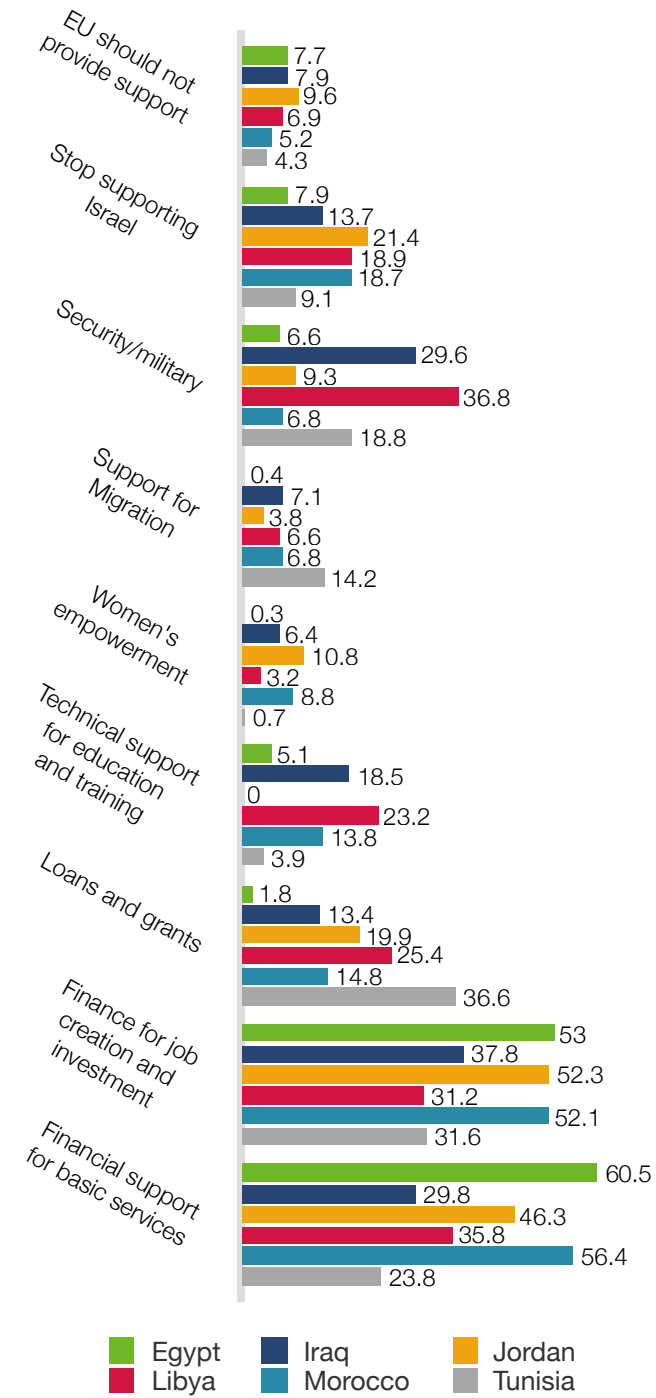


FIGURE 8: TWO TOP PRIORITIES FOR EU SUPPORT (%)



EU policy has failed to support inclusive economic growth in the MENA. People throughout the region perceive the MENA's poor economic performance and lack of inclusive growth as the main drivers of the Arab Uprisings and of ongoing political and economic instability. The EU must develop policies that support inclusive economic growth in practice as well as in principle. Steps the EU can take include:

- ▶ Driving international efforts to prevent illicit financial flows, thereby increasing revenues in both developing and developed countries;

- ▶ Providing technical support for the fight against corruption in both government and business;

