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The Blame Game, Part 1

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For many years there has been debate about the causes of the political and economic problems of the Arab Middle East. For some, the main reason for the problems of the region is the legacy of Western imperialism and the role of the West today. This view has received support in the West, notably from the late Edward Said, whose influence in academia was huge. There have been other voices, inside and outside of the region, suggesting that endogenous (internal) factors are also significant. This edition of *Iqtisadi* will examine some of these controversies.

In 2001, the economic historian Roger Owen wrote an article in Al Ahram that is relevant to this debate. His remarks were prompted by the September 2001 attacks in the US and their subsequent analysis, suggesting that the causes lay in the Middle East. Owen's main argument was that the comparison between the weak economic performance of some Arab countries and that of successful states in East Asia was malicious. He wrote:

> One of many kinds of fall-out from September attacks *[sic]* was a spate of articles with titles like "Getting at the roots of Arab poverty" and "The economic failure of Islam." Sometimes focused on the Middle East, sometimes on parts of the larger Muslim world, their ostensible purpose is to explain to a Western audience how it is that poverty contributes to violence. *But it is difficult not to see them as also part of the age-old polemic against the religion of Islam itself* (emphasis added)…. Central to such undertakings is the use of international comparison. Economic league tables are

> produced to show that the recent economic performance of the Arab countries, or the Muslim countries, lags not only behind the West but also behind what Bernard Lewis described in a recent *New Yorker* article as the "more recent recruits to Western-style modernity such as Korea, Taiwan and Singapore."

Two points stand out in Owen's article. The first was his uncritical defense of Islam. He did not analyze the arguments that assessed the role of Islam in the economic underdevelopment of the Middle East, instead he reflexively dismissed them, suggesting that any such discussion was insulting. This attempt to close debate is profoundly anti-academic: in fact, there is now a large literature on the role of Islam in the economic development of the Middle East, and this will be referred to in Part 2. The second point that Owen made was that the comparisons between the Middle East and other regions, like Asia, were also unfair, although he conceded that they constitute a valid methodology.

In the early 2000s, the validity of comparison between the Arab Middle East and other regions was reasserted in a series of Arab Human Development Reports published by the United Nations Development Program (UNDP), Regional Bureau for Arab States. The aim was not to insult Islam or denigrate anyone; at the launch of the first of these reports in July 2002, the UNDP Assistant Administrator and Director of the Regional Bureau for Arab States noted that it was written ‘‘by Arabs for Arabs.’’ This was significant because Edward Said had suggested that the origins of commentators on the region affected or even determined their views.

The 2002 Arab Human Development Report (AHDR) contained a number of notable features. First, it was highly comparative: the achievements and failures of the Arab world were contrasted with those of other regions in detail. Second, clear links are made between economic and socio-economic development and political structures. Third, a new index was provided that included political and economic factors, one in which Arab countries scored badly. Finally, reasons for failures were given.

The main causes for the weakness of Arab development were explained in terms of

‘‘deficits’’ of freedom, women’s empowerment, and knowledge – issues that had hardly been tackled in much of the literature on Arab development. The report called for the democratization of the Arab world, not only as an end in itself but also to improve economic management. It showed, at least implicitly, the cost of bad government. Second, it made international comparisons and warned Arabs that they are falling behind. Finally, despite paying lip service to the Palestinian or Arab cause in the struggle against Israel, the reports emphasized that the main problems were internal.

The reports also raised questions about the relationship between Arab political systems and economic performance. During the 1980s and 1990s, growth of per capita income in the Arab world – at an average annual rate of 0.5 percent – was lower than in any other region, except sub-Saharan Africa. Labor productivity in Arab nations was low, and declined, from a third of the North American level in 1960, to 19 percent by 1990. If the annual growth rate of 0.5 percent continued, it would take the average Arab citizen 140 years to double his income. Other fast-growing regions would achieve this level in less than 10 years. The total GDP of the Arab world – $531 billion – was less than that of Spain, and one in five Arabs lived on less than two dollars a day. In 2002, unemployment in the Arab region was estimated at 15 percent of the labor force. This was the highest rate in the world. All this was despite huge investments made in social and economic infrastructure made possible by oil wealth and foreign aid. Human welfare measures were less worrying. Life expectancy in the region had increased by 15 years, mortality rates of children under five had fallen by two-thirds, and adult literacy had almost doubled, but these achievements were under threat.

