

# An ~~the~~ right to economic develop the Arab World

Ali Kadri<sup>1</sup> [London School of Economics, UK and Lebanon]

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At this juncture in Arab history, there is an opportunity to be grasped. Unless there is a successful transition from the political to the social revolution in the Arab world, the sacrifice made by the Arab working classes will be betrayed. The following is a proposal to expose some of the previous aspects of development and economic performance in the Arab world with the aim to infuse the development debate with the idea of development as a human right. It need not be said, the present struggle is a struggle for rights. The idea of rights empowers people; it gives them a sense of self-affirmation. The language of rights establishes a framework for the allocation of resources. Without the rights rhetoric we will end up with a totally uncaring market system that will not solve our problems.<sup>2</sup>

## Introduction

Development is about unleashing human potentialities and broadening the choices of people. It is a fair and balanced outcome combining the rights to food, shelter, universal health care, work, the right to politically organise and vote. It is freedom from hunger, from oppression and all that stands in the way of people participating fully and unhampered in shaping their future.<sup>3</sup> On a more concrete level, development is also the infusion of knowledge in production, incremental growth in capital and progressive institutional change that responds to the demand of working people. Development, in the broad sense, combines the freedom paradigm and capital accumulation – but, not in a static combination. It is the mediation by which the agent, or the subject of history, interacts with the totality of the social condition for the purpose of development. Development therefore becomes the articulation of the social forces that shape capital accumulation or the process by which society reproduces itself. It is the outcome of peoples' struggles, in particular, class struggle, to improve their lives through the political process.

Choosing the appropriate development strategy is not independent of the overall vision for the future of the economy and society and the context defining the parameters within which the strategy will be articulated. It is crucial to start with a correct appreciation of the social forces shaping the present and the full legacy of the past without losing sight of the fact that development is a long term process. The moment development is situated in the long term, the developing world transcends the idea that developing countries are emerging markets that have to report financial gains on quarterly basis, as if they had become the country-cousin counterpart of Morgan-Stanley. Long term development is about placing the social agenda before the credit ratings of global and Breton-woods short-term financial accounting. It is the deployment of real national resources in a developmental project. This

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<sup>1</sup> Ali Kadri is presently a visiting fellow at the London School of Economics (LSE). Formerly, he served as Head of the Economic Analysis Section of the United Nations regional office in Beirut. [A.Kadri@lse.ac.uk](mailto:A.Kadri@lse.ac.uk).

<sup>2</sup> These are the words of the late South African Justice, Albie Sachs.

<sup>3</sup> Sen, A.K. *Development as Freedom*, (1999) Oxford University Press.

longer horizon perspective and a thorough assessment of the undercurrents of this particular revolutionary historical process form the connecting grounds that allow the pursuit of development objectives. It, more decisively, reorients policy in a way that redresses the baleful costs of neoliberal experiments that toyed with people's lives in the past, fosters an agenda that cuts across the divide of economic efficiency and social values, and promotes the idea of development as a human right.<sup>4</sup>

The intrinsic value of the right to development has been widely recognised. In essence, '[t]he right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.'<sup>5</sup> The right includes:

- full sovereignty over natural resources, including self-determination and popular participation in development;
- the right to work;
- equality of opportunity, which is preceded by equality of condition;
- the creation of favourable conditions for the enjoyment of other civil, political, economic, social and cultural rights;
- peace and security are essential elements for the realisation of the right to development.

The individual and the collective rights – the latter is the mediation of the 7oectiv3Dlattnf( the mediauo4f3

Also, the Arab world is a world that is so interlocked with the global economy, such that, it would not be possible to lock in resources for development without international cooperation. The international community, comprising countries and institutions at the international level, has the responsibility to create a global environment conducive for development.

