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Remarks on Autocracies, Democratization, and Development in the Arab Region

Samir Makdisi

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Samir Makdisi

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Introduction

The burning questions facing the Arab region today are: will the uprisings/ revolutions of Tunisia (December 2010) and Egypt (January 2011) usher in a sustained move from autocracies to substantive democracies in the Arab World (the “Tunisian/Egyptian effect”) accompanied by solid and equitable development? Will researchers in the future be talking about a pre- and post- 2010 Arab World? Indeed, will the march towards democracy in both Tunisia and Egypt be fully consolidated with all their developmental implications?

I do not presume to know the answers to these questions but I shall attempt to offer remarks that I believe might shed led light on basic issues pertinent to any attempt to address them.

I will start with brief remarks on the politico/economic environment: the interaction of economics and politics with reference to the Arab Region; I will then focus on the reasons for the hesitant Arab democratization process: the Arab democracy deficit, and follow with observations on the transition from autocracy to a democracy (open society),

I. The Politico/Economic Environment: on the Interaction of Economics and Politics with Reference to the Arab Region

Looking at the overall politico/economic environment in the post World War II period, when most of the Arab countries became independent, up to and through 2010, we can come to two major conclusions:

The first is that generally Arab political institutions have not been open to a genuinely competitive political process, though to varying degrees from one country to another. The obvious contrasts are Lebanon with its (constrained) consociational democracy and Saudi Arabia where absolute monarchy has prevailed.

Essentially these institutions have been non-representative and non-democratic, being either monarchical or republics where power was assumed in most of them by the military who turned civilian rulers via orchestrated elections.

With two exceptions, one of which only recently, the polity IV scores of the Arab countries have remained in the negative zone (see table I). Of course many of them (but also other developing) countries, have adopted institutional forms of governance similar to those in developed democratic countries (legislatures, elections etc...). But in practice they have remained formalistic rather substantive democratic institutions.

The second is that at the economic level in general the Arab economies have been gradually moving, (as part of the process of globalization) from being strictly public sector oriented towards a greater role for the private sector via privatization measures and greater openness on the outside.

One major consequence of this process of economic liberalization and privatization is that - in the context of weak or lagging institutional development - it has often been accompanied with varying degrees of collusion between those in power and business leaders or tycoons. In some cases the entrenched political leadership and big business became indistinguishable, leading to high levels of corruption. (In the 2009 Transparency International Corruption Index, the majority of the Arab countries were ranked in the bottom half.) This has occurred even in Lebanon, the most traditional private sector oriented Arab economy with a consociational but *constrained* democracy.

The result is that whatever the benefits of privatization and openness on the outside, the developmental outcome of the Arab region continues to suffer from major lags in comparison not only with the developed countries but also with other developing regions. I will come to this point later.

I leave it to Arab scholars to address the major question of how far away in time the Arab region is from attaining that stage of development which Professor Douglas North and his colleagues characterize as modern, developed, democratic nations, namely the transformation of a society from a limited access to an open access basis, with simultaneously competitive political and economic systems, along with their attendant organizational forms (**North, Wallis and Weingast, (NWW), 2006 and NWW and Webb, 2007**).

It is noteworthy that the failure to transform themselves into substantive democracies applies both to Arab countries with relatively low levels of per capita income, e.g. Yemen with per capita income of \$565 for 2009 at 2000 prices), as well as those with relatively high levels of per capita income such as the Gulf countries with per capita incomes ranging from \$10000-\$38 000 for 2009 at 2000 prices, admittedly a special group of countries.

This brings up the question of the relationship between income and democracy. Triggered by the influential Lipset modernization hypothesis back in 1959, this question has generated a rich and growing literature but it still remains unsettled. The hypothesis states that as a country develops (modernizes) at various levels, dictatorial controls become less effective and they are more likely to become democratic. One interpretation of this hypothesis is that poor authoritarian countries are likely to become democratic once they reach a certain level of development (**Lipset (1959), Barro (1996)**).

I do not intend to go into this matter. The literature abounds with research findings (amongst many others, **Therborn (1977), Gleditsch and Choung (2004), Ulfelder and Lustic (2005), Lupu and Murali (2009), Przeworski (2000, 2004), and Acemoglu, Johnson, Robinson, and Yared (AJRY, 2008, 2009)**).

