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IN LIBYA, IS DESPAIR KEY TO A TURNAROUND?

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The carrion-eaters screaming 'Libya is a failed state' have cause. If there are grounds for optimism in the current morass, it is that the chaos and despair gripping Libya is cutting some knots, sealing off some unproductive policy options, and consolidating positions across parties previously reluctant to speak with one another. This process is replicating itself in Libya's immediate neighborhood, as Algeria, Egypt and Tunisia seem to be finding common cause in preventing a collapse of the Libyan state - which would have disastrous consequences for all of them. Further, the international community as a whole seems to have come to the conclusion that outside military interference under current conditions is unproductive and untenable. At the time of writing a multi-party push was underway to liberate Benghazi from extremist militias - with uncertain consequences.

Origins of an Impasse

Libya's disintegration has been slow and obvious. It is tied, alternatively to the 2011 NATO intervention that ended the Gaddafi regime, or, more productively, the failure of the West and Libya

both to consolidate gains and rebuild in its wake. The post-revolution marginalization of the Eastern city of Benghazi was a mistake, leading as it did to a drain in resources from one of Libya's most important commercial and intellectual centers, and a massive pile-on of disgruntled and heavily armed supplicants in the re-instated capital of Tripoli. Tripoli became the stage on which old, transformed and new power-brokers sought to prove their relevance, through force of arms. The old include some nostalgic for the Gaddafi regime. The transformed comprise those who had positions of influence in the previous regime but remade themselves into liberals, and those former opponents of the regime now tapped into deeper, more politically savvy networks promoting 'extreme Islam'. The new are those groups whom the 2011 conflict afforded status and a feeling of entitlement-- prominent among these are the Misurata and Zintan-based militias. The current struggle is over competing visions of Libya's future. Even more so, however, it is about opportunism run amok.

Because Libya's government has grown around the disorder, it is continually vulnerable to extortion: it is asked

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The Arab Winter has had serious implications for Algeria, which is no longer shunned for the role its security forces played in the crackdown against extreme Islamic elements during the civil war of the 1990s; its security forces are now praised by the U.S. and the U.K., who solicit its advice on how best to bring greater stability to North Africa.

Algeria has been focused recently more on building electric fence along parts of its border with Libya, than mediation efforts. The same goes for Tunisia, although an election win for moderate secularists will give the West an avenue in which to add another brick to the anti-extremist wall.

A unified North African front has potential to help contain extremism at the margins, and prevent outside interference through enhanced border surveillance, information sharing and the warding off of external military interference.

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to feed the very forces that undermine it, or face a blow-out that could extinguish it. In a way, it would be easier if Libya were poor: while Libya's oil production declined precipitously from a pre-revolution high of 1.6m bpd, it is back up to 900,000 barrels per day, most of which is coming from the Eastern fields. In the wake of the Revolution, the new Libyan state paid out billions of dollars in health benefits to demilitarized *thuwwar* ('revolutionaries'), only a fraction of which went to bona fide recipients. Approximately 15 billion dollars in consumables subsidies are paid directly to in cash and kind, and through de facto warlords who feed, equip and house groups loyal to themselves, and not the state. A large fraction - up to 60 percent, by some estimate - of state-purchased or funded commodities are smuggled outside Libya.

An obvious consequence of the prolonged crisis in Tripoli, and the 'money pit', has been an exponential growth in disorder, dislocation and criminality, including illegal trade in gasoline, staple foods, weapons and drugs, and trafficking in persons, as well as hijackings and killings. The number of African asylum seekers using Libya as a launching point for Europe has increased markedly with the disorder in Libya, rising to an estimated 100,000 per year. This flood has resulted in a noticeable increase in the number of fatal open-boat capsizings in the stretch of sea between Zwara and the Ital-

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ian shore. Libya's southwest is similarly unstable, marked by frequent clashes and incursions along the Libya-Tunisia and Libya-Algerian border, and struggles amongst the Tubu, Zwaia, Awlad Suleiman and the Tuareg for control of the smuggling arteries. According to U.N. estimates, more than 280,000 Libyans have been displaced by the conflict, internally and abroad.

