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Je voudrais céder la parole à mon ami Uri Dadush, pour ceux qui ne le connaissent pas, il est un économiste très connu et un Senior Fellow de l'OCP qui va nous parler en particulier des problèmes du chômage et de l'emploi, qui est le problème essentiel dans cette région.

Uri DADUSH

Thank you very much. I will speak in English.

The really big worry is jobs. Statistics show that the MENA region has an unemployment rate close to 12%, the highest in the world, according to the ILO, and the unemployment rate for young people is nearly 30%, which is two to three times higher than in other developing regions. That is why I am concentrating on jobs. Diversification, and education are of course important but, in the final analysis, they are instruments of the goals process. As the chairman just told us, jobs equal growth; it is very difficult to separate the two. I am going to make a prediction, which is the heart of my message: I do not see a big change in the unemployment situation in the MENA region going forward. To make this prediction, I look at some of the key drivers. Before I do that, I have a couple of caveats; one is there are huge problems in analyzing unemployment in Morocco and in the MENA region, as there is in all other developing regions, and that is essentially because the line between employment and unemployment is very blurred when you have large numbers of people in agriculture and the informal sector. Female participation is just around 20% of the female working age population. It is very difficult to distinguish between unemployment and discouragement: people who would like to work or get a better, more formal job and cannot do so.

The second caveat is, of course, that the MENA region is a very diverse one. You are today in a place (Qatar) where something like 80% of the workers are imported. By definition, you have virtually no cyclical unemployment in Qatar or in the Gulf countries, which are among the richest in the world; and you have countries like Egypt, Morocco, and Tunisia, which can only balance their labour market by exporting something like 10% to 15% of their labour force outside the country.

With those caveats, let me just list five stylized facts about jobs in the MENE region. The first, which has already been mentioned and I will not elaborate, is there is a big investment in education but the children are not learning and the achievement of standardised tests of the kids in the region are very low relative to incomes per capita. The kids in the Gulf countries score hugely below countries in the same income bracket. That is an extreme case. It is a very particular feature of the region that there is a large number of tertiary educated unemployed.

The second stylised fact is that we have had an absence of diversification of these economies. The next speaker, Masood Ahmed, is going to talk about that so I am not going to elaborate.

The third stylised fact is that two-thirds of MENA's workers are employed in the informal sector. In the formal sector, the other one-third, over half the jobs are government jobs. You have a classic dual labour market situation, where in

the formal part of the market workers are protected, get benefits of various kinds, etc., it is very difficult to get in. That, of course, is a cause of frustration as well as a cause of unemployment.

The fourth stylised fact is that, despite all these handicaps, the MENA region actually grew quite handsomely prior to Tahrir Square. From 2000 to 2012, the MENA region achieved a growth rate of 5.3%, which is a very high growth rate. It is not an Asian growth rate. Since then, we have had half that growth rate, as well as the fall in oil prices. During the period of the Arab Spring, paradoxically, employment expanded at a pace well more than 3% a year, which is gigantic, and even in recent years, 2013 to 2015, employment grew at a rate of 2 to 2.5% a year. However, quite a lot of the recent employment was in the government sector, which traditionally accounts for over half of the formal jobs, and a lot of the employment that was created was in relatively low added value service activities.

The fifth stylised fact, my last fact before I project, so to speak, is that we have another exceptional fact about this region: very fast population growth historically and very fast growth of the young population. This is a young region, the 15 to 24 cohort in MENA, which is when people enter the labour market, has grown at about 2.4% a year over the last 30 years. These are very high growth rates and they help explain the youth unemployment problem. However, and this is good news, another important fact is that we appear to have reached a peak of the young people entering the labour market, which is declining. Indeed, the labour force, which has been growing very rapidly over the last 10 to 20 years, is now slowing very sharply, together with the growth in population, very sharply indeed. There you can begin to see one day the solution to the unemployment problem. If you analyse it comparatively, the big issue in MENA is not so much job creation; there has been a lot of job creation. The main problem is the demographic bulge.

Let me conclude with my prediction, which is that if you look over the next several years the demographics will be favourable for solving the unemployment problem, not in the sense that it will be good, but that it will not be as bad as it has been in the past. However, two other factors will militate a rapid reduction in the problem. You already know number one, which is the fact that the growth rate of the MENA region with the low oil price and the conflicts in the region and the problems that we have in world trade is very unlikely to go back to grow as rapidly as it did pre-Arab Spring days.

The second factor, as I said at the beginning, is that there is a very large reservoir of workers who want to enter the formal market, or want any kind of job. These are the underemployed women of the region, the people in subsistence or low value-added agriculture, and the people who are in the informal sector, the informal urban sector, who will be lining up to get these jobs. Eliminating, so to speak, that reservoir of unused labour is going to take a long time, maybe 10 years or longer. Thank you.

Mohammed KABBAJ

Thank you.