

# Poverty and Inequalities Continue to Plague Much of the Arab Region

**Rami G. Khouri<sup>1</sup>**

Senior Public Policy Fellow  
Issam Fares Institute for Public Policy and  
International Affairs

The Arab region is undergoing its most difficult and tumultuous moment since the birth of the modern Arab state system a century ago. The late 2010/early 2011 uprisings that erupted in half a dozen Arab countries were the most dramatic expression of a century-long trend of individuals seeking to become citizens and play their part in shaping stable societies and acceptable states. In their aftermath, the region has experienced a number of consequences that have led to the current situation of the 400 million Arab citizens of the 22 member states of the Arab League. Iran, Israel and Turkey are major non-Arab powers in the Middle East region that have a considerable influence, but the core conditions that drive the trajectory of the entire region are to be found inside the Arab countries themselves.

Expanding populations, erratic economic growth, mismanagement of economic and natural resources, a total absence of citizen participation in policy-making through democratic institutions, and continuing warfare and other political violence have combined to bring the Arab region to where it is today: plagued by a series of troubling realities in a number of connected domains. The most important are education, labour, income, poverty, inequalities, vulnerability, social protection, political participation and growing citizen marginalization and alienation. The region did not suddenly slip into this unhealthy condition over

the past decade, but rather it is its history of erratic governance over the past century that can help explain many of today's problems.

The birth of the modern Arab world as we know it occurred mostly at the hands of colonial powers in Europe, and partly at the hands of local warlords, who forcibly occupied lands and created countries. In both cases, the new Arab countries were created almost totally without the consent of their future citizens. Despite occasional, brief spurts of free elections, democratic and pluralistic consultations and civil society activism, nowhere in the Arab world has there been a sovereign state, shaped, managed, validated and held accountable by its own citizens. The troubles and dangers that define much of the Arab region today are largely due to the continuation of that reality, with the sole exception of Tunisia's transition to a constitutional democracy, following the 2011 uprising that overthrew the former autocratic regime.

Most of the Arab states have retained their territorial configurations and have proved durable over time, despite the trials of war and economic stress. This is largely because for six decades after the birth of their new states, the citizens enjoyed the benefits of state-building legacies – even if they were not formally consulted. Roughly between 1920 and 1980, every generation across all Arab countries enjoyed better living standards and the promise of new opportunities for their children. That remarkable state-building and developmental thrust stagnated in the 1980s and has since run into serious constraints. The post-1980 strains have been due to a combination of reasons, such as erratic oil and gas revenues, population growth rates that were higher than economic expansion rates,

<sup>1</sup> Rami G. Khouri is a senior public policy fellow at the Issam Fares Institute for Public Policy and International Affairs, Journalist-in-Residence at the American University of Beirut and a non-resident Senior Fellow at the Harvard Kennedy School.

the non-stop proliferation of family-based military control of governments, widespread corruption, the ongoing Arab-Israeli conflict and its impacts, and constant foreign military interventions inside the Arab states.

### Rising Inequalities

Behind the very varied conditions in Arab lands eight years after the 2010-11 uprisings, we can now identify an underlying layer of poor, vulnerable and marginalized citizens who make up the majority of the Arab region. This is not a very recent development, but rather has occurred over four decades or so. The new insights we have into this situation reflect better technical measures of poverty and vulnerability – especially the Multidimensional Poverty Index – along with sustained annual surveys of family conditions and attitudes across most Arab countries (through the Arab Barometer and the Arab Center for Research and Policy Studies). Only a handful of wealthy energy-producing countries like Qatar, the UAE, Saudi Arabia and Kuwait escape the broad trend towards Arab pauperization, vulnerability and rising inequalities.

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The dangerous pattern of new and deep structural threats comprises a cycle of poverty, inequality and vulnerability that seems likely to keep the region mired in turbulence and conflict for decades to come. As several hundred million Arabs become increasingly desperate to ensure their families' basic needs, such conditions will exacerbate existing antagonisms and armed clashes across the region, heighten social tensions and ultimately lead to the fragmentation of both individual countries and the wider Arab region, after it having enjoyed minimal commonalities and integrity in the past century.

