



**Directorate of
Intelligence**

~~Secret~~



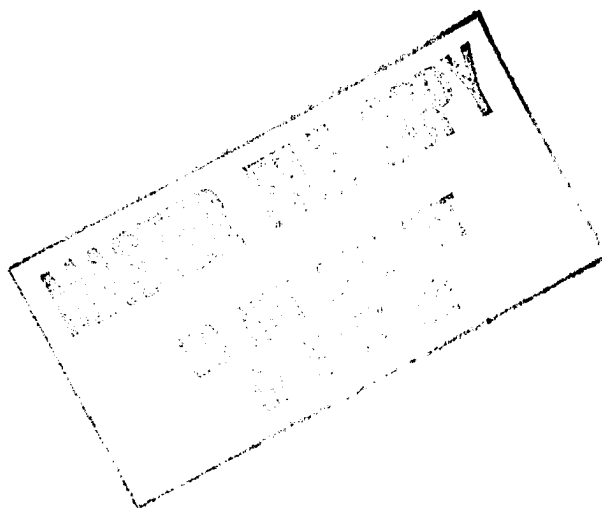
25X1

Middle East: Rapid Urbanization Threatens Stability



25X1

A Research Paper



~~Secret~~

*NESA 84-10220
July 1984*

Copy **404**

Page Denied



**Directorate of
Intelligence**

Secret





25X1

Middle East: Rapid Urbanization Threatens Stability



25X1

A Research Paper

This paper was prepared by  Office
of Near Eastern and South Asian Analysis. It was
coordinated with the Directorate of Operations. 

25X1

25X1

Comments and queries are welcome and may be
directed to the Chief, South Asia Division, NESA, on



25X1

Secret

*NESA 84-10220
July 1984*

Secret

**Middle East:
Rapid Urbanization
Threatens Stability**

25X1

Key Judgments

*Information available
as of 22 June 1984
was used in this report.*

Rapid urbanization in the Middle East, which presents an increasing challenge to the ability of governments to manage social change and meet the demands of urban dwellers for goods and services, poses a long-term threat to many states in the region. Governments of poorer states find themselves hard put to meet the backlog of demands from their rapidly urbanizing society, let alone satisfy new ones. Even the oil-rich states face difficulties in controlling the social change that urbanization has set in motion.

A declining standard of urban life caused by overcrowding and compounded by slow or declining economic growth make several major cities prime breeding grounds for opposition political activity during the rest of this decade:

- The Governments of Egypt and Morocco face the most immediate threat of major urban unrest as residents in Cairo and Casablanca increasingly lose patience with the rising cost of living and lack of housing and jobs. Unrest in Casablanca is likely to spread to other Moroccan cities and could cause a widespread breakdown in law and order.
- The Government of Tunisia will face renewed unrest in Tunis unless it can reduce urban unemployment.
- Algeria and Iraq so far have not experienced urban unrest in Algiers or Baghdad despite the influx of migrants into these cities. In Algeria we believe this is in large part prevented by the relatively healthy economy. In Iraq the government has sought to forestall popular dissatisfaction with the war with Iran by maintaining an artificially high standard of living in the cities. Should either of these conditions change, pent-up urban dissatisfaction is likely to break loose.

Over the longer term, the major cities in Saudi Arabia, Kuwait, and the other Gulf states are likely to become battlegrounds between old and new generations, traditional and modern elites, and native and expatriate populations. If there is a marked economic decline that accentuates income differences between these groups, we expect these governments will have difficulty keeping social tensions in check.

The increasing likelihood of urban unrest will limit domestic policy options. Countries like Egypt and Morocco will request more US economic aid and expertise for urban management.

Secret



25X1

In a worst case scenario, a serious breakdown of law and order in a major Middle Eastern city could prompt intervention by neighboring countries seeking to prevent the spread of unrest. Opposition elements assisted by such external troublemakers as Libya, Iran, or the Soviet Union would be tempted to exploit latent urban-based discontent, jeopardizing the US interest in maintaining regional stability.



25X1

Secret

Secret
[Redacted]

25X1

**Middle East:
Rapid Urbanization
Threatens Stability** [Redacted]

25X1

Leadership Concerns About Rapid Urbanization

According to recent academic studies, until the 1970s government leaders in the Middle East—like leaders in other developing regions—welcomed rapid urbanization as a sign that industrialization was taking root. Using urbanization in the West as a model, they believed that income growth rates in the cities would eventually level off as the urban labor market became saturated with migrants. They expected that agricultural sector growth and the increasingly scarce rural labor pool would raise rural incomes to levels roughly equal to those in the cities, in turn checking the flow of rural migrants to the cities. [Redacted]

By the 1970s, however, it was apparent that this self-adjusting labor market was not developing. The increasing numbers of migrants from the countryside outstripped the ability of the cities to accommodate them. Regime optimism about the expected advantages of urbanization was replaced by concern about overurbanization—the inability of local and national governments to provide housing, basic services, and job opportunities for their growing populations—in most of the capital-poor states of the Middle East. Even in the richer countries, we believe that leaders are becoming increasingly worried about the rapid social change and commensurate threat to political stability that urbanization brings. [Redacted]

