tend to incline to risk and creativity, which are fundamentals of modern economies to increase productivity and income. If youth boom is well-engaged in economic activities, there would be a decrease in

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dependency burden, i.e., the number of dependents (aged 0-14 and over the age of 65) to the working-age population.

Youth boom is also a major challenge as failure to use what specialists call “Demographic Gift” may result in serious consequences on the economic, political and social levels. Reaping the fruits of this opportunity is not unprompted but it depends on the response of political, economic and social policies in every country and the timing.

The current situation in the Arab states does not guarantee the achievement of this. Available statistics indicate that unemployment among Arab youth in the last decade has been more than 25%, a much higher percentage than the global average of 14% for the same period.

3. **Increase of woman participation in economic activities:** Statistics indicate that the percentage of woman participation in economic activities in 1980 was too weak in all Arab states, except three, namely Djibouti, Mauritania and Somalia, as they exceeded the average of the developing countries and the global average of 42 and 43% successively. The main reason for this is that farming is the dominant economic activity in these countries, and women in rural areas in these countries and other Arab countries are known to be the cornerstone of the economic activity ages ago.

Comparing the percentage of woman participation in economic activities in all Arab states, all Arab states, with the exception of Djibouti, Mauritania and Somalia, have made progress, but at a different pace, in the period from 1980 to 2005. Kuwait comes at the top and Palestine at the bottom. In spite of this considerable improvement, all 2005 averages of the Arab states, except Somalia and Mauritania, were still way far from 2005 average of the developing countries and the global average of 55.7 and 55.3% successively.

### **Labor Force and its economic features:**

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Participation of the Arab population in economic activities is weak due to the considerable decline in woman participation and the boom of population under the age of 15. Labor force in the region are focused in the services sector and depend on wages. The following points give more details:

### **1. Participation levels:**

Available statistics indicate that the average participation of labor force compared to the total population in the Arab world is significantly low when compared to global averages. In 2007, the Arab average was around 39%, whereas the global average exceeds 71%. This average shows a substantial disparity among Arab states, as the disparity between the highest and lowest in the region may exceed the double.

Statistics on hand point to a substantial decline of woman participation in economic activities, compared to regional and international averages, despite the sizeable improvements achieved in the last two decades.

### **2. Sectoral distribution of Arab labor**

Agriculture and social & personal services dominate availing job opportunities in the Arab world, as they absorb more than 60% of the total labor. Despite the strategic importance of the agricultural sector in the Arab states, which depend mainly on food imports to satisfy needs of the population, the sector's share from the total labor, the sector's share from the total labor and GDP for the whole region deteriorated sharply in the last two decades.

The sectoral distribution show major disparity between genders, as women's work is centered in the services sector, whereas woman's participation in the industrial sector is too limited.

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### 3. Labor distribution based on legal sectors:

Despite the several privatization programs and the multiple restructuring programs of the public sector in most Arab states, the government sector is still a major source of employment as estimates of the International Labor Organization suggest that the public sector takes in around 29% of the total labor force in the Arab region. The World Bank (2004) hinted that compared to the private sector, wages of the public sector are deteriorated, but still job seekers in all Arab states prefer the public sector as it offers several financial and moral privileges such as the permanence of employment, social prestige, insurance, and entitlement to different holidays, among others.

### 4. Status of workers:

The Arab region is characterized with tenant workers, which represent more than 60% of the overall workers. In this connection, there is a disparity among Arab states, as tenants are more than 70% of workers in the resources-rich and labor-receiving countries in the Arab Gulf and Libya. Meanwhile, the percentage is less than half in Algeria, Morocco, Sudan and Palestine. Perhaps the reason is that the population abstain from working as tenants and prefer other forms of work.

The percentage of self-employed people increase in poorer countries, ranging from 30 to 45%, as is the case in Sudan. Finally, there is the category of workers in the “informal sector”, which includes individuals who state that they work for their families, free of charge. In 2008, this category represented 10% of the total workers in the Arab region, and more than 30% in the highly-populated and labor-exporting states like Morocco, Algeria and Egypt, whereas it is low in other states.

Although the informal sector provides job opportunities for those who could not find decent work in the public or private sectors, this economic sector has several disadvantages, including low

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income, harsh working conditions, lack of all types of insurance, and low wages, yet it is flexible to a great extent.

## **Section 2 – Arab migration: Trends and economic & social significance**

The total number of Arab migrants, worldwide, according to the World Bank (2009), is around 13 million from the first generation; about 10 million of them are in Europe and the United States, and the rest are centered in the Arab region, especially in Gulf Cooperation Council states.

Migration of citizens of Morocco, Algeria and Tunisia is centered in EU states, especially France, for historical reasons. This migration dates back to the colonial era, as it started during World War I and World War II, as it intensified after World War II when France was in bad need for labor hand to rebuild what was destructed by the war.

Migration of Maghreb workers to Europe continued in the 1960s and early 1970s, when the European economies flourished and needed migrant workers. However, as the stagnation crisis in West Europe started in the mid 1970s, migration policies for receiving states changed and most European states issued restrictive immigration laws and encouraged migrants to return to their home countries. This was a turning point in the track of migration of Maghreb workers to West European states. Although these restrictions continued to be imposed on new migrants and old migrants encouraged to return home, the number of migrants from Maghreb have not been decreased, due to family immigrations in light of family reunion procedures. Migration to West Europe was not exclusive to individuals from Maghreb, but it extended to include Egyptians, Lebanese and Palestinians, though their figures are far less.

Internationally, official remittances in 2007 were as high as 371 billion US dollars, more than three times the official development aids for the same year. In 2007, remittances of migrant workers in the Arab region represented 4.5% of its GDP, whereas direct foreign investments stood

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for 3.7%. Available statistics denote that remittances have decreased significantly since 2008 because of the world financial crisis, but the percentage of its decrease is much less than the decrease in direct foreign investment and revenues from foreign tourism. On the international level, the percentage of remittance decrease in the Arab region was the least, amounting to only 6% in 2009, perhaps due to the limited consequences of the financial crisis on the economies of labor-receiving Arab states.

At all cases, remittances of Arab migrants reached its peak in 2008, and on the international level several Arab states are still highly ranked in regard of remittance. The significance of remittances is that it is a source of foreign currencies. In 2007, official remittances to Morocco were estimated at 7 billion US dollars, 2.1 billions to Algeria and 1.7 billion to Tunisia. These remittances represented 9% of the Moroccan GDP. In Egypt, the remittances in 2007 were 7.7 billion US dollars, representing 6% of its GDP. It was expected that the remittances would reach its peak in 2009 to exceed 10 billion US dollars, but the global financial crisis and the consequent stagnation in most labor-receiving states led to the contrary: remittances to Egypt decreased from remittances of 2008 with 1.5 billion US dollars.