In particular, AJRY focus on the relationship between economic, political and historical factors. They argue that although income and democracy are positively

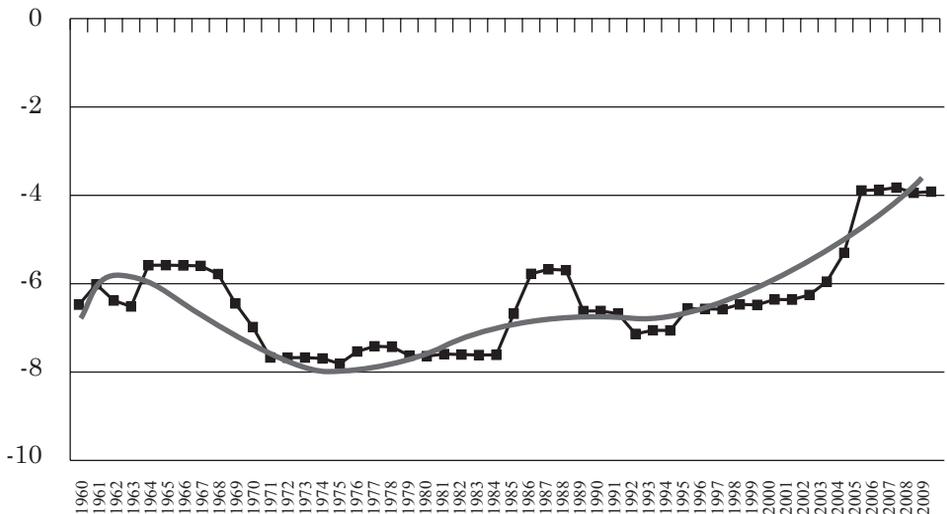
correlated (over long periods of time), there is no evidence of a causal effect. Instead, omitted — most probably historical — factors appear to have shaped the divergent political and economic development paths of various societies, leading to the positive association between democracy and economic performance. They thus call for a reevaluation of the modernization hypothesis with much greater emphasis on the underlying factors affecting both variables and the political and economic development path of societies.

II. The Hesitant Arab Democratization Process: What explains the Arab Democracy Deficit?

Whatever the explanations of the causality or non causality of income and democracy over longer or shorter periods, triggered by the modernization hypothesis, it fails to explain why, despite socio-economic development (especially advances in education, health and reduction in poverty levels), the Arab region has continued to face a democracy deficit since independence up to and through 2010 (Graphs I and II). I will touch on post 2010 developments shortly.

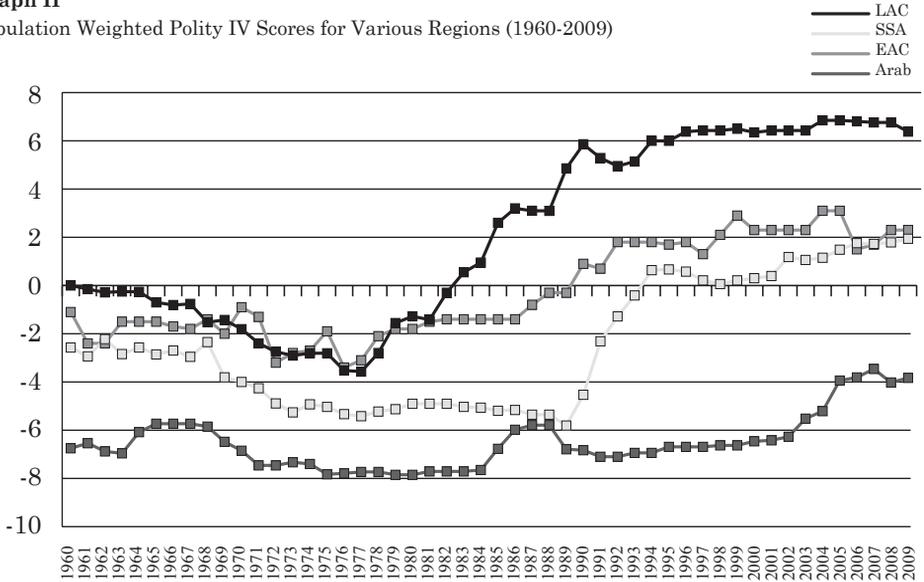
Graph I

Population Weighted Polity IV Scores for the Arab Region (1960-2009)



Graph II

Population Weighted Polity IV Scores for Various Regions (1960-2009)



In terms of comparative developmental outcomes, whatever successes it has achieved in specific fields, the Arab region has continued to lag behind in several major domains:

(1) As already indicated clearly it lags behind other regions in terms of building its democratic institutions (for 2010, the Arab region's scores on voice and accountability are the lowest among all regions).

(2) Despite immense oil resources, it has not been able to raise its average level of real capita income from being ranked second from the bottom among various regions, only above sub-Saharan Africa (data not shown).

(3) It has continued to suffer from a high degree of inequality. When adjusted for inequality, the 2010 HDI Index for the Arab region decreases from 0.588 to 0.426, though it remains in the middle rank among developing regions, above South Asia and Sub-Saharan Africa.

(4) In recent years, it has suffered from the highest rate of unemployment among all regions of the world, especially youth unemployment (an average of 25% for 2005-2010).

