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ECONOMIC EXCLUSION IN THE MIDDLE EAST

BROOKINGS GLOBAL EXPERTS

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The Middle East has before it what could be one of the greatest demographic gifts in modern history: a potential economic windfall arising from a young and economically active workforce. Today, young people age 15 to 24 years account for 22 percent of the region's total population, the highest regional average worldwide. With the right mix of policies, this demographic opportunity could be tapped to spur economic growth and promote stability.

Yet millions of young people are currently growing up in the Middle East without significant economic prospects. This prolongs their transition to adulthood due to delayed movements between education and employment and household formation through marriage and family. In many Middle Eastern countries, unemployment is at its heart a youth problem. In Syria, for example, youth account for 80 percent of the unemployed. How the Middle East tackles this challenge will offer valuable lessons far beyond its borders.

THE GLOBAL CONTEXT

Current youth unemployment levels in the Middle East are reaching approximately 32 percent. First-time job seekers, mostly between 15 and 24 years of age, make up more than 50 percent of the unemployed. For women, the unemployment rate is nearly 50 percent greater than for men. Finally, youth in the Middle East are 3.5 times more likely to be jobless compared with adults. Youth exclusion leads to both income and non-income dimensions of deprivation, with implications on the individual and society.

Though many Middle Eastern youth enjoy superior levels of education and health compared with their peers in South Asia or Africa, the majority of them are unable to effectively participate in economic, social and political life. This situation has prevented many youth in the Middle East from becoming full-fledged members of society, leading to a situation that can depress wages and limit economic integration during the adolescent years.

THE CHALLENGE

Similar to world averages, the Middle East's informal sector is

estimated at 25 percent of regional GNP. This sector plays a major and increasing role in providing first-time jobs in Middle Eastern economies to low-skilled workers. However, the informal sector offers little satisfaction to educated youth and is often spurned. Youth who opt for informal sector employment enjoy a source of income yet encounter low wages, poor working conditions and job insecurity. This impedes their transition to adulthood; an informal sector wage may mean living with parents and not being able to afford housing and marriage, especially if there is restricted mobility from the informal to the formal sector.

In the face of high unemployment and economic uncertainty, Middle Eastern youth are delaying marriage and the creation of their own families. A generation ago, 63% of Middle Eastern men in their mid to late twenties were married. This trend is reversing, as the Middle East now experiences the lowest rate of marriage among developing regions, with just above 50 percent of men between the ages of 25 to 29 years married. In a culture that sees marriage as the social pinnacle of life, this delay compounds the gravity of exclusion.

This second-generation development challenge—where high levels of poverty are replaced by widespread exclusion from economic, social and political life—confronts almost every country in the region. Therefore, youth inclusion in economic development programs in the Middle East must become a priority.

RECOMMENDATIONS FOR ACTION

To overcome these challenges, it is estimated that more than 100 million jobs must be created during the next two decades in order to employ this young and large population. However, job creation is no easy task. To foster this type of job growth, the Middle East must undertake serious economic reforms that aim to increase the economic inclusion of the young.

The opportunities afforded to prime workers in their earlier years, in terms of skill acquisition and on-the-job training, will be critical in determining the quality of their human capital. The youth who today lack access to opportunities to develop their human capital, due to long-unemployment spells or being confined to the informal sector, will need “second chances” to become productive workers in their prime and to fulfill the promise of the “demographic gift.”

Rapid progress is needed to reform education, improve gender equality and establish good governance. Though these changes may add to short-term turbulence, they are necessary to increase the prospects for future prosperity and stability. In addition, the divisions between the restricted high-wage public sector and the low-wage informal sector need to be

bridged to provide increased employment opportunities for Middle Eastern youth.

Labor market and regional development reforms may be necessary first steps in fostering long-term stability programs. Infrastructure to support the large young population must be improved and created so that youth have the education and social services that they need to be empowered, positive and participatory members of society. Finally, all aspects of society including the family unit, the external community, local institutions and global markets, must be engaged to sustain youth inclusion.

The Brookings Wolfensohn Center for Development recently launched the Middle East Youth Project (www.brookings.edu/global/wolfensohncenter/me_youth.htm) focusing on youth exclusion in Egypt, Iran, Syria and Morocco. The initiative spotlights two main youth transitions to adulthood: the transition from education to employment, and the transition to household formation through marriage and family. Through an alliance of academics, policymakers, the private sector and civil society, the Middle East Youth Project will help craft more effective policies to create opportunities for young people in the region.

WANT TO READ MORE?

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