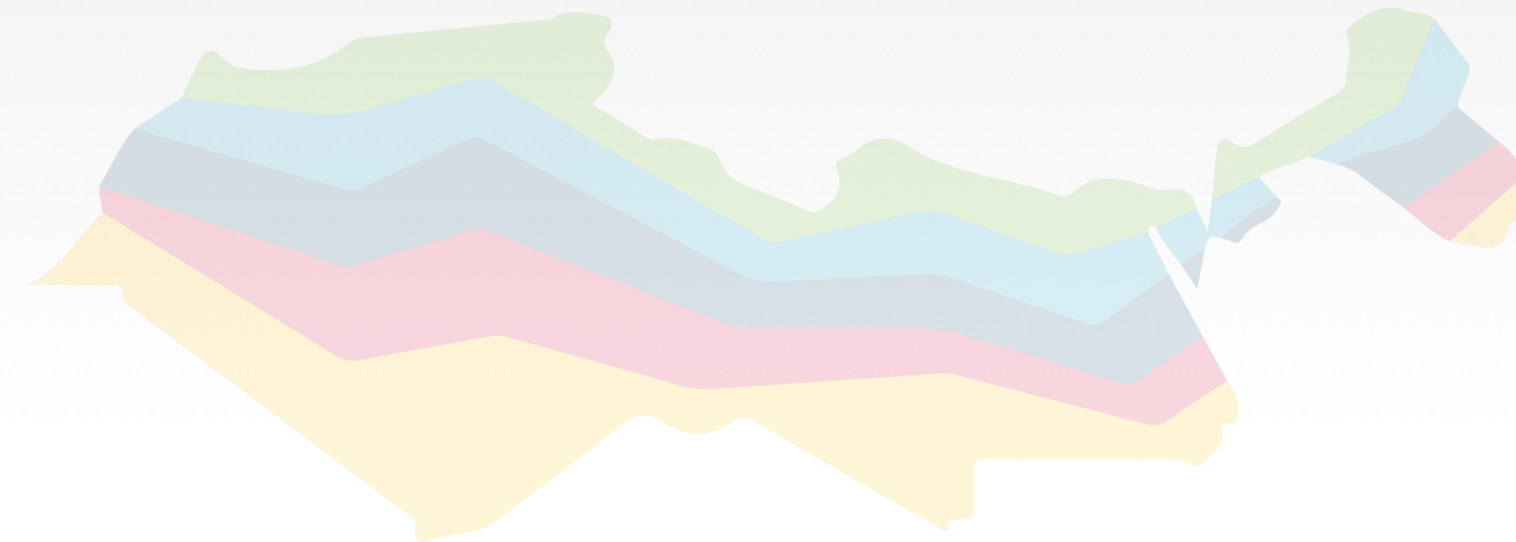
- ▶ Ensuring trade deals benefit both MENA countries and the EU - at present MENA countries have balance of trade deficits with the EU;

- ▶ Using development assistance to support job creation, especially decent jobs for youth;

- ▶ Encouraging EU FDI in enterprises creating decent employment;

- ▶ Reducing remittance transfer costs, given their importance to household and national budgets;

- ▶ Reviewing Mobility Partnerships to ensure MENA countries also benefit. At present, they treat migration as a security issue. MENA countries are reluctant to negotiate terms because they do not see how they benefit.



# ArabTrans

Policy Brief prepared by Pamela Abbott and Andrea Teti



UNIVERSITY OF ABERDEEN



# The Arab Transformations

## Policy Brief 3

### *Socio-Economic Inequality and the Failure of Development Strategies for the Middle East*

#### Introduction

EU policies for economic development in the Middle East and North Africa (MENA) rely on liberalising markets and trade, and on loans. These strategies failed to deliver inclusive development, and increased income and wealth polarisation, facilitated the emergence of crony capitalism and reduced opportunities to find decent jobs. This helped spark the Arab Uprisings.

Public opinion surveys before the Uprisings show people were dissatisfied with their living standards: both working and middle classes became increasingly frustrated by a system in which connections (wasta) mattered more than merit, public services deteriorated, and poverty increased. This eroded the 'authoritarian social contract' by which citizens implicitly traded restrictions in political freedoms for improved material conditions. The Uprisings were made possible precisely by a convergence of working and middle classes under pressure from growing political repression and socio-economic polarisation. Despite poor political and economic results, and despite popular dissatisfaction, MENA governments were pressed to implement structural adjustment.

The 2014 Arab Transformations survey shows people remain distrustful of rhetoric on political inclusion, their priorities and expectations focus-

#### SUMMARY

- The main drivers of the Arab Uprisings were economic grievances and a perceived growth in inequalities.
- Poor economic growth and lack of inclusive policies is a key cause of insecurity
- People's main concerns in the MENA are economic security and corruption.
- People think the best way the EU can help is with support for inclusive economic development.
- The EU should develop policies and instruments capable of bring economic benefits to all people in the region, as well as to the EU.

#### KEYWORDS

Economic Security, Employment, Corruption, Development Assistance, Trade, Mobility Agreements, European Union, Arab Spring

ing social and economic inclusion. The inability or unwillingness to meet such expectations produced a significant decline in trust in governments, eroding social cohesion, and exposing MENA countries to the same instability which produced the Arab Uprisings.