While power comes from controlling the flow of cash, it is projected through force of arms. Libya and much of the Sahel is awash in weaponry, in part due to legal purchases by the Gaddafi government in the wake of the 2003-2004 rapprochement with the West, in part due to the failure of both the West and the Libyan government to secure and destroy stockpiles in the six months following the NATO intervention. Readily accessible arms have made it all the more easy for small subversive groups to cause disproportionate harm. Benghazi is a case in point. For close to a year after the revolution, the city was relatively calm. Its residents bragged that their city, with more guns per capita than any major metropolitan area in the U.S., had a far lower base crime rate. The attack on the U.S. compound in Benghazi on September 11, 2012, as per the intentions of its perpetrators, fundamentally changed this dynamic: it pushed foreigners out, leaving the city easy pickings for squads of assassins, bent on dismantling any force capable of enforcing security, even as thousands of unarmed citizens attempted to shame extremist militias into leaving.

Inflection Point: Summer, 2014

The defeat of the Muslim Brotherhood in national parliamentary elections last June 25, and the entry onto the scene of CIA-trained General Khalifa Hifter, an ex-Gaddafi officer, set the stage for a major conflict. Hifter, who had support among ex-army officers-turned-rebels and a number of Libya's major tribes, brashly declared war on 'Islamic extremists', into which he lumped the Muslim Brotherhood, which it must be said is not identical to ultra-extremist groups like Ansar Al Sharia, or Rafallah al Sahati. The Brotherhood and its allies had attempted to engineer a legislative coup earlier in the month, through the appointment of a Brotherhood sympathizer, Ahmed Metig, as Prime Minister. The Libyan Supreme Court intervened dramatically (and effectively) on June 9, upholding the challenge and authority of sitting Prime Minister, Abdullah Al Thinni.

Faced with this setback, and increasing attacks by General Hifter and upwards of 20,000 forces loyal to him, the Brotherhood and its sympathizers and allies decided to exit the government to tear at it from outside. Simultaneously, fighters from the important coastal city of Misurata helped create an alliance of forces known as Fajr Libya (Libya Dawn). While Fajr Libya has been described as Islamist, this, like most attempts to pigeon-hole Libyan groupings, is not wholly accurate - a good portion of the Misuratan fighters are out for power, and have no overt religious agenda.

For weeks, Fajr Libya fought to evict the pro-government Zintan militia and allied brigades from the airport, and to take control of Tripoli, which it did in late August, precipitating the withdrawal of most remaining foreign diplomats in Libya, and the formation of a pretender government in the West: a reconstituted General National Congress (GNC) under Omar al Hassi. The elected government was left to implement its pre-planned move back to the East at Tobruk, with Prime Minister Abdullah Al Thinni and his Cabinet at Beida.

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Unintended Consequences

The chaos of the last few months has 'resolved' some conflicts, and opened the door to some new approaches. With the relocation of the House of Representatives (HoR) and Cabinet to the East, and a consolidation of power in the West under Fajr Libya, the circus that paralyzed the former ministries in Tripoli has for the moment disappeared. Fears of impending government collapse have given the HoR cover to request United Nations assistance, and precipitated U.N. Security Council Resolution 2174, which called for an immediate and comprehensive cease fire; the U.N. Support Mission in Libya (UNSMIL) oversaw the late September national reconciliation dialogue in the southwestern city of Ghadames, which facilitated contacts between some members of the nominally competing governments. All of which begs the question of what would have happened had the U.N. support mission been allowed to deploy in Benghazi just following the libera-

tion of Benghazi from Gaddafi in 2011. The U.N. will likely be a key factor in any final settlement, as it enjoys continuing credibility and status for its role in securing Libyan independence in 1951, and is widely seen as a fair broker. There are other potentially helpful developments, tied to increased desperation around the future of Libya

The Rise of Algeria

The Arab Winter, as the 2011 Revolutions have been re-dubbed, has had serious implications for Algeria, which is no longer shunned for the role its security forces played in the crackdown against extreme Islamic elements during the civil war of the 1990s; its security forces are now praised by the U.S. and the U.K., who solicit its advice on how best to bring greater stability to North Africa. Algeria has responded to this embrace by being far more vocal - hence the uncharacteristically strong public reaction by Algeria against ineffectual airstrikes by the United Arab (assisted, allegedly, by Egypt), against Fajr Libya targets in Tripoli in late August, and even more strongly, against Qatar, for allegedly delivering plane-loads of arms to the latter in early September.

