

Well-Being Societies in the Arab Region. Fighting All Kinds of Inequalities

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Recent analytical research by the team of the famous economist Thomas Piketty has shown that the MENA region is the “most unequal region in the world” (Chancel & al.). The top 10% income share monopolizes 58% of the total; the bottom 50% have less than 8%. The findings are even worse in terms of wealth concentration. The 1% at the very top owns 44% of the total wealth. The research also shows that the Gulf countries are “the most unequal in the region” and that “Inequality levels have remained unchanged over the last three decades, driven by the extreme levels of within-country inequality.”

These findings bring a new perspective to a long debate among World Bank-related economists (2015), who argue that inequalities were diminishing in the Arab countries during the decade prior to the “Arab Spring” events, and that the levels of inequalities as observed from household expenditure surveys cannot explain the triggering of these events. This so-called “Arab inequality puzzle” was assumed to have been solved by analysing subjective measures of well-being, which were assessed as “low and plummeting” at the end of the 2000s, especially among the 40% middle income group. Unhappiness was associated with the “quality of government services, corruption and cronyism.”

In fact, it is not easy to “measure” both inequalities and well-being in Arab countries. Both are extremely sensitive issues from a political economy perspective. Survey sampling and collection are difficult, and taxation data are extremely problematic to access, besides their deficiencies, especially for the higher

income and wealth groups, as well as for the large share of urban informal workers.

In line with Piketty’s methodologies, efforts have been made to assess Arab countries’ inequalities in greater depth, leading a UN agency to state recently that the Arab region is the “only region worldwide with increasing poverty rates in the 2010s” (ESCWA, 2022). Inequalities and poverty were exacerbated following the “Arab Spring” and after the Covid pandemic.

Inequalities, Society and State

Public awareness of inequalities is not new in the Arab countries. It emerged clearly in the writings of the Nahda, or Arab Awakening, in the late 19th century, which led to the creation of today’s Arab states. Several dimensions of inequality were then pointed out, from gender and sectarian to education and access to public services. Thus, an implicit social contract emerged between societies and their independent states, with the state understood as a public good, with a redistributive role, which fights inequalities and provides laws, education, health, electricity, etc., for all.

However, this social contract gradually came undone after the “oil boom” of the 1970s, with the ensuing “structural adjustment” policies and the progress of neoliberal globalization. These transformations depleted the illusion of what political economists call the “tunnel effect,” whereby societies tolerate inequalities for the sake of higher growth. However, levels of growth were mild, which lead in some cases to “inequality traps” and “development disasters.”

Most of the Arab countries are presently caught in such traps or disasters. The disasters are clearly observed particularly in the densely populated coun-

tries, such as Syria, Yemen, Lebanon, Libya and Iraq; the traps are barely hidden by the fancy images of Dubai, Cairo or Marrakesh.

Today, a shift can increasingly be observed in research, as well as in writings and political discourse, whether this means simply pointing out inequalities or actually addressing ways to deal with them, protecting societies from current troubles, or even looking to ensure their well-being and “happiness.” However, this shift is occurring in a period of history where social movements are weak globally and Arab countries’ societies extremely “polarized,” with the state captured by “elites,” who are extremely sensitive about carrying out basic reforms, playing precisely on society’s polarization to preserve their power.

Who Is Society?

The income and wealth inequalities in the Arab region are in fact rooted in the geography of the inherited borders and oil ownership, between the Gulf countries and the much more populous non-oil producing countries. They are exacerbated within the Gulf countries themselves between the privileged nationals and the foreign workers, who have few or no rights, while in many cases forming the large majority of the population, and thus the “society.”

The gap between oil producing and non-oil producing, populous countries is even deepened by the differentiation in international partnerships and free trade agreements with the two groups; for example, those set up by the European Union. The EU, like the US, is not very keen on addressing the social rights of non-nationals, especially in the Gulf countries.