Urbanization Out of Control

According to UN projections, the population of the Middle East as a whole will be more than 60 percent urban by the year 2000 (table 1).¹ More than three-fourths of the countries of the Middle East have already surpassed the 50-percent level. The West became highly urbanized and developed the needed social, political, and institutional skills to run the

¹ There is no internationally accepted definition of "urban." Most countries in the Middle East define a settled place as urban if its population exceeds 5,000 and it has a predominantly nonagricultural economic function. [Redacted]

cities over the course of the Industrial Revolution—about 150 years. In contrast, the Middle East will have attained a high level of urbanization in only about 40 years, giving it slightly more than one generation to adapt to urban ways. Even the few states that the United Nations expects to show relatively low levels of urbanization by regional standards—Sudan, Oman, North Yemen—still will have experienced rapid urban growth by the end of this century. [Redacted]

25X1

This urban explosion has been characterized by rapid growth of the largest cities, where the concentration of political power, goods and services, and industry serve as powerful attractions for both industrial employers and rural migrants. In most states of the Middle East, the urban population is concentrated in one or two cities (table 2). Cairo's population, for example, is about twice the combined populations of Egypt's next three largest cities, while Casablanca's population is about equal to the combined populations of Morocco's next three largest cities. [Redacted]

25X1

25X1

We expect the large cities of the Middle East to continue to grow, but most of them at a slightly slower pace as the urban lifestyle—better education, female labor force participation, and crowded housing conditions, for example—is reflected in fertility declines. In most of the Gulf states, however, we expect the major cities to continue to show exceptionally high rates of growth because these states began their urban explosions only in the 1970s (table 3). [Redacted]

25X1

25X1

The Causes of Rapid Urbanization

Economic, Political, and Military Conditions

In our judgment, changes in economic, political, and military conditions have had a more pronounced

25X1

Secret

Table 1
Middle East: UN Estimates and Projections
of Urbanization, 1950-2000

	Total Country Population (thousands)			Percent Urban		
	1950	1984	2000	1950	1984	2000
Total	90,561	227,016	345,121	25	52	66
North Africa						
Algeria	8,753	21,309	37,041	22	65	76
Egypt	20,461	47,153	64,421	32	47	57
Libya	1,029	3,677	6,077	19	58	72
Mauritania	781	1,836	3,022	1	45	66
Morocco	8,953	23,563	36,509	26	43	55
Sudan	9,322	21,122	32,328	6	28	42
Tunisia	3,530	7,205	9,556	31	55	66
Western Sahara	14	151	228	57	53	62
Middle East						
Bahrain	116	409	515	79	78	82
Iran	16,913	43,828	64,916	28	53	65
Iraq	5,158	14,996	24,198	35	75	83
Israel	1,258	4,028	5,619	65	90	93
Jordan	1,237	2,754	4,772	35	59	69
Kuwait	152	1,662	2,936	59	91	94
Lebanon ^a	1,364	2,228		28	79	87
Oman	413	1,008	1,651	2	8	15
Qatar	25	276	425	63	88	91
Saudi Arabia	3,201	10,804	17,804	16	72	82
Syria	3,495	10,076	18,677	31	53	64
United Arab Emirates	70	883	1,286	25	76	84
North Yemen	3,324	5,901	9,828	2	12	22
South Yemen	992	2,147	3,312	19	39	51

^a CIA estimates.

influence on urban growth in the Middle East than elsewhere in the developing world:

- The oil boom has induced a flow of migrants, natives as well as expatriates, to such centers as Jidda, Riyadh, and Kuwait City.
- The Arab-Israeli conflicts have brought refugee influxes into such cities as Amman, Cairo, and Beirut. Between 1967 and 1980, according to a

recent academic study, an estimated 250,000 Palestinians moved to Amman, while Egyptian census data indicate that almost 500,000 Egyptians moved into Cairo from the devastated settlements of the Suez Canal zone following the 1973 war. Beirut has received not only Palestinian refugees but also Shias fleeing Israeli raids in southern Lebanon as well.

Secret

Secret

Table 2
Middle East: UN Population Estimates
and Projections for Major Cities, 1950-2000

