

Political Decay in the Arab World

by Lisa Anderson

Predicting the future of the Arab world at the turn of this century is both tempting and difficult. After several decades of remarkable stability, the successions in Jordan and Morocco during 1999 heralded the beginning of a major change in generational leadership in the region. Scholars and policymakers alike are straining to assess what this new generation of leaders will be like, and what kinds of challenges and opportunities they might face.

Ordinarily, predictions are extrapolated from historical trajectories. Yet, for much of the Arab world, those trajectories seem almost flat. Stagnation does not precisely capture the last fifty years in the Arab lands, since there was plenty of eventful action: independence struggles, clashing nationalisms, highs of astonishing wealth and lows of abject poverty, and the terrible devastation of several wars. But by the standards of development in other parts of the world (one thinks of East Asia, which stood at about the same starting line as the Middle East in 1950), this march of events has not added up to cumulative structural change. There is no clear trajectory which could inspire some forward prediction. The study of what our colleagues in the Arab world called “azmatology,” the study of crises (*azmat*), may well reflect the reality of politics in the region, at least from the vantage point of the West. But the study of the lurch from crisis to crisis is of little use in imagining the future.

The Legacy of State Formation

Of course, one successful project did characterize the second half of the twentieth century in the Arab world: state formation. From the end of the Second World War until the mid-1970s, rulers built upon

Lisa Anderson is the dean of the School of International and Public Affairs at Columbia University. She delivered the Eighteenth Annual Joseph (Buddy) Strelitz Lecture on 8 December 1999.

the colonial legacies of borders and armies, bureaucracies and welfare policies, to create and consolidate large, centralized states.

The fortunes of regional conflicts, notably the Arab-Israeli dispute, reflected the primacy of state formation. As the states grew larger, more stable, and less easily challenged, the contours of the regional system also solidified. In the Arab-Israeli instance, this brought about the reluctant but irreversible recognition by all parties that the ultimate outcome would have to be mutually acknowledged statehood for Israelis and Palestinians alike. It was the common aspiration of every player in the conflict to finalize borders, claim citizens, and enjoy sovereignty. In the Gulf and North Africa, too, state formation drove regional tensions, which in turn justified domestic expenditures on everything from conscription to rural electrification, from literacy campaigns to expanded access to health care—all designed to create loyal citizens. To accomplish the task of state building, the rulers of the Arab world hijacked nationalist aspirations and strangled independent economic sectors and social groups, all to the end of building immense and (what seemed to be) immensely powerful states.

In many instances, the states were aided by crucial external revenues, in the form of foreign aid, oil income, or loans. Domestic production contributed very little, and so the state's disproportionate power grew at the expense of society, reducing "formal politics to the issue of distribution, and participation to the realm of consumption." (These are the words of Diane Singerman.) The politics of distribution and consumption were shaped by state policy, particularly by policies which privileged moral and ideological identities over economic interests. The examples were legion: Algeria gave preferential treatment to the families of martyrs in the War of Independence; Syria engaged in "affirmative action" on behalf of Alawis; Tunisia supported Qur'anic study groups; Libya and Saudi Arabia bolstered family and clan; and so on. All these policies had one common denominator: governments discouraged what they believed to be dangerous class-based interest groups, in favor of what seemed to be more pliable associations based on moral, familial or religious ties.

Were the resulting debates over personal identity and moral authority ultimately less passionate, complex or dangerous than those which would have arisen from class conflict? No one can know for

certain. But the shift of emphasis did serve to divert attention from the failure of these states to ensure governmental accountability or popular representation.

Most social scientists are trained in a social and political theory that views politics in terms of production and extraction, and from this perspective, the states of the Middle East represented anomalies. From the vantage point of existing social science theory, the Arab world seemed to be comprised of Marxist-Bonapartist states, temporarily suspended above class conflict, waiting to be captured by one or another domestic interest.

How long could this anomaly last? As it turned out, the Bonapartist moment in the Middle East has lasted a lot longer than most observers thought possible. Time and again, the rulers demonstrated the importance of extraction *beyond* the borders of the state in the process of state formation. Rather than tax their own citizens and risk class conflict, these states relied on external revenues, which permitted them to hover above their societies, almost like marionettes above a stage.

In the 1980s and early 1990s, many believed that this defiance of gravity would end, that the state would come down to earth along with the price of oil. Great hopes for political liberalization of the Middle East swept through Western (and to a lesser extent local) intellectual and policy circles, and they rested on the postulates of conventional social science theory. That theory reassured its devotees that lowered state revenues would redress the imbalance between state and society, routinize politics, involve government in domestic production and extraction, and ultimately induce greater accountability and participation. This idea was analytically plausible, immensely popular—and thoroughly mistaken, at least in the short run.