Even the adepts of the “*Arab inequality puzzle*” recognize that the within-country inequalities between different regions and the rural-urban disparities have increased significantly in the non-oil producing populous countries since the 1970s, compared with the early years of independence. Their societies became polarized, not only between the metropolises and the countryside, but also within the urban environment, with the acceleration of rural-urban migration (Syria, Morocco, Tunisia, ...), as a result of a “youth bulge.” Large and crowded informal suburbs developed, ill-serviced and ill-integrated in the historical urban social environment. This came in

addition to sectarian demographic changes (as in Iraq and Lebanon). Inter-group (ethnic and/or sectarian) inequality and its relationship with spatial inequality may have played a role in the increased incidence of conflicts and radicalization.

The polarization of the non-oil producing countries’ societies has even been aggravated between nationals and non-nationals, with the massive flows of refugees (historically Palestinians, and more recently Syrians, Sudanese,...) and migrant workers, which in some countries constitute a sizeable share of the population (Lebanon, Jordan, Egypt...).

The weakening of state institutions had dire consequences, with the double effect of the “liberalization” of public services and the elite capturing of “private” rent-seeking activities

In this context, social movements have found it extremely difficult to foster rights for “society” and populations as a whole, while the dominant discourses, including in the media, which supposedly defend “democratic change,” only serve to generate more polarization and civil conflict.

Where Is the State?

In addition, the Gulf countries’ political economy “*model*” of state and resource capture by particular “elites” spread widely. State institutions were deliberately weakened to allow such “elites” to grab “rents” and make their own redistribution on a clientelist basis.

Access to public employment, including in the military institution, was also made on a clientelist basis. The same applied for obtaining basic rights. Regional development was conditioned by the allegiance of local populations to the power system. This was not only operated using sectarian or ethnic polarization, but also sub-regional identities. The image of extreme division and polarization of society presented by the Lebanese example also

applies to varying degrees in the other countries. The basic notion of “equality in citizenship,” therefore, is endangered.

This elite “*power over the state*” system showed strong efficiency and resilience. Presidents in republican regimes were continuously “reelected” over several decades. Successions in monarchies led to strong conflicts within the ruling families.

The weakening of state institutions had dire consequences, with the double effect of the “liberalization” of public services and the elite capturing of “private” rent-seeking activities. A typical example concerns the deployment of mobile phones and information technologies. It was a long time before they had become democratized and cheap in most Arab countries.

The “Arab Spring” and other “revolutions” did not significantly change this scenario. The regime change in Tunisia was swift, and a new, more democratic constitution was enacted. However, the polarization of society continued around a multiple “elites” system, represented by political parties, the strongest being supported and financed by competing foreign powers. The blockage and weakening of state institutions continued. And it is worth noting that, 10 years after the “revolution,” nothing has changed in Sidi Bouzid, Tunisia, where the events first erupted, from a development perspective. The “inequality trap” is still there.

In the present context, all Arab countries are experiencing serious difficulties. The question is what can the state do to ensure it at least preserves society and reduces inequalities? Health, education, social protection and gender are clearly the highest priorities.

Healthcare

In the early independence years, the Arab countries developed a public health system based on major metropolitan hospitals, local health units and a regulatory authority for medicines and vaccinations. Public hospitals and health units offered a free service to the whole population.

Governments gradually reduced their health investments and expenditures, until the World Health Organization (WHO) determined that Arab government expenditures on health were among the lowest

worldwide. Private medicine was encouraged, including for long-term hospitalization, and public hospitals were required to be profitable or were limited to service certain categories of society.

The healthcare system became segmented, with large inequalities introduced in healthcare access, exacerbated by society’s polarization

Unlike in “welfare states,” these changes were not accompanied by the generalization of a healthcare protection system: a “social security.” Public health insurance institutions were inherited from the colonial and early independence period. But they were reserved for civil servants and formal workers in the formal private sector. Acknowledging the loss of healthcare protection for the poor, health assistance institutions developed, particularly in the form of non-governmental organizations (NGOs), funded by local and international donors. In between, the cohorts of the informally employed, which constitute more than 60% of all employed, and their families have no coverage, either by insurance contributions or assistance.