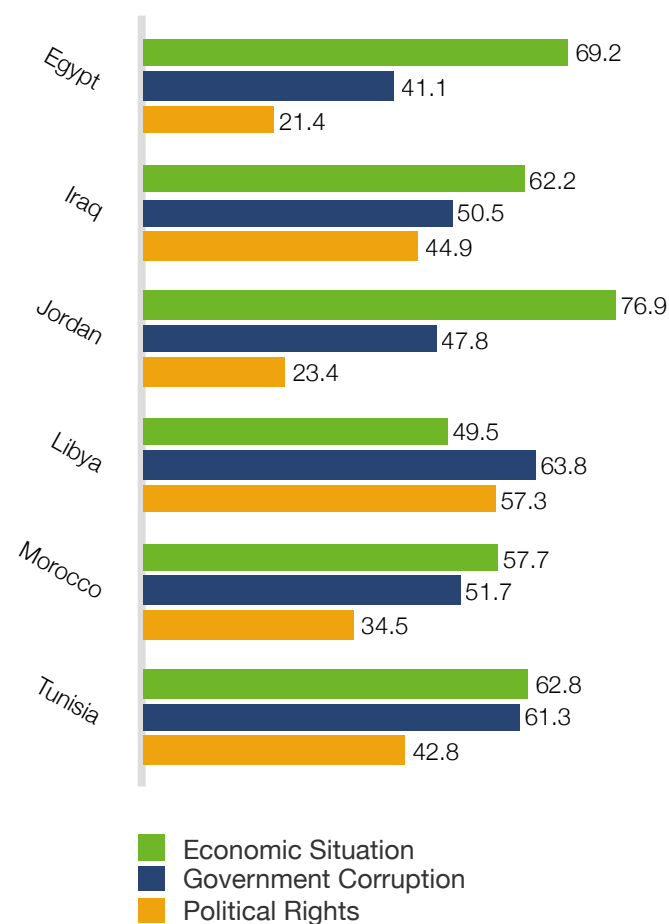
Economic relations and developmental strategies must be re-thought to prevent socio-economic fractures which would only increase economic and political instability, with knock-on ef-

conomic and political instability, with knock-on effects north of the Mediterranean.

## The Perceived Causes of the Arab Uprisings

Economic grievances and corruption are clearly seen as the main drivers of the Arab Uprisings with political rights some way behind. Asked what they thought had been the two main drivers of the Uprising in their country, economic grievances were the most frequently mentioned (from 50% in Libya to 77% in Jordan) followed by corruption (nominated by just over 40% in Egypt, rising to 64% in Libya). Political rights were less frequently – but still noticeably – mentioned (from 21% in Egypt to 57% in Libya).

**FIGURE 1: CITIZEN'S PERCEPTIONS OF THE TWO MAIN DRIVERS OF THE ARAB UPRISINGS (%)**

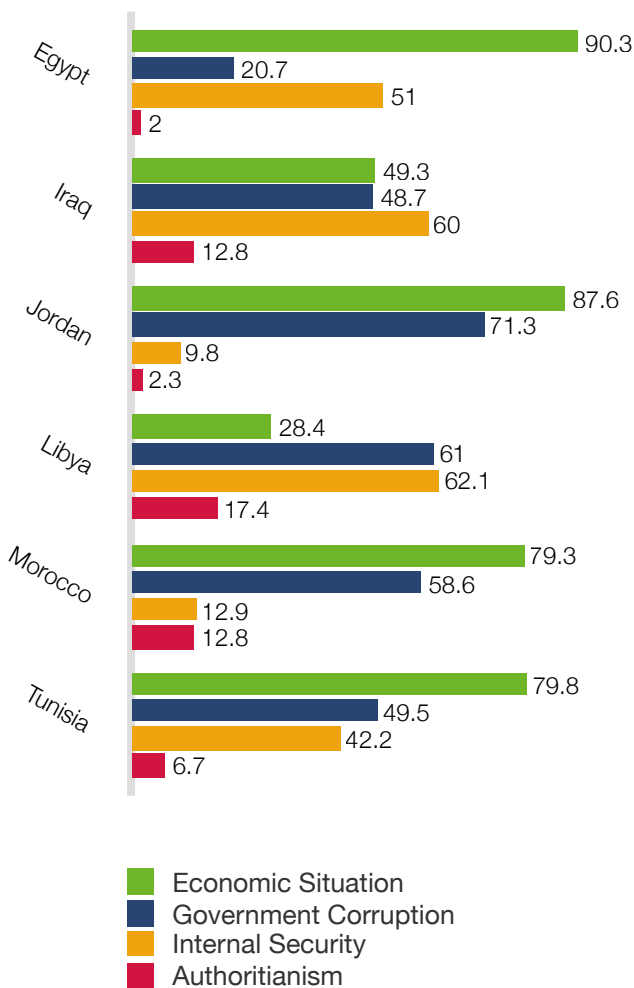


## Have things improved? People's Grievances in 2014

People's concerns remain largely unchanged before and after the Uprisings. Despite the diverse histories and current situations of each country, the issues people most frequently