Thousands

	1950	1984	2000		1950	1984	2000
North Africa							
Algeria							
Algiers	445	1,502	2,588				
Constantine	121	486	897				
Oran	285	260	398				
Egypt							
Cairo	2,466	8,288	12,858				
Alexandria	1,037	3,012	4,747				
Libya							
Tripoli	116	1,310	2,722				
Mauritania							
Nouakchott	a	379	1,118				
Morocco							
Casablanca	721	2,505	4,499				
Rabat	177	1,134	2,283				
Fez	205	640	1,206				
Marrakech	250	605	1,109				
Sudan							
Khartoum	183	1,803	4,072				
Tunisia							
Tunis	481	1,133	1,734				
Sfax	a	324	493				
Western Sahara							
El Aaiun	8	53	93				
Middle East							
Bahrain							
Manama	a	131	213				
Iran							
Tehran	1,126	6,426	11,120				
Rai	a	1,064	2,711				
Mashhad	188	963	1,736				
Esfahan	199	950	1,694				
Tabriz	255	819	1,433				
				Iraq			
				Baghdad	579	6,269	11,037
				Al Basrah	116	1,097	1,990
				Mosul	144	583	970
				Irbil	a	474	956
				Israel			
				Tel Aviv-Yafo	359	1,359	1,763
				Jerusalem	126	312	424
				Jordan			
				Amman	a	793	1,485
				Kuwait			
				Kuwait City	a	442	826
				Lebanon			
				Beirut b	238	1,000	
				Oman			
				Muscat	a	66	191
				Qatar			
				Doha	a	228	396
				Saudi Arabia			
				Riyadh	101	1,284	2,513
				Jidda	a	1,058	2,059
				Mecca	173	513	876
				Syria			
				Damascus	389	1,668	3,265
				Aleppo	299	1,131	2,134
				Hims	a	404	796
				United Arab Emirates			
				Dubayy	a	727	1,373
				North Yemen			
				Sanaa	a	198	474
				South Yemen			
				Aden	112	390	736

^a No data, population less than 100,000.

^b CIA estimates.

Note: City population may vary widely from these estimates and projections developed from survey and census data because of migration associated with current conflicts.



25X1

Secret

Table 3
Middle East: Average Annual Rates
of Growth for Total, National Urban, and
Major City Populations, 1980-85

Percent

	Total National	Urban	City		Total National	Urban	City
North Africa				Iraq	3.4	4.6	
Algeria	3.5	5.4		Baghdad			5.1
Algiers			3.5	Al Basrah			5.0
Constantine			4.4	Mosul			3.3
Oran			0.9	Irbil			6.5
Egypt	2.4	3.4		Israel	2.2	2.6	
Cairo			3.0	Tel Aviv-Yafo			2.3
Alexandria			2.9	Jerusalem			2.5
Libya	3.8	6.5		Jordan	3.6	4.8	
Tripoli			6.9	Amman			4.7
Mauritania	2.9	8.7		Kuwait	4.8	5.4	
Nouakchott			12.8	Kuwait City			5.0
Morocco	3.2	4.8		Lebanon	-0.8	2.0	
Casablanca			3.8	Beirut ^a			2.0
Rabat			5.5	Oman	3.1	6.8	
Fez			4.1	Muscat			6.6
Marrakech			3.7	Qatar	3.7	4.1	
Sudan	2.9	6.3		Doha			4.7
Khartoum			6.5	Saudi Arabia	3.8	5.5	
Tunisia	2.4	3.8		Riyadh			6.0
Tunis			3.1	Jidda			5.8
Sfax			2.6	Mecca			3.4
Western Sahara	2.8	3.1		Syria	3.9	5.2	
El Aaiun			2.8	Damascus			4.5
Middle East				Aleppo			4.2
Bahrain	2.8	2.9		Hims			4.6
Manama			3.0	United Arab Emirates	3.9	5.2	
Iran	3.0	4.7		Dubayy			6.0
Tehran			4.4	North Yemen	2.4	7.0	
Rai			10.4	Sanaa			7.1
Mashhad			4.5	South Yemen	2.7	4.2	
Esfahan			4.4	Aden			3.2
Tabriz			3.9				

^a CIA estimate.

25X1

Secret

The building boom: construction in Abu Dhabi (top) and Amman (bottom)

25X1



Secret

- We believe that Baghdad and Tehran are experiencing rapid growth, partly as a result of an influx of migrants fleeing battle zones. [redacted]

The Rural Exodus

Urbanization in the Middle East has coincided with a period of unprecedented overall population growth. Rural population pressure has produced large-scale rural-to-urban migration. Some Arab and Western researchers attribute rapid urban growth in the Middle East mostly to high rates of natural increase—that is, high-fertility levels among people already in the city—rather than to an influx of rural migrants. Although this analysis is correct statistically, it is misleading: many studies have shown that the vast majority of rural migrants to the cities are men and women in their twenties, the age group most active in forming families, who increase urban population by producing children as well as migrating themselves.