### **Section 3 – Unemployment**

Statistics on the period 2007 – 2010 stress that the average unemployment rate among youth (15-25 years of age for both genders) in the Arab region exceeds one fourth of the total number of youth (around 27.25%, about 22% are males and about 29% are females). This means almost the double of the international average for the same category. Percentages vary sharply between Arab states.<sup>1</sup>

It is observed that the incessant increase of female job seekers and the rising increase of their education levels coincide with the decline of the role of the state in employment. In the labor market, they also face several obstacles to be employed in the private sector for cultural and

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<sup>1</sup> The Arab Labor Organization. Statistics of operations, youth, migration and human development in Arab states in 2010. Table # 9, Page 17.

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economic reasons, although laws in most Arab states are against discrimination between the two genders in employment. As a result, unemployment levels among women increased among youth. Compared to other regions in the world, the Arab region has a big gap between the two ends in unemployment levels among youth as the private sector does not incline to employ females, as employers tend usually to refuse paid leaves for females like maternity paid leave and childbirth leave, among others. Employers do not prefer females workers for other reasons, too, such as the difficulties attached to woman's mobility from a place to another and working late at night. The lack of labor intensive industries in the Arab region is an obstacle to woman.

Statistics indicate that unemployment among youth increase as education levels increase, except the youth who obtain graduate studies like the Ph.D.

The phenomenon of widespread and chronic unemployment in the Arab world cannot be solved with traditional solutions that depend on the 'hidden hand' of labor market powers nor occasional policies prepared for emergencies. The phenomenon of unemployment is chronic and the problem gets worse for youth, which threatens the security and stability of the Arab society.

Arab governments should get the civil society and private sector engaged in planning alternate policies that would respond to the changeable requirements and needs of youth and women in regard of decent work and continuous training. As long as the Arab youth accept the positive challenge of creativity, their failure shall not be due to their inclination to relax, but due to the failure of policies adopted in the last decades. The results of field studies on potentials of youth in science and technology and entrepreneurship are not but a proof of this.

## **The 2<sup>nd</sup> theme: Economic reflections of the Arab popular protests:**

The unprecedented popular protests in some Arab states affected negatively some economies in the region. It is expected that these effects would continue in the short to medium term, but there shall be positive

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effects in the long run. Protests erupted against poverty, corruption and unemployment and called for social, political and economic reforms.

It is interesting that the states that witnessed protests have recorded a considerable economic growth that amounted to 5.2% in Egypt and 4.6% in Tunisia, but not all the classes of society enjoyed this growth. Such states maintained high levels of unemployment and poverty. This dictates discussing a new economic model that combines the effectiveness of the free market economy while attaching a bigger role to the state to realize a higher level of social justice. In addition, these procedures should be supplemented with a medium-range economic agenda that would include reform measures, atop of which come supporting governance, transparency, disclosure and job opportunities.

The next lines shall clarify effects and reflections of these protests:

**Effects of the popular protests on the overall variables in the short term:**

We focus on effects of the protests on economic growth, investment, prices in the local markets, foreign currency reserves and exchange rates. In regard of economic growth, the International Monetary Fund reduces in its outlook released in April 2012 its forecast on GDP growth at constant prices in the Arab countries in 2011 from 5.1% to 3.5%, compared to the growth of 3.9% to the economy on the international level. Regarding the direct foreign investments to the Arab countries, a report by the Arab institution to investment guarantees and export credit expected in a study in October 2011 that these investments would retreat with 17% this year in the region. The report indicated that this retreat would be harsher in the countries that witnessed protests, to be 92% in Egypt, 65% in Syria, 36% in Bahrain and 21% in Tunisia.

Data denote that the Arab states that witnessed popular protests suffered inflation in 2011 compared to 2010 and other Arab states.

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Foreign currency reserves in the Arab states that witnessed popular protests and uprisings in 2011 declined sharply. However, it is worth noting that the sharp decrease of the reserve does not cope with the period of protests. Egypt comes at the top of such states, as its foreign currency reserve decreased 57.8%, in Yemen the percentage was 26.7%, in Tunisia 22.11%, in Jordan was 13.93% and then Morocco and Bahrain.

**Effects of the popular protests on the active sectors in Arab economies in the short term:**

This side has been studied through investigating effects of the popular protests on tourism, foreign trade and stock market. Talking about tourism, the theme indicates that 2011 was expected to witness a significant drop of revenues from tourism.

Data denote that Egypt and Tunisia, which gain together 28% of the total revenues from the Arab tourism, are the two countries that witnessed a sharp decrease in tourism revenues: Tunisia suffered a drop of 32% in its revenues from tourism in 2011, and Egypt suffered a drop of 30% in 2011. In light of the latest developments in Syria and Yemen, their revenues from tourism are also decreased in 2011.

It is understood that the development of economic sectors and the overall variables has taken a downward trend, though fluctuating and different in the concerned Arab states in late 2011 and early 2012.

However, exports were contrary to expectations as exports in 2011 increased in all Arab states, whether witnessed protests or not. Saudi Arabia came first among Arab states, achieving a growth rate of 43.51%. This increase in exports in 2011 is due to several reasons discussed in this theme.

Arab stock markets were affected and their indices went down in late December 2011 compared to the same period 2010, except in Tunisia, Saudi Arabia, Qatar, Sudan and Morocco. The decrease was 65.7% in Egypt, 24.6% in Beirut, 21.6% in Bahrain, 17% in Kuwait and 3.3% in

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Palestine. This decrease has negative impacts as the Arab stock markets have not yet fully recovered from the consequences of the global financial crisis in 2008.

**Effects of the popular protests on employment and unemployment in the short and medium term:**

This theme indicates that in the short term, unemployment in the countries that witnessed popular protests became more profound. As Arab revolutions had a significant impact on tourism sector, which is one of the most important revenue-generating sectors in Egypt and Tunisia, employment was badly affected. The return of expatriates from countries that witnessed political unrest, such as Libya, worsened the situation in Tunisia and Egypt. Unemployment rates in Tunisia jumped from 13% in 2010 to 18.9% in 2011, increasing with a percentage of about 45.3%. Before the revolution in Tunisia, unemployment levels were already high, reaching 13%, and therefore, any further increase would have major reflections not only on economy, but also on social and security aspects.

In the long term, the theme denotes that it is expected that popular protests and revolutions would practice more pressure to create new job opportunities, through affecting investment policies in the Arab states. Such policies should focus on production sectors and crafts that would increase employment, and therefore unemployment rates in the Arab states would decrease in the long term. However, the achievement of this is subject to the fact that amendments created by popular protests and revolutions should accommodate sustainable development, intensive labor and labor training in particular.

**Long term effects of the popular protests:**

This theme indicates that popular protests and revolutions are expected to change the economic approaches adopted by some states in planning their economic policies, through changing means of building economic

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relations with trade partners, and shifting key economic players in the Arab states. This is also achieved by redistributing economic and development roles in the Arab states, changing relative weight in production structure in favor of commodity production sectors, legal reform and reconsidering privatization programs.

These protests shall be reflected on growth, in the long term. Adopting a democratic approach, Arab states are expected to witness less corruption and follow a development model that would eradicate monopoly and domination of businessmen over economy, reintroducing the state role in development in production sectors that keep away the private sector. It is expected that the Arab states would realize high growth rates and that this economic growth would be reflected on all classes of the society to achieve social justice in distributing the national income, in addition to supporting the role of the state in different cultural, social and economic fields, especially in the strategic sectors of the national economy.