Any Western hope that Algeria can help solve the Libya crisis, however, is over-placed, as Algeria has no real truck inside Libya, or within the ranks of the Muslim Brotherhood. Several prominent Algerian extremists have found refuge within Libya, where they are beyond the arm of Algeria's government. Algerian military chiefs remain defensive and wary of any cross-border intervention in the region, and argue that it is not in Algeria's broader interests to become the West's North African gendarme. Indeed, Algeria has been focused recently on building electric fence along parts of its border with Libya, and not on mediation efforts. The same goes for Tunisia, although an election win for moderate secularists will give the West an avenue in which to add another brick to the anti-extremist wall.

Increased Regional Coordination

The turmoil in Tripoli had two further consequences: It has brought Algiers closer to Egypt, Libya's neighbor in the East, than it has been in decades. Traditionally Algeria and Egypt have competed for influence in North Africa and the Middle East - their mutual hostility exploding with particular ferocity during football matches. Today however, keeping the Muslim Brotherhood and the hard line Salafist groups at bay is a shared interest. Similarly, the crisis in Libya has led Algeria to become the de facto guarantor of stability in Tunisia. Algiers did not hide its disgust with manner in which the Tunisian Islamist leader Rachid Ghannouchi gave free rein to hardline Salafist groups. It was only after the latter attacked the US embassy in Tunis in September 2012 that the US and the UK appreciated the danger posed by such groups.

When both countries fully understood the role that more than one thousand Tunisians, hailing from the Libyan-Tuni-

sian border region of Ben Guerdane were playing in Syria, that they began to listen to Algerian arguments in earnest. Many in the Tunisian middle class are now happy to say publicly how much they appreciate Algeria. A few years ago they were, all too often, disdainful of the country bumpkins ("arroubis") as they saw them, across their western border. A unified North African front has potential to help contain extremism at the margins, and prevent outside interference through enhanced border surveillance, information sharing and the warding off of external military interference.

An Exit for the General?

Gen. Khalifa Hifter's campaign (which he dubbed karama, or dignity) gained strong public favor in its early months, appealing as it did to an exasperated population, highly hostile to imported and growing extremism. Hifter, however, never seemed to have much of a plan, other than to emulate Egypt's Abdel Fattah Al Sisi, and showed little inclination to support nascent state institutions, as evidenced by his two televised announcements of a 'change in leadership'. Hifter's ability to sow dissent within his nominal allies, and to embolden his foes, allegedly persuaded the former, including Sisi, the HoR, and Ibrahim Jadran his camp of Benghazi Federalists, that Hifter needed either to be assimilated into the government structure, or removed. Egyptian press reported

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in late September that Sisi sent emissaries to convince Hifter, "nicely or roughly" to toe the line. Similarly, the HoR, has allegedly given the latter an ultimatum to submit formally to its authority, or face undefined consequences.

In mid October, the Al Thinni government urged Benghazi citizens to engage in localized, simultaneous revolts against the extremist militias, across Benghazi. To the surprise of many, Hifter appeared on Libyan television on the 14th, announcing that he would leave the ground battle against extremists after the liberation of Benghazi, and lending moral support to government forces. Things became slightly more opaque on October 15, with reports that Egypt was "renting" fighter planes to Libyan pilots -nominally associated with Hifter- to bomb extremist militias in Benghazi. Al Thinni issued a statement the same day that Libyan ground forces were firmly under the control of the Libyan Army Chief of Staff, making no mention of General Hifter, whose followers were linked to the air strikes. A well placed Libyan source explained this as a sign that a temporary 'marriage of convenience', had been struck between HoR, the Egyptians and Hifter for the purpose of liberating Benghazi, but that one would have to see what happened afterward, assuming the efforts was successful. In any case, the liberation of Benghazi -if it did not result immediately in fissures within the 'liberal' camp- would be an enormous step forward in the government's ability to bring the East to heel, and to create a widening area of safe havens, consolidated with U.N. help.

A Role for the Private Sector

One hopes that Libya's predicament has pushed some to think more about the potential stabilizing role of the private sector. Visible foreign investments in Libya -not all in the oil and gas sector- secured by Libyan private and state capital, could have multiple positive impacts, through employment and training of sanctioned Libyan security, and a virtuous circle of increased stability and employment. The Libyan government and its supporters would do well to consider unorthodox concepts such as charter cities, advocated forcefully by U.S. economist Paul Romer. Described as states within states, charter cities are administered according to an internal code (a charter), guaranteed by outside powers or companies. Part of the idea is to 'outsource' good governance in that city or zone, in order to accomplish a specific goal, often economic. In Libya's current environment, objections based on impingements upon state sovereignty may not be as much a problem-- as Libya has little to lose, and potentially much to gain from a degree of imported stability. One such logical zone would connect Libya's natural resources in the East, to its ports at Benghazi and Tobruk. The resilience of In Amenas, the Algerian natural gas complex attacked by extremists in January of 2013, is useful: it is rumored that the foreign concession holders BP and Statoil, are preparing to returning to the site, 30 km West of

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the Libyan-Algerian border. If true, this is a testament to private sector confidence that the Algerian government has taken necessary steps to secure the area.