How was the “normalization” of politics averted? Regimes were trapped by the states they had built, and the states themselves were paralyzed by their own enormity and centrality. True, declining external revenues weakened state control, and led to the proliferation of associations and groups that were beyond the manipulation and regulation of the state. And true, the rulers, once comfortable on their Olympian perch above societal conflict, began to contemplate class-based political alliances with other societal actors. But most regarded this as a slippery slope, particularly since they could not

identify obvious allies through the mists of their own contradictory policies. And so rulers and elites in the Arab world refused to channel incipient class conflict into political competition in the democratic arena. This left them to face difficult challenges without institutional mechanisms for conflict management.

Those challenges can be grouped into three categories: human capital, moral economy, and governance.

Untapped Human Capital

In the Arab world, there are widely recognized trends in demography, employment and education that seem destined to hobble rapid or ready economic growth.

Between 1985 and 1995, the region recorded a negative GNP growth rate per capita—and the situation could worsen. At this moment, between one-third and one-half of the population of the Arab world is under fifteen years old. Between 1990 and 1995, the Middle East surpassed all other regions in population growth, and only sub-Saharan Africa, ravaged by AIDS, has as high a dependency ratio. Even if population growth rates were to drop quickly and decisively, the next generation of political leaders will face strains on educational systems and demands for job creation which none of the Arab states meet effectively even now, before all these children have entered the labor force. Even today, all but the wealthiest governments routinely report double-digit unemployment, and most observers just as routinely double government estimates.

In many countries of the region, the public sector accounts for over half the labor force, and in several countries, over three-quarters of all employees work for the government. This provision of large-scale employment, coupled with what the World Bank has called “large and leaky social safety nets,” reflects a historical commitment to equity and social security unmatched elsewhere in the developing world. But it profoundly distorts the domestic economies of these states, and has slowed growth significantly.

Privatization, economic liberalization and the development of stronger market mechanisms have been vigorously resisted by most of the regimes in the region, even as they pay lip service to structural adjustment. They know that the era of state-led growth in the world

ended with the collapse of the Berlin Wall—and, in this part of the world, with the collapse of oil prices several years earlier—but few have been able to make much more than cosmetic accommodations to the new reality.

So while private capital does play a larger role in the political economy of the Arab world than it did twenty years ago, the foot-dragging has been costly. As the World Bank puts it: “For too long countries in the Middle East and North Africa have squandered their potential.” And the World Bank has explained why: Arab states have made huge investments in state-owned enterprises and human skills that are unsuited to today’s marketplace. While overall productivity has accelerated in other parts of the world, in this region it has experienced a steady decline. After a better-than-average showing between 1960 and 1975, the Middle East recorded the lowest rate of growth in the world between 1975 and 1990, and lost nearly all the ground that it had gained earlier. By 1998, Egypt’s national income of about \$50 billion a year equalled that of one typical European city.

Although significant strides have been made in literacy campaigns, the educational systems of the regions are not producing school-leavers equipped with the skills demanded by a modern, globalized market-based economy. Primary school students are taught by rote methods that discourage creativity and independence. Libraries are the private preserve of the small scholarly community. University graduates who can no longer be absorbed in the already overbloomed public sectors are not retooling with the skills necessary to compete in the international market.

The magnitude of the failure to keep pace with development elsewhere in the world has been signaled by the almost complete absence of scientific research of international quality. Few firms in the Arab world support their own research and development departments; few universities, think tanks or research laboratories conduct basic scientific research, or even the applied research that would adapt international innovation to local needs. Such research is conducted on such a small scale that it is virtually non-existent. For every nine science and engineering faculty members, only one publishes a paper in any one year.

The reason for such a low figure is the lack of resources and the absence of demand for services by local nationals. Both the public

and private sectors in the Arab world depend almost exclusively on foreign firms for technical services.

In the absence of serious and thorough-going reform of education from primary to postgraduate, and the development of a robust research infrastructure, the countries of the Arab world can expect to continue to register relative, if not absolute declines in productivity and growth rates. They are falling behind rapidly, and there is little prospect that the trend will be reversed soon.

For many regimes, the failure to promote education that fosters modern science was not entirely inadvertent. A well-educated, knowledgeable and independent-minded population is more likely to be demanding and critical—not qualities these regimes are accustomed to fostering. Yet, whether in education or employment, the inability of the regimes to fulfil their promises has meant that their grip on their own societies has been slipping.

A Flawed Moral Economy

So, too, much of the economy has slipped beyond the reach of the states. The ill-educated and unemployed young people throughout the region constitute the backbone of informal or parallel economies, which sustain the millions of officially unemployed.