[redacted]

Urban Bias in Government Policies

Most Middle Eastern governments have encouraged, directly or indirectly, rural-to-urban migration by implementing policies that favor cities over rural areas:

- **Incomes.** Urban income levels are generally higher than in the countryside and often are protected by legislation. In the countryside all but the already well-to-do farmers find it difficult to gain financing for improving production and raising their incomes.
- **Services.** Most governments concentrate medical and educational services in urban areas, often free or very low in cost for the poorest residents.
- **Subsidized Food.** Subsidized food programs for the poor often are extensive in urban areas and inadequate or absent in rural areas.
- **Concentration of Government.** The concentration of government in the capital, usually the largest city, provides substantial employment and induces major employers to locate there.
- **Transportation and Communication.** Transportation and communication systems focus on the capital or a few large cities, thus lowering the cost of production and distribution in those areas and making the city more attractive for major employers. [redacted]

The High Costs of Rapid Urbanization

In our judgment, the economic, social, and political costs of rapid urban growth will increasingly test the capabilities of Middle Eastern governments to manage their cities. [redacted]

Political Opposition

We believe that urban unrest—from Cairo in 1977, to Tehran in 1979, to cities in Tunisia and Morocco in 1984—has shown national leaders that cities concentrate not only population but also economic and social problems. The major cities not only are flashpoints for spontaneous outbreaks of unrest but also fertile ground for religious and political opposition. [redacted]

We believe that disturbances sparked by the urban poor are likely to increase, but the urban underclass is only one potential source of unrest. In our view, if urban conditions—crowding and congestion, noise and air pollution, inadequate public utilities and transportation—continue to deteriorate as we believe they will, dissatisfaction among the urban middle class will be an even more potent political threat. [redacted]

Housing Shortages

One of the most visible indications that the urban populations of the Middle East are growing too large too fast is the shortage of housing for all income groups. Squatter settlements—the first and often permanent destination for most poor rural migrants—have sprung up in and around such cities as Algiers, Baghdad, Cairo, Casablanca, Tehran, and Tunis, and formerly middle-class neighborhoods in these cities have deteriorated into slums.² [redacted]

The inability of higher income groups to obtain suitable housing is equally sensitive politically. In Syria, for example, the US Embassy reports that the urban middle class, especially in Damascus, cannot afford appropriate housing despite the availability of more than 35,000 vacant units. In Egypt, government

[redacted]

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Tehran: A Case Study in Urban Dynamics and Political Instability

The revolution in Iran is a powerful example of the impact of urban dynamics on national political stability. Tehran was the hothouse in which social, economic, and political grievances against the Shah's regime were transformed into radical action against the government—the riots and demonstrations of 1978-79.

Then, as now, Tehran completely dominated urban life in Iran. It accounted for about 29 percent of the country's urban population and was more than six times as large as the country's second-largest city, Isfahan. The formation and coalescence of opposition groups in the capital was facilitated by:

- A large and rapid influx of rural migrants. *Census data indicate that Tehran grew by 5 percent annually during the period 1966-76, from 2.7 million to 4.5 million. By 1970 more than half of the city's residents were rural migrants.*
- Housing shortages. *Slums and squatter settlements sprang up throughout the city, particularly on its southern fringes. In 1977, according to one survey, less than 20 percent of rural migrants owned their own houses.*
- High urban unemployment. *The credit squeeze that began in 1976 created a slowdown in the construction industry that severely limited migrants' employment opportunities.*
- Declining standard of living for the urban poor. *An annual inflation rate of 30 percent by the late 1970s affected the price of all commodities, including most basic food items. Nonsquatting poor migrants were also affected by the rapid increase in the cost of renting rooms or other housing.*

- Conflict between the modern urban elite, aligned with the Shah's regime, and the traditional urban elite.
- Political activism by the traditional elite and city-born residents. *Survey data indicate that second-generation urbanites (those whose parents were rural migrants) were more aware of the most important national political events and issues than new migrants.*
- Government actions against the urban poor. *The government evicted residents from squatter settlements in late 1977 and 1978 and made no attempt to relocate the squatters. As word of the government's action spread, squatters mobilized and prepared to defend their homes.*
- Exploitation of dissatisfaction among the urban poor. *Prerevolutionary surveys indicate that the primary concern of the urban poor was to make ends meet in a costly city with inadequate housing, transportation, and social services. They were not politically active because they did not perceive the regime's actions as the cause of their condition or saw little hope in gaining redress. The Shia clergy and the secular National Front had the organization and leadership required to give focus to the grievances of the urban poor and to convince them to act against the regime.*

25X1

25X1

Secret

Housing Shortages

- *In Egypt, the Ministry of Housing estimates that 1.4 million new units will be needed during 1981-2000 simply to house Cairo's population increase. Nationwide, the Ministry estimates that about 3.6 million housing units must be built during 1981-2000 to fill the backlog of demand nationwide, replace deteriorated units, and keep up with population growth. In Cairo as many as 1.5 million people, or nearly one-fifth of the city's population, live in rooftop shacks throughout the city or in the tomb cities.*
- *In Algeria, the Ministry of Housing and Urban Planning has set a goal of 100,000 units per year in the 1980s and 200,000 per year in the 1990s to keep up with the demand for urban housing.*
- *In Morocco, according to a newspaper account citing government figures, the urban housing shortfall increased from 624,000 units in 1977 to over 1 million units in 1980. According to some estimates, with present rates of construction the urban housing shortage will reach 2.2 million units by 1992 and nearly 4.3 million units by the year 2000. In Morocco, nearly 70 percent of rural migrants and*
- 20 percent of urban dwellers live in shantytowns, according to a recent press account. In Casablanca, more than 450,000—about one-fifth of the city's population, according to the most recent census—live in the three squatter settlements on the eastern edge of the city that date from the French Protectorate (1912-66).*
- *In Tunisia, an estimated 60,000 urban housing units were needed during the Fourth Five-Year Plan (1975-80), but only 17,000 units were provided for in the budget. The Fifth Five-Year Plan (1980-85) allocates funding for only 25,000 units annually.*
- *In Jordan, the World Bank estimates that only about 7 percent of the urban population now lives in squatter settlements but reports the rapid spread of squatter settlements on government-owned land near Amman.*
- *Kuwait City is flanked by clusters of shantytowns that are ghettos for Iraqi, Palestinian, Syrian, Egyptian, Indian, and Pakistani expatriate workers.*

