

**MEDITERRANEAN PAPER SERIES 2010** 

## **REFORM IN LIBYA: CHIMERA OR REALITY?**

Alison Pargeter





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Cover photo: Saif al-Islam Gaddafi, son of Libyan President Muammar Gaddafi, speaks during a gathering in Tripoli, Libya, July 24, 2008. © Sabri Elmhedwi/epa/Corbis

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### OCTOBER 2010

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### **EXECUTIVE SUMMARY**

Libya's rehabilitation in the international community has been accompanied by a growing debate within the regime about the need for reform. Much of this debate has been spearheaded by Colonel Qadhafi's son Saif al-Islam, although Qadhafi himself has repeatedly spoken of the need for change in order for Libya to meet the challenges of the 21st century. To date Libya has taken a number of tentative steps down the path of reform and has announced a series of reform measures, including a shake up of the public sector and the privatization of the banking sector. However, many of these announced plans have yet to be realized and there is still a strong resistance to change among certain parts of the regime. Moreover Colonel Qadhafi is still giving contradictory signals about the reform agenda, and the administration is still mired in chaos and uncertainty. As such, in spite of some changes, meaningful political and economic reform would still appear to be somewhat elusive.

This paper lays out the current reform debates being played out within Libya. It examines the competing currents within the regime, as well as the inherent constraints to change that are present within Libya's *Jamahiriyah* system. It analyzes and explores changes both implemented so far and expected in the future, and assesses whether these are genuine attempts at reform or simply window dressing aimed at regime survival. The paper also examines the significance of the reform debate for the country's political and economic future, and assesses the extent to which this debate will have an impact on the wider region and on Libya's foreign relations.

## Introduction

Since Libya's announcement in December 2003 that it was abandoning its weapons of mass destruction (WMD) programs, there has been a great deal of hype surrounding the country's return to the international fold. Much of this attention has been focused on the issue of reform and the key question that has preoccupied Libya watchers has been how far will this highly centralized, deeply personalized, and chaotically bureaucratic state be willing or indeed able to go down the path of real change in order to drag itself into the 21st century.

Early indications following the 2003 announcement were positive. The appointment in June that year of a reformist-minded General Secretary (Prime Minister), Shukri Ghanem, who was a well-known advocate of free market economics seemed to bode well. So did the repeated assertions by Colonel Qadhafi that it was time to diversify the economy away from its reliance on oil, the revenues of which account for over 95 percent of Libya's hard currency earnings. As such the regime gave the impression that it was seriously contemplating reform in the economic sphere at least. Reforming Libya's unique political system, the Jamahiriyah (State of the Masses), was always going to be more controversial. Yet, there was talk of turning the country into a Presidential Republic as well as plans to introduce a constitution and more recently to undertake some kind of national reconciliation process.

However, it was not long before the contradictions so characteristic of the Qadhafi regime began to emerge. Whilst the regime talked of reform, this discourse was punctuated by messages signaling a return to the old style socialist policies of the past. Many of Shukri Ghanem's attempts at modernizing the economy were unceremoniously blocked, and in March 2006 he was removed from his post. Qadhafi himself continued to talk of the need for reform yet at the same time also called for the renationalization of the country's oil sector and for the strengthening of his Jamahiriyah system. To confuse matters further, in March 2008 Qadhafi made a highly controversial speech in which he declared that the administration should be abolished and the country's wealth handed directly to the people. Such contradictory signals have left both Libyans and outsiders questioning how deep the regime's commitment to reform really is, and whether the whole project has been more about presenting an image of change than about change itself.

That is not to say there have not been tangible changes. Anyone visiting Tripoli today will experience a very different city to that of just five years ago and one that is almost unrecognizable compared to 20 years ago. The private shops, smart new buildings, Internet cafes, not to mention a slightly freer atmosphere, are all testimony to the fact that the country, or at least some parts of it, has moved on. However, in spite of Libya's best intentions, to date the reform process has been slow at best and characterized by an arbitrary and opportunistic approach that would appear to be lacking in any coherent vision. Perhaps more importantly, this process has been as reliant on personality as Libyan politics under the Qadhafi regime has always been. As such there are still many question marks over the future of reform in Libya and over whether the regime will be able to free itself from the constraints that are inherent in the Jamahiriyah system sufficiently well to transform itself into the sleek modern state that so many Libyans desire.

## THE EMERGENCE OF A REFORMIST DISCOURSE

Whilst the issue of reform in Libya is generally associated with the post-2003 WMD announcement, the push for change came much earlier. As the country limped through the 1990s struggling with the impact of international sanctions (imposed in 1992 on account of Libya's refusal to hand over the two Lockerbie suspects), a fall in international oil prices, and the cumulative effects of years of economic mismanagement, there was a growing consensus within the regime that something needed to change. The emergence of a militant Islamist opposition in the mid-1990s had added to these pressures, as had the very real problem of how to deal with the country's disenfranchised and burgeoning youth. Like the other countries of the Maghreb, Libya had experienced a demographic explosion, and in 1995, 39 percent of the population was under the age of 15.1 The already bloated state sector was struggling to absorb those of working age, and given the regime's ideological objections to privatization, there was no private sector alternative. Furthermore services such as health and education had been eroded both by the sanctions regime and by mismanagement, and the population was finding it harder than ever to make ends meet. Therefore, whilst the push to reform came largely from the desire for rehabilitation in the international community, there were strong domestic drivers too.

By the second half of the 1990s, a group of officials within the regime had come to the conclusion that the only option for Libya was to rebuild its relations with the international community. This was a view

that came to be shared by Qadhafi himself, who in April 1999 handed the Lockerbie suspects over for trial in the Netherlands, resulting in the suspension of United Nations sanctions and the start of the country's rehabilitation process. This group of officials, which became known as the "reformists" included former General Secretary and then Ambassador to Italy Abdel Ati al-Obeidi, former Foreign Affairs Secretary Abdelrahman Shalgam, former Head of External Security Musa Kusa, and former Justice Minister and then Ambassador to the U.K., Mohamed Belqasim Zwai. These heavyweights embarked upon a series of negotiations with Britain and the United States in order to resolve certain files, most notably the Lockerbie compensation case, followed by the allimportant WMD file that finally opened the way for the resumption of diplomatic relations with Washington.