Governance has long been recognized as a key issue in economic development. The main elements are the ways in which governments are chosen, monitored and replaced, their capacities, and the respect citizens have for their government. Arab governments were below the world average on nearly all indicators of institutional quality. Improvements in political institutions were seen as conditions for economic development in line with much of the literature on new institutional economics and political economy. The reports outlined the challenges faced by Arab countries in strengthening personal and institutional freedoms and boosting broad-based citizen

participation in political and economic affairs. There was and is much that still needs to be done to provide people in the region with the political voice, social choices, and economic opportunities that they need for a better future. The way forward involves promoting good governance based on expanding human capabilities, choices, opportunities, and freedoms, and empowering women and those most marginalized in society.

The report's lead-author, Nader Fergany, was very revealing in his comments on reactions to the report:

> In order to understand reactions to the AHDR it is important to understand a key aspect of the "Arab mentality" in relation to the anguish of self-criticism. In my estimation, the Arab intellectual identity is in essence an uneasy mixture of feelings of humiliation – which are understandable and have their origin in the continual thwarting of aspirations in the Arab nation – and of "transcendentalism" in the "Kantian" sense, in that it regards itself as being above self-criticism as part of a desperate effort to protect the self, which is simultaneously both oppressed and violated.

The doyen of Middle East economic historians, Charles Issawi, wrote a number of papers comparing the Middle East with other regions, but he did so before political correctness had taken hold. He also made serious critiques of Arab economic performance, policies, and attitudes that are often ignored in contemporary Middle East studies. Within the economics profession, comparisons and other methodologies amenable to measurement have been used extensively. Conventional economics tends to examine how things *should* be done and leaves it to others – historians, political scientists, or political economists – to explain why or why not they *are* done.

Recently, economist Jeffrey Sachs has argued that the West is at fault for the problems in the Middle East. In an attempt to explain the phenomenon of Islamic terror, he states that

> More than 100,000 Iraqi civilians – a very conservative estimate – died in a war that was based on utterly false pretenses. The US has never apologized, much less even recognized the civilian slaughter.

More controversially he blames the West, as well as Russia and Iran, for the war in Syria. Assad's role in the slaughter is not mentioned:

> an estimated 200,000 Syrians have recently died, 3.7 million have fled the country, and 7.6 million have been internally displaced in a civil war that was stoked in no small part by the US, Saudi Arabia, and other allied powers. Since 2011, the CIA and US allies have poured in weapons, finance, and training in an attempt to topple President Bashar al-Assad. For the US and its allies, the war is little more than a proxy battle to weaken Assad's patrons, Iran and Russia. Yet Syrian civilians are the cannon fodder.

In Sachs' view, the West's role in the region since the fall of the Ottoman Empire has been malevolent:

> Long before there was Islamist terrorism in the West, the United Kingdom, France, and the US relied on diplomatic chicanery and launched coups, wars, and covert operations in the Middle East to assert and maintain Western political control over the region. Historians know this sordid story, but most Westerners do not (in no small part because many of the interventions have been covert). Since the fall of the Ottoman Empire a century ago, Western powers have sought to control the Middle East for a variety of reasons, including claims on oil, access to international sea routes, Israel's security, and geopolitical competition with Russia in Egypt, Syria, Iraq, and Iran.

Some of Sachs' comments are more accurate than others. His conclusions that the West should "get out of the Middle East," especially as it becomes less reliant on the region's oil (or at least the United States is), are worth careful examination. What is missing is an analysis of the domestic sources of discontent in the region. This is

provided by an Arab journalist, Hisham Melhem in a series of scathing articles recently published in *Al Arabiya* and *Politico*.

The core of Melhem's argument can be summarized as follows: the history of social and political upheavals from the French Revolution to the Arab uprisings shows that most fail, and all of them, including those that created new orders, were resisted, sometimes stubbornly by the old order in various forms of counter-revolutions. Forces opposed to genuine reforms and democratization are already fighting back. They represent a whole spectrum of old entrenched interests such as the old political class, the so-called "deep state" encompassing the security apparatus, the military institution (particularly in Egypt where it control a sizable portion of the economy), the old monopolistic business class that grew parasitically on the old political order, the judiciary system, and remnants of the old state-controlled media.

There are also other forces opposed to reform whose negative influence is very difficult to quantify. These include the cultural, religious, tribal and patriarchal inheritance that makes it practically impossible for any political movement to change or reform these entrenched, conservative, even atavistic constructs and norms. Other forces, including very conservative Islamists, oppose reform because of prejudices, including opposition to gender equality and opposition to providing non-Muslim minorities equal rights under the law. Their political philosophies are anathema to the fundamentals of liberal democracy. *Reuters'* recent survey on the declining status of women in Arab countries (where Egypt was described as the worst country in the Arab world to be a woman) showed the incredible distance Arab societies have to go before they can begin to seriously address gender issues. Also, the legacy of political repression in general, and the marginalization of non-Arab and non-Muslim minorities all account for the "counter-reform" campaign that the old order is waging to protect itself.

