THE BROOKINGS INSTITUTION

FROM OIL BOOM TO YOUTH BOON:

TAPPING THE MIDDLE EAST DEMOGRAPHIC GIFT

Washington, D.C.

Monday, January 7, 2008

Introduction & Moderators:

NAVTEJ DHILLON
Fellow & Middle East Youth Initiative Project Director
The Brookings Institution

TARIK YOUSEF
Dean of the Dubai School of Government
Nonresident Senior Fellow, The Brookings Institution

Featured Speakers:

RAGUI ASSAAD
Regional Director, West Asia and North Africa
Population Council

NADER KABBANI
Director of Research
The Syria Trust

DIANE SINGERMAN
Associate Professor at the Department of Government
American University

DJAVAD SALEHI ISFAHANI
Professor of Economics, Virginia Tech
Visiting Fellow, The Brookings Institution

HILARY SILVER
Associate Professor of Sociology
Brown University

* * * * *

P R O C E E D I N G S

MR. LINN: A great pleasure for me to welcome you on this gorgeous day. My name is Johannes Linn. I'm the Executive Director of the Wolfensohn Center for Development at Brookings, and we're delighted that we're able to host and organize today's event on Middle East Youth and very pleased that so many of you could come and join us to discuss this very important topic.

It's also a very special pleasure for me to welcome Elaine Wolfensohn. She is here with us today because of her own interest about which she will talk in a minute in this topic of Middle East Youth, but also she's here on behalf of her husband, James Wolfensohn, who unfortunately could not be with us today but who has a very intensive, deep interest, of course, in the Middle East as well as in youth issues and who has been supporting, leading and following our efforts in this program and project initiative with great energy.

The Wolfensohns also are, in fact, the great supporters of the Wolfensohn Center which they set up here at Brookings in July, 2006. At their behest, we have organized the Center to look at and research issues in the areas of key development and key development challenges. We do research on how to implement, how to scale up and how to sustain successful development interventions. We have as a key goal to bridge

the gap between research and application, implementation and action, and we work in partnerships with many partners on the ground in the countries in which we do our work.

We currently have three research projects under implementation: first of all, a program, a project of research on Aid Effectiveness; secondly, a project on Early Child Development; and third and by no means last nor least, in fact, it was the first project we started, the initiative on Middle East Youth which we'll learn about more today.

The research and the work is being carried out in partnership with the Dubai School of Government, and I'm very happy that Dean Tarik Yousef, a good friend of ours and great collaborator, Dean of the Dubai School of Government, is with us today also and will also be serving on the panel as well as a introductory speaker.

I want to express my special thanks to the panelists who joined us today, many of them from quite far away, and I look forward to a very exciting discussion.

Last, let me introduce to my right, immediate right, Navtej Dhillon, who is both a Fellow at Brookings and at the Wolfensohn Center at Brookings and is the Project Director for the Middle East Youth Initiative of the Center. He will tell you more about what the initiative is all about, what we plan to do today. He will also introduce Mrs. Wolfensohn who will

make a statement also as I mentioned earlier. This then will be followed by Tarik Yousef and by the panelists.

With this, let me hand over to Navtej.

MR. DHILLON: Thank you, Johannes.

Well, welcome, everybody to Brookings.

I think today's briefing is devoted to an issue that we think is absolutely integral to the prosperity and peace of the Middle East. The region faces an unprecedented youth bulge which is imposing severe pressures on the education system, the labor markets and social institutions. This is also a huge opportunity to build a foundation for lasting prosperity. This cohort also comes of age, I think, at a time when the region is experiencing a positive economic turnaround at the back of partly the oil boom.

So the question that we have posed to today's panelists is the extent to which the current oil boom can create opportunities for this generation because I think that we all agree that the lasting prosperity in the Middle East hinges upon not losing this generation to depravation, exclusion and further alienation.

The Middle East Youth Initiative, I think, has come about at the beck of the Wolfensohn Center as well as the Dubai School of Government to really accelerate the international community's ability to

both understand these challenges that young people face but also to look at new types of policy reforms and programs that can have a real impact. I think in the course of the next two and a half hours, hopefully, some of these issues will be brought to light.

Before I introduce the panel and today's format, I think what I would like to do is request Mrs. Wolfensohn to come up and say a few words.

MRS. WOLFENSOHN: Let me add my welcome to everyone else's welcome. I'm glad you're here, and I'm glad you can be part of exploring this issue, which when Jim left the bank, actually in his last year -- and he sends his deep regrets that he can't be with you today.

The Middle East was one of the regions he focused on most while he was at the bank, and in his last years at the bank he began focusing on youth issues. If he had one regret, it was that he hadn't focused on these issues and brought youth into the whole development process earlier on. He really believed, and I with him, that the more youth were included in the development process, the more they owned the process, the more they could be part of creating their own future. So it became very natural when he started a development center for youth to be at the center of one of the research projects.

It's not that you can take youth out of the whole process, and

yet I think if you can get the youth issues on the right track, you can be much more convinced that the development of the region will go well.

The other areas that the development center, and especially Early Child Development, is focused on relate to youth development. Somewhere in all the work that is done, we will find a way of relating early child development education to where youth are and where they will go.

I notice it says here Youth Challenge, but I like better what was said in the paper originally in the invitation, Youth Challenge and Youth Opportunity. This enormous, as the Western World looks at its decline in population, I think we feel a twinge of jealousy as we see this huge explosion of youth. I mean look at America is looking for, maybe, a new young president.

But, as this excitement of a new century looms ahead, I think there is a lot to be said for putting our hopes in the youth not only of the Middle East but of the world, and the more we all come together and bring youth into this process, the better I think that world and the rest of the world will be.

So, good luck on the seminar.

(Applause.)

MR. DHILLON: Thanks, Elaine.

Today, the format will be as follows: We will have two

panels. The first panel will largely focus on the challenges that are faced by young people in many of the Middle Eastern countries, and I think the second panel will move on to discussing, perhaps, policy and looking towards the future in terms of what can be done.

So, let me just say that between the two panels, we have a coffee break in that room which everybody should take up. It's about 10 minutes, and then we will convene for the second panel and after the second panel, there is a reception.

So, without further delay, let me introduce the first panel. Immediately to my right, we have Ragui Assaad, Director of the Population Council, Middle East. Next to Ragui, we have Professor Djavad Salehi Isfahani who is a Visiting Fellow at Brookings but as well as a Professor at Virginia Tech. Next to Djavad, we have Nader Kabbani who is the Director of the Syria Trust. It's a new policy think tank based in Damascus. Next to Nader, we have, last but not least, Professor Diane Singerman from American University.

Each of the panelists have about 10 minutes.

So, Ragui, let's start with you.

MR. ASSAAD: Thank you very much, Navtej.

The material to be presented today is based to some extent on the working paper that is available for you and it's joint work with Ghada

Barsoum from the Population Council.

Essentially, the young people in Egypt today, and I think in much of the region are facing an increasingly protracted period between childhood and adulthood. That period that we have come to call waithood in this project is not just longer, but it's also much more uncertain and much more filled with anxiety about what's going to happen to them as they wait for the various pieces of the puzzle to come together for them to be able to adopt adult roles and be treated as adults in the region.

Now, this transition to adulthood has been made much more complicated by the fact that we have a demographic phenomenon which Navtej referred to, which is a youth bulge, which is first of all creating the largest generation ever of young people coming online, as well as deep changes in the economies of the region away from state-led development towards more market-oriented economies. It's the way these changes are interacting along the four dimensions of how young people get education and how they learn over time, what happens to their work and livelihood opportunities, what happens to their opportunities to create families and marry and then, finally, their citizenship and civic participation.

So I'm going to talk about three of these dimensions today -- education, work and marriage -- and leave the citizenship and civic participation part for a different occasion.

On the education front, it's undeniable that Egypt has made significant progress in terms of increasing access to education. So on the quantity dimension, education, the fight against illiteracy, the bringing kids and putting them in schools and finding enough seats for them to sit on in schools, there's tremendous success there, but there is tremendous concern about the quality of that education. Exclusion now is increasingly taking the form of young people being in poor quality public education and the need that they have to supplement this education with expensive private tutoring in order to succeed in the system. Of course, those who are unable to supplement are the ones who are increasingly excluded from that system.

So, if I show you here the statistics on never being in school or dropping out for the age group 6 to 14 in 2006, you can see that the proportion of young people who have never been to school is very small in most parts of the country. There are still pockets in particularly upper Egypt, whether it's urban or rural parts which still have rather high fractions of children who have never been to school, and those are mostly girls. Outside this pocket of upper Egypt and girls, in particular, there have been tremendous gains on access of schooling.

If you look at the distribution of new entrants into the labor force by the year in which they're entering, you can see that in the early eighties,

there was a large fraction of labor force entrants who had no education. That fraction has declined dramatically to be about 15 percent by 2005. But, on the other hand, the fraction of young people with secondary schooling, particularly in this case, technical secondary schooling or vocational secondary schooling, has increased significantly from about 30 percent in the 1990s to over 40 percent in 2005. At the same time, the fraction of people with post-secondary and university education has increased significantly. So, as far as composition, the workforce is much more educated, at least quantity-wise, than it used to be in the past.

The problem, of course, is the quality issues. As that large cohort of youth has been entering the education system, it has been stressing the education system to the point where classroom sizes have been growing tremendously, and so that now only 20 percent of schools comply with the national standard of 36 students per classroom which is kind of the goal where the government wants to see class sizes be and 30 percent of schools have 45 students or more per class. So, still a huge challenge in terms of reducing class size.

There are lots of schools that are on multiple shifts. About half the schools have more than one shift today which means the school day is much shorter and kids tend to spend a lot less time in school.

Then, if you look at Egyptian children's achievement in international

test, well below the international average. Forty percent of students fail to achieve even the low benchmark on these mathematics and science tests.

The quality challenge is also shaped by another challenge which is the fact that the schooling system has a very hard time getting the right signals from the labor market about what is needed in terms of skills. So, for 40 years, essentially, the schooling system was in the business of producing credentials for young people to join the public labor force. Now, all of a sudden, it has to change the way it does that and produce skills for a private labor market, and that adjustment has not occurred yet. So, in fact, we have a lot more education being produced, but it's often education of the wrong kind.

We have young people, in fact, who are getting an education, but that education is increasingly devalued in the labor market. So we're investing, but it's the wrong set of investments. Part of the challenge I think that this project and others need to think about is how does the education system, the institutional structure of the education system respond to the new sets of signals that are coming from the labor market.

In terms of work and livelihood, I mean we have, first, the challenge of absorbing this large cohort of young people, the largest ever, that's putting tremendous labor supply pressure on the labor market. The good news there is that is soon going to be subsiding as that large cohort

makes its way in, and I'll show you some data on where the peak of the age distribution is.

But, at the same time, we have the declining role of the public sector in the labor market is not being substituted by the dynamic private employment. It's being substituted by precarious informal employment, and that's what's clearly taking over from the public sector. Essentially, we are actually seeing declines in unemployment, but a lot of those declines in unemployment are simply because it used to be that young people were waiting for these formal jobs in the public sector. As those public sector jobs become more scarce, there is less incentive to wait, and therefore you go and get whatever job you can get in the private sector.

At the same time, the brunt of the adjustment is being borne by the people who have been most affected, which is a group that was most likely to be hired by the government and which is educated youth. So they are the ones who are carrying the brunt of that adjustment.

We're also seeing, especially in rural areas, the reemergence of a phenomenon that we thought we had left behind which is underemployment in agriculture, people who are working on very small family farms that have very low productivity. This is kind of the archetypical problem of underdevelopment. This seems to be reemerging as public sector employment is less of an option.

So, if you look at the distribution by age, and I'm sorry these curves are a bit complicated, but the yellow curve is what the distribution was like in 1988. You can see that the peak there was around four years of age. That bulge is moving to the right and, by 2006, there's the bulge now around age 22. That's what we call the youth bulge.

So these young people have already made their way mostly into the labor market. As they get older, there's a little boom left which will be their sons and daughters will come along 20 years later, but for now there's going to be a period of less pressure on the labor market.

In terms of unemployment, you can see here the unemployment rates. This is unemployment by age. So they're very high for young people. In fact, the peak of unemployment was around age 20, but as the red line is below the blue line shows that unemployment rates have been declining. You'd expect with a youth bulge that the unemployment would follow the bulge but, in fact, that's not the case. So, unemployment is not going to later and later ages as the bulge moves to later ages. In fact, the only group where this is happening is urban females where unemployment is increasing as the bulge goes through the older ages, but that's not the case for the other groups.

In terms of unemployment by education, again the phenomenon in our region is unemployment is an educated youth phenomenon. So it's

very low for less educated groups. Then by the time you get to secondary school, upper secondary school, it starts increasing dramatically.

Typically, in the past, the highest unemployment rates were for technical secondary graduates, not for the university graduates. But, in Egypt, that has changed lately, and now the highest unemployment rates are for university graduates. In fact, they are the only group that has experienced increased unemployment from 1998 to 2006. Those are the groups that are highly dependent on government employment. As that becomes less likely, they have higher unemployment rates.

