During the last two decades, Arab countries have adopted economic and social reform strategies that have resulted in greater inequality in their societies. Dr. Hassan Hammoud, Associate Professor at the Department of Social Sciences at the Lebanese American University (LAU), analyzes the various forces that have directly or indirectly shaped social policies in some Arab countries and which have led to the latest popular uprisings, in a lecture held at the Issam Fares Institute for Public Policy and International Affairs (IFI) at the American University of Beirut (AUB).

In the global context, Hammoud believes that the influence of “International Epistemic Communities” goes unnoticed. These are experts who follow a set agenda and advise governments about what to do. Hammoud argues that the last three decades had witnessed a unique agenda that came out of the Washington Consensus. In that agenda, there had been some guidelines about what governments ought to do versus not to do. Chief among the agencies responsible for this agenda are the World Bank, the International Monetary Fund, the World Trade Organization and their allies represented in the United States and the United Kingdom, and other advanced countries. Their intention, according to Hammoud, is to sell the Washington Consensus among third world countries under pressure. In addition, there have been some bilateral and multilateral agreements that embody such an agenda, such as the Euro Med partnership. The basis of this agenda is the primacy of the economic forces over the political and social forces. This is being sold as a ‘one size fits all’ model to all developing countries. He refers to a relevant quote by Amartya Sen: “Development requires the removal of major sources of un-freedom: poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or over activity of repressive states”.

The structural adjustment program is a plan to implement economic reforms and financial reforms at both the micro and macro level. These reforms would insist on governments “pulling out” of economies, thus, reducing responsibilities and deregulation. This process can also be referred to as privatization. Privatization is one large source of deregulation—not only privatization at the economic level, but also privatization at the societal level—privatization of social services (i.e., social security, health, education, and social protection).

In his book, The Price of Inequality, Joseph E. Stiglitz states:
“More than anything else, a sense that economic and political systems were unfair is what motivates the protests around the world. In Tunisia and Egypt, and other parts of the Middle East, it wasn’t merely that jobs were hard to come by, but those jobs that were available went to those with connections.”

Hammoud argues that this further explains the hidden agenda for developing countries and that it truly does not serve the interests and needs of the people.

One cannot overlook the changes that have taken place over the last three decades. The assumption is that markets are efficient if the government is kept out of the way. Hammoud also highlights the failure of the trickle-down effect in most developing countries. Furthermore, he explains that “economic growth, although necessary, is insufficient to alleviate and reduce poverty and inequality.” The importance of social policies should be at the interface of all public policies, and technocratic sectoral approaches alone are insufficient.

Hammoud discusses five types of instrumental freedoms based on Amartya Sen’s (2000) Development as Freedom: 1) Political, or civil, entitlements, 2) Economic entitlements in terms of job opportunities, 3) Social opportunities in terms of social protection, health and education, 4) Transparency guarantees at the level of government and 5) Protective security which includes the need for individuals to have retirement compensation and social security.

The local context for the waves of Arab uprisings and the major challenges Arab countries have experienced, and are currently experiencing, are great in number. The Arab economies have been moving toward a free market economy. In addition, Arab countries have faced precarious social contracts between individuals and governments and have experienced weak national development programs and frail political participation on the one hand. However, on the other hand, these countries have witnessed rapid population growth. The rapid population growth presents yet another challenge to the countries of the Middle East which is the “Youth Bulge”, particularly defined by the demographic of individuals under the age of 24. Two-thirds of the population of the Arab world is under the age of 24. The lack of long-term inclusive vision results in a failure to generate decent and productive jobs, which leads to sluggish economic growth. Furthermore, this, in combination with great socio-economic disparities and systematic exclusion, and the marginalization of the most deprived people, led to rampant poverty in the Arab world (excluding oil-rich countries) and lack of respect for human rights.

An added component to such challenges presented above is the fact that countries of the Middle East are increasingly becoming jobless economies. Hammoud defines jobless economies as economies that are “working”, but fail to produce jobs for individuals. In 7 out of 10 countries of interest, there is an educated labor force and a very small female labor participation rate. Furthermore, there is limited labor market demand for educated workers. Hammoud uses the example of Mohamed Bouazizi stating,
“he was probably qualified, but there was no demand for the skills that he had.” In addition, there are unfavorable macro-economic conditions inhibiting investment in productive sectors in the Arab world. All of this is compounded by Hammoud’s “3 ‘I’s’ plus 1” theory, which consists of Ideology, Ignorance and Inertia plus Institutions, which allows us to attempt to understand the Arab uprisings.

In addition, we find deficiency in the social protection system in regards to social security, pension and retirement. Moreover, deficiencies in education and health played a major role in leading to the uprisings in the Arab world. Mohamed El-Baradei, former director of the International Atomic Energy Agency, summed up the Arab uprisings in the following equation: repression, plus absence of social justice, plus denial of channels for peaceful change, equals a ticking bomb.

Hammoud explains that there are a number of lessons that can be learned from the Arab uprisings. On an international level, economic growth is important, but alone it does not necessarily reduce poverty and inequality. In order to reduce poverty, a nation must promote equality and redistribution. Social policy is an integral part of the development strategies and recognizing the linkages between policies and the social, economic and political institutions is necessary in the course to reduce poverty in the long run. Regional lessons in rethinking economic growth towards more inclusive and productive Arab societies was discussed by Hammoud focusing on the areas of social protection and social dialogue, which had led to the region’s greatest deficits. The real issue is the need for jobs with social dignity rather than jobs that come at the expense of dignity. Both international and regional lessons show the importance of social policy to be properly addressed and considered.

The neoliberal model has failed either to generate economic growth and dynamism or to reduce poverty. Social policies are no more considered as handmaiden to economic policies; they are at the center of development strategies, they perform the multiple tasks in relation to social protection, social reproduction, production and redistribution – tasks that are key to transformative social policy. An expert at the United Nations states, “Social policy is more than a limited set of safety nets and services to cover market failure.” Arabs need an inclusive development model that is grounded in social justice and respect for basic instrumental freedoms. A representative from the United Nations Research Institute for Social Development states, “Combating poverty and inequality is not just about having the right economic policies; it is also about pursuing comprehensive social policies and types of politics that elevate the interests of the poor in public policy”.

Hammoud concludes his talk by explaining that the way forward toward a comprehensive national development strategy is through participatory social contracts, inclusive governance and an overhaul of the current social policies that have proven insufficient for these Arab nations. Additionally, sound national development plans and labor-generating and productivity-oriented economic policies will play an instrumental role in leading to macro and micro-level transformations.