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Restructuring the Socio-Economic and Political Order in the Mediterranean Middle East

Having examined the ways in which Europe selectively exports its rules and practices to its southern borderlands, this chapter focuses on the impact of European policies on the political and socio-economic order of the states of the Mediterranean Middle East (MENA). The processes of restructuring experienced by the socio-economic and political fabrics of these states must be considered within the broader context of Western policies towards the region, including those adopted by international financial institutions and other countries such as the United States. Our investigation into the impact of European policies on MENA states will once again focus on the two most important dimensions of Europe–MENA relations, namely trade and economic relations on the one hand, and the universe of migration, security, and border controls on the other.

Trade, Internal Market, and Economic Relations

Gauging the socio-economic and political effects of Europe's trade policies on the Mediterranean Middle East and North Africa in the twenty years following the launch of the 1995 Barcelona Process is not an easy undertaking. A few preliminary considerations are in order here. First, commercial relations between Europe and the Middle East did not begin with the Barcelona Process and its promise of 'shared prosperity'. Rather, they are characterized by a lengthy history of colonial exploitation and postcolonial manipulation, a point that this book has iterated several times. Colonial history and trade relations in the MENA region's post-independence period laid the foundations of distorted commercial ties, with MENA states importing high value-added manufactured goods and services from Europe while exporting raw materials, 'simple' labour-intensive or resource-based goods, and some

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agricultural products to the European core. This is a pattern typical of imperial relations.

Second, what applies to the general picture of Europe–Middle East relations is still more accurate for European trade policies towards its periphery: after all, they have not taken place in a vacuum. The United States, the international financial institutions (principally, the International Monetary Fund [IMF] and the World Bank), European financial institutions, and others have maintained similar economic policies towards the region for several decades. Since the 1980s, the neoliberal model of development and its inherent prescriptions of liberalization, privatization, macroeconomic stabilization, and structural adjustment have become ubiquitous at a global level. Cooperation between the EU and multilateral institutions in funding a large number of socio-economic restructuring programmes in the region has reflected the hegemony of this model of economic development. It is therefore difficult to isolate the impact of European trade policies on the states of the Mediterranean Middle East. However, it is certainly possible to infer Europe's contribution to specific outcomes, especially given that the EU is the region's largest trading partner.

Third, the MENA states under consideration are a very heterogeneous group of countries. While the region remains fragmented, the level of intra-regional trade and political cooperation is notoriously low, despite the often-repeated mantra of Arab unity.[1] The Mediterranean Middle East and North Africa comprise small, medium, and large states in terms of their economies and populations, ranging from Lebanon, with fewer than six million citizens (excluding citizens living in the diaspora), Israel, with about nine million people, to Egypt, whose population reached 100 million in February 2020 (Walsh 2020). Turkey and Israel are advanced, diversified economies as well as OECD members, while the Arab states in the southern Mediterranean are categorized as developing countries: five are ranked in the lower-middle income bracket (Egypt, Morocco, Syria, Jordan, and the Palestinian Territories) and three others are in the higher-middle income bracket (Algeria, Lebanon, and Tunisia). Some states, such as Morocco, Tunisia, Egypt, and Lebanon, are poor in natural resources but have vast labour forces; others, such as Algeria and Syria, are rich in both natural resources and labour. Libya, on the other hand, is rich in oil but, until the outbreak of the civil war in 2011, imported most of its labour (Cammett et al.

[1] In 2017, intra-regional trade among the states of the Mediterranean Middle East and North Africa, Iraq, and the Gulf states accounted for a dismal 9 per cent of the total trade of these states, with the bulk being oil and related goods (Saidi and Prasad 2018: 14).

2015: 27). Some states or political entities rely extensively on oil-derived rents (such as Algeria and Libya), tolls (Egypt as regards the Suez Canal), or extensive foreign aid (as in the case of Israel, Egypt, and the Palestinian Territories). A number of economies, such as Turkey, Israel, and Tunisia, have developed a solid manufacturing basis or are moving in this direction, as is the case with Morocco, and some, such as Lebanon and Israel, have strong banking and service sectors. With the exceptions of Turkey, Lebanon, and Tunisia, all states in the region exhibit high population growth rates coupled with high fertility rates (Israel included). Relative poverty, large informal sectors, and low levels of education are additional features of many countries in the region—in Egypt, for instance, about one third of the adult population is illiterate. By contrast, Israel, Turkey, Tunisia, and Lebanon have high or relatively high levels of education. In addition to an extremely low female participation rate in the workforce,[2] high unemployment, particularly among young people, is a major problem across all the Arab states. In the entire MENA region (in this case also including Sudan, South Sudan, Iraq, Iran, and the Gulf countries), youth unemployment reaches an average of 30 per cent (Springborg 2020: 2). Diversity is also a feature of the region's political systems: some states are authoritarian presidential republics (Egypt, Algeria, and Syria), others autocratic monarchies (Morocco and Jordan), while still others have democratic—or reasonably democratic—systems, such as Tunisia post-2011, Israel, and Lebanon. Turkey used to be a parliamentary democracy with a strong autocratic tradition until it turned into an authoritarian system more recently.

Fourth, the relative institutional capacity, domestic political environment, and actions of MENA governments vis-à-vis prescribed economic and structural reforms also matter for our discussion (Saidi and Prasad 2018; Springborg 2020). Specific reforms may benefit particular developing countries at specific moments in time. However, the economic impacts of half-hearted or distorted structural reforms, let alone their political consequences, may range from irrelevant to downright counterproductive, particularly in the absence of functioning basic institutions. In other words, it matters whether it is a fairly democratic state with an advanced economy or a developing country with an authoritarian (and often corrupt) regime that is expected to implement far-reaching structural economic reforms. How these reforms are implemented matters a great deal as well. It is important to stress, however, that

[2] The entire MENA region (including the Gulf) has an average female labour force participation rate of 21 per cent—the lowest in the world (Abdellatif et al. 2019: 16).

economic reforms are never neutral or removed from politics. On the contrary, economic liberalization is generally conducted from above, particularly in authoritarian states, often allowing regimes to increase their control over state enterprises and private companies. Business elites and entrepreneurs often take part in this reform process because they or their firms stand to benefit from subsidies, tax breaks, business opportunities, and political favours (Cassarino 1999; Hibou and Hulsey 2006; Guazzone and Pioppi 2009a).

A final problem in assessing the effects of Europe's economic policy on its southern periphery lies in the peculiarities of the economic literature. While an overabundance of studies on different political aspects of Euro–Mediterranean relations exists, research into the concrete effects of trade relations and regulatory reforms is less common. What is more, most of the existing economic research, some of it commissioned or funded by Brussels, has evaluated the *potential trade effects* resulting from anticipated agreements or reforms. These studies usually employ different economic simulation models, such as computable general equilibrium or multimarket partial equilibrium models, in order to assess trade potentials, which may or may not actually materialize. Moreover, it has been noted that some studies base their findings on outdated data (Gasiorek and Mouley 2019), a problem that is also related to a general scarcity of quality data and statistics from the region. The fact that different authors and institutions use diverging definitions of the Middle East or MENA states in their studies—sometimes including Mauretania, Djibouti, Israel, Turkey, the Gulf States, Iran, Yemen, Sudan, and South Sudan, and sometimes not—complicates matters even further. Moreover, while ex post studies are rare, the literature tends to disregard alternative arrangements that MENA states could adopt instead of EU-prescribed agreements (Hoekman 2018: 375). Equally important, impact assessment studies sometimes ignore institutional factors, along with the wider socio-economic and political implications of economic reforms (Crescenzi and Petrakos 2016: 582).

To make matters worse, the discipline of economics has remained attached to neoliberal orthodoxy and the myth of trickle-down economics for far too long (Stiglitz 2018: 19; 2019). It has stubbornly continued to focus on GDP as the key macroeconomic indicator in measuring development while ignoring the distribution of wealth within countries, specific patterns of trade dependence, the degree of economic discontent among populations (Stiglitz et al. 2019), or gender-based inequalities for that matter. For all these reasons, the contribution of large parts of the economic literature on the impact of

European trade policies on the socio-economic and political order of MENA states has remained of limited value, albeit with some notable exceptions.[3]

Trade Relations: The General Picture

With these limitations in mind, let us first consider the general picture of trade relations between the EU and the MENA states covered by the EMP and the Neighbourhood Policy (plus EU candidate country Turkey), and their development between 1995 and 2015. A few points deserve attention. First, at the risk of being repetitive, is the fact that the EU remains the major trading partner of all the MENA states. For Tunisia, Morocco, and Algeria in particular, the EU accounts for a majority of total trade in goods, that is, when imports and exports are combined (Eurostat 2020). Turkey, which is usually not included in the statistics of EU–MENA trade flows provided by Eurostat (the European Statistical Office of the EU), has the largest trade volume with the European bloc of all the states under consideration here. The total value of EU–Turkey trade amounted to around €145 billion in 2015. By comparison, the volume of goods traded by the other MENA states with the EU in 2015 ranges between a meagre €200 million for the Palestinian Territories and €37 billion for Algeria.[4]

Second, between 1995 and 2015, the total trade volume between Europe and its southern neighbourhood constantly increased. This was not initially the case, however. At first, the terms of trade for MENA states actually worsened (Joffé 1998), and in the first ten years following the launch of the EMP (1995–2005), there was no compelling evidence that the Association Agreements had had a significant positive impact on MENA economies. On the contrary, overall, non-oil growth was actually lower between 1995 and 2005 than it had been in the first half of the 1990s. An ever-growing labour force continued to exceed employment in the majority of MENA countries that had signed up to the EMP, leading to stagnant or rising levels of unemployment (Hoekman 2005: 12–13). In the same vein, EU–MENA trade volumes have not grown consistently in recent decades, and actually declined overall between 1995 and 2009. Commercial exchange began increasing

[3] The FEMISE network of academic institutes across the Euro-Mediterranean area (www.femise.org) generally produces good (and accessible for non-economists) papers on pertinent economic topics in Euro–MENA relations.

