

Towards an Integrated Approach to the Political Economy of MENA

The Arab revolutions of 2011 ushered the Middle East and North Africa (MENA) into an era of new political-economic dynamics. The popular revolts and the subsequent weakening of central state control and ability to regulate economic and power transactions virtually collapsed all three categories of the local, the national and the regional into one. Failed or semi-failed states in the MENA became battlefields for regional and international powers, which often translated into supporting militias and local armed groups, cross-regional sectarian (e.g. the Sunni-Shiite divide) or ethnic identities (e.g. the Kurdish question) and to the formation of economic networks and channels through which these new flows of people, ideas and monies were to be governed. Geopolitical confrontations have translated into new or re-invigorated flows of money, people and ideas as new hegemonic policies were formed (for instance, the GCC funding to Egypt, the UAE versus Qatari interventions in Libya or the Iranian involvement in Syria, Iraq and Lebanon).

The weakening or the total-to-partial collapse of central governments allowed the emergence of new spaces and hubs, actors and flows that were either non-existent before the Arab revolutions (e.g. the territorialisation of Jihadist control in Syria, Iraq and Libya or the emergence of effectively sovereign city-states in Libya) or; were isolated and small-scale phenomena (e.g. terrorist attacks, cross-border illegal trade, human trafficking, trans-nationalized economic informality etc.). Many of these spaces, actors and flows created opportunities and/or threats on the regional but also the international levels feeding into the early dynamic of geopolitical confrontation.

In a similar vein, economic informality, referring to transactions that are neither recorded nor regulated by the state, expanded considerably assuming a regional character. War-torn but more generally conflict countries after 2011 have become the motor and scene for these forms of highly *informalized* regional and trans-national *de facto* economic integration. A lucid example would be the case of the triangle of informal trade between Tunisia, Libya and Algeria, which includes goods, money, arms and people but also on Egypt's Eastern and Western fronts with Gaza and Libya respectively and the Syrian-Turkish borders. New economic actors formed, ranging from lay smugglers to others with political or military functions (e.g. ISIS oil trade with Turkey and within Syria and the Libyan city-states controlling trade routes, oil fields, ports and airports).

How can regional influences (flows of aid, fighters, arms, informal trade, migration and refugee seekers etc.) be addressed, contained and reconfigured so as to serve the creation of a new order or limiting the current features of disorder on national and regional basis? What are the political-economic underpinnings of such stabilization efforts given the long history of deeply entrenched national and regional patterns of marginalization, unaccomplished development and failed political arrangements? And how can inter-state and ultra-state flows, especially informal trade but also migration, that exist on the ground in weakly regulated zones be integrated into the development efforts on the national and regional levels?

If the primary interest in academic and policy circles is the re-stabilization of the MENA, finding an answer is not possible unless some comprehensive and dynamic political economy approach is developed, the thing that currently lacks. The literature on the political economy of the MENA has hitherto been sparse and thin. It has usually focused on single nation-states instead of assuming a regional dimension. Moreover, its focus was often on formal state policies and institutions or on state-private business interaction via cronyism, patronage or capture by private interests. Economic informality, as rampant as it has always been on the national and regional levels, remained the traditional domain of statisticians or neoclassical economics with little sociological input, if any at all. It is time to streamline the study of informality, not as a distorted form of economic and social activity but rather as the predominant framework within which exchange happens in the MENA. It is also time to go beyond single-state centred analysis into mapping the region or at least spaces and flows in the MENA where ultra-state and regionalized inter- and intra-state networks and actors and flows reign supreme.

Studying the new dynamics of political economy in the MENA requires an integrated approach that methodologically and analytically goes beyond the state into broader regional determinants of national and local processes. Going beyond the state recognizes the facts on the ground that in many parts of the MENA the locus of the interplay between wealth and power – the subject matter of political economy – is no longer central states. This means that an integrated approach would go into drawing a map of the region without borders tracing trans-national flows, regionalized local and national elite networks (e.g. business partnerships between the military in Egypt and Saudi and UAE businessmen, usually with dense political connections) and new spaces that transcend claimed boundaries between sovereign states (e.g. the informal trade zone between Tunisia, Libya and Algeria). It would also mean going beyond the state analytically and conceptually into studying ultra-state actors (e.g. militias and local armed groups), flows and networks and primarily the regionalized forms of informal, defined as non-state regulated or controlled, movement of people, goods, monies, arms and ideas.