This is a graph to show you the decline in reliance on government as a source of employment. So, in 1998, government was 20 percent of youth employment. Now, it's down to 14 percent. We can see that the private sector is playing a much bigger role especially in private sector wage and salary employment, especially in urban areas and, in rural areas, it's that so-called non-wage employment which is working on the family farm.

If we look at the structure of employment by year of entry into the labor market, this is another indicator. What sort of labor market are youth facing? You can see that again, in the early 1980s, public employment was about one-third of employment and non-wage employment or family work and family enterprises was another one-third. All other forms were

lower.

By 2005, public employment is way down, and what has taken its place is so-called informal, private regular employment, which is you're working for a wage but you're working without social insurance, without any contract. That's the dominant form of employment.

Formal private employment is also growing, but it's growing from a very low base and it's only about 10 percent of total employment for right now. This is for new entrants, the first job you face.

I'm going to skip these two slides, but the main message here is that employment is becoming increasingly precarious, increasingly informalized and, in rural areas, much more concentrated back on family farm employment.

On the marriage front, we can see that the major form of exclusion we see there is delayed marriage among young men. Marriage is being delayed among both young men and young women, but we usually think the delay among young women is a healthy thing. From marrying very early, they are marrying now at what we consider to be reasonable ages. It reduces fertility.

But, normally, what happens around the world is the gap between young men and young women declines as the age of marriage increases for young women. What we see in the Middle East, and I'll show you the

chart, is that the gap is actually remaining constant. Young men are experiencing delayed marriage just as long as, just the same as young women. These are median ages of marriage by cohort of birth. You can see that the gap between men and women has remained fairly constant over time, but in the period between the cohort born between 1960 and 1972, there's been a dramatic delay in marriage.

There is evidence now that for the cohorts born in the seventies, there is a slight reduction in this delay, and that's a new result and it could relate to the changes in the housing laws that have liberalized the housing market and made it easier to acquire housing, but that's still up. We still haven't concluded that.

Okay, I'll wrap up. So basically, in conclusion, Egyptian youth are much more education, but their education is worth a lot less over time in the labor market.

They're facing much more precarious and informal employment instead of the government employment that they used to rely on in the past, especially the educated youth.

Rural youth are increasingly trapped in low productivity work on small family farms. I say trapped because there seems to be very few prospects of going out of that into more productive forms of employment.

The more protracted transition to a job, to what is called a good job

is resulting in delay in marriage and increased waithood. So there's a direct connection between what's happening in the labor market and in the marriage situation.

Then, finally, which I haven't talked about very much here, a lot of policies to address youth employment issues have been very limited in scope and somewhat ineffective in there. I had some research agenda times, but I'll skip those for later in the second panel.

MR. DHILLON: Djavad.

MR. ISFAHANI: Good afternoon.

This is a 10-minute discussion of the status of youth in Iran with respect to education, employment and family formation. It's based on the paper that you may have picked up outside and is jointly written with Daniel Eagle of the University of California at Berkeley.

These pictures are youth waiting and youth taking risky behavior.

Here is a quote from a 25-year-old, obviously disappointed, young person who says: I didn't study for 17 years to do this. I can't marry on this salary. The government can solve all our problems if they set their minds to it. All they need to do is give us loans for marriage and to buy a house. You know if you're getting a loan from an oil-rich government, you're not going to pay it back.

So, a lot of what I'm going to say now and perhaps in the next

session is sort of captured by this. Youth have problems that have to do with education, labor market and marriage and housing, and the solution they always see and the solution often times that comes from the government is to spend money on it. So this talk is, in terms of problems, very similar to what Ragui just described for Egypt with one exception, that the Iranian Government has a lot more money. It's now getting fifty to sixty billion dollars from oil every year, and so there's the potential to spend money on these problems and perhaps make them worse rather than better.

There's also a stronger demographic side to the Iran youth story, and that's shown here on the graph at the top to the left where you see the darker line is Iran's total fertility rate. Unlike in Egypt and Turkey, where fertility has been declining monotonically, for Iran, there was an increase, sort of a baby boom during the revolution, and that has exacerbated the problem of the youth bulge.

You get, in the case of Iran, one of the most exaggerated age pyramids. You see those longest lines are the age groups 15 through 29, who are what we call the youth. There were 25 million of them in 2006, which is the latest numbers published for the 2006 national census. There would have been five million fewer had there not been that uptake in fertility in the time of the revolution. So you would have had 20 instead.

Now, as a result of that, they outnumber what we call adults.

If you look at the employment data, you find that the adults, the 30 to 64-year-olds, they have all the jobs. Their unemployment is very low, and the youth have unemployment rates at least three times, four times as much.

One of the messages that I would like to convey in this short talk is that the youth bulge is not the cause of youth exclusion. Not all the problems are caused by demographics. The demographic exacerbates a problem that's really caused by institutional rigidity, a system that does not favor youth and favors those who are already employed.

Let me give you a very brief picture of the economic environment. The economy, as you would expect because of the rising price of oil, has been doing relatively well. It doesn't have growth rates like East Asia, but it's been growing 4 to 5 percent per year. If it grows like that, per capita incomes double every generation. So it's not a hopeless situation when you look at the aggregate economy.

Also, poverty is low. It's been declining, and it's now quite respectable, you might say. Only 6 percent of the population are under the so-called two dollars per day poverty line.

Inequality is relatively high. It's higher than Egypt, but it's much lower than Latin American countries and it's been steady. It has not been

increasing over the last 10 years. It's been the same.

Youth do not see this picture, though. They do not see the picture of low poverty and economic growth mostly because the unemployment rate experience is much higher. Overall, unemployment has actually increased in the last 10 years. This is looking at census data. When you look at survey data, the last few years, because of the quadrupling of the price of oil, it has been coming down, but youth have not really benefited a whole lot from that lowering of unemployment that we see in other data.

About 2.3 million of the 3 million unemployed people in Iran are in that age group of 15 to 29. If you look at the group with the highest unemployment rate, the 20 to 24, men have an unemployment rate of 22 percent and women, twice as high. These rates are as high for the educated. So you can't say, well, if they seek more education, then they can get jobs. That's one of the big problems with the education systems and the labor market institutions of Iran and perhaps of the region as a whole.

Additionally, these youth, especially those who are educated, if you're in high school and you graduate, your average length of unemployment is one and a half years. If you don't find a job soon, then you have to wait on average about two and a half years to get a job.

So, let's quickly run through these transitions through school.

Quantity of education is one of the more successful stories of Iran. The typical youth has more than a basic education. Men, women, young women and men have relatively high levels of schooling. Especially if you look at the right-hand side and look at the purple bar, that's the proportion of women in urban areas who have a high school degree. The one to the right, the beige line, is having a tertiary degree. You see that women are more educated in urban areas than men, which is perhaps good news.

This has done wonderful things in social areas. Fertility, that you saw has declined rapidly, has something to do with rising education. If you look at the infant mortality rate, that has also come down quite a bit, has something to do with this. If you look at child education into the future, it will have something to do with this because you have educated parents. So there is a lot of optimism that comes from the education.

The only thing that's wrong with this picture is when you look at the unemployment rates. It's done a lot except to help these people get jobs, especially for men, to be able to get credit, get housing and set up a family.

Very quickly, income and gender exclusion: You see here on the right, these lines are going away. What are they? They are years of schooling as additional years of schooling as you get older. If you look at the bottom lines, for women, it flattens out because basically there's no

increase in education after about age 17.

For the poorest, that's the poorest group. If you can read the bottom line here, the difference between the richest and the poorest quintiles in terms of attainment by the time they are 24 is 1.7 years for men and 2.7 years for women. So the education gap by income is greater for women, and that is a kind of exclusion.

But the bigger story, I think, for the education sector in Iran is the inadequate preparation for the labor market. The system is task-oriented. Students learn to get into universities because they think jobs are allocated based on university degrees as a result of which important skills such as writing, learning how to type, operate computers, applied science, a whole set of skills that we could call creative skills are not taught because they're not tested and they're not terribly useful because you can't signal them very strongly to employers.

An example of what is wrong with the educational system is technical and vocational educations. Naturally, when the educated can't find jobs from the formal schooling system, you say we ought to teach them trades. So, about 10 years ago, the government decided to prevent everyone to go for the big test which occurs at age 18 at the end of high school. That's the test that takes you into university if you succeed. They started testing them at age 15 to track them, something Egypt has done

for a longer period. Those who are unable to pass a written test are considered good for learning other skills, skills that supposedly can get them jobs.

I don't know why they don't do it for the others, but the students who fail this test drop out. A lot of them drop out from technical/vocational education. The government found out why they are dropping out is because they see no purpose in learning skills because they don't see the labor market rewarding skills. As soon as they said if you score such and such, again on written tests, you can go sit for the big test and enter university, people turn back into technical/vocational education because, as they say now, the end of it is open. There's light at the end of the tunnel and that light is university education, potential for university education.

If you look at labor markets, there is low participation of women. If you look at this picture for men, you see if you're not in school, which is if you're below the red line -- the red line showing those who have left the school and the black line are those who are working -- that gap is relatively narrow. So, some people here are unemployed or doing other things. For women, this gap is huge. So, not only are there not enough jobs, but women are perhaps even discouraged from searching for jobs as you can see.

I talked about long spells of unemployment before. Here is some work we did with the data that predicts if you're in high school, you have the worst chance of getting a job, which is to say you have the longest wait.

Now, I turn to marriage and family formation because I have just a couple minutes left. These graphs show how the youth bulge has been translated into a crisis in marriage because the women of the youth bulge have reached marriage about five years earlier than men. So they find a cohort that's supposed to marry them is 30 percent smaller than them. You probably see this a lot from journalists' reports from Iran, the consequences of this crisis in marriage.

Age of marriage has been rising. Now, that's a good thing, but then it could be too much of a good thing.

Youth increasingly, not youth, adult children in their 20s, late 20s, 70 percent of men live at home with their parents. That's a crisis, I guess, in family formation and in housing. About half of women live with their parents at that age, and that has been rising over time. If you are a young person, you know that cannot be a good thing at all.

If you look at the marriage market responding to this imbalance, there is hardly any response in terms of the age difference, pretty much like what Ragui had for Egypt. So the age gap between men and women

which could have solved the problem, if it went to zero, it would solve the whole problem. That hasn't happened.

What has happened instead is women are more willing to marry men with less education or -- I suppose you could put it backwards -- men are making the sacrifice of marrying someone superior to them. The red line is for men with primary education. It has been a steep rise. Even those with high school, who in the 1980s would have rather stayed celibate than marry someone more educated than them, now basically have the blue line saying they married someone with a college degree, a man with a high school degree.

So, two more slides and the question when you think about policy, this is a description of where youth are, their conditions. I go back to this 25-year-old's diagnosis of the problem. All they need to do is to give us loans, which is basically money for marriage and to buy a house. He's not looking back at all, saying: Why did I not learn the right skills? Why am I in a fruit stall? Why is my college degree only good for selling fruit?

You see here most of the attention is on credit markets, and the government has been doing quite a bit of that.

I think that some of the problems like youth having the wrong skills has to do precisely with government programs that have encouraged people to get a degree in order to get a job, and the government has not

been able to deliver on the jobs. As you know, the government sector is shrinking all over the region relative to the private sector.

We can talk about this in the question and answer period and also in the next session, how coordinated reform of education and the labor market may provide a key to unraveling the knot which is people who have gotten the wrong skills. They're trying to find a job and to take the job, to take it to the bank, to get housing, credit or to convince someone to marry them.

I'd like to think of the youth bulge, now having given some kind of a pessimistic talk, not as a real crisis but as a window of opportunity for reform, reform that can not only benefit youth but also benefit the whole society.

I'll stop here. Thank you very much.

(Applause)

MR. DHILLON: Nader, from Iran to Syria.

MR. KABBANI: Good afternoon, everyone.

I'm actually currently the Director of Research at the Syria Trust for Development, not the Director of the Syria Trust. The Syria Trust is a new NGO that's engaged in development activities in Syria, and they have a research division which is doing some of this work to help set the context for their program activities. This is work with Nora Camille at the

American University, Beirut.

What I'm going to do, essentially, in this presentation is, first, set the context for what's happening in Syria and then talk about various dimensions of youth economic exclusion in Syria and talk about some conclusions.

First, something to mention is what's been really interesting in the study is how these different countries have a lot of similar characteristics between the youth bulge, predominance of public sector employment and quality of education. It's also interesting to see how the ideas and concepts developed over time. We see exclusion here as the main focus of the titles of the papers, but the direction of the research is actually looking at more pathways to inclusion right now and finding ways and identifying policies to help youth become more involved both economically and civically, hopefully, in the future stages.

To give you a brief idea of the Syrian context, similar to the other countries, it's facing a youth bulge in the population which represents challenges in terms of finding jobs for these young people as well as opportunities and that if jobs are found, then there is the possibility as they move into adulthood of higher savings and economic growth.