**The theme concludes with some recommendations, including:**

- Receding corruption, as corruption is a complicated cultural, economic, social and political phenomenon that ends up in transferring public funds to private funds, waste of resources, poor distribution, and loss of revenues. As corruption affects all walks of life, eradication of corruption becomes a major concern in the context of the return of these states to the right track,
- Putting an end to the waste of public expenditures, and directing them to finance development instead of directing them to areas that serve only few groups,
- Establishing genuine parliaments to monitor public finances, including local and foreign borrowing policies, reasons of borrowing, means to spend borrowed funds, whether for consumption or production reasons, and preconditions, if any,
- Determining objectives of the budget to boost development, rather than filling slots of in debits and credits,

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- Attaching a bigger role to the banking system in development, disposal of the domination of politics over credit, and working on encouraging small and medium enterprises,
  - Changing trends of working in the stock markets, altering stock markets from speculation to investment, operating transparently, cancelation of sales of derivatives and adopting escalating tax policies on profits of the stock market,
  - Expanding health care services to cover all citizens through effective health insurance systems, and
  - Improving education quality and realizing its objectives, including raising the ability of creative thinking

### **The 3<sup>rd</sup> theme: Social reflections of the Arab popular protests:**

The latest popular protests uncovered different glitches in social relationships as well as faults in social practices and relationships that give privilege to certain categories to benefit from employment opportunities and gain income.

What further complicated the social relations is that several Arab governments were split from young, working, poor and marginalized categories, which were deprived from consecutive development plans.

When a minority in a society has all the wealth, society becomes a fertile milieu for corruption and connections, as the latest protests reveal, and the scene becomes ready for escalation as was the case in Egypt and Tunisia. Lack of security and stability reduced the modest available job opportunities and implementation of development projects.

These conditions created a professional and regional interaction on the national level, especially in regard of the most affected categories, especially self-employed workers and temporary workers.

These conditions led to the emergence of the phenomenon of giving priority to individual rights over public interests among some categories of workers, on the one hand. On the other hand, there were some positive

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aspects of the participation and shouldering responsibility, especially from the categories, which were marginalized, and meanwhile trade unions started to encompass all categories of society.

**This theme tackles the following issues:**

**▣ Lack of new employment opportunities:**

**a. In the government sector:**

Rates of unemployment have been increasing incessantly due to the increase of number of graduates, thanks to private universities, and the introduction of new government universities in remote areas to alleviate burdens of the population in these areas. However, government structural rigidity and not keeping pace with recent developments caused the failure to provide sufficient new employment opportunities, without offering several incentives for early retirement to encourage current employees to retire and offer their places as new job opportunities for the youth.

**b. In the private sector:**

Because of the protests, the private sector declined to expand in labor-intensive investments. Perhaps the strict taxing system in some countries forced the private sector to refrain from expanding in providing more job opportunities. Government measures to deal with these protests were not on time as they failed to give them the priority in public policy. In addition, there was a case of instability and insecurity, which are needed by productive facilities to continue its work and provide the services offered to citizens. In addition, workers were not able to work regularly due to the deterioration of security.

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▣ **Special status of individuals with limited incomes / temporary jobs:**

Protests affected all walks of life and all social classes; yet, the greatest impact was on the weakest link: citizens with limited income and temporary jobs as they do not have reserves that would cover their daily needs until protests end and they can work again.

The other important point is the absence of social protection systems to face such difficulties to bypass the difficult phases that resulted from these protests.

▣ **Social conditions affected by lack of security and instability:**

Instability affects social conditions and all categories of society due to the lack of a public system that sustain interests and assure peace for individuals and their families, and therefore this affects the public social conditions. The other dimension for the deterioration of security and stability is that productive facilities would be unable to manage production and marketing, as is the case in normal times when security conditions are stable.

▣ **Decline of major labor-intensive institutions and emergence of workers' demands:**

Major productive institutions inclined to expand their production and focused on the current labor, or even getting rid of some of them to reduce costs. Privatization programs also affected the will of these institutions to expand in intensive-labor projects. Instead, they started to reduce their work and contract smaller institutions to do the non-core activities.

▣ **Dispersion of elites and community leaders:**

The chaotic situation of some Arab states, in which revolutions and protests took place, gave way to the rise of different currents and

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trends, which grew up in the shade of chaos, uncertainty and instability. This caused a state of imbalance that has negatively affected the society as a whole.

▣ **Probing validity of existing labor laws in light of popular demands:**

Recent events proved that the applicable laws before protests were full of flaws, which do not meet the demands of the current and transitional periods. These laws and legislations include labor laws that should be amended or replaced with new laws that would cope with the new situation.

**The 4<sup>th</sup> theme: Planned actions during protests to support employment, social justice and reform:**

The Arab states witnessed uprisings, revolutions, demands and claims, as Arab peoples sought to advance their economic, social and political conditions. These states are divided into two distinct groups: Group one consists of Tunisia, Egypt, Syria and Libya, whereas group two consists of Arab Gulf states: Kingdom of Saudi Arabia, Sultanate of Oman, and the Kingdom of Bahrain. In this context, we may refer to the special status of Jordan.

**I. Group 1:**

These protests and revolutions in some states, especially Tunisia and Egypt, led leaders of the countries to step down and therefore new regimes have emerged, as all actions and procedures taken, whether remedial or pre-emptive to stop these revolutions. Such actions and procedures were too late and insufficient to face the political, social and economic pressures, atop of which come the outspread unemployment, deteriorated living conditions, high process and the widespread political corruption.

The Tunisian government took several remedial actions to give more freedoms to Tunisian citizens, pledging to provide 300 thousand job

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opportunities urgently, obliging institutions to cooperate to employ 5000 unemployed university graduate, and providing incentives to encourage investments and boost efforts to employ university graduates.

After the Tunisian president Zine El Abidine Ben Ali stepped down, the provincial government, and the next government ,adopted a social and economic program that includes four action plans: employment, supporting and financing economic enterprises, regional development and social work. It is aspired that this would result in raising the living standards and employment levels in Tunisia. On the other hand, the Egyptian government of the toppled regime did not make any concrete actions regarding supporting employment and reducing unemployment.

Later on, the provincial Egyptian government took procedures to grant temporary workers in the government sector full employment rights and a raise of 15% of the basic salary.

Though the Tunisian street calmed down to a certain extent after the elections and electing a president, the Egyptian street is still in turmoil, with a sense of political and security instability. Meanwhile, we cannot talk about effective reform features in the development process unless the situation is settled down.

Jordan is a special case in this context, though demands of Jordanian protesters are similar to Tunisian and Egyptian demands. The Jordanian government managed to control the situation through a package of procedures, which are centered on alleviating the burdens from citizens, reducing taxes on fuel, and food materials. The government aimed at stabilizing prices of electric power, creating job opportunities, increasing pensions and wages, establishing a syndicate for teachers, setting up a royal committee to review the constitution and forming committees for social dialogue to amend election laws.