Doubtless, the state remains relevant for any credible and serious analysis. As a matter of fact, reconstruction efforts, socio-political reconciliation and the reconstitution of national polities in war-torn countries and in conflict-ridden post-revolution cases all have to do with the nation-state. However, the determinants of these processes in the current context all but go beyond the claimed borders of states and hinge upon regional dynamics, flows, actors and hubs. This applies to sectarian and ethnic identities that are of a clear ultra-state character even though they are critical inputs in any national reconciliation process, especially in countries like Syria, Iraq and Yemen. It also applies to the effective regulation of extended spaces of informal trade, human migration and militia control in North Africa. The same logic does apply to the inter-state but also ultra-state mechanisms and patterns of oil rent recycling from oil rich nations like Iran, the GCC members and Algeria to oil poor countries. Oil recycling has historically been crucial in understanding dynamics of international and civil wars, development models and actual interdependencies through remittances and migratory labour forces and of the financing of reconstruction and stabilization efforts on the national and regional levels.

A regionally integrated approach to the political economy of the MENA should be equipped to capture complex post-Arab revolution processes in whole and in motion. The development of such theoretically informed framework based on extensive fieldwork and intimate knowledge of the region should depict the patterns of interaction between old and new actors (both political and economic) as well as between emerging flows, spaces and hubs. The ultimate goal is to reduce the complexity of what has been going on in the MENA and to provide new paradigms to make it intelligible, analyzable and hopefully predictable. The building blocks of this political economy approach will be actors and networks, flows and spaces.

1) Mapping power networks of actors through identifying old and new actors, the genealogy and genesis of their power, relations with formal state institutions (or what remained of them) and perspectives towards post-conflict scenarios. This would apply to formal actors like governments and official bodies but also to banks and investment funds (for instance GCC investors in Egypt or Lebanon). But it would also look deep into how non-state actors, formal as well as informal, became related to the new configurations of power and economic resource distribution. Arab revolutions have demonstrated the rising significance of networks of political and economic resources that are wholly made up of non-state actors like the networks that govern informal trade through the North African desert or those that control human trafficking, oil smuggling and arms trade, not to mention Jihadist transportation and circulation between the Middle East, North Africa and Europe.

2) Distinguishing, categorizing and mapping flows: The MENA region has always shown intensive regional patterns of interaction and integration through public or private flows of goods and services,

money, people and ideas. This has been considerably transformed after 2011 as the old order (both inter-state as well as intra-state orders in many cases) was either completely destroyed or radically transformed. It is fair to say that “disorder” is regional in its dynamics, causes and impacts. The restoration of any order, or in other words stabilization, can only be dealt with from a regional angle or even from an inter-regional perspective, counting Europe in, given the impact the disorder in MENA is causing there. Studying regional flows requires unpacking these phenomena and breaking them down into their political-economic and sociological components.

3) Identifying and demarcating hubs and spaces, which are the sights and scenes of flows and actors. These hubs are often located in new physical spaces where different forms of intercourse were introduced or were radically transformed. A prime example would be the cross-border areas where flows of goods, money and people pass like the triangle between Libya, Tunisia and Algeria or the Turkish-Syrian borders. Some cities and territories gained a central role in the articulation of trade, money and migration flows: Dubai, Misrata, Ben-Guerdane, Zuwara and Aleppo to name a few. Another example is refugee camps, in countries like Lebanon, Jordan and Turkey that were formed with the massive population displacement in Syria and Iraq. These newly founded centers of human concentrations served as hubs for migratory movement to Europe as well as in the MENA. They have also assumed special importance in recruitment for militias and armed groups.

The new integrated approach to the political economy of the MENA may help us answer key questions about the future of the region setting a new research agenda with a newly-developed tool kit of concepts, methods and analytical angles. Such knowledge production is essential not only to policy makers in the MENA and in its surroundings, primarily in Europe but also for the increasingly engaged public opinion and for different social and economic stakeholders on the two shores of the Mediterranean.