By virtue of their acceptance and commitment to the legal instruments, the members of the international community have the obligation to support effectively the efforts of Arab States that set for themselves the goal of realizing human rights, including the right to development, through trade, investment, financial assistance and technology transfer.<sup>7</sup> Without this rudimentary cornerstone of an economic strategy designed to reduce poverty and unemployment, it is unlikely that any economic program of action can meet the basics of human rights, compensate working people for their suffering under the combined assault of neoliberalism and Arab autocracy and, generally, to secure the right to development.

### **The economy of the Arab world in perspective**

Gulf, with more than a five trillion dollars surplus in unrequited transfers over forty years, is still categorised as underdeveloped.<sup>8</sup>

cuts across national boundaries, and responsibility falls squarely on the shoulders of the ruling elite in the United States and its despotic Arab allies. It is not a country, a nationality or a people that are responsible for the crime of poor development, it is a cross-border alliance of social classes. There is no nationalism that is not laced with racism. Therefore, rebuilding the Arab world under the development as a human right edict should be a combined regional and international effort aligning the interest of working social classes across borders.

Arab oil rents have dichotomised economies in a very unproductive way. A highly capitalised oil sector created few jobs relative to the capital invested in it and, in an adjunct manner, decent job expansion occurred through patronage in the public sector. The latter sector, however, was not deployed to absorb the high rate of young entrants into socially useful activity, because the fiscal policy of the state did not mediate the interests of the broader working class. It is only in the Arab world where the highest income inequality exists, whilst income taxes are absent. Public sector employment was used to generate consent via clientalism and divisiveness of the working class via favouritism by pitting one social group over another, in order to pre-empt working class solidarity. As to the private sector, the presence of weak financial intermediation between money assets that accrue from oil or geopolitical rent and physical capital, the absence of a healthy rise in income associated with rising productivity, and the uncertainty that engulfs the future made the rest of economy lean ever more heavily towards ephemeral entrepreneurial endeavours, the service and informal sectors.<sup>11</sup> As of today, poverty stricken informal sectors employ the majority of the Arab labour force.

In the Arab world, a shallow financial market and declining productivity were a blessing in disguise. In so far as the former is concerned, when the global financial crisis arrived, little did it affect the growth rates of national economies because money assets were rarely channelled into financing industry or development. As to the latter, non productive employment in the public sector, which was meant to buy loyalty from a dispossessed population, acted as a welfare cushion for people who would have otherwise been living at levels far below subsistence. The desired virtuous developmental circle, which is for people to generate an income from productive employment, earn and support a decent living standard from national jobs, was obviated principally because profits are drawn from short-term merchant and rent-seeking activity tapping into oil rents as opposed to an increasing returns based development path. If volatile oil prices tumble or settle to a lower plateau, they will put in check a whole mode of development that is

Although at no time there existed a balance of payments problem, wealth under the existing elite-dominated institutional arrangement was trickling up and not down.

Uneven development and deepening labour force differentiation represent the mainstay of state policy in the Arab world. The process is aided and abetted by a preponderance of US military bases and open regional conflicts, which altogether obviate the very idea that development can be the long-term process, which it should. So not only are internal national policies prohibiting development, but the risk of conflict spilling over at any time vitiates the future and annuls the long-term prospects. Developmental projects, which require long gestation periods, are no longer considered. Short term rents in all the economic sectors prevail, making the present more valuable than the future. A FIRE economy flourishes (FIRE stands for finance, insurance, and real estate). But still, it may be relevant to recall that the overarching condition of imperialistically imposed geopolitical risk and its impact on inter-temporal preferences, institutional anti-working class bias, and the already inherent uneven developmental state of Arab countries come together to further thwart the path of development as defined under the rights discourse. That is why the struggle for development shifts almost entirely to the political sphere. Development in the Arab world becomes the

In the Arab world moreover, the level of despondency resulting from the rising insecurity of life under the market system, drove people to idolise the distant past in a way that did not correspond to the actuality of history. Arab/Islamic history was fantasised in a manner that generated escapism or fanaticism. And in both situations, the goals of working people were not served. Their expropriation proceeded steadily and their welfare concerns were not addressed. That is why the revolutionary process should resituate sovereignty in the purview of the people and in the acknowledgment of their inalienable human rights and their rights of citizenry. Power, under the right to development proclamation, belongs to the people, not to oppressive institutions that strip people of their rights. Little will happen in the way of putting a common denominator across national or neighbouring social classes unless the mechanisms and the payoffs, including the questionable role of NGOs that are sponsored by the World Bank, which have gone to breed divisiveness among working people, are halted.