There are also major economic reforms underway in the country to move the country from a state-controlled to a social market economy. You

now see private banks, private schools, private universities. There's a general encouragement of the private sector.

Time is a factor here because Syria is expected to become a net oil importer within a few years which would add to the state's fiscal burdens, and so the government is beginning to try to rely less on public sector jobs and try to reduce private sector regulation and allow private sector entry so that they can basically find jobs for these incoming young workers.

The education system is being reformed after several studies have suggested that it's not providing the quality education that employers are requesting in the market.

I'm going to skip some of these slides simply for time.

To give you a sense of what's happening in Syria, unemployment is essentially a youth problem. Throughout the Middle East, youth represent about 34 to 66 percent of the unemployed. Syria is second only to Egypt in the data that I have. So, unemployment is largely a youth problem, but something to note here is that the situation is actually improving over time. Previously, the share of youth among the unemployed was closer to 80 percent just a few years ago.

This shows the unemployment trends. They are not seasonally adjusted, but you definitely see a downward trend. The economy is improving. Unemployment is going down. It's estimated to be around 8.5

percent. A lot of this is happening at the younger ages, not so much the maybe 25 to 29 where the youth bulge is peaking now but where the bulge has passed. So this could potentially be due to the passing of the youth bulge. It also could be due to the economic reforms that are being introduced in the country.

To give you a sense of what young Syrians by education are doing in terms of economic activity, this breaks this down by males and females. Activity rates basically means in school, working or looking for work. So they're actively involved somehow in the labor market or in education.

For young men, they are, for the large part, participating. They're either in school, looking for work or working, except for maybe the illiterate groups. A lot of this is due to the seasonal nature of their employment. They work in either a neighboring country like Lebanon for a few months a year and come back to Syria or they work in agriculture, but for the most part they're engaged.

For young women, it's actually much lower, but it increases substantially with level of educational attainment, so that the activity rate reaches over 80 percent by the time they reach post-secondary education attainment.

Unemployment rates: You see a general increase and a decrease at university level. I'm highlighting two things to note because I'm going to

come back to them in just a minute. Unemployment rates seem to be highest for those with vocational secondary and vocational post-secondary education.

To put this in kind of more of a graphical form, this is for young men and young women by age 15 to 29. You see for young men, the blue is a student. They are going from school. Red is employed. Yellow is unemployed. They're basically going from school to the workforce, looking for work but eventually getting jobs.

For young women, it's a very different story where they basically go from school out to the labor force, and unemployment is higher among young women because it's a share of the yellow and red together, the employed and unemployed. Overall, the numbers are comparable, but the share is much higher.

In terms of what I'm going to look at next, looking at economic exclusion, we're going to look at economic aspects, social aspects and some institutional aspects. In terms of the economic aspects, it's important to start with the youth bulge. That's kind of where a lot of this research has begun.

The pink line represents the share of the 15 to 29-year-olds in the population. You see that it's increasing and peaks around 2005, and then it starts declining from around 32 percent, and it looks like it's going to hit

around 20 percent. So it's a major decline through 2050. So this is essentially what we're talking about when we say the youth bulge.

This is primary and secondary school enrollment rates, again another key factor in our economic discussion. What I'd like to show you is a little bit in terms of educational attainment for primary school is pretty high across the board. Secondary school increased through the mid-eighties and then declined. What's happening here is a change in government policy where the government, similar to what we saw in Iran, decided it was going to direct students towards the vocational track. So the ninth grade national exam that basically selects students into general, secondary or vocational secondary started pushing students into vocational secondary.

Of those students, only 2 or 3 percent were eligible to go on to university or further education and they perceived it as a dead-end and they dropped out. So a lot of this is basically dropout.

The government reversed the policy in 2001 or 2002, and you can see things shot back to normal where they are going back into general secondary. They haven't reversed the policy in terms of only a small share of the vocational continuing. So vocational schooling is still an issue.

This could possibly explain part of the high unemployment rates for

vocational secondary in institutes because of this large group that entered the market with those qualifications when the government had the policy initially in place.

Look at some of the social aspects. We're using data from the 2005 School Toward Transition Survey which was an ILO survey that was conducted in Syria, and they asked people what's the most important goal in your life. For young men and young women, over 80 percent said school. When they left school, for young men, it's work and for young women, it's family. This is not so much a surprise. What's surprising, however, is the magnitudes.

In fact, when they asked what's the second goal, again, they tend to focus when they're in school, on school and further education. When they're out of school, it's on work and further work. We see this in other surveys that we're doing. When young people in Syria are in school, they think really of very little besides school because there's a national test.

The national test determines what they do after life. What grades they get determines what fields they specialize in. If they don't pass, they do something else. So they're all focused on school and not focused on careers.

Once they leave, they're also not really thinking about continuing their education very much. So part of the future work that we want to do,

hopefully, is trying to look at the difference between focusing on jobs and focusing on careers, and that's going to hopefully be implemented in some of the programs that we're doing as an NGO in Syria.

Looking at some of the reasons for youth inactivity, for young females, the major reason for economic inactivity, not in school, not working, not looking for work, it's housecare, housework and childcare. Family refusal is the second most important reason for economic inactivity. Among young males, it's pretty much spread out evenly across the board. Lack of jobs or lack of suitable jobs is not the major factor for either.

In terms of methods of job search, help from family and friends and relatives is a key thing for both males and females; visiting establishments directly; employment agencies, basically this is signing up to wait in line for government jobs. Less reliance on formal methods that we normally think of in terms of posting an ad, responding to an ad, writing a CV.

Now, this is important. I'm going to come back to some of this. If the primary issue for young females for not participating or the secondary issue is family refusal and if family networks are important, then you start seeing that when they work together, if you need your family's permission to look for work but you also need their help, that's when you have multiple issues of exclusion coming together and forcing maybe people

out of the labor market. Simply having one factor in place, maybe not so much economic exclusion, but when you have these multiple factors playing a role, that's when you see more evidence of economic exclusion.

I'm going to turn to some institutional factors. There is a very strong interest in public sector work. This is level of educational attainment, and the first part here is for males and females, the share who are working in the public sector. You can see that for university graduates, it's over 80 percent of university graduates in the public sector. So, education is a way of getting those public sector jobs.

What's happening if you look at hourly wages for males and females? For males, the private sector and public sector wages are fairly comparable. When you add in benefits and job security, the public sector jobs become quite attractive. For young females, hourly wages are actually higher in the public sector except for university graduates. Again, add benefits and you see why they would like to work in the public sector.

Just a brief discussion, economic forces behind these youth employment outcomes seem to be able to be explained by transient factors such as the youth bulge which is passing education policies which have been changed. Social factors and institutional factors may be more important or at least very important as well in terms of future research. We just stick to looking at economic factors here. There are norms.

There are institutions that need to be considered as others have mentioned.

This is the example I mentioned briefly about family refusal for young women. Queuing for public sector jobs is an important aspect of this as well because a lot of the employment that we see are basically people waiting for those public sector jobs because they are more attractive.

We find educational attainment can buy some measure of inclusion. So, even though maybe unemployment rates are still high, they afford people more options, especially young women.

I was going to talk a bit about the Shabbat program, but I think we are going to stop. Afterwards, if you want to discuss a little bit what our NGO is doing in response to some of these things, we can discus that. Thank you very much.

(Applause)

MS. SINGERMAN: So, today, I'm going to do violence to this presentation. There are about 50 pages outside that you can look at if you want to.

Very, very briefly and schematically, we've heard about the demographic transition. We've heard about the youth bulge. What I'm going to talk about today are costs of marriage and how looking at

marriage adds basically a third dimension to the school to work to marriage transition in that if you want to understand young people's problems, you must understand marriage and the financial and social predicaments of marriages.

We know about the youth bulge. We know about the demographic transition. We've heard about youth unemployment and how structural adjustment and privatization have created this problem among many other factors. The problem here about youth unemployment is not just youth unemployment per se but basically young people, in order to marry, have to come up with lots of money. So, youth unemployment influences the ability to marry. Youth unemployment increases economic pressure on young people.

We have also heard a lot about delayed marriage. In Egypt, the survey that Ragui Assaad conducted in 2006 with CAPMAS and others, about a quarter of our sample of men married between the ages of 30 and 40. Only about a third marry before the age of 25, and even 17 percent of the women marry over the age of 25. Again, youth unemployment creates economic pressure on young people which also adds to delayed marriage, and this is not really a causal argument, but it's an argument about why delayed marriage is problematic. We've heard some of this.

Now, the issue is also that social and cultural norms insist that

marriage costs must be accumulated before marriage, so that everybody has to save for particular components of marriage which are very specific and each party to the marriage, the bride, the groom, the groom's parents, the bride's parents pay particular costs of marriage. They include these six basic components of marriage, and marriages will not take place even if the young people would like them to, unless all of these appliances, the trousseau, et cetera, are in place. So, the problem here really is that marriage is expensive.

What I want to argue is that there is really sort of a marriage imperative in the social and economic life of Egyptians.

Now, the costs of marriage are common knowledge. Any Egyptian, lots of people throughout the region will tell you all of this. It's very easy to find out this information. We knew about all of this ethnographically.

What I've done with Barbara Ibrahim, who is the past director of the Pop Council in Cairo, is for the first time to try to aggregate the costs of marriage nationally in Egypt in a survey. Now, in 1999, we did a small survey which basically tells us that the costs of marriage are about 6,000 U.S. dollars. The costs of marriage are 11 times annual household expenditures per capita. It basically takes two and a half years to save for the costs of marriage that equal the entire expenditures of all the members of the household for two and a half years.

And, there's a variation. In households that lived below the poverty line in rural areas, the costs of marriage were 15 times per capita household expenditures. So, what does this mean? That people have come up with $6,000 and they have to do it 3.5 times for their children, but they're living under the poverty line.

So we did a much larger study of about 8,000 households with my research assistant, Anna Olsen, over there and others. In 2005-2006, it's basically the same. The cost of marriage is $6,000.

So what does this mean in relationship to other kinds of important economic factors? The costs of marriage, if you count how many marriages have occurred in Egypt in one year, they dwarf annual U.S. economic aid to Egypt, almost $4 billion. They dwarf total foreign remittances of $3 billion that almost 2 million Egyptians produce, living abroad. Well, they're about equal to tourist revenues of $4 billion that is created by 5.5 million tourists visiting Egypt annually.

Obviously, we know the Egyptian Government is interested in the tourist industry. The Egyptian Government is interested in U.S. foreign aid. But, unfortunately, the Egyptian Government and lots of people are paying absolutely no attention to the costs of marriage except sort of rhetorically and in sort of talk shows and things like that.

A little bit more information: These are the costs of marriage. The

groom bears about a third of the marriage costs. The groom's family bears about a third of the marriage costs, and the bride's family is about a third of the marriage costs. Again, these are very specifically worked out, who pays for what, beforehand.

Now, we wanted to try to figure out how long does it take to save $6,000 and what we did is we looked at the wages of people in our survey. The punchline here is that basically it takes three years and a month for grooms, for absolutely all of their wages, 100 percent of their wages dedicated to their share of marriage costs in 37 months. This is the lowest wage quartile.

Now, again, the groom's parents contribute about a third. So, basically, the groom and the parents contribute 100 percent of their wages for 88 months to the costs of marriage. In other words, the marriage imperative is quite central to household economies and, we would argue, national economies.

Schematically, there's another dimension to this. The financial costs of marriage are quite challenging, but why should we care about delayed marriage? Why should we care about the expensive costs of marriage?

The second part of this, again which I go into in the paper, is that in some sense, and this is a gross generalization and these things are

changing. They're always changing, gender norms. In a sense, sexuality is tied to marriage. Sexuality is housed in marriage, and I should say legitimate sexuality. So, no money equals no marriage equals no legitimate, publicly acknowledged intimate relations.

When you saw those factors about young men marrying at 30, who cares? Young men care and young women care because there are few alternatives and they are morally suspect. Actually, there's a large public discourse always attacking young people for being hedonistic, for being westernized, for being immoral.

At the same time, as you all know, the Islamist movement is quite strong, and so social conservatism is more popular and more even appropriated by the government as well as opposition forces. So, morality and family values are big-time politics as you all know.

At the same time, even though I'm not an economist, economists tell us when the price of a good is too high, is inelastic, substitutes will arrive. Substitutes are arriving in the marriage market. We see common law marriage among young people, '*urfi* marriage that some of you may be familiar with. We see *misyar* marriage which means you don't live together but the man travels back and forth. We see *zawag al-'urfi* marriage which is summer marriage, temporary marriage. We see *mut'ah* marriage which is Shi'a temporary marriage sort of gravitating even to

Sunni circles in places like Lebanon.

We also have discounted marriages, marry a foreigner, much cheaper. This is one of the Egyptian newspaper articles. If you marry your relatives, it's discounted 25 percent. If you have extended family living, it's also discounted. Actually, consanguinity is quite high in Egypt. Thirty-one percent of all marriages are to relatives, which has been fairly consistent since the 1960s. Again, I'm not saying that economic costs are all of it, but that's a very important dimension.