These threats include, most notably, chronic and growing poverty, a very high rate of informal employment,

increased vulnerability among middle-income families, continual high population growth rates, which outstrip economic growth and expanding disparities and inequalities in almost every sector of life and society. As these combine with other political and material grievances that are common among most citizens (a lack of water, affordable food and decent housing, low political participation and accountability, among others) they erode citizens' respect for and trust in government institutions, and lead to greater alienation among millions of families. There are three major grievances: 1) people's quality of life deteriorates daily due to poverty and unmet needs; 2) they feel they are not treated equitably by their own state and society; 3) and they feel powerless to do anything about their condition. For many, the net result is the conclusion that their government and state are not only ineffective, but perhaps also illegitimate, in their eyes. The 2010-11 uprisings across the region were the most dramatic expression of how tens of millions of citizens responded to the consequences of these issues. The latest citizen uprisings in Algeria and Sudan, with their demands for better governance under civilian authorities, instead of military rule, are a continuation of the 2010-11 protests. They are also a sign of how citizens rebelling against sustained autocracy have learned the lessons from their previous attempts to install civilian democratic governance under the rule of law.

### Governments' Superficial Responses

Most Arab governments continue to introduce superficial reforms in pivotal sectors such as education, employment and anti-corruption, but their efforts mostly remain unsuccessful or limited in their impact. Simultaneously, the broader Arab trend in most countries since the end of the Cold War, around 1990, sees steadily increasing pauperization, vulnerability, perceived injustice and helplessness and disparities. The extent, causes and consequences of this troubling trend seem to elicit only superficial and limited responses from Arab governments or their foreign donors and patrons.

Arab states seem to be making the big mistake they have repeatedly made since the 1970s, which is to ignore or downplay the current trend of pauperization/inequalities, whose elements started to appear

several decades ago. The first signs of widespread social and economic distress emerged in the 1970s, concurrently with the rise in oil prices, which radically transformed Arab economies and governance ethics. Since then, governments have been unable or unwilling to respond to their citizens' complaints, especially regarding corruption, a lack of decent jobs, state cronyism and declining educational standards. The structural distortions and deficiencies in the political economy of the Arab region, therefore, persisted and worsened, bringing it to its current state.

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It will be more difficult today for states, private sectors and foreign backers to ignore the signs of continuing and expanding citizen distress, because the inaccurate prevailing poverty measures in recent decades, which have masked signs of declining family wellbeing, have been replaced by more accurate and comprehensive ones. The old poverty measures based on a family's daily expenditures did not accurately capture the very wealthy and the very poor in society, and thus they missed three critical trends: 1) high levels of poverty, 2) rising levels of vulnerability among families that used to be considered middle class or in the middle-income category and 3) a shrinking middle class.

#### Multidimensional Poverty

Recent analyses by economists at UNDP, the United Nations Economic and Social Commission for Western Asia (ESCWA), the World Bank and other institutions have used the Multidimensional Poverty (MDP) measure to gauge poverty and vulnerability more accurately than the previous reliance on money metric measures such as \$1.25 or \$1.90 per-day living expenditures. The Multidimensional Poverty Index, published by UNDP and the Oxford Poverty and Hu-

man Development Initiative, offers excellent insights into this issue.

The MDP approach more accurately measures real life family conditions because it examines a range of key indicators in health, education and living standards (including nutrition, child mortality, years of schooling, sanitation, electricity, drinking water, assets and others). Analysts assessing conditions in Arab countries over the past 20 years highlight several stark trends.

The actual levels of poverty and vulnerability in the Arab region are higher than previously thought, with some two-thirds of citizens falling into the categories of poor or vulnerable. The MDP figures indicate poverty rates as much as four times higher than previously assumed. In ten Arab states surveyed by ESCWA, 116 million people were classified as poor (41 percent of the total population), and 25 percent were vulnerable to poverty. In Egypt, poverty increased from 19.5 percent in 2005 to 28 percent in 2015. If this level of 66 percent poor/vulnerable holds for the entire Arab world, which the economists studying these issues believe is the case, it means that some 250 million people may be poor or vulnerable, out of a total Arab population of 400 million.