[4] Unless otherwise stated, all figures on trade volumes and trade flows reported here are from Eurostat and the European Commission's Directorate General for Trade (DG Trade).

between 2000 and 2005 (Galal and Reiffers 2010: 3–4), coinciding with the accelerated dismantlement of duties on European imports by MENA states.[5] It should be noted here that the European bloc had begun eliminating most tariffs on imported industrial goods from MENA states much earlier, that is, from the late 1970s onwards, and completed this process when the bilateral trade agreements entered into force. The 2008–2009 financial crisis, which affected the increasingly globalized MENA economies as well, led to a temporary reduction in trade between the two sides, which eventually returned to comparable volumes some years later. Importantly, most MENA economies derived little benefit from the dismantling of tariffs in their trading with the European bloc. While non-tariff barriers to trade and logistics remained a problem, observers have remarked that there had not been a substantial increase in the aggregate productivity of these countries (Ghoneim et al. 2012: 32–33; Galal and Reiffers 2014: 20).

A third observation is that the basic patterns of commercial relations between Europe and its southern periphery have remained unchanged in the period under consideration—and actually to this day. Europe continues to export machinery, vehicles, chemicals, and sophisticated manufactured goods to the MENA region, while in return, it imports raw materials, mineral fuels and lubricants, foodstuffs, and tobacco, as well as simple manufactured goods, such as plastics and rubber products. Hydrocarbons from Algeria, Libya, and, to a lesser extent, Egypt and Syria and phosphates from Morocco figure prominently in EU–MENA commercial ties; in the case of Algeria, hydrocarbons account for over 95 per cent of the value of total Algerian exports to the EU (European Commission DG Trade 2019b). Equally noteworthy is the significant amount of food that MENA states import from Europe, mostly in the form of cereals and sugar. The EU's significant agricultural goods trade surplus with the MENA states has been criticized by the European Parliament (2013), which called on Brussels' decision makers to make 'additional efforts' in this sensitive area.

Further examination of these core–periphery trading patterns shows that, among the products that MENA states export to Europe, the labour-intensive textile and clothing sectors have become increasingly important. This is particularly true of Tunisia, Morocco, Egypt, and Turkey. Once the EU had

[5] MENA states had a transition period of twelve to fifteen years to dismantle their import duties on European imports after the entering into force of their trade agreement. Tunisia eliminated all import duties on European industrial products by 2008; Morocco did the same by 2012, and Lebanon by 2015. Egypt and Algeria, which had asked for delays, had not completed this process by 2019, and neither had the Palestinian Territories (European Commission 2019d: 123–167).

begun to reduce and eventually eliminate the tariffs it had historically applied to textiles and garments from the mid-1990s onwards, these states gradually began to increase their textile exports and record a trade surplus vis-à-vis the EU in the time span under consideration.[6] Similarly revealing are the patterns of trade in services, a sector that has witnessed some liberalization in recent decades. In general, MENA states export low levels of services to the EU, which usually records large trade surpluses with the MENA states in areas such as telecommunications. The exceptions to this pattern are Turkey and Israel: in 2015, Turkey traded the value of €28.6 billion in services with the EU, with the European bloc recording a negative balance of €4 billion in this sector. As for Israel, the overall trade volume in services amounted to €12 billion in 2016, with the EU recording a trade surplus of (only) €2 billion. For both countries, and even more so for Tunisia, Morocco, Egypt, and Lebanon, tourism has also figured prominently in the exchange of services with Europe. Tourism, however, is notoriously vulnerable to fluctuation, as the result of events including political instability or terrorist attacks. Altogether, then, a hyper-specialization in oil products, agriculture, and specific manufactured products, such as textiles and clothing, and a lack of diversification has defined the composition of the goods exported by MENA states to Europe. A lack of innovation in production and export processes has also continued to mark the economies of most Arab MENA states (Galal and Reiffers 2010: 72; Saidi and Prasad 2018).

Finally, with the exception of hydrocarbon-exporting Algeria (and pre-civil war Libya and Syria), all MENA states have recorded significant trade deficits with the EU in the time period under consideration.[7] What is more, trade deficits vis-à-vis Europe have actually increased since the signing of the trade agreements within the EMP (European Commission 2019d: 123–167), and actually ever since, as shown in table 5.1. For trade in goods with the European Union, the accumulated trade deficit of Morocco, Algeria, Tunisia, Egypt, the Palestinian Territories, Israel, Jordan, Lebanon, Syria, and Turkey amounted to around €25 billion in 2015, with the trade deficit of Turkey alone increasing from €5.8 billion in 2007 to €13.3 billion in 2015.[8]

[6] The implications of the ending of the Multifibre Agreement in 1994, under which industrial countries had imposed quota restrictions on textile and clothing exports from developing countries, were mixed for the textile industry of MENA countries, as they would subsequently face a growing competition in this sector from labour-abundant countries in Asia.

[7] Algeria recorded its first negative trade balance with the EU in 2015, as a result of the drop in international oil prices that had started in the second half of 2014.

[8] According to calculations based on the data from Eurostat. The 2015 data for Libya was not available.

Table 5.1 EU trade with MENA countries, 2008, 2013, and 2018

In mio Euro

	Exports			Imports			Trade balance		
	2008	2013	2018	2008	2013	2018	2008	2013	2018
EU-28[1]	1 309 130	1 736 412	1 957 845	1 585 410	1 686 869	1 980 760	−276 281	49 544	−22 915
Algeria	53 709	49 487	35 357	27 113	41 438	39 809	26 596	8 049	−4 452
Egypt	17 803	21 469	24 843	32 196	45 739	69 462	−14 393	−24 271	−44 619
Israel	41 925	50 278	52 462	44 546	54 198	64 874	−2 621	−3 920	−12 412
Jordan	5 709	5 966	5 503	12 223	16 639	14 420	−6 514	−10 672	−8 917
Lebanon[2]	1 673			6 835			−5 163		
Libya[3]	30 413	13 368	8 826	6 221	13 609	9 440	24 192	−241	−614
Morocco[4]	13 718	16 585	24 842	28 714	34 247	43 422	−14 996	−17 663	−18 580
Palestine[5]	384	678	977	2 382	3 888	5 528	−1 999	−3 210	−4 551
Tunisia	13 103	13 037	13 112	16 763	18 594	19 134	−3 661	−5 557	−6 023

[1] Extra-EU-28 trade (trade with non-member countries).

[2] 2007 instead of 2008.

[3] 2014 instead of 2013. 2016 instead of 2018.

[4] 2018: break in series caused by the adoption of the general system of trade.

[5] This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

Source: Eurostat (online data code: ext_It_intratrd)

Of course, trade deficits between two trading partners are not necessarily a problem: a trade deficit recorded with one trading partner may be counterbalanced by a trade surplus with another country (Stiglitz 2018: 24). But although the Mediterranean Middle East increased the volume of exported goods to both the EU and the rest of the world in the 2000s,[9] MENA economies—with the exception of hydrocarbon-exporting countries—recorded a significant and growing overall deficit in their balance of trade, including towards the rest of the world (Galal and Reiffers 2011: 73; Galal and Reiffers 2014: 20). In order to reduce these deficits, MENA states are dependent on tourism and the remittance of migrants. Furthermore, the negative trade balances of most MENA countries entail that they remain highly dependent on external demand for their products, especially from their largest trading partner, the EU (see also Hanieh 2013: 42–43). For instance, the 2008–2009 economic crisis reduced the EU's demand for goods from the economies in its southern periphery, thus contributing to a growing trade deficit in most MENA states (Galal and Reiffers 2011: 74). Overall, Morocco and Tunisia are most dependent on commercial ties with the EU: between 55 and 75 per cent of their exports are destined for the European bloc.

Certainly, the trade and reform regime promoted by the EU (and other external actors) vis-à-vis the Mediterranean Middle East and North Africa promised to stimulate economic and institutional development through liberalized trade and financial support. These reforms were intended to increase economic growth, strengthen domestic institutions, and facilitate political reform in Europe's southern periphery. But once MENA states had begun to record a growing exchange of goods with Europe, the EU stood to benefit from this development more than did the MENA states. As Tobias Schumacher (2004: 7) described this pattern of EU–MENA trade relations in 2004, the EU 'once again found a way to use both the old cooperation agreements and the new trade regimes to its own advantage'. Yet, as will be discussed next, the EU's attempts to export its economic order beyond the border would result in a number of far less positive results as well.