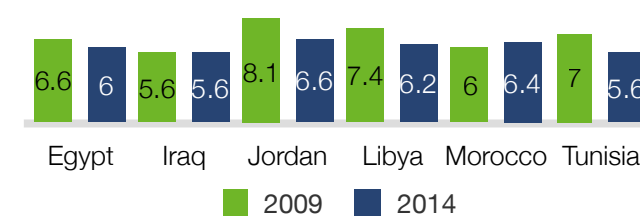
named as one of the two main challenges for their countries were economic conditions and rights (including employment and inflation), and government corruption. The economic situation was named as the most important challenge everywhere except in Libya, and corruption was also reported as important. Internal security was a major challenge in four countries – Egypt, Iraq, Libya, and Tunisia – while authoritarianism is seen as one of the two main problems by a minority of respondents.

**FIGURE 2: ISSUES NOMINATED AS ONE OF TWO MAJOR CHALLENGES FACING THE COUNTRY IN 2014 (%)**

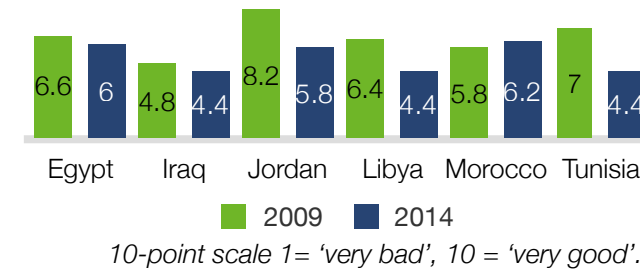


On average, except in Morocco, citizens across all countries agree that the general situation of both their families and their country got worse between 2009 and 2014 both generally and in terms of the economic, political, and security situation. Their families' predicament was generally rated better than their countries', and the perceived decline in the general situation was notably greater in Jordan, Libya and Tunisia.

**FIGURE 3A: MEAN SCORE FOR GENERAL SITUATION OF HOUSEHOLD IN 2009 & 2014**

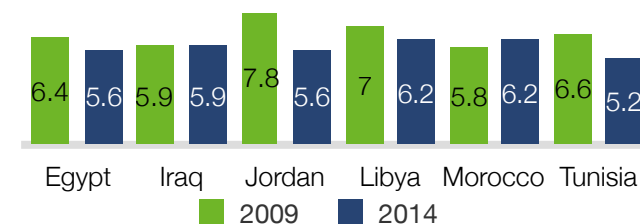


**FIGURE 3B: MEAN SCORE FOR GENERAL SITUATION OF COUNTRY IN 2009 AND 2014**

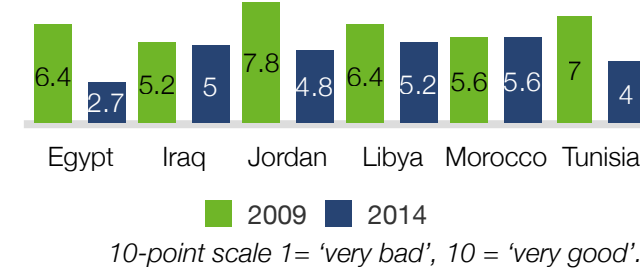


The economic position of both households and countries was not rated highly in 2014 and was generally seen to have got worse since 2009. In Tunisia and Jordan, the decline in average scores for 2014 compared to 2009 for both the household's and the country's economic situation is very noticeable. By contrast, Iraqis and Moroccans report little difference, but with scores that are comparatively low in both years.