Although this reformist group were driven mainly by the desire to rehabilitate Libya internationally, they realized that coming out of isolation would also require the country to undergo some sort of internal modernization if it were to take its place in the new globalized world. Libya's arcane bureaucracy, crumbling infrastructure, and revolutionary slogans were looking more anachronistic than ever, as if the end of the Cold War had simply passed the *Jamahiriyah* by. Furthermore because the regime's main goal was (and had long been) the restoration of relations with the United States, something that would bring not only international respectability but also the much-needed investment in the county's degraded energy sector,<sup>2</sup> the regime was

<sup>&</sup>lt;sup>1</sup> Libyan General Authority for Information (2007), *Statistics Book*. According to the same source by 2006, this number had dropped to 32.4 percent of the population.

<sup>&</sup>lt;sup>2</sup> Although oil exports were not included in the United Nations sanctions that were imposed in 1992, the embargo

anxious to demonstrate to the outside world that it was willing to change. It sought to present the image of a new, more mature Libya that had shed the brutal excesses of the past and that was keen to bring its economy in line with international standards. To this end, a series of conferences and showcase meetings on foreign investment were held in Tripoli at which the message was clear, namely that Libya was open for business. During an International Conference on Development and Investment in the Great Jamahiriyah in 2000, for example, Qadhafi confidently declared, "Libya wants to encourage foreign capital investment and partnership, not only for the benefit of this country but for the entire African continent to which Libya is the gateway for Europe.... We will create the right atmosphere for the investor."3 Similarly there was a rush to contract foreign consultants such as Michael Porter and the Monitor Group to help Libya to formulate a new economic strategy.

However, the push for reform was given greater impetus by the coming of age of Saif al-Islam, Qadhafi's eldest son from his second marriage. The young Saif al-Islam, who had studied abroad, was keen to open up the country and to modernize the economy in particular. It was he who had pushed for his ally Shukri Ghanem to be made General Secretary in 2003 and through his charity the

had a negative effect on the energy sector as under measures introduced in 1993, imports of equipment that could be used for extracting oil and transporting it to export terminals, as well as for general maintenance and upkeep, were also banned.

Qadhafi International Development Foundation (formerly the Qadhafi International Foundation for Charitable Associations) began to play an active role in Libya's political, economic, and diplomatic life, whilst maintaining that he had no official role and was simply the leader of the country's civil society.

Saif al-Islam also began courting the West and, employing the latest buzzwords, began talking about democratization, civil society, transparency, and the rule of law, something that was a far cry from the old Cold War rhetoric that his father continued to employ alongside his calls for change. To this end Saif al-Islam started making increasingly bold comments to the international media. In an interview with The New York Times in 2004 for example, he declared, "Democracy is the future... We have to be ahead of the world in our region, the Middle East, and not to be lagging behind, because the world is heading toward democracy." His approach was well received in western capitals, and in spite of some reticence, western governments generally welcomed the fact that he spoke their language and offered a softer face to what had long been considered a truculent regime.

As such Saif al-Islam, with his ability to speak the language of change, came to be presented as the very embodiment of reform. The blatant contradiction of the reform process being spearheaded by the son of Colonel Qadhafi and by someone who had no official position in the state was not lost on commentators or Libyans alike. As Dirk Vandewalle has stated, "The fact that Saif al-Islam seemingly emerged as a young oligarch himself, the fact that the major reform statement was made by someone

<sup>&</sup>lt;sup>3</sup> Moammar Mohammed Abdel Salam Abu Minyar al-Qadhafi, *Oil Diplomacy*, July 29, 2002. Available at http://www.allbusiness.com/periodicals/article/222869-1.html, accessed 2006.

<sup>&</sup>lt;sup>4</sup> Craig Smith, "Qaddafi's Modern-Sounding Son Is a Riddle to the West," *The New York Times*, December 14, 2004.

who has no official standing within Libyan political life, and did so without consulting the General People's Congress — those facts alone attest to the lingering personal politics and lack of institutionalization that still surrounds policy formulation in the Jamahiriyya." Yet, given the nature of the state under Qadhafi, in which there has been no space for political parties, opposition movements, or genuine civil society organizations, the push for reform could only have come from within the upper echelons of the regime. Indeed given that all political, economic, and civil activism has had to be conducted within the framework of the Jamahiriyah, there was no other channel from whence this reformist current could emerge, and Saif al-Islam, with his interest in liberal economics and global governance, was the most obvious candidate to lead this process. As such the reform process has always been a highly orchestrated affair that has been played out almost like a piece of theatre.

Although there was some resistance to Saif al-Islam and his modernizing ideas among certain parts of the regime, he was soon able to draw a group of younger academics and technocrats around himself. However, aware of the need to go beyond this elitist group, he also sought to garner some popular legitimacy. Creating a public persona, he dubbed August 20 as National Youth Day and turned it into his own annual celebration. He also posited himself as defender of human rights and champion of the Libyan people, famously laying into the country's "fat cats" who he accused of lining their own

pockets instead of serving the state, something that struck a chord with ordinary Libyans who were fed up with their failing services and the very real socioeconomic challenges they continued to face. As well as these populist gestures, the young Qadhafi was astute enough to realize that he also needed to bring the country's more traditional forces on board. As a result he focused efforts on courting key tribal leaders and members of the security services that had always formed the bedrock of the regime.

Despite the fact that Saif al-Islam was criticized in some quarters for making promises he was unable to fulfill, the "Saif al-Islam effect" soon gathered a momentum of its own. Even in a land so saturated with slogans, gestures, and promises, the young Qadhafi came to be regarded as some kind of savior who could pull Libya out of the quagmire it had got itself into over the past four decades. His triumphant bringing home of convicted Lockerbie bomber Abdelbasset al-Meghrahi from the U.K. on August 20, 2009 only served to consolidate the impression that Saif al-Islam was able to move mountains. Saif al-Islam himself interpreted the whole event as some kind of divine intervention, declaring "I told them that I would get Abdelbasset out on the 20th August and I told them that if he left the prison on the 20<sup>th</sup> August this would be a sign from Allah that I am walking on the right and correct path... Even this date is a message from Allah."6

<sup>&</sup>lt;sup>5</sup> Dirk Vandwalle, The Institutional Restraints Of Reform In Libya: From Jamahiriyya To Constitutional Republic?, Paper prepared for Oxford conference, September 25-27, 2009.

<sup>&</sup>lt;sup>6</sup> Said Saif al-Islam Muammar Qadhafi: al-Ifraj Aan al-Meghrahi Munasaba Tariqiya Fi Hayat al-Libeen [Mr Saif al-Islam Muammar Qadhafi: The Release of al-Meghrahi is a Historical Occasion for the Libyans], Oea, August 22, 2009, available in Arabic at http://www.oealibya.com/frontpage/local-news/5266-2009-08-22-00-46-36.