The other part of this sort of sexuality marriage is that parents invest tremendously in their children. They invest tremendously in their education. They invest tremendously in their marriage costs. And so, delayed marriage means continued financial support for parents. Parents are very involved in choosing spouses, arranging marriages and, in some sense, they should. They have an economic stake in all of this. At the same time, there are parental expectations of sexuality housed in marriage and there is premarital data.

So, in a way, as Roxanne Varzi says, youth are living in completely different realities. They are living with their parents, as we heard. They're expected by moral, religious, public authorities to act in a certain way. Yet, the demographics are making it very difficult for them to do so. So there's this policy of don't ask, don't tell and also a sort of sense of

alienation, a sense of -- whatever you might think about this -- not being able to live up to social expectations puts people in very difficult positions, puts young people in very difficult positions.

The other thing about public sector employment and the notion of waithood and this prolonged adolescence, a lot of economists would tell us that young people waiting for so long for permanent jobs makes no sense. They should find other jobs. But what we have to understand is a permanent job is something that parents demand, so that public sector employment signals eligibility for marriage. The kind of job you have is very important to whether or not you can get married to certain kinds of people.

Again, what I want to emphasize is the school to work to marriage transition and furthermore to the sort of political side, which I'll kind of end with here. The sense is that young people have done their bit studying for all these national exams that you've heard of, but the payoff has not arrived. They haven't been able to get these good jobs. They have more jobs in the informal sector without a lot of rights, without a lot of social benefit.

So is the public patrimony going to young people as it used to for the parents' generation? Are young people really getting as much as they used to and where is the public patrimony going in some sense?

Why are families the ones that are called upon to sacrifice for the young people? In this country, parents start saving for a college education as soon as their kids are born. In the Middle East and in Egypt, parents start saving for the costs of marriage as soon as their kids are born, but there are very, very few public programs acknowledging this.

The President of Iran established the Love Fund. That was one of the first things that he did when he came to power, and that was to subsidize marriage costs.

There is a marriage fund in the UAE because the UAE, the Emirates have a problem that a lot of their men and women, their men particularly, are marrying foreigners. They want them to marry local people.

In Saudi Arabia, the costs of marriage for a couple supposedly cost about $86,000. Contrary to popular opinion, not all Saudis are rich and this is a very difficult sort of situation.

Not to mention just the difficulty of young people -- I'm certainly not young anymore but some people here are young -- but what does this say about citizenship rights? What does it mean, as Hilary Silver will tell us, about social exclusion when people cannot participate? People can't become adults. If adulthood equals marriage, they can't become adults.

What does this mean about the way in which the young people think about their governments?

I'll stop with that. Thank you.

(Applause)

MR. DHILLON: Diane, thank you for that fascinating discussion.

We would now like to open it up to a Q and A, if you can please introduce yourself. We'll have a Q and A. There is a roving mic for the next 20 minutes, and then we'll break for a coffee.

Tamara?

QUESTIONER: Thanks. Tamara Wittes from the Middle East Democracy and Development Project here at Brookings. I want to thank all of you and Navtej for this amazing project.

I want to ask. I think what you've done in the papers and in your presentations today is incredibly valuable in laying out the dimensions of a problem that all of us have been discussing for a long time. What I wanted to ask you to do is perhaps just go one step beyond and talk a bit about how states are responding to this challenge.

You've talked about the impact of neoliberal reforms. You talked about the impact of structural economic change on youth. But Diane is the only one who talked about the political implications of this challenge. So I'd like to ask the other panelists if they'd like to take a crack at that as well.

MR. DHILLON: Thanks, Tamara.

Ragui, we'll start with you.

MR. ASSAAD: Clearly, on the rhetorical level, youth unemployment and youth issues have gone to the top of the agenda. I mean if you look at the presidential election promises of President Mubarak, probably the very first thing is providing jobs for youth. So, rhetorically, the states see this as a very high priority.

Now, what they've actually done about it is a different story. There are programs here and there to try and address it, but it's always piecemeal and it's rather not seeing the problems as being all those relationships interacting with each other. I think they try to deal with the employment issue on its own but not realizing that clearly dealing with the education system and how it relates to the labor market is very important.

So I think the level of urgency is there and states are very receptive to messages and solutions that would be proposed to them, but I think we still have to think about what the solutions actually are.

MR. ISFAHANI: That's an excellent question, and I can repeat almost Ragui said. The key word is piecemeal, and they're active at that.

If you look at the range of policies the government in Iran has introduced, they had a $1.2 billion, -- APP would be times as much so about $5 billion -- Jobs for Youth which quickly degenerated actually into giving money to graduates, college graduates at that, sort of making the

problem, from my perspective, worse. Getting everybody else to do the same thing, and they haven't been able to repeat that project. That was President Khatami, by the way, who did that. President Ahmadinejad has shifted the funds more towards marriage and housing. And the early reports from that are not very good, because he put pressure on the banks to lend to young people, and the banks are creating all sorts of problems so they don't have to lend because they know they're not going to get the money back.

They have been looking at education. As I mentioned, they tried to persuade people to go into technical vocational education, that didn't quite work. And the latest education policy that is -- if you live in Iran, it's a big deal, is that they have announced they're going to remove the national university entrance examinations in four years.

All these are completely unconnected, because -- the big test is feared because it generates a lot of losers, right. So what do you do, why are so many, one million plus losers from that big test, and that's not really -- a question to address is, well, if the test is making people unhappy, remove it.

So what do you do, you go to high school and start working on those grades. It's going to make high school life really miserable for teachers who now determine peoples lives. And so what I think is

happening is that -- and there's, by the way, youth organization that's extremely active, you know, if you go there, there's, you know, a stack of studies they've done goes to the ceiling, and they are not -- you ask for a summary of all those, it doesn't exist.

And one of the things I think we are trying to do is to create some kind of coherence from what has been happening and suggest a coherent way to go forward, so that the policies are not so piecemeal and sometimes at cross purpose.

SPEAKER: Yeah, I think I agree with that. That's very much a piecemeal approach. There's no one really responsible, so many different parties are trying to do the same things. I've counted three different national youth strategies in the past two years.

There have been four different -- I'll show you results of one youth survey. There's four different youth surveys that took place, again, in the past two years, none of which have been coordinated with any of the others. So you have different information coming from different sources and no one is sharing their information, but they're trying. I mean to let you know that there's a lot of different groups responsible for youth in different ways and lots of different groups trying different things, but there's no really coordinated effort. There have been attempts to try to improve the education system and reform education at all levels, revise the curricula.

There's also attempts to improve vocational education and training through new different programs in partnership with -- So they have a large grant from the -- that's 30 million euros or something, but that's been sitting without anyone really knowing what to do with it.

So there's lots of good intentions, but there really isn't a good sense of, okay, how do we approach this. The government is now considering providing funds, working with the private sector, private sector banks to provide start-up funds to young entrepreneurs. But they're, again, not sure how to do this and how to make sure that they're -- to avoid the problems that have been -- that we've seen in other similar programs in Egypt and other countries of the Middle East.

The NGOs are trying to do things, as well. So we have programs to try to help young people at least think about jobs outside the public sector while still in school, either through the schooling system or through other mechanisms. So what are the opportunities; and we help young people try to actually prepare resumes and interview techniques and just these basic skills, these basic key skills which most young people in Syria don't have. So just how to -- how do you go through formal ways of finding work. And those have been -- we're finding evidence of some success in some of these programs.

SPEAKER: Just really briefly, in Egypt, some of the things that the government has done, all controversial, of course, is there's no lifting of rent control laws, and so there is now a rental market as opposed to having to come up with 100 percent cash on the barrel head for an apartment.

Mortgages in Egypt are usually just for the rich, and there is a difficult controversial process of trying to allow for mortgages for poor people, and affordable housing is greatly lacking and falling far behind in incredibly luxurious gated communities that are being built all over the place.

There are very small programs; there are now sort of telephone hotlines about HIV, and a lot of sort of thinking about the -- about women's health as opposed -- and not linking it just to married woman and maternal and child health care centers, so sort of seeing public health issues, there's beginnings of that kind of thing. And then the other thing, it's not really what the state is doing, but I would say, and again, this is -- we can talk about it a lot more, but sort of young people participating in things like a couple of years ago, of course, the Cedar Revolution, or the Katha Movement in Egypt, or the Muslim Brothers, an electoral -- I mean young people are sort of engaged and connecting with each other and trying to change some of these things, but it's, as you know, very difficult.

SPEAKER: Why don't we take a couple of questions in the next round?

MS. BLOOM: I have a two for one question. Jane Bloom, International Catholic Migration Commission. The first question is for Doctor Assaad. You've painted a compelling picture, you've used words like the youth are trapped, under employed, or in precarious situations. Those are elements and factors that have long, for generations in many other countries, been a push factor for out migration. And I'm wondering -- so my first question is, are you seeing out migration as a result of it?

And my second is for the gentleman from Syria, with an in migration question, with the million displaced Iraqi's, many of whom are youth. I know it has put pressure on the education system, Syria has risen to the occasion very admirably. We're hearing, however, that there is great child labor, rampant child labor is the way it's being put, and the -- just to make ends meet, the girls are going into prostitution, the boys, at age nine, ten, and eleven, we're hearing reports of working in less than very good job situations. So I wonder if you could talk about any effect that you're seeing at this point, it may still be early, with the in migration?

SPEAKER: Thanks. Can we just take a few questions, one here, one at the back over there, and then also one here?

DAHLIA: My name is Dahlia from Gallup. What we really focus on is public perception. And I specifically work on Muslim public perception around the world. What I'd like to hear from anyone who'd like to answer is, a lot of things that I heard you all talk about is cultural and public perception problems that have exacerbated the problem, like requiring $6,000 to get married, or a sort of social stigma against vocational schools. Can you talk a little bit about what would have to change culturally or in terms of perceptions that might alleviate this problem?

SPEAKER: Back there, the gentleman in the blue shirt.

MR. MANDULE: I'm Peter Mandule from George Mason University. A question for Diane Singerman. Diane, as you and many in this room knows, the Muslim Brotherhood, for several decades now, had done a very good job of moving quite effectively into those spaces that the Egyptian state seems to vacate, and provide services where there's neither the capacity nor the inclination on the part of the state to do so.

So I'm wondering, within the political economy of public morality that you've talked about, do we see either the Brotherhood or other religiously inclined actors or other locations for the production of something like social capital in Egypt that are not the state providing programs, funding, and support to reduce the costs of marriages, and if so, could you talk a little bit about what that looks like? Thank you.

SPEAKER: Let's just take one last question of Caroline Fosset.

MS. FOSSET: Yes, my name is Caroline Fosset, I'm working at the Wilkinson Center. I'd like to just make a comment, and that was on Djavad's slide, which basically said -- one of the quotes from the young person, which is probably the most important thing is to listen to them, it says that the government can solve all our problems, and that attitude is probably one of the more pervasive issues out there, and I wanted to know how -- what your thoughts were, what type of research could be used to document this, and how to move this forward.

SPEAKER: Ragui, why don't we take -- start with you on the question about migration out of Egypt?

MR. ASSAAD: Actually, migration goes through ebbs and flows. There was a tremendous interest in migration during the first oil boom as many Egyptians were leaving to work in the Gulf in particular, and the interested ebbed for about a decade or longer during the 1990's, as oil prices were down, and then now all of a sudden there is this explosion of interest in migration again, not only just to the oil rich countries, but also to Europe.

There's not a week that passes that there isn't a story in the newspaper about hundreds of Egyptians who have died in both trying to get

to Europe. So the issue of informal illegal migration to Europe is way up on the agenda from both sides of the Mediterranean. And there's clearly tremendous pressures to migrate. In fact, there is anecdotal evidence that young people are spending $10,000 to arrange for a smuggler to take them on this very risky -- and people asking, why can't you use the $10,000 to start a business, where you can create yourself a job. So you can see, their evaluation of that possibility of going to Europe and working is much more positive than, as risky as it is, than creating a business in Egypt that could create a job for them.

So clearly, all the issues that we talked about are pushing -- are tremendous push factors. And, in fact, now the Gulf is opening up again for Egyptians and oil rich countries, which is creating some kind of relief for that pressure. But the data is still not in in terms of how much relief it really is creating.

SPEAKER: Nader, why don't you take the question about -- in Syria?

MR. KABBANI: Okay. The estimates of -- that are in Syria are between one and -- just under one to one and a half million. It has put a substantial burden on the economy, maybe partially responsible for rises in -- large rises in prices. And they're eligible to go to school, so many -- so lots of pressure on the school system. I know that many are not in school, it's a

major issue that young Iraqi's are not going to school. My own impression is because they think it's -- their situation in Syria, they're hoping it's temporary, and so may not have access to good schools, or the schools in the areas are not able to accommodate them, or they're hoping to go back sometime soon.

But those coming are staying long periods, they're running out of money, and they're being forced to look for alternative sources of income, and it's not easy.

I don't have -- there isn't information about what's really going on. We have a general sense of where they are and some of the needs. And I know that there's information, data being collected right now by the U.N. and U.N. agencies to coordinate efforts of getting this information, understanding where the needs are, and for the government to try to find ways of responding.