25X1

policies such as rent control have worsened the housing shortage by discouraging the turnover of existing units. The World Bank reports a similar situation in Jordan, especially in Amman.

reality: most major cities of the Middle East are not suited for the modern transportation and utility systems or the large populations presently crammed into them.

25X1

25X1

Rising Demands for Urban Services

Under present rapid rates of city growth, governments must allot increasingly large amounts of money to the largest cities just to keep their infrastructures from deteriorating.³ For example, government security forces were detailed to an older section of Cairo in July 1982 when a broken sewer main that flooded the neighborhood caused angry public demonstrations. The disproportionate urban spending reflects physical

The Burden of Subsidies

The subsidies on basic food commodities that many Middle Eastern governments have instituted probably have dampened urban unrest. They help to meet middle-class expectations, provide minimum consumption levels for the poor, and serve as a palliative for other economic problems such as unemployment.

25X1

25X1

Secret

Overburdened Urban Infrastructures

In several countries the inadequacy of urban infrastructures is a potentially serious political issue. For example:

- In Egypt, Cairenes must cope with inadequate sewerage and trash disposal systems, an antiquated telephone system, frequent power outages, an overused public transportation network, traffic jams, and noise pollution. The government, keenly aware that the declining quality of life in the city could spark further, more serious unrest—particularly among the middle and upper classes—is taking steps to overhaul Cairo’s infrastructure. We believe conditions are likely to get worse before they improve; subway construction, for example, has torn up the central business district, resulted in broken water and sewerage mains, and intensified traffic congestion.*
- In Jordan, water supply in the cities is a critical problem; the government levies progressive tariffs in urban areas to economize on the use of this scarce resource. According to the 1979 census, only 23 percent of urban households were connected to sewerage systems, and the World Bank identified the disposal of garbage as a major urban problem. Urban transport systems have not kept pace with the rapid population growth since the 1970s. In Amman, according to the World Bank, doubling of private vehicle registration between 1976 and 1979 led to increasing congestion in the city center; the existing public transportation system is overused and, being laid out radially, forces riders to travel to the center of Amman to reach another part of the city.*
- In Sudan, clogged sewers and the inability of the government to maintain a garbage disposal system is creating health problems in Khartoum, according to a critical account in an emigre Sudanese newspaper.*

Whatever stability has been gained through food subsidies, however, has been at high economic cost. Price controls on agricultural goods have helped to hold down production, which in turn has depressed rural incomes and encouraged the flow of rural migrants to the cities. The decline in production has forced a number of countries with agriculturally based economies to import increasing amounts of food. According to US Embassy estimates, Egypt, Algeria, Morocco, and Tunisia now must import about 50 percent of their food requirements.⁴

25X1

In Egypt, Morocco, and Tunisia in particular, subsidies on basic foods, fuel, and utilities have added to budget and balance-of-payments deficits. These governments now face the task of holding down popular unrest while raising prices to improve their financial situation and qualify for international financing. Recent experience in Tunisia and Morocco shows that higher prices court urban violence.

25X1

Loss of Agricultural Production

The loss of much of the rural labor force to the cities has had serious economic consequences in countries like Iraq, Jordan, Sudan, and Syria. Significant agricultural resources in these nations are not fully exploited because rural areas suffer manpower shortages. In Iraq and Jordan, jobs in the agricultural sector are increasingly filled by unskilled laborers from other Arab countries, especially Egypt. In Jordan, for example, the US Embassy estimates that Egyptians comprise 60 to 75 percent of the expatriate labor force, many of whom replace rural Jordanians who have migrated to the cities or abroad.

