

**The Revolt in North Africa
in Global Perspective:
How Neoliberal Policies Triggered
Widespread Poverty and
Unemployment, and Perhaps
an Arab ‘Caracazo’ By Prof. Bülent Gökay***

On 17 December 2010, a 26-year-old man named Mohammed Bouaziz poured petrol over himself and set his own body alight in front of the office of the regional governor. This incident came after police had smashed his fruit cart – his only means of survival despite his university degree with an MBA from an elite university.

In

the aftermath, life turned upside down in Tunisia and the fire that Bouaziz lit burned until it engulfed the entire country from town to town. He died an agonising death from his injuries, after three weeks in the hospital, triggering protests which led to the downfall of President Zine al-Abidine Ben Ali. Soon protests spread to Egypt, Yemen, Libya and other parts of Arabic North Africa, the Middle East and some Gulf States.

Bouaziz’s plight echoed the hapless fate of so many thousands and thousands of young Tunisians, Egyptians, Libyans and other unemployed youth in North Africa – all seduced by the promises of higher education yet frustrated and thwarted by the visionless, un-productive, corrupt power elites of

Western-friendly regimes. The uprisings have come from a complex mix of economic problems involving the sharp rise in food prices and high youth unemployment, together with a widespread hatred of autocratic and corrupt regimes. All these factors have combined in different ways in various countries, leading to a strong popular anger.

Of course we cannot deny the fact that people in one country have drawn, and will continue to draw, inspiration and strength from the mass protest movements in others. The partial successes in Tunisia and Egypt detonated similar movements elsewhere, but they did so only in countries with similar historical legacy – the same sharp socio-economic polarities between rentier rulers



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and marginal street labour. And, also, where the autocratic rulers were deeply integrated and subordinated to global economic interests and military networks.

Most of the North African economies where the revolts are taking place are structured strictly on "rents" from oil, gas, minerals and tourism – which provide most of the export earnings and state revenues. These sectors are export enclaves employing a tiny fraction of the labour force, defining a highly specialised economy.

They have no links to a diversified domestic economy because all finished manufactured goods as well as financial and high-tech services are imported and controlled by multi-nationals. The most obvious common feature of the three principal storm centres so far – Tunisia, Egypt and Libya – is a far-reaching program of neo-liberal restructuring, which has been imposed by the IMF and put into practice by the regimes with similar devastating results. These include privatisation, mass poverty, growing youth unemployment, the lack of opportunities for university and college graduates, falling real wages and the accumulation of vast amounts of wealth in the hands of the country's top ruling families and their cronies.

World Bank reports show that 40 per cent of the Egyptian population, more than 30 million people, live in poverty. Egypt's economy has been ruined largely by a combination of the self-destructive

policies of its regimes plus neoliberal policies imposed by the global financial bodies. The country's economy has suffered disastrously under IMF and World Bank-imposed restructuring process.

In the 1990s, Egyptian authorities were forced to cut food subsidies and "restructure" the economy towards service sectors and tourism. As a result, since the year 2000, Egypt has suffered from many food riots as the country once self-sufficient in food has now become dependent on food imports, mainly from the US. The IMF-imposed policies have also led to the Egyptian people being exposed to sharply rising food prices as financial markets have moved to speculating on commodities.

A large section of desert farm land, once used to produce food, has been now transformed into tourist resorts – controlled by a small elite and foreign companies. As a result, the country's economy is no longer geared towards Egypt's natural strengths of agriculture and manufacturing – with the disastrous consequence of widespread poverty and rising unemployment. The Egyptian government and its reforms were applauded in Washington by the World Bank, IMF and US officials. Egypt was even given the "top reformer" award by the IMF and the World Bank.

The IMF Country Report on Egypt, published in April 2010, is a clear indication to how firmly the country's economy has been controlled by international finance. It praised tight fiscal and monetary responses imposed in the aftermath of the 2008 global financial crisis, with the objective of reducing the fiscal deficit. Following that, inflation has risen beyond 13 percent in recent months, creating extreme difficulties for millions of Egyptians. The report claimed, just months before the recent popular upheaval, that "the near-term macroeconomic outlook appears favourable".

Tunisia's dismal economic environment too was a direct result of its increasingly neo-liberal policy toward foreign speculators. Of the five countries covered by the World Bank's Investment Across Sectors Indicator, Tunisia had the fewest limits on foreign investment – allowing for an unprecedented level of free trade. Not surprisingly, those foreign speculators did not bring productive investment or more jobs either.

El Caracazo is associated – in Spanish-speaking countries – with the beginning of the Latin American revolt against neoliberal restructuring. And it marked the start of the end of Latin American ancien régime. Some 22 years after Latin America’s El Caracazo, it seems today the whole region of North Africa is entering the beginnings of the era of the political awakening.

Indeed – the insatiable hunt for great deals, by banks, hedge funds, or private equity funds, had the opposite effect: organised labour was fiercely suppressed; the public education and the health care systems were gutted by a combination of neglect and privatisation; much of the population suffered stagnant or falling wages relative to inflation. In September 2010, the IMF recommended to the Tunisian government the removal of remaining subsidies as a means to achieving fiscal balance.

The neoliberal economic policies imposed by the government were hailed as prudent and wise. As a result, the sudden surge in food prices opened a new phase of the process of widespread impoverishment in the country. Similarly, the IMF commended Libyan authorities on 28 October 2010, for efforts to enhance the role of the private sector in the economy. The IMF report also noted that “progress” had been made in reducing civil service employment, pointing out that of the 340,000 public services employees transferred to a central labour office for retrenchment, about one quarter had found other sources of income.

It called for the retrenchment program to be accelerated. As recently as 9 February, just a week before the uprising against Gaddafi started, the IMF praised the ambitious program to privatise banks and develop the nascent financial sector. It also mentioned that structural reforms in other areas and far-reaching laws passed last year boded well for foste-

ring private sector development and attracting foreign investment. All three countries – Egypt, Tunisia and Libya – began to take their orders from IMF manuals in the late 1990s, and since then their autocratic rulers have been consistently praised by the governments of France and the US as well as the IMF and bond markets.

Viewed against this background, the revolts in North Africa assume a much broader significance. They are not merely political responses for more democracy, but direct popular reactions to widespread economic misery, rising food prices and high youth unemployment. In this sense, the North African revolts are a clear expression of people’s rejection of neoliberal policies imposed by the IMF and World Bank.

Therefore, what we are seeing in Libya and the rest of the North African Arab world today is quite similar to the 1989 Venezuelan Caracazo, which was triggered by a new round of sweeping neoliberal reforms imposed by the IMF – including the slashing of state subsidies on essential items such as fuel, after several years of increasing poverty and social unrest. El Caracazo, the Revolutionary Turning Point, was a massive revolt of urban poor in Venezuela against the established corrupt regime and the neo-liberal economic shock-policies.

It was this movement that led directly to a process of widespread change in the whole continent for the next ten years. Therefore, El Caracazo is associated – in Spanish-speaking countries – with the beginning of the Latin American revolt against neoliberal restructuring. And it marked the start of the end of Latin American ancien régime. Some 22 years after Latin America’s El Caracazo, it seems today the whole region of North Africa is entering the beginnings of the era of the political awakening. The whole region is experiencing an Arab version of Revolutionary Turning Point against decades of plunder, exploitation, neoliberal privatisation and ruthless restructuring in the hands of the IMF, World Bank, and their own despot rulers. **PR**

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