In terms of NGO's, we're hopefully going to enter into an agreement and partnership with some external donors to try to find ways of reaching young Iraqi's and trying to find ways of getting them into schools. The project is still in the development phase. But I'll be happy to talk to you more about that during the discussion.

SPEAKER: Diane, the question about the international community is sort of not really paying attention to the predicament of

delayed marriage. Are groups like Islamic Brotherhood playing a critical role on the ground?

MS. SINGERMAN: Sure; I think Peter's question and this question about cultural change are kind of related. You know, there's some evidence, for sure, that, especially in the '90's, Islamist movements and places like Imbaba and elsewhere were setting up marriages, and they were critiquing the high consumption and the sort of, why do you need 100 glasses in order to marry, it's go ask Shad, you know, just go marry for a symbolic dower and things.

And so there was evidence that -- one of the ways of recruiting members was to marry members to other parts of the movement. And actually, they were going against the familial demands of accumulating all of these costs.

So there is some -- but the Islamist movement has made a great deal out of the morale agenda. It's much easier to criticize the government on morale grounds than to be directly political, as well. So it's the sort of grumcian war of position. But at the same time, I would say a lot of Islamist movements are always talking about hedonism and westernization and immorality. They're not talking about high unemployment, they're not talking about let's build affordable housing. You know, Gumar Mabarek has a foundation where he's supposedly building

newlywed housing. So there's a lot of tiny, little efforts at the rhetorical level, but there's also a lot of double speak, where people are not really dealing with these issues.

And I think it's really important about sort of marriage. Here is a huge investment, and because, in our minds and the way our surveys are organized, the way in which we think about consumption and savings, we think about this stuff as cultural, not economic.

And in any kind of institution has real deep economic basis. So the cost of housing, mortgage laws, divorce laws, all of these things are very much related to marriage costs. So it's not at all like I'm saying that spending $6,000 on marriage is problematic. Maybe it's a very good investment in the next generation. It really supports people, it sets people up.

And for women in particular, it's a way of directing resources in a way towards women more than men, that women get resources in marriage. So these things are pretty complicated, but I think the way to kind of naturalize them is to not talk about sort of people spending a lot of money on marriages, traditional or cultural, but also looking at -- breaking it down and looking at what keeps housing costs high, why are they building all kinds of affordable -- why are they building all kinds of luxurious housing, but affordable housing is so difficult.

So I think that's what some of this research is. Let's just try to talk about it, get it out there, and have people start paying attention to it so they can ask all these other questions that we only have very like, you know, sort of very preliminary kinds of answers to. We don't have a lot of answers at all.

SPEAKER: Thanks, Diane. Let me end this panel with a question that Dahlia posed, which is really about how do you create a change in expectations regarding some of the key social and economic norms that might be responsible for a lot of its problems. Ragui, why don't you take that question first.

MR. ASSAAD: Yeah, I mean I think the issues of expectations, I mean one can say it's cultural, but when one says it's cultural, you think it's immovable or unchangeable, and I think what happens is, expectations develop because of years of practice. And so, for instance, now, in order to be eligible for marriage, you have to have more education, but you also -- it really helps to have a government job, because then you have a secure job for life that makes you eligible. Now, while those secure government jobs are no longer there, it takes a very long time for perceptions to start adapting to changes in the labor market. There may be other ways of measuring eligibility, good employability skill level, et cetera. So it's not that these perceptions don't change, they change with a lag, and

they change with a lag in such a way that, for a period of time, it looks like they are well behind what the changes are occurring in the economy.

So I think the thing to do, clearly, media has a big role to play there. In terms of the peace -- making clear what the real situations of young people in the labor market is, so that when somebody presents themselves for marrying your daughter, you can compare them to people in their cohort, not people two cohorts ago, who are facing very different conditions in the labor market.

SPEAKER: Thank you. That's a very good question about how to change expectations. And, in a way, we are moving now into the harder area, from discussing what the situation is like, where do we want to go, and how we want to go there, about policy. And I think that policy has a role, and as Ragui said, expectations are for -- because of practice. And I want to specifically address -- take an example, the hardest one perhaps that will come to mind is, how to change a stigma attached to technical and vocational schooling, because in all the countries in the Middle East, those who fail some tests go there.

If you look at -- I give you an example from a completely different environment. In the United States, in order to go to graduate school, sometimes to go to good private schools, you have to show that

you've done things that you would not want to do as a career, like you won't want to work in slums in Guatemala to get into a working school.

Working school, what makes working in slums respectable, in fact, people work hard to get there. Some people have connections, they pull connections to be able to go to some place in India, you know. Some parent was telling me that his son with somebody else had rented some car that looks like an ambulance, they were going into the slums of Calcutta, and he was very, very proud, and I was very jealous, said how did you do that, could I do that, you know, for my son. Governments have a big role to play in changing these expectations. And here I want to move to the question that Caroline asked about what can the government do. You know, the 25 year old disappointed young man has a point, the government can solve the problems, not all of it perhaps, but quite a few of them, not the way he thinks, by throwing money at it, but by saying, for example, if they want to hire people, hire graduates, they can just say, we are not looking for a diploma, we are looking for a person, we are looking for someone who can write, who can talk, and we're going to do an interview, we're going to evaluate a sample of writing.

Just take that one simple example, here's the government in action. It can send signals to all schools all the way through grade one that

you ought to be able to write, even though the university entrance exams don't require writing because it's very expensive to grade that.

And it's not just expensive to grade it, everybody would cry foul who didn't get a good grade, because, you know, you're upset with objectivity. And since life is not objective, work is not objective, somewhere we have to give that up. And subjective evaluation also has a very bad rap. You get people saying, you know, why should this person, the employer, tell me I'm no good, that doesn't make any sense, the government should stop them from saying that, you know, the government should force them to keep me for a very long time. And that is a perception problem, which is who am I and what is my worth. In this country, when you're laid off, you're not ruined completely, you think you had a bad match, you're going to go find the right job for yourself.

Can we do that in the Middle East? I'm not sure exactly how we're going to do it, but I think government has a role to play in starting the ball rolling, to get people to think about productivity and human capital as opposed to --

SPEAKER: I guess Ragui and Djavad covered a lot of ground and very good ground, so I'm going to keep it mostly short. I think it's -- I think ultra perceptions and stigma are -- and cultural norms are very important. And let me take one example in terms of -- a couple of examples in terms of education in Syria.

For example, vocational training, it has a stigma attached. And there was an inadvertent experience that kind of happened. Syria experimented with a dual training system of the European Union and Germany, where you have apprenticeship program and three vocational schools. Funding came from the European Training Foundation. And it was a great system, you go to work in private companies, you get experience, and things were great. And in this school, you had a much higher chance, I think it was up to 20 percent of continuing on to universities, and what they saw was that students were not dropping out and they seemed to be engaged and this was working. For some legal reason, the schools figured out that there was some barrier and they couldn't follow up on their promise of that share going on to universities, and it was down to two percent of all the other vocational schools.

Immediately, a huge share of the students dropped out. So, again, the training was good, they were getting good experience, but again, there was such a strong stigma attached to the fact that they were stuck in this and this was a dead end position that you saw that reflected immediately in people leaving.

How do you do this? You change the policies, give them hope, you give people a chance to say, oh, there is a way forward, there is

something called career, I don't have to think about this job. But it does require government to change some of its --

Now, not just government, because there is a perception, as you said, that people will wait for government to make the change, and to some extent it's up to people and communities to make the change themselves, and that's one of the key elements for trying to work as an NGO, it's basically saying don't wait for government to do things, you know, you can do things yourself, and how do you empower people and communities to do that is one of the key aspects that NGO -- the new NGO's, NGO's in Syria really started about five years ago.

I mean before you didn't have many organizations like this. And a large focus is simply saying people can do this, you don't have to wait for government intervention. But to some extent, for many of these issues, you do need -- you need government support and changes in --

SPEAKER: Diane, how do you make marriage more flexible?

MS. SINGERMAN: I'm not sure I have the answer to that. Some of that has to do with divorce laws, which are also changing. But I think part of the issue here is that, just one of the things that I think I'm doing and my colleagues are doing here is trying to look at things differently, not things in isolation, but look at things together, look at things and how they relate to each other. And the sort of thing I'm talking about is absolutely

common knowledge, every day knowledge. But people don't recognize it as important. And if you don't recognize it, you're blind to it. It's the same sort of thing as not thinking women were involved in politics. And now people have -- or women were not in the labor force for a very long time, until people started recognizing this was happening, and they started measuring, and they started thinking about it, and that's sort of -- that's the first step to sort of putting it out there in the aggregate, these things cost a lot of money, there are these patterns, and then we can go from there.

SPEAKER: Excellent panel. I think we'll break for a ten minute coffee. Please do come back because the next panel is going to be really important. It's all about what we can do. So don't walk out thinking that it's all hopeless, because it's not.

(Recess)

MR. DHILLON: Could we please grab our coffees and convene the second panel?

Well, we'd like to start on our second panel. I think in the first panel we heard that many of the challenges facing young people are multidimensional, and therefore promoting their inclusion means we need to look at education, employment, housing, credit, markets, as well as marriage and how these different areas or distinct sectors intersect. I think in this

panel what we hope to accomplish is perhaps begin to have a discussion about what this means moving forward in terms of ideas for policy.

So let me introduce the two new panelists. First is Hilary Silver, Professor at Brown University, and second, it's a pleasure to also welcome Jean-Louis Sarbib, who is a visiting Fellow at Brookings and was previously a senior vice president at the World Bank and also led the World Bank's Development Report on Youth.

Hilary, why don't we start with yourselves? I think Hilary is going to provide us some sense of how did some of the OECD countries, particularly the U.S. and Europe, dealt with these problems of these problems of the youth bulge and what are the lessons, if any, for the Middle East?

MS. SILVER: I have very little time to try and cover a large number of countries and a large number of topics, but permit me to try to introduce the issue of some of the lessons that we've learned from policies to address youth exclusion in Europe and the United States.

I want to say that first of all, it's not simply that we've learned some lessons to design interventions in the Middle East, but it's also what we've adopted in this group is also a framework for thinking about problems of youth in the Middle East, and that framework is called "exclusion" -- the study of social exclusion. And in the United States, we have a tendency to think of youth problems under the rubric, perhaps, of youth training

programs like Job Corps programs and so on. But, in fact, what the European approach has done is classify a range of multipronged, joined-up programs that address multiple problems or needs simultaneously.

The idea is that rarely will you find young unemployment to be only a question of the economic or business cycle and, rather, it's a perspective that says economic problems give rise to social ones, and social problems give rise to economic ones. And that's what we mean by saying it's multidimensional.

The social exclusion framework casts youth unemployment as a multidimensional socioeconomic process of cumulative disadvantage. There's a cascading spiral that might originate in poverty, but it might also originate in social status such as ethnic, tribal, sectarian, linguistic or gender difference, and discrimination against groups might impede schooling and, in turn, employment.

Such economic disadvantage then might translate into further social isolation, the inability to participate in social activities even with one's chums, or the inability to move into one's own home, or the inability to marry. And what our group has been calling "waithood" is really a life stage in the life course that makes youth vulnerable to an entire lifetime of exclusion, and it's breaking this vicious cycle, bringing excluded youth into the fold, creating opportunity that's the goal of many of the comprehensive policy interventions that address both social and economic issues at once.

Now, exclusion is also an idea or a framework that's context-dependent, and this is an important thing because the meaning of belonging differs across societies and regions. What it means to be a member of the society will vary, and it's not just the cultural issues that we're called upon to identify the context-dependency, it's

also the legal frameworks of each country that set up the rules of inclusion and exclusion.

So, for example, the United States we know racial exclusion is an important dimension of social exclusion. It goes without saying, but it may not be relevant in parts of the Middle East but where all sectarian exclusion may otherwise, or tribal exclusion.

Now, another reason why exclusion is a useful perspective for studying youth problems is that it's a relational process. The policies can't simply focus on the problems of the excluded because that has, certainly, a danger of blaming the victim, to say the least. Policies also have to identify the sources of exclusion in the relationships between excluded and included.

And I say this as a sociologist; you may all recognize that we talk about social relations. But insider/outsider problems plague Middle East labor markets just as they do in many European ones and vested interests, say, of civil servants or unionized workers or men may construct boundaries that protect themselves from competition. Therefore, things like needless

credentialism, age regulations, family-related rules and so on place obstacles in the way of youth who want to enter certain fields and positions.

But, I hasten to say, that you can't assume one-to-one correspondence. What we found in Europe, for example, was if you introduce early retirement policies, you don't necessarily open up opportunities for young people. In fact, they actually had their own negative consequences. They backfired because they created soaring pension costs and also loss of experience and productivity in the workplace.

So it's important to pay attention to some of the lessons that have been learned from policies in Europe, and still it's wise to consider the policy interventions that we have seen that address both the excluded and the excluders, including institutional ones of exclusion.