The emphasis here is on Egypt and Tunisia rather than Iraq, but the theme is the importance of internal factors. In another article, Melhem is more specific:

> The abject failure of the independent "secular" Arab states, particularly those swept by the forces of Arab Nationalism and or controlled by the military, in delivering on their promises of

> economic development, their pursuits of exclusivist and autocratic practices, and their failure even in protecting the homeland from external threats drove many of their citizens to look for political "alternatives" rooted in their history and culture.
>
> The Faustian bargain entered into by some leftist political movements and intellectuals and the ruling Nationalists in Cairo and Damascus that as long the "battle" against the real and imagined machinations of the Imperial West and Israel is going on these movements and intellectuals will not agitate too much for more political/civil rights – that bargain has been disastrous.

Here he points out that there were real and imagined machinations by external forces, and that the left's collusion, in the 1960s and 1970s, with the regimes in Egypt and Syria limited the struggle for freedom and encouraged Islamism. His conclusions allude to conspiracy theories that are rife in the Middle East:

> Most people are averse to introspection, and rarely engage in self-criticism. Arabs are no different. However, the political culture that developed in the Arab World in the last 60 years, particularly in countries ruled by autocratic regimes, shifted blame from their catastrophic failures in governance to other external, sinister forces. For these countries, self-criticism has become next to impossible.
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> Over time, this legacy has created fertile terrain for conspiracy theories, delusions, self-deception, paranoia and xenophobia. If you read an Arab newspaper or many a website in the region, you will invariably encounter some of these symptoms. Admittedly, sometimes they can be entertaining, but in most cases they are downright ugly, reflecting deep pathologies of fear.

Melhem concludes that reactions to his articles:

> ...ranged from the lunatic and racist fringe which refuses to recognize the immense cultural and civilizational contributions of Arabs and Muslims, to the juvenile left that sees Arab self-criticism as self-flagellation because it does not blame the U.S. or Israel for ALL Arab ills. In my articles I said that no one paradigm could explain the state disintegration, social fragmentation and the civil wars ranging in a number of Arab societies, nor one can reduce the failure of various political ideologies that dominated the Arab world in the last century to one overarching reason be it economic, political, social or cultural. That was my way of criticizing the tendency of many scholars to always look for one paradigm, or a certain model, or one encompassing theory to explain very complex problems that cannot be reduced to one neat interpretation.
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> ….the Arabs were not the only victims of colonialism and with the exception of Algeria which gained its independence from France after a savage war, colonialism in the Arab world was not as devastating as it was in Africa. Egypt and India were colonized by the same power and gained sovereignty after the Second World War. And both are plagued with demographic overweight. But for most of its independent life Egypt was ruled by a strong military leader, while India maintained its democratic rule – strained at times – even when its military achieved victories in wars with Pakistan and it managed difficult political transitions after the assassinations of some of its elected leaders. India, despite its economic and social inequalities, produces science and knowledge in its universities and in Bangalore, its high technology capital.

The Middle East historian Juan Cole has tried to refute Melhem's critique.

> Let's take the 22 Arab League members (which include for political reasons non-Arabic-speaking countries like Somalia and Djibouti). *There is nothing wrong with their civilization.* [emphasis added]

> In the past 50 years, Arabic-speakers have gone from being perhaps 80% rural to being 80% urban. (There are still some significantly rural Arab countries like Egypt and Syria but even there the urban-dwellers are a majority). Even Saudi Arabia, which a century ago had a lot of pastoral nomads, is now as urban as the United States. They have gone from being largely illiterate to being, especially at the level of 15-30 year-olds largely literate. The proportion with high school and college educations has skyrocketed. They have access to world news through satellite television. Civilizationally *[sic]*, the average Arab today is way ahead of her parents and grandparents.
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> Obviously, the states of the Arab world are undergoing important transitions and some have collapsed. But state collapse is not the same thing as civilizational collapse, nor caused by it (whatever "civilization" is).
>
> Why the states are collapsing is a good question for social science, but it isn't the moral failing that Melhem makes it out to be, nor is it unique. I'd look at the following:
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> Demography. The Arab world is full of states that have had relatively high rates of population growth for 150 years. I have a hypothesis that this population boom is related to global warming, which also began in earnest about 150 years ago, and which may have reduced pandemics in the region which we know were common and cyclical in the medieval and early modern period ("plague").

It seems, from Cole's argument, that population growth is exogenously determined by global warming, which raises the question of why population growth slowed in Turkey and Tunisia much faster than elsewhere in the region. In fact, demographers of the Middle East have shown how population policies have played a major role in economic development and that is why Turkey and Tunisia have fared so much better than other states in the region.