Whatever its influence, the lack of democracy has (arguably) contributed to the above major lags in Arab development and to the Arab world's inability to move forward in regional comparative terms. In any case, even if per capita levels and the inequality status of the Arab region has remained comparatively unchanged, other regions have generally gone forward in their democratization process, as essential aspects of human development. The sooner the Arab world makes the transition to democracy the better.

So how can the persisting Arab democracy deficit be explained, particularly when compared to other regions of the world?

In an attempt to address this question, various economic, historical and social variables, as well as religion, have been postulated by various Arab and non-Arab scholars [e.g. **Nabli and Silva-Jauregui** (2006), **Bichara** (2007), **El Affendi** (2006), **Platteau** (2008), **Noland** (2008), **Tessler** (2002)].

Here I should like to refer very briefly to some of the findings of a recent research project on the persistence of non-democracies in the Arab region which Ibrahim Elbadawi and I, along with a group of researchers, have been conducting (**Elbadawi/Makdisi**, 2011)².

Looking at region-wide effects after accounting for the modernization factors (e.g. per capita income, education, female percentage of labor force), historical factors (effects of colonization), religion, and social variables (social fractionalization), we find that whatever the influence of these factors on the democratization process (whether positive, negative or non-significant) they do not explain why an Arab democracy deficit (Arab dummy) has persisted. Further, *religion* turns out not to be a significant explanatory factor. Indeed, culturalist explanations for the persistence of non-democracies in certain societies are no longer in vogue.

2 Authors of the case studies include: T. Kannan and J. Massad (Jordan), S.Makdsi, F.Kiwan and M.Markanner (Lebanon), R.Safadi, L.Munro and R.Ziadeh (Syria), S.Attalah (Gulf region),B.Laabas and A.Bouhouche (Algeria), B.Yousif and E.Davis (Iraq), G.Abdel-Khalek and M.K. Al Sayyid (Egypt) and A.Abdel Gahir Ali and A. El-Batahani (Sudan)

What seems to explain the Arab democracy deficit are oil wealth, and more so regional conflicts, both inviting foreign intervention. These factors have acted to hinder moves to substantive democracy, or put differently, to more politically and economically open and competitive societies.

(i) Oil wealth effects:

On the positive side, oil wealth has made financial resources available for investment purposes and for public spending on health and education. It has also had a positive economic impact on non-oil Arab countries by providing them with employment opportunities and investment flows. But we need to bear in mind that such investments have generally been directed towards real estate and other rent generating activities.

On the downside looms the rentier thesis - or the tradeoff between economic welfare and political freedom and participation (the authoritarian bargain). The oil rich countries, (some of them at least) seem to have managed to forestall any significant transition to a more open political system (though their ability to resist may now have been weakened). In fact it would be interesting to investigate how the doorstep conditions referred to in **North et al** (2007) play out in oil rich countries.

(ii) Conflicts

Generally, while other regions have experienced more democratization in the wake of conflict, the Arab region has actually experienced (at least through 2010) no or very limited democratization as a consequence of the various conflicts to which it has been subjected, including international interventions, civil wars and especially the Arab/Israeli conflict. This is particularly important since the incidence of regional conflicts is higher in the Arab region than the global average. To varying degrees, these conflicts have provided pretexts for the ruling parties/families to justify their autocratic grip on power, including the presumed potential threat posed by rising religious fundamentalist movements which such conflicts have helped foster.

Looking at country specific factors, i.e. going beyond cross country work and digging deeper by examining a set of Arab case studies, we find that the influence of oil and conflict is not necessarily the same across all countries, and equally importantly there are additional and/or supplementary country specific factors that explain the persistence of the democracy deficit in the country concerned.

Time constraints do not allow me to expand on this matter and thus I shall offer four brief remarks:

First, the impact oil wealth (rentierism) cannot be considered in isolation from the specific socio/political history of the country concerned. In other words, in oil rich countries the extent of the trade off between economic welfare and political freedom emphasized by the rentier thesis is significantly influenced by how they evolved historically and politically. To illustrate, in Iraq the effect of oil wealth was tempered by the ability of the cross-ethnic nationalist movement to undermine the legitimacy of the monarchy which was overthrown in 1958. In Algeria, the influence of oil wealth should be considered in the context of the political alliance of the party that took over power after independence with the military and bureaucracy. In Kuwait, the important merchant class was able to extract political rights before and after the oil era began. And in Saudi Arabia fundamentalist religious groups have, throughout, exercised great influence over the nature of the state.

Second, the negative impact of the Arab/Israeli conflict seems to vary with distance from the center of the conflict (Palestine). Thus its impact on polity has been stronger in countries such as Jordan, Lebanon, Syria and Egypt than say in Algeria or some of the Gulf states. For countries that have gone through civil war, such as Sudan and Lebanon, its negative impact on polity has been manifested in number of ways. For example, in Sudan it encouraged military coups (Ali and Elbatahani, 2011) while in Lebanon it contributed to a deepening of sectarian divisions and, in consequence, it hindered a potential move to a more advanced democracy.