Now, the dimension of citizenship should not be shunted aside in our discussions. The excluded really should participate in their own inclusion, and this calls for creating opportunities to participate in public life, to voice concerns in an orderly manner, and to volunteer to solve problems on their own, whether with public or charitable assistance. And so I'm not going to simply talk about economic exclusion, as the sociological side of this is to pay attention beyond the family also to what we might call civil society.

Now, some of the problems facing youth in the Middle Eastern countries also hurt youth in Europe. There have been problems of long-term

unemployment of youth between ending school and starting a career, so much so that it's almost become a separate institutionalized life stage in countries like Spain, Italy, Greece, and other Mediterranean settings.

Indeed, in this age of globalization, it's important to remember that North African youth unemployment in particular has migrated northward because youth from the Magreb have very high unemployment rates in France, the Netherlands, and other European countries just as they do in their own lands. So youth unemployment has an impact in Europe. It's not just the problem -- in other words, there's a reason for the North to be concerned with this issue.

Youth unemployment is not confined to ethnic minorities, of course, because even among the native-born, we find joblessness is associated with place of residence and with early school-leaving. However, even a good education is no guarantee of a job in either region, and there's evidence that European and American youth have even been returning home after finishing university, delaying marriage and childbearing, and so not assume adult roles until later and later ages.

Now, this creates a fertility problem in Europe. I mean there is not even replacement fertility in Europe at the moment because of some of these trends. But the reasons that there are other public policy interventions in Europe to address youth, of course, focuses on the danger of youth

exclusion, and that's to say long-term unemployment and inability to assume social adult roles.

To be sure, youth -- this waithood period lasts longer in the Middle East. Many Middle Eastern youth did get their educations, and they expected this was going to translate into a public sector, and if it's not public then private sector employment, and so we have learned a lot of lessons from the Middle East to see whether or not European lessons are applicable.

Now let me just turn very quickly, 'cause I don't know how much time he's about to say I have.

MR. DHILLON: Three minutes.

MS. SILVER: Three minutes. All right, so let me turn to six policy-type interventions in OECD countries, particularly Europe, that have attempted to address youth problems and have developed institutions that help youth enter adult roles. And I'm -- I'll be agnostic and leave it to the discussions to whether or not these will work in the Middle East, but at least will try to identify what we've called some pathways to inclusion.

First, educational reform. To be sure, people have good educations now. We see educational levels rising, and we have basic skills and a decline in illiteracy. However, the big problem appears to be, 1) the need for institutions of life-long learning, retraining. And in this particular case, there's one very interesting program in Denmark that attempted to create flexible employment in which even workers in the public sector could

take off a few years and train in new areas. And during that time, they could cycle through new people who were on an unemployment.

Now, this is like job-sharing or work-sharing proposals, but they've found that it actually increased flexibility and productivity both in the public sector when the people returned, but also among the workers who took their places during these short periods. And we know about this, primarily, during maternity leave programs, but they can also work in other conditions.

2) Something called "social insertion programs." This is the one that will receive most of my attention had has received most of the attention in Europe. First let me tell you a little bit about something called "social enterprises." Social enterprises are businesses established often by people who themselves are unemployed but employs, specifically, long-term unemployed people.

They do so not so much with the idea of creating a permanent job but, rather, to prevent what they call social exclusion, because the social structures of employment, the daily punctuality, waking up, having a reason to exist, making friends with your coworkers, this social structure of employment is provided for people who have been out of work for over a year, and then their skills don't atrophy so badly, and they stay in the mode of being active and ready to go to work if something should appear.

It helps build networks and the like, and if social enterprises are done properly, they include a job placement component at the end of the period of employment, and these are primarily focused -- the people are paid primarily through government wage subsidies, but the initiatives are private, and they organize work specifically in a way that produces something that's valuable.

Very often they'll do things like -- I've studies a bunch of these in Europe -- they'll do things like build playground furniture, but things that the municipality needs, but they learn to become carpenters in the process, things like that.

Now, the most famous examples, of course, of programs for youth are the apprenticeships in Germany, and what we learned from the apprenticeship program, or what's called the "dual training program" in Germany, is that it's very important not just to have book learning in the schools where you need basic skills, but also to learn on the job. And almost all of the studies that have been done, French and German and other activation programs in Europe, have discovered that short-term training contracts do best if they're done on the job.

Not, this is a little bit different from what we talk about in America, i.e. work first. In work first, there's no guarantee of training; in this case very often the training contracts are again subsidized so that the

workers -- so that there are incentives for the firms to hire these unemployed workers if they prove themselves on the job.

Now, the general idea is that long-term unemployed people haven't proven themselves yet, and this is the way to give -- to increase the certainty to do the screening that employers would otherwise have to pay for.

Self-employment training and credit programs are something that have received a great deal of attention, of course, in the World Bank. And I'm not going to spend a lot of time on it. How that?

But do let me take a moment to talk about the potential of national service programs. This is a stage in life where people -- where young people -- sometimes they used to be sent to the military, compulsory military service, and it had many values to it as a stage of life, however, in this case national service is put to use as of building, say, of the national infrastructure; that you spend a couple of years helping provide services to your community or you might provide -- you might work on things like the public -- well, the Works Projects Administration projects, the public works projects of the 1930s were another example of that.

So we might want to consider for this stage in life an insertion program that entails national service to provide constructive alternatives for those who may not be finding jobs or who may be in waithood, waiting for

public service jobs to open up. And volunteering is something that a lot of the working papers you've seen refer to.

3) Youth employment services. It's extremely important for Middle Eastern countries to institutionalize job opening information and job search of skilled training. This just doesn't exist very much, and it would be, I think -- one of the things we're seeing in Europe is a major reform of their employment services. So this would be a good time to think about developing -- if there are any bureaucracies at all, that would be a good one, and they're not that expensive because of the internet, not that we have the data capacities.

Okay, mobility programs. This is something that was addressed in the previous session about migration and so on. I don't think I need to beleaguer that issue.

4th) Inclusion policies for gender. Gender is one, as we saw, as a major division and a major source of social exclusion in the MENA countries. And there are several things that we have learned from the European Union in this way One is, of course, and the United States very well developed as well, work/family compatibility programs. This includes things such as parental leave flex time, employers on-site day care, and finding alternatives that may address some of the issues of family refusal.

I'm getting down the list.

In addition, the strong enforcement of sexual harassment laws and their enactment where they're unavailable, and perhaps even affirmative action.

6) Antidiscrimination and affirmative action programs of the kind that are institutionalized in many constitutional regimes. Lebanon is probably the best known example of this, but there are many others as well, and we might want to think about that, I mean, even now as we see what's happening in Iraq.

6) [sic] Demand-side policies. Here I just want to call attention to some well-known examples from both the Middle East and Europe that deal with community-based development. Here local initiatives to work in one's neighborhood can provide again a constructive alternative that absorbs labor and gives training and experience to young people.

Moreover -- last point -- moreover, they might even build some housing which would take off some of the pressure on that.

So let me conclude. One of the things we've learned from anti-exclusion policies is to certainly beware of creaming effects. If what we're trying to do is to target social exclusion, it's important to stress distributional equity and target the most vulnerable because there is a strong incentive to take those who are most employable.

Second, it's clear that policymakers might invest more in appropriate human development in the Middle East and do it for its own sake, not just instrumentally.

Third, making public employment new hires perhaps less desirable than before trying to rotate jobs, for example, and, more generally I guess, to live liberalize rules and regulations that are exclusionary. My last point.

MR. DHILLON: A very long last point.

MS. SILVER: A very long last point. And, finally, to build those institutions that we need orienting education to where skills are in demand and to develop employment services and matching policies.

MR. DHILLON: Thank you

(Applause)

MR. DHILLON: Djavad, let me turn to you. I think Hilary has outlined some universals of the youth problem, but how is it distinct in the Middle East, and how ought to be our policy approach be more in tandem with the local context?

MR. ISFABANI: Is it all right if I sit here?

MR. DHILLON: Yes.

MR. ISFABANI: We don't have slides, and I'm sitting here. That means we are talking about less certain things, but it's exciting stuff because it's not graphs. It's about what might happen.

The problem, as you have surmised from the presentations earlier, for youth is that they need a diploma to get a job, and they need both to get married, and to get credit to buy a house, or start a job. Right off the bat you see that youth problems are interrelated. And the difficulty is when they're interrelated is that either you have to solve everything at the same time, to start improving policies, invest in all areas, or you give up and you start throwing money at the problem.

But if you look at it from another point of view, and this is the point of view that I think, collectively, we've been thinking about -- and there's a paper that Navtej and I are in the process of writing called *A Framework for Policy Research*, and it puts a hopeful spin on this knot, which is, if you can find the right place to make an improvement, the whole thing might unravel by nature of interrelations and interlockings.

So we are in the beginning stages of thinking through what are the constraints that prevent these hard-working students, hard-working parents, obviously, employers who are interested to hire people who can do the work to come together, allow youth to have a transition that's relatively smooth. It's always painful when you're young trying to assert yourself as an adult, but to make it a little less painful and for the economy to grow, because once this problem is unlocked you're going to have all those stuff about demographic dividend that people have written about East Asia where

the youth bulge actually jump-started, according to some theories written by economists, the economic growth in East Asia.

So what we are doing is we're trying to find out where the constraints are on behavior that prevents people from doing the right thing. Why do the youth do not acquire the right skills, and why are the employers, especially private employers who are now creating most of the jobs, unable to influence educational systems so that all the parents -- because a lot of the education takes place at home -- influence parents and schools so the young learn the right skills.

Inevitably, when you think like this, you come up with the concept of institutions. In economics, institutions are a set of rules that guide individual behavior. Students see the signals, parents see the signals that are coming to them about what it is that is expected of them and they work hard at it. Private tutoring that Ragui mentioned earlier absorbs billions of dollars in Egypt, Iran, Jordan, and other countries, is evidence that everybody wants to do the right thing. But if you have the wrong signal -- just like a train that's moving on the wrong track, and at least the train is moving, so that's the hopeful sign -- if the train is moving, maybe all you need to do is to change the signals and get the train on the right track, and then it might move.

So the question is to find where you can intervene best. I'm not saying I have the answers, or we have the answers collectively, because

at some point these answers have to come from within the region. We don't have enough information, and our researchers are going to be people who work in the area, and they take that up, discuss it with policymakers, a forum that's set-up to encourage discussion and research on these problems eventually, hopefully, will lead to implementation of new ideas.

But we have come up with some ideas, and I want to share those with you in the next five minute -- you say?

One of the things that is really striking, when you find out as you watch what governments are doing about the problem, is that they are trying to solve the short-term problem, which is existing youth 20 to 29 years old. And when we look at what they are doing, and as you saw again in the discussion earlier, is that they're worsening the problem. By solving the problem for existing unemployed youth, unmarried who are trying to get married, oftentimes they make it harder for children who are going to be tomorrow's youth.

So one of the things I think the key contributions of this project would be, to try to reduce this tension between the short-term policy, policy focused on the short-term problem, and policy focused on the long-term problem, and a good example of that is in the labor market and reform of the education system. If you look at the problem of jobs and skill formation -- and I don't call it education, I call it skill formation or human capital formation because that's -- not just because that's the more trendy term in economics

but because it really goes to the heart of what is wrong. Education equals degrees; human capital skills means ability to do things, to be productive so that somebody's willing to pay you to do those things.

So again, an example I gave of Iraq as a similar example from Morocco, that Nader has talked about -- sorry, from Syria that Nader's has talked about -- Morocco also has a problem similar, similar solutions -- which is to find jobs. And who do you find jobs for? It turns out that the less educated find jobs anyway. They're desperate, they do stuff. They work construction, all sorts of things, so eventually these programs, inevitably, these programs come to serve the graduates and thereby exacerbate the signals that have brought the youth to this place in the first place.

So you're trying to solve a short-term problem, you create a long-term problem -- at least or you exacerbate the long-term problem which is, again, you are telling the kids the solution is in degrees because once you have a degree, the government eventually will come to your rescue. They're not going to come to the rescue of the guy with a lower secondary degree or permit degree.

What ought to be happening? Well, there's a good example from Egypt. Actually, there's also many examples from Iran. In Egypt in 2003, they liberalized labor market rules which allows employers, if you want to put it in a negative way, to lay off workers; if you want to put it in a positive way, to send the right signals to everybody else saying, what do they need?

Because if you can't give people the kind of wages you want to because the government says high school this much, college degree this much, graduate degree this much, your hands are tied. You can't send signals out to people what to learn, what to do.

And if you can't lay off someone who has a degree but is incompetent, again your hands are tied. You can't say two people who have degree which is good, which is not good for you.

The chicken has not come to roost in the case of Egypt. These things take quite a while to happen for the private sector to become empowered to send signals, to talk to parents about what they need.

In Iran, they exempted firms under five, and now they're moving to exempt firms under 10 employees from the labor laws, so that young people can get together and decide what they want to do on their own, freely, without too much regulation from the government.

If you want to get the young people, maybe 15 to 20-year-old, not the ones in primary school, assistance, there are things you can do now, or government can do. And I alluded to that earlier, which is to allow them, using the existing system. For example, they care about formal sector employment, everybody does because those jobs are secure. If you can change the selection criteria for those jobs, you will affect what people invested, what kind of skills they invest in.