Crony Capitalism

From the early or mid-1980s onwards, most Arab MENA states began to adopt structural adjustment programmes according to a neoliberal

[9] While including Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen in their definition of the MENA region, Saidi and Prasad (2018: 19–20) note that there has been a significant shift in the region's trade patterns towards Asia over the past few decades.

development model, often in order to fulfil the conditions for urgently needed IMF loans. Egypt, which had actually started the process of opening the economy to private investment already in the mid-1970s under Anwar al-Sadat's *infitah* (opening) policy, adopted structural adjustment programmes in the 1990s (Cammett et al. 2015: 49). By the mid-1990s, most Arab states in the southern Mediterranean had thus gradually shifted to a pro-market economic policy. While modifying the social contract based on the authoritarian bargain, the state gradually withdrew from the provision of basic social services, such as health and education, and assigned a greater role to the private sector. In purely macroeconomic terms, these reforms evinced some positive results from the early 2000s onwards, until the 2008 global financial crisis started hitting MENA economies: between 2004 and 2008, the MENA region recorded average GDP per capita growth of close to 4 per cent, as well as an overall reduction in absolute poverty (Galal et al. 2017: 66). Morocco, Egypt, Tunisia, and Jordan saw particularly strong increases in GDP per capita, amounting to an average of 5 per cent between 2003 and 2008 (Hanieh 2013: 73). However, in the absence of substantive political reforms during this period, the gradual privatization and liberalization of the economy resulted in a peculiar restructuring of economic and political power. Business people linked to political elites appropriated public sector assets and turned them into private monopolies, while property rights remained unchanged (Schumacher 2004; Heydemann 2004a; Guazzone and Pioppi 2009a; 2009b). While Arab regimes shifted their attention to urban elites, traditional constituencies such as industrial and agrarian workers, on whose support the authoritarian rulers of many Arab MENA states had historically relied, became politically marginalized. The phenomenon of crony capitalism accelerated in particular during the 2000s (Cammett et al. 2015: 30).

Egypt under Hosni Mubarak and Tunisia under Zine al-Abidine Ben Ali were prime examples of this development. In Egypt, around thirty business people (for the most part, men) with high-level political connections, most of whom also occupied positions in the political structure, controlled around 500 firms in the mid-2000s (Diwan et al. 2014). By the end of the decade, these companies earned 60 per cent of the overall profit in the sectors they operated while only employing approximately one-tenth of the work force (Galal et al. 2017: 107). At the same time as subsidizing their cronies, the ruling regimes erected barriers such as mandatory government licenses to prevent opponents from accessing the lucrative business opportunities offered by privatization and finance reforms. In this way, tiny cliques of business and political elites profited from privatization and large development projects in key sectors of the economy. These spanned from housing and construction to the oil and gas sectors, tourism, banking, mining, telecommunications, manufacturing, and agribusiness, as well the local distribution of international consumer brands (Henry and Springborg 2010).

As Ben Ali's extended family 'monopolized business opportunities and even expropriated the real estate and business holdings of wealthy elites' (Diwan et al. 2014: 3), Tunisia came to present a similar picture. In other words, the Tunisian president used economic liberalization reforms for the express purpose of redistributing profits and privileges to his family, that of his wife, and their clientelist networks, which would become immensely rich and powerful. When, in the wake of the 2011 uprisings, the assets of Ben Ali and his cronies were expropriated, their wealth was estimated at a staggering one-quarter of Tunisia's GDP. In 2010, the approximately 400 companies controlled by this clique of about a hundred individuals accounted for 21 per cent of all net private sector profits, despite employing barely 1 per cent of the work force (Galal et al. 2017: 107; also Heydemann 2004b).

While similar developments marked other authoritarian MENA countries, what is noteworthy is that in the years preceding the 2011 uprisings, the EU had praised Egypt and Tunisia as exemplary models of economic reform and good economic governance. Certainly, the Arab Gulf states had also started to finance neoliberal reforms in the Mediterranean Middle East before the upheavals; their involvement would increase massively after 2011 (Hanieh 2013; Khalifa Isaac 2014). However, Europe had been the largest source of financial and technical assistance to Tunisia prior to the Arab uprisings and a major provider of economic aid to Egypt pre-2011.[10] The EU was also the biggest investor in Egypt and the first foreign investor in Tunisia, accounting for over 85 per cent of foreign direct investment in that country (European Commission 2019d: 159, 170). As well as providing loans, the Europeans had also been training the government officials and business elites of these states in the implementation of an EU-friendly, market- and export-oriented economic model through the various programmes and tools explored in the previous chapter. In fact, in their efforts to restructure the borderlands, the Europeans relied on these clientelist networks, which acted as conveyor belts for the European (and global) economic order.

[10] Egypt is also the second largest non-NATO recipient of US military aid after Israel. According to the U.S. Department of State (2019), US military aid amounts to over 1 billion USD a year since 1980; US economic aid to Egypt adds another 750 million USD annually.

This observation applies, for instance, to the banking sector, which plays an important role in economic development. Since state-owned banks usually occupy an important position and newly founded private banks often belong to political cronies in MENA economies, access to bank credit is typically restricted to the regime's clientele. Banking sector reform was thus deemed essential to address this problem. Yet within the broader framework of financial sector reform under World Bank guidance, the banking sector regulation specifically promoted by the EU in Egypt before the uprisings only added fuel to the fire. Further strengthening the reach of the 'networks of privilege' (Heydemann 2004a) and the power of the 'predatory oligarchy' (Roccu 2015: 10), these regulations resulted in evermore biased access to finance, thereby contributing to increasing levels of inequality (Roccu 2018b: 51). Of course, the Egyptian government is just as responsible for this outcome as the international financial institutions and the EU (Herrera et al. 2012; Roccu 2018b). However, it must be noted that the privatization of major Egyptian banks paved the way for the takeover of the Bank of Alexandria, one of the four largest Egyptian banks, by the Italian Intesa-San Paolo, which acquired 80 per cent of the Egyptian bank's equity in 2006 (Roccu 2015). European companies also benefited from privatization in the Egyptian telecommunications sector, where Orange and Vodafone, for example, had maintained strong positions since the 1990s (Roccu 2015). The restructuring of ruling regime coalitions to the benefit of crony capitalists and foreign capital has similarly defined developments in Morocco, Lebanon, and Turkey in recent decades (Diwan et al. 2019).

In general, the EU-supported policies of privatization and opening up to foreign investments and ownership offered tempting opportunities to predominantly French, Spanish, Italian, and German conglomerates vying to invest in the MENA region. Between 2003 and 2008, they acquired newly privatized assets in the banking, public infrastructure, real estate, food and textile industries, targeting in particular Morocco, Tunisia, and Egypt (Hanieh 2013: 42–43; 59). In other words, as EU-trained bureaucrats and elites in MENA states forged close links with foreign companies and institutions principally located in Europe (Cavatorta and Haugbølle 2012; Kandil 2012), European capital supported and profited from the clientelist networks that had emerged in MENA countries.

A process in which capital and political power accumulated in the hands of a few also took place in the Palestinian Territories. Although the conditions of Palestinian socio-economic development have been defined by persistent Israeli occupation and the extensive foreign aid provided by an international community of donors, the accumulation of local and expatriate Palestinian, Israeli, and foreign capital 'helped to consolidate a strata [sic] of political and economic elites in the West Bank tied into the political economy of neoliberal statebuilding itself' (Haddad 2018: 263, also Hanieh 2013: ch. 5). As for Israel, the process of privatizing state-owned assets that started in the mid-1980s led to a situation in which some twenty companies, nearly all of them family businesses, controlled a majority of public firms and about half of the market share by 2009 (Doron 2010).

Syria reflected this broader neoliberal trend as well, although differed in some crucial aspects. Although the Syrian regime negotiated for years with the EU on a bilateral Association Agreement that was eventually signed in 2009 but never entered into force, the EU funded projects throughout this period in support of far-reaching reforms in a variety of sectors, including banking, administration, education, and infrastructure. While the Association Agreement provided for an unqualified opening of Syria's economy, the new Syrian president, Bashar al-Assad, who had come to power in 2000 after the death of his father, appeared to share—at least, to a certain extent—the EU's faith in the utility of economic liberalization and neoliberal reforms (Dostal and Zorob 2009; Hinnebusch 2020). In the case of Syria, however, most of the foreign investment that started to flow into the country came from the Arab Gulf monarchies, in part because the EU–Syrian trade agreement was never implemented. European companies were thus unable to secure the same favourable market positions in Syria as in other states of the Mediterranean Middle East. However, the result of socio-economic restructuring was the same: the strengthening of crony capitalism centred around the Assad family and their friends. The majority of the foreign capital was 'invested in real estate, hotels, and other tertiary sectors, encouraging conspicuous consumption for the rich, driving up property prices for the middle class, and generating little new employment' (Hinnebusch 2020: 200).

Rising Inequalities and Unemployment

In recent decades, most states in the Mediterranean Middle East recorded growing inequalities within their societies. As the rise of crony capitalism occurred in parallel with a significant withdrawal of the state from the provision of basic services to their population, neoliberal restructuring under persistent authoritarian rule resulted in a massive reduction of public investments in services and infrastructure (Cammett et al. 2015: 60–65; Galal et al.

2017: 100–101). MENA governments frequently cut public expenditures in order to compensate for the considerable loss of revenues resulting from the gradual reduction of tariffs on imported goods, such as those originating in the EU with respect to the bilateral trade agreements. The reduced spending on public services typically affected the poorer segments of society, while elites continued to enjoy luxury housing, first-rate medical services, and top-notch education for their offspring. The pervasive corruption at all levels of the political and social structure which would become so characteristic of many MENA states meant that the rich could pay bribes or use connections to high places, or *wasta,* to obtain better services and protection, while the have-nots were excluded.