By this point the stage had been set for Qadhafi's October 2009 announcement in which he declared that it was time for Saif al-Islam to be given some kind of official position that would make him responsible for the country's internal affairs. This move was viewed both inside Libya and outside it as a clear indication that not only would Saif al-Islam be confirmed as heir apparent, but also that the regime had finally settled upon a reformist course. However, despite Saif al-Islam's declaration that he would need time to mull over taking up an official position, he has so far proved reluctant to do so. Although it is not clear exactly why he let the matter drop, it is believed that the leader's son does not want to be seen to have simply been handed power by his father or indeed to be given a post that may limit his room for maneuver and that would make him ultimately more accountable for his actions. Yet, regardless of his position, Saif al-Islam's ability to act will always be constrained by the will of his father, and as such the speed and extent of Libya's reformist course remain very much open to question.

## 3 Modernizing the Economy

Although change has been excruciatingly slow and beset with difficulties, a number of economic reforms have been implemented to date, many of them initiated by Ghanem during his time as General Secretary. In June 2003, for example, in a bid to encourage foreign investment, the Central Bank unified the dual rate exchange system under which individuals requiring foreign currency used a "commercial rate" whilst transactions done by state companies were done at an official rate.<sup>7</sup> The same year Libya also accepted its obligations under Article VIII of the International Monetary Fund's Articles of Agreement and in October released the details of the IMF's first Article IV consultations that called for wide ranging structural reforms, improved macroeconomic management, and the removal of trade barriers and price subsidies.8 Accepting a role for the IMF was a major step forward for a regime that had so fiercely rejected any hint of the foreign, yet alone western interference, and that had stood by its Socialist economic principles for so many years.

Ghanem also sought to launch a privatization program that would transform the Libyan economy. He earmarked 360 companies for privatization and under his supervision the privatization board managed to oversee the transfer of 40 state-owned companies. However, on closer inspection this

initiative was not as impressive as it first appeared. Many of these companies were in fact small firms and their privatization had little impact. In fact some senior Libyan officials complained that many of the companies were already dead in the water. <sup>10</sup> Moreover, there were complaints that the employees of some of these companies that had been privatized were literally thrown out on the street and not compensated for their loss. In addition there was a strong reaction against these plans and obstacles were put in the way of the scheme by the more conservative elements within the regime.

There have been advances in the privatization of some major sectors, most notably in the banking sector. In March 2005, a new banking law was passed permitting foreign banks to open branches or offices in Libya, providing they have a minimum capital of US\$50 million. Three months later, Saif al-Islam announced moves to restructure and privatize five state banks, promising that foreign banks would be able to buy shares in two of them. In 2007, these promises were realized when BNP Paribas acquired a 19 percent stake in Sahara Bank, the second largest commercial bank in the country, with the option to purchase up to 51 percent by 2012.<sup>11</sup> Early the following year, the Jordanian Arab Bank acquired a 19 percent stake in Wahda Bank with the same option to purchase up to 51 percent

 $<sup>^7</sup>$  Libya. The Economic Base, APS Review Downstream Trends, July 2, 2007, available at

http://goliath.ecnext.com/coms2/gi\_0199-6692384/LIBYA-The-Economic-Base.html, accessed December 2009.

<sup>8</sup> Dirk Vandewalle, op. cit.

<sup>&</sup>lt;sup>9</sup> U.S. Department of State, *Doing Business in Libya: A country commercial guide for U.S. companies*, December 2004, updated January 2006.

<sup>&</sup>lt;sup>10</sup> Interview by author with Abdullah al-Badri, Head of NOC, Tripoli, June 2005.

<sup>&</sup>lt;sup>11</sup> Trade Sustainability Impact Assessment (SIA) of the EU-Libya Free Trade Agreement, Inception Report, Project financed by the European Commission, DG Trade, February 2009, available at

http://trade.ec.europa.eu/doclib/docs/2009/april/tradoc\_1429 28.pdf.

at a later date. There has also been a gradual improvement of banking supervision and, for a country lacking in credit culture, the step of setting up a Credit Bureau that is supported by international experts is expected to encourage lending in the private sector. Whilst these are positive steps, the restructuring process in this sector has been slow and clearly still has a long way to go. As one EU-funded study summarized in 2009, "Libya remains largely a cash economy with an archaic banking system focused on trade financing."12

The other area that has witnessed some tangible developments has been the telecommunications sector that is essentially owned by Qadhafi's eldest son, Mohamed, who is the chair of Libya's General Post and Telecommunications Company. All the country's fixed, mobile, satellite, and Internet communications are held by state-owned enterprises that are centered in this company, including the country's two mobile companies, Libyana and al-Madar, which are both owned by the same shareholders. In February 2008, a third mobile network was awarded to the Economic Social and Development Fund, which was authorized to bring in investment through a partnership with an international company, and in 2009, the Emirates Telecommunications Corporation (Etisalat) offered the Libyan government \$825 million to acquire the third mobile license. Whilst such efforts demonstrate a commitment to modernizing the telecommunications industry, the fact that the whole sector is ultimately controlled by one of Qadhafi's sons places question marks over the

extent to which these moves can really be labeled as reform.

It is also true that there has been a growth in private sector activity, as evidenced by the mushrooming of private shops, hotels, Internet cafes, and restaurants, as well as a growing real estate market. However, these have, for the most part, been smallscale affairs that in many cases have been unable to expand in a major way on account of the country's bureaucracy as well as the difficulties that ordinary Libyans face in securing bank loans. Indeed, such enterprises hardly constitute a national privatization program. As Libyan academic Dr. Fathi al-Ba'aja despairingly commented, "The private sector doesn't mean these shops that are open now as a way for people to bring in income. These are just small places that consist of brooms, two canisters, and some tins of tomato paste... of course this is not what is meant by the private sector. Earning ten, twenty, or thirty dinars a day means nothing more than the fact that you managed to continue living."13 In spite of the fact that in March 2009 Libya set up a \$16 million fund to support small and medium size businesses, there is little evidence to suggest that this fund is having any serious impact. Similar funds or loan schemes that have been initiated in the past have been beset with problems, not only due to the endless bureaucracy involved in the application and approval process, but also because they have become mired in corruption. Libyans

<sup>&</sup>lt;sup>12</sup> Ivi.