Such measure participated largely in calming down the Jordanian citizens, though the situation was not completely settled and citizens were not fully satisfied, which led to the eruption of demonstrations and protests in some areas calling for ousting the government,

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fighting corruption, and accelerating reform in the country. Consequently, the Jordanian Monarch called for early general elections by the end of 2011, and amendments in the law of elections and law of parties after three months. Later the Jordanian king announced in June 2011 another package of resolutions and decrees that participated in boosting the process of reform.

To conclude, it can be said that political and economic conditions may vary sharply among the countries that witnessed widespread protests (like Tunisia and Egypt) and the Arab Gulf states. Therefore, the nature of protests, and consequently public acceptance of the solutions, must be different.

## **II. Group 2 (Gulf states):**

Gulf countries are different when compared according to people's political and living demands, and so are the official response modes. In the Kingdom of Saudi Arabia, the Kingdom launched a package of pre-emptive measures to improve the economic status of citizens and boost their social protection. Some of these measures offered direct financial support.

The Saudi government launched a package of pre-emptive measures, which are announced by the Saudi Monarch King Abdullah in March 2011. The immediate implementation of these measures has a significant impact on the Saudi street, regarding the improvement of the social and economic status of the Saudi citizen directly through raising minimum wages, offering unemployment pensions, offering job opportunities in the civil, government and military services, supporting new job opportunities for Saudis in the private sector and providing decent housing.

In regard of Sultanate of Oman, there were living and political demands, but the living demands prevailed over political demands, and the Omani government issued a package of measures in different directions that had significant impact. Some of the most important measures included the financial and administrative independence of prosecution, granting more powers to the two houses of parliament, unemployment insurance, employing 50 thousand citizens, increasing

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social security for beneficiary families, and giving amnesty to 234 political detainees.

In the Kingdom of Bahrain, popular demands focused on political reforms more than economic reform.

The government of Bahrain took some measures, including receding a part of housing loans and granting amnesty to 308 political prisoners; in the field of employment, 20 thousand new jobs were opened in the Ministry of Interior, whereas 10 million Bahraini Dinars were allocated to support the stalled small and medium enterprises.

There were also some pre-emptive measures taken by the government regarding employment, but the most significant of which were determining minimum wages and introducing unemployment insurance.

Later, the King of Bahrain made a decision to set up an independent fact finding committee, which presented its report in 23 November 2011. The report signified flaws of both the government and the opposition, and presented definite recommendations to go out of the crisis. Consequently, a national committee has been established to follow up the implementation of such recommendations.

#### **▣ Reflections of measures taken by governments on employment:**

##### **a. Employment and job opportunities as a result of measures taken:**

Economic and social factors were not the only reason behind protests and revolutions in some Arab states. Indeed, there were political reasons, as protesters saw that the lack of a democratic system led to corruption in all fields and that the solution should be the introduction of a freely elected parliamentary system that can eliminate all aspects of corruption and improve social and economic conditions.

Regarding Tunisia and Egypt, in addition to the harsh economic conditions, political instability negatively affected trends of employment, and in Libya the case was similar to that.

In Jordan, the situation was relatively stable but it protests and demonstrations were always there. The Jordanian challenge was more

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economic than political, and there has been no sign of concrete positive outcomes so far that employment has been boosted in Jordan.

In Yemen, the initiative of peaceful transition of power is applied, but the current situation indicates that the situation of economy and employment is too difficult. It is also worth noting that Yemen Friends Conference, held in 22 and 23 May 2012 in Riyadh, Kingdom of Saudi Arabia, pledged an amount of 3,25 billion US dollars to assist Yemen improve security and the infrastructure.

In Syria, endeavors have been exerted, sponsored by the UN and the League of Arab States, to stop violence to realize a positive development. However, the strong effects of the economic sanctions imposed on Syria, especially on the oil sector, led to losses estimated at more than 2 billion US dollars till mid May 2012.

Regarding Gulf countries such as the Kingdom of Saudi Arabia and Sultanate of Oman, there have been positive reflections on the increase of levels of employment and availability of more job opportunities for citizens. This is due several factors including the state of stability, the announcement of employment opportunities, the government support for the employment of citizens in both the public and private sectors, as well as the package taken by the Saudi King, as mentioned earlier.

In Bahrain, the economy was affected by the events that the country witnessed, which affected trends of employment of Bahraini citizens. Although there are some unsolved problems, huge steps have been taken and several positive developments have been achieved.

**b. Effects of measures taken on employment in the context of Arab development and integration:**

All measures taken in regard of employment aimed at increasing the percentage of employment of national workers, and offering appropriate job opportunities for them especially in the Gulf countries, as nationals of Arab Gulf countries face a fierce challenge from Asian workers. Therefore, in addition to the measures taken to raise levels of employment for citizens, such countries issued several laws to guarantee a protection for citizens from the competition of

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migrant workers; this includes deciding a percentage of national workers in the labor market, and restricting the practice of certain professions to nationals. Currently, there are studies to determine a maximum period for migrant workers to reside in Gulf countries.

It is believed that the flow of Arab workers between labor sending and receiving countries would face a great challenge as the receiving countries go through difficult conditions. For example, after being a labor receiving country, especially from Egypt and Tunisia, Libya becomes a repellent country for them. As for labor receiving Gulf countries, these countries have now an increasing number of nationals who are new entrants to the labor market, and a considerable number of unemployed people. Therefore, priority in employment is given to the citizens of these countries, which poses a challenge of how to reconcile the requirements of the labor market and potentials of job seekers in the light of an open labor market that has large numbers of migrant workers, especially Asians, who are preferred by employers.

**▣ Measures taken during protests to support social justice and reform:**

It is observed that governments of the Arab Gulf countries seek to realize a particular concept of social justice, in the broadest sense of the term. This means achieving the minimum acceptable economic and living standard to society members. Perhaps this is not achieved with a degree acceptable to all parties, but efforts of these governments cannot be ignored.

**The 5<sup>th</sup> theme: Towards effective government policies to support employment in response to popular demands:**

This theme analyses policies that should be followed by Arab authorities to support employment and reduce unemployment rates, especially among youth, in light of the latest popular protests and the accompanying

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social turmoil in several Arab states. It is worth noting that that these policies are not the responsibility of governments and authorities only, but they are the responsibility of the tripartite (governments, employers and workers), the civil society, and other social categories not included in previous classifications, especially farmers and the educated middle class.

The theme is divided into five sections. Section one discusses “redirecting” general approaches and policies towards employment and labor, which is an introduction to the theme through tackling two side issues: defining the main public policies, and the global framework accompanying these policies, with an application on knowledge capital and work skills.

Section two is about “restructuring development policies to boost employment” as this section focuses on adopting a new development model for the integration of production structures, intensifying labor, when possible, and supporting the poor and the unemployed.

Section three tackles a number of important sector policies in the domain of employment support. Such policies are relevant to university education, the rural sector, what is known as creative industries, and rural development.