The reduction in public spending also led to repeated cuts to public sector wages and pensions while the public sector nevertheless continued to be grossly inflated in most MENA countries, particularly in the Arab states. For example, at the end of the 2000s, the public administrations in Egypt and Tunisia employed around 20 to 25 per cent of the labour force, yet Egypt was spending only about 7 per cent of its GDP on the salaries of public officials, and Tunisia only one-tenth of its GDP (Galal et al. 2017: 101). Some countries in the region, particularly the lower-income economies, also further reduced their provision of basic social services as well as subsidies on basic foodstuffs. This even took place in Syria, where the ruling Baath party had drawn a large part of its (alleged) popular legitimacy from the provision of subsidized basic commodities and the support of poor rural constituencies (Hanieh 2013, ch. 6 and 7; Hinnebusch 2020: 200). However, public spending on the military and the internal security apparatus remained very high in most MENA states. For example, according to the database of the Stockholm International Peace Research Institute (SIPRI), in 2015 Lebanon spent an estimated 16.8 per cent of its government expenditures on defence, Israel's defence budget amounted to 14.6 per cent of its public spending, and Algeria spent 13.7 per cent of its public expenditures on defence. The figures are 12.8 per cent for Jordan and 10.5 per cent for Morocco respectively.[11] Robert Springborg (2020: 10, 20) notes that the entire MENA region (including the Arab peninsula, Iran, Sudan, and South Sudan according to his definition) records the triple of the global average of defence spending. Thus, by the time the Arab uprisings began, the 'inheritance of the past included an overstaffed and underpaid civil service, poor quality services—especially for the poor, an oversized and poor quality university system, large subsidies to the middle and upper classes,

[11] SIPRI's Military Expenditure Database is available at https://www.sipri.org/databases/milex

[and] low levels of public investment in infrastructure' (Galal and Reiffers 2010: 102).

With poverty persisting or even increasing in the region (depending on how poverty is measured),[12] income inequality rose in most MENA states in the time period under consideration, particularly in Egypt, Syria, and Tunisia (Cammett et al. 2015: 68). Labour market deregulation—an additional iron-clad principle of neoliberal restructuring—and the resulting decline in wages and working conditions further contributed to rising inequalities (Hanieh 2013: 58–61). While acknowledging the well-known scarcity of truly reliable data and the difficulties in assessing different types of inequality, Thomas Piketty and his colleagues estimate that the overall inequality level in the Middle East has thus far been widely underestimated. Based on a new set of data and a different methodology, the authors argue that income inequality in the Middle East (including the Gulf monarchies, Yemen, and Iran but excluding the Maghreb and Israel) is one of the highest in the world (Alvaredo et al. 2017; 2018: 131–137).[13] According to the World Inequality Database (WID n.d.), the top 1 per cent of the population earned 26.4 per cent of the national income in the Middle East and North Africa in 2016.[14] Moreover, almost 70 per cent of the national income went to the top 10 per cent of the population whereas the bottom 50 per cent earned a meagre 9.6 per cent of the national income (WID n.d.).

When it comes to single countries in the Mediterranean Middle East, the richest 10 per cent of Lebanon's population earned around 57 per cent of the national income and the bottom 50 per cent only 10.7 per cent in 2014. In the Palestinian Territories, around 51 per cent of the national income was held by the top 10 per cent of the population while the bottom 50 per cent only earned 13 per cent. Turkey has also witnessed an extremely uneven distribution of the national income, with the top 10 per cent of the population earning 54 per cent of the national income in 2016 and the bottom 50 per cent of the population only 15 per cent. Other MENA countries have not performed significantly better, with the top ten per cent holding 48.8 per cent of the national income in Morocco in 2016; 49 per cent in Egypt and Syria; and 41 per cent in Tunisia (WID n.d.). While Algeria is the only MENA country

[12] If the poverty line is drawn at USD 1.25 at purchasing power parity per day, the poverty rate in the Mediterranean Middle East is beyond 2 per cent of the population. By raising the poverty line to USD 2 per day, the share of poor people rises to over 10 per cent, or more. The use of specific poverty lines for each country takes the average proportion of poor people in the region up to over 15 per cent (Galal and Reiffers 2014: xi; Cammett et al. 2015: 66)

[13] The data refer to pre-tax income, which may be problematic, as the authors acknowledge.

[14] This dataset includes the Maghreb, the Gulf States, and Turkey.

where income inequalities are not that glaring—the top 10 per cent earned about 37 per cent of the national income and the bottom 50 per cent around 21 per cent, over the last three decades inequalities have increased in most countries in the region or stabilized at extremely high levels (WID n.d.).

High levels of unemployment, particularly among young people, remain a major problem in most Arab states (Springborg 2020). In Egypt alone, where a fertility rate of 3.5 children per woman adds a staggering one million new citizens every six months to the population, an estimated 700,000 new jobs are needed each year for young Egyptians entering the labour market (Walsh 2020)—a colossal task. In Tunisia, the poster child of neoliberal development in the region, official figures put the unemployment rate at between 14 and 17 per cent before the 2011 revolution, although unofficial sources estimated these rates to be close to 22 per cent for the general population and over 40 per cent for Tunisia's youth (Murphy 2011: 300). Similarly, in Morocco, youth unemployment was estimated at 19 per cent on average in 2015 but reached almost 33 per cent in urban areas (Nations Unies, Commission économique pour l'Afrique 2015: 13). To a large extent, soaring unemployment rates are the product of high fertility rates and the consequent elevated levels of population growth, together with the inability of MENA economies to meet the rising demand for employment. Unsurprisingly, however, the opening up of domestic markets to competition with European industrial products over the last decades has only exacerbated this problem. As Stiglitz (2018: 8) has noted, the mantra that trade creates jobs is a 'little white lie', particularly in the short and medium term. Rising volumes of global trade have certainly contributed to the reduction of extreme poverty worldwide. But enhanced trade does not only produce winners. In national economies, it increases unemployment in those sectors where domestic production is replaced by competitive imports. Although it is expected that, over time, trade will stimulate production, thus creating new employment opportunities in sectors of the national economy that have become competitive, there is an urgent need for policies that address the negative social effects in the short- and medium term to mitigate the negative effects of trade liberalization.

In 2007, an EU-funded study on the sustainability of the Euro–Mediterranean trade agreements and the envisioned but unrealized Euro–Mediterranean free trade area reached precisely these conclusions. While they evaluated the overall effects of enhanced trade as beneficial for both sides, the authors also stressed that, with regard to employment in the 'southern Mediterranean', the 'net short term impact in the absence of effective mitigation is assessed to be *significantly negative*' (SIA-EMFTA Consortium

2007: 16; italics added). As regards poverty, the study's verdict is similarly gloomy: in the absence of mitigating policies, the short-term impact of industrial liberalization is deemed to be 'significantly adverse' (SIA-EMFTA: 17).

Hence all the EU-funded training activities in support of the adverse effects on the restructuring of MENA economies, aimed at increasing the competitiveness of small- and medium-sized enterprises, providing adequate vocational training, increasing employment, and so forth, had only a marginal effect, if any at all. In fact, it can be argued that these measures may have increased the attractiveness of cheap MENA workforce for labour-intensive employment in Europe's southern periphery without altering the fundamental pattern of trade relations between the two sides. In this context, the European Commission praised the presence of over 3000 EU companies in Tunisia employing around 327,000 persons in 2015 (European Commission 2019d: 170). These companies certainly benefit from Tunisia's far-reaching alignment of its trade-related rules and standards with those of the EU, as attested to by the European Commission (170). Obviously, they profit from the cheap labour force and the lower working and environmental standards there as well. Focusing on the production sites of European luxury brands in North Africa, and here especially in Tunisia and Morocco, an inquiry by the Italian investigative journalism programme *Report* (RAI 3) revealed in 2018 that the practices of these labour-intensive factories for extravagant garments did not respect the minimum standards to ensure the health and safety of their employees, let alone European environmental standards. For example, local employees were working with dangerous chemicals without any protective gear in the manual sandblasting process of denim garments. This procedure, which lends jeans a fashionable pre-worn look, is prohibited in Europe due to the high health risks associated with it (Report 2018). While these findings can certainly not be generalized, it is reasonable to conclude that the EU's various exercises in seeking to selectively export its economic rules and practices, such as through Twinning and TAIEX training exercises, depict economic development and employment as local capacity development. This assessment is, however, totally removed from the structural conditions prevailing in Europe–Middle East relations as well as in the MENA states themselves (İşleyen 2015: 686; also Serres 2016).

Regional Disparities

The rising inequalities in the Mediterranean Middle East have a strong geographical dimension. Peripheral regions with little political clout were affected disproportionally by the state's slashing of public spending and the unequal distribution of benefits and wealth. Data suggest that living standards are the lowest and inequalities the highest in rural and marginalized areas throughout the Mediterranean Middle East. Importantly, in the time period between 2000 and 2010 alone, regional inequalities within MENA countries, with the exception of Israel, have massively increased, with less developed areas struggling to keep up with the metropolitan centres that dominate national economies (Petrakos et al. 2013). In turn, it is probably no coincidence that in some countries, specifically Tunisia and Syria, these marginalized areas corresponded to the locations where the Arab uprisings began (Sidi Bouzid in western Tunisia and Daraa in Syria) or where opposition to the regime has been fiercest (Homs, Idlib, and Aleppo in Syria; the Sinai Peninsula in Egypt) (Galal et al. 2017: 100–101).