**FIGURE 4A: MEAN SCORE FOR HOUSEHOLD ECONOMIC SITUATION IN 2009 AND 2014**



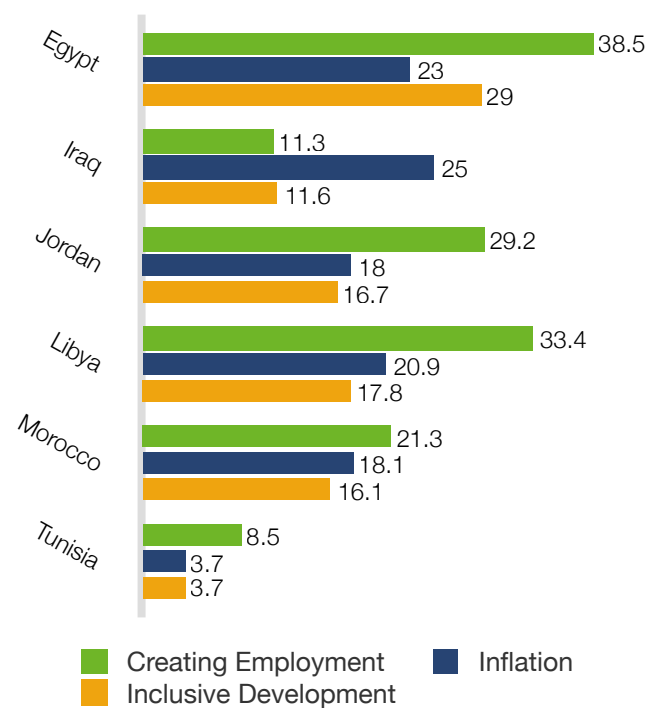
**FIGURE 4B: MEAN SCORE FOR COUNTRY ECONOMIC SITUATION IN 2009 AND 2014**



After the Uprisings, governments were not judged to have delivered on economic policy.

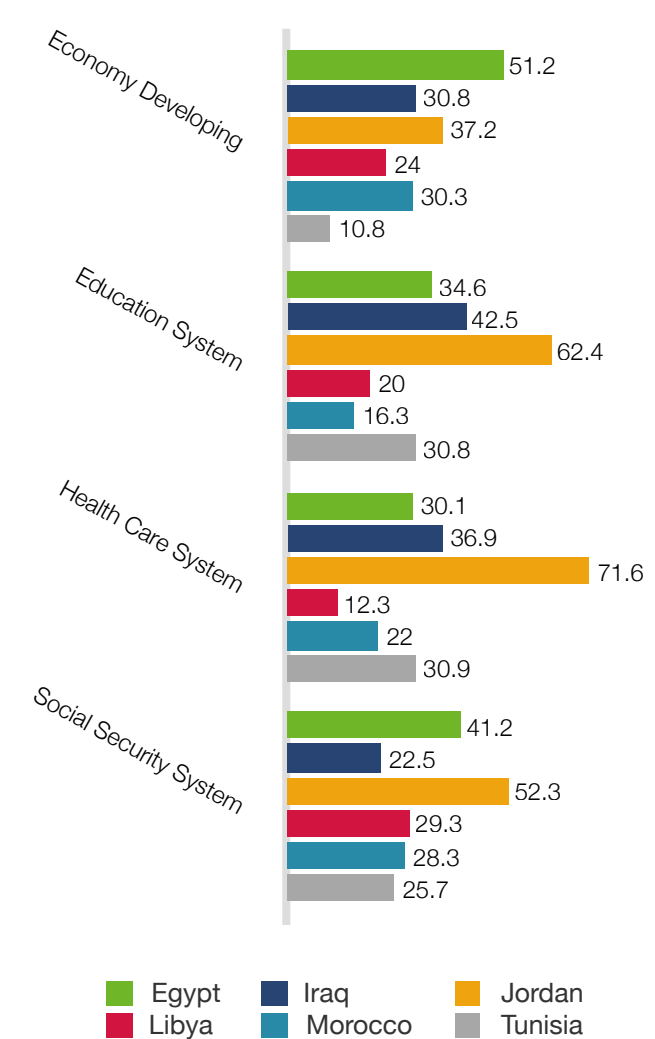
This is unsurprising given the poor economic performance since 2011 and the continuing high levels of employment – including among youth – with some of the highest rates in the world. Tunisians were least likely to think their government was delivering, with only four per cent of citizens thinking they were performing well in fighting inflation or reducing inequalities and nine per cent in creating employment opportunities. Egyptians were most optimistic, but even here less than 40 per cent thought the government was performing well on job creation, 30 per cent on inclusive development and just under a quarter on fighting inflation.