Section four focuses on micro and small enterprises as a tool to support employment, curb unemployment and fight poverty in the Arab states. Finally, Section five presents a bird’s eye view to the effective policies from a strategic perspective relevant to building competitiveness and realizing sustainable development as a successful medium to boost employment and raise living standards for citizens.

The following lines explain the five sections:

### **Section 1: General approaches:**

These approaches include provision of more new employment opportunities to employ the unemployed and new entrants to the labor market. However, it is observed that the Arab states, whatever their economic conditions may be, did not apply effective policies so far in this domain, and meanwhile accommodation of economic activities to

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labor is still limited, whereas the sectors that employ intensive labor are the sectors of agriculture, construction and the informal sector.

All these activities are almost implemented by the private sector, medium and small sized, but they do not receive the due care from the government and the large companies of the private sector, as both of them represent the major source of technological and financial resources in the society.

Two conditions must be realized to implement this approach, and other necessary approaches:

- **Increasing economic growth rate** in the Arab states to at least 7% annually in the coming 15 years
- **Focusing on supporting and developing intensive labor sectors**, at the top of which are the agricultural sector and the informal sector in urban areas.

**The global framework for the approaches of employment policies:**

The most outstanding factors to construct labor force in the economically developed world, and consequently in the Arab countries, are determined in the following two facets:

- knowledge capital
- Skills factor

**Building knowledge capital:**

Whereas the concept of ownership in the past denoted the ownership of “concrete” productive assets, owners are now the ones who acquire the power of science, knowledge and creative and innovative skills. Those are now seen as the cornerstone of the global economy.

The poor and semi-poor do not have the resources to possess the new knowledge capital, as they do not have equal opportunities to have access to modern education, health care, labor market and income gain.

**Section 2: Restructuring development policies to support employment:**

This can be realized through:

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**1- Adopting macro economy policies to support employment and reduce poverty:**

With reference to the Egyptian experience in applying “Structural Adjustment Program”, recommended by the International Monetary Fund since the official agreement between the two parties in the period from 1991 till 2004, studies based on statistics of family income, spending and consumption in 4 consecutive time spans state that GDP in that period realized real growth of approximately 4.2% annually. However, there were repeated fluctuations on the average growth<sup>1</sup>. However, employment growth increased to an average of 2.63% annually in the whole period<sup>2</sup>.

**2- Supporting Growth Mode (Pro-poor mode)<sup>3</sup>:**

Policies and measure that achieve this include the guarantee that the poor have access to important economic assets, especially land in rural areas and houses in urban areas, as well as access to credit, technical & institutional support for MSMEs in both rural and urban areas.

It is observed from experiences in most Arab states that the poor workers are focused in the informal private sector, especially that micro and small enterprises, not classified as official, are largely deprived from state attention usually offered to the official sectors, especially private major enterprises.

**3- Building skill and knowledge capital for the poor and owners of micro and small enterprises:**

This can be achieved when the state takes the role of restructuring the public spending, especially social spending, and giving more attention to public education and health.

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<sup>1</sup> Kheir Eldine, Hanna & Elleithy, Heba. Economic growth, distributing income and curbing poverty 1990/91 – 2004/05. Al Ahram Aliqtisady book, Cairo, Vol 242, November 2007, P. 6.

<sup>2</sup> Ibid

<sup>3</sup> UNDP. Human Development report 1997, in Kheir Eldine & Elleithy, P.81.

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### **Section 3: Adopting sector policies to support development and employment for youth through:**

- Encouraging education with the international quality,
- Developing agricultural and rural sector,
- Encouraging creative industries

### **Section 4: Small enterprises as a gateway for youth employment:**

The term “Small Enterprises” appears as a solution for the chronic problem of employment. The Arab Labor Organization is concerned with developing small enterprises as a gateway to solve the problem of unemployment and curb poverty levels in the Arab region. The Organization presented several practical approaches in this context, such as paying attention to the development of relations between major, medium and small enterprises.

The significance of building an integrated industrial zone, equipped with utilities and infrastructure that provide technical, marketing, management and organizational support as well as financial support for SME, appears expressively.

Therefore, there are several lessons learnt from Arab and international experiences in SMEs, and we, as Arabs, should learn the following lessons:

- Existence of serious will, while appreciating the role of projects in developing technology, introducing new creations and absorbing labor as the case with the Silicon Valley in the US, Bangalore in India and Xinjiang region in china.
- Linking between major and small industries

### **Section 5: Towards effective government policies in the field of development and employment:**

The significance of linking the adopted development model and employment is highlighted, as the intensive labor element is very crucial

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in different economic activities. This leads the Arab Labor Organization to hold the 1<sup>st</sup> Arab Forum for Development and Employment in Doha (2008) and this was followed by a series of relevant procedures.

Looking at the overall framework for development and employment, and benefitting from the works of the Arab Forum for development and employment, several approaches appear, such as:

**1- Building competitiveness:**

No Arab state has built so far a genuine national system for creativity, even in the most scientifically and technologically developed Arab state. This dictates coupling between the requirements of preparing principles of effective and homogenous creative national building on one hand, and necessities of triggering the currently available technological potentials and attempting to revive creativity in them. Therefore, Arab governments should learn the lesson, and focus on building principles of competitiveness and creativity, instead of reiterating quotes on globalization, absolute freedom of global trade without national protection to the high-quality national products.

**2- Sustainable Arab growth:**

According to the unified Arab economic report, investment on the Arab level in 2010 vary as it was 41.1% in Algeria, and 19.5% in Egypt and Sudan.

If the rate needed to generate the credit “boost” is at least 25% approximately, the increase of levels of local savings and (productive) investment in non-oil Arab states shall be the first step and the first condition to realize sustainability of growth in the Arab states in general. Sustainability of growth is subject to reconstruction of economic activities in the Arab states, so that such activities would go towards building an integrated and balanced productive base, instead of depending solely on a certain sector in constructing the structures of output and revenues, such as the services sector in non-oil countries, and the oil sector in oil-producing countries.

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The third condition for realizing sustainable development is the social condition. Growth is put at risk due to the disparity and injustice in distributing income, fortunes, and opportunities of life, education & health. Without this condition, which is realized when the majority in society, especially youth, feel the actual benefit of the economic growth. Otherwise, this growth would be threatened with a setback.

**The 6<sup>th</sup> theme: Setting the foundation for social reconciliation to achieve more social justice and peace:**

This theme includes an analytical treatment of an important area in economic policies, with their social and integral dimensions between partners in the economic process, especially between governmental & private economic institutions in one hand, and trade unions and civil society institutions, on the other.

There cannot be stable economic policies without a social dimension as a framework and a goal sought on the path to a broad economic growth that reflects positive economic and social effects. This matter requires social reconciliation in order to achieve social peace through building a system of rules and dialogue mechanisms through which this system is realized. This springs from that fact that the key to the stability of the Arab political systems is to rely on economic policies based on a system of social reconciliation that represents the success of the state and society, along with their productive, labor and civil orders.