It is significant in our context that regional disparities have tended to increase during periods of economic expansion and decrease during periods of slow or stagnant economic growth (Crescenzi and Petrakos 2016). This point reinforces the observation made earlier that increasing trade volumes and a greater mobility of capital per se are not able to create economic growth for all sectors and geographical areas within a national economy. From this vantage point, the form of EU–MENA trade relations that are in place are not helpful for the peripheral regions, which benefit far less from the growing integration of MENA states into the EU market than the region's economic cores. What is more, these processes have actually exerted enormous pressure on the productive base of disadvantaged areas (Crescenzi and Petrakos 2016: 587–588), leading to their further marginalization. In the absence of effective and precisely targeted supporting policies, the EU's trade policies towards its southern periphery have thus reinforced regional inequalities within MENA states.

The Emergence of Dual Agricultural Systems and Rural Poverty

Considering the scarcity of arable land and water in the region and constant population growth, agriculture is of strategic importance in the Middle East and North Africa. Although the share of this sector to national economies is relatively limited (less than 15 per cent on average), farming and food processing employ a high number of people in the region. In the low-income and middle-income economies, an average of 50 per cent of the total labour force work in agriculture (Nin-Pratt et al. 2018: 9). Of equal significance is the fact that the agricultural sector is often the site of persistent poverty and geographical disparities within MENA states. In Egypt, for example, 34 per cent of Egyptians living in the rural area of Upper Egypt fall under the lower poverty line of $1 per day (Cammett et al. 2015: 67). Of the four million Moroccans living on less than $1.90 per day, 75 per cent are rural dwellers (Benamar 2020). In Tunisia, where overall poverty rates have fallen considerably in recent decades, poverty remains concentrated in the countryside. In Syria, a succession of droughts that began in 2002 had a devastating effect on the rural areas in the country's east, prompting migration to the cities of Aleppo, Homs, and Damascus (Benamar 2020). In this context, it is important to stress that in spite of a scarcity of available data, at a global level rural female-headed households are more likely to be poor than urban female-headed households, and the labour burden of rural women usually exceeds that of men as it includes a higher proportion of unpaid responsibilities related to collecting fuel and water and preparing food (FAO 2011: 16–17; 31). Furthermore, the region remains highly dependent on food imports. All Arab states of the Mediterranean Middle East and North Africa record the greatest food deficit of all regions in the world in terms of important grains (Galal and Reiffers 2014: 28–29). Coupled to fluctuating, and in the past decades, often rising food prices on the international markets, together with changing climatic conditions, this dependency has a particular negative effect on populations living in poverty.

While continuing to subsidize and protect its own agricultural sector from fair competition from the south, the EU's gradual—if hesitant—trade liberalization of food trade included reductions in some seasonal restrictions and quotas previously applied to food imports from the Middle East and North Africa. From the mid-2000s onwards, Brussels was insistent that, in order to facilitate agricultural trade, MENA countries would have to eliminate various non-tariff barriers to trade, such as lower food standards and different regulations that were incompatible with EU legislation. Furthermore, European policymakers encouraged their counterparts in the Mediterranean Middle East to increase private investment in local agricultural businesses, privatize both agricultural state companies and farmland on a large scale, and engage in land reclamation schemes. Farmers and regulatory bodies in Morocco, Tunisia, and Egypt received EU-funded training on how to modernize and privatize food production while aligning their food safety standards with European rules. National agricultural development strategies adopted in Morocco and Egypt from the mid-2000s onwards reflected these principles.

As a result, Morocco, Tunisia, and Egypt (as well as Israel) considerably increased their food exports to Europe between 2003 and 2015, with Morocco becoming the largest exporter of vegetables to the EU of all the MENA states considered here (European Commission 2019d: 158). However, the liberalization of trade in this sector and the EU's highly selective transfer of its rules and practices did not exactly foster sustainable agricultural development (Kourtelis 2018: 25–26). In fact, the region's large farmers exporting their produce and large (and usually well-connected) agribusiness profited most from the liberalization of agricultural trade. Indeed, only large landowners and investors could afford the costs of implementing reforms that would allow them to align their agricultural production with European sanitary and phytosanitary standards, purchase capital-intensive machinery, and adopt new technologies to increase agricultural output. Small farmers producing for the domestic market did not draw any benefits from European policies and were in many cases further marginalized.

While pushing for the production of specific agricultural products, such as olives and figs in Tunisia, Europe also encouraged the production of cash crops to secure foreign exchange and food crops specifically destined for international markets (Kourtelis 2015; 2018: 35)—chiefly, the European one. Off-season timetables and quotas thus ensure European consumers year-around access to fresh fruit and vegetables, together with more 'exotic' products such as dates and pistachios, without seriously competing with agricultural production from within the EU.

Europe's overall strategy, and the consequent outcomes of this strategy, are much in line with the traditional (and, in hindsight, often detrimental) prescriptions for agricultural reforms in developing countries advanced by the international financial institutions, particularly the IMF (Bush 2007). These Western-crafted strategies emphasize the need for high-value agricultural production and industrialization, and deem a growing number of people moving out of the agricultural sector and into other low-wage jobs to be a temporary but necessary evil in return for long-term economic benefit.

MENA states certainly face many disadvantages when it comes to food production, including poor environmental conditions and rapid population growth. These factors largely explain the region's high and ever-growing dependency on cereal imports—as mentioned earlier, the food import bill across the Middle East and North Africa is the largest in the world, with Egypt remaining the largest importer of wheat globally (Nin-Pratt et al. 2018: 21). While high food import dependency does not necessarily equal food insecurity,[15] it is important to note that the majority of the rural population in the Mediterranean Middle East has not benefited significantly from agricultural sector reform. Rural poverty has not been alleviated, with a number of governments in the region continuing to provide subsidies for basic food and to poor households.

While this outcome is as much a failure of past and present agricultural policies of MENA governments, Europe had its part to play in the emergence of a dual agricultural market in the Arab Mediterranean Middle East (Kourtelis 2015). In this dual system, the same crony capitalists and their political allies often succeeded in capturing both the export-oriented agribusiness and the licencing business for imports. This was conspicuously the case in Tunisia during the rule of Ben Ali, when the president's extended family and their associates controlled the production or import of sugar, grains, vegetable oil, tea, and coffee as well as turkey and chicken farming. In Egypt, where nearly 60 per cent of the population lived in rural areas in 2015 (Nin-Pratt et al. 2018: 16), and where fertile land is scarce, this path to development has led to private capital controlling land and water resources since the early 1990s. Local agro-industry owners are closely connected to the state and the military, as well as to powerful investors and ruling families in the Gulf (Bush 2007; Hanieh 2013: ch. 6; Henderson 2019). This development also prompted the introduction of environmentally unsustainable and harmful ways of farming and food production.

Importantly, Western agribusiness companies, including European ones, benefited considerably, if not exclusively, from the privatization drive in the MENA states. The introduction of EU phytosanitary standards was also to the advantage of large European food production conglomerates while in Morocco and Tunisia, European capital profited most notably from these developments. French agricultural entrepreneurs figure prominently among the owners or major shareholders of the more than 900 Tunisian agricultural companies that employ at least ten people. Morocco's privatization schemes similarly attracted French and Spanish farmers and allowed the expansion of European capital into the North African agricultural sector (Benamar 2020). As traditional food production for local populations and subsistence farming decreased, small farmers were the main losers in this process (Kourtelis 2015).

[15] National food security does not simply depend on having sufficient locally produced food, but also on the affordability, availability, and quality and safety of food—which may also be imported (Nin-Pratt et al. 2018: 21).

It may come as no surprise, then, that small farmers played a prominent role in the 2011 revolution in Egypt (El Nour 2015).

Importantly, however, the 2007 EU-funded sustainability assessment study referred to earlier had actually anticipated the negative impact of the EU's agricultural policy vis-à-vis Europe's southern borderlands. Although the study anticipated the beneficial effects of the falling price of basic foodstuffs in MENA states, it also foresaw an 'adverse impact on poverty in rural areas' and a 'net negative effect on employment as production shifts between sectors' in the short term in the absence of appropriate mitigating policies (SIA-EMFTA 2007: 17). The study's long-term predictions were less clear-cut. However, decreases in MENA agricultural sector employment, migration from the countryside to the city, increases in rural and urban poverty, and 'further adverse effects on poverty' in some MENA states 'through increased vulnerability to food insecurity' (17) were still considered likely.