<sup>&</sup>lt;sup>13</sup> Libya al-Youm Fi Hewar Khass Ma'a al-Doctour Fathi al-Ba'aja [Libya al-Youm has special interview with Dr Fathi al-Ba'aja], Libya al-Youm, August 19, 2007, available in Arabic at http://www.libya-alyoum.com/look/article.tpl? IdLanguage=17&IdPublication=1&NrArticle=9994&NrIssue= 1&NrSection=14.

have complained that one needed to know the right people within the system to be granted such loans and that those who had such connections had accessed multiple loans under different names. <sup>14</sup> As a result, those that have been able to expand and to really profit out of private businesses have tended to be linked in some way to high-ranking figures within the regime.

This lack of a real private sector has major implications for the country's bid to reform its public sector. The regime has repeatedly declared its intention to pare down the country's mammoth state sector that absorbs around 800,000 employees. This was one of Ghanem's key mantras during his time as General Secretary. However, with no employment alternatives other than the thriving informal economy, the state has struggled to find a way to reduce numbers. In recent years it has tried to get around the problem by transferring around half a million state employees to the National Centre for Qualifications and Professional Development with the aim of redrafting them into private sector jobs. However, as these jobs have failed to materialize, the state has either had to continue paying salaries for these individuals even though they haven't been working or to return them to the public sector. The return of these employees to the public sector necessitated the state's having to increase its 2009 wage bill by 14 percent.15

The absence of any real political will to engage in a proper privatization program that would benefit

more than a handful of individuals linked to the regime suggests that the public sector will continue to serve as a large paper towel absorbing those of working age for the foreseeable future. As such, the regime will remain as reliant as ever on its energy sector. Indeed, the recent rise in oil prices has made the need for reform less pressing than ever.

Although the country's energy sector has always been in better shape than the rest of the economy given that it has had to function in order to sustain the state, it has not been immune from the reform process. In March 2004, the capable and reformistminded technocrat Abdullah al-Badri, who had a long experience in the oil sector, was appointed to head the National Oil Corporation (NOC) after which the post was given to Ghanem following his removal from the job of General Secretary in 2006. Both men sought to revamp the energy sector, bypassing the more conservative elements within the sector in a bid to upgrade technology and knowhow following the years of sanctions. Most notably the NOC held a transparent bidding process for oil exploration blocks in the EPSA IV round in January 2005, the results of which saw the return of many U.S. firms into the Libyan market.

Whilst foreign oil companies welcomed this new transparency, they have been troubled by other developments that have seemed to signal a backtracking. In January 2008, Colonel Qadhafi threatened to nationalize oil company assets (something aimed primarily at bolstering domestic legitimacy) and the NOC began forcing foreign energy firms to renegotiate contracts agreed under the EPSA IV rounds, demanding that they significantly reduce their production shares. Indeed a number of major international players including

<sup>&</sup>lt;sup>14</sup> Interviews by author with Libyans, Tripoli, June 2005.

<sup>&</sup>lt;sup>15</sup> The Socialist People's Libyan Arab Jamahiriya — 2009 Article IV Consultation Preliminary Conclusions of the IMF Mission, June 1, 2009.

Eni SpA, Occidental Petroleum Corporation, Repsol YPF, Petro-Canada, and Total have been forced to half their production shares in return for contract extensions. 16 Similarly, in a bid to appease a local population that is struggling with high unemployment rates, the Libyans have insisted that foreign companies now appoint a Libyan deputy general manager. International companies were warned that if they did not co-operate, the NOC would nominate its own candidates for these appointments. Therefore positive developments notwithstanding, the energy sector looks set to remain as politicized as ever. The setting up on September 8, 2009 of a Supreme Council for Energy Affairs is further evidence of this fact. The Council that is led by the General Secretary has essentially established another layer of political control over the NOC.

The state has also sought to prove its commitment to reform by making plans for large-scale infrastructure projects. In the 2008-2012 development plan, \$75 billion was earmarked for infrastructure projects. These included a bid to upgrade the country's airports and transport infrastructure with projects to construct a coastal motorway, a metro system in Tripoli, and a railway network.<sup>17</sup> The regime also announced plans to build large new showcase public buildings as well as housing projects to meet the desperate housing shortages. Although progress has been slow, there has been some movement on some of these projects. Tripoli

has witnessed a construction frenzy with large scale housing units going up in various locations around the city and its outskirts. However, locals complain that the price of these units is way beyond their means and that allocation has been subject to the usual issues of corruption and nepotism.

Plans to kick-start the country's tourism sector have been disappointing. In 2005, more than \$3 billion was committed in foreign direct investment into tourism projects but almost none of these projects has actually been completed as yet. 18 Moreover, as some Libyans have commented, whilst the government is busy talking about infrastructure reform, Libya remains a country where the fundamental elements that make up a functioning state are absent. It still, for example, has no real postal service and many of the streets do not even have names. As such it could be argued that in its bid to look more modern, the regime is simply papering over the cracks.

Clearly Libya still has a long way to go to really upgrade its economy and to make the country attractive to foreign investors outside of the energy sector. Yet, Libya must have been doing something right, for in March 2009 it received its first favorable credit rating from Standard and Poors and two months later received a second positive rating from Fitch Ratings. 19 Therefore, despite the many deeprooted problems, Libya is clearly succeeding in its

<sup>16 &</sup>quot;Libya's Energy Future. African Energy," Cross Border Information, Issue 168, August 4, 2009.

<sup>&</sup>lt;sup>17</sup> The coastal motorway is to be financed by the Italian government as compensation for the colonial period as agreed under the Italo-Libyan Friendship Treaty of August 2008.

<sup>18</sup> Libya. The Economic Base, APS Review Downstream Trends, July 2, 2007, available at

http://goliath.ecnext.com/coms2/gi\_0199-6692384/LIBYA-The-Economic-Base.html, accessed December 2009.

<sup>19</sup> Libya was given an A long-term and an A2 short-term foreign and local currency ratings by Standard and Poors, and a BBB+ as a long-term currency rating by Fitch Ratings.

bid to be considered as part of the international economy once again. REFORM IN LIBYA: CHIMERA OR REALITY? 11

## POLITICAL REFORM

As the Libyan regime has been calling for modernization in the economic sphere, the calls for political reform have generally been far less forthcoming. This is hardly surprising for whilst economic change has been essential in order to sustain this highly centralized state, political reform carries no such urgency. In fact any kind of decentralization would automatically entail a loss of control that could threaten the very nature of the regime. Therefore, for all Saif al-Islam's talk of the need for democracy, there has been no real push to institute any democratization process inside Libya. In fact, Saif al-Islam has repeatedly supported the concept of "direct democracy" as enshrined in the Jamahiriyah system of his father. As he commented in 2004, "The Libyan people want to modernize their economy, they want to reform their system, they want to deepen direct democracy... We will do this through a collective action."20

However, Libya has found itself under pressure both from the international community and from inside the country to be seen to be doing something on the level of political reform. Although this push has been limited on the part of both the United States and Europe not only because of Libya's vast energy reserves, but also because the EU in particular is anxious for Libya to co-operate in stemming migration flows across the Mediterranean, there has been some pressure for Libya to be seen to be doing at least something in terms of domestic reform. In response, the regime has picked up on the issue of human rights and most of the political reform debate has been focused around

this topic as a means for Libya to demonstrate that it has changed. As such, in the regime's rhetoric, political reform has become synonymous with resolving human rights files.