The alienation of the population, especially its prohibition from partaking in political life, had weakened the security of Arab working people and excluded long-term stability, which is needed to redress frail investment in increasing returns activity, the social and physical infrastructure, and plant and equipment. Risky small markets represent the context in which a development strategy has to be addressed. Small markets lead to little capital accumulation and vice versa.<sup>16</sup> Security exposed social formations circularly hinder the formation of development friendly capital. That is why regionalism and Arab integration, which provide the larger market and the security depth, are key operational solutions to the paradox of small markets and risk.

The Arab world is a record holder in certain economic variables. It exhibits the lowest rate of investment, the highest rate of unemployment and the widest spread in income distribution. Political regime and elite insecurity shifted the accent away from development to regime stabilization efforts and squandered resources. So long as the working classes were insecure in their living conditions, so was the totality of the national arrangement *qua* state. The growing gap between peoples and their ruling regime shifted the balance of forces gravely in favour of external powers who were willing to reap the benefits of imperial control over a strategic region. There is in fact, no Arab leader who could retire in his own country unless protected by military tanks. Institutions remoulded with security concerns in mind and developing under the onus of sluggish and highly erratic oil determined economic growth distort income distribution and wealth, in favour of political strongholds, hence, the euphemism 'the privately owned public sector in the Arab world.' A weak post independence starting point and successive defeats of Arab socialist regimes in wars against Israel and the United States, especially the occupation of Iraq, exposed the security of the labouring classes across the region, weakened publicly accountable institutions and sapped resources to the point where the goal of development fulfilling basic needs under human rights became untenable.

### **Policy issues for the future**

The revolutionary vanguard in the Arab world has a commitment to the Arab working people to part with the politically biased economic policies of the IMF and World Bank that have wrought havoc. For more than two decades, the mode of analysis in the Arab world was based on the claim that economic development depends primarily on the creation of an enabling environment for the private sector, including free markets, and free flows of trade



Extreme notions of orientalism go as far as dubbing the issue of Arab underdevelopment as a culturally caused fiasco. The issue of 'good governance' emerges as a *deus ex machina* or as an antidote to corruption, which is instead of characterising wasteful utilisation of resources, gets in

diversity, synergies). The collapse of the first wave of globalisation led economists into eugenics or racial hygiene. Africans were not seen as poor because of the colonial economic structure that had been imposed on the continent; Africans were poor because they were black. During a more enlightened era 400 years ago, Francis Bacon discarded race as a factor explaining wealth and poverty. Today the marginally more politically correct version of this type of theory is that Africa is poor because blacks are corrupt.<sup>21</sup>

For long, the good governance discourse, Western tied NGOs and aid represented a Trojan horse aimed at concealing Arab regime atrocities and prolonging repression. It represented additional support to the neoliberal ideological optic that projected market freedom as personal freedom. International market and resource liberalisation regimes imposed by the Washington institutions, including free capital movement, despite their clear anti-developmental outcomes, were not impinged upon. Good governance was about changing few dispensable governors who were implicated in kickbacks as a token that would exonerate despotic Arab regimes who had converted their societies into huge prisons of conscience. To boot, a progress sheet was displayed. But what went purposefully unobserved was the stark condition that the rights and sovereignty of Arab working people were not mediated by their states. No one had bothered to ask how 'good governance' is mainly an issue that applies to small developing states when the UN Security Council and the Breton Woods institutions lacked universally representative governance and, therefore, were badly governed.