25X1

We believe that rural-to-urban migration has generated a domestic brain drain in which the most talented, most ambitious, and best educated—in addition to peasants living on the margin—have deserted the rural areas and small urban communities for the big

25X1

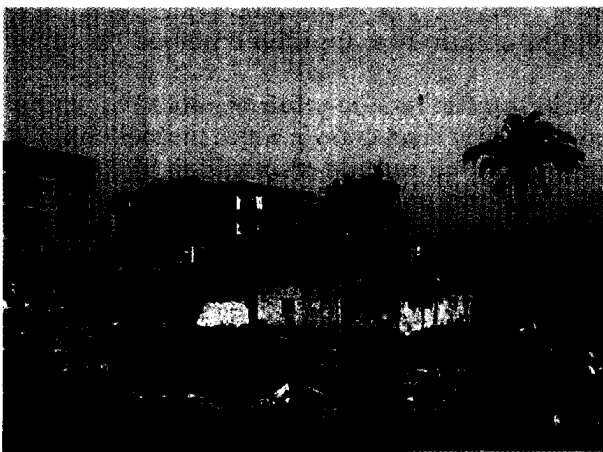
25X1

Secret



Overview of Cairo, looking west across the Nile

25X1



Informal housing, without water or sewer service, in Giza district of Cairo. The informal sector accounts for about three-fourths of all housing construction since 1960



Strain on public transportation. According to the World Bank, 63 percent of all trips to Cairo are made by bus or taxi. One-third of the city's 2,300 buses are usually out of service

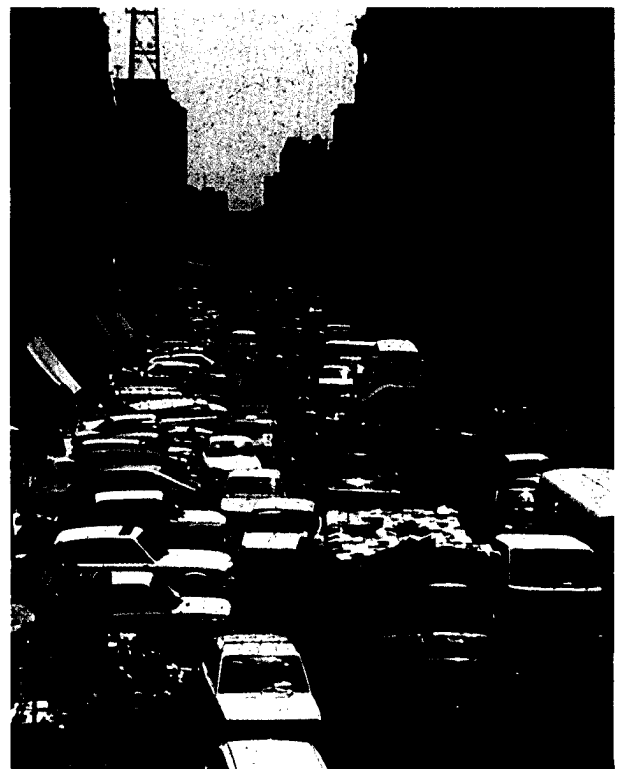
25X1

25X1

Secret



Housing conditions in a traditional, low-income quarter of Cairo (above). Addition to an apartment building in an upper-class district. Additions frequently are constructed without authorization or regard to structural considerations. As a result, every year more Cairenes die in collapsing buildings than in automobile accidents (top right). Midday traffic in the central business district. Traffic congestion is compounded by the parking problem. According to the World Bank, there are only about 5,000 parking spaces for the estimated 17,000 cars that park in the downtown area every day (bottom right).



25X1

Secret

The Subsidy Problem

Several key Middle Eastern countries find themselves in a subsidies trap: economically they can ill afford to maintain the subsidies, but attempts to rescind or modify them carry political risks. For example:

- In Tunisia, violence in Tunis in early January 1984—the culmination of widespread rioting throughout the country—prompted President Bourguiba to rescind the announced price increase on bread and to lower prices on grains.
- In Morocco, rioting broke out in northern cities in mid-January over actual and expected prices for basic foodstuffs and cooking gas. The government hastily revised its program of price increases, dispatched Army troops to the northern cities, and alerted police in Casablanca, where a rumored general strike could have disrupted the Islamic Summit conference.
- In Egypt, the urban unrest in Tunisia and Morocco as well as memories of the Cairo bread riots in January 1977 make the government wary of price hikes—whether for food, bus fares, or electricity.
- In Sudan, the 1982 decision to lower sugar subsidies by more than half led to demonstrations in Khartoum and several provincial towns. [redacted]

city. In our judgment, the loss of the most innovative rural dwellers portends a continued decline in the rural standard of living, in turn stimulating even more migration from the countryside. [redacted]

Urban Unemployment

In several Middle Eastern states, the continued growth of the urban labor pool (a result of both rural migration and high population growth in the cities), coupled with economic stagnation, has made urban unemployment and underemployment a political and potentially regime-threatening issue. We believe that underemployment, reflected in the bloated services or “informal” sectors of many Middle Eastern economies, is a more serious problem than unemployment.