For a regime that during previous decades was notorious for committing human rights abuses, Libya has taken serious steps to improve its human rights record of late. In 2005, the notorious Revolutionary People's Courts that had been set up in the early years of the revolution to try political prisoners were abolished. This was a highly symbolic gesture that was welcomed by international human rights organizations, although of course it did not mean the end of political trials.<sup>21</sup> However, the abolition of these courts was a sign of the way in which the regime was trying on the surface at least to normalize its penal system. In this context it also redrafted the penal code, although this draft has yet to be agreed to by the General People's Congress.

However, the most active player on the human rights front has been Saif al-Islam, who has made it his mission to resolve many of the country's more uncomfortable files including luring back members of the opposition abroad. Most notably he has

<sup>&</sup>lt;sup>20</sup> Libya News and Views, November 2004, available at http://www.libya-

watanona.com/news/n2004/nov/1104nwsc.htm.

<sup>&</sup>lt;sup>21</sup> As evidenced by the case of Dr. Idris Abufayed, who was arrested in 2007 after he tried to organise a peaceful demonstration in Green Square in Tripoli to commemorate the unrest that had broken out in Benghazi in February 2006, in which a number of protestors were killed by the security services. In June 2008. Dr. Abufayed and a group of others who had been arrested with him were handed harsh prison terms after they were convicted on vague charges ranging from "attempting to overthrow the political system," to "spreading false rumors about the Libyan regime" to "communicating with enemy powers."

sought under his "Reform and Repent" program to rehabilitate the country's Islamist prisoners, most of whom were arrested during the height of the Islamist rebellion in the 1990s. This was an extraordinary step for a country that until this point had refused to even acknowledge that it had either Islamist opposition movements or political prisoners. Saif al-Islam opened a dialogue first with members of the Libyan branch of the Muslim Brotherhood and then with the militant Libyan Islamic Fighting Group (LIFG), who in August 2009 he managed to convince to renounce violence in return for the promise of freedom.<sup>22</sup> After protracted negotiations around 100 Muslim Brotherhood prisoners were freed in March 2006 and a number of more militant prisoners, including the LIFG's leadership, were released in 2008, 2009, and 2010.

Whilst dealing with these files has demonstrated a new maturity and openness on the part of the regime, the extent to which it represents real reform is still debatable. Crucially these initiatives have not entailed any fundamental compromise on the part of the state because both Islamist groups had been so weakened over the years that they had virtually no bargaining power left and thus had little choice other than to accept the terms that the regime was offering them. Notably, the prisoners were freed as individuals rather than as organizations and have had to accept not to engage in any political activity outside of the Jamahiriyah system. In some cases,

these former prisoners have been encouraged to demonstrate their support for Saif al-Islam and it has even been suggested that they may be drafted into some of his reformist initiatives. Therefore, the regime has successfully neutralized what had been their fiercest foes without having to open up any real space for opposition currents.

Moreover, the regime has packaged the whole process as some kind of national reconciliation process as if resolving these files will be sufficient to heal the wounds of the past and enable the country to move on. Yet this national reconciliation process is essentially a one-sided procedure, and there is no sense that the state has a part to play by acknowledging its own wrongdoings. Rather the onus to repent is entirely on the prisoners. The state also appears to be seeking to use financial compensation as a way to persuade those involved to agree to this reconciliation. In October 2009, the General Secretariat of Justice urged Libyans who had been deprived of their freedom by the security agencies to complete national reconciliation application forms to apply for compensation money.23 Similarly, the regime has tried to pressure the families of those victims of the infamous Abu Slim prison massacre of 1996 into accepting compensation payments, something that the families are rejecting in the bid to discover the truth of how their relatives died. This has left some former prisoners feeling as though the regime is simply trying to buy them off in the name of

<sup>&</sup>lt;sup>22</sup> For further information on the regime's dialogue with the LIFG see Alison Pargeter, LIFG Revisions Unlikely to Reduce Jihadist Violence, CTC Sentinel, West Point, Vol. II, Issue 10, October 2009, available at

http://www.ctc.usma.edu/sentinel/CTCSentinel-Vol1Iss5.pdf.

<sup>&</sup>lt;sup>23</sup> Tawithat Libeeya Lisujanet al-Rai Libeen [Libyan Compensation for Prisoners of Conscience], Jazeera.net, November 6, 2009, available in Arabic at http://www.aljazeera.net/NR/exeres/FCF09F36-D736-4E95-9016-DB457C2CE8E2.htm.

national reconciliation and reform. As one former political prisoner explained, "Talk about national reconciliation cannot occur unless the state apologizes and give us our rights."24

Aside from the human rights issue, the closest the regime has come to instituting real political change has been the attempt to establish a constitution. Around 2007, Saif al-Islam established a constitution committee comprising academics and experts from his reformist current to draw up a draft "National Charter." As such, this charter offers a snapshot of the kind of political system that Saif al-Islam had envisaged for Libya. Rather than replacing existing political structures, this document proposed the establishment of a "Social Leaderships Council" that would sit at the apex of the *Jamahiriyah* and be the ultimate power broker in the country. The leader of this council was to be chosen by secret ballot and, somewhat progressively, this post was to be for five years only and renewable only once. Whilst on the surface the idea of having a constitution appeared as a positive step, in reality, the document simply added yet another layer of unelected management on top of the country's already complex political hierarchy. Moreover, the indications are that Qadhafi has refused to adopt the document, presumably considering it a step too far that would tamper with the essentials of his Jamahiriyah creation.