The EU's decision to launch a new programme for rural development in the 'southern neighbourhood' in 2012 was a clear recognition of at least some of the shortcomings of the agricultural development strategy it had promoted in its borderlands for the preceding fifteen years. Targeting the Arab 'neighbours', the EU's 'Neighbourhood Programme for Agriculture and Rural Development' (ENPARD) set out to provide training and financial support to small farmers and cooperatives, with the aim of increasing their productivity, market access, and involvement in the decision-making process on agricultural development (European Commission 2012d). Implemented by the Mediterranean Agronomic Institute of Montpellier (nd), the pilot phase of this progamme for the 'southern Mediterranean' lasted from 2012 to 2017. Laudable as the programme may have been, it nevertheless continued to urge small farmers to adopt European best agricultural practices and food quality standards. In turn, however, these rules and standards were defined by consortia of large European retail food chains. The programme also encouraged farmers to grow specific crops destined for European markets if they wished to apply for EU funding (Kourtelis 2019: 68). As a result, most farmers, particularly subsistence farmers, had difficulties in competing for the programme's already meagre financial support. Indeed, compared to the around €60 *billion* in farm subsidies the EU paid out in 2019 in support of *European* farmers and rural communities (Gebrekidan et al. 2019), the budget allocated for the ENPARD programme—some €25 million for Tunisia, €36 million for Egypt, and €70 million for Morocco for an anticipated period of six years (2014–2020) (Kourtelis 2019: 70)—was ridiculously small.

Ironically, the EU's agricultural policy towards third states threatens to reproduce the same failures that have marked the Common Agricultural Policy (CAP) *within* Europe. CAP subsidies, which amounted to around 36 per cent of the total EU budget in 2019, have benefited large European farmers and sustained environmentally damaging modes of production, contributing to global warming, soil erosion, land degradation, and the loss of biodiversity. Small farmers and environmentally friendly agricultural practices have been sidelined (Pe'er et al. 2020). The EU's agricultural subsidies system is also riddled with corruption, especially in the member states in Central and Eastern Europe, where it has enriched politicians, financed corrupt business dealings, and led to mafia-style land grabs by the well-connected and powerful (Gebrekidan et al. 2019). The specific political, economic, and environmental conditions that prevail in most MENA states, together with the importance of agriculture in the region, thus render even more problematic this specific aspect of the European attempt to export its order southwards.

Perhaps one of the few sensible steps undertaken by the EU in its agricultural trade with the MENA states was the decision to considerably increase the duty-free tariff rate quota for Tunisian olive oil exports to the EU in 2016 and 2017. Intended to support Tunisian farmers in the context of the country's fragile democratic transition, economic woes, and repeated terrorist attacks in the wake of the uprisings, they were ultimately adopted despite predictable opposition from European farmers.

Strengthening Authoritarian Rule

As we have seen, EU trade policies and the selective export of European rules and regulations to the southern borderlands did not contribute to sustainable economic development. Rather, these policies transformed Europe's southern borderlands into economic satellites of the European Union, producing low value-added manufactured goods to further enrich the European core, fill in the gaps in agricultural production that heavily subsidized European farmers could not provide, and function as reliable markets for high-quality industrial European goods (see also Kallioras and Pinna 2015). By seeking to create a favourable business environment in the borderlands that functions according to European rules and interests, EU policies thus reinforced the linkage of European business and capital with major economic actors intertwined with political power in the Mediterranean Middle East. The business elites and ruling classes of these states were happy to accept the European argument that economic reform and closer cooperation with Europe would outweigh the heavy costs of structural adjustment in their country since they stood to profit most. The EU's selective expansion of the European economic order beyond the border went hand in hand with the growing power of crony capitalism and the omnipresent phenomenon of corruption in most MENA states. Indeed, the selective integration of MENA economies into the European market strengthened the power of these business elites, linked as they were to unaccountable political power. In this way, European investors and big businesses became interlinked with the crony capitalist system in the EU's southern periphery.

The neoliberal economic reforms supported by the EU and the international financial institutions also produced losers, of course. It was the majority of the population that would pay the costs of economic restructuring, particularly in authoritarian political settings. Crony capitalism, the retreat of the state from the provision of social services, rising inequalities, persistent or growing poverty, and regional disparities within countries led to rising dissatisfaction among populations in the EU's southern periphery, especially among the young, educated, and unemployed. Authoritarian rulers in MENA states reacted to the growing dissatisfaction by co-opting certain groups and increasing their repressive tactics (Henry and Springborg 2010). Indeed, authoritarian rule has proved remarkably robust in the Arab Middle East in recent decades, with growing levels of repression from the mid-2000s onwards (Bellin 2004; Heydemann 2007). With the exception of Tunisia, most Arab MENA states have become even more repressive after the Arab uprisings. For example, Human Rights Watch (2015) estimated that in 2015 over 40,000 people were imprisoned in Egypt's overcrowded jails on political grounds, without the slightest indication of fair judicial process, and with mistreatment, torture, and disappearances being commonplace. Turkey has also taken an illiberal turn in recent years, and the liberal space in Israel has been shrinking since the early 2000s as well (Rouhana and Sultany 2003; Pinto 2013; Del Sarto 2017b). According to the World Bank's Global Indicators of Regulatory Governance, which also measures the inclusion and consultation of citizens in decision-making processes, the quality of governance in the entire Middle East has been constantly deteriorating since it was first measured in 1996, making the region the worst-governed area in the world alongside sub-Saharan Africa (Saidi and Prasad 2018: 29–40; Springborg 2020: 28, 99).

Yet in Brussels and other European capitals, the spectre of Islamist parties winning democratic elections by capitalizing on growing opposition to the adverse effects of economic restructuring seemed to justify ongoing support for the region's autocrats (Guazzone and Pioppi 2009b; Durac and Cavatorta 2009). In fact, as the late Rosemary Hollis (2012) rightly argued, the Europeans were not a friend of democratization in the Middle East in spite of their lofty rhetoric. Not only did Europe have a long history of pampering dictators and ignoring persistent human rights violations in the region (for example Youngs 2001; Pace 2009), its economic policies also relied on authoritarian rulers (Hinnebusch 2020), who were deemed necessary for the preservation of stability in the borderlands and the economic benefits of the EU and its members.

This is not to say that European policies *directly caused* the resilience or the reinforcement of authoritarianism and illiberalism in the MENA region. There are many domestic reasons for such developments, including the hijacking of the economic liberalization processes by ruling elites and the lack of interest in opposing the system by domestic groups who stood to gain from it (Murphy 2001; Hibou and Hulsey 2006; Haddad 2018). However, Europe's economic policies certainly facilitated the consolidation of authoritarian rule by supporting this deeply distorted economic reform process for decades—and by drawing economic benefits from it. Equally, Europe not only tolerated authoritarian rulers for the sake of stability but actually contributed to their personal enrichment and ever-growing power.

More than fifteen years ago, observers of Euro–Mediterranean relations anticipated these developments. As the Barcelona Process began to take shape, it was already apparent that, within the hub-and-spoke system created and reinforced by European trade policies, it was only economic elites with links to political power that would have the relevant financial and technical resources to withstand growing competition with Europe, as Tobias Schumacher (2004: 17) pointed out back then. It was similarly evident that the EU-sustained economic reforms would allow the rulers and their cronies to preserve and strengthen their power, mainly because they would compensate the influence they lost through the contraction of the public sector with their own private enterprises. Of course, authoritarian rulers would demand—and obtain—complete loyalty and unquestioning support from the new (and some old) economic elites that were permitted to retain their ever-increasing wealth and the enormous privileges that accompanied it (Kienle 1998; Schumacher 2004; Joffé 2007; 2009). In the absence of substantive investments in an effective social safety net in the developing MENA economies, the negative social impact of EU trade policies in the short and medium term was also anticipated (Martín 2004). It should therefore have been obvious that the growing economic discontent among large swathes of the Arab MENA state populations who had increasing access to tertiary education (Galal et al. 2017) would not be met by the opening up of the political space. Instead, regimes responded with growing repression. Given the intrinsic link between the socio-economic implications of predatory neoliberal economic reforms and authoritarian resilience, and given the fact that popular protests had already occurred in the MENA region throughout the 2000s, the Arab uprisings that swept the region from the end of 2010 onwards should not have come as a total surprise (for example Armbrust 2011; Gause 2011; Teti and Gervasio 2011; Cavatorta and Haugbølle 2012; Cavatorta 2016). Seen in this light, arguments about the 'unintended consequences' of EU policies (Dandashly and Noutcheva 2019; Kourtelis 2019) seem rather hollow. While perhaps not planned or intended, these developments were entirely predictable, with the EU and the studies it funded in fact anticipating these.

Migration, Security, and Border Controls

The ways in which Europe has cooperated with MENA governments on security and migration issues, discussed at length in the previous chapter, represent an important further dimension in Europe's contribution to the political and socio-economic restructuring of its borderlands. With particular regard to the Maghreb, which has functioned as the main 'exit point' of irregular migration to Europe via the Mediterranean, the policies of the EU and its single member states have further contributed to the consolidation of authoritarian rule. As discussed in the following sections, these policies have also dovetailed with the undermining of the rights of citizens, migrants, and refugees in the MENA region.

Once More: Sustaining or Strengthening Repressive Rule

A clear picture emerges from the analysis of European policies on migration, security, and border controls presented in the previous chapter: Europe required and relied upon the cooperation of the authoritarian regimes in its southern borderlands, particularly those in North Africa. At the same time, the conclusion of legally dubious agreements on migration and security along with the ethically questionable practices of cooperation directly benefited MENA governments. MENA officials received training in restrictive and unaccountable border control practices while regimes received advanced border surveillance equipment from European states, together with the expertise required to operate it. Not only, then, can authoritarian regimes use these tools and knowledge to repress domestic opposition, the Europeans have conveyed the message to their MENA counterparts that serious violations of human rights and international law at Europe's fringes are acceptable, even worthy of reward. Authoritarian regimes in Europe's neighbourhood are thus compensated for remaining repressive, arbitrary, and unaccountable, or for becoming even more oppressive.