Urban Unemployment

Urban unemployment has become an important political issue in several key Middle Eastern countries, including:

- Tunisia, where we estimate that about one-fourth of the labor force is unemployed—many of them in Tunis, where more than 15 percent of the population lives. Labor agitation centered in Tunis challenged the Bourguiba regime in 1978 and again this year.
- Morocco, where unemployment in northern cities has risen because returning workers squeezed out by the contraction of the French labor market have been unable to find jobs in a sluggish domestic economy. Rising unemployment in the cities of the south, particularly Casablanca, reflects not only declining economic performance but also the effects of a two-year drought that has pushed farmworkers off the land. The regime was forced to take extraordinary security measures to prevent the rioting that began in the northern cities in January 1984 from spreading to Casablanca, where labor unrest had broken out in 1981. [redacted] unemployed youth in the northern cities of Tetouan and Nador played a key role in the rioting there.
- Algeria, where about 20 percent of the nonagricultural labor force is unemployed, according to US Embassy estimates. Although government emphasis on the production of still scarce consumer goods and housing will help to forestall discontent in the short term, we believe that urban unemployment and discontent will increase if the contraction of the French labor market continues, forcing the return of an estimated 1 million Algerian workers. [redacted]

Few rural migrants are openly unemployed, but many of those who are employed make only a subsistence wage or even below this level. [redacted]

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Urbanization and Social Change

- *In Algeria, US Embassy reporting suggests that urbanization and its concomitant Westernized life-style have caused tension between the emerging working class and the traditional bazaaris, that the new working class is beginning to question traditional male and female social roles, and that there is broad-based frustration at the government's failure to deliver the promised economic and social benefits that were to flow from industrialization. We believe these social tensions have contributed to the appeal of Islamic fundamentalism, especially among Algerian students and urban youth who believe that a Muslim state would offer more social equity.*
- *In Jordan, urbanization has contributed to increased tension between Jordanian bedouins and Palestinians who migrated from the West Bank. According to the US Embassy in Amman, some bedouin leaders worry that the migration of younger tribesmen to the Amman area in search of work undermines bedouin society and the foundations of the Hashemite regime. [redacted] the Palestinians believe that urbanization has helped to elevate the status of Palestinians while depressing the status of the bedouins. [redacted] Palestinians believe that urbanization will ultimately make them the key group in Jordanian society.*

- *In Saudi Arabia, a 6-percent annual rate of urbanization has helped to sharpen the traditional cleavages between bedouins, the social foundation of the kingdom, and other rural dwellers on the one hand and urbanites on the other. The urban centers have benefited far more than the rural areas from the country's oil wealth. Urban dwellers have gained greater direct benefits from available economic opportunities, basic commodities, and Western-style goods, as well as indirect benefits from social and health services, educational opportunities, public utilities, transportation, and communication. [redacted]*

Rapid urbanization also is giving rise to a new generation of increasingly better educated and Westernized but lower-class city-born Saudis, who are likely to make increased demands on the Saudi Government for better economic and employment opportunities. To a large degree, the ability of the government to meet these demands will depend on the willingness of the younger generation to accept more manual jobs that have traditionally been taken by foreign laborers. If the economic expectations of lower-class young urbanites are not fulfilled, we believe that they could in time pose a political threat to the government.

25X1

25X1
25X1

25X1
25X1
25X1

Rapid Social Change

We believe that rapid urbanization has produced social dislocations and cleavages that could eventually threaten regime stability in several Middle Eastern countries. The rapid transition from a traditional to an urban society creates stress on deeply held social values and institutions—especially the family structure and definitions of male and female roles—and accentuates differences between generations and ethnic groups in urban areas. Sociologists and US Embassy reporting suggest increasing social tensions in countries such as Algeria and Saudi Arabia, which may eventually escape government control. [redacted]

We believe that social tensions also will be reflected in rising rates of urban crime. Although the limited statistics available do not indicate that urban crime is a widespread problem in the Middle East, we believe that crowded urban conditions are weakening the family structure, the underpinning of traditional society, and that the loss of parental authority is reflected in low-level juvenile crime. A recent article in the Algerian press, for example, implies that urban

25X1

Secret

juvenile delinquency reflects both the abdication of parental responsibility and the failure of the government's social programs, making the cities places of tension and conflict. [redacted]

Leadership Response: The Policy Dilemma

We believe that Middle Eastern governments face a dilemma in coping with urban growth. Deteriorating conditions compel the government to take corrective measures, but these measures tend to aggravate the situation by raising expectations even more and by attracting more newcomers. Many governments, recognizing this, have turned to strategies designed to slow urbanization and to stop the growth of the biggest cities by dispersing the urban population and by placing new emphasis on the rural sector. In our judgment, neither approach is likely to succeed, at least not in the short term. [redacted]

Decentralization Strategies

A number of countries—including Egypt, Morocco, Saudi Arabia, and the United Arab Emirates—have formal decentralization programs designed to redistribute urban growth by creating new centers of employment. We believe, however, that decentralization is an expensive remedy with limited potential, particularly in the poorer states:

- A dispersed settlement pattern is much more expensive to initiate and maintain than a concentrated one. [redacted] Egypt's costs for infrastructure and job creation could be up to one and a third times higher in a decentralization program than in a strategy focused on cities with proven economic potential.
- The success of decentralization hinges on the ability of the government to persuade both industry and workers to relocate. [redacted]