The prospect of real political reform is thus still a long way off. As al-Ba'aja noted in 2007, "Until now, the political file hasn't been opened. There is a detour around it. There are some maneuvers or the vague use of some political phrases but without the

taking of courageous or daring steps."25 However, it

should be noted that the fact that al-Ba'aja was able to make such a comment in a Libyan publication is in itself an indication that there has been some change. The advent of the reformist project has certainly heralded a freer, more open atmosphere and Libyans are able to criticize the organs of government in an unprecedented manner. This new mood has been brought about in part by the creation of a series of new media outlets, such as the Oea and Corina newspapers and the al-Watan al-Libeeya website, which were established by Saif al-Islam in his bid to create an "independent" media. Although these outlets have come increasingly under the control of the official state media in the past two years, they have provided space for Libyans to complain about services, corruption, and the government more widely although criticizing Qadhafi, his family, or the upper echelons of the regime is still completely off-limits. This growing boldness has also manifested itself in regular outbreaks of small-scale localized unrest over socioeconomic issues such as the nonpayment of salaries or unfair housing distribution such as occurred at Ras Lanuf in August 2009 when a group of Libyans broke into an empty housing complex that belonged to the NOC to protest about the lack of housing in the town. The regime has been more than willing to accommodate these newfound expressions of frustration, primarily because in the absence of any organized opposition and with such a pervasive security apparatus, these complaints are unlikely to evolve into a more serious challenge to its hegemonic rule.

<sup>&</sup>lt;sup>25</sup> Libya al-Youm Fi Hiwar Khass Ma'a al-Doctour Fathi al-Ba'aja [Libya al-Youm has special interview with Dr Fathi al-Ba'aja], op. cit.

<sup>&</sup>lt;sup>24</sup> Ivi.

# **O**BSTACLES TO **R**EFORM

Whilst Libya has certainly made some advances in both the economic and political spheres, genuine far-reaching and sustained reform would clearly still appear to be a long way off. Part of the reason for this is because there are a number of constraints inherent in Libya's political and economic structures that are acting as obstacles to reform.

The main impediment to reform regularly cited by commentators and Libyans alike is the presence of an "old guard" who are opposing the shift to modernity. It is true that there is an old guard that consists of staunch regime loyalists, many of them members of the feared Revolutionary Committees movement, such as the former deputy of the General People's Congress, Ahmed Ibrahim; former Public Security Secretary Nasser al-Mabrouk; and former Culture Secretary Mehdi Emberish.<sup>26</sup> It is also true that these figures — traditionally supporters of Qadhafi's anti-imperialist ideology have tried to scupper attempts at reform. In 2005, for example Ahmed Ibrahim and his cohorts blocked plans by Ghanem to privatize the marine transportation company (that is now reportedly owned by Qadhafi's son Hannibal). Ghanem was so furious at having this and other reformist plans blocked that in a session of the General People's Congress in January 2005 he lost his temper, complaining of "invisible forces" that were working against his government.27 Similarly revolutionary elements have tried to stop the reformist forums

that have been held at Gar Younis University in Benghazi under the encouragement of Saif al-Islam.

Yet whilst these hardliners have acted to disrupt the reformist current, the influence and objections of this group have often been overplayed. In fact, their objections to reform have in many cases been related more to anxieties over their own positions than to ideological concerns. As the regime has opened up to the outside world, these elements have feared that they will be sidelined as the country transforms itself into something more akin to a conventional state. Indeed many of them considered Saif al-Islam's talk of "fat cats" and of bringing human rights abusers to justice as a direct attack on them. In some cases their ideological concerns proved so thin that, having felt the way the wind was blowing, they came to publicly support Saif al-Islam. Moreover, Qadhafi could have easily brought this old guard into line at any time had he so wished. Instead he has preferred to use them as a counterweight to the reformist current, playing one side off against the other as part of his bid to balance the various forces that have propped up his regime over the years. Therefore while it is true that the old guard have created difficulties for the reformists, one has to look beyond them to identify the true impediments to reform.

One of the main barriers to reform has been the highly personalized ideology that has been at the core of the Jamahiriyah since its inception in the early 1970s. Qadhafi has always considered himself more of a theoretician than a political leader, hence his refusal to hold any formal position in the state. He has invested heavily over the years in turning his vision of direct democracy, as laid out in his famous Green Book, into reality and has repeatedly

<sup>&</sup>lt;sup>26</sup> The Revolutionary Committees movement was established in the 1970s to "safeguard the revolution" and has acted as a paralegal security force and that has promoted the ideological dimensions of the Jamahiriyah.

<sup>&</sup>lt;sup>27</sup> Libya Focus, Menas Associates, January 2005. Subscription only publication available at www.menas.co.uk.

expounded the virtues of this system, which he considers as a model for the rest of the world. This ideology has been labored so heavily that any talk of reform has to be incorporated into this Jamahiriyah system. Indeed potential political change is generally referred to in terms of "extending" or "deepening" the rule of the masses or of moving to the next stage of the *Jamahiriyah*. During a speech in 2004, for example, Qadhafi declared, "We have to set aside the revolutionary phase" but went on to assert, that everything must revolve around the "preservation of the Jamahiriyah system and respect for it."28 Similarly in March 2008, when he called for the dismantling of the administration and the distribution of wealth directly to the population, he termed it as a way to extend the power of the masses. Even the word privatization dare not speak its name and alternative phrases such as "popular capitalism" have had to be dreamt up to ensure that they are in keeping with Qadhafi's personal vision.

For Qadhafi, therefore, moving away from the basics of this system would entail a public acknowledgement that his highly personalized ideology is flawed. Moreover, the *Jamahiryah* has enabled Qadhafi to construct a mind-boggling plethora of political institutions and monitoring bodies that make up the formal mechanisms of government behind which he and his clique of advisors have been able to broker real power. Therefore, it is highly unlikely that Libya will move away from the core structures of the *Jamahiriyah* while Qadhafi is in control. As Saif al-Islam declared on August 20, 2007 there are four red lines in Libya that cannot not be crossed. These are Islam

and the application of sharia law, the security and stability of Libya, national unity, and Muammar Qadhafi.

It is this highly personalized characteristic of Libyan politics that has also stood in the way of real transformation. As explained above, just as the modern Libyan state has been focused around the character of Qadhafi so the reformist project has been centered on the personality of Saif al-Islam. So much so that when Saif al-Islam withdrew from public life in August 2008 for one year, much of the reformist project simply fell away in his absence. Yet this personalization extends beyond Qadhafi and Saif al-Islam. The inner circle of the Libyan regime has consisted of the same few faces since the revolution of 1969, and regardless of what positions these individuals have held within the formal polity at any one time, they have always been the key power brokers on account of their closeness to the Leader. These figures have been joined in recent years by Qadhafi's children who have all carved out significant roles for themselves in the country's political and economic life, something that also strengthens the cult of personality and that acts as a further impediment to reform.