Underscoring the EU's contribution to the strengthening of the criminal justice systems in MENA states 'in their fight against smuggling and trafficking through capacity building for border controls' (European Commission 2015b: 13), Brussels cautiously praised the positive effects of EU assistance in Morocco, Algeria, Tunisia, and Egypt. This assessment, however, is at odds with reality. Or perhaps it is a matter of how 'positive effects' are defined, and in whose benefit they accrue. In the years prior to the revolution, Tunisian cooperation on migration and security with the Europeans remained the prerogative of the Tunisian president, the Ministry of the Interior—notorious for being one of the regime's 'most autonomous, opaque and secretive ministries' (Kartas 2014: 395)—and the extensive security apparatus working under its aegis (Zardo and Cavatorta 2016). Tunis' wide-ranging cooperation with the Europeans on these issues thus entailed Europe's backing of Ben Ali's security apparatus as Europe proceeded to support the 'professional development' of its security and law enforcement officials. At the same time, the proactive involvement of the Tunisian authorities in migration and border control offered them a welcome opportunity to exert stronger coercive power and control over Tunisian society (Cassarino 2014: 105). For instance, under the banner of migration control, the Tunisian authorities under Ben Ali refused to issue or renew passports to certain Tunisian citizens, a disciplining practice used by the regime to intimidate and penalize domestic opponents (Cassarino 2014: 105). At the same time, by presenting itself as a bulwark in the fight against both irregular migration and jihadi terrorism, the Tunisian regime succeeded in considerably increasing its international legitimacy and credibility in European capitals (Cassarino 2014; 2018).

A similar observation applies to Morocco. As a reliable and much-lauded partner in combating irregular migration and jihadi terrorist networks alike, Europe conferred 'advanced status' to the country in 2008 and rewarded the regime with generous aid, equipment, and training. This 'advanced status', it is worth recalling, is a clear sign of EU recognition, reflecting the EU's intent to further strengthen cooperation with the Moroccan regime and to continue supporting the country's economic and political reforms (European Parliament 2019). Incidentally, the monarchy's political reform process over the last two and half decades has failed to produce any truly accountable, let alone democratic, political structures. In other words, as Driss Maghraoui (2011: 680) has put it, Morocco's perpetual democratic transition has remained 'unspecific, vague, open-ended and endlessly subject to the will of the *makhzan*' (the monarchy and its inner circles of power). This long-standing pattern of EU engagement with Morocco did not change following the king's reaction to the popular protests in his country in 2011: top-down constitutional reform devoid of substantive change.

From a similar vantage point, the Algerian regime successfully presented the 'effective' management of the borders with its neighbours, Morocco and Libya, as an attempt to combat the trafficking of weapons and people across its borders. The Europeans, for their part, were eager to support this endeavour. However, Algeria's policies on border controls also further strengthened the role of the already economically and politically powerful military within the domestic political set-up of the country, as they are in charge of controlling the borders (Cassarino 2018: 403).

The situation is not noticeably different with regards to Egypt and Libya, both before and after the revolutions. Although Egypt presented less of a migration concern for Europe, the Egyptian regime has been a 'reliable' partner of the Europeans both under Mubarak and the far more repressive regime of Abd Fattah al-Sisi. Libya's Qaddafi, hardly a beacon of human rights and accountable governance, continued to be Italy's preferred 'partner' on migration control as long as he was alive, with the EU also courting the mercurial colonel since the mid-2000s. The arbitrary tactics and sheer corruption of the Libyan regime, regularly denounced by academics and human rights organizations, also included collusion between law enforcement agencies and various networks of small- and medium-sized smuggling organizations (Pastore et al. 2006; Di Bartolomeo et al. 2011). Qaddafi very quickly mastered the art of blackmailing the Europeans, who, for their part, turned a blind eye to and even encouraged the unlawful deportation of thousands of migrants and refugees back to Libya.[16] The protests and subsequent infighting in Libya after 2011 led to a temporary suspension of Europe's cooperation with the country, but it soon resumed against the backdrop of soaring numbers of refugees and migrants trying to reach European shores via Libya. Since then,

[16] Between 2006 and 2008 alone, 3,000 migrants were deported from the Italian island of Lampedusa back to Libya (Di Bartolomeo et al. 2011: 14).

the situation has been even more protracted, counterproductive, if not to say scandalous. Given that the Libyan government under Fayez al-Serraj has been unable to control the borders of the area under its control, the various militias that de facto control Libya's coastline have become important beneficiaries of European funds in the fight against irregular migration and the trafficking of illicit goods. Many of these militias administer the detention centres where migrants and refugees, mainly from sub-Saharan Africa, are held, and where beating, torture, rape, and extortion are the norm. Ironically, some of these armed groups are themselves involved in the lucrative business of trafficking human beings—and presumably, weapons as well (Médecins Sans Frontières 2019; Michael et al. 2019). In the context of the protracted Libyan civil war, paying off militias is certainly not a great recipe for the resolution of the conflict, let alone for the promotion of the respect for human rights and international law in Europe's borderlands.

As for Israel and the Palestinian Territories, the issue of migration has not been a major issue on Europe's agenda. Nonetheless, European involvement in the Palestinian Authority's security sector reform is worth mentioning at this stage. Indeed, EU support for Palestinian security sector reforms, provided through the EUPOL COPPS mission, has been ineffective at best and counterproductive at worst. While the last democratic Palestinian elections took place in 2006, the Fatah-dominated Palestinian Authority has displayed increasingly repressive tendencies towards the Palestinian population living under its control in the West Bank, as the European Commission (2015c: 2–3) has not failed to note.[17] For all the talk on efficient policing and human rights, it is ironic that the EU-trained Palestinian civil police acted in a not-so-civil way when it broke up a demonstration against Palestinian Authority President Mahmoud Abbas in 2018 (Hass and Khoury 2018). While the Europeans cannot be held responsible for the continuation of Israel's military rule over and the relentless expansion of Israeli settlements into the West Bank, the impact of European policies have followed a similar pattern as in other parts of the borderlands: European policies have continued to cooperate with and grant legitimacy to their increasingly oppressive Palestinian counterparts. The EU has also steadily deepened its economic cooperation with Israel in spite of the aforementioned settlement expansion and human rights violations in the West Bank, and in spite of Israel's ongoing and precarious economic blockade of the Gaza Strip that began in 2007. However reluctantly, the

[17] Although the EU and its members provide humanitarian assistance to the Palestinians living in the Gaza Strip, the EU does not work with Hamas. For more on this, see ch. 6 of this volume.

Europeans have thus tolerated repeated deteriorations in the human security situation of the Palestinian population. Moreover, in the name of stability and the fight against terrorism in the area, and in consideration of Europe's economic and security interests vis-à-vis Israel, Europe has accepted EU engagement with the Palestinians on Israeli terms. *Nolens volens*, Europe has thus contributed to the persistent fragmentation of Palestinian space wherein the Palestinian Authority continues to exert limited control over barely 18 per cent of the West Bank, alongside the encroaching Israeli occupation (Bouris 2014; Khalil and Del Sarto 2015).

Security sector reform, generally speaking, is a potentially fraught undertaking, whether in the Palestinian Territories or in other states supported by the EU and other international actors, such as Tunisia and Lebanon. Such reform has a tendency to support and even strengthen existing—and often unaccountable and opaque—domestic power structures (Kartas 2014). This is particularly the case in the absence of meaningful reform in the governance of local security architectures.

In considering the effect of European–MENA border, security, and migration cooperation, Turkey has proved particularly instructive. Ankara initially accepted the EU's attempts to transpose its 'Integrated Border Management' system to the country, albeit rather reluctantly and only to a certain extent. Importantly, however, this attitude was limited to the period up to the outbreak of the civil war in neighbouring Syria in 2011. As the number of refugees seeking to enter the EU via Turkey continued to increase and the so-called Islamic State (ISIS) emerged in Iraq and Syria, Ankara was able to reinstate and reinforce its security-oriented approach to border control, wherein the military plays a major role. Along the way, the Europeans dropped their insistence on the establishment of 'open but secure' borders through effective, flexible, and preferably civilian practices (Okyay 2020). However, it is possible to interrogate the extent to which Ankara may have deliberately contributed to the sudden increase in migratory pressure on Europe via the Balkan route in August 2015 (Zaragoza Cristiani 2015). A similar observation applies to the Turkish role in fighting terrorism, with various media reports pointing to Turkish logistical support for ISIS in Syria. Further research might explore how the Turkish authorities have benefited from EU-funded training activities conducted under the banner of border and migration control, and how they have employed the border surveillance equipment obtained from the Europeans. For obvious reasons, such research remains impossible at the present time.

At this point, it should be noted that obscure and legally problematic deals with MENA states on borders and security have not been the sole prerogative of the Europeans. The United States has been engaging in similar policies, which have probably had—and continue to have—a considerable impact on the region, given the superior economic and political power of the US. For Washington, a number of MENA countries such as Morocco, Tunisia, and Jordan have proved reliable partners in the fight against terrorism, with cooperation dating back to the aftermath of the 9/11 terrorist attacks, if not before. In recent decades, various human rights organizations and numerous media outlets have reported on this collaboration, which has included so-called extraordinary rendition and the torture of suspected terrorists. The US has also been the central protagonist in training the Palestinian security forces and remains the main broker (or non-broker) in the Israeli–Palestinian arena. More broadly, a remarkable analysis of US *democracy promotion* programmes in the region found that the vast majority of grants, over 70 per cent, stood to benefit (repressive) Arab government agencies and their officials (Durac and Cavatorta 2009).