Even when the World Bank's poverty threshold of \$1.90 in daily expenditure per capita is used, in the period 2011-2015, extreme poverty in the Middle East increased from 2.7% to 5% – and the Middle East was the only region in the world where this indicator increased in that period. Consequently, the middle class in non-oil-producing Arab states has shrunk from 45 percent to 33 percent of the population, according to ESCWA economists. They see many middle-income families sliding into vulnerability and vulnerable families, in turn, falling into poverty.

#### Negative Trends

This negative trend is almost certain to continue year after year, because all the drivers of this increase in poverty and vulnerability have persisted or worsened since the 2010-11 Arab uprisings. They are likely to drive further families into poverty and vulnerability for years to come, given the current regional realities – wars, erratic tourism receipts and real estate and direct foreign investment levels, low real wage levels, stagnant economic growth and labour remittances,

disrupted regional trade, inadequate new job creation and unreliable foreign aid levels, to mention but the most significant.

This trend seems to be directly associated with the recent steady decline in the quality of state-managed basic social services, mainly outside the Gulf region, including healthcare, education, water, electricity, transport and social safety nets, i.e., the most basic living needs, which may now be beyond the reach of at least half of Arab citizens. The number of Arabs requiring humanitarian assistance to stay alive and minimally healthy, according to ESCWA calculations, is 60 million people in seven crisis states. They include many of the 30 million people who have been displaced in the Arab region in recent years.

A new troubling reality is that once families fall into poverty, they are likely to remain there for generations to come. The steady, large-scale growth in new jobs in the industrial, tourism, agricultural and service sectors, which absorbed new job market entrants in the half-century after the 1950s, has disappeared. The IMF and other organizations predict that the Arab region must create 60-100 million jobs by 2030, and 27 million jobs in the next five years, to significantly reduce unemployment. This is clearly an impossible task well beyond the capabilities of the current Arab state system and its private sectors.

This suggests that informal employment will remain dominant for years to come in most Arab lands (averaging 55-60 percent, according to credible recent estimates), which means we should expect continued and growing poverty and vulnerability, due to the erratic and low wages and lack of protection mechanisms suffered by informal workers. Available data shows that only around 30 percent of Arab workers have pension funds, and informal workers usually lack legal protection, such as minimum wages, maximum working hours, workplace safety rules, retirement and health insurance funds, training and promotion opportunities and other critical elements pertaining to decent employment.

Informal employment-linked poverty is also a consequence of poor education outcomes. Some universal test scores indicate that as many as half the students in primary and secondary schools across the Arab region are not learning, and many will drop out before completing primary or secondary education. Right now there are around 20-25 million school-age Arabs who are out of school, and nearly half the

75 million in primary and secondary schools are likely to drop out before their graduation date. There alone we see a cohort of perhaps 50 million young Arabs who suffer low-quality education, which will guarantee them a lifetime of low-quality wellbeing, as, for the most part, they struggle to make ends meet in informal employment.

### Informal employment will remain dominant for years to come in most Arab lands. Informal employment-linked poverty is also a consequence of poor education outcomes

In Lebanon, some 75 percent of school children are enrolled in private schools, due to a lack of confidence in the public education system – a dynamic that is repeated across the entire region. Another common regional reality is that children often have to drop out of school to work and assist their families; recent studies in Iraq show that 20 percent of primary school dropouts were due to poverty in the family and the children's need to work. Poor educational environments also contribute negatively to young Arab lives. Recent regional surveys show that most students in Arab primary and secondary public schools do not feel safe physically, emotionally or socially, which is another reason for the low academic performance of young Arabs.

### Long-term Poverty and Marginalization

These are bad omens for the near future because low household education levels and poor early childhood development indicators – including increasingly common stunting – are now recognized as among the clearest signs that families will be relegated to long-term poverty and marginalization. If you are poor, or become poor, in the Arab region today, you and your family are likely to suffer poverty for a few generations at least. This is because most Arab states today are unable to generate the new jobs or provide the social services required to pull poor and vulnerable families out of their miserable condition.