The healthcare system became segmented, with large inequalities introduced in healthcare access, exacerbated by society’s polarization. Nationals have free access to public healthcare in the Gulf countries, while non-nationals have to rely on private insurance companies, if they can afford it. The poor and the informally employed in Lebanon have to rely on clientelist and sectarian networks to obtain health coverage, while the Palestinian and Syrian refugees depend on UN agencies.

Only in Tunisia, was there an attempt to establish and implement a universal health coverage scheme. However, it suffers major difficulties in its management of both revenues and expenses. And many of the doctors are migrating abroad. In all Arab countries, the healthcare protection systems have become extremely complex and inefficient (ESCWA, 2019), and the health indicators have severely deteriorated, after spectacular progress in the early years of independence.

Education

In these early years, the states also made their case for developing free basic education for all, even in the most remote rural areas. Public universities were established to offer opportunities for social ascent. The national curricula followed international standards and inspired feelings of belonging and citizenship.

This system also deteriorated following the transformations that started in the 1970s. Private schools and universities developed, providing “excellency” in education for the happy few, often subsidized by the state or foreign governments, by NGOs or sectarian or religious endowments. The education system became segmented, not only in the quality of education, but also in the language of teaching.

Household expenditure on education increased substantially, driven by the awareness that this was essential for social ascent in difficult times

The sons and daughters of the “elite” attended these private schools and universities providing basic teaching in a foreign language (mostly English or French), resulting in some cases in their ignorance of their own language. Thus, it is not uncommon to find such young “elites” in Egypt, Lebanon, Morocco or the United Arab Emirates who have difficulties expressing themselves in public. The private universities of excellence prepare them mainly for the international business environment and for migration abroad.

In education also, government investment and spending declined as a share of GDP, with strong backing from the international financial institutions of the so-called “*Washington consensus*.” This was without taking into account the “youth bulge” and massive rural-urban migration that many of the Arab countries were experiencing in this period. The main argument for the reduction was that unemployment rates were much higher than average for the educated, and especially for those graduating from universities(!). A member of the old “elite,” Habib Bour-

guiba, the leader of Tunisian independence, used to state simply that he “*prefers educated unemployed to uneducated unemployed*”.

Facing this, social household expenditure on education increased substantially, driven by the awareness that this was essential for social ascent in difficult times. Such expenditures did not only concern private schools and universities for the wealthiest, but also additional private teaching to supplement the weaknesses of public education. This culminated with the development of information and communication technologies (ICTs), which have become essential in education in recent decades. The shift to online education amplified educational inequalities and deepened existing gaps, further aggravated by the Covid-19 lockdowns and online teaching.

Moreover, the development of private schools with their own curricula exacerbated the polarization of society. Religious and ethnic “endowments” perpetuated and increased pre-state divides. UN agencies and other international NGOs took care of the non-national refugees and foreign workers. However, this was not sufficient in extreme situations, such as for the case of the Arab countries now in conflict or for those who host a large number of refugees. Schooling of the internally displaced (IDPs) and refugee children dropped considerably, and have remained that way for over a decade. This constitutes a time bomb regardless of what solutions are found to the conflicts.

As for the case of healthcare, social protection through universal education also falls into the “inequality trap.”

Gender Inequality

Research by Piketty’s team showed that the Arab countries exhibit the lowest female labour income share of all of the world’s regions, amounting to around 15% of the total. In five countries (Yemen, Iraq, Saudi Arabia, Qatar and Oman) the female share of income is even below 10%. Progress of this female share has been limited in the last decades, while most other regions have made advances towards gender parity.

In fact, the populous Arab countries have the lowest female participation ratios in the workforce worldwide, and female unemployment rates are high. Con-

trary to this, the Gulf countries see higher female participation and low unemployment rates, due to the large numbers of foreign female workers in domestic activities.