In General, reconciliation is a continuous dynamic process undertaken by the individual, society, and the state to achieve common compatibility, according to a dialogue mechanism, to prevent clashes and realize trade union, professional and everyday demands. It also realizes the need for developing the production process and the stability of the political status.

Over two decades during which the so-called “economic reforms” took place in most Arab countries, there were accompanying huge social effects that accumulated to bring about a massive popular explosion. The matter became more dangerous when social, economic and political

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demands were grouped together. The roar was deafening in Tunisia and Egypt, and it is still on in more than one country. Deep analysis of the situation reveals an absence of social accountability within the context of “economic reforms”, and an increased concern for the economy, economic growth, Arab and foreign investments and privileges afforded to them, while the society, as individuals, groups and a culture, is absent-minded. Society was, then, viewed as an annex to the market and its economy.

The absence of social participation in economic policies and their reform programs led to a huge defect in the methodology of planning economic policies, which were biased towards the minority. As society was absent, demand, union and class protests gradually appeared. Promptly, the number of protesters increased and the ceiling of their demands rose. It went from reforming economic and social conditions, to political conditions, dignity and rights. All this represents the real context of the current Arab public protest phenomenon. This matter raises the need for study, analysis, and presenting a set of measures and remedies to bring back social stability and social peace. This can be realized through a system of rules establishing social reconciliation between political and production tripartite in state and society.

The required social reconciliation process will bring about constructional and structural changes in production, political and union activities. Therefore, the role of unions must be enhanced and they must be activated and energized at all levels and in all forms. Their shift from political struggle to the struggle for demands should be facilitated, along with democratic practices in union election and the freedom of union decisions, so that they can become the regulators of the balance that is required in the future. Active unions are not only one of the most important factors for the social process, they are the daily reference and constant observer of the outcome of economic development in society. In order to realize social reconciliation, we have to rely on the following five principles:

- 1- The official recognition of political and production parties of the importance of social reconciliation as a process and a method,

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- 2- Facilitating obtaining information and data related to economic policies and relevant legislations & laws to enable reconciliation parties to be aware of the process they are debating,
  - 3- Building of dialogue mechanisms and achieving social reconciliation within production units between unions, labor committees and civil society and government institutions,
  - 4- Intensification of orientation efforts on the importance of social reconciliation for the benefit of the three parties, approving educational and training courses for the methods and mechanisms of dialogue and training on conducting dialogue in smaller units (trade unions, dialogue committees, and civil society institutions), and
  - 5- The enhancement of team work values and social responsibility in order to achieve comprehensive and sustainable development within the framework of a social reconciliation that realizes the demands and benefits of production tripartite along with adopting the principle of transparency and accountability.

The function of the civil society is to activate the participation of the individuals of society. A strategy to boost employment and reduce unemployment cannot be set and implemented without the participation of the workers themselves, as a target of the strategy. In reality, development cannot be achieved in a society that does not realize its importance or strive to achieve it. Therefore, the civil society acquires both a political and a developmental importance, and consequently we can say that the civil society is considered a basic component of comprehensive and sustainable development.

Partnership, as a process, aims at expanding society's choices. It includes the collection of policies and legal & administrative procedures required to enable members of a society to participate, both on local and national levels, in drawing out developmental policies, and activating societal participation in various aspects of application of the comprehensive development. To make an appropriate orientation for this process, there must be actions that would impart a new developmental awareness on individuals and groups (men/women) that include innovative means and methods to activate their collective and individual abilities to develop their society and improve their living standards. Thus, the personality of

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individuals and groups manifests itself when they overcome the culture of submissiveness, negativism and dependence, and move on to a culture of work, production and a determination for self-fulfillment. As a result, they acquire new means and methods to develop their society and improve their standard of living, and consequently increasing their collective ability to benefit from their work.

If economic difficulties, according to the variables and effects of the global system and the mistakes of domestic economic policies, have directly impacted every citizen, it is of paramount importance that the state should not leave society without social protection. The state should not refrain from helping the society to pass the transformation process. State legitimacy arises from performing its social duties and developmental functions.

Social reconciliation is not realized except through wise governance that represents the people and reflects their concerns. This requires governments that adopt sustainable development that individuals participate in, politically, economically and socially. Therefore, employment and unemployment, as a primary theme in the prospects of governments, must be handled not only through an economic course, but through a social course as well. Economic policies that do not adopt a social dimension are deficient policies that generate a lot of protest and social rejection.

The bottom line is that the key to political and social stability lies in the social reconciliation process. The latter depends on economic policies that realize the social goals. This also carries the implications that extending the social protection umbrella and improving the chance of obtaining the necessary education and health services will help ensure development that is more comprehensive and social stability.

### **The 7<sup>th</sup> theme: Features of national plans to support employment and limit unemployment:**

This theme concentrates on the national plan adopted by the Tunisian interim government in 2011, in order to support employment and limit unemployment after the eruption of public protests since the middle of

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January. Before getting to the subject, we have to identify the properties of the labor market prior to the eruption and spread of events and protests and the increase of strikes.

▣ **Reasons behind the protests:**

Studying the economic and social situation over the last decade, the following basic features, which had a huge effect on the events that took place in the country in early 2011, emerged:

- a. A large increase in the number of job seekers in recent years, particularly for men, as for the first time in Tunisia, the number rose from about 164 thousands in 2005, to 193 thousands in 2008, and to 226 thousands in 2010. This was way above the capacity of the labor market, which did not exceed 80 thousand annually. This increase was due to the country's population growth. It actually reflected women entering the labor market, and hence the inability of the adopted economic system to incorporate youth in active economic life,
- b. The market's inability to accommodate job seekers who are university graduates increased the rate of unemployment. It created a tense social climate, and increased public protests in late 2010. The situation is worsened through time, in spite of the programs and plans adopted by the former regime to enhance university graduates, e.g., occupational training, tax and financial support, etc. In 2010, the number of the unemployed was not less than 140 thousand, with an annual increase of 80 thousands, who are the university graduates),
- c. In spite of the austerity policy adopted by the former regime in the last decades, the government sector remains the biggest labor attraction, particularly for university graduates. It is also a more stable employer,
- d. On the other side, the participation of the private sector in the employment process remains relatively trivial, in spite of several financial & tax incentives and facilities provided by the government.

The rate of intake by those institutions remained low due to the nature of those industrial and services facilities. Not only are they small sized, they

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also continue to depend on family members for labor and are closely tied to international markets.

**▣ Multiple urgent programs adopted by the interim government to boost employment and reduce territorial differences:**

After the eruption of events in early 2011, the government was fast to develop and implement several urgent programs and plans in which all sectors and all public and private institutions participated to integrate unemployed university graduates and reduce territorial marginalization and differences between coastal areas and other areas inland.