Third, the rise of fundamentalist Islamist groups has been a cause of serious concern for a number of Arab regimes (e.g. Egypt, Syria, Algeria, and Iraq since the Allied invasion of 2003). This concern is not necessarily related to the political

ideology of these groups but rather to the rulers' fears of losing their hold on power with all the privileges and benefits that come with it. Hence they have not hesitated to use the potential threat posed by fundamentalist groups to the existing political order as an added justification for their authoritarian rule with its attendant violations of the political and civil rights of citizens.

Fourth, the ability of the authoritarian regimes in various Arab countries to co-opt intellectuals (not inclusively of course), civil society, and big business has also contributed to hindering potential substantive moves towards political reforms. This co-option manifested in various forms, including the bestowing of privileges and positions turned these groups into defenders rather than critics of the status quo.

III. Prospects for Transiting from Autocracy to Democracy

With the Tunisian and Egyptian uprisings in mind, is the Arab region expected to democratize in the foreseeable future?

In my opinion there are four elements to consider:

The first is the **regional environment** with its high incidence of conflict, in particular the persistence of the Arab/Israeli conflict or the non-settlement of the Palestinian question. Clearly a just resolution to this conflict would favor the democratization process. Along with other regional conflicts, it has not only provided an incentive for the growth of fundamentalist religious movements and attracted destabilizing foreign interventions, but it has also diverted resources away from economic and social development toward military and security apparatuses that have helped maintain the autocratic regimes in place. Justly resolving the Palestinian question, and also other conflicts in the region, may not alone fuel the process of democratization (the Egyptian and Tunisian revolutions are perhaps cases in point), but would certainly to help create an environment that is more amenable to this cause.

The second is diminishing overall dominance of the state, especially its direct economic role in consequence of privatization (this perhaps applies more to the non-oil than the oil countries). In turn, this has tended to weaken the authoritarian bargain: the ability of the governing classes to trade off economic welfare and privileges for political rights and participation.

There are at least two major consequences to the diminished role of the state, which we should bear in mind:

(a) It has led to **reduced guaranteed state employment** and social benefits, accompanied by greater dependence on the market and market institutions which, did not guarantee high levels of employment or lead to equitable income distribution and benefits. (For the period 2005-2010 the average youth unemployment, at 25 percent for the Arab World, was by far the **highest** in the world (**ILO, *Global Employment Trends***, January 2010). **This, as the Tunisian and Egyptian uprisings demonstrate, could be a potent element in mobilizing opposition to Arab autocratic regimes.**

(b) It has also led to the growth and empowerment of an *independent* middle class along with a more active role for civil society organizations that press for economic and political reforms. The Arab ruling classes have attempted to counter this trend by trying to co-opt both the business and intellectual elites (to which I referred earlier), and indeed to forge business partnerships between high government officials and business tycoons. In the absence of accountable political institutions (open democratic institutions) this has tended to induce corruption, distort the process of privatization and reduce its potential benefits. Nonetheless a growing independent class is expected to help bring about, whether peaceably or not, substantive democratic reforms.

(c) The third factor is the impact of greater openness within and with the outside: as the Arab countries develop and become more open within and more integrated with the outside world, not only does this help further weaken the authoritarian bargain, but also the ability of the governing classes to keep opposition parties, either divided or in check, by varying methods of control.

(d) The fourth is the universal human thirst for freedom and justice. Aren't the Tunisian, Egyptian and other uprisings good examples? Perhaps not enough attention has been paid to the potential importance of these factors in bringing about change, at least as far as the Arab region is concerned.

Concluding remarks

Following independence up to and through 2010 the Arab experience has demonstrated that the socio economic development, whatever its effects, has not been accompanied by or correlated with a significant democratization process. The explanatory factors lie elsewhere.

At the same time there are underlying and growing economic, social and political conditions that either favor and/or are expected to push in the direction of change towards a more open and democratic society. How smooth the transition process will be is difficult to predict, especially given the prevailing regional political environment and the unsettled Palestinian question.

The Tunisian and Egyptian uprisings demonstrate that for these two countries the triggers for the beginning of the transition process towards more open, accountable and socially and institutionally better organized societies have now been released. The question is, whether these uprisings will yet lead, in the foreseeable future, to consolidated democracies in both countries. This remains to be seen.

These uprisings (as in the case of similar revolutions elsewhere) also demonstrate that, in this day and age, robust but equitable development, good institutions and governance (open access) and the human thirst for freedom, justice and democracy are inter-connected matters that cannot be *indefinitely* ignored. It is simply a matter of time.

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