This low participation has often been linked to religious, cultural and social norms. However, female participation is much higher in other Islamic countries, as well as in Arab countries where the share of agriculture in the workforce is still significant (Mauritania, Sudan, ...). In fact, the massive rural-urban migration has taken a significant share of the female population out of the workforce. Formal jobs are rare in the recently constituted, crowded, informal suburbs, for men and for women.

Thus, unlike for men, 60% of whom work informally, women in the Arab countries prefer to work in formal employment in the public sector, especially in education and health. This is precisely because such jobs, which are rare in the formal private sector, are socially protected, with health insurance and paid leaves and retirement packages. Also, average female earnings are higher in Arab countries than elsewhere, suggesting that a relatively high payment is a criterion for women to participate in the labour market. Nevertheless, Arab women spend more than five hours per day on average doing unpaid care work, while men spend less than one hour.

Little research has focused on assessing women's share in total wealth. Except in Tunisia, Sunni Muslim women are segregated in terms of inheritance, in accordance with the usual interpretations of *Sharia*, by which women receive half the share of men. However, depending on the circumstance, this is not always applied. In the *Amiri* lands, for example, (state-owned properties, with private usage rights), equal shares of usufruct are applied. Also, gender equal inheritance is not applied in practice when other religious civil statuses are applied.

One would expect higher within-country inequalities in wealth for women than in income. Meanwhile, practices in the Gulf countries have led to a female share of total assets under management of up to 24%; an estimated US\$ 770 billion(!). This suggests that inequalities between women in Gulf countries and non-Gulf, populous countries are higher than for men.

The issue of gender inequalities takes on particular importance in the Arab countries now experiencing conflicts or economic crises. In these countries, the

share of women in society has become higher than usual, due to the death toll from conflicts and the outgoing migration, both of which affect men more than women.

Inequalities, Social Protection and SDGs

Health, education and gender do not constitute the only major issues regarding inequalities and lack of social protection in the Arab countries. Other issues concern children, where only 15.4% receive social protection benefits, compared with 26.4% globally (ILO). And this in a region where children aged 0-14 constitute around one third of the population. 12.2% of mothers with newborns receive social protection, compared with 44.9% globally. 7.2% of people with severe disabilities have access to social protection, compared to 33.5% globally. 8.7% of the unemployed receive compensations, compared to 18.6% globally. 24.0% of elderly people have retirement income, compared to 77.5% globally. And only 15% of the working-age population 15+ is covered by a contributory pension scheme.

Prior to Covid-19, worldwide, countries spent on average 12.9 percent of their GDP on social protection (excluding health). The share in Arab countries was only 4.6% of GDP. The annual financing gap to be closed in order to achieve SDG targets 1.3 (*implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable*) and 3.8 (*achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all*) was 7.5% of GDP in Arab countries. This is a gap that is difficult to bridge in their present conflictual and financial situations.

The Way Forward

The social unrest and conflicts that followed the Arab Spring and the Covid-19 pandemic have highlighted deep, longstanding inequalities across the Arab region. The UN acknowledges that the factors driving inequalities there combine demographic dynamics, poor education, digital divides, weak institu-

tions, corruption and lack of transparency, data deficits and unaffordable housing.

Economic growth alone will not solve the “inequality traps.” UN data show that average growth in household income has been lagging in recent decades, far behind the per capita gross national income (GNI). Inequalities are increasing significantly, and, as Piketty has shown, these cannot continue indefinitely.

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Social movements in the Arab countries need a new vitality and awakening, similar to what took place at the end of the 19th century. A new chapter needs to begin, which goes beyond polarization and fights for human rights and social protection for all. There can be no general well-being with polarization and weak state institutions, taken over and weakened by careless “elites,” who are continuously pushing their countries towards “development disasters.” Cer-

tainly, the human and financial costs of reducing inequalities and obtaining basic social protection are high. But they are undoubtedly much lower than those of the civil conflict and wars we are witnessing today.

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