Political and fiscal pressure is pulling Libya apart at the seams and creating conditions that threaten neighboring countries.

One year after the murder of U.S. ambassador Christopher Stevens and three other foreign service members, Libya is fraying under the strain of numerous tensions. In addition to debilitating political problems and uncertain security, the country is suffering from an acute disruption in oil production and exports that has deprived it of irreplaceable revenue. This combination is potentially catastrophic, not just for Libya, but also for its neighbors.

FAILURE TO GOVERN

Libya's current condition is the result of multiple dynamics, foremost of which is its almost complete lack of governance. For one thing, the General National Congress (GNC) is structurally flawed -- it was never intended to be a parliament and was only supposed to function as a constitutional assembly or, at best, the body that would appoint such an assembly. As a result, it is an institution without a clear purpose or set of responsibilities.

The GNC's hodgepodge of party blocs and independent candidates is also an issue. Even if all of the represented political parties formed a coalition, they would still be short of a majority and would have to court independent members each and every time they wanted to pass legislation. Compounding the problem, none of the GNC's members have prior experience legislating. Some were political dissidents, but that is no substitute for having to craft laws and regulations.

As a result, the GNC has not governed, and even those laws that it has passed are only intermittently implemented. This includes the high-profile and highly problematic Political Isolation Law, which was supposed to rid the government of former regime associates but has not been put into practice.

The debate over the political role of Islamists is also pulling the government apart. In particular, the Muslim Brotherhood's Justice and Construction Party (JCP) has become increasingly vocal in its criticism of the more secular Prime Minister Ali Zidan, though it has stopped short of calling for him to resign or organizing a GNC no-confidence vote. JCP leader Muhammad Sowan may recognize that it is easier to criticize the Zidan government from the outside than to actually govern, especially since the party would inherit the same dysfunctional GNC that is hamstringing Zidan. Whatever the case, the JCP's carping has been debilitating, compelling Zidan and the GNC to devote more time to politics than policy.

RISING FEDERALISM

Even if the government were to suddenly find its footing, Libya still faces the daunting challenge of federalism, which was an embryonic notion after the revolution but has matured in almost direct proportion to Zidan and the GNC's shortcomings. The Cyrenaica, Fezzan, and Jabal Nafusa regions that were neglected under Muammar Qadhafi now argue that the central government is obligated to direct additional resources their way in order to redress past wrongs. Moreover, they are still profoundly distrustful of Tripoli and have become less convinced that it will safeguard their interests.

As a result, federalist strains are intensifying, with Cyrenaica and the Fezzan declaring their autonomy from the central government. Cyrenaica has its own powerful, independent militia coalition, and tribal and ethnic leaders in the Fezzan have voiced support for a new autonomy initiative, claiming to have lost patience with Tripoli. The less Zidan and the GNC govern, the more these sentiments will grow.

OIL DISRUPTIONS

Making matters worse, the central government is facing a revenue shortfall. Libya's oil production rapidly returned in 2012 after Zidan was sworn in, and it remained at prewar levels for that year and the first several months of 2013. Yet various constituencies soon identified the oil and gas sector as the government's soft underbelly. By targeting production and exports, these groups were able to put pressure on the government that was disproportionate to their size or the significance of their grievances. Protests, labor actions, sit-ins, and blockades became more frequent throughout this spring and early summer.
By July, the cumulative effect of these incidents reached crisis level, as oil exports dropped from 1.3 million barrels per day to less than 200,000. According to Libya’s National Oil Corporation, the disruptions cost the state $5 billion in revenue, and production has been continually hampered since then.

The drivers for these disruptions vary from material concerns (protestors wanting jobs) to political agendas (protestors pushing Tripoli to capitulate to federalist demands). Because the causes are disparate, the government is at pains to develop a uniform policy response that would restore oil and gas production. And if Tripoli gives in to any one set of protestor demands, it may be forced to acquiesce to numerous others as well. Consequently, the government is doing very little beyond talking about the problem, and the state is being deprived of more revenue.

SECURITY CONCERNS

In addition to jeopardizing the people's aspirations for democracy and economic well-being, the government's failures over the past year have created more space for jihadist groups to operate, from the Benghazi tragedy a year ago to the In Amenas hostage crisis near along the Algerian border this January. There is no reason to believe these groups have withdrawn from Libya, and plenty of reason to believe they will further entrench themselves as the country becomes increasingly unstable.

The potential consequences of a Libyan collapse reverberate beyond its borders. Thus far, Mali has borne the brunt of weapons and fighters flowing out of Libya, and the state required French military intervention to restore control over its territory earlier this year. Algeria has already had to deal with the tragic In Amenas attack; if Libya descends further into chaos, the government will have to redouble its efforts to prevent further attacks. In eastern Tunisia, authorities are struggling to contain the Uqba ibn Nafi Brigade, a jihadist organization that is linked to al-Qaeda in the Islamic Maghreb and has no doubt benefited from Libya's porous borders and abundant weapons. Likewise, Egypt would hardly welcome the prospect of a largely stateless region emerging along its western border.

CONCLUSION

Recently, a group of Libya watchers -- some with political or professional interests in restoring the country's stability -- signed an open letter to Secretary of State John Kerry. In it, they called on Washington to expand its engagement with Libya, including support for the political transition, security reform, and economic development. They also argued that the country's oil wealth obviated the need for massive financial support, and that a democratic Libya would be a bulwark against regional instability.

Yet such efforts may be too little too late. The GNC is widely perceived as incompetent, Zidan has lost popular legitimacy, and oil revenue continues to plummet. Shortly after defecting from the Qadhafi regime in 2011, former spy chief Musa Kusa warned that Libya would become similar to Somalia. Many dismissed his comments as sour grapes -- an ugly scenario touted by someone forced to quit a dead-end regime. But the observation has proven prescient. Libya is indeed fracturing along regional and ideological lines, and instead of hydrocarbon receipts being the glue that holds the country together, they have become a tool for prying it apart.