**FIGURE 5: AGREE THAT GOVERNMENT IS PERFORMING WELL IN DELIVERING ECONOMIC POLICIES**



People were also dissatisfied with how the economy was developing or with the delivery of public services, which are crucial to people's standard of living. Given the low scores Tunisians give to their country's and their households' economic situation, they are surprisingly the least satisfied with how the economy was developing (only 11% report being satisfied). Satisfaction levels in other countries ranged from a quarter in Libya to just over a half in Egypt. Satisfaction with government social provision was higher in Jordan, but elsewhere less than half of the people were satisfied, ranging from 42 per cent of Iraqis thinking the education was developing well to only 16 per cent of Libyans thinking the health system was developing well.

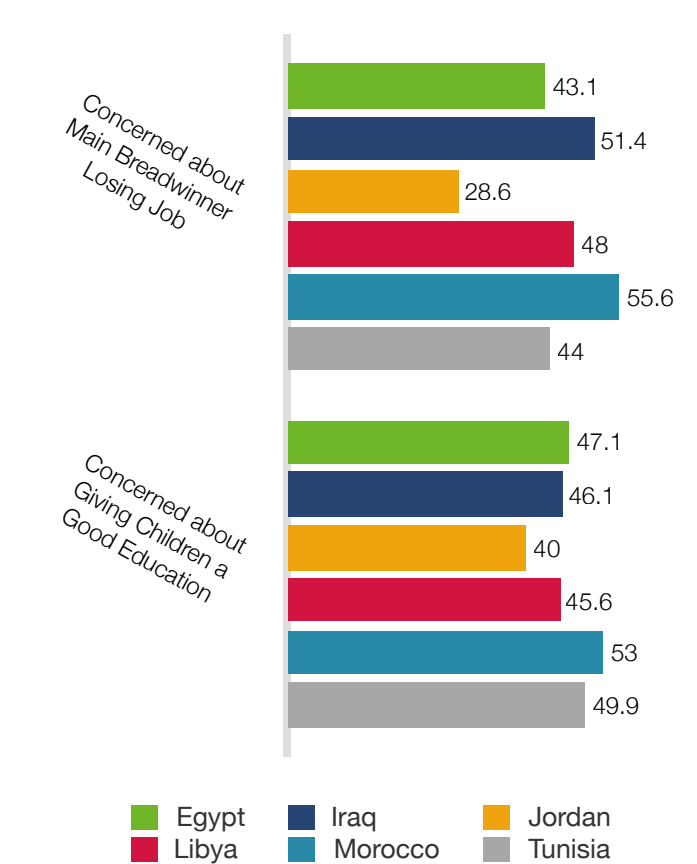
**FIGURE 6: SATISFACTION WITH HOW THE ECONOMY AND GOVERNMENT SERVICES ARE DEVELOPING (%)**



Dissatisfaction with governments' economic performance was fuelled by concerns about high levels of corruption and governments' failure to tackle it. Concerns about high levels of corruption varied from 70 per cent in Libya to 89 per cent in Morocco. Only a minority thought government was making a determined effort (from a low of 6% in Tunisia to a high of 30% in Egypt).

People were also concerned about employment security not surprisingly given the unemployment high rates and the importance of wasta to get a job. Virtually no one thought wasta was never necessary, and noticeably more than half – from 74% in Egypt to 51% in Morocco – thought it was always necessary. Between 29 per cent (Jordan) and 56 per cent (Morocco) were concerned about the main breadwinner becoming unemployed. People were also concerned about their ability to give their children an education (between 40% in Jordan and 53% in Morocco).

**FIGURE 7: CONCERN ABOUT SECURITY OF EMPLOYMENT AND ABILITY TO GIVE CHILDREN A GOOD EDUCATION (%)**



People thought the best way for the EU to support their country was with one or more types of support for economic development. In total, 75 per cent thought one or more types of economic support would be best, varying from a high of 86 per cent in Tunisia to 62 per cent in Libya. This figure was notably lower in countries with acute security problems – Iraq and Libya – although still nominated by a clear majority; security, not surprisingly, was seen as more of a priority than in the other countries.

## Conclusion and Recommendations

Social, economic and political conditions in MENA countries considered here remain fragile and brittle: the economy remains the single largest challenge, driving migration, amongst other things, corruption remains pervasive and unemployment endemic, political reforms have been cosmetic, reversed, or remain fragile, and people's faith that things might change has evaporated. This has eroded trust in political leaders, increasing economic and political instability and helping create potential 'security sink-holes'.