Given various states have expressed strong interest in developing Libya's ports as transshipment centers for the Southern Mediterranean, perhaps this is not a pipe dream. Nor perhaps the idea that both the Libyans and the Egyptians could learn from Tunisia's 'medical corridor' on the Western side of the Libyan border: over 20 years, Tunisia built a robust medical tourism industry on demand from Libyans fleeing their own medical system under Gaddafi's rule.

The Limits to Inclusiveness

While a ceasefire and national reconciliation are necessary conditions for a long-term solution, there is productive dialogue and unproductive dialogue. The HoR has been criticized outside the country for its intransigence towards Fajr Libya, and in particular, labeling it a terrorist group, of the same order as Ansar al Sharia. Fajr Libya's main demerit is not necessarily its extremism, but the fact that it is politically illegitimate. As such direct negotiation between the HoR and Fajr Libya's leaders, or the Hassi-led GNC is distinctly counterproductive until and unless the latter recognize, unequivocally, the HoR's authority as the sole seat of government. An

analogy can be drawn with the situation in Libya at the end of August, 2011, when the West briefly entertained discussions with Gaddafi about a negotiated settlement.

Further, distinctions should be made between the Muslim Brotherhood -Sisi's nemesis- and fringe groups like Ansar Al Sharia-- and even Fajr Libya. The Muslim Brotherhood and ex-Prime Minister Mahmoud Jibril's liberal coalition can be said to have a legitimate following, having been part of previous governments. The HoR is engaged with negotiations with boycotting parliamentarians but not with the GNC, Al Hassi or Fajr Libya itself.

Some comfort may be found in the fact that Libya's quandary is not obviously worse than that of Algeria in the early 1990s, or, more recently, Egypt under Morsi. The consequences of failure, however, may be greater. While there are limits to what neighbors and outside powers can do, it is clearly highly undesirable for Libya to be left to the likes of the Islamic State in Iraq and Syria (ISIS), and its sympathizers and would-be emulators, all of which thrive in a political vacuum. The recent re-proclamation of Benghazi's sister town of Derna as an 'Islamic Emirate', answering to ISIS, is yet more evidence of opportunism, not fundamental truth. A recent piece in *Asharq Al Awsat*, highlighted the dissonance between an ISIS takeover and Derna's century-old

reputation as the center of Libyan arts, education and culture - and suggests that such traditions are not easily erased.

Unfortunately, dreams of a brighter past are not immediately helpful, as more large-scale militia contests are expected in both the East and the West.

Through the Gauntlet

If it is to regain control of Libya, the current government will need to pull off a near-miracle, by doing several things more or less simultaneously. It will need to close the funding tap to the militias and disarming the population, while building a national security force immune from cooptation by the city-based militias, extreme Islamic groups, Federalists, or any other power interest. It will need to grow the gendarmerie organically, and to deploy it to take back major population centers back from criminal gangs and extremists, and to consolidate its political legitimacy; it will need to disarm the militias, while advancing a national reconciliation process, and strengthening the judicial system. It will need to create structures that employ large numbers of Libyans in productive, and not self-cannibalizing activities. Foreign governments and investors could play a role in stabilizing parts of Libya through development of commercial zones, that symbiotically feed a legitimate security apparatus. Port infrastructure, factories, training centers, medical centers - all of these can be developed by Libyans, with Libyan money, using outside technical support and joint private-private and public-private ventures.

It is worth keeping in mind that, despite everything that has gone wrong in Libya in the last three years, the country has seen an unbroken line of popularly elected bodies, from the original Transitional National Council (TNC), to the General National Congress (GNC), to the current HoR. As long as this chain remains intact, and the current government manages to flip from defensive to offensive, increasing its area of undisputed control, there is some hope for a mid term negotiated solution. If the current government fails, however, all the kings' horses and all the kings' men will be hard pressed to put Libya back again.