
The Arab Young and Restless - Jeffrey D. Sachs

NEW YORK – Many factors underlay the ongoing upheavals in the Middle East: decades of corrupt and authoritarian rule, increasingly literate and digitally-connected societies, and skyrocketing world food prices. To top it off, throughout the Middle East (as well as Sub-Saharan Africa and most of South Asia), rapid population growth is fueling enormous demographic pressures.

Egypt's population, for example, more than doubled over the course of Hosni Mubarak's rule, from 42 million in 1980 to 85 million in 2010. This surge is all the more remarkable given that Egypt is a desert country, its inhabitants packed along the Nile. With no room to spread out, population densities are rising to the breaking point. Cairo has become a sprawling region of some 20 million people living cheek-by-jowl with inadequate infrastructure.

Rapid population growth means a bulging youth population. Indeed, half of Egypt's population is under age 25. Egypt, like dozens of countries around the world, is facing the extreme – and largely unmet – challenge of ensuring productive and gainful employment for its young people.

Employment growth is simply not keeping up with this population surge, at least not in the sense of decent jobs with decent wages. The unemployment rate for young people (15-24 years old) in North Africa and the Middle East is 30% or more. The frustration of unemployed and under-employed youth is now spilling over into the streets.

The problem of high youth unemployment is certainly not confined to the developing world, however. In the United States, the overall unemployment rate is around 9%, but among 18-25 year olds, it

is a staggering 19%. And this includes only young people actually at work or looking for work. Many more have simply become discouraged and dropped out of the labor force entirely: not at school, not at work, and not looking for work. They don't protest much, but many end up in prison.

The world's labor markets are now interconnected. Young people in countries as diverse as Egypt and the US are in effect competing with young Chinese and Indians for jobs. China's low-paid, reasonably productive manufacturing workers and high-quality infrastructure (roads, power, ports, and communications) has set the standard for competitiveness globally. As a result, low-skilled workers in Egypt, the US, and other countries must either raise their productivity enough to compete at a decent wage, or accept extremely low pay or outright unemployment.

So creating decent jobs at decent wages is at the heart of being internationally competitive. That requires equipping workers with a good education, strong on-the-job training, and supportive infrastructure. While the private sector must create most of the jobs, the public sector must create the underlying conditions for high productivity. That is a tall order.

Only one high-income region has done a reasonably good job of preparing its youth, and its overall economy, for tough global competition: Northern Europe, including Germany and Scandinavia (Denmark, Finland, Norway, and Sweden). In these countries, public education is excellent, and the transition from school to work often involves programs like the apprenticeships for which Germany is especially famous.

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In developing countries, the main advances are found in countries that emphasize excellence in education, public investment in infrastructure, and serious on-the-job training. South Korea is probably the leading success story, with superb educational attainment and strong employment of young people having taken it from developing-country to high-income status within one generation. And South Korea has accomplished this feat in China's intensely competitive immediate neighborhood.

The US, by contrast, is a case of failure, except for youth from high-income households. American children raised in affluence succeed in obtaining an excellent education and have good job prospects after a bachelor's degree. But, as the rich have successfully pressed for tax cuts and reductions in government spending, children from poor and working-class households are far less likely to receive a high-quality education, and the US government has failed to provide for training or adequate infrastructure. The result is a growing youth unemployment crisis among poor and working-class youth.

The countries of North Africa and the Middle East should learn from East Asia and Northern Europe, and take pains to avoid the failures of the US. If democracy is to take hold and flourish in Egypt, Tunisia, and elsewhere in the Arab world, the new reform-minded governments must make the youth unemployment crisis their highest priority.

Middle Eastern countries should elaborate strategies to improve the quality and increase the length of schooling, invest in job training, establish private-sector apprenticeships, and develop small and medium-sized businesses. They should identify key infrastructure projects needed to ensure private-sector productivity. And they must work together to deepen regional trade integration, thereby creating a much larger market.

The deposed authoritarian rulers – Tunisia's Zine El Abidine Ben Ali, Mubarak, and soon Libya's Col. Muammar el-Qaddafi – stashed away billions of dollars stolen from the public treasury. This ill-gotten money should be recovered and put into a special fund for youth employment.

Moreover, with oil prices back above \$100 per barrel, the Gulf states are enjoying a bonanza. They, too, should create a special fund for youth employment in the region through the Islamic Development Bank. There can be no better way to use the region's resources than to ensure that its young people's lives are enriched [by education, skills, and high-quality jobs](#).

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