Again, I mentioned writing, but there's all sorts of things you can do. If you look at United States and see what the kids do in high school, you know that labor markets can influence -- private employers can influence education.

Volunteer work is something that Hilary mentioned. National service. That can be elevated if it is part of a requirement for the desired jobs. So we don't want to just eliminate desired job, necessarily, right off the bat at the beginning. Those jobs are good, they're secure, but if you can change the criteria for eligibility, you influence education.

I'll give you an example from marriage and credit markets. Again, the emphasis here is on dos and do nots. Suppose -- well, look at the existing policies very quickly -- you come and give loans to marriage, for marriage, to everybody. You force the banks to give the money, and you don't require them to scrutinize, which is to evaluate and thereby provide signals for everybody else. This guy is worthy of credit; this guy's not. And that's not strictly on the basis of diplomas they hold; it is based on interviews. You know, that's what banks do, they generate information.

What ought to happen is for the government to ask the banks to spend resources, and resources are plenty in the region, and there are also educated unemployed youth who could be engaged in this kind of activity to make credit an informative act so that those who get credit can go around saying, "I was not part of that program everybody got money. No, I

am different because I was able to get money through an application, and I succeeded." Just like you succeeded in an entrance exam.

And what do the banks then look at? Banks don't look at whether you have a job, in this country anyway; they look at whether you have a career. You have to have career. Careers come from a set of skills. You have a resume. If you can help the labor market, especially the informal sector which is unable to say, what has this guy's been doing while he's been working for me?

If you can enable the private employer and the employee from these part-time jobs to provide credible signals, you begin on the path for skill formation, for young people to begin to think at age 15 of a series of activities they're going to get engaged in which is going to lead to them becoming somebody: Somebody with a career, perhaps not with other job at the time. And that career can then become real acid in the marriage market and in the credit market.

The parents will look because the person has been able to obtain credit, the person has been able to have a series of jobs. Changing jobs in the Middle East now means it's a terrible thing, but here you know, and in Europe as well, the frequency of job change at youth is the greatest. Young people in the first 10 years of their labor market activities change jobs frequently, and that's not seen as a bad thing because every job they

change, every job they take, they are able to record the information somehow and credibly transmit it to the next employer.

So that's basically what has to happen, and we've called this, if you can, bring to the future to now. If you can create an information system, the incentive systems and all that, it is banking on the future. Every young person -- almost every young person is going to be employed at some point, and they're going to have a productive life.

Can the banks and those who decide on marriage and those who decide on jobs see that now, so that they don't keep them waiting for too long before they get started? If you can see from the data that they are going to have jobs for about their age 30, why can't they transmit some -- transfer some of that income from the path to future into the present so they can have a smoother transition to the future?

Thank you. Sorry.

MR. DHILLON: Jean-Louis Sarbib, can I hand over to you, I think Djavad sort of outlined and articulated these broad types of policy reform which hold the potential of unlocking the power of youth. But from your view in having led the World Bank's policy in the Middle East, how ready is the region to undertake these reforms?

MR. SARBIB: That's a very good question, and I'm not sure I have a very good answer, but I think that what we heard in the first part of this very interesting afternoon is the fact that taking a look at different

countries, we see a similarity of problems in the region which over the years has tended to lag behind the rest of the world both in terms of its overall economic growth, its participatory policymaking, and its ability to change and adjust to globalization. So I think these problems are not unique to the region, but they are compounded in the region by the fact that over the years the policies have tended to be somewhat rigid.

There is two dimensions to this policy. One is, obviously, the macrodimension. I don't think that we are going to be able to see the countries make progress on their youth employment and their related problems if there is not overall economic growth. So that the general sense is that the region is doing better right now. It's doing better in large part because of the price of oil -- and I'll come back to that in a minute -- but we are not seeing, with some exceptions, the kind of policy changes that can begin to send the sorts of signals that Djavad has been talking about.

What I like particularly about this approach is that there is a focus on what the team has called the microbehaviors, trying to understand what it is that people do or don't do that will lead to results. And I think that Djavad has given, I think, a very good sense of the signaling that the system is giving.

Now, where is the region going now? I have an optimistic and a worried scenario in mind, because what we see now is a confluence of very important trends. I don't know if the youth bulge is there and could

create the dividends that we talked about, and the oil price is high. So that you can see that you could imagine a double- dividend scenario where the dividend that youth has brought to the miracle of East Asia can be financed by the oil rent, and can be actually -- the countries can have the luxury -- if that's the right word -- of doing their own reform, financing them with their own resources with a very domestically driven set of reforms that will address foremost among all, I think, the education challenges, because that is, in the end, this is what has come up in every presentation, that the education system is not producing the skills that are needed.

So there is the hopeful scenario, is that the combination of these young people and oil prices give you the double dividend. That requires a number of changes which are not so easy to imagine, the first one being the ability of the governments to open up to the participation of young people, because it is essential to me that we are not going to see solutions if they are handed down rather than built from the bottom up.

And when I was working in the region, I saw many examples of transformation that were brought about by government that took the risk, and I underline the word risk, of saying to their young people: Get organized and we'll help you. So in the sense, what Hilary said about the social enterprises, all of these community-based organizations is part of the solution, but it requires a modicum of democracy which is not the characteristic by which you would define many of the regimes in the region.

So that I think, you know, there is the possibility of doing it, there is a risk to be taken, there is the money to do it if it's used correctly and with long-term perspective in mind, and if these things come together and the right signals are beginning to be received and given, and the education system is changed -- easy to say, very difficult to do, because many of the reforms that I have seen in some of the larger countries in the region have actually not created the flexibility and the improvement in the critical thinking that I think is what Djavad was going after.

So that's my somewhat optimistic scenario. It's the double-dividend scenario.

Now, on the other hand, you have the double-jeopardy scenario, which is the answer to the food vendor, that is, that the government is going to use the resources of the oil rent and, you know, there are plenty of it, to actually put in place the sorts of policies that have no tomorrow, that can respond to a pressure that is going to be all the greater that people know that the treasuries are full whether it's in Algeria, Iran, or in other oil exporting countries, and saying, why can't we have some of this money to get marriage loans to get started?

And we have seen, unfortunately, that the ardor for reform is usually countercyclical to the revenues that the oil rents bring to the region. So that if you actually try to solve the very real problems -- and I think someone said -- I think it was Ragui -- said that they are at the very top of

the political agenda, and you have the money to do the kinds of things that is more demagogic than structural, then your double dividend becomes a double jeopardy because you will have used the oil rents to create a very short-term band-aid kind of solutions that will not do what Djavad said is needed, which is to really solve these problems in a way that is structural and is going to create the sort of transformation that will then begin to get the right signals through the system.

So that a very high-level view of what is happening, and I think that what is essential in my view is very quickly to engage the policymakers in the region and the youth organizations in the region in this dialogue, because I am absolutely convinced that it is through the participation of the young people that we're going to come to the right kinds of solutions, including very much in the education system, because, otherwise, you are going to continue to have a, you know, at the very mental level what is happening is that people are expecting solutions to come from outside of themselves. And that has been the old social order, social contract that Tarik has written very brilliantly about that is come to the end of its life. And to a large extent, the old is dead and the new is not born yet.

And you have this differential speed of adjustment between the economic system, which is stopping the creation of public sector job, the education system that still produces public sector job, and a culture that still puts young people in a position of dependency until they have done things

such as housing and being able to pay for their marriage. It was possible in the old contract, but is no longer possible now. So that these three kinds of norms, if you will, are adjusting at very different speeds, and the money that is flooding the region now can be the oil that makes this transition -- pardon me, there is the bad time -- but can make the transition a little smoother or that can actually put everything to flame.

So double jeopardy or double dividend, I think this is the dilemma, and the challenge for the team is to get the region to get to the double-dividend scenario.

Thank you.

MR. DHILLON: Well, your last word to you on the double dividend versus the double-jeopardy scenario.

SPEAKER: Well, I think that the principle that Jean-Louis outlined in terms of how to get the double jeopardy versus double dividend are extremely well-taken. And I will add to them two additional prisms by which I would evaluate policy interventions.

The first prism is the so-called insider/outsider issue that Hilary raised, that basically in just about every reform that has been undertaken in the region, there has been a very -- an attempt to protect the gains that have already been achieved by the insiders. So, for instance, when labor law have been reformed, the adjustment was only new contracts. All the old

contracts were going to be kept as they were before as part of the old social contract.

When we're doing the retrenchment of the government, anybody who has a government job, that job is preserved, and same rules as before, and all the retrenchment is done in terms of what's happening on the new hires.

In the housing market, when we introduced new flexibility in market-based housing complex, all the old housing complex remained as they are. So there is this attempt to shift the burden of adjustment at the margin to the new generation and youth take the brunt of that adjustment. And so there is a distribution of issue that you're always trying to -- so the old contract is not quite dead, it's alive for those who have already been made it through, but it's dead for the newcomers on board.

So that's one prism by which one can look at at least the nature of these policies and what distributional impact they have.

The second prism is capacity of the government bureaucracy to deliver. We know that any policy that is going to put a high requirement in terms of performance on the bureaucracy is going to fail. And because the fact the very policies that resulted in the storing of educated young people in the government have also destroyed the government ability to function. The bureaucracies are simply unable to do a lot of the things that they're called upon.

So I would put the prism, if the government's role is going to be crucial in terms of fine-tuning certain policies in terms of delivering services in terms of doing, I think that policy is likely going to fail. So what's the answer? The answer is to call upon the ability of the government to finance, but delivery, then, should be, should dwell upon private sector and civil society in a large way. So we're talking about voucher systems, we're talking about financing national service that is being implemented by local NGOs, by civil society groups rather than asking the government to deliver it themselves on these programs, whether they're training programs or national service, et cetera.

And, basically, those are the two prisms I would use to evaluate.

SPEAKER: (Inaudible)

MR. DHILLON: We're almost near our reception which is in the next room, but let me just open this up for a quick Q&A to sort of continue this discussion. But there again, there are mikes going around, but let me perhaps stop myself with the questions. Since we are in Washington, D.C., let me ask both Ragui and Djavad and other panelists as well, what do you see the U.S. role in the region outside foreign policy insecurity but on economic development?

SPEAKER: Well, I mean, I think that's a tough question to answer, and we know why. Essentially, right now because of the history of

U.S. involvement in the region, frankly, the U.S. has a very bad reputation n the region, especially among youth. And so if the U.S. tried to do things directly by, for instance, supporting local NGOs that try to -- are doing good things on youth issues, the U.S. might actually poison the well by basically destroying the credibility of these very NGOs.

So I think the U.S. has to tread very carefully because of the record, basically, that has made the -- its credibility in terms of interventions in the region very low at this point. So I think that the U.S. can have a large role in terms of helping governments deal with structural issues having to do with education systems, with training systems, rather than focusing on very short-term public diplomacy or a democratization programs, or programs to try and reach the youth through media, et cetera, which I think have very short-term impacts.

However, it has to do it very carefully because sometimes when, in this environment an explicit role can be more counterproductive.

SPEAKER: Can I just make a quick on --

MR. DHILLON: You need to (inaudible).

SPEAKER: It's easier to talk about Iran because I know something about that, so maybe it's even less intractable than the whole of Middle East.

If you look at this 2.3 million youth who are unemployed out of the 25 million, and you see how the U.S. government, not the United States,

the United States government sees them is a source of regime change. And then you take that, so what are the policies you would follow, you recommend for these 2.3 million unemployed youth? Well, keep them unemployed until they do something for you.

I think that you have to turn 180 degrees around. You have to say we need to get these people right now on the right track to start building their careers, make things hopeful about the future, and not hold them hostage to international politics as much. So that's my perspective. I think that a development policy, a youth-oriented development policy pushed by the U.S. government,

can go a long way.

United States is a leader in terms of youth transitions, education, everywhere you look you see United States, the economy, the society as a model, and young people like it. And when you look at the U.S. government, it's a very different story. So maybe I've said enough. Thank you.

MR. DHILLON: Hilary? Hilary? Either one of you?

MS. SILVER: I worked on Europe, but one thing that did occur to me is the one that -- I don't know who exactly asked about the Muslim Brotherhood before -- but, you know, the associational sector in the Middle East is, you know, it does exist, but I believe that the best way to handle

what Regime C is dangerous about the NGO sector is really to diversify it. And this is my particular way of thinking about it.

And if NGOs from outside the region and NGOs within the region can strengthen one another, this has been done in the area of gender. For example. there are a lot of dialogues between women in the Middle East and women in other regions of the world, then all the better. And so, you know, rather than discount out of hand to say that the American government is the kiss of death for NGOs is not necessarily to say that ties with American and other nonprofit organizations is the kiss of death.

And, you know, I think that there are a lot of people -- there are a lot of Muslim groups in Europe, for example, who want to go transnational, who want to continue to have ties with the homeland. I mean, we don't have our Moroccan representative here, but that certainly does exist. Many such ties in the Maghreb between the French ethnic groups and so on.