The Criminalization of Migration and the Undermining of Human Rights

Rendering migration a punishable offence has become a well-established trend in MENA states. During the 2000s, Morocco, Tunisia, Algeria, and Libya all passed new legislation penalizing the 'illegal' emigration and immigration of both nationals and foreigners and criminalizing those involved in 'facilitating' the movement of such people (Perrin 2005; 2009; Cassarino 2014; 2018; Paoletti and Pastore 2010; Paoletti 2011; Rocchini 2016; Cassarino and Del Sarto 2018). Morocco adopted such migration-related legislation in 2003, Tunisia in 2004 and 2006, Algeria in 2008, and Libya in 2007 and 2010. From the perspective of the MENA states themselves, these steps appeared somewhat irrational, given that for most of these states, migration increases remittances while lowering domestic unemployment and thus the potential for social and political tension.

The criminalization of migration, however, has undoubtedly served the purposes of incumbent authoritarian regimes. Rendering 'illicit' or 'fraudulent' *emigration* a punishable offence, in clear violation of international law, has functioned as a strong disciplining measure for the state. Indeed, while the right to control the entry of people is a key element of national sovereignty, the right to leave any country, including one's own, is an international legal norm. This right 'imposes on states the negative obligation of not obstructing the departure of people from their territories and the positive obligation of issuing travel documents' (Rocchini 2016: 6). The severe and disproportional penalties for violating the law on 'illegal' exits in Morocco, pre-2011 Tunisia, and Algeria—typically, heavy fines and incarceration for up to one year, sometimes more—have clearly served to consolidate and strengthen the authoritarian control of MENA regimes over their populations.

The same consideration applies to the punishment of those facilitating the irregular entry and exit of nationals and foreigners, even when conducted on a voluntary basis and without remuneration. Thus, according to the 2003 Moroccan law and the 2004 Tunisian amendment, even the provision of humanitarian assistance to irregular migrants would constitute a punishable offence. Algeria's 2009 migration legislation differed slightly in that it defined the receipt of some kind of benefit for an act to be considered migrant trafficking. However, the Algerian law was similarly restrictive in that it increased sanctions on the irregular entry, circulation, stay, and exit of foreigners as well as any kind of facilitation. Similarly, an amendment to the Libyan migration-related laws of 2007 and 2010 introduced special taxes for foreign workers and established fines for different types of irregular migrants. Frequent police raids on foreign workers and migrant communities operated on the basis of these new provisions, which lacked any procedural transparency (Paoletti and Pastore 2010: 15). While restrictive and erratic domestic policies on migration had already been in place for several decades under Qaddafi, these more recent reforms of migration laws signalled an increasingly repressive approach to the transborder movement of people, as in other Maghrebi states.

In sum, then, the legislation passed in North African countries since the 2000s entailed a progressive curbing of the rights of nationals, whether by criminalizing the 'illicit' or 'fraudulent' exit from and entry into the territory of the state or by criminalizing the vaguely defined offence of 'illicit' human trafficking. The Ben Ali regime in Tunisia, for instance, used the law on migration to repress both migrants and the friends or family of migrants who had remained in the country, as any Tunisian citizen could be accused of having known of, or abetted, 'illegal' migration (Cassarino 2014: 105). In addition, such legislation undermined the rights of migrants and asylum seekers, with the latter being prevented from filing an asylum application in the country of destination. Not only did they entail a crescendo in the regimes' coercive power, these migration-related legislations were incompatible with international humanitarian law.

Of course, migration law was often formulated in response to specific domestic and foreign policy concerns. In Morocco, Tunisia, and Algeria, the migration-related legislation of the 2000s amended the outdated, patchwork legislative frameworks of previous decades while also taking the presence of large undocumented migrant communities on their territory into account. In Morocco, the new migration laws also led to the regularization of over 18,000 undocumented foreigners by 2015. In pre-civil war Libya, Qaddafi was notorious for inviting workers to his resource-rich but labour-poor country in accordance with his changing foreign policy preferences. In this vein, in concomitance with the 'African turn' in his foreign policy in the late 1990s and early 2000s, Qaddafi encouraged labour migration from the Sahel and sub-Saharan Africa, and, once he had re-engaged with Arab countries, called on Egyptian workers to move to Libya (Paoletti and Pastore 2010: 9–10).

It may thus be difficult to establish the *direct* causal effects of European policies on the migratory policies of the states in Mediterranean Middle East. However, there is a curiously strong correlation between the growing restrictions stipulated by migration-related legislation in MENA states and the preferences and practices of the Europeans and other international actors. During the 2000s, the EU and its member states made trade concessions, aid, and political support increasingly conditional upon the Maghrebi states assuming (a degree of) responsibility in reducing unwanted migration to Europe (European Commission 2003b: 14; Perrin 2009: 23–24); major changes in the migration legislation and policies of these states occurred precisely in this period. And it is of course the wider context that matters. As we have seen, Europe has used both incentives and massive pressure to nudge their 'Mediterranean partners' into adopting policies and legislation that correspond with European preferences, not to mention training, regular dialogues, and persistent attempts to selectively transfer European rules and practices.

There is much evidence that, under Ben Ali, Tunisia was the poster child of 'successful' European migration policy transfer, as the country codified laws and practices through repeated interactions with the Europeans (Cassarino 2014). In a similar vein, the Italian authorities were reportedly satisfied that Libyan officials implemented migration policies according to their advice during Qaddafi's rule. Italian pressure also seemingly contributed to 'legitimising and further deepening pre-existing policing structures and motivations' in Libya (Paoletti and Pastore 2010: 15). Europe's pressures on single southern Mediterranean states only increased in the aftermath of the Arab uprisings, as we have seen.

Governments in the Maghreb thus took it upon themselves to ensure that their citizens and third-country nationals were in possession of valid visas with which to enter the Schengen area (or a non-Schengen European country). In these countries, Schengen visas—issued by European consular authorities but with the visa application procedure outsourced to private companies—became a legal condition for 'regular' exits to Europe. At the same time, the MENA states were progressively tasked with the sanctioning of people without such documents, and pressured by Europe into 'readmitting' people if they failed to prevent those 'irregular' exits. Together with the newly invented crime of 'clandestine' or 'fraudulent' exits, these laws and policies were surprisingly well designed for the externalization of Europe's migration and border controls since the beginning of the 2000s (Perrin 2009: 30–32; Rocchini 2016: 7).

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By examining the effects of European policies towards its southern periphery in the twenty years following the launch of the Barcelona Process, this chapter has cast light on a disconcerting state of affairs. Operating within a broader international system based on a neoliberal development ideology, European policies succeeded in integrating selected sectors of the MENA economies into the EU's Internal Market, with MENA states adjusting their regulations to reflect European sectoral rules and practices. Yet when combined with the specific choices of MENA governments and serious pre-existing deficiencies in the MENA economies, Europe's restructuring of the socio-economic order in its southern borderlands had strikingly egregious effects, and here particularly in the Arab states. European policies fed into and contributed to rising crony capitalism, deepening socio-economic inequalities, growing regional disparities, and the emergence of a dual economic system that also concerns the sensitive agricultural sector. EU economic policy, from which European companies profited considerably, prioritized and relied on ruling political elites and their cronies. Europe assisted repressive rulers in gaining additional power and in accumulating extraordinary levels of wealth—unless, and until, they were overthrown by popular revolts.

The impact of the EU's economic policies towards Turkey and Israel is more difficult to assess. Within the lengthy EU accession process, Turkey, in many respects, became part of the European order. It is noteworthy, however, that crony capitalism, rising inequalities and, more recently, a decisively illiberal turn have marked developments in Turkey as well. Israel, on the other hand, aligned much of its legislation with European rules and standards (European Commission 2019d: 138–142) to the economic benefit of both sides. However, as Israel adopted neoliberal economic policies over three decades ago independently of European preferences, and considering Israel's extensive trade relations with the US, it is difficult to claim that Europe was responsible for the growing inequalities and the concentration of economic power in the hands of a few in that country.

Europe's cooperation with the region's repressive and illiberal regimes on security, migration, and border control is even more pernicious. The expansion of European borders southwards, which aim to reduce unwanted migration to Europe, fight terrorism, and provide security to EU citizens, has in fact rewarded MENA governments for adopting increasingly repressive and unaccountable policies vis-à-vis their citizens, foreign migrants, and refugees. European policies are certainly embedded in a broader Western-dominated consensus on migration governance in which the control of mobility plays a central role. However, single European states have been particularly active players. As a result, Europe's externalization of its migration and border control policies not only contributed to the further strengthening of authoritarian rule; these policies and practices also created '"off-shore" black holes where European norms, standards, and regulations simply do not apply', as Luiza Bialasiewicz (2012: 861) has markedly put it.

One salient aspect of this discussion is the fact that MENA governments have not been exclusively passive recipients of European policies. Shifting the focus of attention to the actions and strategies of the states in the Mediterranean Middle East, the next chapter revisits the question of interdependence and leverage in Europe's relations with its southern borderlands.