Inequalities are documented in virtually every sector of life and society, including rural/urban, gender, income, ethnicity and others, suggesting that this has become a deeply ingrained structural problem rather than a fleeting phenomenon due to short-term economic stress. Recent studies indicate that the Middle East is the most unequal region in the world, with the top 10 percent of its people accounting for 61 percent of wealth (compared to 47 percent in the US and 36 percent in western Europe). The Arab region also displays a peculiar disconnect between education and income rates, according to World Bank studies that show that higher education does not translate into higher income for the most part, and in many countries the highest unemployment rates are among young university graduates.

The heightened poverty and growing inequalities mean that there is no longer a single, homogenous “Arab World” such as the one we spoke of for most of the past century. The Arab region today seems to have fractured into four distinct Arab worlds – five percent wealthy people, 30 percent in the middle class, 60 percent in the poor and vulnerable category and five percent who have essentially exited from the social, economic and political state structures of the Arab region and looked elsewhere for their identity, security, social services, income, opportunity and other dynamics that Arab states had mostly provided in previous decades.

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Jordan offers a timely and likely typical example of how social, economic and political stresses on families lead to wider tensions in society, ultimately generating new gaps between citizens and their state. From the late 1990s to 2018, for example, Jordanians have significantly increased their perceptions of injustice and inequality in their lives, especially their treatment by the State and its institutions. Data from polls by the respected local consultancy NAMA and

the Center for Strategic Studies at the University of Jordan show those who say that justice does not exist in their lives increased from 8 to 24 percent in that period, while the perception of inequality increased from 10 to 30 percent. Citizen confidence in the government has declined steadily in those years, as has the perception that the country was heading in the right direction.

About 72 percent of households say they cannot meet their basic expenses (compared to 42 percent in mid-2011). The inability to meet basic household needs, or to do so but without being able to save any money, is also mirrored in regional polls by the Arab Barometer and the Doha-based Arab Center for Research and Policy Studies, both of whose pan-Arab surveys indicate around 70-75 percent of families cannot afford to pay for their most basic needs.

### **Worrying Trends**

Events across the Arab region have exacerbated most of these problems, whether in conflict-riddled states like Syria, Iraq, Libya, Palestine and Yemen, or in countries without major conflicts but which feel the impact of government inabilities to address the trend towards more marginalized citizens who ultimately often seek their identity, security, voice and allegiance in phenomena beyond the State. These include militias, religious and ethnic groups, sectarian factions, tribal solidarity, migration when possible, and even the extreme case of many who joined the “Islamic State” during its short-lived existence.

The most troubling three trends in the region are now deeply interlinked: 1) the proliferation of political violence across many countries, practiced both by states and non-state armed groups, 2) the reassertion of military and autocratic rule in both Arab and non-Arab countries, and, 3) open warfare in places like Syria, Libya, Iraq and Yemen, which involves local actors, regional Arab states like Saudi Arabia and the UAE, non-Arab powers like Iran, Israel and Turkey, and foreign powers that engage in direct military actions, including Russia, the US, UK, France and occasional others.

It is no surprise, therefore, to witness some countries imploding internally due to mass poverty, hopelessness and conflict. Some experience prolonged civil and sectarian tensions, alongside overt political chal-

lenges to regimes, which other countries often stoke with military and financial aid. The consequences include the slow corrosion of a few Arab states from within as citizen-state ties weaken, and the fragmentation and partial collapse of a few states where the central government has essentially lost control of its territory and been replaced by different local sovereignties and authorities, whether religious, tribal, military or other foreign powers (like Turkey in northern Syria, the UAE and Saudi Arabia in parts of Yemen). Drought and environmental stress, especially water quality and availability, are exacerbating some of the socioeconomic pressures, leading to political tensions and greater flows of refugees and internally displaced persons. These will become much worse with the anticipated impact of climate change and continued fast-growing urbanism.

The major developments of 2010-11, when millions of Arabs protested for their rights and dignity, have now been followed by the 2019 uprisings in Algeria and Sudan, which promise changes in how those countries are governed. Hundreds of millions of Arabs, on the street or in their hearts, continue to express their desires and demand to exercise their rights as citizens of a state based on constitutionally-guaranteed rule of law. The varied, but mostly negative, underlying conditions across the Arab region, as this article has pointed out in summary form, reveal both the weaknesses and unsustainability of the older Arab order, along with signs of how Arab citizens seek to replace

it with more democratic, participatory, pluralistic and accountable governance systems.

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