In our estimation, the capital-poor regimes that promote decentralization are unlikely to be able to offer the incentives to accomplish it. Egypt, for example, has made little progress in its efforts to disperse urban growth to new towns. Tenth of Ramadan, a satellite town in the desert northeast of Cairo, is targeted to

have a population of 150,000 by 1985. According to the town's master plan, its population in 1981 was only 5,000. We believe that government efforts to persuade Egyptians to settle in the towns of the Sinai are similarly doomed to failure. In Morocco, well-established new towns founded during the French Protectorate have not proved attractive alternative destinations for rural migrants. Rabat's efforts to divert the flow of migrants away from the larger cities, particularly Casablanca, by underbudgeting for urban housing construction have not worked and probably have contributed greatly to the frustration of both newly arrived urban migrants and city-born residents. [redacted]

We believe that the capital-rich states will also experience difficulties in persuading migrants to settle outside the established cities. We believe that new towns in the oil states, such as Yanbu and Jubail in Saudi Arabia and Jebel Ali in the United Arab Emirates, could become foreign enclaves—a development that would raise the political sensitivities of the leadership and the native population—if natives cannot be persuaded to settle there. In Qatar the new town of Umm Said was established in part to relieve congestion in Doha, but Western studies show that it has attracted primarily unmarried male workers, suggesting that permanent settlement outside the capital is undesirable. [redacted]

Some governments have tried to disperse the urban poor, whom they perceive as the most serious threat to political stability. In Algeria, for example, the government bulldozed shantytowns around Algiers and other coastal cities last summer and forcibly moved residents back to their former homes in the interior. Estimates of displaced persons range from 150,000 to 1 million. In Iraq, the government has announced plans to create two satellite suburbs with populations of 350,000 each about 40 kilometers northwest of Baghdad, [redacted]

Revitalizing the Rural Sector

In the short run, we believe that a renewed emphasis on the development of rural infrastructure may actually stimulate rural outmigration even though, in the long run, it could bring urbanization under control.

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Since the late 1970s most Middle Eastern governments have increased investment in rural housing, electrification and other services, water supply, schools, jobs, and agricultural technology to keep would-be migrants down on the farm and raise agricultural productivity. [redacted]

been done in Algeria. Control of the urban land market, housing subsidies, and income redistribution would be more likely to defuse urban unrest, but we expect governments to avoid such steps because they would attack the vested interests of the politically powerful urban elites. [redacted]

25X1

25X1

In the short run, Western researchers agree that:

- Mechanization of agriculture may actually eliminate jobs in the rural sector.
- Education, especially vocational training, can give peasants skills that may be more profitably marketed in the city.
- Higher rural incomes may stimulate demand for goods and services more available in the cities. [redacted]

Implications for the United States

We believe that the continuing inability of Middle Eastern governments friendly to the United States to control urban growth will prompt them to request US assistance to catch up with demands for housing, transportation, and services in their largest cities. As Arab leaders become increasingly aware of the economic and political drawbacks of rapid city growth, we also expect the United States to be called upon to provide more expertise in urban policy formulation.

25X1

25X1

Outlook

We do not believe that any Middle Eastern government will be able both to implement a comprehensive urban policy that will allow it to meet demands generated by past rapid urban growth and to control future growth. We expect governments to continue their commitment to decentralization strategies to protect already heavy investments in new towns, but we do not expect them to succeed in substantially redistributing urban populations. [redacted]

We expect US urban assistance to become increasingly politicized. The Arab countries most likely to need US assistance, such as Egypt and Morocco, already have major aid relationships with the United States because of their political importance, and we believe that they will seek to exercise some leverage to elicit additional US financial assistance. Although we believe that US aid in rehabilitating Arab cities could garner some good will, we fear that a prominent US role in the cities would increase the risk that Washington would be blamed either for failing to solve major urban problems or for exerting too much influence in domestic policies. [redacted]

25X1

25X1

Rural development schemes are likely to succeed in upgrading agricultural performance over the long run, but, in our judgment, rural-to-urban migration will continue unless cities simultaneously are made less attractive destinations. We do not expect any government to eliminate policies—such as food subsidies and protected modern sector wage and salary scales—that have generated the higher standard of living in the cities that attracts rural migrants, because this would adversely affect the status and interests of the upper and middle classes who form the base of political support for most governments. [redacted]

Demonstrations in the cities over economic conditions or dissatisfaction with the quality of urban life could complicate US efforts to promote political stability in the region. Since urban growth in the Middle East is concentrated in the major cities—particularly the capitals—widespread disruptions in law and order would have serious implications for regime stability. We believe that mounting urban-based problems would be an open invitation for meddling by countries such as Libya or Iran—who promote ideologies that appeal to much of the urban underclass—or by the Soviet Union. [redacted]

25X1

25X1

In our view, some governments will increasingly apply quick fixes to urban growth—such as unenforceable measures to restrict rural-to-urban migration—spurred by the perception that the urban underclass poses a threat to political stability. We anticipate that some governments will turn to forcible dispersion of the urban poor from the largest cities, as has already

Secret

Secret