So if you -- if we think globally in a different way, which is to think about developing civil society ties across national boundaries, we may find some positive solution.

MR. SARBIB: Two thoughts: One is that I agree with Ragui, but I would go one step further, perhaps, by saying that even policies that smack of a liberal western model can be harder to advocate today because of what he said about the -- so it's not simply that -- they don't necessarily have to come from the U.S., they have to be presented as coming from the

U.S. And I think this is the price that we're going to be paying for a little while, I'm afraid.

The second thing is that there is the Mediterranean and the North and South rims of the Mediterranean that are a potential source of cooperation and solution. So far, I think that it's been more a source of tension than a source of constructive solutions. But if you compare the demographics of Maghreb countries and the demographics of Europe, there should be mutual benefits. But it requires a number of changes, and I think that the recent events in my country of France do not lead me to believe that we are close to a real solution there.

But there is a real mutual benefit that could be derived, and I think there are those within the European Union that are thinking of these issues, in particular a more intelligent migration policy which, in and of itself, could be begin to give the kinds of signals that Djavad has been talking about.

The other thing that I should have mentioned earlier, and I didn't, is the role of the financial sector and financial sector reform. I think both in terms of providing good microfinanced institutions and the -- and housing finance. I think those are elements that we're beginning to see developing in the region that can go some distance towards either the creation of the social enterprises or of the making it easier to leverage whatever income one has to be able to get housing. So I think that these

very economic issues in terms of the financial sector can have an impact on the solution of some of these problems.

MR. DHILLON: Question here, a question there, and --

MS. McCORMACK: My name's Ann McCormack. I work for Walgreen's existing programs for (inaudible), and as the name suggests, we put together existing programs for decarbonated drinks from all over the world. And within the past six or seven months we have seen an increase in (inaudible) pharmacy department to use programming for (inaudible) from all over the world.

I just finished up (inaudible). Algeria has an interesting program (inaudible), you know, (inaudible) Iraq coming this summer to meet (inaudible). We had one in several other countries.

And since I'm coming from the (inaudible) kind of a different perspective, an educator perspective from the ground up, I've experienced what you all think about the (inaudible) view of the experience of the (inaudible) youth so the (inaudible) is from 14 to 18 (inaudible) U.S. (inaudible) -- experience underground home state experiences on (inaudible) -- including a leadership camp in (inaudible).

We have seen (inaudible) that really had some of these programs from when they come to the U.S. and when they leave, but I just

figure that's from a researcher's standpoint. What do you guys think about it, about these (inaudible)?

MR. DHILLON: I think the last question over there.

SPEAKER: Thanks. We've talked a lot about the what can be done, and I'm wondering if -- and maybe this is sort of the group's mandate moving forward -- how to do the what. And one of the things that strikes me as useful here is -- and several of the panelists in this session have made reference to it -- is how do you get different government actors within the same government, whether it's in Egypt or Morocco, or Jordan or Iran, to sit down and to conceptualize, develop, and then, most importantly, implement policies, particularly if, as you've been saying about these countries, the policies are piecemeal, uncoordinated.

How do you get them to coordinate? How do you get them to do things more holistically? Because as donors and as implementers, we can do things here and there, governments can do things here and there, but how do you develop a policy process to conceive and implement policies for youth? Thanks.

MR. DHILLON: Jean-Louis, let's start with you.

MR. SARBIB: Well, I think the, you know, my own experience of I've come here as a Fulbright many, many years ago, so I think that there is something positive to be said for this, if only we can convince the

immigration services to do it more systematically and with less hassle at the airport.

So -- I mean it's not a research position, it's just a personal experience, and I think that one of the smartest things this country has ever done was to bring young people, educate them here, and make them lifelong friends of the United States. So that's my nontechnical answer. I'm sure my colleagues will give a better one.

The -- I -- I don't have -- I wish I had the answer to your question of how you bring various parts of a government together. When I was for years in the World Bank, we tried very hard to get development strategies that were coordinated. Our president at the time created something that he called "comprehensive development framework" precisely to make sure that various things were coordinated. But what you have to admit is very much that the policymakers are also politicians, that they serve their constituencies and, as Ragui and (inaudible) does, the vested interests tend to be a little stronger in countries where there is no contraveiling power.

That said, my faith is very much in the ground up movements because that's where you really -- you really begin to see examples of things that can be done, things that work, and I think that when politicians see things that work, they tend to try and replicate them.

So I think part of the challenge of our group is to try to find these examples to get them going at a pilot scale, and then to try and scale

them up. And that could be a very good use of the oil moneys that are flooding the region now. Both the pilot operation and then scaling of those that work after they have been assessed.

Part of the problem in all of the youth programs I know, and we run into this when we did the well development report on youth at the World Bank is that there are very few such programs that have been assessed and evaluated. So the intentions are there, but we don't know if the results are there.

MR. DHILLON: Quick response, Djavad? Hilary?

MS. SILVER: Mine will be very quick. Gray let a thousand flowers bloom and, you know, I think that's a civil society, rah, rah, bring people from the United States there as well, obviously.

I mean, for how to get -- I mean from my point of view that your question is an important one, outsiders cannot do this, I think, and it needs to be done from -- by the leadership, and particularly very much from the top.

Now, the best known example of joined up programs of this kind was a social exclusion unit that was placed within the prime minister's office of Tony Blair's government, and it sat literally within his -- that was his like a third-way initiative, you know, sort of a star program. And Peter Mandelbaum took it over. So now it's been demoted somewhat, but what it

did was take a wide range of programs that joined up across ministries, and it really needed to be coordinated at that level.

So creating task forces that cut across bureaucracies and that -- we've tried to do that in the United States at times where you have interministerial committees and so on. But it really needs to be done at the very top, and very much specifically oriented toward clear goals.

The final thing is, I just want to -- I just want to second the point about local government. One example that I've been particularly enamored of is the citizen's budgeting programs in the localities in Brazil. And this was very much -- was sort of the Workers Party grass roots. And then when Lula got elected, it became like a national policy. And suddenly all these local -- local attempts where people actually decided what to do with $10,000, you know, something like that. But they began to engage themselves, civically at the local level, because they were given something very constructive to do together. And then, through the leadership it built up.

So whether or not these kinds of things can happen in the Middle East, I don't know, but everyone's saying no way, no way, but I think that, you know, it has to be from the top down and the bottom up. And somewhere they have to meet.

SPEAKER: I'll give a quick remark. Exchange programs, summer camps, all those are, I think, great ideas although a bit expensive to bring them all the way here. I wish something could be done over there.

People who run these camps here, run these programs, have a technology of getting youth engaged and getting them skills But I would like to see two things happen with all these programs.

One of them is just retreading what Jean-Louis just said. Programs ought to have an evaluation component, and it has to be scientifically designed so you can create credible results, what -- which program works. You're going to try several things, you've got 22 countries, you need to come up with knowledge at the end of the cycle.

And the other thing I'd like to see in these programs is kind of a resume-building component so that the activities are recorded and credibly transferred. Kids who go to summer camps here put it always on their college applications. Why can't they do that in the Middle East?

Thank you.

SPEAKER: I'll be very brief as well. I mean, the -- my reaction to these programs if that they're great, they work well for the kids that are in them except that they are probably a typical example of creaming. They take the most privileged, the most connected kids, and bring them here, and they really don't touch those kids that are really need to get that exposure, et cetera.

And then I have another bias which I feel that very short programs, four weeks or six weeks, tend to get to the point where they see the glitter of the U.S., but they never really understand that society, so that

one-year exchange programs or longer-term programs I think are much more effective in actually making that sort of deep understanding of what's happening.

But with Djavad, maybe bring that technology over to the region, it would work much better. Thank you.

MR. DHILLON: For final remarks, let me just also bring in Tarik on that last question, which is, you know, how can the region organize itself at a regional level to solve some of these problems and really work towards a vision that is shared, in terms of shared vision, shared investment, and shared results? There are, obviously, many lessons that are (inaudible) the Libyans and the Egyptians. There is tremendous experimentation that is going on within the region, and why are we not seeing the emergence of perhaps a regional platform that is really by the Middle East, for the Middle East, in the Middle East?

MR. YOUSEF: I think you're setting me up so that the (inaudible) answer the question why is it (inaudible). You're forcing me to say something about what is it that we intend to do? How is it that we intend to perhaps come up with regional solutions that are both relevant, politically sensible, economically impactful, and that are viewed both by the academic and the social community as being effective perhaps, and by the policy and government community as being on the mark or address the urgency and expediency with which these guys view the world.

So this is a challenge we face on this particular project, and I think it's -- the question that was posed is a legitimate question. Okay, you've got the problems diagnosed, we've got the research underway to actually even do more diagnoses. When we've taken a number of these messages to policymakers in the region, the answers tended to alter the questions from them, or the reactions tended to be, what should I do? Give me specific programs, specific policies, specific interventions, things that are not too complicated, things that don't have a very long time horizon, things that I can do perhaps within my ministry or in cooperative with one or two other ministries.

So there's a whole set of challenging questions on the policy implementation front that many of our colleagues here on the table have addressed very eloquently on the mark. And I think our project is moving in this direction in the second phase.

I think the only announcement you're expecting me to make (inaudible) here is to -- to indicate that as sort of to translate that particular commitment on our part and to bring our stakeholders and others. And, in fact, I would give credit to our stakeholders more than I would give credit to us researchers and scholars in this.

Jim Wolfensohn from the Wolfensohn Center and the ruler of the Bashi Mohammed Baroshid have been pushing us, edging us for a while now to organize a region-wide summit that perhaps could serve as a

platform to put some of these ideas on the table, to get the region to buy in, and to maybe put specific actionable agendas on the table and get a number of governments, a number of cross-ministries working to implement them, to evaluate them, perhaps to upscale them.

We've been under pressure now, in fact, by our patrons to do precisely that, and I think in the spring of 2008 there will be the youth, Middle East Youth Initiative, with Jim Wolfensohn and Bashi Mohammed Baroshid, jointly, calling for the summit. We'll be organizing a region-wide, significant I would say, landmark gathering, potentially, the aim of which is to put the youth agenda on the table, give is as high a profile as possible, and call on governments and policymakers, and NGOs, and civil society activists to make specific commitments both in terms of time, in terms of perhaps resources, and in terms of experimentation.

We will try to react to this as well, and we ought to be by instituting our own inner, smaller programs, whether it will be a youth lab to study and track policy implementation, whether it is Centers for Youth Analysis and Youth Governance, whether it is a host of experiments that I think we ought to be doing, and we will be doing.

And so, yes, Navtej, we will be doing precisely that. In fact, we are under pressure to do that right now, and we've been reluctant for a while, but I think it would be inexcusable on our part at this point in time for the researchers to say, well, we need a little more time to study the problem.

It doesn't get any better than this as far as scholars and researchers are concerned when you've got two global leaders with ambitions, a track record, credibility, substance and a commitment, who want to push forth this sort of agenda, do it within the region, bring the region to sort of shed light, bring the best of what the U.S. has to offer, and the best, I think, of what the region has to offer.

I think this initiative of ours, the Middle East Youth Initiative, started out with very small, humble beginnings about a year ago. We were completely clueless as to what we wanted to do. We actually surprised ourselves in that. We completely surprised ourselves. Some people sort of doubted that this agenda would be worthy of being a scientific subject of inquiry. After all, why are the youth -- should they be distinguished from any other category in society?

Some of the stakeholders in the region thought that perhaps the challenges will dwarf our ability through a small project like this to have impact. I can very confidently and with all modesty tell you that a year of working on this has done more to serve the interest of this agenda in the region, and I would say also in the U.S., by focusing on the substance of development, on the aspirations, the hopes of the issue, and by bringing this rich policy menu of questions and debates to the table, a year of this has done more than I would say 10 years prior of failed interventions or

misguided policies, or policies and platforms, and agendas that didn't have the right set of underlying incentives and attention.

So humble beginning, a humble and modest start, but we're on the right track I think to doing a lot, and the next year I, hopefully, will prove this. And the partnership -- and again I want to say thank you to the Wolfensohns here, and thank you to the folks in Dubai for giving us scholars and researchers, people who are accustomed to writing and sitting behind computers and running regressions and never quite finding the answer or feeling comfortable to advocate the particular set of solutions, giving us the space to be creative and now giving us the time, perhaps, to do something about it.

I think this ultimate test is what this initiative is going to hopefully rise to, and in (inaudible) the next time the gathering will take place at Brookings, we'll be outlining a set of interventions that have proven to work, that have done quite a bit, and where there is not just regional buy-in, but there is, in fact, impact on the ground. And I think this is what moves, ultimately, all of us to be in this room.

And I think most of you are here, especially those who have stayed past 5 o'clock, have a commitment to this sort of issue, and I would say thank you very much for being with us.

(Applause)

MR. DHILLON: Well, thank you, Tarik, and thank you all for sitting through this, and thanks to all our excellent panelists. I think we will continue this dialogue over the reception which is next door. Please join us for drinks. Thanks.

* * * * *