In addition, the Qadhafi regime has always relied heavily on patronage as a means of securing loyalty. It has distributed cars, money, positions, and other perks in return for allegiance, creating vast patronage networks that have underpinned the regime since it came to power in 1969. This extensive use of patronage has created an environment whereby public office is generally considered as a means of siphoning money off from the state and where corruption is a way of life. In 2008, Transparency International ranked Libya near the bottom of its

<sup>&</sup>lt;sup>28</sup> Libya Focus, Menas Associates, May 2004. Subscription only publication available at www.menas.co.uk

Corruption Perceptions Index placing it 126th out of 180 countries.<sup>29</sup> Part of the reformist rhetoric has focused on ridding the country of corruption, and Qadhafi has repeatedly denigrated his own officials for corrupt practice. In March 2008, for instance, he explicitly criticized the General People's Committee bemoaning, "It is the nature of the administrative organ to corrupt money and to steal money and they do anything in order to spend money."30

Yet, despite this discourse there is little evidence to suggest that the regime is taking any serious steps to deal with the problem. The major anticorruption drive that was announced in 2006, for example, in which officials were instructed to come forward and declare their wealth, assets, and sources of income, simply fizzled out like so many other reformist schemes that have been introduced in recent years. Furthermore despite Saif al-Islam's calls to rid the country of its "fat cats," he has in fact chosen to replicate his father's habit of dispensing largesse as a means of buying support. Saif al-Islam has repeatedly promised land, cars, and flats to the country's youth. In August 2009, for example, some 505 hectares of land in the Mujaila area was earmarked for distribution to the young.31 By doing so, Saif al-Islam is simply perpetuating the notion of the

distributive state. Similarly Qadhafi's plan to distribute the country's oil wealth directly to the population, something that is being implemented through a scheme in which the poorest families are now receiving portfolios of shares in public companies, smacks of yet another way of buying popular support. As such it would appear that for all its talk of economic diversification and private entrepreneurship, the regime is ultimately unable to go beyond the distributive mentality that has characterized it since its coming to power, something that ensures that no economic dynamism can evolve outside of the existing elite.

In fact, there is real concern that the reformist project itself is encouraging corruption in so far as the opening up of the economy has mostly benefited those who already have close ties to the upper echelons of the regime and most notably those who are part of Qadhafi's own family. As prices have continued to rise, especially in recent years given the fact that Libya imports almost all of its consumable goods, Libyans have complained of the growing gap between rich and poor as those linked to the regime have seized the lucrative business opportunities that have opened up as Libya has rejoined the international community.

The dominance of both patronage and personality in the country's political and economic life has meant that Libya has always struggled to build effective institutions outside of the security sphere and that policymaking has always been arbitrary and subject to whim. As one Libyan commentator explained, "Libya is a state that is led by temperament and that is politically and administratively

<sup>&</sup>lt;sup>29</sup> Johann Graf Lambsdorff, "Corruption Perceptions Index 2008," in Global Corruption Report 2009, Transparency International, available at

http://www.transparency.org/publications/gcr/gcr\_2009#dnld.

<sup>30</sup> Speech of Colonel Muammar Qadhafi, March 2, 2008, available in Arabic at http://www.akhbarlibyaonline.com/index.php? option=com\_content&task=view&id=15230&Itemid=1.

<sup>&</sup>lt;sup>31</sup> Libya Focus, Menas Associates, August 2009. Subscription only publication available at www.menas.co.uk.

unstable."32 The reform process has been no less subject to impulse and as a result no less contradictory. As Libyan academic Professor Zahi Mogherbi has commented, "The main problem in the reform process in Libya lies in the absence of clear political will towards economic reform... The General People's Committee is taking decisions that allow individuals and groups to trade, to undertake contracts, and other private economic activity. Yet at same time the Secretariat of the General People's Congress has issued a directive that places restrictions on [private] traders and contractors preventing them from standing for tasayid [being elected to public positions i.e. preventing them from being involved in politics]."33

Indeed reforms undertaken so far have been both piecemeal and opportunistic and have often seemed to be related more to winning popular support than to really tackling the very many problems facing the country. One Libyan recently explained, "I don't think a Libyan needs a mobile or a laptop whilst his feet are wading through sewage." Indeed Saif al-Islam's initiative to upgrade Libya's education sector by providing free laptops to all Libyan schoolchildren is illustrative of this point. Whilst on the surface this is an excellent proposal, in practice it seems that the scheme has not been well thought

through. For example it does not take into consideration the fact that most teachers in Libya lack computer skills, that the project will require the installation of major Internet infrastructure in schools, and that the computers, as well as the Internet and satellite links, will require fixing and maintaining, all things that have not been budgeted for.34 Many Libyans question why, rather than providing laptops, the regime doesn't try to resolve the core systemic problems within the education sector that is in dire straits. Qadhafi himself complained about how "Deceit in examinations is there because there is no control and the questions are leaked."35 Moreover, in December 2006, the regime suddenly suspended 5,000 teachers in Benghazi on account of the fact that they were not qualified to do their jobs. However, after the teachers objected to their suspensions, most were returned to their posts.36

This arbitrary and opportunistic approach is a strong indication that there is no single coherent vision of reform within the Libyan leadership. Aside

<sup>32</sup> Libya al-Youm Fi Hiwar Khass Ma'a al-Doctour Fathi al-Ba'aja [Libya al-Youm has special interview with Dr Fathi al-Ba'aja], op. cit.

<sup>&</sup>lt;sup>33</sup> Libya al-Youm Fi Hiwar Ma'a Dr Mohamed Zahi Mogherbi, [Libya al-Youm Interviews Mohamed Zahi Mogherbi], Libya al-Youm, July 12, 2007, available in Arabic at http://www.libya-alyoum.com/look/article.tpl? IdLanguage=17&IdPublication=1&NrArticle=9259&NrIssue= 1&NrSection=14.

<sup>34</sup> Ahmed Elmagarmid and Arjmand Samuel, Personal Computing for Education Reform in Libya, Purdue University, available at

http://www.cs.purdue.edu/homes/ake/pub/Computing %20Solutions%20for%20Education%20in%20the%20Third %20World.pdf, accessed December 2009. This paper also questions what the implications will be for a computer-based education system in a society with very few high tech jobs and how a society as conservative as Libya's will react to children having access to the Internet, especially as many parents are not computer literate.

<sup>35</sup> Ivi.