The following features characterized that adopted employment policy:

- a. Participation of all sectors and officials in the process of employing youth as soon as possible, as the raised slogan for that field was that employment was the responsibility of everyone, and not just the state and the public sector, rather, the whole society, including the civil society and the private sector,
- b. Adoption of the principle of transparency in appointing job seekers, and conducting the operation according to set criteria that are announced before hand to all candidates to interviews or contests, to ensure equal opportunity and transparency,
- c. Varying the policy of immediate and urgent support for employment, in addition to direct employment through supporting entrepreneurs or owners of new projects and encouraging them to invest, particularly in promising sectors and regions deprived of economic activities. Support is also achieved through aiding companies that faced difficulties during the events, in order to maintain the current employment status.

Support mechanisms and programs were multiple and of various forms, e.g., tax rebates, financial and bank facilities, and regulating professional training in order to create new vocational skills and capabilities, as well as employment development for university graduates.

- d. In addition to the urgent program and the adopted government decisions to boost employment on the short run, there were several

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administrative and structural measures to support programs to curb unemployment and territorial differences and enhance confidence between the government and the Tunisian citizen.

In addition to striving to enhance transparency in all dealings and relations with the citizens, the current government strived to include the civil society and its organization in the making of many decisions and in overseeing the performance of local authorities (provincial boards and municipalities...) and to gain economic, social & administrative information and data. The government also worked on enhancing wise governance in the government, banks, and all public facilities through utilizing many committees that studied employment problems and listened to the concerns of the unemployed and to organizations that represent internal regions.

- e. Bank finance and foreign investment played a big role in supporting the adopted employment policy during this year, not only through direct employment of many job seekers, but also through financing several small and medium enterprises.

Foreign financing was quick to create infrastructure projects in internal regions to support employment programs and drive regional development in the country.

### **The 8<sup>th</sup> theme: Arab cooperation to boost employment and curb unemployment:**

The importance of Arab cooperation in supporting employment and curb unemployment stems from the different nature of the labor markets in the Arab countries, and their multiple systems. There is a number of chances that challenge the Arab cooperation, but if they are efficiently and effectively managed, they will give rise to positive and important results within the scope of boosting employment and curbing unemployment. This will be reflected positively on the economies of Arab countries and the standard of living of their people. This issue has become of paramount importance with the appearance of public protests in Arab countries over the past period, in addition to their current and expected economic and social impact on those countries.

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This theme presents the reality of Arab cooperation to support employment and curb unemployment. It particularly deals with the decisions and results of the Arab Summit on Arab Decade for Employment, and the comprehensive Arab program for employment and unemployment control. It touches on the subject of labor mobility between Arab countries in view of recent developments, and the effect of those developments on the flow of inter-Arab investments. Activation of common Arab strategies, particularly in the field of development will be discussed in addition to the role of the Arab Labor Organization in activating Arab cooperation to support employment and curb unemployment in the shadow of the recent developments in the Arab countries. Finally, a general framework for a proposed plan for Arab cooperation to support employment and curb unemployment in the Arab countries is suggested.

The following is a detailed account of what this theme discusses:

**▣ Reality of Arab cooperation to support employment and curb unemployment before public protests:**

Before 2008, Arab cooperation efforts to boost employment and curb unemployment was scattered to different aspects that did not hold a comprehensive vision stemming from what was decided within the framework of Arab labor conferences, and the activities of the Arab Labor Organization. The Organization concentrated on setting drafts for Arab labor agreements, following up their ratification and implementation, conducting specialized workshops and training courses, and conducting some studies and research on unemployment and employment policies in the Arab countries. Arab cooperation in that field experienced many difficulties, the most important of which were weak commitment, and lack of political support and funding. In addition, this cooperation depended on the volatile political conditions and relations between Arab countries. The first feature of this cooperation was in the field of mobility of Arab labor, the establishment of the Arab Association for Employment, which did not last long, and putting in place a number of Arab labor agreements.

As the Arab Labor Organization realized the danger of marinating matters within a mere formal concern, it took the opportunity of

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preparing for the first session of the Arab Economic, Social and Developmental Summit in Kuwait (January 2009), and arranged for the convening of the Arab Forum for Development and Employment (Doha 2008), as mentioned before. The latter had an actual repercussion on the activities of the Summit, culminated with issuing a decision to enhance Arab cooperation in the field of employment, and the approval of the comprehensive Arab program to boost employment and curb unemployment in the Arab countries, and introducing the Arab Decade for Employment. There is no doubt that all this provides a ground for to gradually develop actual Arab cooperation in the near future.

The following part will be devoted to presenting the Arab Decade for Employment and its executive agenda as a comprehensive insight into Arab cooperation in that field.

▣ **The Arab Decade for Employment and its executive agenda:**

Resolutions of the Arab Economic, Social and Developmental Summit in Kuwait, 2009, in relation to the issues of employment, unemployment and the treatment of the ramifications of the international economic crisis included the following points:

- Considering the 2010-2020 period an Arab decade for employment and reducing unemployment to half by 2020, giving priority to supporting fruitful and productive employment and the creation of work opportunities in development policies in Arab countries, curbing unemployment, and improving workers' living and work conditions,
- Concentrating national and Arab efforts on supporting human development and effective training compatible with labor market needs, increasing the productive efficiency of Arab labor, and striving to develop three of the current training centers in the Arab countries,
- Arab governments shall take the necessary measures to facilitate inter-Arab mobility according to their needs,
- Supporting initiatives made by the private sector and Arab financing associations and funds to implement employment programs and reduce unemployment rates on the national and Arab levels,

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- Implementing the comprehensive program for the support of employment and control of unemployment in Arab countries through the Arab Labor Organization and its bodies, along with the relevant authorities in Arab countries, and
  - Assigning the Arab Labor Organization and the General Secretariat of the League of Arab states with the task of preparing and submitting a periodical progress report to the Arab Summit

After the issuance of the resolution, the Arab Labor Organization prepared the document of the Arab Decade for Employment as well as its executive program (2010-2020).

In its approaches, the Arab Decade for Employment includes qualitative and quantities goals planned to be realized before 2020, as they represent an Arab commitment to be fulfilled by governments. The goals include:

- Recognizing 2010-2020 as an Arab decade for employment,
- Reducing to half the number of workers whose income falls below the official poverty line,
- Raising productivity growth rate by 10% in all Arab countries within the same period, and providing a suitable work environment to stimulate productivity in accordance with international standards,
- Improving the quality of education programs in general, and technical, vocational and applied education and training in particular, and raising the percentage of the enrolled in such systems to at least 50% of all the individuals enrolled in education, while giving due attention to retraining and rehabilitation programs during the decade.

The Arab decade for employment is still a newborn. However, recent changes in the Arab countries and public protests merit a review of the priority of the goals of this decade and its executive agenda in light of those changes. The current situation has imposed on the Arab countries urgent obligations that cannot be postponed. In some countries, the economic decline which they experience as a result of the political and security conditions may lead to a similar decline in creating new job opportunities, and reducing unemployment levels, which may increase, posing a big challenge to the realization of the goals of the Arab Decade

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for Employment on the national level. Therefore, there is a dire need for an Arab support to put in place effective remedial programs to stop the deterioration of employment conditions.