Turning things around, or locking in resources for the purpose of development in an otherwise financial capital rich developing Arab world requires an intertwining of the social with the political order, or a rise of working people to position of power. Despite the fervour of the present revolutionary process, to date, the political revolution is not yet translated into a

as an employer of last resort.<sup>22</sup> However, this will entail more than simple change in the growth optimization strategy of Arab states or minor adjustments to fiscal and monetary policies. It will involve a shift in the Arab class structure and institutional parameters that contribute to heightened regional insecurity, block greater efficiency in investment, and inhibit closer regional integration and coordination. The inevitable predisposition of major macroeconomic and demographic variables towards collision implied that there was little space for argument over the unavailability of violent convulsions.

The built up of discrepancies in an Arab economy that does not expand at a rate commensurate with the demands of working people means that change will not be gauged as a matter of degree. With strategic control of oil interests unshaken, the US will further seek the imposition of an Arab type democracy that would continue to serve its interests. Democracy, however, is not the protocol or etiquette of voting boxes that was witnessed in Iraq; it is the reincarnation of the vested interests of working people. Democracy is that which addresses the concerns and needs of working people. The fundamental premise of the right to development is that the freedom to participate in political life and organise represent a logical and practicable predicate to development. The absence of an unbiased flow of information, lack of provision of basic needs making social classes vulnerable to manipulation en masse, poor institution of legal rights and, mostly, the perceived precariousness of the state as a viable institution undermine the essence of a democratic process. External imperial threats duly considered, the way in which Arab social structures are organised today leaves little room for input into the political and development decision making process from the broader working class base.

Meeting the concerns of development as a human right requires a process of capital accumulation guaranteeing an integrated basket of rights including, the right to work. In the light of the inequitable and rent based growth performance of the Arab world and the eroding effects of neoliberal adjustment on welfare, absolute poverty levels rose across the spectrum. In the immediate term, stabilizing or enhancing income distribution, including land reform, are needed. When savings outstrip investment in Arab oil or geopolitical rent driven economies, there need not be concern for the widow's curse or the notion that the rich save and the poor do not. Savings have flown abroad anyways. Current account surpluses are invariably linked capital exports from the region.<sup>23</sup>

The fact that so little has been done to redress inequitable national and regional income distribution is related to the structure of rent based institutions that intensify social and cultural differences for the purpose of maintaining the acquisition of rents. Despite being capable of affording equity from present funds and various social security valves, the hold of the ruling elite on oil rents and the bias for merchant or commercial as opposed to the increasing return industrial capital will not allow any of the Arab countries the stability needed to maintain sustainable social programs in the long run. Development therefore will require measures of autarky, including capital account controls, selective trade protection for national

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<sup>22</sup> Hyman Minsky has proposed that governments should be given the responsibility of acting as employers of last resort (ELR). In this case, the government would determine a wage rate at which anyone willing to work would get a state-sponsored job. Minsky, H. *Stabilizing an Unstable Economy*. New Haven: Yale University Press, 1986.

<sup>23</sup> Kalecki, M. *Essays on Developing Economies*. Brighton: Harvester Press, 1972.

industry and the deployment of real national resources in an industrially based project of development.

The right to development should be realized through a programme of coordinated regional action. Development plans are to be implemented through an 'Arab regional development compact' assisted the international

poor development, we will be hard pressed to find another more relevant reason than an imperialist-driven historical process that shaped Arab institutions under the onus of joint imperial/Arab regime control stripping working people from the right to own and deploy their resources for their benefit. The result up until now is the highly inequitable growth, rising poverty levels and a fragmented market that is in dire need of retaining resources.

In the Arab world, the right to development is synonymous with the right to working class security, which is fundamentally security from want. Achieving this right could only come as a result of international collaboration and a rethinking of US led imperialist position vis-à-vis the Arab people. There is a pressing demand to empower the present revolutionary process and to turn political gains into social gains. The degree to which present day forms of US led global accumulation, which are highly dependent on oil, global economic imbalances and, in particular, the dollar as an overstretched global currency, have shut out critique from governments around the world against the maltreatment to which Arab people are being subjected. There are so many countries t