[ARCHIVE](https://www.newstatesman.com/archive%22%20%5Ct%20%22_blank)

9 FEBRUARY 2021

**From the NS archive: How the economic policies of a corrupt elite caused the Arab Spring**

7 June 2011

BY [MATTHEW PARTRIDGE](https://www.newstatesman.com/writers/317284)

 The New Statesman

*This year marks a decade since the beginning of the Arab Spring, a movement launched by the self-immolation of Tarek el-Tayeb Mohamed Bouazizi, a Tunisian street vendor, in protest of the country’s oppressive regime and low living standards. Throughout the early 2010s, major uprisings and armed rebellions spread across the Middle East, and in Tunisia, Libya, Egypt and Yemen, autocratic rulers were deposed. In this article from June 2011, Matthew Partridge spoke to Middle East politics expert Dr Ali Kadri, who argued that the Arab Spring was the “culmination of decades of under development, and in some cases de-development, fuelled by failed economic policies and broken institutions”. Political corruption was too entangled in this economic dilemma, leaving companies unwilling to make long-term plans, resulting in high rates of unemployment. Kadri was optimistic that the collapse of autocratic governing would allow the people of these countries to make decisions about their futures for the first time, while Partridge asked: what else can Western countries do, to ensure change will come?*

\*\*\*

Six months ago a Tunisian street seller started what is now known as the “Arab Spring” by setting himself on fire. However, although the immediate motivation behind his gesture was anger at the confiscation of his market stall, the economic causes of recent events in the Middle East have still received relatively little attention. However, many analysts believe that economic stagnation has been an important driving force behind the demands for political change, and that political and economic reform has to take place simultaneously.

One expert who has extensively studied the interaction between development and politics in the Middle East is Dr Ali Kadri, the former head of the Economic Analysis Section of the United Nations regional office in Beirut. Dr Kadri sees recent events in the Middle East as the culmination of decades of under development, and in some cases de-development, fuelled by failed economic policies and broken institutions. He points out that between 1971 to 2000 overall economic growth in the Arab world was negative, with the real GDP per capita of Gulf Countries contracting by 2.8 per cent annually.

At the same time inequality has increased, further squeezing the incomes of middle-class and working families. Although most Middle Eastern countries attempt to hide the extent of these problems by refusing to carry out the necessary surveys, unofficial reports suggest that the region is more unequal than even Africa or Latin America. According to the University of Texas Inequality Project, Qatar, Oman and Egypt had Gini coefficients of 55, 52 and 50 respectively in 2002, one of the highest levels in the world.

Kadri believes that these problems have been compounded through patronage. Lacking democratic legitimacy, “regimes in the region have used public sector employment to generate consent via clientelism... shifting the accent away from development”. Although he believes that a degree of government ownership may be necessary in the short-run, many of the state-run firms that dominate most Middle Eastern economies are focused on creating make-work jobs rather than productive goods.

***[See also: [From the NS archive: Report on Mau Mau](https://www.newstatesman.com/2021/02/ns-archive-report-mau-mau%22%20%5Ct%20%22_blank)]***

These views are increasingly recognised by other organisations. In the case of Egypt, a US State Department document three years ago noted “the military’s strong influence in Egypt’s economy” and that “military-owned companies, often run by retired generals, are particularly active in the water, olive oil, cement, construction, hotel and gasoline industries”. Similarly, a study by the World Bank of the Egyptian financial system found that because a significant portion of bank credit went to state companies, “family owned firms and small and medium enterprises rely heavily on the informal market”.

These policies have resulted in high rates of unemployment and under-employment, especially among the young. According to the International Labour Office, less than half those of working age in the Middle East are actually in employment, with youth unemployment over four times the adult rate. Even in oil-rich Saudi Arabia, 30.2 per cent of those between the ages of 20 and 24 are unemployed. Kadri believes that “those protesting want a dignified living and good schools for their children”.

***[See also: [From the NS archive: An appreciation of Somerset Maugham](https://www.newstatesman.com/2021/02/ns-archive-appreciation-somerset-maugham%22%20%5Ct%20%22_blank)]***

Kadri believes that corruption, and regional conflict, which many analysts believe are consequences of dictatorships, have made it hard for firms to think beyond the short-term. Kadri notes that the dearth of domestic investment opportunities has meant that much of the wealth generated by rising commodity prices over the last decade has gone abroad. He also suggests that the growing gap between savings and investment rates has been instrumental in producing financial bubbles, such as the speculative frenzy surrounding property and office construction in Dubai, which came to a dramatic end three years ago.

Kadri is relatively optimistic about the future of the region, suggesting that the collapse of autocrats, like Ben Ali in Tunisia, will allow the population, rather than the elites, to determine the course of development for the first time. His conclusions are supported by World Bank research which found that the existence of an independent civil society was the most important factor in determining whether countries in Central and Eastern Europe were able to make a quick and successful economic transition after the fall of the Berlin Wall.

However, although the long-term prospects of those in countries currently making the transition to democracy may be positive, this is of little comfort where the regime is willing to brutally crush dissent, as in Syria. Even in Egypt, there are signs that Mubarak’s machine is silently reconstituting itself, although its creator is now in jail. Although the G8 has announced $40bn in economic support, much of this will come from Gulf Countries who have little interest in economic and political change. This prompts the question of what else Western countries can do to make sure the political momentum generated by the “Arab Spring” continues and is able to result in rising living standards for all those in the region.

***[See also: [From the NS archive: Lenin and Churchill](https://www.newstatesman.com/2021/02/ns-archive-lenin-and-churchill%22%20%5Ct%20%22_blank)]***

*Read more from the NS archive [here](https://www.newstatesman.com/archive%22%20%5Ct%20%22_blank) and sign up to the weekly “From the archive” newsletter [here](https://www.newstatesman.com/NS-archive%22%20%5Ct%20%22_blank). A selection of pieces spanning the New Statesman’s history has recently been published as*[*“Statesmanship” (Weidenfeld & Nicolson)*](https://www.weidenfeldandnicolson.co.uk/titles/various/statesmanship/9781474615020/)