For obvious reasons, there are no precise statistics on the magnitude of the informal economies of the Middle East and North Africa. But estimates put the size of the black and gray markets as approaching half the entire economy of many states, including some of the largest and most important. In a remarkable moment of candor, President Abdelaziz Boutaflika of Algeria conceded as much in a newspaper interview: “Ninety percent of our commercial operations are conducted illegally.” Algeria is hardly the only country where the state does not control or even monitor most of the economy. *The Economist* reported of Libya in 1998, that “when asked, neither the Central Bank’s governor, nor his head of research, knew what the inflation rate was.”

From the smugglers at the borders to the street vendors in the cities, millions of young people in the Arab world embrace the market economy with an enthusiasm or desperation that far outstrips the commitment of their governments. While the informal economy

may have afforded the governments some short-term relief by absorbing and sustaining many of the officially unemployed, it has also undermined government fiscal reform, discouraged foreign investment, and distorted the legitimate private sector.

Deborah Harold's description of Algeria's "wall boys"—the guys who can be spotted leaning on the walls—suggests the political implications of the informal economy: "In popular culture and popular discourse, and on the streets, the public spaces of the informal economy are dominated by young men engaged in import-export, who crowd any international entry point, and they are known for their dangerous boisterousness. They riot at soccer stadiums and chant angry expressions of generalized discontent, and they are the major component of the crowds who listen to independent preachers. When the state invited them to demonstrate against state inefficiency in 1988, they took to the streets with such unexpected gusto, that the army was called in to repress them."

Subsequent demonstrations and marches have drawn on the same pool of young political manpower. It is this cohort who provide the recruiting ground for every militia, guerrilla group and armed "salvation front" from Lebanon to Algeria, Palestine to Sudan. The adolescent proletariat which populates the streets and cafés are the children of this informal sector.

States are losing their grip on economies to yet another force, this one external. Many governments in the Arab world rely heavily on international financial institutions—first and foremost, the IMF and the World Bank—for a large chunk of their revenues. In the process, they have become dependent, preferring to let international agreements set the rules and incentives for economic reform that they cannot impose either on themselves or on their own private sectors.

The Euro-Mediterranean partnership, for example, is supposed to create a free trade zone between Europe and several of the countries of the southern Mediterranean by 2010. Participating states will be required to end widespread protectionism, and meet European accounting and production standards. As a result, the states will lose substantial customs receipts. (Morocco is predicted to lose two-thirds of its custom receipts, or 13 percent of total revenues, as a result of the arrangement.) And many of the small and medium-sized firms, based largely in the informal sector, will be unable to survive European competition. Moroccan planners estimate that only

40 percent of Moroccan manufacturing companies will remain competitive under the agreement.

So it is apparent that the role of the Arab state as gatekeeper between highly protected domestic production and the international economy is eroding.

The Crisis of Governance

There is little doubt that by the standards of the high-growth pre-oil boom days of the 1950s and 1960s, politics based on class struggle and contending interests declined markedly after the oil shocks of the 1970s—and have yet to recover. With few exceptions, the regimes that held power in 1973 still hold it in 2000. During the interval, that power has been progressively concentrated and personalized in individual leaders, who evince a remarkable lack of interest in serious reform of their states. These rulers draw on narrow pools of talent: their own families, allies in the military barracks, and old cronies. As they and their supporters grow older, they have also become less attuned to their societies.

In the 1960s, governments had been formed by men in their thirties and forties who represented ideological causes, classes, and interests, all of which resonated across society. Thirty years later, old (and often infirm) leaders manage governments with little or no ideological focus, ruling people most of whom were born after they came to power. As Anthony Cordesman put it: “A great deal of the explanation of the poor performance of the region lies in the fact that many Middle Eastern states have no enemy greater than their own governments.” And this sense has become widespread in the region itself.

The states of the Middle East, for all their enormity and apparent power, no longer command the loyalty of either their rulers or their citizens. Smooth successions cannot conceal this. The monarchies, because they have (fairly) clear procedures for succession, seem best equipped to meet the immediate challenges of change (as the cases of Morocco and Jordan suggest). Still, the monarchies face the more fundamental dilemma of creating a twenty-first century rationale for monarchy itself. Even more problematic is the situation in the republics (Syria, Iraq, Egypt, Libya), where sons of rulers have re-

placed or will try to replace their fathers—as though these, too, were monarchies. It all adds up to the continued personalization of politics and a lack of political institutionalization. Initially, then, politics in the next generation will continue to amplify the importance of the personal temperaments of rulers.