In this regard, the Arab Labor Organization gave great importance to the Arab Decade of Employment and its relevant developments in all fields. After the idea was approved and decided at the Economic, Social and Development Summit in Kuwait (19-20 January 2009), the document related to the Decade was ratified at the 37th Session of the Arab Labor Conference (Manama, Bahrain, 2010). The Arab Decade for Employment became a constant item in Arab Labor conferences (the 38th Session, Cairo, 2011, and the 39th Session, Cairo, 2012). All countries are now bound to submit a report on what has been accomplished regarding the “Decade”. In parallel, the Arab strategy for vocational and technical education and training has been approved, and the Arab Society for Training & the Arab Society for Social Security are formed. In addition, the Arab Labor Organization arranged the National Seminar on “Requirements for achieving progress in the realization of the Arab Decade for Employment” (Cairo, 28-29 November 2011), and a meeting of experts in Cairo, 15-16 July 2012, to follow the progress achieved.

**Effects of Arab public protests on chances of inter-Arab investment flow and its role to boost employment and curb unemployment:**

The direction of flow of inter-Arab investments will undoubtedly affect the reality of employment and unemployment control in the Arab countries. The Arab Investment Guarantee Corporation highlighted in its third quarterly outlook (2011) the most prominent features of expected inter-Arab investment flow that year:

- A possible reduction of investments of oil-rich Arab countries in other Arab countries, particularly with the deep political developments in a number of investment-receiving countries, and the accompanying short-term impacts on investment climate,
- An expected calmness in the activity of trans-Arab companies in the Arab region, particularly in the sectors of tourism, communication, real estate, banking, and retail due to the political changes and their desire to observe what events may unfold,

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- An expected calmness in merger and acquisition activities in the Arab region in 2011, after they reached \$ 31 Billion in 2010, a double of what was achieved in 2009, and the announcement of more than 500 deals in the region in 2010.

▣ **Mobility of Arab labor in light of new Arab political developments:**

Facilitating labor mobility between Arab countries is an issue of priority in the field of employment and unemployment control. The Arab Labor Organization has made great efforts in dealing with this issue since established. These efforts resulted in several Arab conventions and common strategic. Although the Organization continues its effort to achieve practical results, reality points out to huge difficulties in the path of realizing this objective satisfactorily.

Possible reflections of the political developments and public protests in some Arab countries and in light of available data, the situation can be summarized as follows:

- New pressures emerged for the migration of labor from Arab countries undergoing the recent developments to labor-importing countries, especially Arab Gulf countries. This is due to the decline in new work opportunities, and loss of established work opportunities in those countries due to the negative effects of such events. This places an obligation on labor-receiving countries to carry the responsibility of helping labor-exporting countries to overcome the negative reflections of events, and support employment there to ease pressures on migration.
- Governments of countries that witnessed the events are occupied with dire political and security issues, and so are those of countries which were not involved but are concerned about what took place. Hence, a retreat in those governments' efforts related to employment issues, including that of facilitating the movement of Arab mobility.
- A decline in the political and economic relations between some Arab countries due to their different stances from the recent developments, which hinders efforts exerted in facilitating Arab labor mobility

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Therefore, it is expected that there will be a decline in the achievements to realize the goal of facilitating mobility of Arab labor on the short term. This necessitates that the Organization plays a part in following up this issue with Arab governments, and giving it sufficient care amidst the cluster of political and security priorities witnessed by Arab countries.

▣ **Activating common Arab strategies in development fields:**

The League of Arab States and its specialized organizations issued a group of common Arab strategies for development. This comes as a result of efforts of Arab experts and decision makers in different Arab countries. They formed a general framework and pilot model to set and implement corresponding national strategies. Yet, reports issued by the League of Arab States and its organizations suggest that the achievements in that field remain humble in regard of official ratification of those strategies by Arab countries and implanting them. Thus, it is seen necessary at this stage to search for new mechanisms and instruments to activate those strategies on the Arab and national levels, and determine priorities in light of the current latest political, social, and economic developments in the Arab countries. The most important of those strategies are:

- The Arab strategy for the development of labor force and employment (Tunisia, 2003)
- The Arab strategy for vocational and technical training and education (Riyadh, 2010)

▣ **A suggested general framework for Arab cooperation to boost employment and curb unemployment, and role of ALO in light of recent developments :**

It can be said that the Arab Decade for Employment and its executive agenda, in addition to the Arab Strategy to develop labor power and employment are enough to constitute a comprehensive plan for Arab cooperation to boost employment and curb unemployment on the medium and long term. However, what is the general framework of Arab cooperation to support employment and curb unemployment on the short term, and by which Arab countries can face important and appealing

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issues that need executive remedial programs, which cannot be postponed?

Putting in place a short-term emergency plan for Arab cooperation in urgent domains needs the efforts of a group of experts and decision makers in Arab countries, with the participation of the Arab Labor Organization, to evaluate the current status of the labor markets, particularly in the Arab countries that witnessed radical political developments and public protests. This aims at determining priorities and devises emergency executive programs to prevent the deterioration of employment conditions in those countries and the exacerbation of unemployment.

Therefore, we can put in place a general framework for this Arab cooperation on the short term that includes basic steps to be taken in this connection:

- An urgent study of the reality of the labor market in the Arab countries in the center of events, and their impacts on labor markets in other Arab countries,
- Determining the needs of each of these countries for emergency programs that suit its special conditions (e.g., the return of Egyptian labor in Libya to Egypt), in coordination with those countries,
- Designing the required programs and providing the requirements for their implementation with the support of the Arab Labor Organization and member countries, particularly those that have technical and financial capabilities for that support (funding, technical support, logistical support, etc...)
- Implementing the common and local programs as well as evaluating and following up their results.

In regard of the role of the Arab Labor Organization in activating Arab cooperation to boost employment and curb unemployment, it is found that on the medium and long terms, the Organization, to a large extent, has provided very important documents, particularly for the Arab Decade for Employment and its executive agenda. The Organization is promoting it and following up its ratification and implementation in different countries. The Organization is providing the necessary technical support

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to member states and applying the obligations, which the document and its executive program pose on the Organization, within the available technical and financial capabilities.

On the short term, the Organization can participate in supervising drawing an emergency plan for Arab cooperation to support employment and curb unemployment in accordance with what is mentioned above, and helps implement and follow it up through the following activities:

- Following up the process of monitoring labor markets in the states that are affected by recent events,
  - Participation in developing emergency programs according to the needs of those countries and implementing them benefitting from technical experiences available in the Organization,
  - Coordination between Arab countries and relevant Arab and non-Arab organizations to develop and implement such programs.
  - Following up the implementation of the Integrated Arab Program for Employment and Unemployment Control, and stimulate Arab countries to fulfill the obligations set in the program.

Being objective dictates acknowledgement of the difficulty of activating Arab cooperation under the current circumstances, as the inter-Arab relations witnesses a stalemate on the political level. However, the national interest of Arab countries also dictates that political factors should be set aside, as much as possible, while working on boosting Arab cooperation in economic, social, technical, educational, and cultural domains, among others. This will have a positive developmental impact on all Arab countries.

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