 $<sup>^{36}</sup>$  Libya Focus, Menas Associates, March 2007. Subscription only publication available at www.menas.co.uk.

from vague references such as Qadhafi's announcement in 2006 that Libya should emulate Malaysia because it had opened its doors to foreign investment and become an advanced country whilst retaining its Islamic identity,<sup>37</sup> there has been no specific development model put forward by the regime. Saif al-Islam has been no clearer than his father and for all his buzzwords has yet to articulate any clear or comprehensive vision for Libya's future. As Ba'aja has complained, "Saif al-Islam's vision is incomplete and inadequate. It pays much attention to the skin of reform and not the meaning or the real scientific content of reform."38 This view has been supported by another Libyan commentator, Senussi Bisikri, who argued, "When we examine the new policies closely, what really attracts our attention is the absence of any specific vision of privatization. Libyan decisionmakers don't have any clear vision. Rather, the visions and ideas of several of those within the Libyan leadership contradict themselves."39 As a result of this lack of vision, Libya's political and economic future looks set to be as dominated by uncertainty as it has always been and there are few indications that the

regime has sufficient political will or courage to overcome these constraints and to transform the country into a modern functioning state that can meet the needs of its citizens.

<sup>&</sup>lt;sup>37</sup> Al-Qadhafi yedou ila Fatah Libia amam al-masarif alajnabia [Qadhafi calls for the opening of Libya to foreign banks], Middle East Online, January 5, 2006, available in Arabic at http://www.akhbar-libya.com/modules.php? name=News&file=article&sid=22980.

<sup>&</sup>lt;sup>38</sup> Libya al-Youm Fi Hiwar Khass Ma'a al-Doctour Fathi al-Ba'aja [Libya al-Youm has special interview with Dr Fathi al-Ba'aja], op. cit.

<sup>&</sup>lt;sup>39</sup> Senussi Bisikri, Khaskhassat al-Qata'a al-Am fi Libva [The Privatisation of the Public Sector in Libya], Aklam Online, December 2006, available in Arabic at http://www.mafhoum.com/press10/291E14.htm.

## 6 Conclusion

The emergence of Saif al-Islam and his reformist project has provided Libyans with a faint sense of hope in what has been an otherwise bleak landscape. So much so that even some parts of the opposition abroad are now giving their support to the young Qadhafi and are viewing him as the best option for the future. Whether Saif al-Islam will be able to meet these extraordinarily high expectations is another matter. Given the very real constraints inherent in the Jamahiriyah system that have been described above, not to mention the regime's concerns that any genuine opening up of the political or the economic arena might serve to weaken its power base, it is likely that should he succeed his father (something that is still by no means certain), Saif al-Islam may find himself increasingly reliant on the old traditional forces that have always propped up the regime.

Yet any failure to meet these expectations and to realize real change will only serve to heighten the sense of disappointment and frustration that has enveloped the population for decades. Indeed, Libyans repeatedly ask why their country, with its vast resources and tiny population, doesn't resemble the United Arab Emirates. As such, the failure of this reform project, whilst not unexpected, would only serve to widen the gap between the regime and the population. Given the absence of any organized opposition forces inside the country and the pervasive nature of the security services, it is likely that the regime, in its current guise, would be able to contain any manifestation of this frustration. However, this outcome would not bode well in the longer term and could have a serious impact in the post-Qadhafi era. If, as many observers have suggested, Saif al-Islam is not made of the same

mettle as his father, and if, as has also been suggested, his brothers also have their eyes on the top job, the potential for real future instability is high.

As for the impact that Libya's reform process will have beyond its borders, this is likely to be extremely limited. As far as Western governments are concerned, whilst they may have been disappointed that Libya's international rehabilitation has not been accompanied by a similar opening on the domestic front, and whilst many may welcome the idea of greater economic and political reform in the Jamahiriyah, the West's relations with Libya are still essentially securitized. Indeed, relations continue to be dominated by concerns over energy security, illegal migration, and, since the 9/11 attacks in the United States, securing co-operation in the field of counter-terrorism. With such issues at stake, both Europe and the United States are unlikely to take any measures that might risk rocking the boat in their relations with Tripoli.

Libya is fully aware of this fact and has used it to its advantage. In August 2009, for example, it was able to secure the return to Libya from the U.K. of convicted Lockerbie bomber Abdelbasset al-Meghrahi, who is terminally ill with cancer, having threatened that British-Libyan relations would be severely damaged should al-Meghrahi die in a Scottish prison. Similarly, aware of Libya's newfound importance to European governments, Qadhafi upped the ante in his spat with Switzerland that broke out after one of his sons was arrested in Geneva in July 2008, by banning all Schengen area nationals from entering the *Jamahriyah*. This proved to be a shrewd calculation, as in the face of such a ban, various European governments rallied

behind Libya and along with the European Union worked to get Switzerland to rescind its own entry restrictions on over 150 high ranking Libyans that had prompted Qadhafi's own ban first. This was hailed as a major triumph by Qadhafi, who used the whole crisis with Switzerland to bolster his own domestic and regional legitimacy.<sup>40</sup>

Therefore, issues such as political reform and human rights — both acutely sensitive to the regime — are still of secondary importance to Western nations. It is true that certain governments, notably the United Kingdom, have sought to "encourage" Saif al-Islam, despite the fact that he has no official position within the Libyan state, presumably viewing him as the best chance for a "reformed" regime in the future. However, as things stand, in its bid to ensure stability, the West seems to have chosen to content itself with dealing with the existing regime, thankful at least that they are now facing a generally less hostile and more co-operative Qadhafi than in the past.

Meanwhile, whilst some countries in the Arab region have been irritated by Saif al-Islam's comments about how the Arab world is ruled by dictators and about how if left for the people to choose, Islamist governments would sweep to power across the region, this has had no far reaching impact. Libya has always been considered by the rest of the Arab world as an eccentric, almost risible state and its latest experiment with reform is

unlikely to alter this perception, not least because it is clear to observers that these reforms are being embarked upon as a means of preserving the status quo and of extending the life of the regime. Indeed, through this reform process, the Libyan regime has found a way to consolidate its power base whilst it navigates changing international circumstances. Somewhat ironically, the reform process has also provided the basis for a smooth transition of power from father to son, and should this be the course that Qadhafi chooses, he will have ensured the preservation of the Qadhafi dynasty well into the next generation.

For further analysis of the crisis between Libya and Switzerland see, Alison Pargeter, "The Libyan-Swiss Crisis: A Lesson in Libyan Foreign Policy," *The International Spectator*, Vol 45. No. 3, September 2010.