Cole continues:

> Productivity. Most Arab states were under European colonialism in the 19th and until the mid-20th century. No colonial administration was interested in promoting industrialization (in contrast, e.g., to Meiji Japan, which was independent and cared about Japan's place in the world). Arab countries after WW II were mostly agricultural and poor. Some 80% of Iraqis were landless laborers and 2500 families had the best land, and a lion's share of it, in 1958. While there has been some state-led industrialization, about half of Syria's population is still rural. Farming has low rates of productivity gain. And most urban workers are in services, which also aren't characterized by much increase in productivity. High population growth plus low productivity growth equals economic and social stagnation.

Cole's analysis ignores the entire industrialization experience of the Arab world since independence. Egypt, Syria, Iraq, Algeria, and others chose to follow the Soviet model in the 1960s and 1970s. They built heavy industrial sectors that went bankrupt in the 1980s and 1990s. Then some of them moved towards the Washington consensus, which led to increasing inequality and eventually to the Arab Spring.

> The distortions of the oil economies. Urbanization in Egypt, e.g., may have stalled out since the 1970s because workers that might have gone to labor in factories in Egyptian cities instead went to Saudi Arabia, Kuwait and the UAE. When and if they returned with savings, they often returned to their villages and opened a shop or other small business. The oil economies of the Gulf also drew off the more enterprising teachers and engineers. Oil economies have hardened currencies because of the value of their primary commodity, which makes made goods expensive and harms handicrafts, industry and agriculture because export markets like India can't afford these goods if they are denominated in a hard currency. Also, having small but enormously wealthy and authoritarian states like Qatar, Kuwait, the UAE and Saudi Arabia

> in the region is destabilizing. They spread money around to support their factions, who then fall to fighting and have the wealth to buy good weapons.

Cole's analysis overlooks the fact that, had Egypt and other countries implemented more effective policies, workers would not have needed to go abroad, and those that did might have put their remittances into productive investments at home. This is what has happened in China. Furthermore, if population policies had been more consistent and effective, there would not have been so many surplus workers needing to emigrate. Furthermore, as manufacturing in the Gulf States was weakened by strong exchange rates – so-called Dutch disease effects – low cost economies such as Egypt might have been able to supply them if their economic policies had been more better organized.

Why are the oil rich Gulf States so autocratic? Is that just a legacy of Western colonialism or is there anything local about it? The suggestion that Egypt's having rich neighbors is bad luck is a kind of fatalism and excuse for lethargy and bad economic policy.

> Aridity and climate change. The Arab world lies in a longstanding Arid Zone stretching from Morocco to the Gobi Desert. Much of this region cannot engage in rainfall agriculture and depends on irrigation and climate change is increasing aridity with long-term droughts. The collapse of Syria was certainly caused in some important part by climate change. Egypt also has a water crisis, and in villages in Upper Egypt protests over insufficient water were part of the unrest during the 2011 revolution and after.

The region is, of course, arid, but the question is how to deal with it. In 2009-2010, the Syrian government aggravated the agrarian crisis by raising prices for agricultural inputs during a period of drought. President Sisi's dramatic initiatives to solve the water problems in Egypt have been condemned by water experts there and that is after decades of failure in water policy.

> These sorts of causes have contributed to the difficulties the Arab world faces, not moral or civilizational deterioration. Of course, state collapse can create a social maelstrom in which horrific groups like ISIL can grow up. But they are typically caused by the other factors and attendant instability and displacement. They aren't the original cause of anything themselves. Nor are the Arabs alone even in the region. The brutality and disproportionate force deployed by the Israeli army in Gaza is another form of barbarism.

Cole therefore concludes that there is no crisis, and that the Arabs should not be singled out, and that economic (and political) weaknesses are largely due to external factors.

Timur Kuran has also looked at social and political unwillingness to face reality and his analysis has relevance in the region. His analysis applied not only to the Middle East itself but also to study of the region in the West.

When articulating preferences, individuals frequently adjust their choices to what appears socially acceptable. In other words, they convey preferences that differ from what they genuinely want. Kuran calls this "preference falsification." In his 1995 book, *Private Truths, Public Lies*, he argued that the phenomenon is ubiquitous and that it has huge social and political consequences. A person who hides his discontent about a fashion, policy, or political regime makes it harder for others to express discontent. This has affected political behavior in the Middle East (and elsewhere) and academic work outside the region.

It is not only preference falsification that has affected academic work on the Middle East, but also the failure to use the analysis of social scientists. A very useful perspective on the problems facing the region can be gained by looking at the work done by economists and economic historians and this will be done in part 2, which will be published next month.