But the rulers of the next generation will have difficulties sustaining the states bequeathed them by their founding (and, usually, biological) fathers. These states are in disrepair, and there is little prospect of finding the kinds of revenues which would permit their rehabilitation. They will have to develop a capacity to extract necessary revenues and deliver essential services, and the social and political ramifications of undertaking such reforms are dangerous, at least in the short run. As the state retreats from welfare largesse and tries to extract more revenue from its citizens or subjects, sharp class identities will form. The “haves” will work to foil state efforts at extraction, and will take refuge in the informal economy. The “have nots” will demand services that the state cannot afford. In the face of declining external revenues, the state will not be able to sustain its aloof, Bonapartist posture. It will necessarily come to be identified with, if not captured by, particular social classes and interests.

The Next Generation

In the meantime, however, one issue complicates any estimation of how that class conflict will be expressed, and where the state élites will find their allies. This is the ambiguity introduced by the generational change in leadership.

Jordan’s King Abdallah II is a prime example. He is said to speak with enthusiasm about the promise of a generation of like-minded and forward-looking young leaders, taking the helm in various Arab countries, better equipped to deal with the challenges of the modern world, and unencumbered by the legacies and mentalities that kept their fathers continually at odds with each other. King Muhammad VI of Morocco also came to power saying he wanted to promote “a new concept of authority.” Most Moroccans interpreted the new king’s wish that his subjects shake his hand, and not kiss it, as a sign of his intention to break with his father’s maintenance of royal distance.

But however well-intentioned the new monarchs may be, they show little interest in relinquishing the power and privileges that their thrones confer. The predominance of dynastic thinking, even in the republics of the Arab world, suggests that the rulers expect the state to continue to serve their personal and familial purposes. And the paralysis of the state has meant that personal and private motives regularly supplant activity that would serve the public good. From the Palestinian Authority to the Algerian democracy, from the Moroccan monarchy to the Syrian republic, the formal institutions of government are little more than façades behind which the rulers exercise enormous discretionary power, and within which citizens wield little influence.

Hidden among the heirs apparent, there may be a King Juan Carlos for the Arab world—someone whose profound democratic sentiments will become apparent only when he has a chance to move out of his predecessor's shadow. (Similarly, there might be a Nelson Mandela in the opposition, ready to spin democratic institutions out of thin air upon taking power.) But there is little in the education or experience of the new crop of rulers to equip them to think strategically about class alliances or democratic institutions.

Some of them might attempt a strategy of pursuing reform to stave off revolution, rebuilding populist political bases at the expense of the alliances forged by their fathers. But the poor and disenfranchised will not produce the revenues necessary to sustain the state and its government. Ultimately, the successors will find it difficult to abandon those who had been the beneficiaries of their fathers' policies: the shadowy, patronage-based bourgeoisies, which have profited so handsomely from decades of control of public- and private-sector industry and commerce.

Outside the *élite*, in the very same generation, are many millions of people for whom the state is no longer relevant, and who are sustained by the networks of informal economies that respect no national boundaries. Many are alienated, embittered and poised to follow whoever best voices their grievances. Among them, the Islamist movements have no peer. They understand, accommodate and even support the disenfranchised. The crucial division over the next several decades will separate the *élites* from these masses—dividing those still served by decaying states, and the growing numbers beyond their reach.

The beneficiaries of the old regime, including the crown princes and presidents-designate, will have to decide how much genuine change they can live with, and how much they can afford to forego. Crisis management served their fathers well, drawing attention away from their failure to transform their societies, while securing the flow of the external resources that sustained them in power. There is a great temptation to perpetuate this arrangement, perhaps in modernized form. And although most of the sources of external revenues appear to be exhausted, there may be one more straw within their grasp: regional alliances among the generation of like-minded and forward-looking young leaders, all of whom have more in common with each other than they have with the vast majority of their own citizens and subjects. Many mechanisms suggest themselves for such an alliance system. A united front against a supposed threat from radical Islam has already served this purpose in some parts of the region, notably North Africa.

For their part, the masses may find that the limited benefits of adherence to the state are outweighed by the advantages of adherence to extra-state loyalties. As the rulers reach out to construct regional alliances designed to ensure their continued hold on power, the disenfranchised and alienated will also find allies across the region and throughout the world. Alliances born in the informal sector (including vast regional networks of finance, trade and corruption), and in civil society (including Islamist movements and human rights activists), will further contribute to the erosion of the existing states. Insofar as the élites rely on regional or international allies rather than class alliances at home, they will face opposition that also transcends state boundaries.

It is no small irony that the past half-century of state formation seems to be ending with rulers and ruled alike growing more skeptical and cynical about the likelihood that these states will serve their interests efficiently. Alas, there is no escape from the fact that the modern state is based on production and extraction, distribution and participation. Without these, the states of the Arab world will not command the devotion of their rulers or the loyalty of their citizens.

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